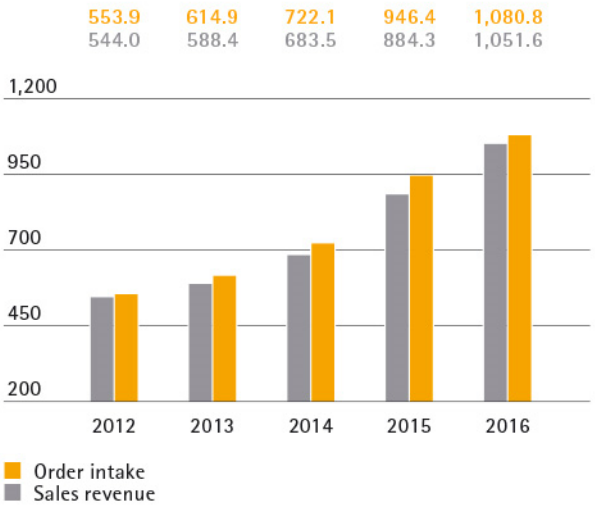
sartorius stedim biotech

Sartorius Stedim Biotech

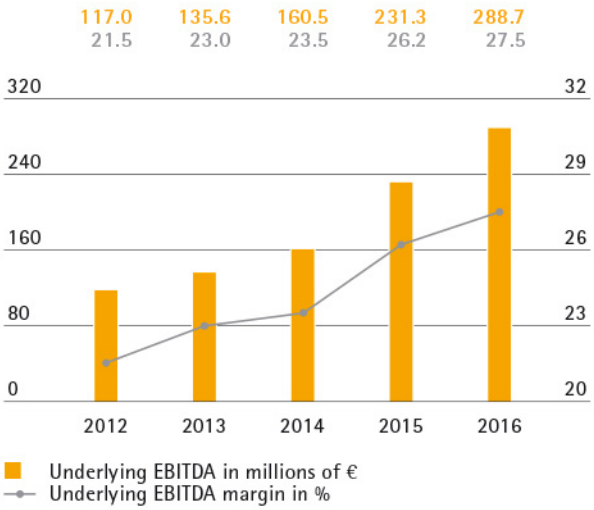
Reference Document 2016
including the annual financial report

2016

Order Intake and Sales Revenue
€ in millions



Underlying EBITDA and Margin[1)]



Key Figures

All figures are given in millions of € according to IFRS, unless otherwise specified	**2016**	2015	2014	2013	2012
Order intake, sales revenue and earnings					
Order intake	1,080.8	946.4	722.1	614.9	553.9
Sales revenue	1,051.6	884.3	683.5	588.4	544.0
Underlying EBITDA[1, 2)]	288.7	231.3	160.5	135.6	117.0
Underlying EBITDA[1, 2)] as % of sales revenue	27.5	26.2	23.5	23.0	21.5
Relevant net profit[1)] after non-controlling interest[2, 5)]	176.6	139.3	87.2	75.2	64.6
Net profit after non-controlling interest	153.7	118.0	72.4	66.3	56.8
Research and development costs	47.5	41.5	34.1[3)]	36.0	31.8
Financial data per share[4)]					
Earnings per share	1.67	1.28	0.79	0.72	0.62
Earnings per share (in €)[1, 5)]	1.92	1.51	0.95	0.82	0.70
Dividend per share (in €)	0.42[6)]	0.33	0.22	0.20	0.18
Balance sheet					
Balance sheet total	1,195.8	1,066.1	907.3	873.4	793.9
Equity	763.6	647.2	539.1	481.8	435.0
Equity ratio (in %)	63.9	60.7	59.4	55.2	54.8
Financials					
Capital expenditures	80.2	54.5	44.2	34.2	50.0
Capital expenditures as % of sales revenue	7.6	6.2	6.5	5.8	9.2
Depreciation and amortization	44.7	39.4	35.6	30.6	25.9
Net cash flow from operating activities	156.7	142.8	111.3	90.1	48.9
Net debt[7)]	67.6	86.4	87.4	130.0	113.7
Ratio of net debt to underlying EBITDA[1, 2)]	0.2	0.4	0.5	1.0	1.0
Total number of employees as of December 31	**4,725**	4,202	3,697	3,289[8)]	2,986

[1)] Adjusted for extraordinary items
[2)] For more information on EBITDA, net profit and the underlying presentation, please refer to the Group Business Development chapter and to the Glossary.
[3)] Restated
[4)] 2012 to 2015 adjusted for stock split; rounded values
[5)] Adjusted for extraordinary items, non-cash amortization acc. to IFRS 3 and fair value adjustements of hedging instruments, as well as the corresponding tex effects for each of these items.
[6)] Amount suggested by the Board of Directors (Conseil d'administration) and subject to approval by the Annual General Shareholders' Meeting.
[7)] Net debt excludes the liability for the remaining purchase price for acquisitions; 2016: 49.6 million euros, 2015: 47.5 million euros, 2014: 42.8 million euros, 2013: 34.8 million euros, 2012: 34.2 million euros
[8)] Excluding TAP Biosystems

sartorius stedim biotech

Our Mission

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the biopharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next-generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "turning science into solutions."

Reference Document 2016

The present original French "Document de Référence" of this translated Reference Document was filed with the Autorité des Marchés Financiers on 22 February, 2017, in accordance with Article 212-13 of its "règlement général". It may be used in connection with an offering of securities if it is supplemented by a prospectus ("note d'opération") for which the Autorité des Marchés Financiers has issued an endorsement. This Reference Document has been made out by the issuer and engages the responsibility of his signatory.

This Reference Document incorporates by reference the preceding Reference Documents D.16-0078 filed on 25 February 2016 and D.15-0090 filed on 27 February 2015.

The following information is included by reference in the present Reference Document:

The year 2015 consolidated financial statements of Sartorius Stedim Biotech prepared using international accounting standards and the report of the statutory auditors relating to these statements, and the Group 2015 management report appearing on pages 112 to 156 and 18 to 62 respectively, of the Reference Document filed with the Autorité des Marchés Financiers on 25 February 2016, under the number D.16-0078.

The year 2014 consolidated financial statements of Sartorius Stedim Biotech prepared using international accounting standards and the report of the statutory auditors relating to these statements, and the Group 2014 management report appearing on pages 103 to 148 and 18 to 56, respectively, of the Reference Document filed with the Autorité des Marchés Financiers on 27 February 2015, under the number D.15-0090.

The sections of these documents not included are not of interest to an investor, and are covered in another part of this Reference Document.

Copies of the present Reference Document can be obtained from the following:

- Sartorius Stedim Biotech S.A.
  Z.I. Les Paluds - Avenue de Jouques
  CS 91051 - 13781 Aubagne Cedex
- Group website: www.sartorius-stedim.com
- Autorité des Marchés Financiers website:
  www.amf-france.org

01 To Our Shareholders

02 Management Report

This Reference Document contains statements concerning the future performance of Sartorius Stedim Biotech S.A. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually apply. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements.

This is a translation of the original French-language Reference Document "Document de Référence 2016". Sartorius shall not assume any liability for the correctness of this translation. The original French Reference Document is the legally binding version. Furthermore, Sartorius Stedim Biotech S.A. reserves the right not to be responsible for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected.

Throughout the Reference Document, differences may be apparent as a result of rounding during addition.

Contents

To Our Shareholders

01

Chairman's Message

Dear Shareholders,

For Sartorius Stedim Biotech, 2016 was yet again a year of healthy growth in revenue and profit, and it was actually the sixth year in a row that we grew in double digits. We are pleased that with sales expansion of 20.4% and a margin of 27.5%, we reached the upper end of our guidance.

This successful development was partly based on strong end-market demand. New medical drugs were approved in relatively high numbers over the past few years, and we saw indications expand for various biologics already available, as well as increased business from biosimilar entrants. This strong demand was met by our comprehensive, biotech-tailored product and service offering that we have been building over the past years. Consequently, we achieved strong growth across the entire portfolio, including the product lines of our recent acquisitions. In particular, we saw the trend towards single-use bioprocessing systems continuing unabated at our customers' drug manufacturing facilities, which resulted in high growth rates for our consumables business.

Moreover, we continued to gain market share, especially in North America, the largest biopharma market and a region in which we have been historically underrepresented. Over the reporting year, we grew by 21.0% in North America and meanwhile have been generating around 37% of our sales in this region.

A key feature of our consumables-driven business model is that top-line growth translates directly into the expansion of profitability. Driven by these economies of scale, underlying EBITDA was up by 24.8%, the respective margin increased to 27.5% and underlying earnings per share reached €1.92, a gain of 26.8%. Therefore, the Board of Directors will submit a proposal to the Annual General Shareholders' Meeting to raise dividends yet again, by 26.0% to €0.42 per share.

After the price of our shares had increased nearly fivefold over the past three years, development in 2016 was rather flat, with a gain of 2%. As announced, we executed on a stock split by six in May 2016 with the aim of increasing the tradability of our shares.

Fiscal 2016 was characterized not only by financial success, but also by further operational achievements.

We significantly progressed in our multi-year investment program and, to keep up with growth, even pulled forward and expanded some of our investments. These included additional membrane casting capacity at our Goettingen site in Germany, preparing for doubling the manufacturing capacity of single-use bags and filters in Puerto Rico and opening a new testing lab in Boston, Massachusetts, USA.

Further expansion of our portfolio has also continued to be a key item on our agenda. We are highly satisfied with how well our recently acquired businesses like Cellca, BioOutsource and TAP have been developing and performing under the Sartorius Stedim Biotech umbrella. Besides growing strongly on their own, all of these acquisitions generate promising synergies for our existing product portfolio.

In 2016, we were able to add the U.S. start-up kSep Systems, which has brought single-use centrifugation systems with great USPs to our offering, perfectly matching our existing upstream bioprocessing portfolio. Though market uptake of such new bio-processing products is always slow due to the highly regulated nature of our end-market, we have already registered high interest among our customers and look forward to speeding up market penetration of this great new technology.

Moving forward, we expect continued profitable growth, and adhere to our mid-term plan of achieving sales revenue of around €1.5 to €1.6 billion at an underlying EBITDA margin of about 29% to 30% by 2020.

Specifically, for 2017, we are aiming to increase our sales revenue by about 8% to 12% and our operating profit margin by approximately 0.5 percentage points, with both figures stated in constant currencies. Given our strong growth, our investments in global infrastructure and manufacturing capacity will continue at above-average levels, and are projected at a capex ratio in the range of 10% to 13%.

Strategically, our primary focus will stay on the biopharma market with its various submarkets. We expect that biotech will continue to grow faster than the global pharma market, remaining the innovation engine of this industry. Providing our customers with cost-effective bioprocessing technologies will become even more essential as this market matures and biosimilars make further inroads, increasing the volumes of biopharmaceuticals being manufactured. In this context, we also anticipate that the adoption of single-use systems will continue, encompassing a growing number of steps of our customers' value chain, and that these systems will progressively move from pre-commercial manufacture to commercial scale.

The biopharma market will also become increasingly differentiated, and suppliers are expected to play an important role in making further progress possible, maintaining R&D and production costs under control, and in ultimately keeping medications affordable. Sartorius Stedim Biotech as a prime vendor to this market will continue to challenge itself to come up with innovative products and services, constantly enriching its portfolio via acquisitions, alliances and own R&D. In addition, we will also make further strides with regard to our processes and systems to make doing business with us as convenient and easy as possible.

The success we achieved in 2016 shows the capabilities and the potential of our company and its employees. I would like to thank our worldwide teams for their dedication, passion and accomplishments. I also appreciate the continued trust of our customers, partners and shareholders, and cordially invite you to continue with us on the road to further success.

Sincerely,

Joachim Kreuzburg
Chairman of the Board and CEO

Executive Committee

Joachim Kreuzburg

Chairman of the Board and Chief Executive Officer

heads Finances, Human Resources, Compliance, Legal Affairs and Corporate Communications. He holds a doctorate in economics and a university degree in mechanical engineering. Joachim Kreuzburg is also the CEO of SSB's parent corporation Sartorius AG and the Chairman of the Sartorius Group Executive Committee.

Oscar-Werner Reif

Executive Vice President of Research and Development

manages the Group's global Research and Development unit. He holds a doctorate in chemical engineering and has studied chemistry and molecular biology in both Germany and the USA. Oscar-Werner Reif is also a member of the Sartorius Group Executive Committee.

Volker Niebel

Executive Vice President of Operations and IT

is responsible for Production, Supply Chain Management, Business Process Management and Information Technology. He holds a university degree in business administration and economics. Volker Niebel also belongs to the Sartorius Group Executive Committee.

Reinhard Vogt

Executive Vice President of Marketing, Sales and Services

is in charge of Marketing, Sales and Services. He holds a vocational diploma in industrial business administration. Reinhard Vogt is also a member of the Executive Board of Sartorius AG and a member of the Sartorius Group Executive Committee.

Sartorius Stedim Biotech Shares

Facts about the Share[1)]

ISIN	FR0013154002
Liquidity provider	Gilbert Dupont
Stock exchange	Euronext Paris
Market segment	Local Securities - Compartment A (Large Caps)
Indexes	SBF 120; SBF 250; CAC All SHARES; CAC MID & SMALL 190; CAC SMALL; CAC HEALTH CARE
Number of shares	92,180,190
thereof Sartorius AG	74.3%
thereof free float	25.7%
Voting rights	162,041,944
thereof Sartorius AG	84.5%
thereof free float	15.5%

[1)] As of December 31, 2016

Share Markets Volatile on the Whole

Global stock markets were volatile again in the reporting year of 2016. In particular, the weak economic data of world's largest economy, China, and development of oil prices caused the SBF120 to fall to its annual low of 3,084 points initially in February. Yet despite the British referendum on ending E.U. membership as well as the U.S. presidential elections, the continued expansive fiscal policy of the ECB enabled stock markets to recover substantially. On balance, the SBF120 reached an annual high of 3,836 points as of December 31, 2016, recording a gain of 4.7% in 2016. Following significantly above-average development over the past years, the NASDAQ Biotechnology Index fell 21.7%, which was attributed primarily to the discussion held on medical drug prices during the U.S. presidency election campaign.

Implementation of Stock Split

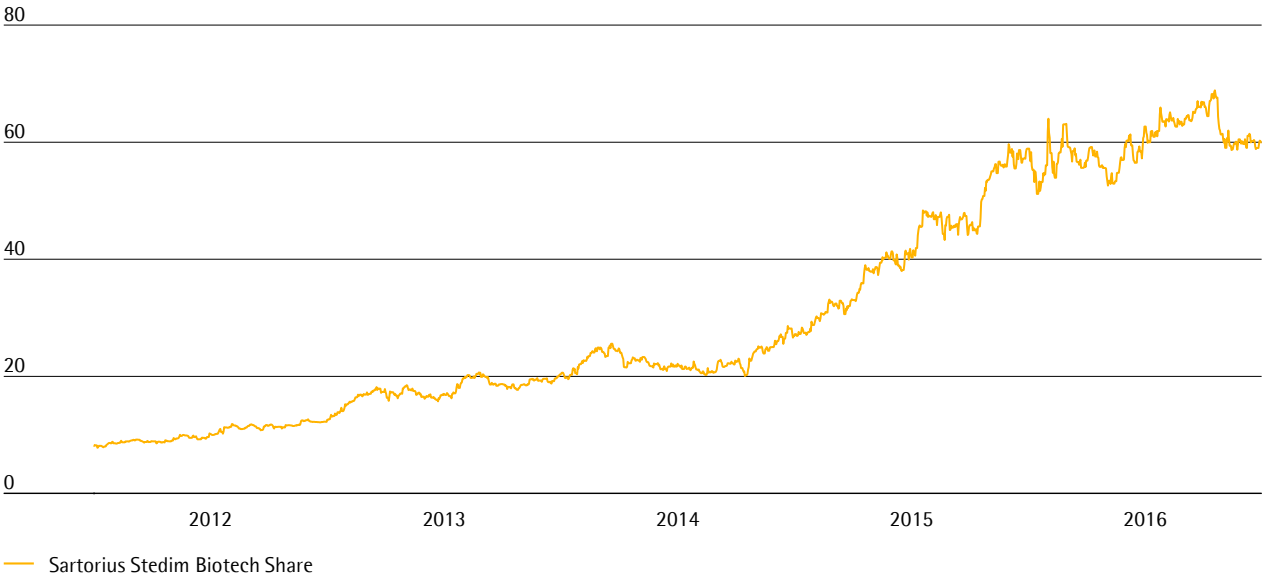
As a result of the significant three-digit level our share price, the Annual Shareholder's Meeting decided on April 5, 2016, to split by 6 the par value of each of the company's shares. As a result, shareholders received 6 shares in exchange for each share held in. The reduction in the share price aims at increasing the tradability of Sartorius Stedim Biotech shares.

Stable Share Price Development

As the stock markets on the whole, the Sartorius Stedim Biotech share price showed a volatile development during the reporting period. After the price of the share had more than doubled in the previous year, it rose in the reporting year by 1.8% from €58.90 to 59.97€.

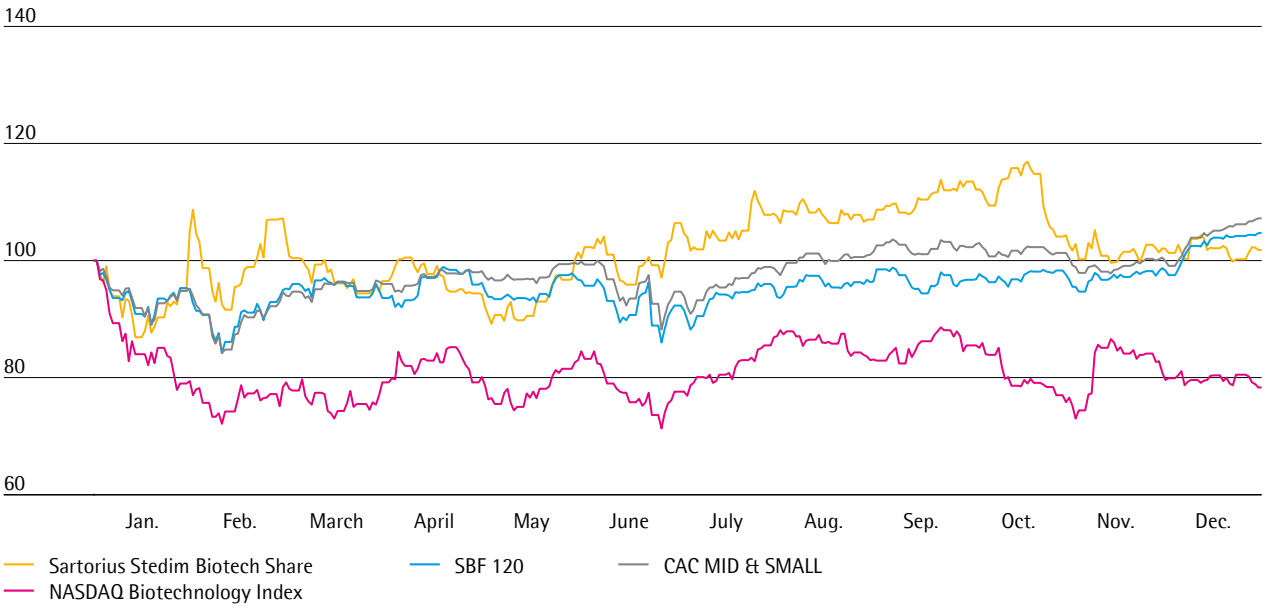
The share price hit its lowest closing price for the year of €51.17 on January 15, 2016. The highest closing price was registered on October 19, 2016, with €68.84.

Sartorius Stedim Biotech Share in €[1)]
January 1, 2012, to December 31, 2016



1) January 1, 2012, to May 9, 2016, adjusted for stock split

Sartorius Stedim Biotech Share[1)] in Comparison to the SBF 120, CAC MID & SMALL and NASDAQ Biotechnology Index (indexed)
January 1, 2016, to December 31, 2016



1) January 1, 2016, to May 9, 2016, adjusted for stock split

Investor Relations Activities

Sartorius Stedim Biotechs' investor relations activities focus on maintaining an ongoing, open dialogue with shareholders, potential investors and financial analysts.

Besides providing first-half and annual reports as well as holding quarterly telephone conferences, we also regularly published press releases presenting the company business developments and other material events in the reporting year of 2016. Moreover, our management team was available to capital market participants on a regular basis at our sites in Goettingen and in Aubagne as well as at conferences and road shows for one-on-one meetings in international financial market centers such as London, Paris, Frankfurt am Main or New York. During the year under review, the communication focused in particular on explaining the update of our 2020 financial targets, current operating developments as well as the portfolio expansion following the acquisition of kSep.

All information and publications relating to our company and its shares may be found on our website at www.sartorius-stedim.com.

Analysts

The recommendations of financial analysts serve as an important foundation for the decisions of private and institutional investors when investing in shares. Currently, six institutions regularly prepare reports and updates on Sartorius Stedim Biotech shares.

Research Coverage

Date	Company	Recom-mendation	Target price in €
December 1, 2016	Gilbert Dupont	Add	72.70
November 1, 2016	Equita	Hold	68.00
October 24, 2016	Oddo Midcap	Buy	70.00
October 24, 2016	Portzamparc	Buy	70.00
October 24, 2016	Société Générale	Buy	71.00
September 13, 2016	Janney	Hold	70.00

Key Figures for Sartorius Stedim Biotech Share[1)]

		2016	2015	2014	2013	2012
Share price[2)] in €	Reporting date	59.97	58.90	26.88	20.31	12.23
	High	68.84	59.67	28.61	20.67	12.67
	Low	51.17	26.89	19.50	12.56	7.79
Dividends[3)] in €		0.42	0.33	0.22	0.20	0.18
Total dividends paid[3)] in millions of €		38.7	30.7	20.0	18.4	16.9
Payout ratio[3,4)] in %		21.9	22.1	22.9	24.5	26.1
Dividend yield[5)] in %		0.7	0.6	0.8	1.0	1.5
Market capitalization in millions of €		5,528.0	5,430.8	2,477.4	1,869.6	1,126.1
Average daily trading number of shares		46,752	44,115	42,084	54,066	44,784
Trading volume of shares in millions of €		714.2	485.2	243.8	237.8	106.1
CAC MID & SMALL (closing prices of the year)		11,848	11,054	9,354	8,629	6,812
SBF 120 (closing prices of the year)		3,836	3,664	3,360	3,337	2,793

[1)] For 2012 to 2015, share prices, dividends and average daily trading number of shares adjusted for stock split; rounded values
[2)] Daily closing price
[3)] For 2016, amounts suggested by the Board of Directors and subject to approval by the Annual General Shareholders' Meeting
[4)] Based on the underlying net result
[5)] Dividends in relation to the corresponding closing prices of the year

Sources: Euronext; Bloomberg

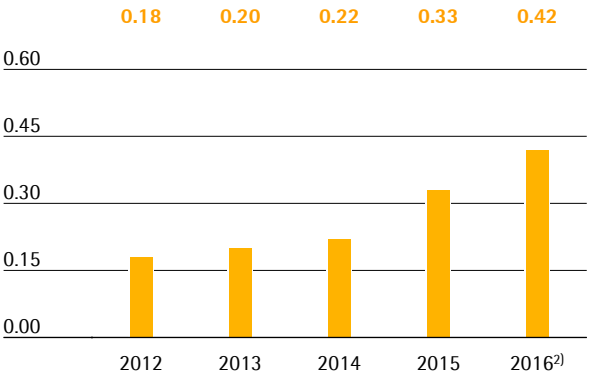
Dividends

Sartorius Stedim Biotech strives to enable its shareholders to participate adequately in the company's success and has continuously increased its dividend in recent years. In line with this objective, we basically follow the policy of paying out a relatively stable share of relevant net profit to our shareholders.

Relevant net profit

The Board of Directors will submit a proposal to the Annual General Shareholders' Meeting on April 4, 2017, to pay a dividend from the net profit of €176.6 million for fiscal 2016 of €0.42 per share compared to previous year's figure of €0.33. The total profit distributed would increase by 26.0% from €30.7 million a year ago to €38.7 million. The corresponding dividend payout ratio would be 21.9% compared to 22.1% in the previous year. In relation to the shares' closing price of €59.97 on December 31, 2016, the dividend yield would be 0.7% (previous year: 0.6%).

Dividends[1)]
in €



[1)] 2012 to 2015 adjusted for stock split; rounded values

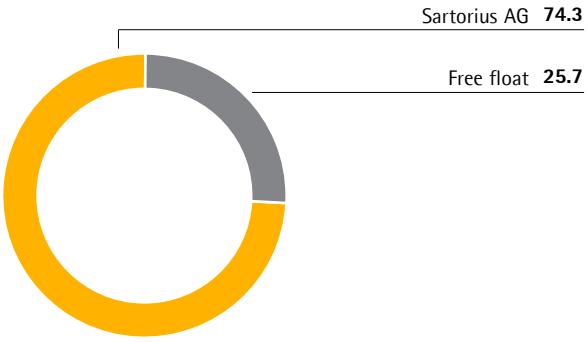
[2)] Amount suggested by the Board of Directors and subject to approval by the Annual General Shareholders' Meeting

Shareholder Structure

As a consequence of the stock split and the increase of the individual par value of the company's shares, Stedim Biotech S.A.'s issued capital amounted to €18.4 million as of December 31, 2016, and was divided into 92,180,190 shares, each with a calculated par value of €0.20. As some of the shares convey double voting rights, there were a total of 162,041,944 voting rights as of the reporting date.

As of December 31, 2016, Sartorius AG holds 74.3% of the share capital and 84.5% of the outstanding voting rights. The remaining 25.7% of the shares are in free float; corresponding to 15.5% of the outstanding voting rights.

Shareholding Structure
in % of share capital



Management Report

02

Structure and Management of the Group

Group Legal Structure

Sartorius Stedim Biotech is a globally operating company with subsidiaries in more than 20 countries and more than 4,700 employees worldwide. The parent company of the Sartorius Stedim Biotech Group is Sartorius Stedim Biotech S.A., headquartered in Aubagne, France.

Sartorius Stedim Biotech S.A. is listed on the Euronext stock exchange in Paris. Approximately 74% of the share capital and around 85% of the voting rights of Sartorius Stedim Biotech S.A. are held by Sartorius AG.

Sartorius AG is a leading international bioprocess and laboratory technology provider headquartered in Goettingen, Germany. It is listed on the German Stock Exchange and runs two divisions: the bioprocess business as a subgroup under its parent corporation Sartorius Stedim Biotech S.A. and the laboratory business as a further subgroup.

The consolidated financial statements of the Sartorius Stedim Biotech Group include Sartorius Stedim Biotech S.A. and of all affiliates in which Sartorius Stedim Biotech S.A. has a controlling interest pursuant to IFRS 10.

The list of affiliates is shown on page 130.

Organization and Management of the Group

The Sartorius Stedim Biotech Group is largely organized by function on a worldwide basis. Accordingly, the respective management responsibilities are performed along the company's core functions across all sites and regions.

This global functional organization forms an effective platform for central strategic control and for fast, efficient collaboration and execution within the Group. It enables the company to realize its total solution provider strategy and position itself effectively in respect of global customers.

The Board of Directors of Sartorius Stedim Biotech S.A. is composed of ten members, four executive and six non-executive directors. Four of the non-executive directors are members of the Group's Audit and Remuneration Committees. On an operating level, the Group is managed by its four executive members (Executive Committee).

Implementing the Group's various strategies and initiatives at the local level is the responsibility of the national affiliates. The management bodies of the local companies manage their organizations in accordance with applicable statutory provisions, articles of association and rules of procedure and in keeping with the principles of corporate governance that apply throughout the Sartorius Stedim Biotech Group worldwide. Please see details of the Board of Directors in the section "Corporate Governance."

Changes in the Group Portfolio

In July 2016, Sartorius Stedim Biotech acquired kSep Holdings, Inc., a young technology company based in Morrisville, North Carolina. kSep develops and markets fully automated single-use centrifuges used for manufacturing biopharmaceuticals, thus complementing the product portfolio of the Sartorius Stedim Biotech. In 2015, the company generated sales revenue of around U.S. $5 million. It was initially consolidated upon completion of the acquisition at the end of July 2016.

Financial Controlling and Key Performance Indicators

The Sartorius Stedim Biotech Group is managed using a number of key performance indicators, which are

also decisive for the determination of the variable remuneration component for the Executive Committee and managers.

The key management parameter that Sartorius Stedim Biotech uses to measure the development of its size is currency-adjusted growth of sales revenue.

The key performance measure for profitability is EBITDA adjusted for extraordinary items, i.e. underlying EBITDA, and the corresponding margin. For a definition of this term and more information on its presentation, see the Glossary at page 215.

Regarding the debt capacity of the Sartorius Stedim Biotech Group, a further key indicator is the ratio of net debt to underlying EBITDA for the last twelve months.

Moreover, the capex ratio, i.e. capital expenditures relative to sales revenue, represents a key control parameter.

The following financial and non-financial indicators are also reported on a regular basis:

- Order intake
- Underlying net profit | Earnings per share
- Net profit | Earnings per share
- Equity ratio
- Net working capital
- Net cash flow from operating activities
- Number of employees

The annual financial forecast published at the beginning of a fiscal year for the Group generally refers to the development of sales revenue and of underlying EBITDA margin. The expected capex ratio, as well as a directional forecast for the ratio of net debt to underlying EBITDA, is also indicated for the Group.

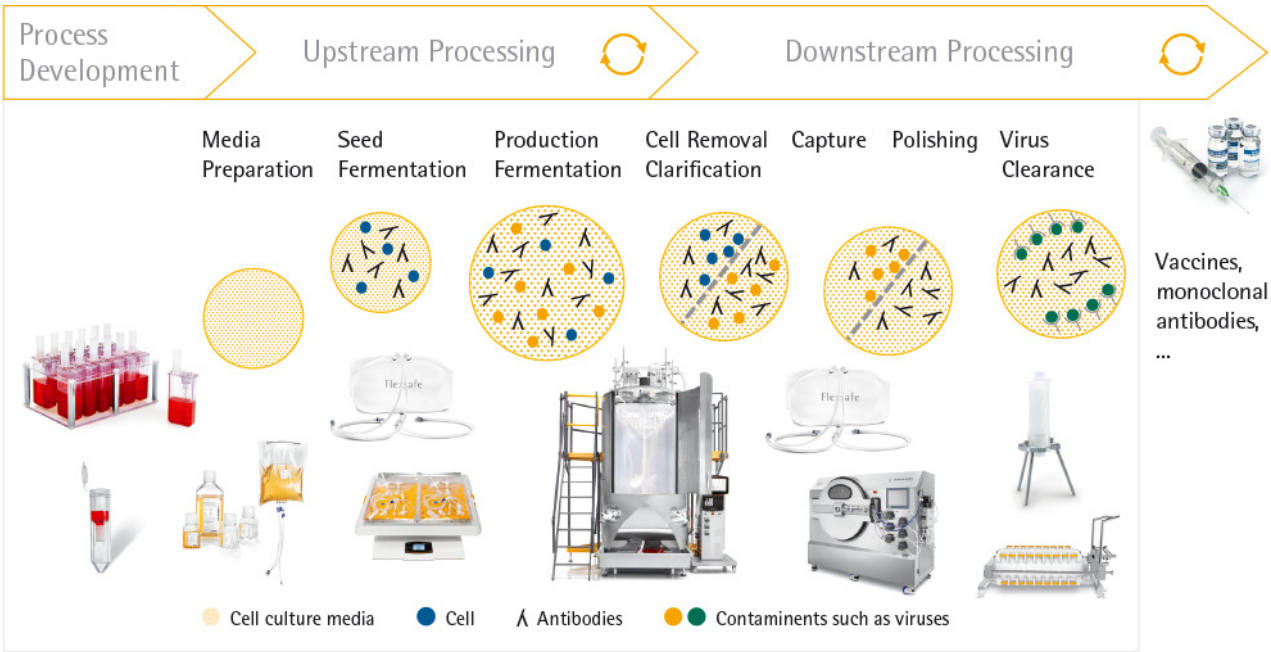
Strategy and Goals

Sartorius Stedim Biotech is a leading international supplier of products and services for the safe and efficient biologic manufacture of medications and vaccines.

A part of our total solutions provider strategy, we have created a broad product and technology portfolio, from both our own developments and acquisitions, for our biopharma customers. This portfolio covers virtually all steps of their production processes and includes, inter alia, cell culture media, cell lines, bioreactors, a wide range of products for separation, purification and concentration, as well as solutions for storage and transportation of intermediate and final biologic products.

Sartorius Stedim Biotech generates around three quarters of its sales revenue with single-use products. Due to their cost advantages and higher flexibility compared with reusable technologies, such single-use products are increasingly being used by the pharmaceutical industry. Sartorius Stedim Biotech offers the most extensive portfolio of single-use technologies in the industry.

With our global, specialized sales force, we address an attractive market with above-average growth rates. As our customers' manufacturing processes are validated by the respective health authorities, product quality and assurance of supply are essential. We see our leading international market positions as good stepping stones for sustained dynamic and profitable growth in the future. Besides realizing our organic growth potential, we also aim at further expanding the division's portfolio through complementary acquisitions and alliances.



Simplified diagram

Sartorius Stedim Biotech 2020 Strategy

In 2011, the Group defined its strategy and long-term targets for 2020 to achieve profitable growth. At the beginning of 2016, close to the mid-point of this timeline, this 2020 plan was reviewed and updated.

The company's sales target has thus been slightly increased from around €1.5 billion to about €1.5 - €1.6 billion by 2020. Growth is predominantly expected to be generated by the Groups' existing portfolio, i.e., organically, and supplemented by acquisitions. In view of its profitability, Sartorius Stedim Biotech upgraded its margin target related to underlying EBITDA from about 28% to about 29% to 30% for 2020. This is assuming that the profitability of any future acquisitions would be at a level comparable to that of the existing business and that no significant changes in key exchange rates would occur.

Sartorius Stedim Biotech's 2020 targets are being implemented by various growth initiatives with the following areas of focus:

Regional Growth Initiatives

Regionally, North America and selected countries in Asia are at the focus of our growth strategy.

North America is the world's largest market for the manufacture of biopharmaceuticals. As this market is home to our main competitors, we historically had lower market share in this region than in Europe and Asia. Accordingly, Sartorius Stedim Biotech is striving to further gain market share, primarily by strengthening its sales and service capacities.

Our second regional focus is on Asia, especially on China, South Korea and India. These markets have tremendous potential due to their expanding healthcare systems and increased spending by private households. Moreover, major production facilities for biosimilars are being set up in these countries, and contract manufacturers are strengthening their presence in this region. To participate in this momentum in the best possible way, we have already invested substantially in our sales infrastructure in this region.

Expansion of Product Portfolio

Concerning the further development of our portfolio, the 2020 strategy also provides for making acquisitions besides conducting our own R&D activities and entering into alliances. Such acquisitions will be primarily focused on adding complementary technologies and products that enhance the attractiveness of our portfolio from a customer perspective. Since 2011, we have strengthened our portfolio by acquiring six small- and medium-sized businesses.

Infrastructure

Efficient business processes, a powerful IT infrastructure and sufficient production capacities are to constitute the backbone of our projected growth. Sartorius Stedim Biotech is increasingly using standardized business processes and is considerably extending its production capacities at various locations, especially for filter and bag products.

Sector Conditions

Sartorius Stedim Biotech serves customers mainly in the biopharmaceutical industry, which makes its business particularly sensitive to the development of this industry.

Strong Growth in the World's Pharmaceutical Markets

According to several market observers, the global pharmaceutical showed a positive development once again in 2016, with growth of +4% to +5%. The availability of innovative new medications, improved access to healthcare – in part through the expansion of state healthcare systems – and the continually growing and aging population were the main drivers to this growth. These positive factors were countered by austerity measures in individual national healthcare systems and the expiration of patents.

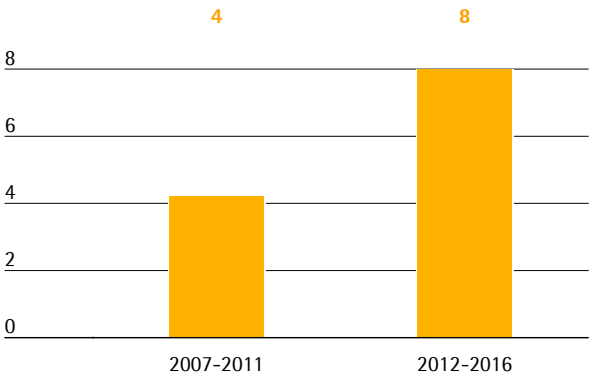
As in previous years, the strongest growth dynamic was observed in the so called "pharmerging markets", whose development was driven by the expansion of state-funded healthcare systems and higher out-of-the pocket spending. The world's largest pharmaceutical market, the USA, has grown significantly owing to a comparatively high number of newly approved drugs in recent years. Growth in the European pharmaceutical market, in contrast, continued to be dampened by austerity measures in individual national healthcare systems.

Above-Average Growth in the Biotechnology Market

The market for medications manufactured using biotech methods has grown overproportionately within the world's pharmaceutical market for many years now. It enjoyed particularly dynamic growth in 2015 that continued overall during 2016. This historically overproportionate growth is especially attributable to the launch of many new biopharmaceutical drugs as well as additional market penetration of existing medicines, in part through expanded indications.

The high R&D productivity of the biotechnology sector has led to a significant increase in the number of newly approved biopharmaceuticals in recent years: For example, the number of new approvals in the USA nearly doubled over the past five years in comparison to the period before that. Overall, the proportion of sales revenue of the world's pharmaceutical market from medications manufactured using biotech methods grew from around 20% in 2012 to approximately 25% during the reporting year.

Average Number of New Approvals of Biotech Medications in the USA per Year



Biosimilars, which are biological copycat medications, have played only a minor role to date in the growth of the biotechnology market. However, despite being underdeveloped compared with the markets for biosimilars in Europe and Asia, the industry made significant progress in the important U.S. market during the year under review: in 2016, three biosimilars were approved by the U.S. health authority FDA following the first market authorization in 2015 on the basis of an abbreviated approval procedure.

Single-Use Systems for Biopharmaceutical Production Continue to Gain Importance

Biotech production methods are much more complex and cost-intensive than traditional methods for producing medications. Consequently, manufacturers and suppliers are continuously looking to develop more efficient technologies. Single-use products play a decisive role in this effort: they require significantly less capital expenditure, reduce costs for cleaning and validation, and minimize downtimes. They also offer greater flexibility in production and help accelerate time to market. Thanks in particular to their cost-efficiency, single-use technologies have already become well established in a large number of process steps.

Moderate Growth in the Gobal Laboratory Market

The global laboratory market grew by approximately +2.5% in the reporting year according to Frost & Sullivan. In face of moderate economic growth and uncertainty surrounding the Brexit referendum, growth in Europe came in at only +1.5%. The USA, the largest market for laboratory products, grew by +2.7%. Activity by the public research sector rose only slightly above 2015 levels, but the demand for laboratory products on the part of the biopharmaceutical industry was very strong. Significant growth was once again reported in Asian countries such as China and India, in which the laboratory market enjoyed an above-average expansion of +7.8% (China) and +8.8% (India).

Competition

The primary means by which companies in the biotechnology market differentiate themselves from competitors are innovative process and the quality and performance of their products. The biotechnology sector is constantly discovering new areas of application and expects suppliers to be equally fast-moving and creative in developing new equipment for the manufacture of biotech products. New suppliers, in particular, seek to exploit the opportunities inherent in this environment to gain a foothold in the market with carefully targeted niche products. The more established suppliers, meanwhile, are expanding their product range continuously.

We generate round 90% of our sales revenue from validated processes in which replacing products during the production cycle is very expensive, so we receive a high proportion of follow-up and repeat business. The particular strength of Sartorius Stedim Biotech lies in its integrated process solutions: from the investigation and development of substances in the lab to the production of the end product, we offer the broadest range in the industry. Our strategic focus on single-use products gives us another edge over the competition. Sartorius Stedim Biotech occupies a strong position in the market worldwide in the fields of bioprocess filtration, fermentation, fluid management and membrane chromatography.

Most of our competitors are multinationals based in the USA. Merck KGaA, Danaher Corp., General Electric Company and Thermo Fisher Scientific Inc. are among our main rivals in the process area; Thermo Fisher and Merck are key players in the laboratory field. We also face competition from smaller companies in individual segments.

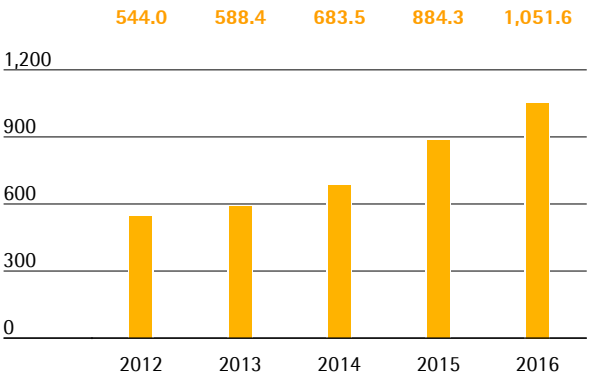
Sources: IMS: IMS Health Market Prognosis, March 2016; Global Medicines in Use in 2020, November 2015; Evaluate Pharma: World Preview 2016, Outlook to 2022, September 2016; Frost & Sullivan: 2016 Annual Report: Forecast and Analysis of the Global Market for Laboratory Products, October 2016; www.fda.gov; FDA-Approves-Third-Biosimilar-in-US-First-for-Amgens-Blockbuster-Enbrel, www.raps.org

Group Business Development

Sales Revenue

In fiscal 2016, Sartorius Stedim Biotech showed especially strong growth yet again, with sales increasing by 20.4% to €1,051.6 million. The company thus reached the upper end of its full-year forecast that was raised at mid-year partly due to some larger equipment orders (initial forecast: about 12% to 16% in constant currencies). Sartorius Stedim Biotech recorded double-digit growth across the entire portfolio within an ongoing dynamic market. Business expansion was mainly driven by organic growth of around 19%, whereas acquisitions contributed approximately 2 percentage points.

Sales Revenue 2012 to 2016
in € million

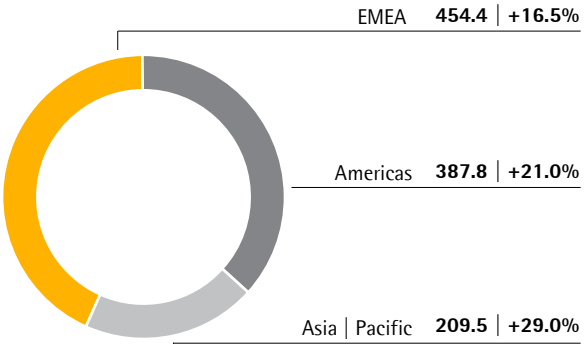


Sales Revenue and Order Intake

in € millions	**2016**	2015	in % reported	in % const. fx
Sales Revenue	1051.6	884.3	18.9	20.4
Order Intake	1080.8	946.4	14.2	15.6

All regions reported double-digit growth rates and thus contributed to the expansion of the Group's revenue. EMEA, the geography generating the highest sales accounting for around 43% of the company's revenue, reported an increase in sales by 16.5% to €454.4 million. In the Americas region, which represented around 37% of sales revenue, we gained further market share with our single use portfolio according to our estimates, with an overall increase in sales by 21.0% to €387.8 million. The Asia | Pacific region, which accounted for around 20% of sales, also performed very dynamically. Partly driven by strong demand for equipment, sales for this region rose significantly by 29.0% to €209.5 million. (All regional figures in constant currencies)

Sales Revenue and Growth[1)] by Region[2)]
in € millions unless otherwise specified



1) In constant currencies

2) Acc. to customers' location

Development of Costs and Earnings

In the reporting year, the cost of sales stood at €524.8 million and thus rose slightly overproportionately by 21.3% compared to sales revenues. This was mainly due to product mix effects and higher depreciation owing to investments in capacity expansion. The cost of sales ratio was 49.9% relative to 48.9% a year ago.

Selling and distribution costs rose more slowly than sales by 11.6% to €186.6 million. Accordingly, the ratio of selling and distribution costs to sales revenue decreased from 18.9% in the previous year to 17.7%.

Expenses for research and development rose in the reporting year by 14.5% to €47.5 million. This equates to 4.5% of sales revenue, compared with 4.7% in the prior year.

Concerning general administrative expenses, we reported a 15.5% increase to €56.5 million, which can be attributed especially to the expansion of specific functional areas, such as IT in connection with the implementation of our mid-term strategy. In relation to sales revenue, general administrative expenses were at 5.4% relative to 5.5% in the previous year.

In fiscal 2016, the balance of other operating income and expenses was -€10.3 million relative to -€9.6 million a year earlier. It includes extraordinary items, which amounted to -€18.1 million (previous year -€7.4 million). They related, inter alia, to various corporate projects and expenditures in connection with our recent acquisitions.

The Group's EBIT increased overproportionately with respect to sales revenue by 22.4% to €225.9 million. Its EBIT margin was 21.5% (2015: 20.9%).

The financial result slightly improved to -€12.9 million in 2016 from -€14.9 million in 2015. This was essentially attributable to lower negative valuation effects from hedging transactions.

Income taxes totaled €57.1 million (2015: €50.2 million). The company's tax rate was 26.8% after 29.6% in the year before.

In the reporting year, net profit attributable to shareholders of Sartorius Stedim Biotech S.A. was €153.7 million relative to €118.0 million a year earlier.

Statement of Profit or Loss

€ in millions	**2016**	**2015**	in %
Sales revenue	1051.6	884.3	18.9
Cost of sales	–524.8	–432.5	–21.3
Gross profit on sales	526.8	451.8	16.6
Selling and distribution costs	–186.6	–167.2	–11.6
Research and development costs	–47.5	–41.5	–14.5
General administrative expenses	–56.5	–48.9	–15.5
Other operating income and expenses	–10.3	–9.6	–7.0
Earnings before interest and taxes (EBIT)	225.9	184.5	22.4
Financial income	1.9	2.9	–34.0
Financial expenses	–14.8	–17.7	16.3
Financial result	–12.9	–14.9	12.9
Profit before tax	213.0	169.7	25.5
Income taxes	–57.1	–50.2	–13.8
Net result	155.9	119.5	30.4
Attributable to:			
Equity holders of SSB S.A.	153.7	118.0	30.2
Non-controlling interest	2.2	1.5	47.1

Earnings

At the Sartorius Stedim Biotech Group, earnings before interest, taxes, depreciation and amortization (EBITDA) are used as the key profitability measure. To provide a complete and transparent picture of the Group's profitability, also in an international comparison, we report earnings adjusted for extraordinary items (underlying EBITDA). For more information about definitions, please refer to the Glossary on page 214. The underlying presentation is reconciled with the EBITDA key indicator (see Glossary) as follows:

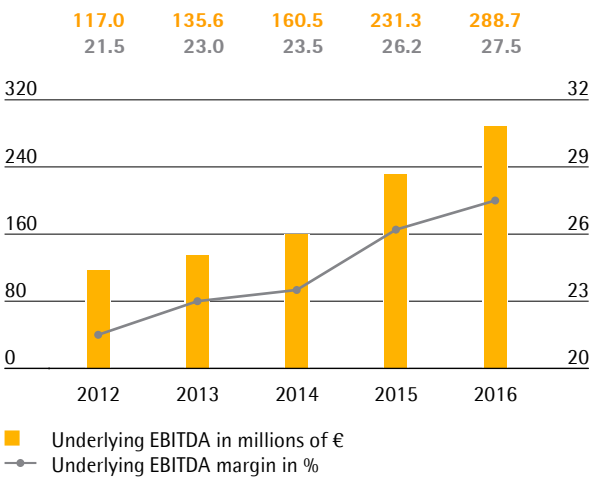
Reconciliation between EBIT and underlying EBITDA

€ in millions	**2016**	2015
EBIT	225.9	184.5
Extraordinary items	18.1	7.4
Depreciation and amortization	44.7	39.4
Underlying EBITDA	288.7	231.3

In the reporting year, Sartorius Stedim Biotech increased its underlying EBITDA overproportionately relative to sales by 24.8% to €288.7 million. This gain was primarily driven by sales-related economies of scale. The respective margin rose from 26.2% to 27.5%, thus reaching our forecast raised at mid-year (initial forecast: about +1 percentage point compared to 2016 in constant currencies).

Underlying EBITDA and margin[1)]

in €

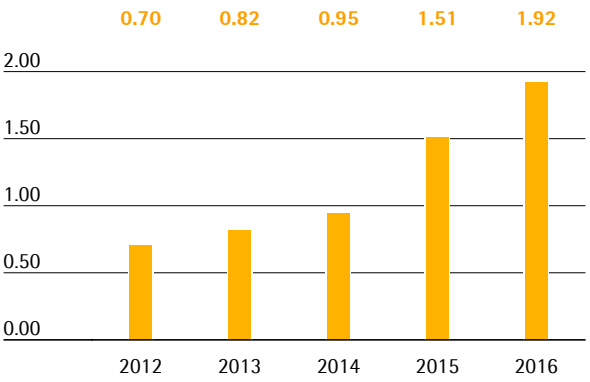


[1)] Adjusted for extraordinary items

The underlying net result after non-controlling interest for the Group surged from €139.3 million a year ago to €176.6 million in fiscal 2016. This figure is the basis for calculating the profit to be appropriated and is calculated by adjusting for extraordinary items, eliminating non-cash amortization of €14.3 million (previous year: €12.9 million), and is based on the normalized financial result (see Glossary), as well as the corresponding tax effects for each of these items. Underlying earnings per share surged by 26.8% from €1.51 a year earlier to €1.92. The prior-year figure has been adjusted for the share split, which became effective on May 10, 2016.

Underlying Earnings per Share[1)2)]

in €



[1)] Excluding extraordinary items

[2)] 2012 to 2015 adjusted for stock split; rounded values

€ in millions	2016	2015
EBIT (operating result)	**225.9**	**184.5**
Extraordinary items	18.1	7.4
Amortization | IFRS 3	14.3	12.9
Normalized financial result[1)]	**–6.5**	**–6.3**
Normalized income tax (2016: 29%, 2015: 29%)[2)]	–73.0	–57.5
Underlying net result	178.8	140.8
Non-controlling interest	–2.2	–1.5
Underlying net result after non-controlling interest	**176.6**	**139.3**
Underlying earnings per share (in €)	1.92	1.51

[1)] Financial result excluding fair value adjustments of hedging instruments, as well as currency effects from foreign currency loans

[2)] Underlying income tax, based on the underlying profit before taxes and non-cash amortization

See Glossary for the definitions of the totals listed above.

Research and Development

Our research and development (R&D) activities of Sartorius Stedim Biotech encompass both new and advanced in-house product developments in our own core technologies as well as the integration of new products through alliances. Our goal is to help our customers to continually optimize their processes and steadily increase their efficiency.

In-house research and development at Sartorius Stedim Biotech focuses in particular on the following technology areas: membranes, which are the core component of all types of filter products; various base technologies such as single-use bags and sensors; and control technologies, for instance for fermentation. We increasingly pursue the approach of linking our single technologies to develop new products and solutions. Owing to our broad product portfolio, we have extensive expertise in the development of bioprocess applications.

During the reporting year, one focus of our R&D activities was the development of a new software platform for the control of individual process steps. It enables the generation of consistent data in real time for optimized monitoring and control of upstream and downstream processes from laboratory scale all the way to commercial production.

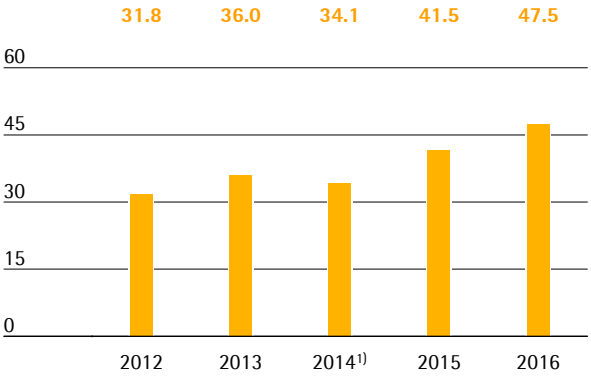
In the area of single-use fermentation, we worked on a new generation of our scalable bioreactor family STR. It allows the fermentation of volumes from 12.5 to 2,000 liters, and combines a user-friendly design with our innovative Flexsafe bags and improved sensors.

From a regional perspective, the largest R&D site is located in Goettingen, with other key R&D activities taking place in Aubagne, Guxhagen, Bangalore and Royston.

The Sartorius Stedim Biotech Group stepped up its research and development activities in the reporting year, increasing spending in this area by 14.5% to €47.5 million (previous year: €41.5 million). Owing to strong sales growth, the ratio of R&D costs to sales revenue slightly declined to 4.5% compared to 4.7% a year earlier.

Research & Development Costs

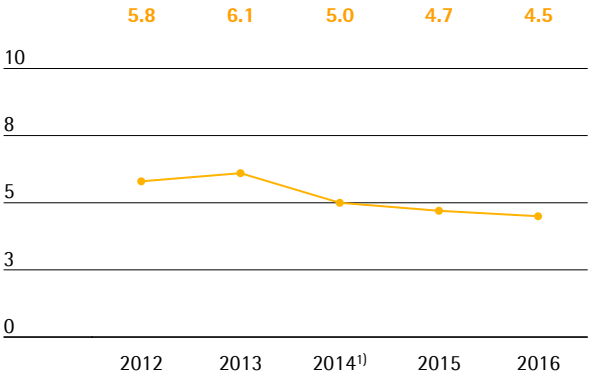
€ in millions



[1)] adjusted; for more information please refer to the consolidated financial statements and notes on page 121

Research & Development Ratio

In % of sales revenue



[1)] adjusted; for more information please refer to the consolidated financial statements and notes on page 121

IFRS require that certain development costs be capitalized on the balance sheet and then amortized over subsequent years. In the reporting year, these development investments amounted to €14.6 million compared to €8.2 million the year before. This amounts to a share of 23.5% (2015: 16.4%) of the Group's total R&D expenses. Depreciation related to capitalized development costs amounted to €5.3 million during the reporting period (2015: €5.2 million). These expenses are disclosed in the cost of sales.

To protect our know-how, we pursue a targeted intellectual and industrial property rights policy. We systematically monitor compliance with these rights and review from a cost | benefit viewpoint whether it is necessary to continue to maintain individual rights.

The number of applications for intellectual property rights filed in 2016 amounted to 107 compared to 95 in the previous year. As a result of the applications submitted in the past years, we were issued 188 patents and trademarks (previous year: 183). As of the balance sheet date, we had a total of 1,901 patents and trademarks in our portfolio (previous year: 1,959).

	2016	2015
Number of patent and trademark applications	107	95
Registered patents and trademarks	188	183

Capital Expenditures

The Sartorius Stedim Biotech Group increased capital expenditures considerably from €54.5 million in 2015 to €80.2 million in the reporting year. The ratio of capital expenditures to sales revenue was 7.6% (previous year: 6.2%), in line with our expectations specified during the year to reflect that we started to increase production capacities earlier and to a greater extent than initially planned (initial guidance: around 6% to 8%).

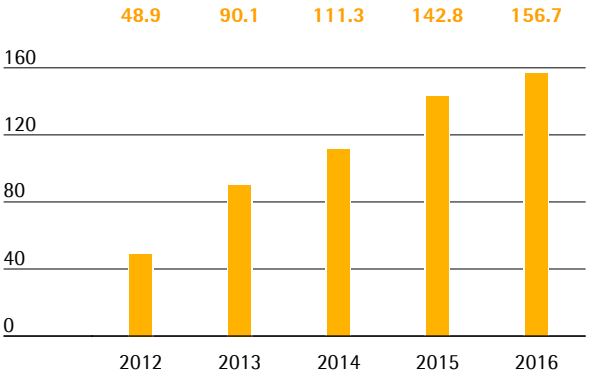
Owing to its strong organic growth, the company made significant investments during the reporting year in its production capacities. For instance, we expanded our filter production at our Goettingen site and began earlier than originally planned to build significant additional capacity for filters and bags at our facility in Yauco. Moreover, a new production building was put in operation in the period under review in Stonehouse.

Net Worth and Financial Position

Cash Flow

The net cash flow from operating activities of the Sartorius Stedim Biotech Group increased from €142.8 million to €156.7 million in the reporting period. This represents a gain of 9,7% that was primarily driven by higher earnings. The mainly growth-related increase in net working capital as well as higher tax payments had an opposing effect in fiscal 2016.

Net Cash Flow from Operating Activities
€ in millions



Net cash outflows from investing activities increased by 52.0% to €79.7 million. During the reporting year, Sartorius Stedim Biotech started to increase production capacities earlier and to a greater extend than initially planned. Thus, we began to significantly expand our production capacities for single-use bags and filters at our plant in Yauco and extended our membrane production at our Goettingen site.

Cash outflows of €23.0 million related to acquisitions in the reporting period were attributable to the purchase of kSep Systems. Prior-year figure of -€53.9 million reflected the acquisitions of BioOutsource and Cellca.

On a whole, net cash outflow from investing activities and acquisitions thus amounted to €102.7 million compared with €106.3 million in 2015. Accordingly, the Group has again financed its entire investments and acquisitions from operating cash flows.

Net cash flow from financing activities of -€50.1 million essentially reflects the payment of dividends for fiscal 2015 paid in April 2016 of €31.5 million as well as the repayment of debt.

Cash Flow Statement
Summary

€ in millions	**2016**	2015
Net cash flow from operating activities	156.7	142.8
Net cash flow from investing activities and acquisitions	–102.7	–106.3
Net cash flow from financing activities	–50.1	–27.2
Cash and cash equivalents	34.8	31.8
Gross debt	102.3	118.3
Net debt	67.6	86.4

Consolidated Balance Sheet

The balance sheet total of the Sartorius Stedim Biotech Group increased by €129.7 million to €1,195.8 million between year-end 2015 and the reporting date on December 31, 2016.

Non-current assets rose from €715.3 million in 2015 to €764.1 million in 2016, primarily due to investments in our production capacities.

Current assets amounted to €431.7 million compared to €350.8 million in the prior year. This increase was mainly driven by the aforementioned buildup in working capital.

Key Working Capital Figures
in days

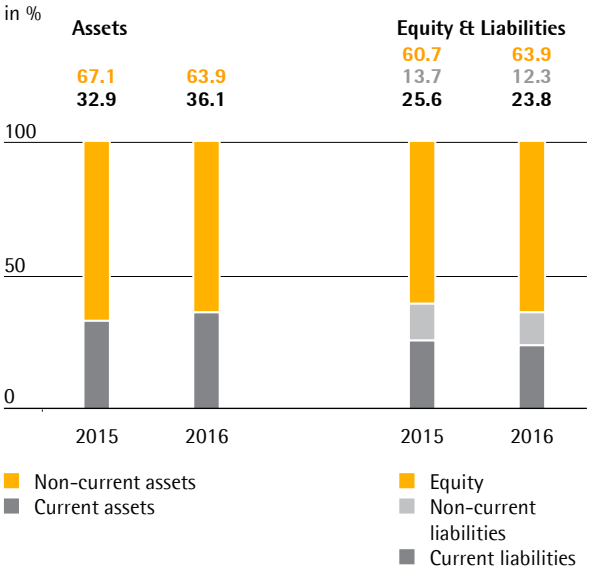
		2016	2015
Days inventories outstanding			
Inventories			
Sales revenue	x 360	58	60
Days sales outstanding			
Trade receivables			
Sales revenue	x 360	63	58
Days payables outstanding			
Trade payables	x 360	37	41
Sales revenue			
Net working capital days			
Net working capital[1)]			
Sales revenue	x 360	84	77

[1)] Sum of inventories and trade receivables less the trade payables

Calculation of net debt

€ in millions	2016	2015
Non-current		
Loans and borrowings	9.4	12.6
Finance lease liabilities	16.7	16.9
Current		
Loans and borrowings	74.7	87.2
Finance lease liabilities	1.6	1.5
Gross debt	**102.3**	**118.3**
Cash and cash equivalents	34.8	31.8
Net debt	**67.6**	**86.4**

Balance Sheet Structure



Driven by strong earnings, equity of the Sartorius Stedim Biotech Group grew from €647.2 million in 2015 to €763.6 million in 2016. Its equity ratio rose markedly to 63.9% (December 31, 2015: 60.7%).

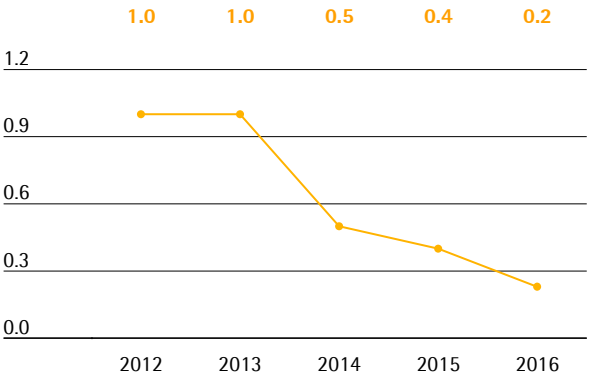
Current and non-current liabilities were up modestly by €13.4 million, reaching €432.3 million.

Overall, gross debt was €102.3 million as of December 31, 2016, compared with €118.3 million for the year ended December 31, 2015. Net debt as of the reporting date was at €67.6 million relative to €86.4 million a year ago. This figure excludes the liability for the remaining purchase price for acquisitions amounting to €49.6 million in 2016.

Net Debt to Underlying EBITDA

Regarding the debt financing potential of the Sartorius Stedim Biotech Group, the ratio of net debt to underlying EBITDA represents a key management indicator. This ratio further improved from 0.4 to 0.2 for the year ended December 31, 2015, in line with our expectations.

Ratio of Net Debt to Underlying EBITDA



[1] The net debt excludes the liability for the remaining purchase price for acquisitions; 2016: €49.6 million, 2015: €47.5 million, 2014: €42.8 million, 2013: €34.8 million, 2012: €34.2 million

Financing | Treasury

The Sartorius Stedim Biotech Group is financed on a long-term, well-diversified basis, which covers both its short-term cash requirements and its long-term strategy.

In December 2014 Sartorius AG has entered into a syndicated revolving credit line agreement of €400 million with a maturity that was extended in the reporting year until December 2021. Since then, Sartorius Stedim Biotech is utilizing a credit line with a volume of up to €300 million provided by Sartorius AG.

Furthermore, the Group has a long-term loan agreement with the Kreditanstalt für Wiederaufbau (KfW) for a current volume of €12.5 million relating to investments in production capacities and diverse bilateral credit lines of approximately €36 million in total.

The above mentioned financing comprise instruments with both fixed and variable interest. Financing facilities with variable interest rates are partly hedged against an increase in the general interest rate level.

The Sartorius Stedim Biotech Group conducts business across the globe and thus is affected by currency fluctuations. For the Group, the U.S. dollar represents the most important foreign currency, besides the Japanese yen, British pound and Swiss franc. Our global manufacturing network with production facilities outside Germany and France – in North America, the U.K., Switzerland and India – enables us to compensate for the majority of currency fluctuations (natural hedging).

We generally hedge the remaining net currency exposure by around two-thirds for a period of up to approximately 1.5 years ahead through suitable currency transactions.

Products and Sales

The product portfolio of Sartorius Stedim Biotech covers virtually all steps in biopharmaceutical production processes, and increasingly preceeding process development as well. It includes includes cell cultivation media, cell lines, bioreactors, a wide range of products for separation, purification and concentration, and systems for the storage and transport of intermediate and finished products. We also offer an extensive range of services to support our customers in complying with regulatory requirements.

Portfolio Extended Further

During the reporting year, Sartorius Stedim Biotech launched new products on the market along with new generations of existing product lines.

One example is a new filter especially for viruses in cell culture media. It enables efficient virus filtration in advance of the fermentation process, thus reducing the risk of contamination.

In 2016 we also launched of a new fermentation system for process development. It allows the parallel operation of up to eight single-use bioreactors, offers a high level of predictability with regard to later large-scale production, and thus significantly increases the productivity of process development.

Moreover, the division introduced an integrated technology platform for developing cell culture processes. It consists of cell lines, cell culture media, bioreactors and analytical services, and combines these elements into a holistic solution that covers the entire upstream process of our customers.

Single-Use Portfolio complemented through Acquisition

With the acquisition of the U.S. start-up kSep Systems, the company supplemented its offering of single-use solutions with an innovative technology for cell harvesting. kSep's fully automated single-use centrifuges enable the separation and concentration of cells in a very short time.

Sales Activities Expanded

The Bioprocess Solutions Division markets its product portfolio directly through its own field sales force. Sales activities for key accounts are coordinated and supported by a global key account management. As part of our regional initiatives for implementing the mid-term strategy, we stepped up our sales activities in North America during the year under review. Thus, we opened a new laboratory for bioanalytical services in Boston, where biologic substances can be tested for safety and quality on behalf of our customers. Another laboratory in South Korea is currently in planning. Moreover, Sartorius has nearly completed the implementation of its new CRM system in Europe and North America, and thus can run its processes even more efficient.

Production and Supply Chain Management

Sartorius Stedim Biotech operates a well developed global production network with plants in Europe, North America and Asia. The largest production sites are located in Germany, France and Puerto Rico. Moreover, Sartorius has manufacturing operations in the UK, Switzerland, Tunisia, India and the USA.

Each of our production sites basically serves as a center of competence for particular technologies. The Group's plant in Goettingen, for example, concentrates chiefly on the production of membrane filters, whereas the Aubagne and Mohamdia sites primarily manufacture single-use bags. Our plant in Yauco supplies both membrane filters and single-use bags principally for the U.S. market. The Guxhagen site specializes in bioreactors and other systems for bioprocess applications. It collaborates closely with the Bangalore site, which mainly produces stainless steel components for these systems.

Expansion of Production Capacity

Against the backdrop of the dynamic growth in the bioprocess business, Sartorius Stedim Biotech increased and accelerated the expansion of its production capacities compared to its initial plans. Thus, we began to work on a significant expansion of production capacities for single-use bags and filters at our plant in Yauco. Moreover, the company expanded its membrane production at the Goettingen site.

Sustainability Report

Sustainability is one of the core values that are firmly embedded in Sartorius Stedim Biotech's corporate culture. Ever since the company was established, the sustainable development of the company has been its major objective.

Our primary business responsibility is to offer attractive products and solutions to our customers. Innovations, as well as strategic and operational excellence, are key to meeting this objective. Our employees with their ideas, expertise and passion are also contributing to the success of Sartorius Stedim Biotech.

Our products help in many different ways to deliver benefits to society. For example, these products are used in the biopharmaceutical industry to produce medical drugs safely and efficiently, as well as to ensure their quality. Doing this sustainably, we believe, means taking a broad-based, long-term view of our business that includes social and ecological considerations and preserves the rights and interests of our stakeholders.

In line with this approach, we consider it essential to comply with legal and ethical standards, manufacture with ecological responsibility, and keep the environmental impacts in mind when developing product innovations. Likewise, our HR policy is aimed at preserving the rights and interests of employees and at actively using and developing the potential of our global workforce. At the company sites around the world, we as employers and contractors take an active part in developing the regional environments.

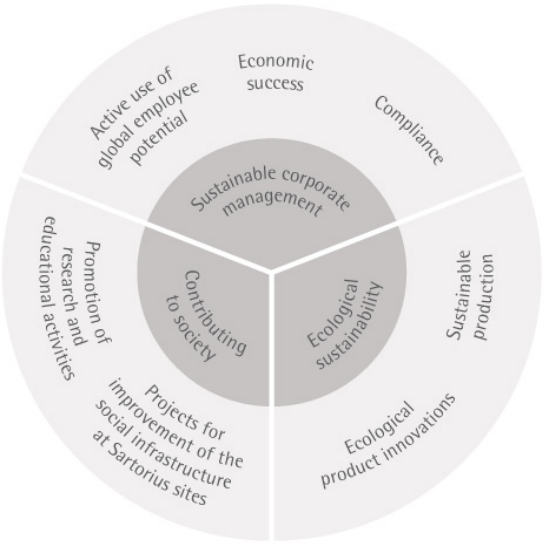
Sartorius Stedim Biotech has made sustainability a responsibility of the Chief Executive Officer in recognition of its overarching importance for the company.

Our indicators for social, health and safety, environmental and raw material data have been defined to cover most of the impacts of the Group's activities. Since 2012, Sartorius Stedim Biotech has been reporting social, environmental and societal information and metrics in compliance with the French Grenelle II environmental law. Internally, the figures provide the basis for defining, reviewing and monitoring environmental and HR targets.

Methodological Note

The Sustainability Report is published annually as part of the Group's Reference Document. The reporting period is the fiscal year. If not indicated otherwise, the indicators reported below for HR and health and safety refer to the entire Group, excluding the latest acquisition of kSep with 5 employees who are included only in the indicator "total headcount" and the subindicators "headcount by region" and "headcount by function". The environmental indicators cover all our production sites in Aubagne, Bangalore, Glasgow, Goettingen, Guxhagen, Laupheim, Lourdes, Mohamdia, New Oxford, Royston, Stonehouse, Tagelswangen and Yauco, representing 83.6% of the Group's total workforce.

Most data is collected using SAP for social information and EMC for environmental data. In some cases, our local sites transmit data via other software systems. Most of the required data is reported monthly or quarterly; it is monitored and consolidated by the HR and Facility Management units at the largest Group site in Goettingen. Sartorius Stedim Biotech set up a process of continuous improvement of Group-wide recording, reporting and controlling of environmental and social data.



Sustainable Corporate Management

Our activities are based on our corporate values: sustainability, openness and enjoyment. These values govern how we interact daily inside our company and connect us outside – with our customers, investors and society at large. In addition, they guide us in the definition of our strategies and their implementation.

Open Dialogue with Stakeholders

As a fair and responsibly acting company, Sartorius Stedim Biotech maintains an open and constructive dialogue with various stakeholders and considers sustainability aspects that are important to these groups, both now and in the future. With respect to sustainability, we view our customers, employees, investors and society as our most important stakeholders. Beyond these, suppliers and business partners have a stake in the sustainable and prosperous development of our company. We use the opportunity afforded by our close relationships with our stakeholder groups, some of which have been maintained for years, to also discuss the standards that apply to sustainable corporate management.

Customers

Our objective is to offer our customers attractive products and solutions. As we market our portfolio directly through our own field sales representatives, we are in very close contact with our customers. Also, we are continuously informed about their current requirements and priorities through audits, product demonstrations and tests that we perform in our application laboratories. Beyond such requirements, our sustainable products help our customers reach their own sustainability goals.

Employees

Capable, motivated and efficient staff members are indispensable in ensuring our business success. Regional and Group-wide employee surveys, annual performance reviews and an open working atmosphere help us discover what our employees find satisfying about the company, and where they see potential for improvement. The results of these surveys suggest relevant topics that we implement as specific plans of action at our local sites.

Investors

Sartorius Stedim Biotech creates transparency and continuity for its shareholders. We engage in a dialogue with our investors also about our environmental and social responsibility as well as corporate governance topics at roadshows, investor conferences and as part of capital market days. In addition, we participate in sustainability analyses and ratings to gauge our performance concerning environmental, social and governance-related business practices (ESG). In 2016, Sartorius Stedim Biotech became a constituent of the FTSE4Good Index.

Society

We maintain good neighborly relationships with local residents and public authorities, and consider their interests and expectations on our business activities. Such interests and expectations relate, in particular, to paying our fair share of taxes, maintaining job security, complying with legal requirements, conserving and protecting environmental resources and promoting infrastructure.

To us, potential employees are a special social group. Precisely young and qualified staff is appreciated by companies that take social responsibility. A value-oriented corporate culture and sustained employee engagement help to convey a positive image of Sartorius Stedim Biotech to social communities, thus increasing our attractiveness as an employer.

Compliance with Legal and Ethical Standards

Sartorius Stedim Biotech conducts its business in compliance with globally accepted ethical standards and applicable national legal requirements. Our actions are in line with good corporate governance and control, focusing on sustainable value added. These principles include protection of our stakeholders' interests, transparent communications, appropriate risk management and proper accounting and auditing. Sartorius Stedim Biotech follows the rules and recommendations of the AFEP-MEDEF Corporate Governance Code.

Global Compliance System Established

With our global compliance system we ensure that members of the executive bodies, managers and employees comply with all legal regulations and codes and act in accordance with our internal guidelines. By systematically providing information, we prevent misconduct and avoid financial loss and damage to the company's image. Key principles of this system are our Code of Conduct and Anticorruption Code that are binding on all employees.

Our Code of Conduct and our Anticorruption Code serve as specific guides to our requirements regarding responsible actions on the part of our employees. These codes help them on the job each day to work in a legally correct, morally appropriate manner. In a training course that all employees worldwide attend, employees are schooled in the way to deal with morally or legally questionable situations. A whistleblower portal and a telephone hotline enable employees, suppliers, customers and partners to anonymously report any dubious conduct. Compliance is also a regular topic of our corporate audit program, which we conduct regularly with our international subsidiaries.

In following its Code of Conduct, Sartorius Stedim Biotech supports and respects the principles defined in the United Nations Universal Declaration of Human Rights, the conventions of the International Labor Organization (ILO) and the United Nations Global Compact, the world's largest initiative for human rights, work standards, environmental protection and anticorruption. Furthermore, we reject all forms of compulsory and/or child labor and respect the special need to protect young employees. All Sartorius Stedim Biotech employees are committed to a task-oriented, open, friendly and fair approach for interacting with colleagues, other employees and third parties, helping to create an atmosphere of respectful cooperation. We do not tolerate employees being discriminated against, disadvantaged, harassed or excluded based on their gender, ethnic origin, race, religion, age, disability, appearance, sexual preferences and identity, origin or political position and we expect our suppliers to apply the same standards. We respect the freedom of association and the right of any individual to be fairly represented by a labor organization of their choosing, pursuant to local laws.

Code of Conduct for Suppliers

Sartorius Stedim Biotech expects all suppliers and service providers to comply with internationally recognized social and environmental standards, to respect the law and to uphold the tenets of fair competition. The company excludes existing or new suppliers who are determined to be the source of considerable risks regarding compulsory, forced or child labor, other violations of human rights or negative effects on society. We have set out our requirements in our Code of Conduct for Suppliers and Service Providers. Our major suppliers are required to sign a written confirmation acknowledging their commitment to comply with the Code of Conduct for Suppliers. Moreover, compliance topics are part of annual supplier performance reviews and are additionally monitored in part by regular quality audits. Sartorius Stedim Biotech has globally standardized its procurement channels. Contracts are awarded in a fair and transparent process that meets generally recognized standards.

Due Diligence Processes

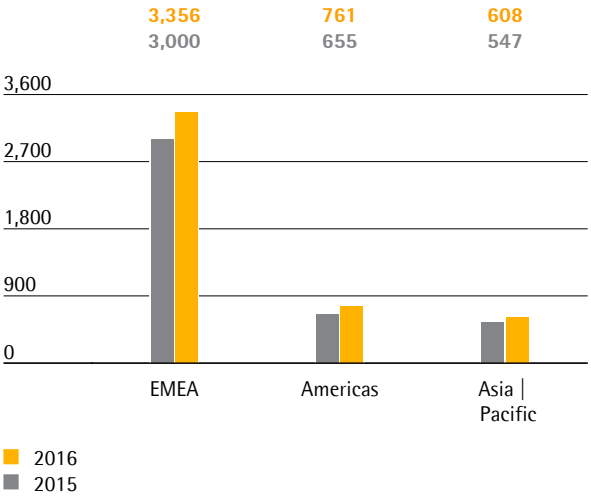
In contemplating acquisitions, we have a standard policy in place as part of our due diligence processes to assess non-financial aspects as well. These include, inter alia, compliance with legal standards and the effectiveness of compliance systems. Moreover, we include personnel and environmental aspects in our assessment of risks and opportunities of such potential takeover candidates. We seek to retain key top performers for our company by taking special measures.

Employment

The employment numbers reported in the following include all staff members, except for vocational trainees, interns, employees on extended leaves of absence and those participating in an early retirement plan. This number is recorded as headcount.

As of December 31, 2016, the Sartorius Stedim Biotech Group employed a total of 4,725 people, 523 more than in the previous year. Headcount increased by 12.5%. These figures include 5 employees from the most recent acquisition of kSep.

Employees by Region

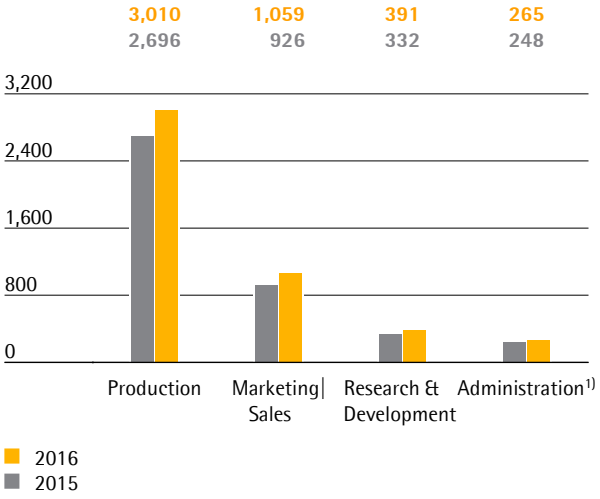


Regionally, EMEA that accounts for 71.0% of the total workforce added 11.9% new staff in 2016. A significant number of the 356 additional employees were hired to strongly expand Cellca and BioOutsource acquired in 2015.

The Americas region charted an increase of 16.2% or 106 new people. Close to half of the staff can be attributed to additional hires in Puerto Rico.

Staff numbers in Asia | Pacific rose by 11.2% or 61 people.

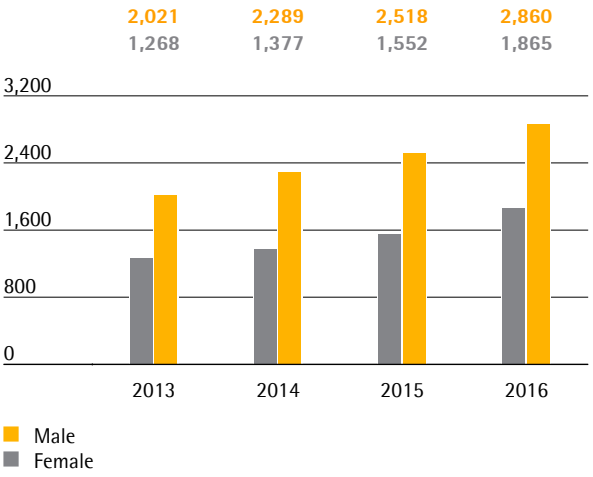
Employees by Function



1) Excluding administrative functions performed by Sartorius Corporate Administration GmbH, which is not part of the Sartorius Stedim Biotech Group

When broken down by function, manufacture and areas directly related to production accounted for 63.7% of our workforce (2015: 64.2%). Service staff is also included in our production headcount. The 11.7% increase is attributable primarily to new employees that Sartorius Stedim Biotech hired at its production sites in Goettingen and Puerto Rico as well as at BioOutsource and Cellca. In 2016, marketing and sales, as well as research and development, reported an increase in staff of 14.4% and 17.8%, respectively. As a result, 22.4% of the Group's employees worked in marketing and sales (2015: 22.0%) and 8.3% in R&D (2015: 7.9%). Headcount in administration rose by 6.6% following growth at an above-average rate in 2015. During the reporting year, administrative employees had a 5.6% share in the total workforce (2015: 5.9%).

Employees by Gender



As of December 31, 2016, 2,860 men and 1,865 women were employed by the Sartorius Stedim Biotech Group. The percentage of women in the total workforce has been continuously increasing for years and, at year-end 2016, was 39.5% (2015: 38.1%).

Employees by Age

	2016		2015	
	number	**in %**	number	in %
16 –20 years	24	0.5	25	0.6
21 –30 years	1,202	25.4	1,012	24.9
31 –40 years	1,493	31.6	1,242	30.5
41 –50 years	1,113	23.6	996	24.5
51 –60 years	761	16.1	687	16.9
61 years and above	132	2.8	108	2.7

Regarding the age structure of our staff, the group in the 31- to 50-year age bracket accounts for over half of our workforce. The average employee age was 39.3, approximately at the previous year's level of 39.5.

Remuneration Policy

Our remuneration policy aims to attract, retain and motivate employees. It ensures internal and external competitiveness by conducting regular reviews of the local markets. Our two global incentive programs, in which many of our employees are eligible to participate, are linked to both the success of the company and the achievement of targets defined in annual performance reviews. Generally, Sartorius Stedim Biotech applies industry standards or complies with union agreements. In Germany, for instance, compensation is paid according to the pay rates set by the trade unions, or even above, based on local performance-related components.

Employee benefits expense grew from €242.9 million in 2015 to €278.7 million in the reporting year. Of this figure, €224.1 million accounted for wages and salaries (2015: €196.8 million). The increase is partly due to the initial integration of employees from Cellca and BioOutsource acquired in 2015.

Further Developing and Promoting the Potential of Employees

Continuing professional development, assumption of responsibility, and opportunities to advance within the company are important for our employees' satisfaction. Such opportunities safeguard their employability and open up new professional prospects for them. Moreover, motivated, well-trained employees are a significant success factor for us as a company.

Training and Further Education

Sartorius Stedim Biotech retains its qualified employees by offering targeted continuing education courses. At its sites in France, Tunisia, Puerto Rico, India and Germany (excluding Cellca), Sartorius Stedim Biotech provided 62,321 hours of training in 2016. This corresponds to an average of 18.4 hours of training per employee. The scope of training hours currently reported corresponds to 72.1% of total headcount.

The professional development program of Sartorius Stedim Biotech covers a broad range of topics. To help improve language and methodological skills, we provide all employees with a large number of advanced training and professional development opportunities offered in several different languages. Specialist training programs and targeted on-the-job courses teach necessary skills and knowledge. To meet the evolving needs of our employees and company, we refine the programs and modify them, both at a Group level and at a regional site level.

Annual performance reviews conducted for employees at all Group subsidiaries encourage individual and collective performance. These appraisals cover performance, review of targets and identification of development opportunities. Sartorius Stedim Biotech conducts them worldwide in accordance with uniform criteria.

When possible, Sartorius Stedim Biotech fills management vacancies from within its own ranks, and accordingly develops and promotes employees with management potential at an international level. A special program helps junior managers develop and refine their management skills through specific projects directly related to the company's business. For experienced management staff, Sartorius Stedim Biotech provides a separate development program in line with our leadership guidelines to strengthen our common managerial culture.

As an alternative to the classic manager career, we enable scientists and engineers in R&D, in particular, to pursue an expert career path, which helps recognize the value of their expert knowledge for the success of the company and to offer experts and project managers adequate development prospects.

Temporary Assignments

The company benefits from employees who think and act beyond departments and locations. We therefore encourage employees to network within the company and to transfer temporarily to other departments or sites. Our internal job market also offers a variety of prospects to further develop and even change their jobs. The basic conditions for temporary assignments in foreign countries are transparently defined for all staff members.

Finding and Developing Talented People

We continuously expand our personnel-related programs as a way of attracting, retaining and developing qualified employees. By taking this approach, we ensure the company will remain successful in the future even when faced with today's shortage of skilled workers. Our company specifically attracts people who not only contribute their expertise, but also their openness, a sense of responsibility and a proactive willingness to further develop their own field of work. We use classic career fairs and digitial professional networks to attract the attention of talented people, and collaborate with relevant universities, institutes and organizations.

Promoting Young Academics

The aim of our own international scholarship program is to gain qualified young academics, particularly from the global growth markets, for our company. For many years, we have been supporting talented students and graduates in scientific and technical disciplines. Students from sales and marketing can also apply for our scholarship. The company aids these recipients not just financially, but also helps them technically and personally. For example, each scholarship holder is assigned a mentor from within our own organization.

In order to enhance their professional knowledge, skills and experience, Sartorius Stedim Biotech offers young people the opportunity to work within the company. For many years, we have been using the corresponding European Union funding programs, such as the Marie Curie scheme for young scientists and the Leonardo da Vinci scheme for international vocational education. If possible, we give interns also the possibility to participate in trainings. Thanks to an alliance with the Kedge Business School in Marseille, France, the interns at our Aubagne site, for example, can attend the Master of Business Administration courses offered there.

Diversity as an Opportunity

As an international company, we do business in the widest range of regions and markets in the world. The diversity of our procurement and sales markets is reflected by our corporate culture and represents added value for us as the productive interaction with different perspectives and backgrounds helps us to better understand the needs of our customers, develop perfectly tailored solutions and to remain competitive in a globalized economy. Also, when filling management vacancies, we aim to achieve a mix of cultures, genders and age groups.

Employees from More than 55 Nations

Today, people from more than 55 countries work well as a team at our company. Managers from Germany, France, the USA and India, for example, are represented at the second management level, that of vice presidents. Throughout our sites, we also rely on local management, and continue to internationalize our management line-up over the medium term. In addition, we promote international opportunities for our employees' development, for instance, through temporary deployment at other sites or international teamwork.

Women in Managerial Positions

The number of posts held by women in the two levels of management immediately below the Executive Committee was 23.7% as of December 31, 2016 (2015: 24.6%). Sartorius Stedim Biotech aims to increase the proportion of women in managerial positions. The proportion of women in our total workforce has been steadily increasing for years and at the end of the reporting year was 39.5%, 1.4 percentage points more than in 2015.

In 2016, Sartorius Stedim Biotech employed 102 people (2015: 96 people) who are registered as disabled – of this number, 21 work in France and 77 in Germany.

Freedom and Flexibility at Work

Generally, we assign our employees demanding tasks, delegate responsibility at an early stage and give them the freedom to define their daily work schedule. An increasing number of sites respond to the wide range of employee needs and requirements of life situations by providing various options for structuring their employment flexibly. Flextime, part-time work and teleworking offer employees models that help them find the right balance between family, work and leisure. Increasing digitalization of workplaces opens up new options for staff to set their own work schedules self-reliantly. To our employees, this flexibility is critical for their satisfaction with Sartorius Stedim Biotech, and it increases our attractiveness as an employer.

The number of part-time employees is 270 (2015: 234), which equates to 5.7% of our total headcount (2015: 5.8%). Sartorius Stedim Biotech complies with statutory and contractual working time obligations at all its subsidiaries. Working time varies depending on local environments and business activities.

Attrition and Absenteeism Rates Further Decrease

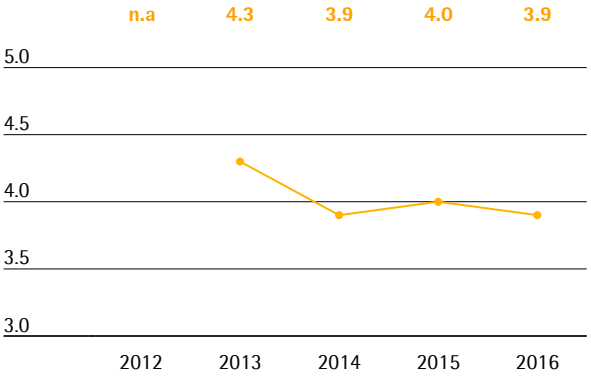
The success of our measures to create a motivating work atmosphere is reflected by our low and attrition and absenteeism rate. Despite the large number of new hires as the result of the company's growth, seniority remains at a high level.

	2016	2015
Number of redundancies[1)]	45	52
Attrition rate[2)] including expired fixed-term contracts in %	9.2	11.3
Attrition rate[2)] excluding expired fixed-term contracts in %	6.4	7.0

[1)] Redundancies are all company-driven dismissals or layoffs
[2)] Expresses the number of people leaving the company as a percentage of the average headcount (2016: 4,562.5), including retirements and other reasons for employees leaving the company

The attrition rate expresses the number of people leaving the company as a percentage of the average headcount. Excluding expired fixed-term contracts, this figure at Sartorius Stedim Biotech was 6.4% in the reporting year, 0.6 percentage points under the low level a year ago. In general, fluctuation is subject to sizable regional differences. Europe typically has the lowest levels of staff turnover, whereas changing employers is more common in Asia and fluctuation there is usually higher. At Sartorius Stedim Biotech, too, staff turnover was the lowest at the Group's German sites, at 2.6%; in France, the attrition rate was 4.6, with both figures excluding expired fixed-term contracts. In India, we have decreased the attrition rate in recent years through a variety of measures aimed at increasing employee loyalty and motivation.

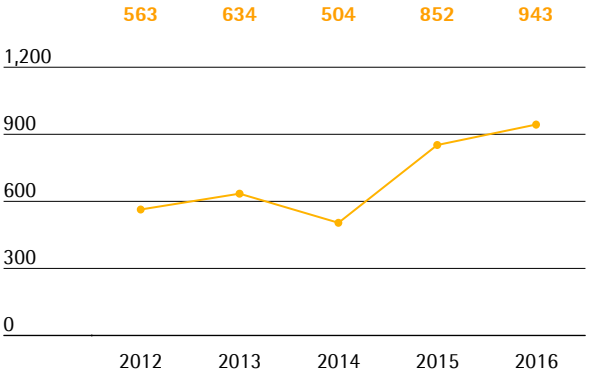
Absenteeism Rate[1)]
in %



[1)] Excluding time lost due to maternity, parental and sabbatical leave; unpaid leave and extended sick leave of more than six weeks including weekends

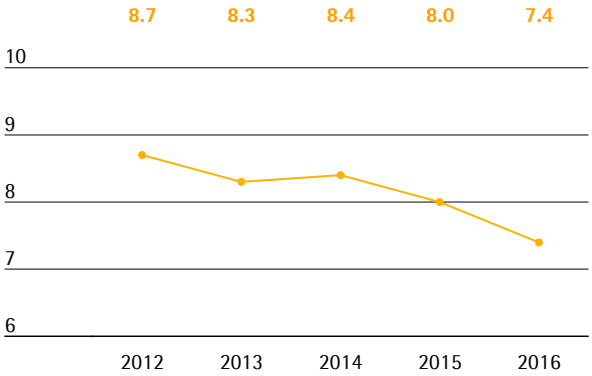
The absenteeism rate, defined as the proportion of planned working time that is not worked due to general absences, is generally dependent on factors such as influenza waves. At Sartorius Stedim Biotech, absenteeism during the reporting year was 3.9%, approximately at the previous year's level of 4.0%. The average number of days missed per employee due to illness excluding work-related accidents, slightly decreased from 7.5 days in 2015 to 7.3 days in 2016.

New Hires
as headcount



As a result of the consistently high number of new hires, the average seniority decreased significantly in the reporting year. In 2016, about half of the employees had been with Sartorius Stedim Biotech for less than five years. One-fifth of the total staff had been working for 15 years or more at the company.

Average Seniority
in years



Occupational Health and Safety

The Group's corporate health management policy covers both the physical and the psycho-social elements of health to enhance employee performance, and motivation, ensure their employability and to reduce illness-related costs. We promote awareness of personal health among all employees, through special action days at individual sites for example. Also, we offer advisory and assistance services especially for employees traveling on business to a foreign country or staying abroad. In the event of any medical emergencies or safety risks, our employees can obtain assistance by phone or find help on-site at all times. In France and Germany, employees experiencing professional and personal problems can consult with an external support service at no charge. Vice presidents in Germany may take advantage of an annual medical checkup at a selected partner clinic.

High Safety Standards

Sartorius Stedim Biotech has high safety standards to further reduce job-related medical conditions, risks to health and potential causes of industrial accidents. We draw on the standards of the International Labor Organization as well as on national regulations and recommendations. The job safety and occupational conditions are continuously improved. In this effort, we are responsive to the concerns of our employees as well: At the Aubagne site, for example, we operate a special program that implements specific improvements suggested by employees to prevent potential health hazards. Regular employee training on occupational health and safety, as well as on environmental protection, ensures that employees can recognize risks and avoid them. At our local Group locations, work safety committees confer regularly to discuss measures that promote health and prevent work-related accidents.

Statistics on Accidents at Work

	2016	2015
Number of work accidents[1)]	70	41
Number of days lost due to work accidents[2)]	1,350	1,710
Frequency rate[3)]	8.8	6.0
Severity rate[4)]	170.4	250.5

1) Excluding accidents that occurred during the employee's travel between home and work
2) Measured in calendar days
3) Represents the number of accidents per 1,000,000 theoretical working hours (theoretical working hours in 2016: 7,921 448.09)
4) Represents the number of days lost through accidents per 1,000,000 theoretical working hours

In the reporting year, the number of days lost due to work-related accidents decreased by 360 days compared with 2015, although the absolute number of work accidents rose from 41 in 2015 to 70 in the reporting year. The severity rate also shows that the majority of these accidents did not entail any very severe injuries; this figure dropped by 80.1 days per million workhours to 170.4 days. With regard to the higher headcount, the frequency rate did not increase proportionally and was 8.8 compared with 6.0 in the previous year.

A Trusting Relationship Between Employer and Employees

One aspect of our corporate culture is that we regularly and promptly share information with our employees about our financial progress, strategic objectives and changes within the company. This information is disseminated in internal notices, newsletters and the company magazine, among other means of communication. Our Group companies also comply with the national regulations governing the minimum reporting deadlines regarding changes to operations.

In France, Sartorius Stedim Biotech staff is represented by three employee councils; this also applies for the German sites. These employees' councils hold regular staff meetings. In 2016, 17 collective agreements were signed at the French sites, of which two were collective agreements on health insurance. At the German locations, 11 collective agreements were signed. These agreements cover topics such as profit sharing, retirement, reintegration after a long absence or temporal relocations to other premises.

Ecological Sustainability

Sustainable production and ecological product innovations are key to our long-term financial success. Sartorius Stedim Biotech designs its manufacturing processes to conserve resources, and offers products that are not only efficient and safe, but also provide added ecological value for our customers. Growth coupled with underproportionate use of natural resources – this is a goal we achieve at various levels.

The focal points of our ecological sustainability management are compliance with environmental regulations, efficient handling of our energy, water and waste resources and the further eco-friendly development of our products.

Information on health and safety measures adopted for Sartorius Stedim Biotech employees is described on page 40.

Again in 2016, no specific environmental risks requiring provisions to be set up were identified.

High Standards in Quality and in Environmental Protection

At Sartorius Stedim Biotech, an increasing number of manufacturing companies apply for certification with international standards, thus continuously widening the scope. Currently, all our manufacturing sites are certified according to internationally recognized quality standards (ISO 9001), apart from Tagelswangen in Switzerland, which employs around 50 staff members. An environmental management system according to ISO 14001 has been introduced at our two plants in Goettingen, Germany, as well as in Aubagne, France, and in Bangalore, India. Related to the average number of employees working at our manufacturing sites (2016: 3,825), 56% of these sites meet the requirements of this international standard for environmental protection. These two management systems ensure that we comply with quality requirements in the manufacture of our products, conserve the resources we use and prevent environmental risks. We also operate an energy management system according to ISO 50001 at our two plants in Goettingen and the one in Guxhagen, where we manufacture equipment and systems for biopharmaceutical production. In relation to the average number of employees, this represents 40% of all our manufacturing sites.

Continuous Improvement of Processes

Supported by regular EHS meetings and briefings, persons responsible for EHS at our international sites ensure that the company complies with the relevant environmental laws, regulations and standards. The company's international Environmental, Health and Occupational Safety Steering Group gives recommendations for harmonizing and continuously improving our processes in these three areas worldwide. In 2016, we introduced a software solution to also standardize and accelerate the process of global data acquisition. Starting in 2017, the data on sustainability will be centrally collected by this system.

Promoting Consumer Health and Safety

Sartorius Stedim Biotech does not supply its products directly to end consumers, but rather to manufacturers of pharmaceuticals, foods and chemicals. A high level of product quality and delivery reliability is critical for our customers in these strictly regulated industries. The company employs rigorous quality checks and advanced manufacturing methods and processes, such as cleanroom technology, to ensure that these products, when used as intended, comply with current Good Manufacturing Practices (cGMPs) and do not pose any risk to health or safety.

Our methods and processes are subject to constant review as part of our continuous improvement policy, moreover, and are refined appropriately as requirements evolve. The high standard of quality achieved in Sartorius Stedim Biotech products and processes is documented both by our successful completion of a host of annual audits by customers and our certification according to the standards for quality (ISO 9001) and for quality management for medical devices (ISO 13485). Detailed application brochures, as well as our service team, provide guidance to the customer on the correct use of our products. To respond rapidly to any product defects and minimize any adverse consequences, we have established a traceability system that enables us to recall entire product batches immediately, if necessary.

Energy Consumption and Greenhouse Gases

As a technology company that manufactures products, Sartorius Stedim Biotech consumes the major part of its energy at its 15 production sites. Our largest site in Goettingen accounts for 72.2% of the energy used by all our manufacturing plants. For this reason, it is a focal point of our energy-saving measures and plays a pioneering role.

Emissions Monitoring in Line with the Greenhouse Gas Protocol

Since 2013, Sartorius Stedim Biotech has been using the Greenhouse Gas Protocol (GHG) – a global standard for recording greenhouse gas emissions – as a guide for reporting its CO_2 emissions. We thus account for emissions not only of CO_2, but of all gases of relevance to climate change, and report them in CO_2 equivalents (CO_{2eq}). Currently, we report climate-relevant emissions that are directly given off by our production sites (Scope 1). We also report energy indirect emissions that arise during power generation by external energy suppliers (Scope 2). Other greenhouse gas emissions that are produced, for instance, in the manufacture of precursor products or through distribution (Scope 3) are analyzed only at our plant for single-use bags in Aubagne. We are considering phased integration of Scope 3 greenhouse gas emissions, which are time-consuming to record and calculate.

Energy Consumption and Greenhouse Gases

	2016	2015
Total energy consumption in MWh	**88,437**	**90,404[1)]**
- of which electricity	47,100	42,746
- of which natural gas	37,589	43,652[1)]
- of which fuels[2)]	2,024	2,331
- of which other energy sources[3)]	1,725	1,675
Total Greenhouse Gas Emissions in t CO_{2eq}[4)]	**27,255**	**24,218[1)]**
- Scope 1[5)]	10,886	9,668[1)]
- Scope 2	16,369	14,551
Key Indicators		
CO_{2eq}-Emissions per employee in t[6)]	7.1	7.4

[1)] Adjusted
[2)] Data range covers diesel consumption for electricity generators
[3)] Including liquid gas
[4)] Emissions in t of CO_{2eq} were calculated by the University of Applied Sciences and Arts Goettingen using emission factors listed in professional software called "Gabi"
[5)] Excluding fuel consumption for car fleet
[6)] Applies to the average number of employees at manufacturing sites; 2016: 3,825

Primary energy sources, such as coal, oil and natural gas, represent 46% of our total energy consumption, with natural gas accounting for a major share. Secondary energy, such as electricity generated by primary energy sources, constitutes 53% of our power requirements. Regenerative energy covers 1% of the Group's needs.

At our Goettingen site, we produce our own electricity and heat using two combined heat and power plants, but we purchase most of our electricity from suppliers.

Emissions from the consumption of electricity are classified as Scope 2 and account for two-thirds of our emissions of relevance to climate change. One-third of these emissions primarily result from the use of fossil fuels (Scope 1).

Emissions from solvents, which occur only in filter manufacturing at the Goettingen and Yauco sites, amounted to 45.3 metric tons total carbon in the reporting year, (2015: 40.6 metric tons). The proportion of the total carbon relevant to greenhouse gas emissions has been taken into account when calculating the CO_{2eq} figure.

Climate Footprint at the Aubagne Site

Scope 1, 2 and 3 emissions at the Aubagne site for manufacturing single-use bags have been assessed for quite some years according to the "Bilan Carbone" method developed by the French Environment and Energy Management Agency (ADEME). It also includes indirect greenhouse gas emissions generated by preliminary and subsequent steps across the value-added chain. Results for 2014, the most recent year analyzed, yields the following distribution: Over half of our ecological footprint is caused by freight transport (29%) and by preliminary products that Sartorius Stedim Biotech sources from its suppliers (22%). Business travel and work-related commuting by employees contributes 20% to the generation of greenhouse gas emissions; energy consumption in buildings, 10% packaging; 9%. Based on these data, the site set up a plan of action for ongoing reduction in CO_2 emissions.

Use of Advanced Technology to Reduce CO_2

Sartorius Stedim Biotech is adapting to the negative consequences of climate change and endeavoring to continuously reduce greenhouse gas emissions associated with its business. In addition, more efficient use of energy is economically sensible.

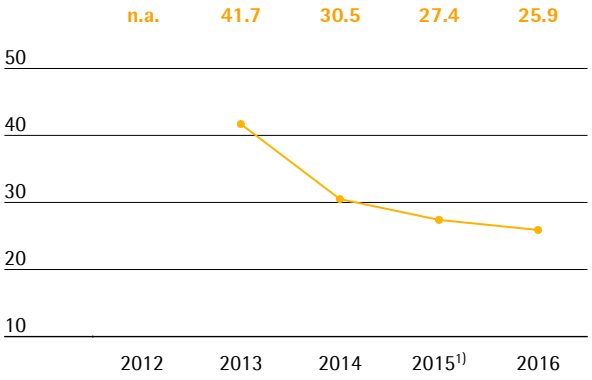
At our site in Goettingen, we employ state-of-the-art technology, such as two energy-efficient combined heat and power plants, an advanced compressed air center for controlling and regulating production equipment, and intelligent control systems. We thus lower our carbon dioxide emissions by about 7,000 tons each year. The company's energy management system facilitates systematic identification of additional energy savings potential.

At its international sites as well, Sartorius Stedim Biotech continuously develops its manufacturing processes and enhances its building facilities to conserve resources. Particularly at our new buildings, we are increasing the proportion of renewable energy sources in our energy mix.

Sartorius Stedim Biotech reduces transportation routes that burden the environment by supplying the various markets directly from its local production facilities. Where possible and practical, we ship via environmentally friendlier sea freight instead of air freight. We also work to minimize energy consumption caused by business travel, for example, by making greater use of teleconferencing as well as video conferencing.

The success of these and other eco-friendly measures is reflected in the company's overall energy consumption and greenhouse gas emissions, which have increased at a much lower rate over the last few years than the company's expansion in terms of sales revenue.

Development of CO_{2eq} Emissions
Related to annual sales in t/€ in millions



[1)] Adjusted

Water Consumption

We consider water a valuable resource and use it responsibly at our sites. The company takes care to reduce water consumption and soil sealing, particularly at its manufacturing plants located in baseline water stress areas according to the Aqueduct Water Risk Atlas, such as Yauco or Bangalore. Most of the water we use is for rinsing in the manufacture of filter membranes according to the precipitation bath method at the Goettingen site.

Water Consumption

	2016	2015
Water consumption in cbm	385,333	336,917
Water consumption per employee in cbm[1)]	101	103
Wastewater Biological Oxygen Demand-BOD[2)] in t	213	243

[1)] Applies to the average number of employees at manufacturing sites; 2016: 3,825
[2)] Contaminated wastewater only; without sanitary wastewater

We primarily draw water from public sources, but also use surface water. The amount of wastewater discharged into public sewage systems roughly corresponds to total water consumption, plus rainwater drainage. The biochemical oxygen demand is determined for production wastewater classified as significant. This figure identifies the amount of dissolved oxygen needed to break down organic material present in wastewater.

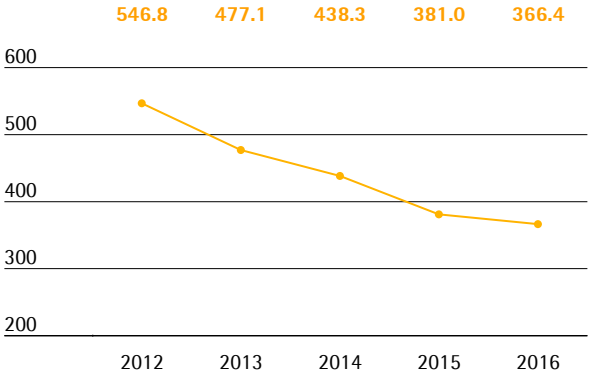
Sustainable Use of Water Resources

When expanding our membrane production capacity at the Goettingen site, we purch

ased advanced casting machines that need considerably less water for rinsing procedures than earlier machine generations. Our own water treatment plants that we operate at our large production sites also help ensure efficient use of water. Based on the low water usage strategy implemented at our green facility in Yauco, we reduce its consumption of drinking water by approximately 85% compared with a conventional plant, for example by using rain water. In Bangalore, we minimized sealing of the production facility grounds, and large green spaces enable rainwater to seep into the soil.

Our water consumption has also been considerably decreasing since 2012 in proportion to our increasing sales revenue.

Development of Water Consumption
Related to annual sales in cbm/€ in millions



Waste

We strive to reduce waste and, by using waste sorting systems, contribute toward recycling reusable materials and lowering the proportion of waste stored in landfills. All of our local sites are requested to develop appropriate measures according to the national legal requirements and options as well as internal policy.

Amount of Waste

	2016	2015
Total amount of waste in t	**4,025**	**3,471**
- of which waste for recycling	2,307	1,712
- of which waste for disposal	1,718	1,759
Waste per employee in t[1)]	1.05	1.06
Recycling rate in %	57	49

[1)] Applies to the average number of employees at manufacturing sites; 2016: 3,825

Sartorius Stedim Biotech complies with the European Directive on Waste from Electrical and Electronic Equipment (WEEE).

At our sites in Germany, where about 40% of total waste is produced, we use an electronic signature for hazardous materials, such as acids and oils. As a result, we document the production of hazardous waste and provide digital proof of its proper recovery and/or disposal, ensuring that such waste is fully tracked from end to end.

To use less polyethylene packaging, we have switched delivery of polypropylene from sacks to silos for the manufacture of injection-molded components for single-use products.

We give away unsold food from our cafeterias in Goettingen to a local charity organization. Any food that cannot be donated is sent to a biogas facility for anaerobic digestion to generate biogas from this organic food waste.

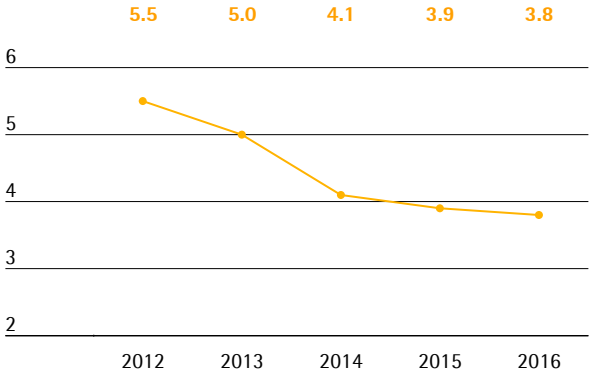
Waste is primarily disposed of in the countries, where such waste is created. Exceptions to this principle are only made in justified cases. For instance, the Mohamdia site sends a small part of its waste to Aubagne to be disposed of properly.

Return of Recyclable Materials

Organic solvents, which we need for manufacturing membranes for filter cartridges, are recovered and recycled. The Goettingen facility, which accounts for most of our solvent usage, has a solvent reprocessing plant on site so that solvents can be reused in production operations. In this way, we maintain closed-loop material cycles, minimize transportation requirements and reduce the quantities of water used and wastewater produced. By conducting our own research and development, we also continuously lower the relative volume of solvents needed for membrane manufacture.

As a supplier for the pharmaceutical industry, Sartorius Stedim Biotech is currently prohibited by regulatory requirements from using recycled plastics on the grounds of product safety. In Germany, we consistently employ special waste disposal companies that send plastic waste for recycling or have it disposed of in an environmentally responsible way. In France, energy-rich, but composite, plastic waste resulting from our bag manufacture is reused to generate energy by incineration in a special power plant. A large proportion of polymer waste is separated and collected according to type of material, such as polyamide and polyethylene, for recycling as secondary materials.

Development of Waste
Related to annual sales in t/€ in millions



Use of Raw Materials According to Legal Regulations

Based on an international ERP software standard in use, Sartorius Stedim Biotech developed a hazardous materials management system that enables chemicals to be selected within the Group by a release process. As a result, it is also possible to provide safety data sheets for customers as well as instructions for the in-house use and handling of such hazardous substances. The legal basis for releasing such materials is constituted by global and national regulations, such as REACH ("Registration, Evaluation, Authorisation of Chemicals"). and GHS ("Globally Harmonised System"), as well as RoHS ("Restriction of the use of certain hazardous substances in electrical and electronic equipment").

We defined three types of raw materials as particularly important for manufacturing our products: chemicals and solvents for membranes for filter cartridges, polymers for single-use materials and stainless steel for reusable bioreactors and systems. In 2016, we purchased 5,216 metric tons of chemicals and solvents (2015: 4,325 metric tons) and 1,568 metric tons of polymers (2015: 1,467 metric tons). The quantity of stainless steel decreased to 869 metric tons (2015: 25,870 metric tons). These figures may vary to some extent as they reflect the quantities purchased and not the amounts used.

According to its general manufacturing policy, Sartorius Stedim Biotech has a high in-house manufacturing rate, which is nearly 100% in some cases, such as for filter membranes. Regarding trading goods, Sartorius Stedim Biotech spent €52.5 million in the reporting year (2015: €53.9 million), mainly for supplies sourced from companies based in Europe and the U.S. This equates to a rate of just under 5% of sales revenue.

Environmentally Friendly Expansion of the Group's Infrastructure

We invest continuously in new plants and plant expansions to accommodate our constant growth. In the process, we comply with local regulations and practices for land use. We also reduce the impact on the environment by selecting areas for its premises that are already developed as industrial zones. None of our production sites is situated in nature reserves or in intact ecosystems. Where possible, we maximize green space and minimize impermeable areas at our facilities. A good example of this is our site in Bangalore. Although we generally estimate that our impact on biodiversity is negligible, Sartorius Stedim Biotech strives to meet the special protection needs of biodiversity hotspots where our factories in Tunisia and Puerto Rico are located. For example, our site in Puerto Rico, which was expanded in 2012 to serve as the central manufacturing and logistics site for the North American market, meets the highest U.S. standards for green, resource-saving and efficient construction. We became the first pharmaceutical industry supplier worldwide to achieve Platinum-level certification under the U.S. Green Building Council's LEED initiative. As part of the expansion of the Goettingen site, we are seeking to gain certification from the German Sustainable Building Council.

At our other sites, too, we integrate advanced ecological utilities and technologies for lowering energy consumption, preventing waste, limiting noise pollution for employees and reducing scrap that results from manufacturing processes. In doing so, we often exceed the requirements imposed on us by local environmental protection regulations.

Because our manufacturing plants are mostly situated in industrial areas, noise pollution for residents is not a relevant issue for the company.

Sustainable Product Innovations

Our efforts to optimize the environmental performance of our products and production methods begin at the research and development stage. We reduce the amount of packaging and increase the share of environmentally friendly raw materials when such steps do not affect the safety and functionality of products and packaging. Sartorius Stedim Biotech also works with partners from industry and the scientific community on sustainable product solutions and efficient use of raw materials.

High-Performance Products Improve Customers' Environmental Footprint

Single-use products are becoming increasingly widespread in the manufacture of innovative, effective medications. They are not only practical under economic aspects, but also provide ecological benefits. Studies have shown that single-use products are far superior to complex reusable systems in their consumption of energy, water and chemicals over a product's lifecycle. Experts have compared approaches based primarily on reusable materials with those based predominantly on single-use materials across various scenarios, which included a typical industrial manufacturing process for monoclonal antibodies. The result is clear-cut: manufacturers employing mostly single-use solutions use around 87% less water and 30% less energy. In addition, the experts found that the deployment of single-use solutions reduces the size of production units. Manufacturers are said to require 30% less space, thus also saving energy and materials. Other studies have confirmed that the energy needed for sterilization, cleaning and materials in processes based on single-use products is around half that of conventional processes.[1)]

Although single-use products have clear ecological benefits, their usage generates more waste. Yet consistent reuse and recycling can improve environmental performance here as well. The ultrapure plastics we utilize to manufacture our various single-use products contain around 80% to 90% of the energy of pure crude oil and are thus valuable secondary raw materials. The high energy content of polymers, for example, means that they can be reused as fuel in heat and | or for power generation.

The integrated solutions of the Sartorius Stedim Biotech FlexAct product range are a further example of this approach: Beyond the ecological benefits generally offered by single-use technologies, FlexAct solutions reduce the need for stationary installation of equipment and thus the quantity of materials and land required. The versatile central control unit of FlexAct, for instance, can be used in a number of different biopharmaceutical processes.

Technical refinements made by our R&D specialists to the Sartopore Platinum membrane filter series slashed consumption of ultrapure water for wetting and rinsing the membranes by around 95%. The filters' significantly lower adsorption lessens the amount of expensive protein solutions lost. As a result, pharmaceutical manufacturers can substantially reduce resources, while recovering higher yields.

Our Services unit assists customers in adapting solutions optimally to their requirements on site. We always analyze customer processes as a whole and identify potential for both financial and ecological improvements. In this way, we contribute to increasing the efficiency and environmental compatibility of our customers' processes.

[1)] Sinclair A., Lindsay I., et al.: The Environmental Impact of Disposable Technologies. BioPharm Int. November 2, 2008. www.biopharmservices.com/docs/EnvironmentImpactDisposables.pdf. Rawlings B., Pora H.: Environmental Impact of Single-Use and Reusable Bioprocess Systems. BioProcess Int. February 2009: 18 - 25.

Contributing to Society

Our products help the pharmaceutical and biopharmaceutical industry to develop and manufacture medications at the forefront of technology. Single-use products, in particular, contribute toward faster development of new biopharmaceuticals that improve treatment of serious diseases, such as cancer and autoimmune illnesses. As a result, Sartorius Stedim Biotech is helping to supply society with safe, effective and affordable medical drugs.

Beyond this, our business activities have many positive effects on the progress of the cities and communities in which Sartorius Stedim Biotech has been operating for many years in most instances. Particularly at our production facilities located in small- to mid-sized cities and communities, such as our Goettingen, Guxhagen, Aubagne and Yauco sites, we rank among the important private employers and customers in their regions, contributing to the growth and purchasing power of such communities.

Together with our cooperation partners, we are actively involved in shaping the economic and social environments around our sites, focusing on areas that are directly or indirectly affected by our business activities. By providing financial support to projects in education, culture, social affairs and sports, we additionally contribute toward making the regions in which we operate more attractive for current and future Sartorius Stedim Biotech employees alike.

Our social outreach activities targeting areas beyond our home regions concentrate on fields related to our core business. Fostering research and education and supporting events for the scientific community remain our chief priorities.

Sartorius Stedim Biotech is politically independent and does not provide financial or in-kind support to politicians or political parties.

Dedicated to the Local Environment

At our headquarters in Aubagne, a city with some 45,000 inhabitants, for instance, we provide attractive long-term jobs for more than 750 people. As a member of the large French employers' organization MEDEF, Sartorius Stedim Biotech collaborates closely with national and local institutes to help improve the job market situation. Our expanded Yauco plant provides employment for around 450 people directly with Sartorius Stedim Biotech, an increase of 17%

compared with 2015, and for around 120 additional people with local service providers and suppliers, such as for maintenance of machines and buildings and for plant security.

A Reliable Partner

Our local subsidiaries are involved alongside representatives from city councils, the industrial and social communities in initiatives to strengthen the competitiveness of their respective regions. Our corporate values of sustainability, openness and enjoyment guide us, also in our relationships with various local stakeholders. We remain a reliable partner for regional organizations. As part of our policy to maintain a constructive, open dialogue with the communities in which we are based, we inform them promptly and comprehensively about all our activities and developments that could affect them. We also involve them in our projects, where possible and expedient.

In 2016, for instance, Sartorius Stedim Biotech continued a trainee program for refugees from the Middle East and Africa as part of its activities in cooperating with the city of Goettingen and the local employment agency. In 2015, we had launched a similar program and were able to offer job perspectives to many of the refugees at the end of this initiative.

At our subsidiary in Yauco, Puerto Rico, we work with more than ten local schools, and award around 20 scholarships annually to especially talented high-school and university students from low-income families. In addition, visits to the company are organized to motivate these young people to begin vocational training or university studies. We also sponsored a variety of youth sports teams and other local sporting events, as well as supported two local organizations that look after homeless people in Yauco.

Christmas Donation Instead of Gifts

Besides its regional social engagement, Sartorius Stedim Biotech also has been supporting international non-profit organizations since 2014 by making charitable donations as part of the company's "Christmas Donations Instead of Gifts" initiative. In the reporting year, we again donated €50,000 to the global medical aid organization action medeor, which supplies life-saving medications to a mobile health clinic in difficult-to-access regions of northern Iraq.

Alliances with Research and Educational Institutions

Promoting academic excellence and interdisciplinary communication are key aspects of our long-term alliances with research and educational institutions.

At Group headquarters in Aubagne, we collaborate with several schools and universities, which included the École Nationale Supérieure de Technologie des Biomolécules in Bordeaux, to support the education and training of biotechnology engineers and business administrators and help young graduates start off their careers. We also cooperate closely with higher institutes of learning, such as the Institut Universitaire de Technologie, Hygiène, Sécurité, Environnement in Le Ciobat and the Kedge Business School in Marseille.

Sponsoring Events for the Scientific Community

As a partner of the pharmaceutical and biopharmaceutical industries, Sartorius Stedim Biotech regularly contributes to symposia, conventions and annual conferences, which cover subjects such as the development of antibodies and vaccines, single-use systems and microbiological analysis. For instance, we regularly support the international and regional annual conferences of the International Society for Pharmaceutical Engineering (ISPE), an independent not-for-profit association dedicated to employee education and information-sharing across the pharmaceutical industry worldwide.

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Statutory Auditors' Report – Sustainability report

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2016

To the Shareholders,

In our capacity as Statutory Auditors of Sartorius Stedim Biotech, (the "Company"), appointed as independent third party and certified by COFRAC under number(s) 3-1048[1)], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2016 included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Statutory Auditor(s)'s responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);

- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved four persons and was conducted between November 2016 and February 2017 during a ten week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000[2)] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted twenty interviews with persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;

- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[3]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

- at the level of a representative sample of entities/divisions/sites selected by us[4] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average between 48% and 91% of environmental indicators and between 33% and 35% of social indicators.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

[1] whose scope is available at www.cofrac.fr

[2] ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

[3] Indicators: Total number of employees, New Hires, Redundancies, Number of part-time employees, Number of work-related accidents, Number of days lost due to work accidents, Frequency rate, Severity rate, Total Number of training hours, Wages, Water consumption in m3, Wastewater, Quantity of waste for recycling, Quantity of waste for disposal, Recyling rate (%), , Purchase of chemicals and solvents, Purchase of polymers, Energy consumption in MWh (electricity, natural gas, fuels), Total greenhousegas emissions (scope 1 and 2). Qualitative information: Encouraging Social Dialogue, High Standards in Quality and Environmental Protection, Information related to the code of conduct, Return of recyclable materials, Supporting Regional Employment and Development

[4] Sartorius Stedim Biotech GmbH, Sartorius Stedim Biotech GmbH, Sartorius Stedim India Pvt. Ltd.

Neuilly-sur-Seine, February 17, 2017

One of the Statutory Auditors
Deloitte & Associés

Christophe Perrau	Julien Rivals
Partner	Partner, Sustainability Services

Opportunity and Risk Report

Principles

Every business activity entails opportunities and risks, which have to be managed. The skill with which this is done goes a long way in determining the future development of a company's shareholder value. The central element in risk managements is systematic identification and realization of opportunities, as well as avoidance of risks that could jeopardize the success of the company.

In managing risks and opportunities, Sartorius Stedim Biotech aims to identify and use business opportunities systematically, as well as to recognize and evaluate risks at an early stage and take measures to counter them where possible. It is not the task of risk management to eliminate all risks: rather, our approach is to intentionally to take a certain measure of risk in our business activities in order to be successful in unlocking opportunities. However, in this endeavor, it is important to keep risks contained within acceptable limits and to control them carefully. Through appropriate guidelines, we ensure that risk assessments are taken into account in the decision-making processes from the very beginning.

Sartorius Stedim Biotech has no single organizational unit tasked with identifying and managing opportunities and risks. Instead, it prefers to make this a cross-functional component of Group management. In this context, Sartorius Stedim Biotech's risk management is integrated into the Sartorius Group organization. Our risk management organization reflects a global functional matrix organization in which individuals heading a functional area are each responsible for their own management of opportunities and risks. The Finance & Controlling department is responsible for the organization of the respective reporting process, including the further development of the Group's risk management system.

Managing Opportunities

Our opportunity management centers on the analysis of target markets and sector environments, as well as the assessment of trends, both of which give strong indications as to future business opportunities. The identification of the potential for development in this context is one of the key roles of the relevant managers and initially takes place at the local rather than the central level. The market-facing functions, such as strategic marketing and product management in the individual divisions, play a leading role in this respect. The central Business Development unit additionally supports these areas with market monitoring, data analysis and the implementation of strategic projects.

As part of strategy reviews, the members of the Executive Committee regularly meet with the managers having operational responsibility and with the Business Development unit to discuss short-, medium- and long-term opportunity potential for the various business areas. The subsequent steps of prioritizing the opportunities and evaluating them from a business management perspective, deriving strategic measures and allocating resources proceed in accordance with a standardized decision-making process that applies throughout the Group. If the opportunities are short-term in nature, they are considered in annual budget planning. Medium- and longer-term opportunities are tracked systematically as part of strategic planning. The status of opportunity management as a permanent fixture of the corporate management system means that it also features in the discussions and decision-making processes of top-level management.

Key areas of opportunity are presented below. Where appropriate, reference is made to the relevant section of the Group Management Report in order to avoid repetition. Most of the risks we describe in the section on specific risks represent opportunities, should events develop in the opposite, positive direction. For this reason, we discuss these opportunities in the section on specific risks and opportunities at the end of this chapter.

Areas of Opportunity

As a supplier for the pharmaceutical and laboratory industries, Sartorius Stedim Biotech operates in future-oriented and high-growth sectors. The significant opportunities generated by the various market and technology trends are described in detail in the sections entitled "Sector Conditions" and "Outlook for the Sector" on pages 22 et seq. and pages 63 et seq., respectively.

Our assessments rank the company as one of the global market leaders in many subsegments and product areas. We believe the high quality of our products, our strong brand recognition and our established customer relationships give Sartorius Stedim Biotech strong opportunities to continue extending our market leadership. The corresponding strategies and the growth opportunities and initiatives based on them are discussed in the section on the strategy of the Group, which begins on page 20.

Strict management of processes and costs provides opportunities to further increase our profitability. Key target areas in this respect include continued enhancements of our procurement chain and ongoing efforts to optimize production, which we present on page 32.

Other opportunities are discussed in the context of the presentation of specific risks and opportunities beginning on page 55.

Risk Management

Just as for opportunity management, overall responsibility for the maintenance of an effective risk management system ensuring comprehensive and consistent management of all material risks rests with the Audit Committee. Coordinating and developing this system and combined risk reporting are the responsibilities of the Finance & Controlling department, while the particular functional areas are responsible for identifying and reporting risks, as well as for assessing their potential impact and for taking the appropriate countermeasures.

The Audit Committee monitors the effectiveness of the risk management system. Furthermore, while carrying out their statutory audit mandate for the annual financial statements and consolidated financial statements, the independent auditors examine whether the early warning system in place is capable of prompt identification of risks that could jeopardize the future of the company.

Risk Management System and Risk Reporting

At the heart of the risk management system is the Sartorius Group Risk Management Handbook, which applies throughout the entire Group organization. The Handbook, which includes definitions of the framework, the structural organization, processes, risk reporting and monitoring and control of the effectiveness of the risk management system, is based on the internationally recognized COSO standard. There are also a number of other sources that contain stipulations for the handling of risks, including the articles of association and rules of procedure of the Group companies and other internal guidelines.

The Group-wide risk reporting system forms the cornerstone of internal risk communication. The object is to make it possible to address risks in a structured, continuous manner and to document them in accordance with the relevant statutory and regulatory requirements. The strong growth of the Group over the past years and the rising demands of customers and regulators meanwhile require that we continue to adapt our guidelines and rules.

A key element of our internal communication of risks is Group-wide risk reporting. The objective of this is to enable structured, continuous tracking of risks and to document them in compliance with legal and regulatory requirements.

The prescribed reporting process in the risk categories subsequently described establishes the rules for the ongoing review of and information on risk situations. Those responsible for functional areas at the Group subsidiaries periodically review and assess their respective risk situations. If any specific risks are discernible, these are documented with respect to their assessment, probability of occurrence and measures to be taken to eliminate such risks or to mitigate their impact. In addition, as soon as these risks reach defined size criteria, they are reported to the central risk management system. Appropriate insurance policies are taken out to reduce any remaining risk situations, where feasible. New organizational units joining the consolidated Group companies are successively integrated into our risk reporting process.

We have an urgent reporting procedure in place to ensure that when a new or emerging significant risk to our net worth, financial position and profitability is identified and estimated as involving €2.5 million or higher, the Audit Committee receives all of the necessary details without undue delay.

Risk Classification

The first level of risk management relates to the four main risk categories defined by Sartorius Stedim Biotech: external risks, operating risks, financial risks and corporate governance risks.

The second level consists of additional subcategories that we classify within these main categories, such as supply chain risks, sales and distribution risks, and quality risks.

We categorize risks according to the scale of their implications too, and also perform a specific evaluation in which all risks are assigned the value of their maximum impact at the time of risk analysis. In other words, we record the maximum risks without considering the probability of occurrence or the effects of risk mitigation measures.

For the purposes of this report, we have assessed the probability of the risks as shown below and, in the adjacent columns, classify their particular significance for the entire Group.

Probability of occurrence	
Low	< 5%
Medium	5%- 20%
High	> 20%

Significance in thousands of €	Impact on Earnings*	Impact on Assets*
Of limited significance	< 1,000	< 5,000
Significant	> 1,000	> 5,000

Explanation of Principal Risks and Opportunities

General and Macroeconomic Risks and Opportunities

General Risks

In principle, our ability to foresee and mitigate the direct and indirect effects of risks entailed by life in general is limited, but we proactively take measures, whenever feasible, to ensure that we can respond appropriately and at short notice or are insured against any damage entailed by such risks that include, for instance, natural catastrophes and their associated damage to commercially significant and critical infrastructure.

Business Cycle Risks

The nature of our various business areas means that Sartorius Stedim Biotech as a whole is insulated to a certain extent from the full force of wider cyclical effects. If economic developments prove more positive than expected, this, in turn, can additionally stimulate stronger growth.

Supply Chain Risks and Opportunities

Our supply chain extends from procurement to production to sales and distribution. Problems within this workflow can have consequential effects, including delays in deliveries. The global supply chain management system we have instituted throughout our production processes to prevent such problems largely minimizes the associated risks by analyzing and controlling all of the operations involved. The strongly international alignment of our organization opens up a whole series of opportunities too. The various risks and opportunities encountered within our supply chain are explained in detail below.

Procurement Risks and Opportunities

We purchase a wide range of raw materials, components, parts and services from suppliers and are consequently exposed to the risks of unexpected delivery bottlenecks and | or price increases, as well as obligatory minimum purchase quantities that may result in claims for compensation if we do not reach such quantities.

Over the past years, we have implemented powerful tools and robust processes in our Materials Management unit to manage risks and critical materials. These means enable us to meet the needs of our customers with respect to delivery reliability and transparency. This can represent a competitive advantage.

We moreover conduct regular supplier reviews and also use early warning systems. In addition, we always maintain reserve inventories for strategic raw materials and work with alternative suppliers where possible.

Opportunities can arise in the area of procurement when our growth enables us to increase order quantities and thereby strengthen our position with our suppliers, such as by receiving price discounts or preferential treatment as a "preferred customer." In addition, we maintain a list of preferred suppliers in parallel, which permits us to enter into long-term business relationships with key suppliers to our mutual benefit.

Increased globalization of our supplier pool holds the prospect of purchasing on more favorable terms, moreover, and there is also a possibility of our expanded purchasing activities in the international markets leading us to identify suppliers with special product and technical expertise that could eventually enhance our own competitive edge.

Production Risks and Opportunities

Based on our core technology expertise, we ourselves manufacture a large proportion of the products that involve a high level of vertical integration. Other products, such as reusable fermenters and bioreactors, are manufactured in collaboration with suppliers so that some of the production risks are transferred to external third parties. When we manufacture products ourselves, we also bear the associated risks of capacity bottlenecks or overcapacity, production downtimes, excessive reject rates and high levels of tied-up working capital, as well as dependency on individual manufacturig sites. We contain and reduce these risks by planning production capacities carefully, using versatile machines, semi-automated individual workstations and flextime work schedules, and by continuously monitoring production processes. Moreover, our global manufacturing network enables us to compensate for any capacity bottlenecks by shifting production to other regional plants and to minimize our dependency on individual local production plants.

Beyond this, we work closely together with our customers to gain a better understanding of their needs and to schedule our production capacities optimally.

We consider it an opportunity that our investments in infrastructure and production resources, among other things, have given us high flexibility in our manufacturing operations and that we are capable of meeting our customers' requirements and regulatory standards with respect to business continuity concepts. In addition, this approach ensures that our individual production sites can concentrate on specific manufacturing technologies, gaining added efficiency as a result. Our international manufacturing network also makes it possible to capitalize on the cost advantages offered by individual sites. Furthermore, continuous improvements in production, such as simplifying processes and increasing levels of automation, help drive manufacturing efficiency even higher.

Sales and Distribution Risks and Opportunities

We use a variety of channels to sell and distribute our products around the world. The potential risks entailed are unexpected changes in the demand structure, growing price pressure and non-compliance with supply agreements concluded with customers. We employ targeted market analyses to identify emerging demand trends in individual segments early on so that we have time to respond appropriately. Our technical innovations and our focus on less price-sensitive sales markets, such as products for validated production processes in the biopharmaceutical industry, reduce our exposure to the risk of growing price pressure. We have minimized our risk exposure in the area of logistics in recent years by setting up and using central warehouses to optimize distribution logistics.

Opportunities arise in the area of sales and distribution when the increasing breadth of our product range puts us in a position to sell new products to existing customers. Our business relationships, most of which are established for the long term, and our global presence provide opportunities, moreover, and our ongoing project to strengthen direct sales also promises to enhance our sales prospects.

Quality Risks and Opportunities

Our customers use Sartorius Stedim Biotech products in a wide range of critical production processes, including the manufacture of pharmaceuticals, foods and chemicals, and in research and development laboratories. The main risk encountered in these areas is non-compliance with agreed quality criteria, which can lead to losses for our customers, or their customers, for which we may be made liable through compensation claims. We employ rigorous quality checks and advanced production methods and processes, such as cleanroom technology, to ensure that our products satisfy the most stringent quality standards and high regulatory requirements. These manufacturing methods and processes are subject to constant review under our continuous improvement processes, moreover, and are optimized as requirements evolve. Our successful completion of a host of annual audits by customers and our certification under ISO 9001 and ISO 13485 together document the high level of quality achieved in Sartorius Stedim Biotech products and processes. Irrespective of these measures, we also maintain significant insurance coverage against product liability risks. Sartorius Stedim Biotech has established a traceability system that enables us to recall an entire production batch immediately, if necessary, and minimize any adverse consequences in the event of defects being discovered in a product.

Quality requirements are growing more and more stringent all the time, not least as a result of increasing requirements on protection of medical patients and on product safety by regulatory authorities, so we actually regard this first and foremost not as a risk, but as an opportunity that opens up new market prospects. Also, challenging quality demands represent a considerable barrier to entry for potential new competitors and provide stimulus for further technical innovation to which we actively respond.

R&D Risks and Opportunities

We devote a considerable share of our resources to research and development. Potential risks in this area may arise from development results that diverge from market needs and application requirements and from exceeding planned development deadlines. Our advanced project management, intensive R&D controlling and early involvement of our customers in the development process substantially limit these R&D risks. Patents and continuous tracking of the technologies and competitors relevant to us secure our technology and marketing position.

On the other hand, the R&D sphere also offers a number of potential opportunities. Our intensive collaboration with partners that rank among the global market leaders in their own fields opens up the opportunity for us to jointly develop products with an especially high level of innovation. In areas such as membrane technology and plastics technology, as well as sensorics and bioprocess engineering, in turn, the expertise of our own specialists puts us at the very forefront of global research and development, presenting us with an opportunity to turn this technical knowledge into potential sales and an even stronger position on the market.

Customer Risks and Opportunities

Sartorius Stedim Biotech sources its key customers from the pharmaceutical, chemical and food industries and from research and educational institutions of the public sector. These customers are usually relatively large organizations that have been in existence for some time and have strong credit ratings. Most of our business areas have a highly diversified customer base, so the Group as a whole is not dependent on individual key accounts to any significant degree.

Competitive Risks and Opportunities

Sartorius Stedim Biotech has a leading competitive position in most of its markets. Some of our competitors are larger than us, and most share our status as a globally operating company. Examples of our competitors include Merck|Millipore and Danaher|Pall. As we serve a large number of customers from highly regulated sectors like the pharmaceutical and food industries, and the technology barriers to market entry are substantially high, we regard the probability of new competitors emerging within the short term as low. Furthermore, our global presence significantly mitigates individual regional risks.

Changes in the competitive environment, for example, consolidation in the markets, can pose opportunities. Our sectors find themselves in an ongoing process of change in which Sartorius Stedim Biotech has been actively participating. We have been continuously making acquisitions in recent years to reinforce our market position and open up new potential synergies.

Acquisition Risks and Opportunities

By nature, acquisitions provide many opportunities, such as sales growth, extension of our product portfolio and development of new markets. By contrast, the purchase and sale of companies or parts of companies entail a number of typical risks, such as incorrect valuation assumptions or insufficient usage of anticipated synergy effects. To prevent these risks, we take various measures, such as performing a standard due diligence review of important areas and carrying out comprehensive analysis of the market concerned. In addition, we involve external consultants and experts in the purchase or sales process as required. We especially focus on drafting transaction contracts so that they adequately counter such risks, especially by clauses assuring specific characteristics or by contractual warranty or guarantee provisions, as well as agreements on mechanisms for adjustment of the purchase price and on liability clauses. Immediately after an acquisition has taken place, an integration phase is initiated in which any potential risks can likewise be detected as early as possible and prevented or minimized by taking the appropriate counteractions.

Personnel Risks and Opportunities

As an innovative technology group, Sartorius Stedim Biotech employs a large number of highly qualified people.

We counter the risks of a possible scarcity of required specialists, especially those in key positions and of demographic change by offering performance-related remuneration models, targeted continuing professional development options, further attractive social benefits, continuous education and training for junior staff members within our organization and interesting people development opportunities.

The success of these measures is apparent in the low attrition rates of recent years and the many years of seniority our people accumulate on average. Employment contracts in certain cases contain a clause prohibiting any move to a direct competitor.

Opportunities for Sartorius Stedim Biotech primarily arise in that it can further qualify its staff by offering its own training courses and retain such staff over the long term, thus covering company needs for qualified personnel particularly well.

Financial Risks and Opportunities

The global nature of the Sartorius Stedim Biotech Group's operations means that its business activities are inevitably exposed to financial risks. The most significant of these, aside from risks associated with Group accounting, are exchange rate risks, interest rate risks and liquidity risks, all of which are described below and addressed in detail in the Notes to the Consolidated Financial Statements. Vice versa, financial risks, most notably exchange rate risks and interest rate risks, are balanced by opportunities of approximately equal magnitude.

Risks Associated with Group Accounting

Except for the general, typical risks inherent in any accounting process, no specific risks concerning Group accounting are discernible. Typical accounting errors in this connection are, for example, incorrect discretionary decisions in the measurement of assets and liabilities. The use of various common and standardized control mechanisms integrated into our accounting process ensures that such errors are recognized and corrected at an early stage.

Exchange Rate Risks and Opportunities

As we generate around half of consolidated sales revenue in foreign currencies and two-thirds of this total revenue in U.S. dollars or in currencies pegged to the U.S. dollar, we are positively or negatively impacted by currency effects, especially when converting the currencies of balance sheet items and profit or loss items, respectively. To largely compensate for the general risk resulting from the impact of individual foreign currencies, we have taken a number of measures besides hedging currencies. Our global production network thus enables us to offset the lion's share of sales revenues received in foreign currency within the Group against costs likewise incurred in foreign currency. For example, we manufacture many of our products for the North American market locally, and are not disadvantaged in competition with our U.S. rivals, insofar as this general currency risk is concerned. We continuously monitor both exchange rates and our net currency exposure – i.e. that proportion of our foreign currency sales revenue that remains after we have settled our costs, likewise in a foreign currency – and use derivative financial instruments for hedging. These instruments are primarily spot, forward and swap transactions, on the basis of current and anticipated net currency exposure and foreign currency levels. In individual cases, target redemption forwards are used to optimize exchange rates. We make it a policy to hedge up to 70% of our exposure in advance for the following 18 months. Due to the currently low exchange rates, we extended our hedges for the U.S. dollar for up to 36 months. Hedging transactions are set up by one group of staff and monitored by another, separate group.

Interest Rate Risks and Opportunities

We have concluded fixed interest agreements for a smaller portion of our outstanding loans to eliminate the risk posed by variable interest payments. The majority of the financial instruments outstanding on the reporting date are subject to variable interest based on the market rate. More than half of these are currently covered by interest rate swaps, so interest rate risks and opportunities apply only to the remainder. We monitor interest rate trends and our interest rate exposure constantly and have the facility to arrange additional hedging transactions where we consider it necessary and economically advisable to do so for individual loans.

Liquidity Risks and Opportunities

Sartorius Stedim Biotech Group's liquidity is managed centrally in order to minimize liquidity risks and optimize liquidity allocation within the organization. For this purpose, various long- and short-term financial instruments are utilized. Regarding the maturities of our loans, we make it a policy to take a risk-averse approach.

In addition to a 300 MEUR credit line provided by Sartorius AG that can be accessed and repaid at short notice, we have a number of bilateral working capital credit lines for individual Group companies in place. Furthermore, we use cash pooling agreements between selected Group companies as the primary tool to manage liquidity within the Group.

Regulatory Risks

Our role as a supplier to the biopharmaceutical industry and health care providers means that Sartorius Stedim Biotech can also be affected by underlying developments in these areas. The possibility of the regulatory authorities (FDA, EMA) adopting a more restrictive approach to the approval of new medications remains the principal source of risk in this context. Such a move would reduce the number of new pharmaceutical products to be marketed and would consequently downgrade future prospects for Sartorius Stedim Biotech over the medium term.

Environmental Risks

Sartorius Stedim Biotech has established an environmental management system that encompasses, and is integrated into, all divisions and covers a whole series of environmentally relevant regulations to minimize environmental risks. This management system has been certified for compliance with ISO 14001 at a number of the company's relatively large manufacturing sites. The respective company organizational units ensure at the particular sites that the laws and regulations relating to environmental protection are observed and that further technical possibilities for limiting environmental risks are identified on an ongoing basis.

The increasing importance of sustainability considerations in many industries represents an opportunity. That is why this aspect is a key element in our supplier selection process for assessing the suitability of a particular company as a business partner.

IT Risks and Opportunities

Besides the risks already described, the Sartorius Stedim Biotech Group is exposed to potential risks in the area of IT as a result of its pronounced dependence on these systems, since their error-free operation is essential for the smooth functioning of the company's business processes. IT security risks are reduced by continuously enhancing and implementing IT security guidelines and policies. These rules and measures are based on the requirements of ISO 27001 and the standards of the German Federal Office for Information Security (BSI Standards). Furthermore, our company's existing IT applications and IT systems are checked for potential risks in regular external and internal IT audits, and appropriate measures are taken to minimize any risks identified. Continuous alignment of our IT strategy and business strategy, tracking of new technical developments and the use of advanced hardware and software minimize the risk inherent in the operation of our IT system environment. A new ERP system has been successively rolled out to the Group sites around the world. This ERP system has been implemented in Germany and North America, as well as in 2016 in France, Belgium and Tunisia. In conducting this IT project, one focus was made on controlling the risks involved, such as by maintaining a precautionary backup system. The implementation of the new system brings with it a whole series of opportunities, especially in relation to efficiency gains and the standardization and harmonization of business processes worldwide.

Process Risks

Process risks for Sartorius Stedim Biotech can arise from pending or forthcoming legal disputes or from administrative proceedings. All judicial or extrajudicial disputes are attended to by the company's own attorneys and legal experts, who engage external lawyers as needed.

At present, there are no pending or discernible legal disputes or proceedings that lack any cost coverage allowances in the statement of financial position or that could have a substantial negative impact on Group.

Insurance

We have taken out insurance policies to cover a wide range of risks where possible and economically advisable. These insurance policies include coverage against liability, property damage, business interruption, transport, material and pecuniary damages and other risks, and provide comprehensive coverage for legal costs. An independent department working in conjunction with an external insurance broker regularly reviews the nature and extent of our insurance protection and makes any adjustments necessary.

Assessment of the Overall Risk Situation and Risk Outlook

Where feasible, we adopted countermeasures and | or arranged for balance sheet measures during the reporting year to cover all discernible risks within the Sartorius Stedim Biotech Group, and those of a defined probability of occurrence, that had the potential to damage our net worth, financial situation and profitability.

For the purposes of this report, we have assessed the probability of occurence for the risks as shown below and, in the adjacent columns, classify their particular significance for the entire Group.

Risk Category	Probability of Occurrence	Significance
General and macroeconomic risks		
Business cycle risks	Medium	Significant
General risks	Low	Significant
Supply chain risks		
Procurement risks	Low	Of limited significance
Production risks	Low	Significant
Sales and distribution risks	Medium	Significant
Quality risks	Low	Significant
R&D risks	Low	Significant
Customer risks	Low	Of limited significance
Competitive risks	Low	Of limited significance
Acquisition risks	Low	Significant
Personnel risks	Low	Of limited significance
Financial risks		
Risks associated with Group accounting	Low	Of limited significance
Exchange rate risks	Medium	Significant
Interest rate risks	Medium	Significant
Liquidity risks	Low	Significant
Regulatory risks	Low	Of limited significance
Environmental risks	Low	Of limited significance
IT risks	Low	Significant
Process risks	Low	Of limited significance

After thorough analysis of the entire risk situation and according to our current review, there are no discernible risks at present that could jeopardize the continued existence of the Group.

Similarly, based on our current review, there are no discernible risks that could jeopardize the future existence of the Group.

Forecast Report

Pharmaceutical Industry Continues to Grow

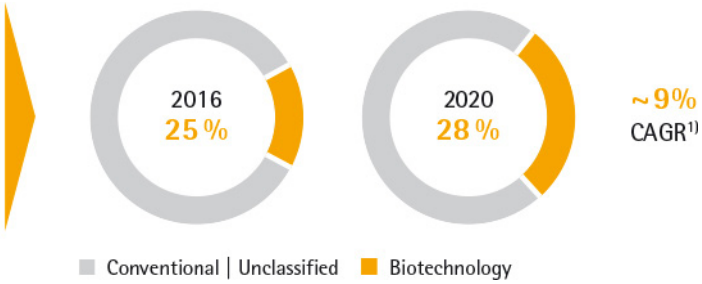
The development of the global pharmaceutical industry is driven by strong long-term trends. Major growth factors include the constantly growing and aging global population, increasing access to healthcare, especially in the emerging and developing countries, and the development of new medicines, particularly for diseases that have not been treated to date or are difficult to treat. On the other hand, the expiration of patents and austerity measures dampen healthcare spending. However, market researchers are forecasting overall growth of between 4% and 7% for the global pharmaceutical industry during the period 2016 to 2020.

The U.S. pharmaceutical market – the world's largest – is expected to grow at a rate of 5% to 8% on average during the period 2016 to 2020. Expansion will be driven principally by new, innovative medications, while the negative effect of expiring patents is expected to be relatively modest. This forecast does not consider changes that may take place as a result of the U.S. elections in November 2016 and any possible alterations to the U.S. healthcare system. Growth in the European pharmaceutical market is likely to remain moderate over the next few years as continuing austerity measures affect its national healthcare systems. Thus, average growth of between 1% and 4% is projected for the region until 2020.

Expansion in the "pharmerging markets" (including China, India, Brazil and Russia), in contrast, is expected to continue at above average levels of around 7% to 10% annually from 2016 - 2020 owing to demographic trends, rising investments into government-led healthcare systems and increased private spending.

Biopharma: A Growing Market

- Growing & aging population
- Increasing access to healthcare
- Strong R&D pipelines
- Emerging biosimilars market



Biotech Sector Enjoys Above-Average Growth

Market observers forecast that the biopharma segment of the pharmaceutical market, which has been enjoying particularly strong growth for years, will continue to outperform the market. This growth will be driven largely by the increasing market penetration of already approved biopharmaceuticals and an expansion in the range of indications. However, this comparatively young segment also has great innovative power, as reflected in strong research and development pipelines. Overall, around 40% of the medications in R&D pipelines are based on biological manufacturing processes.

The great innovative power of the biotechnology sector, particularly in recent years, can also be seen in the rising number of new product approvals: the number of newly approved biological medications in the USA during the last five years was around 50% higher than the number of approvals from the period 2007 to 2011.

The revenue share of biological medications and vaccines relative to the global pharmaceutical market is thus expected to rise from a current 25% to 28% by the year 2020. On the whole, the market observer Frost & Sullivan estimates that growth in the world's biotechnology market will average 9% per year during the years 2016 to 2020.

[1)] Evaluate Pharma®: World Preview 2016, Outlook to 2020; June 2016; CAGR 2014 to 2020

Biosimilars, which are biological copycat medications, will increase in importance during the years to come, since a number of original biological products with combined revenues of more than €40 billion are due to lose their patent protection by the year 2020. Currently, more than 200 companies around the world are working on more than 700 projects for the development of biosimilars.

The biosimilars industry made significant strides in 2016 with three approvals in the USA, but regulatory, patent- and marketing-related uncertainties are making it difficult to predict the market launch of these drugs accurately. The market share of biosimilars is currently still very small, but experts estimate that by the year 2020, sales will quadruple to more than U.S. $10 billion.

Stable Growth Expected in the World's Laboratory Market

According to Frost & Sullivan, global demand for laboratory products is likely to remain stable, with growth of 2.8% in 2017. The important U.S. market is expected to generate growth of 3.3%, in part due to higher National Institute of Health budgets. In contrast, experts expect an increase of just 1.2% in Europe owing to its comparatively moderate economic growth and as a result of uncertainties in the wake of the Brexit referendum. As before, market observers expect the highest growth rates in Asian countries such as China and India, in which the individual labor markets are likely to grow around 8% to 9% in 2017.

Sources: IMS: IMS Health Market Prognosis, March 2016; Global Medicines in Use in 2020, November 2015; Searching for Terra Firma in the Biosimilars and Non-Original Biologics Market, 2013; Evaluate Pharma: World Preview 2016, Outlook to 2022, September 2016; Frost & Sullivan: 2016 Annual Report: Forecast and Analysis of the Global Market for Laboratory Products, October 2016; www.fda.gov; FDA-Approves-Third-Biosimilar-in-US-First-for-Amgens-Blockbuster-Enbrel, www.raps.org.

Future Business Development

The outlook for fiscal 2017 incorporates the risks and opportunities outlined in this report. As we supply the biopharmaceutical industry, our business development is generally driven by stable long-term trends. Therefore, economic fluctuations play less of a role than, for example, decisions of regulatory agencies regarding drug approvals or the use of medications.

Based on the assumption that the relevant trends for Sartorius Stedim Biotech have been correctly anticipated, we expect sales revenue to grow considerably again in 2017. Thus, we forecast that sales revenue will rise by about 8% to 12% in constant currencies compared to a strong prior-year base. Management expects that the underlying EBITDA margin will rise by approx. 0.5 percentage points in constant currencies (2016: 27.5%).

In light of its continued strong organic growth, Sartorius Stedim Biotech already began in 2016 to invest into its production capacities earlier and to a greater extent than initially planned. For 2017, we thus expect a capex-ratio of about 10% to 13%. A focus will be the expansion of our Yauco plant for single-use bags and filters and additional membrane casting capacities at the Goettingen site.

With regard to our financial position, we forecast that by the end of 2017, the ratio of net debt to underlying EBITDA will edge down from the level of 0.2 reported for year-end 2016, without taking any potential acquisitions into account.

Financial Statements of the Parent Company Sartorius Stedim Biotech S.A. as of December 31, 2015

Financial Statements of the Parent Company Sartorius Stedim Biotech S.A. as of December 31, 2016

Financial Statements of the Parent Company

Sartorius Stedim Biotech S.A. is the parent company of the Group. The company is a mixt holding Company. The company from now on is managing investments of the Group and reals estates for the French Companies.

In 2016, sales revenue generated at Sartorius Stedim Biotech S.A. was €K 1,843 relative to €K 1,593 in 2015. The operating profit is €K -3,613 versus €K -3,307K in 2015. The net financing income totalled €K 53,394 versus €K 33,286 in 2015.

The net profit for 2016 is €K 54,324 compared to €K 29,312 in 2015.

Appropriation of the Net Profit

The ASM will suggest to appropriate the net profit of €54,324,057 for the reporting year of 2016. as follows:

- Legal reserves: €306,881
- Balance resulting from deduction of legal reserves: €54,017,176
- The following amount is to be added to this balance: Year-earlier profit carried forward: €11,981,550
- This would yield a distributable profit of €65,998,726
- Total amount of dividends to be disbursed to shareholders: €38,713,209
- Balance resulting from disbursement: €27,285,517

The remaining amount of €27,285,517 is to be carried out to the next year.

Dividends of the last three financial years (information updated as of 1st January 2017

The table below makes the list of the amount of the dividend per share distributed, since 2013, as well as the tax provisions applicable.

		Income eligible or non-eligible for a tax rebate
Fiscal year ended on	Dividends in €	Other income distributed
Dec. 31, 2015	30,734,476	0
Dec. 31, 2014	19,967,009	0
Dec. 31, 2013	18,412,315	0

Proposition of dividend for the 2016 financial year

The Board of Directors has decided to propose to the 4 April 2017 Annual Shareholders' Meeting a net dividend of 0,42 euros, per share for the 2016 financial year in comparison with €2.00 for 2015.

The dividends are distributed to the shareholders in ratio with the proportion of the capital held by each shareholder.

The dividend will be paid on 11 April 2017.

Dividend distribution policy

The company follows a policy of dividend distribution linked on one part to the Group's profit over the financial year concerned and on another one to the Group's predictable evolution and profitability.

The 5 April 2016 Shareholders' Meeting voted a net dividend of 2.00 euro per share. The payment of the dividend was paid on 15 April 2016.

Dividends and interim dividends paid and unclaimed are prescribed after five years in favor of the State, from their date of payment (article 2277 of the Civil Code).

Elements likely to have an impact in the event of a public offer

Pursuant to article L. 225 100 3 of the French Commercial Code, an element is likely to have an impact in the event of a public offer: the first shareholder of Sartorius Stedim Biotech S.A. holds a significant percentage of its capital and voting rights.

Sartorius Stedim Biotech S.A. Share Capital

Share Capital as of December 31, 2016

As of 31 December 2016, the share capital amounts to eighteen million four hundred and thirty-six thousand thirty-eight euros (€18,436,038). It is divided into twenty two million one hundred and eighty thousand one hundred and ninety (92,180,190) shares worth twenty cents euros (€0,20) each, all fully subscribed and paid up (Heading I, Article 6 of the bylaws), all of which are entitled to the dividend for the financial year 2016, with the exception of shares held by the Company..

Date	Nature of the transaction	Share par value	Share capital increase	Share premium	Number of new shares	Number of shares after the transaction	Share capital after the transaction
1nd half of 2011	Exercise of share subscription options	0.61	6,100.0	134,400.0	10,000	17,023,448	10,384,303.6
2ndhalf of 2011	Exercise of share subscription options	0.61	1,525.0	72,250.0	2,500.0	17,025,948	10,385,828.6
1st half of 2012	Exercise of share subscription options	0.61	5,098.0	173,446.0	8,358.0	17,034,306	10,390,926.6
2st half of 2012	Exercise of share subscription options	0.61	4,270.0	202,300.0	7,000.0	17,041,306	10,395,196.6
Year 2013	Exercise of share subscription options	0.61	610.0	8,620.0	1,000.0	17,042,306	10,395,806.6
Year 2014	Exercise of share subscription options	0.61	9,541.6	134,834.0	15,642.0	17,057,948	10,405,348.2
Year 2014	Reduction of Capital: Cancellation of Treasury Shares	0.61	–1,036,213.1		–1,698,710.0	15,359,238	9,369,135.1
Year 2014	Increase of Capital: nominal value change	1.00	5,990,102.8			15,359,238	15,359,238.0
Year 2015	Exercise of share subscription options	1.00	8,000.0	174,880.0	8,000.0	15,367,238	15,367,238.0
Year 2016	Reduction of Capital: Cancellation of Treasury Shares	1.00	–1,642,095.0		–1,642,095.0	13,725,143	13,725,143.0
Year 2016	Increase of Capital: new actions created	1.00	1,638,222.0		1,638,222.0	15,363,365	15,363,365.0
Year 2016	Increase of Capital: nominal value change	0.20	3,072,673.0		3,072,673.0	92,180,190	18,436,038.0

Sartorius Stedim Biotech S.A. Shareholdings as of December 31, 2016

Situation of Sartorius Stedim Biotech S.A. Shareholdings

Shareholders	Shares	Voting rights
More than 50%	Sartorius AG	Sartorius AG
More than 10% but less than 50%	None	None
More than 5% but less than 10%	None	None

Over the past three years, the ownership of Sartorius Stedim Biotech share capital has been distributed as follows:

	December 31, 2014			December 31, 2015			**December 31, 2016**		
Shareholders	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	**Number of shares**	**% of share capital**	**% of voting rights**
Sartorius AG	9,770,178	63.6%	72.6%	9,770,178	63.6%	72.4%	68,450,400	74.3%	84.5%
Single voting rights									
Double voting rights	9,770,178	63.6%	72.6%	9,770,178	63.6%	72.4%	68,450,400	74.3%	84.5%
VL Finance [(a)]	1,642,095	10.7%	12.2%	1,642,095	10.7%	12.2%			
Single voting rights									
Double voting rights	1,642,095	10.7%	12.2%	1,642,095	10.7%	12.2%			
Total Sartorius Group	**11,412,273**	**74.3%**	**84.8%**	**11,412,273**	**74.3%**	**84.6%**	**68,450,400**	**74.3%**	**84.5%**
Treasury shares									
Personnel and other shareholders									
General public	3,946,965	25.7%	15.2%	3,954,965	25.7%	15.4%	23,729,790	25.7%	15.5%
Single voting rights	3,736,229	24.3%	13.9%	3,744,229	24.4%	13.9%	22,439,112	24.3%	13.9%
Double voting rights	183,150	1.2%	1.4%	212,925	1.4%	1.6%	1,290,678	1.4%	1.6%
Total shares	**15,359,238**	**100.0%**	**100.0%**	**15,367,238**	**100.0%**	**100.0%**	**92,180,190**	**100.0%**	**100.0%**

(a) Belonging to Sartorius AG after the reverse merger between Sartorius and Stedim

Legal Disclosure of Thresholds Crossed

No legal disclosure of thresholds crossed has been registered during the fiscal year under study.

	Shares	% Issued Capital	Voting rights	% Voting rights
VL Finance	1,642,095	10.69	3,284,190	12.17
Sartorius AG	9,770,178	63.61	19,540,356	72.39
Total Sartorius AG	**11,412,273**	**74.30**	**22,824,546**	**84.56**

Control of the Company as of December 31, 2016

Sartorius AG holds, directly or indirectly, 74.3% of the share capital and 84.5% of the outstanding voting rights. Treasury shares are without voting rights.

Staff Shareholdings

None

Treasury Shares Held by Sartorius Stedim Biotech S.A.

None

Unpaid Capital

None

Authorized but Unissued Capital

None

Securities Not Representative of the Share Capital

None

Authority granted by the Annual Shareholders' Meeting to the Board of Directors still valid.

DELEGATION GRANTED FOR INCREASE IN CAPITAL BY THE SHAREHOLDER'S MEETING TO THE BOARD OF DIRECTORS

Delegation of competence

Object - Duration	Limit	Use in 2016
Ability to issue shares and/or securities giving access to the share capital of the company and/or securities giving the right to the allotment of the debt instruments, with preferential subscription rights of the shareholders. Granted for a period of 26 months as from 05 April 2016	The limit is €2,400,000 corresponding to the maximum nominal amount of the increase of the share capital and to the maximal nominal amount of the debt instruments and €2,000,000 on the maximum overall limit of the maximum nominal amount of the debt instruments.	None
Ability to issue shares and/or securities giving access to the share capital of the company and/or securities giving the right of the allotment of debt instruments, without preferential subscription rights of the shareholders – through public offerings. Granted for a period of 26 months as from 05 April 2016	The limit is deducted on the overall limit of €2,400,000 (increase of the share capital) and on the overall limit of €2,000,000 (debt instruments).	None
Ability to issue shares and/or securities giving access to the share capital of the Company and/or securities giving the right to the allotment of debt instruments, without preferential subscription rights of the shareholders - through private placements as set forth in article L.411-2 II of the French Monetary and Financial Code. Granted for a period of 26 months as from 05 April 2016	The limit is deducted on the overall limit of €2,400,000 (increase of the share capital) and on the overall limit of €2,000,000 (debt instruments).	None
Ability to increase the number of shares and/or securities giving access to the share capital of the Company to be issued in the event of a share capital increase with or without preferential subscription rights of the shareholders. Granted for a period of 26 months as from 05 April 2016	The limit amount 15% of initial issue of shares. It is deducted on the overall limit of €2,400,000 (increase of the share capital	None
Ability to issue shares and/or securities giving access to the share capital of the Company, as consideration for securities tendered through public exchange offers initiated by the Company, without preferential subscription right of the shareholders. Granted for a period of 26 months as from 05 April 2016	The limit is deducted on the overall limit of €2,000,000 (increase of the share capital) and on the overall limit of € 2,4000,000 (debt instruments).	None
Ability to increase the share capital through the capitalization of reserves, earnings or premiums or any other sum upon which capitalization would be permitted. Granted for a period of 26 months as from 05 April 2016	The limit is €2,400,000 (corresponding to the maximum nominal amount of the increase of the share capital); It is a independent limit.	None
Ability to issue shares and/or securities giving access to the share capital giving the right to the allotment of debt instruments, without preferential subscription rights of the shareholders and reserved for members of saving plans. Granted for a period of 26 months as from 05 April 2016	The limit is €2,400,000 corresponding to the maximum nominal amount of the increase of the share capital; it is an independent limit.	

Other Securities Giving Access to the Share Capital

None

Stock Options

None

Share Capital Dilution

None

Share Subscription Options Granted to Each Senior Executive of the Company and Options Exercised by Them in Fiscal 2016

None

Share Subscription Options Granted to the Ten Top Non-senior Executive Beneficiaries and Options Exercised by Them in the 2016 Fiscal Year

None

Options Exercised During the Fiscal Year

All options have been exercised in 2015. The stock option plans are now expired.

Share Subscription Plan

The stock option plans are detailed in the tables below. The authority delegated to the Board of Directors for setting up a new plan has recently expired. The Board of Directors no longer has any such delegated authority to set up any new plan.

Share Subscription Warrants

Sartorius Stedim Biotech S.A. has not issued any share subscription warrants.

Pledging of Shares

No Sartorius Stedim Biotech S.A. shares were pledged.

Pledging of Assets

None

in €	**2015**	2014	2013	2012	2011
Dividend per share for the fiscal year	2.00	1.30	1.20	1.10	1.00
Number of shares	15,367,238	15,359,238	15,343,596	15,342,596	15,327,238
Dividend corrected per share[1)]	**2.00**	**1.30**	**1.20**	**1.10**	**1.00**

[1)] Compared to the number of shares as of December 31, 2015

Senior Executives

Information on Sartorius Stedim Biotech S.A. senior executives and a list of the positions they hold or have held over the past five years are included in the Corporate Governance report.

Directors' Meeting Attendance Fees

Directors' meeting attendance fees are calculated on an annual basis. The method of calculating these fees remains the same.It is as follows.

The directors receive directors' meeting attendance fees whose amount and allocation are established by the Board of Directors in consideration of the limits set by the ASM:

- Each Director receives a fixed remuneration of €25,000 per year, to be paid after the annual financial statements have been adopted by the

Annual Shareholders' Meeting and which falls due for payment after the Annual Shareholders' Meeting. The chairman of the Board receives twice this amount. Furthermore, members of the Board receive an attendance fee of €1,200 per meeting and reimbursement of its expenses in addition to the annual remuneration.

- For their membership of any committee each Director receives a lump-sum amount of €4,000 per full year of membership in addition to the attendance fee of €1,200. Insofar as they hold the chair, instead of this, they receive a lump-sum amount of €8,000 per full year that they hold the chairperson in addition to the attendance fee. The remuneration for the activities on any committee is due together with the remuneration under the terms of previous Subsection hereof.
- Any value-added tax is reimbursed by the corporation, insofar as the members of the Board are entitled to invoice the corporation separately for the value-added tax and they exercise this right.
- All these resolutions will not be applied for the Directors that got an executive top management activity at the group level. In this context, the executive corporate officers will not receive any remuneration for their membership.

A total of €284,400 is paid in directors' meeting attendance fees for 2016.

Compensation of the Executive Management Team

		Base | fixed salaries € in K	Annual incentive € in K	Long Term Incentive € in K	Other € in K	Stock options € in K	Departure Indemnity € in K	Directors' meeting attendance fees € in K
Total 2015	**6,715.0**	**1,826.0**	**1,294.0**	**3,542.0**	**53.0**	**0.0**	**0.0**	**0.0**
Total 2016	**5,765.0**	**2,020.0**	**1,260.0**	**2,432.0**	**53.0**	**0.0**	**0.0**	**0.0**
Joachim Kreuzburg[1)] 2015	3,841.0	726.0	436.0	2,664.0	15.0	0.0	0.0	0.0
Joachim Kreuzburg[1)] 2016	3,196.3	800.0	418.0	1,963.3	15.0	0.0	0.0	0.0
Volker Niebel[1)] 2015	716.0	330.0	297.0	78.0	11.0	0.0	0.0	0.0
Volker Niebel[1)] 2016	732.0	360.0	290.0	71.0	11.0	0.0	0.0	0.0
Oscar-Werner Reif[1)] 2015	713.0	330.0	297.0	78.0	8.0	0.0	0.0	0.0
Oscar-Werner Reif[1)] 2016	729.0	360.0	290.0	71.0	8.0	0.0	0.0	0.0
Reinhard Vogt[1)] 2015	1,445.0	440.0	264.0	722.0	19.0	0.0	0.0	0.0
Reinhard Vogt[1)] 2016	1,107.7	500.0	262.0	326.7	19.0	0.0	0.0	0.0

[1)] For more details please refer to the Chapter Corporate Governance on pages 75 to 109.

Independent Auditors

The independent auditors for Sartorius Stedim Biotech S.A. are:

- KPMG S.A., represented by John Evans.
  Alternate auditor: Salustro Reydel..
- Deloitte & Associés, represented by Christophe Perrau.
  Alternate auditor: BEAS.

Current Regulated Agreements and commitments

The shareholders of the Sartorius Stedim Biotech Group are requested to approve the agreements that are covered by Article L.225-38 of the French Commercial Code and duly authorized by the Board of Directors, in the form submitted to them.

1. Regulated Agreement:

The Company has decided to regularize the authorization procedure of a services agreement and the related invoices for the past and to formalize in writing to sign for the future a services agreements between the Company and Sartorius AG.

Consequently, and in accordance with the provisions set out in Article L. 225-38 of the French Code of Commerce, the Company has proposed to its Board of Directors of February 17th, 2016 and further to its Annual Shareholders meeting of April 4th, 2017 to approve the said agreement and all regulated commitments (as below detailed).

The said agreement contains the following modalities:

Nature: General assistance and administrative services

Purpose: formalization of the recharges between the Company and its parent company.

Amounts:

For Mr. Joachim Kreuzburg

Year 2015: 794 671 €

Year 2016: 701 905 €

Year 2017: 725 331 €

For Mr. Reinhard Vogt:

Year 2015: 558 134 €

Year 2016: 530 251 €

Year 2017: 554 160 €

2. Regulated commitments concerning Mr. Joachim Kreuzburg:

There are certain commitments described in this section that are regarded as regulated under French Regulation.

Such commitments were subscribed by Sartorius AG in accordance with the global remuneration policy of the Group; 20% of their total amounts are re-charged to the Company.

These commitments subscribed by the German parent company comply with the German law.

Earlier departure severance

The service contract of Joachim Kreuzburg includes a severance pay cap of a maximum of two annual salaries to cover cases in which Sartorius AG Executive Board membership is terminated prematurely.

Non-competition clause

Joachim Kreuzburg has a post-contractual non-competition obligation, which is in accordance with German law. This obligation will last for two years after an Executive Board member has left the Group. During this time, if the non-competition clause is not waived or terminated, this Executive Board member may claim half of his most recent annual remuneration received from the company.

Pension commitments

Mr. Joachim Kreuzburg benefit from a supplementary pension scheme that is applicable under German Law

These commitments and their modalities are exhaustively described in the section Remuneration Report of this annual report.

Payment Terms for Trade Payables

At December 31, 2016, the balance of trade payables totaled €927,560; these trade payables were comprised of the following:

- 97% of invoices to be paid in 30 days regarding the invoice issue dates,
- 3% of invoices to be paid in 60 days regarding the invoice issue dates.

At the same date, the cumulative overdue trade payables amounted to 20%.

At December 31, 2015, the balance of trade payables totaled €1,145,428; these trade payables were comprised of the following:

- 89% of invoices to be paid in 30 days regarding the invoice issue dates,
- 11% of invoices to be paid in 60 days regarding the invoice issue dates.

At the same date, the cumulative overdue trade payables amounted to 1%.

Five-Year Financial Results of the Parent Company Sartorius Stedim Biotech S.A.

€ in K	2012	2013	2014	2015	2016
Share capital at end of period					
Share capital (capital stock)	10,395	10,396	15,359	15,367	18,436
Number of shares outstanding	17,041,306	17,042,306	15,359,238	15,367,238	92,180,190
Transactions and financial performance					
Sales revenue (excl. VAT)	81,942	1,501	1,465	1,593	1,843
Profit before tax, employee profit sharing plan, amortization, depreciation and provision expenses (and reversals)	26,218	21,180	25,967	29,343	59,635
Income tax	678	292	468	–653	4,543
Contribution to employee profit-sharing plan	0	0	0	0	0
Net profit	26,198	20,875	24,845	29,312	54,324
Dividends paid or proposal of dividend	15,327	16,878	18,412	19,967	30,734
Earnings per share					
EPS after tax and employee profit-sharing, but before amortization, depreciation and provision expenses	1.58	1.26	1.66	1.95	0.60
EPS after tax and employee profit-sharing, amortization, depreciation and provision expenses	1.54	1.22	1.62	1.91	0.59
Dividend per share	1.00	1.10	1.20	1.30	0.33
Personnel					
Workforce size	388	0	0	0	0
Personnel costs	14,171	0	0	0	0
Social security costs	7,969	0	0	0	0

Corporate Governance

03

The Board of Directors and its Committees

The Board of Directors

The company is administered by a Board of Directors composed of ten members, four of whom are independent. The directors are appointed for a three-year period.

The organization of the works of the Board and its composition must be suited to the shareholding structure, to the size and the nature of the activity of Sartorius Stedim Biotech S.A. and the particular circumstances it can face.

Composition of the Board of Directors as of 31 December 2016

For historical reasons due to the shareholding structure of the Company, the composition of the Board of Directors an its Comittees reflected the search by our reference shareholder of a long lasting balance between the Directors representing these shareholders, the Independant Directors and the executives.

Our reference shareholder takes its own responsibility towards the other shareholders, direct and distinct from the Board of Directors' one. He takes particular care to avoid possible conflicts of interests in the transparency of the information provided to the market and to fairly take all interests into account.

The Board of Directors should consider what would be the desirable balance in its membership and that of the Committees it has stablished, in particular in the representation of women and men, nationalities and diversity of skills by taking measures appropriate to guarantee to the shareholders and to the market that its missions are carried out with the necessary independence and objectivity. It makes public in the Reference Document the objectives, methods and resuts of its politics on these subjects.

Joachim Kreuzburg

Chairman and Chief Executive Officer

Date of birth: 22 April 1965
Nationality: German

First appointment: 29 June 2007
Mandate renewed: 05 April 2016
Appointed until: date of the Annual General Shareholders' Meeting in 2019 to approve the financial statements for the fiscal year ending 31 December 2018

Number of Sartorius Stedim Biotech Shares held: 6

Other current directorships and positions within the Group:

Chairman of the Executive Board (Vorstand) of Sartorius AG;
Vice Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH;
Managing Director of Sartorius Lab Holding GmbH;
Managing Director of Sartorius Corporate Administration GmbH;
Managing Director of SI Weende-Verwaltungs-GmbH
Managing Director of SI Grone 1-Verwaltungs-GmbH
Member of the Board of Directors of Sartorius Stedim North America Inc.;
Member of the Board of Directors of IntelliCyt Corporation;
Member of the Board of Directors of Sartorius Stedim Filters Inc.;
Member of the Board of Directors of Sartorius Stedim Japan K.K.;
Member of the Board of Directors of Sartorius Stedim Lab Ltd.;
Member of the Board of Directors of Sartorius Stedim BioOutsource Ltd.;
Member of the Board of Directors of Denver Instrument (Beijing) Co. Ltd.;
Member of the Board of Directors of Sartorius North America Inc.;
President and Member of the Executive Committee of Sartorius Stedim FMT S.A.S.

Past directorships (held during the past five years) within the Group:

Vice Chairman of the Supervisory Board of Sartorius Weighing Technology GmbH;
President of VL Finance S.A.S.;
Member of the Board of Directors of

Sartorius Stedim SUS Inc.;
Member of the Board of Directors of
kSep Holdings, Inc.;
Member of the Board of Directors of ViroCyt, Inc.;
Member of the Board of Directors of
Sartorius Hong Kong Ltd.;
Member of the Board of Directors of
Sartorius Scientific Instruments (Beijing) Co. Ltd.;
Member of the Board of Directors of
Sartorius Japan K.K.;
Member of the Board of Directors of
Sartorius Biohit Liquid Handling Oy.

Other current directorships and positions outside the Group:

Member of the Supervisory Board (Aufsichtsrat) of Carl Zeiss AG, Germany;

Chairman of the Advisory Board (Beirat) of Otto Bock Holding GmbH & Co. KG, Germany;

Member of the Advisory Board (Regionalbeirat) of Commerzbank AG, Germany;
Member of the Economic Advisory Board (Wirtschaftsbeirat) of Norddeutsche Landesbank, Germany.

Past directorships (held during the past five years) outside the Group:

Member of the Advisory Board (Beirat) of Hameln Group GmbH, Germany.

Educational and professional background:

Diplom-Maschinenbau-Ingenieur, Dr. rer. pol.
(University degree in mechanical engineering, doctorate in economics)

1992–1995	Research associate at the Institute for Solar Energy Research in Hamelin, Germany
1995–1999	Research associate at the Faculty of Economics and Management at the University of Hanover, Germany
Since 1 May 1999	Sartorius AG, Goettingen, Germany Most recent position before promotion to the Executive Board: Vice President, Finances and Investor Relations
Since 11 Nov. 2002	Member of the Executive Board of Sartorius AG, Goettingen, Germany
1 May 2003, to 10 Nov. 2005	Spokesman (Sprecher) of the Executive Board of Sartorius AG, Goettingen, Germany
Since 11 Nov. 2005	CEO and Executive Board Chairman of Sartorius AG, Goettingen, Germany; currently responsible for Operations, Corporate Strategy, Legal Affairs, Compliance and Corporate Communications

Volker Niebel

Executive member
Executive Vice President of Operations and IT
Date of birth: 14 August 1956
Nationality: German

First appointment: 29 June 2007
Mandate renewed : 05 April 2016
Appointed until: date of the Annual General Shareholders' Meeting in 2019 to approve the financial statements for the fiscal year ending 31 December 2018
Resignation: Mr Volker Niebel has resigned on the 31st December 2016 from its corporate mandates within the Company as *Directeur Général Délégué* and Director.

Number of Sartorius Stedim Biotech shares held: 656

Other current directorships and positions within the Group:

Member of the Board of Directors of
Sartorius Stedim North America Inc.;
Member of the Board of Directors of
Sartorius North America Inc.;
Member of the Board of Directors of
Sartorius Stedim Filters Inc.;
Member of the Board of Directors of
Sartorius Stedim India Pvt. Ltd.;
Member of the Board of Directors of
Sartorius Stedim Biotech (Beijing) Co. Ltd.;
Member of the Board of Directors of
Sartorius Stedim Lab Ltd.;
Member of the Executive Committee of
Sartorius Stedim Aseptics S.A.S.;
Managing Director of
Sartorius Stedim Bioprocess SARL;
Member of the Executive Committee of
Sartorius Stedim FMT S.A.S.

Past directorships (held during the past five years) within the Group:

Managing Director (Geschäftsführer) of
Sartorius Stedim Biotech GmbH;
Member of the Board of Directors of
Sartorius Weighing India Pvt. Ltd.;

Member of the Board of Directors of
Biohit Biotech (Suzhou) Co. Ltd.;
Managing Director of Sartorius Stedim FMT S.A.S.;
Member of the Board of Directors of
kSep Holdings, Inc.;
Member of the Board of Directors of
ViroCyt, Inc.;
Member of the Board of Directors of
IntelliCyt Corporation;
Member of the Board of Directors of
Sartorius Stedim SUS Inc.;
Managing Director of Sartorius Stedim Biotech SARL;
Managing Director of
Sartorius Stedim Integrated Services SARL;
Managing Director of Sartorius Stedim SUS SARL.

Educational and professional background:

Diplom-Betriebswirt (university degree in business administration and economics)

1983–1985	Schmidt & Clemens, Lindlar, Germany Sales Manager at Petro Chemical Industry (USA)
1985–1998	Gambro AB, Lund, Sweden
1998–2001	Skanska AB, Malmö, Sweden Member of the Executive Management Team of Poggenpohl GmbH in Herford, Germany
2001–2007	Sartorius AG, Goettingen, Germany Most recent position: Senior Vice President, Operations, Biotechnology Division
2007- 2014	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany
Since 2010	Member of the Group Executive Committee of Sartorius Group

Oscar-Werner Reif

Executive member
Executive Vice President of Research and Development
Date of birth: 11 November 1964
Nationality: German

First appointment: 21 April 2009
Mandate renewed: 7 April 2015
Appointed until: date of the Annual General Shareholders' Meeting in 2018 to approve the financial statements for the fiscal year ending 31 December 2017
Resignation: Oscar Werner Reif Niebel has resigned on the 31st December 2016 from its corporate mandates within the Company as *Directeur Général Délégué* and Director.
Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions within the Group:

Member of the Board of Directors of
Sartorius Stedim Switzerland AG.

Past directorships (held during the past five years) within the Group:

Managing Director (Geschäftsführer) of
Sartorius Stedim Biotech GmbH.

Educational and professional background:

Diplom-Chemiker, Dr. rer. nat. (university degree M.S. degree in chemistry and molecular biology, doctorate in chemical engineering)

1991–1995	Research associate at the Institute of Chemical Engineering at the University of Hanover, Germany
1995–2009	Sartorius AG, Goettingen, Germany Most recent position: Vice President of R&D and Technology
2007 - 2009	Sartorius Stedim Biotech GmbH Most recent position: Vice President of R&D and Technology
2009- 2014	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany
Since 2010	Member of the Group Executive Committee of Sartorius Group

Reinhard Vogt

Executive member
Executive Vice President of Marketing, Sales and Service
Date of birth: 4 August 1955
Nationality: German

First appointment: 29 June 2007
Mandate renewed: 05 April 2016
Appointed until: date of the Annual General Shareholders' Meeting in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

Resignation: Mr Reinhard Vogt has resigned on the 31st December 2016 from its corporate mandates within the Company as *Directeur Général Délégué* and Director.
Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions within the Group:

Member of the Executive Board of Sartorius AG;
Member of the Board of Directors of Sartorius Stedim North America Inc.;
Member of the Board of Directors of Sartorius North America Inc.;
Member of the Management Board of AllPure Technologies, LLC
Member of the Board of Directors of Sartorius Stedim Australia Pty. Ltd.;
Member of the Board of Directors of Sartorius (Shanghai) Trading Co. Ltd.;
Member of the Board of Directors of Sartorius Stedim (Shanghai) Trading Co. Ltd.;
Member of the Board of Directors of TAP Biosystems Group Ltd.;

Member of the Board of Directors of The Automation Partnership (Cambridge) Ltd.;
Member of the Board of Directors of Sartorius Stedim BioOutsource Ltd.;
Member of the Board of Directors of Sartorius Stedim Switzerland AG;
Member of the Board of Directors of Sartorius Stedim Japan K.K.;
Member of the Board of Directors of Sartorius Korea Ltd.

Past directorships (held during the past five years) within the Group:

Member of the Board of Directors of Sartorius Stedim SUS Inc.;
Member of the Board of Directors of kSep Holdings, Inc.;
Member of the Board of Directors of ViroCyt, Inc.;
Member of the Board of Directors of IntelliCyt Corporation;
Member of the Board of Directors of Sartorius Stedim India Pvt. Ltd.;
Member of the Board of Directors of Sartorius Australia Pty. Ltd.;
Member of the Board of Directors of Denver Instrument (Beijing) Co. Ltd.;
Member of the Board of Directors of Sartorius Scientific Instruments (Beijing) Co. Ltd.;
Member of the Board of Directors of Sartorius Stedim Biotech (Beijing) Co. Ltd.;
Member of the Board of Directors of Sartorius Hong Kong Ltd.;
Member of the Board of Directors of Sartorius Stedim Malaysia Sdn. Bhd.;
Member of the Board of Directors of Sartorius Japan K.K.;
Managing Director (Geschäftsführer) of Sartorius Weighing Technology GmbH;
Managing Director (Geschäftsführer) of Sartorius Stedim Biotech GmbH;
Managing Director (Geschäftsführer) of Sartorius Lab Holding GmbH.

Educational and professional background:

Industriekaufmann (vocational diploma in industrial business administration)

1979–1983	Sarstedt AG, Nuembrecht, Germany General Manager of Sarstedt AB, Sweden
1983–2007	Sartorius AG, Goettingen, Germany Most recent position: Senior Vice President, Sales & Marketing, Biotechnology Division
Since 2009	Member of the Executive Board of Sartorius AG in Goettingen, Germany; currently responsible for Marketing, Sales and Services
2007- 2014	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany

Liliane de Lassus

Non-executive member
Independent Director
Date of birth: 29 December 1943
Nationality: French

First appointment: 19 May 2006 [1)]
Mandate renewed: 05 April 2016
Appointed until: date of the Annual General Shareholders' Meeting in 2019 to approve the financial statements for the fiscal year ending 31 December 2018

1) The mandate of Mrs Liliane de Lassus is continuous until today. Mrs Liliane de Lassus has been nominated member of the Board of Directors of Stedim S.A. on 19 May 2006, company which changed its name in Sartorius Stedim Biotech S.A. on 29 June 2007 when Sartorius AG acquired it.

Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions outside the Group:

Managing Director of L2 L Conseil SARL (management consulting services; human resources management)

Educational and professional background:

Ph.D. in organic chemistry (1972)
MBA (1966)
Masters' degree in Sanskrit (1969

1969–1977	Scientific employee in charge of research at the French CNRS (National Center for Scientific Research), later at the University of California, Berkeley (California, USA)
1977–1981	PSA — Automobiles Citroën Head of department; in charge of overall manufacturing planning and programming
1981–1985	Renault Automation (Robotics) Vice President of Strategic Planning
1985–1989	CEO and Chairman of the Board of a high-tech start-up company specializing in artificial intelligence (Cognitech)
1989–2005	Consultant in human resources management for company executives, especially in a multi-cultural environment
2005–2007	CEO of Stedim Biosystems
2007–2008	Executive Vice President of Sartorius Stedim Biotech
Since May 2008	Managing Director of L2 L Conseil SARL (management consulting services; management of human resources)

Bernard Lemaître

Non-executive member
Date of birth: 16 December 1938
Nationality: French

First appointment: 27 September 1978 [2)]
Mandate renewed: 05 April 2016
Appointed until: date of the Annual General Shareholders' Meeting in 2019 to approve the financial statements for fiscal year ending
31 December 2018

2) The mandate of Mr Bernard Lemaître is continuous until today. Mr Bernard Lemaître has been nominated member of the Board of Directors of Stedim S.A. on 22 September 1978, company which changed its name in Sartorius Stedim Biotech S.A. on 29 June 2007 when Sartorius AG acquired it.

Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions outside the Group:

President of Financière de La Seigneurie S.A.S., La Ciotat;
Member of the Board of Directors of Senova Systems Inc., USA;
Member of the Board of Directors of Sycovest Asset Management, Paris;
Member of the Supervisory Board of Azulis Capital S.A., Paris;
Member of the Supervisory Board of Solon Ventures Ltd., London;
Member of the Supervisory Board of Qualium Investments S.A.S., Paris.

Educational and professional background:

1979–2007	Founder, CEO and Chairman of Stedim S.A.

Arnold Picot

Non-executive member
Date of birth: 28 December 1944
Nationality: German

First appointment: 29 June 2007
Mandate renewed: 05 April 2016
Appointed until: date of the Annual General Shareholders' Meeting in 2019 to approve the financial statements for the fiscal year ending
31 December 2018

Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions within the Group:

Chairman of the Supervisory Board of Sartorius AG;
Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH.

Past directorships (held during the past five years) within the Group:

Chairman of the Supervisory Board of Sartorius Weighing Technology GmbH.

Other current directorships and positions outside the Group:

Member of the Supervisory Board of Takkt AG;
Member of the Supervisory Board of WIK Wissenschaftliches Institut für Infrastruktur und Kommunikationsdienste GmbH and WIK-Consult GmbH.

Educational and professional background:

Bankkaufmann, Diplom-Kaufmann (banker, university degree in business administration), Dr. rer. pol., post-doctoral lecture qualification | Venia Legendi (Betriebswirtschaftslehre) = authorization to teach business and managerial economics at a university

1970–1975	Research assistant and assistant professor, University of Munich
1976–1984	University professor, Faculty of Business Administration, University of Hanover, Germany Director of the Institute for Management and Organization
1980–1981	Visiting scholar, Stanford University, California, USA
1984–1987	University professor, Faculty of Business Administration, Technical University of Munich; Director of the Institute for General and Industrial Business Administration
1988–2013	University professor, Executive Director of the Institute of Information, Organization and Management, Faculty of Economics, Ludwig Maximilian University of Munich
2004–2005	Konrad Adenauer visiting professor, Georgetown University, Washington, D.C., USA
Since 2013	Research Position at the Center of Information, Organization and Management, Faculty of Business Adm, Ludwig Maximilian University of Munich

Henri Riey

Non-executive member
Independent Director
Date of birth: 5 November 1961
Nationality: Monegasque

First appointment: 29 June 2007
Mandate renewed:05 April 2016
Appointed until: date of the Annual General Shareholders' Meeting in 2019 to approve the financial statements for the fiscal year ending
31 December 2018

Number of Sartorius Stedim Biotech shares held: 100

Other current directorships and positions outside the Group:

President of Aidea;
President of Groupe HR S.A.S.;
Director of The Princess Grace Foundation (Monaco)

Educational and professional background:

Diplôme Institut Supérieur de Gestion (France)
(degree earned at the French Higher Institute of Business Management "Institut supérieur de gestion")

1985–1988	Fund Manager at Paribas bank
1988–1996	Fund Manager, responsible for the European Equity Fund Management Team at Barclays Bank, France
1996–1999	Head of Research of Barclays Asset Management Europe
1999–2004	Executive Vice President of Barclays Asset Management; in charge of all fund management businesses
2004- 2013	CFO of Hendyplan S.A.

Anne-Marie Graffin

Non-executive member
Independent Director
Date of birth: 3 May 1961
Nationality: French

First appointment: 7 April 2015
Appointed until: date of the Annual General Shareholders' Meeting in 2018 to approve the financial statements for the fiscal year ending
31 December 2017

Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions outside the Group:

Member of the Supervisory Board of Valneva SE;
Member of the Supervisory Board of Nanobiotix S.A.;
Managing Director of SMAG Consulting SARL.

Past directorships (held during the past five years) outside the Group:

Member of the Board of Directors of
Themis Bioscience GmbH;
Member of the Board of Directors of
Portugal Sanofi Pasteur MSD;
Member of the Board of Directors of
Spain Sanofi Pasteur MSD;
Member of the Board of Directors of

UK Sanofi Pasteur MSD;
Member of the Board of Directors of
Ireland Sanofi Pasteur MSD.

Educational and professional background:

Graduated from ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales)

1984- 1987	International Distillers and Vinters, France Products Manager
1988- 1990	URGO Laboratories Marketing Manager
1991- 1995	RoC S.A (Johnson & Johnson) - Head of International Marketing Group
1998- 2000	Sanofi Pasteur MSD - France Products Manager Adults Vaccines
2001- 2005	Sanofi Pasteur - Head of range then Europe Adults Vaccines Marketing Director
2006- 2008	Sanofi Pasteur MSD - Executive Director Business Management
2009- 2010	Sanofi Pasteur MSD - Vice President Business Management
Since 2011	Managing Director SMAG Sàrl - Advice Biotech and Medtech Strategy Management

Susan Dexter

Non-executive member
Independent Director
Date of Birth: 11 October 1955
Nationality: American

First appointment: 7 April 2015
Appointed until: date of the Annual General Shareholders' Meeting in 2018 to approve the financial statements for the fiscal year ending
31 December 2017

Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions outside the Group:

BioSense Technologies, Woburn, Massachusetts, USA- Clinical diagnostic technology based on cellular impedence

Past directorships (held during the past five years) outside the Group:
Kalon Biotherapeutics, College Station, Texas, USA (retired) - CMO

Educational and professional background:

Degrees and Certifications:BS in Immunology and Marketing (double major, honors), American University, Washington, D.C., USA
Harvard University Negotiation Course for Lawyers, Harvard University, Cambridge, Massachusetts, USA
Finance for non-financial Managers, Harvard University through Dow Chemical Company internal training program

1975- 1980	University of Massachusetts Medical School, Research, mammalian cell culture, animal toxicology studies, basic research
1980- 1986	Collaborative Research, Biotechnology Sales in emerging markets for bioprocessing supplements and raw materials for biomanufacuting
1986- 1998	Celltech Biologics, Lonza Biologics, Business Development-bioprocessing and manufacturing of biotechnology based biotherapeutics
1998- 2004	Collaborative BioAlliance, Dow Chemical Company (Dow Biotechnology Contract Manufacturing Services) - Vice President, Business Develoment for microbial fermentation services, technologies and implementation of single use bioprocessing technologies
2004- 2008	Xcellerex, Inc. (now GE Healthcare),- Chief Business Officer; CMO services using fully integrated single-use bioprocessing technology, sales of single use bioprocessing technologies
Since 2008	Latham Biopharm Group, Principal Consultant- VP Business Development for multiple CMO's offering contract manufacturing services to the biotechnology life sciences industry, strategic consulting, single-use disposable technology implementation, project management and high-level business development and marketing, Advisor and speak for BioProcess International

Registered Addresses

With regards to their social mandates, the members of the Board of Directors and of the General Management are domiciled at the Company's headquarters.

Independent Directors

The Company being controlled by a majority shareholder, the portion of independent administrators board members should be at least a third of the Board.

As of 31 December 2016, the Board of Directors of Sartorius Stedim Biotech S.A. is composed of 40% of independent members under the independence criteria defined by the APEF-MEDEF code.

Pursuant to the principles of good corporate governance, the independent members may not be principal shareholders, employees, former Group employees, suppliers or bankers of the Group or major customers, nor may they have any other link likely to impair their judgment.

In accordance with the internal rules of the Board of Directors and in application of the AFEP-MEDEF code, the independence of directors is assessed each year with respect to the following criteria.

An independent director:

- May not be an employee or senior executive employee or director of his or her parent company or of one of its consolidated companies and may not have been so during the five previous years (criterion 1);

- May not be a senior executive of a company in which the company directly or indirectly holds a director's position or in which an employee as such or a senior executive of the company (either currently or having been so for less than five years) holds a director's position (criterion 2);

- May not be a significant client, supplier, business banker or investment banker of the company or of its group, for which the company or its group represents a significant part of its business (criterion 3);

- May not have any close family ties with one of the senior executives (criterion 4);

- May not have been an auditor of the company for the five past years (criterion 5);

- May not have been a director of the company for more than twelve years (criterion 6).

In addition to the abovementioned criteria, the Board of Directors analyses other factors, such as length of service on the Board and the ability to understand the issues and risks, prior to making a decision on whether a director qualifies as independent.

- More specifically, concerning the length of service criterion, the Board does not strictly consider the latter to neutralize the independent nature of a director, but rather as a quality that improves critical thinking and openness, enabling in particular a greater ability to question, which is essential in debating the directions taken by the company. For further information, see the section "Corporate Governance – AFEP-MEDEF code recommendations that have not been followed" in the above Registration Document.

- As part of the Assessment of the Board of Directors ,the Board of Directors goes through all the criteria listed above and currently it states that it has four independent directors: Mr. Susan Dexter, Mrs Anne-Marie Graffin, Mrs Liliane de Lassus and Mr Henri Riey.

Balanced representation of women and men

Each year, the Board of Directors examines the desired balance in its composition and that of its committees, seeking in particular a balanced representation of men and women, and a wide diversity of skills and nationalities, reflecting as best it can both the highly technical and global nature of the company's business.

Specifically, as regards the target of 40% women to be reached under the provisions of Article L. 225-18-1 of the French Commercial Code, the Board of Directors has put significant effort into searching for skilled, independent and dedicated female directors with a proven level of expertise in biotechnologies or related industries.

Assessment of the Board of Directors

The internal rules of the Board of Directors require that once a year the Board devotes an item on its agenda to discuss its functioning and ensures that a formal assessment is carried out. For this purpose, in late November 2016, all members of the Board completed a questionnaire on the following topics:

- the Board's composition;

- the mode and structure of governance;

- the effectiveness of the Board of Directors;

- the Board's working methods;

- the areas of competence of the Board's members;

- areas for improvement.

The results were satisfactory in terms of flow of information, reflecting the high quality teamwork of Board members and the convergence of views.

Board of Directors' internal rules

The Board of Directors has adopted a set of internal rules that defines and includes rules of operation for this body relating to its powers, members' attendance, operations requiring approval and prior validation with a certain number of triggering thresholds. The directors' charter is included in the Annexe and defines the rights and obligations of directors, in particular regarding the code of ethics and prevention of conflicts of interest.

Staggering of the mandate terms

According the APEF MEDEF governance code for listed companies, the staggering of terms should be organized in order to avoid renewing a group mandates and promote harmonious renewing of the administrators' mandates. As of 31 December 2016, the afferent rule relating to staggering terms was respected. The Board of Directors has been renewed up to seven memberships in 2016. Seven mandates have thus been renewed at the Annual Combined Shareholders' Meeting on 5 April 2016, as ordinary resolutions.

Plurality of mandates

In accordance with the APEF MEDEF governance code for listed companies, an executive Director can't exercise more than two other mandates of Director in listed companies outside its group, including foreign companies. It should in addition collect the notice from the Board before accepting a new Director mandate in a listed company.

Moreover, an administrator can't exercise more than four other mandates in listed companies outside its group, including foreign companies. This recommendation is applied during the nomination or the renewal of the administrator's mandate.

Other Information

The Board of Directors met eight times during fiscal 2016.

In accordance with the bylaws of Sartorius Stedim Biotech S.A. company, each Diretor owns personally at least one share of the company.

All Directors fulfill the below mentioned thresholds with regards to numbers of mandates in listed companies:

- For the executive Directors: maximum of two mandates in companies not belonging to the group,
- For non executive Directors: maximum of four mandated in companies not belonging to the group.

To the company's knowledge, within the last five years, no member of the Board of Directors:

- has been convicted of fraud during the last five years or has been subject to any official public investigation or sanction by statutory regulatory authorities;
- has been associated in his | her capacity of manager in any bankruptcy, receivership or liquidation for the past five years;
- has been disqualified by a court from acting in the capacity of a member of an administrative, management or supervisory body of an issuer or from acting in the capacity of a management executive or conducting the business of any issuer for the past five years.

To the company's knowledge, no family relationships exist among the members of the company's Board of Directors.

Furthermore, to the company's knowledge, there is no conflict of interest between any duty of the members of the Board of Directors and their private interests and | or other duties. A Director must inform the Board as soon as he | she is aware of any conflict of interests, or even the possibility of a potential conflict, and must refrain from any participation in discussions on the relevant subject matter and from voting on any associated resolutions.

To the company's knowledge, no settlement or agreement has been reached with shareholders, clients, suppliers or others to appoint a member of the Board of Directors.

To the company's knowledge, there is no service contract linking a Board member to the Sartorius Stedim Biotech Group and granting him or her benefits.

Measures taken to ensure that control is not done in an abusive way are the following:

- Four independent members of the Board on ten are members of the Board of Directors.
- Two independent members of the Board on four are members of the Audit Committee.
- Two independent members of the Board on four are members of the Remuneration Committee.

The Audit Committee

The Audit Committee assists the Board of Directors in areas relating to accounting policy, reporting, internal and external control, financial communication and management of the risks to which the company is exposed.

Audit Committee duties

Regarding accounting policy and internal control, the Audit Committee has the following duties:

- To proceed as soon as possible, and in any event prior to examination of the annual parent company financial statements and, where appropriate, the consolidated financial statements by the Board of Directors, with the review of all the financial, interim and annual parent company and, where appropriate, consolidated financial statements, including their notes and, where appropriate, the management report presented by the Board of Directors to the General Meeting of Shareholders called to approve the financial statements for the year ended and to present its observations to the Board of Directors. During the examination of the financial statements, the Committee pays particular attention to significant transactions that could have given rise to a conflict of interests;

- To ensure the pertinence of the selected methods and accounting procedures chosen by the company and to check their proper application;

- To check the accounting treatment of any significant transaction made by the company;

- To ensure that the internal procedures for data collection and control are sufficient to ensure the quality and reliability of the annual parent company financial statements and, where appropriate, the company's consolidated financial statements;

- To examine the scope of the consolidated companies and, where appropriate, the reasons for which any companies are not included.

Regarding external control, the Audit Committee has the following duties:

- To submit to the Board of Directors recommendations concerning the Statutory Auditors in view of their appointment or renewal by the General Meeting of Shareholders, to analyse and issue an opinion on the definition, extent and timetable of their assignment and their fees. For this purpose, the Committee steers the selection procedure for the Statutory Auditors and submits to the Board of Directors a recommendation on the Statutory Auditors proposed for appointment by the General Meeting of Shareholders. The Committee proposes to the Board the selection procedure and, in particular, whether a call for tender should be issued. It supervises the call for tender and approves the specifications and the selection of the companies consulted, taking care to select the "best bid" and not the "lowest bid";

- To ensure the independence of the Statutory Auditors.

Regarding risk analysis and prevention, the Audit Committee has the following duties:

- To analyse all disputes, including fiscal, that may have a significant impact on the parent company financial statements and, where appropriate, the company's consolidated financial statements, or its financial position;

- To examine the company's exposure to significant financial risks. The Committee examines the risks and significant off-balance sheet commitments and assesses the importance of malfunctions or weaknesses that it is made aware of and informs the Board, as appropriate;

- To review the conclusions of internal audit reports;

- To verify the satisfactory application of internal controls and information reporting procedures.

Regarding financial communication, the Audit Committee's duties include reviewing the company's financial communication projects relating to the annual and interim parent company financial statements, as well as quarterly sales.

Given the extent of its remit, the Audit Committee consults with the Statutory Auditors, but also with the Finance, Accounts and Treasury Directors. These meetings may be held, at the Committee's request, without the company's executive bodies being present.

Composition of the Audit Committee:

The Audit Committee comprises at least three members chosen by the Board of Directors for their accounting and finance expertise, of whom one must be an independent member.

The independence criteria retained by the Audit Committee's internal rules are based on those proposed by the recommendations of the AFEP-MEDEF code and the Ethics code and adapted to suit the company's size, organization and means.

Audit Committee's internal rules

The Audit Committee has adopted a set of internal rules designed to provide a framework for its duties and operation and, in particular, to ensure the implementation and application of independence criteria for its members. It also includes the conditions for remuneration of the latter.

As of 31 December 2016, the Audit Committee has four members:

Mr. Henri Riey, Chairman of the Committee since December 5, 2007

- Mr. Arnold Picot
- Mrs. Liliane de Lassus
- Mr. Bernard Lemaître

The Chairman of the Audit Committee and Mrs. de Lassus are independent.

The Chairman of the Board of Directors, who is also the CEO of the Group, is a permanent guest of the Audit Committee, but has no voting rights.

The Audit Committee met five times during fiscal 2016.

Remuneration Committee

Remuneration Committee duties

The Remuneration Committee's purpose is to assist the company's Board of Directors in setting the remuneration policy for corporate officers and, in particular, relating to incentive mechanisms (allocation of stock options and bonus shares) that the company may implement.

During the year, the Remuneration Committee may consult all the company's executive members, after it has informed the Chairman of the Board of Directors, and must report on this to the Board.

The Remuneration Committee's duties also include assisting the Board of Directors with the appointment of new Board members.

Composition of the Remuneration Committee and functioning

As of 31 December 2016, the Remuneration Committee has four members:

Mr. Arnold Picot, Chairman of the Committee since June 29, 2007

- Mrs. Liliane de Lassus
- Mr. Henri Riey
- Mr. Bernard Lemaître

Two of the four members of the Remuneration Committee are independent.

The Remuneration Committee met once in fiscal 2016.

For more information on the organization, functions and activities of each Committee during fiscal 2016, please refer to the Chairman's Report Pursuant to Article L. 225-37 of the French Commercial Code included in this publication (following pages).

Chairman's Report Pursuant to Article L. 225-37

Pursuant to Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors uses this report, which covers the fiscal year ended December 31, 2016, to present the composition of the Board of Directors and the application of the principles of balanced representation between men and women, the conditions of the preparation and organization of the work of the Board of Directors and the internal controlling and control procedures implemented by the company within the Group.

Pursuant to the last paragraph of Article L. 225-235 of the French Commercial Code, the company's independent auditors prepare their own report concerning the report by the Chairman of the Board of Directors on the internal control and risk management procedures relative to the preparation and processing of accounting and financial information.

Corporate Governance Code

Since fiscal 2008, the Sartorius Stedim Biotech S.A. Board of Directors therefore decided to adopt the AFEP-MEDEF recommendations as the reference code for corporate governance (see www.medef.fr).

The AFEP-MEDEF Corporate Governance Code (the "Code") defines a set of regulations for good and responsible corporate governance. It follows the "comply or explain" principle that is implemented in most countries of the European Union. If a listed company does not comply with a recommendation of this Code, it must explain this in its corporate governance report.

In accordance with article 25.1 of the Corporate Governance Code for listed companies in effect from the presented date (the "Code"); listed companies referring to the code are required to precisely identify, in their Reference Document, the application of these recommendations. In case on non-application of one of these provisions, companies are required to provide a comprehensible, relevant and circumstantial explanation according to the rule "apply or explain". It is recommended by the AMF (recommendation n°2014-08 of 22 September 2014) that companies indicate in a specific table each recommendation that are not applied and the related explanations.

SPECIFIC TABLE ON RECOMMENDATIONS OF THE AFEP MEDEF CODE FOR THE GOVERNANCE OF LISTED COMPANIES

ARTICLE	PROVISIONS OF THE CODE REMOVED	EXPLANATIONS
3.2	**Disclosure of the option selected** In this respect, it is essential for the shareholders and third parties to be fully informed of the choice made between separation of the offices of Chairman and Chief Executive Officer and maintenance of these positions as a single office.	The Board of Directors has opted for the Chairman's functions meeting of the Board Committee and as Chief Executive Officer in order to simplify the company operational management and increase its effectiveness. This organization turned out to be a factor of efficient governance considering the organization of the Sartorius Stedim Biotech Group. Mr Joachim Kreuzburg is Chairman of the Board and CEO of Sartorius AG mother company of the group. He is on one hand bound to the controlling shareholder and on the other hand very involved in the business affairs of the Group which he particularly knows and experienced. In addition, the company which main goal is to keep a balance position between the CEO and the Board of Directors is proceeding to regular updates and amendments of the Board internal rules. Thus, the latter effective process, allocates various relevant competences to the Board of Directors. Therefore, la company has amended the Board of Directors internal ruling in the course of the annual shareholders meeting to allocate certain operations and missions to its prior approval. Also, the Board of Directors is proceeding to an annual evaluation of its functioning to identify the improvements that could be made.
10.4	**Non-executive directors meeting** It is recommended that the non-executive directors meet periodically without the executive or "in-house" directors. The internal rules of operation of the Board of Directors must provide for such a meeting once a year, at which time the evaluation of the Chairman's, Chief Executive Officer's and Deputy Chief Executive's respective performance shall be carried out, and the participants shall reflect on the future of the company's executive management.	Board meetings are organized in the presence of the executive members to maintain the same degree of information between the members of the Board and strengthen the open and transparent collective character. According to the Code AFEP-MEDEF planning that the non executive members have to meet annually without the presence of the executive or internal members, the internal rules of the Board mentions the possibility for the non executive members to organize this kind of meeting.
16.1	**Independent directors within the audit Committee** The proportion of independent directors on the audit committee (excluding the directors representing employee shareholders and directors representing employees, who are not taken into account) should be at least equal to two-thirds, and the committee should not include any executive director.	.This measure has not been chosen because the company is controlled by a majority shareholder. Moreover, the Remuneration Committee is composed of 50% of independent members which insures the independence required to achieve a smooth running. Moreover, the Chairman of this committee is an independent member.
16.2.1	**Examination deadline of the accounts between the Audit committee and the Board** The appointment or extension of the term of office of the audit committee's Chairman is proposed by the appointments/nominations committee, and should be specially reviewed by the Board.	For practical reasons, connected in particular to the presence within the Committee of a majority of non resident members, the meetings of the Audit committee usually take place the same days as those of the Board of Directors. Taking into consideration this obligation, and in order to give to the Audit committee the possibility of achieving completely its missions, the internal rules of the Board mentions that any documents and useful information must be communicated to the Board by the Chairman and Chief Executive Officer upfront and in a sufficient delay. The files are like this transmitted to the members of the Audit Committee with a sufficient upstream delay and at the latest three days before every meeting of the Committee or of the Board allowing them to have a sufficient delay for the examination of the statements before these meetings. Therefore, each member of the said commitee is spending the necessary time to examine each topic and is duly enabled to rerquire such information if needed.
18.	**THE COMMITTEE IN CHARGE OF COMPENSATION**	
18.1	Independent directors within the compensation Committee It should be composed of mainly independent directors	For historical reasons related to the company share options, the composition of the specialized committee was reflecting the research by our shareholder in order to reflect a balance between the directors representing the shareholders and the independent directors. It is composed of 50% independent directors The Chairman of the compensation committee of the Sartorius Stedim Biotech Group, non-independent, is also the Chairman of the compensation committee of the Sartorius Group AG for

ARTICLE	PROVISIONS OF THE CODE REMOVED	EXPLANATIONS
		management and coherency reasons.
20.	**THE DIRECTOR'S ETHICS**	
20.	**Attendance fees / retained actions** The director should be a shareholder personally and hold a fairly significant number of shares to the received attendance fees: by default if he does hold the shares upon assuming his functions, he must use the acquired attendance fees when acquired. It is the responsibility of the Board to complete otherwise this list of directors' basic obligations	Beyond the application of the article L 225-25 of the French Code of Commerce, The Board of Directors has left until now the freedom to each director to invest insignificantly for the company.He has also subscribed these ethic principals in its internal ruling The executive members not perceiving attendance fees, therefore no stock options purchase obligations have been formulated to them.
22.	**TERMINATION OF EMPLOYMENT CONTRACT IN CASE OF APPOINTMENT AS EXECUTIVE DIRECTOR**	
22.	TERMINATION OF EMPLOYMENT CONTRACT IN CASE OF APPOINTMENT AS A EXECUTIVE DIRECTOR When an employee is appointed as executive director, it is recommended to terminate his or her employment contract with the company or with a company affiliated to the group, whether through contractual termination or resignation23	This recommendation is only applied to 2 out of 4 of the directors. Mr Volker Niebel has still his employment contract with Sartorius Stedim Biotech GmbH an affiliate company held entirely by Sartorius Stedim Biotech SA, that was put in place when he started to work for Sartorius Group. According to German law it is not necessary to change such employment contract when someone becomes a Managing Director of the company he works for. It should be also considered that Sartorius Stedim Biotech Group is controlled by a German majority shareholder and the biggest group company is a German company, therefore in this respect German rules and regulations are very common in the whole group and have to be observed at the respective group level.
23.	**COMPENSATION OF EXECUTIVE DIRECTORS**	
23.2.4	**Award** Awards of options and shares to executive directors must be conditional on the attainment of performance targets.	Not applicable for Mr Oscar Werner Reif and Mr Volker Niebel Mr Joachim Kreuzburg and Mr Reinhard Vogt are representing the Group Sartorius AG, their compensation policy is deliberated and decided at the level of the mother house of Sartorius Stedim Biotech. The performance action elements are detailed in the document reference within the parts of the company's governance Report and the internal control (cf. p96). All particular topics related to these awards are duly detailed in the reference document remuneration report.
	An executive director may not be awarded any stock option or performance share at the time of his or her departure. In accordance with legal provisions, if stock options or performance shares are not awarded to all employees, then it is necessary to provide for another scheme involving them in corporate performance (incentive scheme, profit-sharing scheme other than the mandatory scheme, granting of bonus shares, etc.). The total amount of the stock option plans and performance shares must represent a small fraction of the capital, and the right balance must be struck according to the benefits derived by shareholders from the management. The level of dilution must be taken into account.	The shares Mr Joachim Kreuzburg has received in course of December 2015 are not subject to any performance criteria. Nevertheless he has to give back all of the shares if he leaves the Sartorius AG before 11 November 2017 and half of the shares if he leaves Sartorius AG before 11 November 2019. The stock option policy is run exclusively under the application of German Law provisions and the code of governance that shall apply.
	Furthermore, it is necessary to ensure that:	
	The awarded stock options and performance shares valued in accordance with IFRS standards do not represent a disproportionate percentage of the aggregate of all compensation, options and shares awarded to each executive director. To that end, the Board must systematically review the award of new stock options and performance shares in view of all compensation items awarded to the executive director concerned. The Board shall then be responsible for determining the percentage of the compensation (in accordance with market standards) not to be exceeded by the said award;	
	Awards are not overly concentrated on executive directors. According to the situation of each company (size, industry, broad or narrow scope of the award, number of officers, etc.), the Board must define the maximum percentage of options and performance shares that may be awarded to executive directors, as compared with the aggregate award approved by shareholders. The resolution for authorizing the award plan submitted to a vote at the meeting of shareholders must	

ARTICLE	PROVISIONS OF THE CODE REMOVED	EXPLANATIONS
	mention this maximum percentage in the form of an award sub-ceiling for executive directors;	
	Awards are made at the same calendar periods, e.g. after the disclosure of the financial statements for the previous financial year, and probably each year, in order to limit any windfall effects;	
	Any windfall effects associated with a bear market are prohibited. The value of awarded options and performance shares may not be markedly different from the company's earlier practices, unless a material change in the scope of business justifies a revision of the scheme;	
	In accordance with terms determined by the Board and announced upon the award, the performance shares awarded to executive directors are conditional upon the acquisition of a defined quantity of shares once the awarded shares are available.	
	Price No discount should be applied upon the award of stock options and in particular for stock options awarded to executive directors.	
	Executive directors who are beneficiaries of stock options and/or performance shares must make a formal commitment not to engage in any hedging transactions in respect of their own risks, either on options or on shares resulting from the exercise of options or on performance shares, until the end of the period determined by the Board of Directors for holding shares.	
	Exercise The exercise by executive directors of all of the options and the acquisition of the shares must be related to serious and demanding performance conditions that are to be met over a period of several consecutive years. These conditions may be internal and/or external performance requirements, i.e. related to the performance of other companies, a benchmark sector, etc. Where it is possible and relevant, these internal and external performance requirements are combined.	
	It is necessary to determine periods preceding the disclosure of the annual and interim financial statements, during which the exercise of the stock options is not possible. The Board of Directors or Supervisory Board must determine these periods and where applicable determine the procedure to be implemented by executive directors prior to any exercise of the stock options in order to ensure that they do not hold any information likely to prevent such exercise.	
23.2.5	**Termination payments** It is not acceptable that executive directors whose company has failed or who have personally failed may receive termination payments upon departure.	Severance payments for Joachim Kreuzburg, Reinhard Vogt and Oscar-Werner Reif are capped at the maximum of a two years annual remuneration. Reference is made in this respect to remuneration that has been agreed in the service contract. As lined out in the remuneration report approximately half of the remuneration is fix remuneration and half of the remuneration is a variable remuneration. The performance targets of the variable remuneration have to be taken into account when calculating the severance payment at the effective date of termination of the service contract.
	The law gives a major role to shareholders by making these predefined benefits, paid on termination of office of the executive director, subject to the procedure for related parties agreement. It imposes total transparency and makes termination payments conditional upon performance requirements. These performance requirements must be assessed over at least two financial years.	
	These performance requirements set by the Board must be demanding and may not allow for the indemnification of an executive director, unless his or her departure is imposed, regardless of the form of this departure, and linked to a change in control or strategy.	
	The payment of any termination benefits to an executive director must be excluded if the said executive director elects to leave the company in order to hold another position or is assigned to another position within the same group or is able to benefit in the near future from pension rights.	

ARTICLE	PROVISIONS OF THE CODE REMOVED	EXPLANATIONS
	The termination payment should not exceed when applicable two years of compensation (fixed and variable). If a NO-competition clause is additionally applied, the aggregate of these two benefits must not exceed this ceiling (see hereafter).	
	Any artificial increase in compensation during the period preceding the departure should be prohibited.	

The group also communicates in the appendix the applied recommendations in order to give an overall idea on practices concerning corporate governance.

Conditions for Preparation and Organization of the Work of the Board of Directors

Internal Rules and Regulations

The procedures governing the organization and functioning of the Board of Directors are defined by the Internal Rules and Regulations of the Board which is published on the website of Sartorius Stedim Biotech S.A. as of the publication of this particular report.

The internal rule has been modified by the Board of Directors of 5 April 2016 in order to bring it into line with the new provisions of the AFRP MEDEF governance code for listed companies.

The Board of Directors deals with all matters concerning the proper operation of the company and takes decisions on subjects that concern it.

Its Missions

The main missions of the Board of Directors are as follows:

- The Board of Directors shall define the company's strategic goals and assess them from an overall perspective at least once a year, as proposed by the CEO, and ensure that these goals are implemented. It shall also appoint the corporate officers responsible for managing the company in pursuit of this strategy and review all delegations of authority;

- The Board of Directors shall review the management of the Group and monitor the quality of information provided to shareholders and to the market through the financial statements or when material events occur, especially about the company's shareholdings;

- The Board of Directors is responsible for approving all strategic investment projects and any transaction, in particular acquisitions or disposals, likely to materially affect the company's results, the structure of its balance sheet or risk profile;

- The Board of Directors will beforehand decide for each significant transaction outside the scope of the announced strategy;

- The Board of Directors shall deliberate prior to making any changes to the management structure of the company, and shall be informed of the principal organizational changes;

- The Board of Directors shall examine the corporate and consolidated accounts and approve the management report and the sections of the annual report dealing with corporate governance and those setting out the company's policies with respect to remuneration and stock options;

- Although it is not a modification with a social purpose, the Board of Directors must seize the Shareholders' Meeting if the transaction concerns a preponderant share of the assets or the activities of the group;

- The Board of Directors shall convene annual shareholders' meetings and propose changes to the articles of association.

The missions mentioned above summarize the internal bylaws of the Board of Directors.

Activity Report of the Board of Directors for Fiscal 2016

The Board of Directors met eight times during the fiscal year. The average attendance was 98.75%.

The Board reviewed and approved the corporate and consolidated accounts for 2015.

The Board of Directors considered and debated on the following at its meetings:

1. Strategic direction and major Group projects.
2. The annual, half-year and quarterly financial statements.
3. Budgets presented by executive management.
4. Information on the financial structure and cash flow items.
5. Significant off-balance sheet commitments.
6. Risk indicators for the Group.
7. Internal organization projects.
8. Stock market performance.
9. Self-assessment of the Board members.
10. Elements of remuneration due or attributed.
11. Modification of the bylaws.
12. Internal rules modifications of the Board of Directors.
13. Renewal of the mandate of Board Member of the CEO, two Executive Vice Presidents and four Members of the Board of Directors.

14. Renewal of the mandates of four members of the Audit Committee.
15. Renewal of the mandates of four members of the Remuneration Committee.
16. Operations on the share capital.
17. Financial authorizations given to the Board of Directors.
18. Merger with VL Finance.
19. Split by six the par value of the Company's share
20. Increase of the share capital of the Company in order to have the individual par value of the share up to €0.20.
21. Proposition of dissolution without liquidation of Sartorius Stedim Financière SAS.
22. Projects on acquisition and follow up of recent acquisitions.
23. Gender quota.

In 2016, the Board members carried out a formal assessment of the work of the Board of Directors. A questionnaire was sent to each Board member. A summary of the results shows a very positive overall assessment of board performance. The self-assessment shows that the Directors consider to be well informed by the executive management of the company and believes that the CEO is moderating properly the discussions during Board of Directors.

This evaluation has three objectives:

- Take stock on the modalities of the performance of the Board.
- Verify that important questions have properly been prepared and debated.
- Measure the effective contribution of each Administrator at the Board's work due to its competency and involvement in the debate.

The committee chairmen submitted their work reports to the Board for discussion.

The independent auditors were invited to two Board meetings.

Information to be Provided to Directors

Before each Board Meeting, Directors receive a report on the agenda items that require prior consideration, in due time and following notification.

Preliminary figures of the annual and interim statements are generally sent to all Directors at least one week before the meeting of the Audit Committee, which is always held on the day of or on the day before the Board meeting.

In addition to Board meetings, the Chairman regularly informs the Directors of any event or development that may have a material impact on Group operations or on any information previously communicated to the Board.

The members of the Board of Directors receive a copy of each press release published by the Company. The Directors may, at any time, request further information from the Chairman of the Board, who shall assess the relevance of the request.

Board Committees

The Audit Committee and the Remuneration Committee are responsible for studying and making preparations for the Board's main deliberations in order to improve the Board's efficiency.

Under no circumstances do these committees relieve the Board which has the only legal power of decision nor are allowed to cause division within its college which is and stays responsible of the accomplishment of its missions. The committees don't replace but are an emanation of the Board of Directors facilitating its work.

The Committees of the Board may consult, in the performance of their functions, any of the main company's executive members after having informed the Chairman of the Board of Directors and subject to reporting back to the Board.

The Committee of the Board may request external technical studies relating to matters within their competence, at the expense of the Company, after having informed the Chairman of the Board of Directors or the Board of Directors itself and subject to reporting back to the Board.

In case of making use of external consultancy services (for example a remuneration advice in order to obtain information concerning systems and levels of remuneration in force in the main markets), the Committees should ensure the objectivity of the concerned services.

Each Board meeting is preceded by a meeting of at least one of the two Committees, depending on the items on the agenda. The Committees report to the Board on their work and observations and submit their opinions, proposals and recommendations.

The procedures of each Committee are also defined by Internal Rules and Regulations.

Members of the Committees of the Board are chosen by the Board of Directors. The appointment or renewal of the president of the Audit Committee's mandate, proposed by the Remuneration Committee, is subject to a specific review by the Board of Directors.

Duties of the Audit Committee:

The Audit Committee assists the Board of Directors with the company's accounting policy, reporting, treasury and hedging instruments, internal and external controlling, financial communication and risk management.

Members of the Audit Committee therefore have either a financial or accountant expertise.

The proportion of independent administrators in the audit committee is lower than two thirds.

The Committee does not include any executive director.

In this respect, the Audit Committee shall consult the statutory auditors, as well as the financial, accounting and financial investment directors. It shall be possible for such interviews to take place when the Committee requires them, without the presence of the Management of the Company.

The Committee can ask external experts if needed ensuring their expertise and independence.

The Audit Committee's duties in the field of accounting policy and internal controlling consist mainly of:

- Review the annual corporate and consolidated accounts: reviewing half-yearly and annual corporation and consolidated accounts, including the notes to the financial statements and the management report presented by the Board of Directors to the Annual General Shareholders' Meeting convened to approve the statements for fiscal 2016, and presenting its observations and recommendations to the Board of Directors. During the review of the accounts, the Committee consider important operations through which a conflict of interest could have occurred;

- Ensuring the suitability and consistent application of the accounting methods and procedures chosen by the company, and guaranteeing their correct application;

- Review the accounting treatment of any significant transactions carried out by the company;

- Review the scope of the consolidated companies, and if necessary, the reasons why certain companies are not included.

The Audit Committee's duties in the area of external controlling consist of:

- Submitting recommendations to the Board of Directors concerning the statutory auditors and their appointment or reappointment by the Annual Shareholders' Meeting. To that end, the Committee steers the statutory auditor's selection procedure and submits a recommendation to the Board of Directors proposed to the Shareholders' Meeting. The Committee proposes to the Board of Directors the selection procedure and particularly if a tender might be necessary. It supervises the tender and validates the tender specifications and also approves the choice of the consulted firms, while ensuring that the "highest" and not the "lowest" bidder is selected.

- Analyzing and issuing an opinion on the definition, scope and timetable of their assignment and fees.

- Analyzing the independence of the legal auditors.

To that end, the committee is informed each year by the statutory auditors:

- Their declaration of independence;

- The amount of the fees paid to the network of the statutory auditors by the companies controlled by the firm or entity which it holds, on accrued benefit that is not directly linked to the mission of the auditors;

- Information concerning benefits accomplished under the audit directly linked to the auditors' mission.

The committee examines with the statutory auditors risks threating their independence and protective measures made to reduce these risks. It should also ensure that the amount of the fees paid by the Company and its group, or the portion that it represents in the revenue of these offices and networks, are not likely to impair the statutory auditors' independence.

The Audit Committee's duties in the field of risk analysis and prevention consist of:

- Defining the internal audit plan for the Group companies, obtaining a report on the audits carried out and defining, if necessary, action plans for implementing new procedures in the respective companies;

- Examining the company's exposure to significant risks (risk mapping). The Committee reviews risks and off balance sheet commitments, appreciates the importance of the weaknesses received and informs the Board when appropriate.

- Verifying appropriate application of internal controls and accounting and financial reporting procedures.

The Audit Committee's duties in the area of financial communication consists of reviewing the company's proposed financial communication with respect to publication of the parent's company and consolidated half-yearly and annual corporate accounts and its quarterly results.

The Committee may also perform any other activities deemed necessary or appropriate by the Committee and the Board of Directors.

Activity Report of the Audit Committee on Fiscal 2016:

The Audit Committee met five times during the fiscal year. The average attendance was 100%.

The activity reports of the Audit Committee at the Board of Directors help the Board to be fully informed, facilitating its deliberations.

The main subjects the Audit Committee reviews are the following:

1. Examining the corporate and consolidated annual accounts: reviewing all financial statements, quarterly, half-yearly and annual corporate and consolidated accounts, including the implementation of specific actions related to IFRS standards;
2. Working on hedging instruments.
3. Review of the internal audit work.
4. Review of the quarterly risk management report.
5. Approval of the auditors' fees.
6. On 30 June and 31 December 2016 audits of accounts, the auditors have presented the essential results of the audits and the options decided.
7. Merger of VL Finance S.A.S. with / Sartorius Stedim Biotech S.A.
8. Split of the par value of the actions of the Company.

Duties of the Remuneration Committee:

The purpose of the Remuneration Committee is to help the company's Board of Directors to establish the remuneration policy for corporate officers and, in particular, the incentive mechanisms (granting of share subscription options, share purchase options or free allotment of shares) that the company may introduce.

The Remuneration Committee must put the Board of Directors in the best conditions to determine the overall remunerations and benefits of the executive directors, the Board of Directors being responsible of this decision. Otherwise, the Committee must be informed of the remuneration policy of the non-executive directors. On this occasion, the Committee associates with the executive directors.

The Remuneration Committee has also the responsibility to give recommendations with regards to the new potential Directors and Committees members after having circumstantially considered each element that needs to be taken into account in its deliberation: desirable balance in the membership of the Board with regard to the composition and the evolution of the shareholding of the Company, balance between men and women within the Board, identification and evaluation of potential candidates, desirability of

extensions of terms. It needs in particular to organize a procedure in order to select future independent administrators and achieve its own studies on potential candidates before taking any measure regarding these others.

Activity Report of the Remuneration Committee for 2016:

The Remuneration Committee met once during the fiscal year. The average attendance was 100%.

Its activity reports to the Board of Director help the Board to be fully informed, facilitating its deliberations. During the presentation of these reports made by the Remuneration Committee, it is necessary that the Board deliberate on remunerations of the executive directors, without their presence.

The Remuneration Committee deliberated on the main following topics:

1. Targets achievement.
2. Reviewing the remuneration of the executive members of the Board of Directors.
3. Reviewing payment of directors' fees.

Remunerations of Mr Joachim Kreuzburg and Mr Reinhard Vogt are not discussed within the Remuneration Committee of Sartorius Stedim Biotech. They are determined by the Remuneration Committee of Sartorius AG.

Within this scope, the Remuneration Committee is consulted by the Board of Directors on any proposal concerning:

- The total budget allocated to directors' fees and the terms of allocation thereof, taking into account the actual presence of the Directors at Board meetings and possibly at Committees meetings.
- The fixed remuneration for corporate officers and the terms of variable remuneration.
- The general policy on the granting of share subscription options, share purchase options or free allotment of company shares.
- Its policy of Directors' nomination or renewal.

Limitations on the Powers of the Chairman and Chief Executive Officer

On June 29, 2007, the Board of Directors voted to combine the functions of Chairman and Chief Executive Officer without any limitations on powers other than those included in the internal regulations of the Board of Directors, which are mainly strategic investment projects and any transactions, especially acquisitions or disposals, which may lead to a material profit and loss impact. This procedure concerns operations above one million euros. This corporate governance structure, adopted by an overwhelming majory of French companies that have a Board of Directors, allows simplifying the operational management of the company in order to further increase its efficiency, while taking into account the presence of controlling shareholders of the company's capital as well as the continued application by the company of the best principles of corporate governance.

Remuneration of Senior Executive and Senior Non-Executive Board Members ("Mandataires sociaux")

The total remuneration, including all benefits paid during the year to each senior executive (Chairman of the Board of Directors, Chief Executive Officer, Directors) including share-based payments, is disclosed in the Corporate Governance Report of the Sartorius Stedim Biotech Group.

A Remuneration Committee has been set up to review the remuneration of Board of Directors' executive members. Furthermore, the Remuneration Committee is also responsible for checking the annual directors' fees paid to directors.

Mr Joachim Kreuzburg's and Mr Reinhard Vogt's remuneration are determined annually by the Sartorius AG's Supervisory Board. Their remuneration consists of fixed and variable components and is in line with their respective areas of responsibility. The variable portion contains short-, mid- and long-term components. The short-term components are paid out every year. The mid term component is paid out every three years based on the average of the achieved target for the three-year term. The long term component is comprised of a phantom stock plan that is subject to risk. This remuneration component depends on the development of the Sartorius AG share price over a period of at least four (formerly three years) years and is payable only if this price exceeds at least 7.5% (formerly 10%) per year relative to the time the phantom stock was assigned or if the share price

outperformed the TecDAX® as a comparative index. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned. The use of a component that is designed to have a long-term incentive effect and entails risk is a recommendation adopted from the German and French Corporate Governance Codes. To date, no payment has been made to Mr Joachim Kreuzburg or Mr Reinhard Vogt according to this phantom stock plan.

A part of this remuneration is cross charged annually to the Sartorius Stedim Biotech Group.

The remuneration for Mr Oscar-Werner Reif and Mr Volker Niebel is discussed within the Remuneration Committee and subsequently voted on by the Annual Shareholders' Meeting of Sartorius Stedim Biotech GmbH, with which Mr Oscar-Werner Reif and Mr Volker Niebel have employment contracts. Their remuneration consists of fixed and variable components and is in line with their respective degrees of responsibility.

Internal Control Procedures

Introduction

The objectives defined by the Chairman for the internal control system of Sartorius Stedim Biotech are as follows:

- Prevent risks that would endanger the quality of the assets of Sartorius Stedim Biotech or even its existence;
- Ensure that the executive management activities, the transactions completed and the conduct of employees comply with the guidelines defined by executive management, applicable laws and regulations, the fundamental values, standards and internal rules of the business and the ethical codes and conventions of the healthcare industry;
- Ensure that accounting and financial information and management data provided to the executive management of the company accurately reflect the operations of Sartorius Stedim Biotech;
- Prevent risks arising from operations, errors or fraud, especially in the accounting and financial area.

Scope of Internal Control

The internal control system described covers the parent company and its affiliates.

Components of Internal Control

Environment for Internal Control

The core of any business is its people (their individual attributes, including integrity, ethical values and expertise) and the environment in which they operate. They are the engine that drives the organization and the foundation that supports the company.

Risk Assessment Process – Risk Mapping

The company must be aware of, and deal with, the risks it faces. It must set itself objectives and integrate them into its sales, production, marketing, financial and other activities so that the organization operates in concert. It must also establish mechanisms to identify, analyze and manage the related risks.

Control Activities

These control activities are undertaken at every level of the Group to ensure that internal control is efficient: checking the accuracy, completeness, authorization, validation and recording of transactions and ensuring that different people discharge different duties so as to reduce the risk of errors or fraud.

Information and Communication

The availability of accurate, reliable and complete information is essential both to achieve business objectives and to enable proper reporting to all parties concerned in compliance with the applicable laws and regulations.

Monitoring, Control and Management

Responsibilities and authorities must be defined and understood at all levels of a company for internal control to function effectively. Duties must be assigned in such a way that a person's work is always checked and approved by a different person. Where the size of the local unit concerned permits, responsibility for initiating, authorizing, recording and processing transactions must always be assigned to different individuals.

Unit management is responsible for maintaining internal checks and internal control at all times.

Internal Controlling Roles

Executive Management

The Chairman and Chief Executive Officer is responsible for the internal control system and management at all levels. He is also responsible for the development, operation, monitoring and management of the internal control and controlling systems and for providing the necessary assurances that these steps have been implemented.

Audit Committee

The Audit Committee is responsible for carrying out any necessary reviews and evaluations of the internal controlling procedures, including those relating to financial information, and also assists with the preparation of the Group's consolidated financial statements. For further information about the Audit Committee.

Risk Management

The Sartorius Stedim Biotech Group is inevitably exposed to a wide variety of risks by the nature of its operations around the world. Accordingly, an internal risk management system has been set up to help identify, assess and manage these risks efficiently. Within this risk management system, an ad hoc committee comprised of representatives of different departments regularly studies current issues of risk management. This enables the committee to provide executive management with an overview of the risk to which the company is exposed, enabling it to take appropriate action when required.

Internal Auditing Department

The Internal Auditing Department is in charge of monitoring the effectiveness and suitability of risk management and the internal control system in Sartorius Stedim Biotech Group companies, as well as compliance of all activities and processes with internal and external rules and standards. It provides independent auditing and consulting services that focus primarily on compliance with all relevant legal provisions and the improvement of business processes at the company. To ensure the independence of the internal auditors, the Audit Committee receives at least once a year a report from the Internal Auditing Department on the work they have done (according to the audit plan established by this committee) and their findings with regard to Group affiliates.

Finance and Controlling Departments

The Finance and Controlling Departments track and monitor operations and projects to optimize the Group's profitability and cash flow, providing both internal and external stakeholders with reliable information.

These two departments define the Group's accounting rules and methods and its principle financial processes (five-year business plan, budget, etc.) as well as reporting tools, in order to monitor the day-to-day business.

Procedures for Preparing the Group Financial Statements and Other Accounting and Financial Information

The accounts of affiliates are prepared in accordance with the Group's accounting policies. The data is then adjusted, where necessary, to produce company accounts that comply with the applicable local legal and tax provisions. Integrated consolidation software is used both for management reporting purposes and to produce the Group financial statements.

Since 2013, the Group has decided to implement a hard close process as of 30 November in order to anticipate and improve the annual audit.

Accounting Standards

The consolidated financial statements are prepared in accordance with IFRS accounting standards as currently adopted by the European Union. The consolidated financial statements comply with accounting rules and methods as detailed in the Notes to the Consolidated Financial Statements.

Roles of the Group's Finance and Controlling Departments

The Finance and Controlling Departments check the quality of the reporting packages submitted by affiliates, focusing primarily on the following elements: checking corporate data and consolidated adjustments entered locally, inter-company eliminations, the accounting treatment of non-recurring transactions for the reporting period, and verifying principal movements between the opening and closing balance sheets to prepare the cash flow statement.

The Finance Department also verifies the results of procedures, including currency translation, intercompany eliminations, etc.

Key points of review include the preparation and validation of the statement of changes in shareholders' equity and the cash flow statement.

Financial Information and Reporting

The Group's rules and procedures in relation to financial reporting and accounting are set out in the Accounting and Reporting Manual. Application of and compliance with these principles, rules and procedures are the direct responsibility of the finance director of each affiliate. They must ensure that information provided via the Management Information System complies fully with all applicable disclosure requirements.

Executive Management reviews the effectiveness of the internal controlling of financial reporting regularly. In particular, it verifies that transactions have been recorded consistently, in accordance with IFRS international accounting standards as applied by the Group and as set out in the Accounting and Reporting Manual, in order to ensure the pertinence of transactions and assets recognized within the times set.

Internal Control in 2016

From an internal control perspective, the Group focused on the following this year:

Code of Conduct and Anti-Corruption Code

The collaborators can consult the Sartorius Code of Conduct and the Sartorius Anti-Corruption Code, the initial training process has been closed and transferred to controlled operation.

These codes are subject to reviews and revisions depending on the evolution of the Law. In addition, all employees of the Company and of the Group are aware of these codes and have to ensure compliance with them on a daily basis.

Corporate transactions

The Company complies with the recommendation of the Autorité des Marchés Financiers of 3 November 2010 and with the AFET-MEDEF Code. Thus, transactions involving the purchase or sale of the company's securities or financial instruments are prohibited during the periods between, the date on which the managers, persons treated as managers, and any person who has regular or occasional access to privileged information is aware of precise information on the course of business or prospects which, if made public, could have a significant influence on the price; and the date on which the information is made public.

In addition they are also prohibited for a period of:

- fifteen calendar days prior to the date of publication of the annual and semi-annual financial statements of the Company,

- fifteen calendar days, preceding the date of publication of the quarterly information, this day included.

The Company prepares and distributes at the beginning of each calendar year a schedule setting out the periods during which trading in the Company's securities is prohibited, specifying that the days indicated don't prejudge the existence of other closed periods resulting from the knowledge of specific information which directly or indirectly concerns the Company, which, if it were made pubic, could have a significant influence on the share price of the Company's shares.

In accordance with the recommendations of the AFEP-MEDEF Code (paragraph 23.2.4) and the Autorité des Marchés Financiers recommendation n° 2010-07 of 3 November 2010, hedging transactions of any kind, on the Company's shares, with regards to stock options are prohibited.

Mid-term Prospects

The Group will continue to work on Internal Control issues by strengthening its approach to risk mapping and risk management. This process will be based on elements of the AMF Internal Control Reference Framework.

In addition the process of defining mandatory minimum standards of internal controls applying to all Group companies has been followed by publishing the Group Internal Controls Handbook and will be pursued further in 2016.

Aubagne, 16 February 2017

The Chairman

Mr Joachim Kreuzburg

Remuneration of the Executive and Non-executive Members of the Board

Information about the Remuneration of the Executive Board Members

Some elements and parameters of the remuneration of the Executive Board Members differ between those members who are at the same time members of the Executive Board of the major shareholder Sartorius AG and those members who are not. Those who are members of Sartorius AG´s Executive Board receive their fixed and variable remuneration from Sartorius AG. A portion of their fixed remuneration is charged to Sartorius Stedim Biotech S.A., reflecting their role as Directors of the Company. This portion is defined in the scheme for Director´s meeting attendance fees, which is part of the bylaws of the Company. A further portion of their total remuneration is charged to the SSB Group for their management services based on their proportional work for Sartorius Stedim Biotech (please refer also to section "Related Parties" of the "Financial Statements and Notes"). This allocation key is applied to all components of their remuneration.

1. Remuneration of Executive Members of the Board who are members of the Executive Board of the major shareholder Sartorius AG (Joachim Kreuzburg | Reinhard Vogt)

General and Fixed Remuneration

The total amount of the remuneration of an Executive Board member of Sartorius AG reflects the scope of the responsibilities of the Executive member concerned, the Executive member's personal performance, the company's economic situation and sustainable progress. In addition, this amount is benchmarked with those at peer companies and with the vertical remuneration structure within the company as well as at peer companies. Remuneration is comprised of both fixed non-performance-based components and of variable performance-based components, and is reviewed annually to ensure that it remains appropriate. The variable performance-based remuneration components consist of those to be paid annually and of multi-year components intended to have a long-term incentive. Fixed non-performance-based remuneration is paid in the year in which it is granted. For 100% target achievement, the variable annual and long-term performance-based components generally represent half of total remuneration, which excludes pension commitments under a defined benefit plan as well as fringe benefits. The targets set for the performance-based remuneration refer to financial key figures of the Sartorius Group in which the Sartorius Stedim Biotech Group is fully consolidated. Specifically, Sartorius Stedim Biotech represents approx. 80% of the business and assets of the Sartorius Group. Therefore, the development of Sartorius Stedim Biotech has a significant influence on the financial results of the Sartorius Group and thus on the variable remuneration of Sartorius AG´s Executive Board members who also are executive members of the Board of Sartorius Stedim Biotech. However, all components of the remuneration of those members described below refer to parameters and financial key figures of the Sartorius Group in total.

Variable Remuneration

The variable portion of this remuneration contains components that are paid annually (subordinate targets measured against sales revenue | order intake, underlying EBITDA and ratio of net debt to EBITDA) and components determined by multi-year assessment (measured against consolidated net profit and the phantom stock plan). The components to be annually paid and the elements determined by multi-year assessment each make up one half of the target achievement that is possible. A cap is provided for all variable components to be paid.

Of the total that can be awarded for 100% target achievement, the subordinate targets of the components to be annually paid are weighted as follows: sales revenue | order intake 15%; underlying EBITDA 20%; and ratio of net debt to underlying EBITDA 15%. The subordinate targets constituted by consolidated net profit and the phantom stock plan as components determined by multi-year assessment are each weighted at 25%.

a) Annually paid variable remuneration

The portion of the variable remuneration that is to be paid annually depends on the degree to which the target is achieved, which the Supervisory Board of Sartorius AG defines by setting each individual subordinate target. Thus, target achievement is subdivided into the previously mentioned three subordinate targets, which are each separately paid.

Sales Revenue | Order Intake

If the degree of target achievement is below 90%, no remuneration is paid. If 90% is achieved, 50% of the sum awarded is paid out. Thereafter, payment increases linearly up to a target achievement of 104%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

underlying EBITDA

If the degree of target achievement is below 70%, no remuneration is paid. If 70% is achieved, 70% of the sum awarded is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Ratio of Net Debt to underlying EBITDA

No remuneration is paid if the ratio of net debt to underlying EBITDA achieved is below the lower limit defined. If this defined value is achieved, 50% of the sum award-ed is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

b) Variable remuneration with multi-year components

On the one hand, components determined by multi-year assessment depend on the degree to which the target is achieved, which the Supervisory Board of Sartorius AG defines by setting the subordinate target constituted by consolidated net profit. On the other hand, these multi-year components depend on the value of the monetary sum ascribed to the Executive Board member at the beginning of each year.

Consolidated Net Profit

For this subordinate target, the basis for assessment is the consolidated net profit after non-controlling interest excluding amortization (amortization of the value of intangible assets, such as customer databases or patents, which results from purchase price allocation within the scope of business combinations pursuant to IFRS 3). Target achievement for assessing annual variable remuneration is based on the average taken over a period of three fiscal years, beginning with the present fiscal year. To smooth the amounts to be paid out, a partial payment amounting to 50% of the target achievement for a fiscal year will be effected. Any overpayments as a result of these partial payments will be offset in the following year against other remuneration components (fixed or variable). No partial payment will be made in the year prior to an Executive Board member's resignation. Full account is thus taken of any negative results, and the effects thereof continue to have an impact on the remuneration of the Executive Board member concerned even after he or she has left the company. If a defined minimum value is attained, payment of the awarded sum will increase linearly from 0% to a maximum of 120% of the subordinate target achievement value defined by the Supervisory Board. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Phantom Stock Plan

Only Joachim Kreuzburg and Reinhard Vogt are eligible to participate in a phantom stock plan because of their responsibilities at the Sartorius AG level.

Through the issue of shadow shares, called phantom stocks, these Executive Board members are treated as if they were owners of a certain number of shares in Sartorius AG, without, however, being entitled to receive dividends. The development of the value of these phantom stocks are linked with the development of the Sartorius share; both increases and decreases in the share price are taken into account. Later, this phantom stock is valuated based on the share price at the time and its equivalent is paid out, provided that the associated conditions are met. Phantom stocks cannot be traded and does not entail any share subscription rights.

According to the Sartorius phantom stock plan, each Executive Board member is credited at the beginning of every year with phantom stock units valued at an agreed monetary sum. The value of these phantom stocks can be paid out only as an entire annual tranche. Payment can be requested, at the earliest, after a period of four years and no later than after eight years.

An Executive Board member is entitled to receive payment for phantom stock units only if the share price at the time of the payment request has appreciated at least 7.5% per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The phantom stock plan rules out subsequent changes to the parameters used for comparative stock valuation. The amount to be paid is capped at a

maximum of 2.5 times the share price at the time the phantom stocks were assigned, based in each case on the actual annual tranche concerned.

Assignment of this phantom stock and payment of its monetary equivalent depend on the mean value calculated from the average prices of both classes of Sartorius AG shares until financial year 2015 and from 2016 from the average of the preference share in the closing auction of Xetra trading on the Frankfurt Stock Exchange over the last 20 days of trading of the previous year or over the last 20 days of trading prior to submission of the payment request. This serves to compensate for any short-term fluctuations in the share price.

Payment for phantom stocks is blocked for the four weeks preceding the scheduled publication date of quarterly and preliminary year-end results and for 20 days of trading on the stock exchange following the actual publication of quarterly and preliminary year-end results. These blackout periods are intended to prevent Executive Board members from profiting from their insider knowledge.

c) Pension Commitments

According to the company's remuneration policy, Executive Board members of Sartorius AG receive performance-related benefit commitments under a defined benefit plan when reappointed for the first time. In addition to including a basic pension, these commitments provide for the Executive Board member to make his own contribution from his variable earnings and for the company to match this contribution by a bonus amount. An Executive Board member may choose to receive such defined benefits in the form of a monthly retirement pension for old age or as a one-time payment to cover the member's retirement pension for old age and invalidity as well as in the form of survivor's benefits for the surviving spouse and children of the decedent.

Beyond such commitments, Joachim Kreuzburg is additionally entitled under a former company pension scheme to receive performance-based retirement benefits based on the salary of a German federal civil servant classified as grade 10 of salary class B for ministry officials according to the Federal Civil Service Remuneration Act [Bundesbesoldungsgesetz]. Such benefits are paid in the form of a retirement pension for old age and invalidity as well as in the form of survivors' benefits for the surviving spouse and children of the decedent.

After a member has turned 65, this shall be considered the regular age limit at which this member shall automatically be entitled to receive all such benefits.

d) Other Remuneration Components

The remuneration system provides that the Supervisory Board of Sartorius AG at its discretion may grant an Executive Board member special compensation based on that member's exceptional performance.

Severance Caps

The service contracts include a severance pay cap of a maximum of two annual salaries to cover cases in which Sartorius AG Executive Board membership is terminated prematurely. Potential amounts have to be paid by Sartorius AG.

Non-competition Clause

All Executive Board members of Sartorius AG have a post-contractual non-competition obligation, which is in accordance with German law. This obligation will last for two years after an Executive Board member has left the Group. During this time, if the non-competition clause is not waived or terminated, this Executive Board member may claim half of his most recent annual remuneration received from the company.

Fringe Benefits

The members of the Executive Board of Sartorius AG are each entitled to use a company car, reclaim expenses incurred on business travel and to be covered by accident insurance and D&O insurance as fringe benefits in addition to receiving the remuneration components mentioned. The D&O insurance provides for the application of a deductible or excess in the amount required by law.

Share-based Payment

The remuneration policy for Executive Board members of Sartorius AG does not provide for the transfer of Sartorius AG shares as compensation for members. An exception to this was made in December 2014 for Joachim Kreuzburg.

Joachim Kreuzburg's third appointment as a member of the Executive Board and its Chairman and CEO expired on November 10, 2015. By resolution of the Supervisory Board on December 16, 2014, Joachim Kreuzburg was reappointed as a member of the Executive Board and its Chairman and CEO of the company for the term of November 11, 2015, to November 10, 2020. His employment contract that entered into force on November 11, 2015, provides for granting Joachim Kreuzburg 25,000 ordinary shares and 25,000 preference shares in the company as a supplementary compensation component. These shares were transferred to him on December 18, 2015 and are thus considered granted in 2015. Since these shares were subject to a share split in 2016 with the ratio of 1 to 4, they are now amounting to 100,000 shares of each class of shares. The shares transferred are subject to a holding period that will end on November 10, 2019. Should Joachim Kreuzburg leave the company prior to November 11, 2017, at his own request, he shall be required to transfer all such shares back to the company; if Joachim Kreuzburg leaves the company after November 11, 2017, and before November 11, 2019, at his own request, Joachim Kreuzburg shall be required to transfer half of the shares granted to him back to the company. The amount resulting since December 16, 2014, for the shares granted are to be spread as an employee benefits expense over the full vesting period and recognized as such in profit or loss. In fiscal 2015, an amount of €542 K was accordingly recognized in the accounts of Sartorius Stedim Biotech.

2. Remuneration of Executive Members of the Board who are only part of the Sartorius Stedim Biotech Group (Oscar-Werner Reif | Volker Niebel)

General and Fixed Remuneration

The total amount of the remuneration of an executive member reflects the role as a Director of the company and the scope of the responsibilities of the executive member concerned, the executive member's personal performance, the company's economic situation and sustainable progress. In addition, this amount is benchmarked with those at peer companies and with the vertical remuneration structure within the company as well as at peer companies. The remuneration is comprised of both fixed and variable components and is reviewed annually to ensure that it remains appropriate. In the case of 100% target achievement, the variable remuneration components represent approximately half of the total remuneration, excluding fringe benefits. A portion of the fixed component is allocated to the role as a Director of the company. This portion is defined in the scheme for Director´s meeting attendance fees, which is part of the bylaws of the company.

The variable portion of this remuneration contains components that are paid annually and a component determined by a multi-year assessment.

a) Annually paid variable remuneration

The portion of the variable remuneration that is to be paid annually depends on the degree to which the target is achieved. Thus, target achievement is subdivided into the previously mentioned three subordinate targets, which are each separately paid.

Sales Revenue | Order Intake

If the degree of target achievement is below 90%, no remuneration is paid. If 90% is achieved, 50% of the sum awarded is paid out. Thereafter, payment increases linearly up to a target achievement of 104%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

EBITDA

If the degree of target achievement is below 70%, no remuneration is paid. If 70% is achieved, 70% of the sum awarded is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Ratio of Net Debt to EBITDA

No remuneration is paid if the ratio of net debt to EBITDA achieved is below the lower limit defined. If this defined value is achieved, 50% of the sum awarded is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the sum awarded is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

b) Long-term incentive

For this subordinate target, the basis for assessment is the consolidated net profit after non-controlling interest excluding amortization (impairment of the value of intangible assets, such as customer databases or patents, which results from purchase price allocation within the scope of business combinations pursuant to

IFRS 3). Target achievement for assessing annual variable remuneration is based on the average taken over a period of three fiscal years, beginning with the present fiscal year. To smooth the amounts to be paid out, a partial payment amounting to 50% of the target achievement for a fiscal year will be effected. Any overpayments as a result of these partial payments will be offset in the following year against other remuneration components (fixed or variable). No partial payment will be made in the year prior to an Executive Board member's resignation. Full account is thus taken of any negative results, and the effects thereof continue to have an impact on the remuneration of the Executive Board member concerned even after he or she has left the company. If a defined minimum value is attained, payment of the awarded sum will increase linearly from 0% to a maximum of 120% of the subordinate target achievement value defined by the Supervisory Board. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Severance Cap

Oscar-Werner Reif's contract includes a severance pay cap of a maximum of two annual salaries. Potential amounts would be paid by Sartorius Stedim Biotech GmbH. Volker Niebel is employed by Sartorius Stedim Biotech GmbH according to a German labor contract. In case of termination, German labor laws would apply to a potential severance to be due, amounting to half of his monthly salary, based on the total package, per year of employment as a minimum.

Non-competition Clause

All executive directors have a post-contractual non-competition obligation, which is in accordance with German law because Sartorius Stedim Biotech S.A. is controlled by a German company. This obligation will last for two years after a director has left the Group. During this time, if the non-competition clause is not waived or terminated, this director may claim half of his most recent annual remuneration received from the company.

Fringe Benefits

The executive members are each entitled to use a company car, reclaim expenses incurred on business travel and to be covered by accident insurance and D&O insurance as fringe benefits in addition to receiving the remuneration components mentioned.

Tables Summarizing the Remuneration and Options and Shares Granted to Each Executive Board Member

Joachim Kreuzburg
(Chairman of the Board and Chief Executive Officer)

€ in K	**Year 2016**	Year 2015
Remuneration due	3,196	3,439
Valuation of options granted during the reporting period	0	0
Valuation of the performance of shares granted in previous years	0	402
Total	**3,196**	**3,841**

The amount cross-charged by the company Sartorius AG to the Sartorius Stedim Biotech Group concerning Joachim Kreuzburg is €1.404 K, the amount charged to Sartorius Stedim Biotech S.A. is submitted to the vote of the Annual Shareholders' Meeting in accordance with the AFEP-MEDEF code and amounted to €702 K.

Volker Niebel
(Executive Vice President of Operations and IT)

€ in K	**Year 2016**	Year 2015
Remuneration due	732	716
Valuation of options granted during the reporting period	0	0
Valuation of the performance of shares granted in previous years	0	0
Total	**732**	**716**

Oscar-Werner Reif
(Executive Vice President of Research and Development)

€ in K	**Year 2016**	Year 2015
Remuneration due	729	713
Valuation of options granted during the reporting period	0	0
Valuation of the performance of shares granted in previous years	0	0
Total	**729**	**713**

Reinhard Vogt
(Executive Vice President of Marketing, Sales and Services)

€ in K	**Year 2016**	Year 2015
Remuneration due	1,108	1,201
Valuation of options granted during the reporting period	0	0
Valuation of the performance of shares granted in previous years	0	244
Total	**1,108**	**1,445**

The amount cross-charged by the company Sartorius AG to the Sartorius Stedim Biotech Group concerning Reinhard Vogt is €1.060 K, the amount charged to Sartorius Stedim Biotech S.A. is submitted to the vote of the Annual Shareholders' Meeting in accordance with the AFEP-MEDEF code and amounted to €530 K

.

Pension Commitments:

	Expected pension	**Present value of obligation**		**Service cost (IFRS)**	
in T€	p. a.	**31.12.2016**	31.12.2015	**2016**	2015
Dr. Joachim Kreuzburg	235	2,741	2,143	233	234
Reinhard Vogt	39	475	351	96	71
	274	**3,216**	**2,494**	**329**	**305**

Summary of the Remuneration for Each Executive Board Member

Joachim Kreuzburg[1]
(Chairman of the Board and Chief Executive Officer)

	Year 2016		Year 2015	
€ in K	**Amounts due**	**Amounts paid**	Amounts due	Amounts paid
Fixed remuneration	800	800	726	726
Variable remuneration				
Annually paid	418	436	436	373
Long-term incentive	1,963	574	2664	490
Exceptional remuneration				
Director's attendance fees				
Benefits in kind[2]	15	15	15	15
Total	**3,196**	**1,825**	**3,841**	**1,604**

[1] Joachim Kreuzburg receives his salary from Sartorius AG for his duties performed for the entire Sartorius Group. His remuneration is determined annually by the Supervisory Board of Sartorius AG.
[2] Company car

Volker Niebel[1]
(Executive Vice President of Operations and IT)

	Year 2016		Year 2015	
€ in K	**Amounts due**	**Amounts paid**	Amounts due	Amounts paid
Fixed remuneration	360	360	330	330
Variable remuneration				
Annually paid	290	297	297	256
Long-term incentive	71	71	78	54
Exceptional remuneration				
Director's attendance fees				
Benefits in kind[2]	11	11	11	11
Total	**732**	**739**	**716**	**651**

[1] Volker Niebel receives his salary from Sartorius Stedim Biotech GmbH for his duties performed for the Sartorius Stedim Biotech Group.
[2] Company car

Oscar-Werner Reif[1]
(Executive Vice President of Research and Development)

	Year 2016		Year 2015	
€ in K	**Amounts due**	**Amounts paid**	Amounts due	Amounts paid
Fixed remuneration	360	360	330	330
Variable remuneration				
Annually paid	290	297	297	256
Long-term incentive	71	71	78	54
Exceptional remuneration				
Director's attendance fees				
Benefits in kind[2]	8	8	8	8
Total	**729**	**736**	**713**	**648**

[1] Oscar-Werner Reif receives his salary from Sartorius Stedim Biotech GmbH for his duties performed for the Sartorius Stedim Biotech Group.
[2] Company car

Reinhard Vogt[1]
(Executive Vice President of Marketing, Sales and Services)

	Year 2016		Year 2015	
€ in K	**Amounts due**	**Amounts paid**	Amounts due	Amounts paid
Fixed remuneration	500	500	440	440
Variable remuneration				
Annually paid	262	264	264	226
Long-term incentive	326.7	349	722	300
Exceptional remuneration				
Director's attendance fees				
Benefits in kind[2]	19	19	19	19
Total	**1,108**	**1,132**	**1,445**	**985**

[1] Reinhard Vogt receives his salary from Sartorius AG for his duties performed for the entire Sartorius Group. His remuneration is determined annually by the Supervisory Board of Sartorius AG.
[2] Company car

Information about the Remuneration of the Non-executive Board Members

The remuneration for non-executive board members is defined in the Board of Directors internal rules of Sartorius Stedim Biotech S.A. and comprises fixed remuneration, meeting attendance fees and reimbursement of out-of-pocket expenses. Members also serving as a member of a committee of the Board receive higher fixed remuneration.

Table on Directors' Meeting Attendance Fees and Other Remuneration Received by Non-executive Board Members

€ in K	**Year 2016**	Year 2015
Liliane de Lassus		
Director's attendance fees	49.8	51.0
Other remuneration		
Bernard Lemaître		
Director's attendance fees	49.8	49.8
Other remuneration		
Arnold Picot		
Director's attendance fees	53.8	55.0
Other remuneration		
Henri Riey		
Director's attendance fees	53.8	55.0
Other remuneration		
Susan Dexter		
Director's attendance fees	38.6	36.2
Other remuneration		
Anne-Marie Graffin		
Director's attendance fees	38.6	36.2
Other remuneration		
Total	**284.4**	**283.2**

Performance Shares Available for Each Board Member

Performance shares available for each corporate officer

Performance shares available for each corporate officer1)	Date of the plan	Number of shares available during the reporting period	Acquisition conditions
Joachim Kreuzburg		Not applicable	
Volker Niebel		Not applicable	
Oscar-Werner Reif		Not applicable	
Reinhard Vogt		Not applicable	
Liliane de Lassus		Not applicable	
Bernard Lemaître		Not applicable	
Arnold Picot		Not applicable	
Henri Riey		Not applicable	
Total			

1) The performance shares are bonus shares allocated to the Board members within the framework of the L225-197-1 articles and following of the commercial law, and which are subjected to additional requirements laid down by the recommendations AFEP/MEDEF of October 2008.

Performance Shares Granted to Board Members

There is no performance share program in place for the board members of Sartorius Stedim Biotech S.A.

The information provided in the table below refers to the phantom stock plan of Sartorius AG. This plan only relates to Joachim Kreuzburg and Reinhard Vogt who are Executive Board members of Sartorius AG.

Performance shares granted by the AGM during the reporting period to any corporate officer by the issuer or any other company of the Group	Date of the plan	Number of shares granted during the year	Valuation of the shares according to the consolidated accounts methodology	Date of acquisition	Date of availability	Performance conditions[1)]
Joachim Kreuzburg		3,484	192	Jan. 1, 2016	Jan. 1, 2020	
Volker Niebel						
Oscar-Werner Reif						
Reinhard Vogt		2,176	120	Jan. 1, 2016	Jan. 1, 2020	
Liliane de Lassus						
Bernard Lemaître						
Arnold Picot						
Henri Riey						
Total		**5,660**	**312**			

	2016 € in K	2015 € in K
Total	**1,668**	**2,731**
Phantom Stocks	312	1,375
Sartorius AG shares granted	1,356	1,356
Dr. Joachim Kreuzburg	**1,548**	**2,212**
Phantom Stocks	192	856
Sartorius AG shares granted	1,356	1,356
Reinhard Vogt	**120**	**519**
Phantom Stocks	120	519
Sartorius AG shares granted	0	0

	Number of phantom stock units	Subscription price in €	Fair value when granted on Jan. 1 of the particular year € in K	Fair value at year-end on Dec. 31, 2015 € in K	**Fair value at year-end on Dec. 31, 2016 € in K**	Paid out € in K	Change in fair value in 2016	Exercisable
Dr. Joachim Kreuzburg								
Tranche of phantom stock units for 2012	17,664	8.28	146	365	0	365	0	paid out in 2016
Tranche of phantom stock units for 2013	9,156	17.34	159	397	397	0	0	no
Tranche of phantom stock units for 2014	8,032	21.01	169	422	422	0	0	no
Tranche of phantom stock units for 2015	7,360	24.70	182	454	454	0	0	no
Total tranches previous years	**42,212**		**656**	**1,638**	**1,273**	**365**	**0**	
Tranche of phantom stock units for 2016	3,484	57.41	200	0	192	0	–8	no
Total	**45,696**		**856**	**1,638**	**1,465**	**365**	**–8**	
Reinhard Vogt								
Tranche of phantom stock units for 2012	10,796	8.28	89	223	0	223	0	paid out in 2016
Tranche of phantom stock units for 2013	5,588	17.34	97	242	242	0	0	no
Tranche of phantom stock units for 2014	4,880	21.01	103	256	256	0	0	no
Tranche of phantom stock units for 2015	4,456	24.70	110	275	275	0	0	no
Total tranches previous years	**25,720**		**399**	**996**	**773**	**223**	**0**	
Tranche of phantom stock units for 2016	2,176	57.41	125	0	120	0	–5	no
Total	**27,896**		**524**	**996**	**893**	**223**	**–5**	

Stock Options Granted During the Reporting Period to the Board Members by the Issuer or Any Other Company of the Group

Not applicable

Stock Options Exercised During the Reporting Period by Each Board Member

Not applicable

Stock Options Granted | Historical Information

Not applicable

Stock Options Granted to the Top Ten Non-corporate Officers and Exercised by Them

Not applicable

Corporate officer	Employment contract		Additional pension plan		Indemnities or compensation due with regard to termination of contracts or positions		Non-competition clause indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Joachim Kreuzburg CEO and Chairman	[1]		[3]		2,700		675	
Volker Niebel	[2]			None	350		300	
Oscar-Werner Reif	[2]			None	800		300	
Reinhard Vogt	[1]		[3]		1,640		410	

Additional Information about the Executive Board Members

Joachim Kreuzburg and Reinhard Vogt have a service contract (without social security components) with Sartorius AG for their duties performed as members of the Executive Board of the major shareholder Sartorius AG. This is standard practice in Germany. The contracts include a cap regarding potential severance payments at the maximum of a two years annual remuneration. Furthermore there is a post-contractual non-competition clause obligation, that will last for two years after an Executive Board member has left the Group. During this time, if the non-competition clause is not waived or terminated, this Executive Board member may claim half of his most recent annual remuneration received from the company.

Additionally there is a general pension plan in place at the Sartorius AG level for Joachim Kreuzburg and Reinhard Vogt. The level of their entitlement to benefits paid under a company pension plan depends on their respective tenure.

Oscar-Werner Reif and Volker Niebel have an employment contract with Sartorius Stedim Biotech GmbH. These contracts include a post-contractual non-competition obligation that will last for two years after the have left the Group. During this time, if the non-competition clause is not waived or terminated, they may claim half of his most recent annual remuneration received from the company.

Furthermore Oscar-Werner Reif's contract includes a severance pay cap of a maximum of two annual salaries. Volker Niebel's contract does not include any regulations regarding potential severance payments.

Statutory Auditors' Report Prepared in Accordance with Article L. 225-235

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2016

To the shareholders,

In our capacity as Statutory Auditors of Sartorius Stedim Biotech S.A., and in accordance with Article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code ("Code de commerce"), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;

- obtaining an understanding of the work involved in the preparation of this information and existing documentation;

- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code ("Code de Commerce").

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code ("Code de commerce").

Marseille, February 17, 2017

The Statutory Auditors
French original signed

KPMG Audit A division of KPMG S.A.	Deloitte & Associés
John Evans Partner	Christophe Perrau Partner

Independent Auditors' Fees

Principal Independent Auditors

KPMG S.A.

480, avenue du Prado – CS 90021 – 13272 Marseille Cedex 08 – France

Represented by John Evans.

First commissioned by the Combined General Shareholders' Meeting on 7 April 2015.

Date commission expires: 2021 Annual General Shareholders' Meeting to approve the 2020 financial statements.

Member ofthe Compagnie régionale de Versailles.

Deloitte et Associés

10, Place de la Joliette – Les Docks – Atrium 10.4 – BP 64529 - 13567 Marseille Cedex 02 – France

Represented by Christophe Perrau.

First commissioned by the Annual General Shareholders' Meeting on 19 May 2006.

Date commission expires: 2018 Annual General Shareholders' Meeting to approve the 2017 financial statements.

Member of the Compagnie régionale de Versailles.

Independent Auditors' Fees

	KPMG				Deloitte			
€ in K	**2016**		2015		**2016**		2015	
Audit								
Independent audit, certification, parent company & consolidated financial statements								
Parent company	83	11.6%	56	7.8%	73	30.9%	75	27.0%
Subsidiaries	627	87.3%	510.8	71.1%	137	57.8%	161.4	58.1%
Services directly related to audit services								
Parent company								
Subsidiaries								
Subtotal	**710**	**98.9%**	**566.8**	**78.9%**	**210**	**88.8%**	**236.4**	**85.0%**
Other services								
Legal, tax, corporate	0	0.0%	1.8	0.3%	2	0.6%	10.5	3.8%
Information technology, other	8	1.1%	0	0.0%	25	10.6%	31.1	11.2%
Subtotal	**8**	**1.1%**	**1.8**	**0.3%**	**27**	**11.2%**	**41.6**	**15.0%**
Total	**718**	**100.0%**	**568.6**	**79%**	**236**	**100.0%**	**278**	**100%**

Substitute Independent Auditors

SALUSTRO REYDEL

3, cours du Triangle – Immeuble Le Palatin - 92939 Paris-La Défense Cedex — France

Represented by Jean-Claude Reydel.

First commissioned by the Annual General Shareholders' Meeting on 7 April 2015.

Date commission expires: 2021 Annual General Shareholders' Meeting to approve the 2020 financial statements.

Member of the Compagnie régionale de Versailles.

BEAS

7/9, Villa Houssay — 92200 Neuilly sur Seine — France

Represented by Alain Pons.

Commissioned by the Annual General Shareholders' Meeting on 19 May 2006.

Date commission expires: 2018 Annual General Shareholders' Meeting to approve the 2017 financial statements.

Member of the Compagnie régionale de Versailles.

Ernst & Young				Other				Total			
	2016		2015		**2016**		2015		**2016**		2015
		13	52.0%					156	14.1%	144	13.7%
		12	48.0%	118	76.3%	131.8	74.9%	881	79.5%	816	77.9%
		25	**100.0%**	**118**	**76.3%**	**131.8**	**74.9%**	**1,037**	**93.6%**	**960**	**91.6%**
		0		18	11.4%	17.7	10.1%	19	1.7%	30	2.9%
		0	0.0%	19	12.2%	26.5	15.1%	52	4.7%	57.6	5.5%
		0	**0.0%**	**37**	**23.7%**	**44.2**	**25.1%**	**71**	**6.4%**	**87.6**	**8.4%**
		25	**100%**	**155**	**100.0%**	**176**	**100%**	**1,109**	**100.0%**	**1,048**	**100%**

Consolidated Financial Statements and Notes

04

Statement of Profit or Loss and Other Comprehensive Income

	Notes	**2016 12 months € in K**	2015 12 months € in K
Sales revenue	[9]	1,051,611	884,331
Cost of sales		–524,791	–432,546
Gross profit on sales		**526,820**	**451,785**
Selling and distribution costs		–186,601	–167,191
Research and development costs		–47,536	–41,529
General administrative expenses		–56,471	–48,912
Other operating income and expenses	[11]	–10,296	–9,621
Earnings before interest and taxes (EBIT)		**225,916**	**184,532**
Financial income	[12]	1,884	2,854
Financial expenses	[12]	–14,815	–17,708
Financial result		**–12,931**	**–14,854**
Profit before tax		**212,985**	**169,678**
Income taxes	[13]	–57,108	–50,184
Net profit for the period		**155,877**	**119,494**
Attributable to:			
Equity holders of Sartorius Stedim Biotech		153,678	117,999
Non-controlling interest	[23]	2,199	1,495
Earnings per share (€)[1)]	[15]	1.67	1.28
Diluted earnings per share (€)[1)]	[15]	1.67	1.28

Other Comprehensive Income

	Notes	**2016 12 months € in K**	2015 12 months € in K
Net profit for the period		155,877	119,494
Cash flow hedges	[30]	–5,258	–1,392
of which effective portion of changes in fair value		–1,760	–9,320
of which reclassified to profit or loss		–3,498	7,928
Income tax on cash flow hedges	[18]	1,577	418
Net investment in a foreign operation[2)]		–3,240	–6,646
Income tax on net investment in a foreign operation	[18]	974	1,992
Foreign currency translation differences		385	21,840
Items that are or may be reclassified subsequently to profit or loss		**–5,562**	**16,212**
Remeasurements of the net defined benefit liabilities	[24]	–1,784	–195
Income tax on remeasurements of the net defined benefits liabilities	[18]	229	–7
Items that will not be reclassified to profit or loss		**–1,555**	**–202**
Other comprehensive income after tax		**–7,117**	**16,010**
Total comprehensive income		**148,760**	**135,504**
Attributable to:			
Equity holders of Sartorius Stedim Biotech		146,504	133,697
Non-controlling interest		2,255	1,807

[1)] Earnings per share for 2015 have been adjusted according to the increase in number of shares following the stock split (see chapter 22).
[2)] This caption refers to foreign exchange gains and losses in connection with intragroup loans granted on a long-term basis.

Statement of Financial Position

	Notes	**Dec. 31, 2016 € in K**	Dec. 31, 2015 € in K
Non-current assets			
Goodwill	[16]	344,777	336,959
Other Intangible Assets	[16]	144,018	143,349
Property, plant and equipment	[17]	261,464	222,875
Financial Assets		2,272	1,330
Other Assets		832	751
Deferred tax assets	[18]	10,754	10,042
		764,116	**715,306**
Current assets			
Inventories	[19]	171,057	146,970
Trade receivables	[20]	183,952	142,344
Other financial assets	[21]	8,543	8,362
Current tax assets		20,901	9,783
Other assets		12,524	11,541
Cash and cash equivalents		34,756	31,831
		431,733	**350,831**
Total assets		**1,195,849**	**1,066,137**
Equity			
Equity attributable to SSB S.A. shareholders		**758,005**	**641,441**
Issued capital	[22]	18,083	15,367
Capital reserves		231,526	235,231
Retained earnings (including net profit)		508,396	390,843
Non-controlling interest	[23]	**5,551**	**5,778**
		763,556	**647,219**
Non-current liabilities			
Pension provisions	[24]	34,219	31,737
Other provisions	[27]	3,083	3,278
Loans and borrowings	[25]	9,375	12,602
Finance lease liabilities	[29]	16,678	16,937
Other financial liabilities	[26]	55,792	51,488
Deferred tax liabilities	[18]	28,780	30,186
		147,928	**146,229**
Current liabilities			
Provisions	[27]	9,281	8,014
Trade payables	[28]	107,754	100,598
Loans and borrowings	[25]	74,677	87,214
Finance lease liabilities	[29]	1,592	1,506
Other financial liabilities	[28]	23,245	14,953
Employee benefits		28,619	26,374
Current tax liabilities		20,997	19,964
Other liabilities		18,200	14,067
		284,364	**272,689**
Total equity and liabilities		**1,195,849**	**1,066,137**

Statement of Cash Flows

	Notes	**2016 12 months € in K**	2015 12 months € in K
Profit before tax		212,985	169,678
Financial result	[12]	12,931	14,854
Earnings before interest and taxes (EBIT)		**225,916**	**184,532**
Depreciation	amortization of fixed assets	[16][17]	44,687	39,856
Increase	decrease in provisions	[24][27]	–449	–730
Income taxes paid	[13]	–65,717	–43,570
Other non-cash items		583	0
Gross cash flows from operating activities		**205,020**	**180,087**
Increase	decrease in receivables and other assets	[20][21]	–45,206	–11,466
Increase	decrease in inventories	[19]	–23,429	–32,428
Increase	decrease in liabilities	[26][28]	20,274	6,596
Net cash flow from operating activities		**156,659**	**142,789**
Acquisitions of intangible and tangible assets	[16][17]	–79,713	–52,985
Other payments		0	544
Net cash flow from investing activities		**–79,713**	**–52,441**
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	[8]	–23,020	–53,888
Net cash flow from investing activities and acquisitions		**–102,733**	**–106,329**
Changes in capital	[22]	–636	175
Interest received	[12]	129	129
Interest paid and other financial charges	[12]	–1,681	–2,937
Dividends paid to:			
- Shareholders of Sartorius Stedim Biotech SA		–30,734	–19,967
- Non-controlling interest		–795	–446
Gross cash flows from financing activities		**–33,717**	**–23,046**
Changes in non-controlling interest	[23]	0	–7,531
Proceeds from loans and borrowings raised	[25]	18,998	35,234
Repayments of loans and borrowings	[25]	–35,378	–31,891
Net cash flow from financing activities		**–50,096**	**–27,234**
Net increase	decrease in cash and cash equivalents		3,831	9,226
Cash and cash equivalents at the beginning of the period		31,831	18,543
Net effect of currency translation on cash and cash equivalents		–906	4,062
Cash and cash equivalents at the end of the period		**34,756**	**31,831**

The Notes to the Consolidated Financial Statements are an integral part of these statements.

Statement of Changes in Equity

€ in K	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Non-controlling interest	Total equity
Balance at Jan. 1, 2015	**15,359**	**235,047**	**–2,306**	**–9,461**	**279,473**	**14,333**	**532,444**	**6,653**	**539,097**
Net profit for the period	0	0	0	0	117,999	0	117,999	1,495	119,494
Cash flow hedges	0	0	–1,392	0	0	0	–1,392	0	–1,392
Remeasurements of the net defined benefit liabilities	0	0	0	–71	0	0	–71	–124	–195
Foreign currency translation differences	0	0	0	0	0	21,404	21,404	436	21,840
Net investment in a foreign operation	0	0	0	0	–6,646	0	–6,646	0	–6,646
Related deferred tax	0	0	418	–7	1,992	0	2,403	0	2,403
Other comprehensive income for the period	**0**	**0**	**–974**	**–78**	**–4,654**	**21,404**	**15,698**	**313**	**16,010**
Total comprehensive income	**0**	**0**	**–974**	**–78**	**113,345**	**21,404**	**133,697**	**1,807**	**135,504**
Stock options	8	184	0	0	0	0	192	0	192
Dividends	0	0	0	0	–19,967	0	–19,967	–446	–20,413
Changes in non-controlling interest	0	0	0	0	–5,064	0	–5,064	–2,235	–7,299
Other changes	0	0	0	0	139	0	139	0	139
Balance at Dec. 31, 2015 I Jan. 1, 2016	**15,367**	**235,231**	**–3,280**	**–9,539**	**367,926**	**35,736**	**641,441**	**5,779**	**647,220**
Net profit for the period	0	0	0	0	153,678	0	153,678	2,199	155,877
Cash flow hedges	0	0	–5,258	0	0	0	–5,258	0	–5,258
Remeasurements of the net defined benefit liabilities	0	0	0	–1,784	0	0	–1,784	0	–1,784
Foreign currency translation differences	0	0	0	0	0	328	328	57	385
Net investment in a foreign operation	0	0	0	0	–3,240	0	–3,240	0	–3,240
Deferred taxes	0	0	1,577	229	974	0	2,780	0	2,780
Other comprehensive income for the period	**0**	**0**	**–3,681**	**–1,555**	**–2,266**	**328**	**–7,174**	**57**	**–7,117**
Total comprehensive income	**0**	**0**	**–3,681**	**–1,555**	**151,412**	**328**	**146,504**	**2,255**	**148,760**
Stock options	0	0	0	0	0	0	0	0	0
Capital increase	3,069	–3,705	0	0	0	0	–636	0	–636
Dividends	0	0	0	0	–30,734	0	–30,734	–795	–31,529
Changes in non-controlling interest	0	0	0	–10	1,699	0	1,689	–1,689	0
Other changes	–353	0	0	122	–28	0	–259	0	–259
Balance at December 31, 2016	**18,083**	**231,526**	**–6,961**	**–10,982**	**490,276**	**36,064**	**758,005**	**5,551**	**763,556**

The increase in non-controlling interest in 2015 refers to the acquisition of additional shares in the company Sartorius Korea Biotech, in 2016 this caption contains the acquisition of the remaining shares in AllPure (please refer also to note 23).

The capital increase in 2016 refers to the stock split realized in 2016. Please refer to note 22 for further details.

Notes to the Financial Statements

1. General Information

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the biopharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management, cell culture media and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next-generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "Turning science into solutions."

Headquartered in Aubagne, France, Sartorius Stedim Biotech S.A. is listed on the Euronext Paris (ISIN code: FR 0000053266).

Sartorius Stedim Biotech S.A.'s ultimate parent company is Sartorius AG, headquartered in Goettingen, Germany, and listed at several German stock exchanges (ISIN codes: 0007165607 ordinary shares, 0007165631 preference shares).

In compliance with the European Regulation 1606/2002 of July 19, 2002, requiring listed companies to use International Accounting Standards, the consolidated financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2016, are compliant with the Standards and Interpretations IFRS and IFRIC of the IASB as adopted by the European Union, that are available at the following site:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The consolidated financial statements are prepared in euros. Unless otherwise specified, all amounts are disclosed in thousands of euros (abbreviated as € in K). In some cases, the sum of the figures given in this report may not precisely equal the stated totals and percentages may not be exact due to rounding.

These consolidated financial statements were approved by the Board of Directors on February 16, 2017 and will be submitted for approval by the Shareholders' Meeting on April 4, 2017.

2. Effects of New Financial Reporting Standards

The following new accounting rules were applicable for the first time to the present financial statements and had no impact on the presentation of the company's financial position and financial performance:

- Annual Improvements to IFRSs 2010 – 2012 Cycle (issued in December 2013)

Under the Annual Improvements project changes to seven standards were implemented. These amendments are supposed to clarify the existing regulations. Additionally those changes have an impact on disclosures. The affected standards are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

- Annual Improvements to IFRSs 2012 – 2014 Cycle (issued in September 2014)

This cycle concerns the standards IFRS 5, IFRS 7, IAS 19 and IAS 34.

- Amendments to IAS 1 (Disclosure Initiative)

These changes apply to various disclosure topics. It is clarified that disclosures in the notes are only required if the content is significant.

- Amendments to IAS 16 and 38 (Clarification of Acceptable Methods of Depreciation and Amortization)

These amendments provide guidance on the determination of an appropriate depreciation method. Methods based on revenue are generally not applicable to tangible assets, to intangible assets only in exceptional cases.

- Amendments to IAS 16 and 41 (Agriculture: Bearer Plants)

According to these changes bearer plants should be treated as property, plant & equipment in future.

- Amendments to IAS 19 (Employee Contributions)

The amendments clarify the regulations on the accounting of employee contributions in respect of service.

– Amendments to IAS 27 (Equity-Methods in Separate Financial Statements)

This change reinforces the equity method as an alternative accounting treatment for shares in affiliated companies, joint ventures and associated entities in the individual financial statements of an investor.

– Amendments to IFRS 10, IFRS 12, and IAS 28 (Investment Entities: Applying the Consolidation Exception)

The amendments clarify which subsidiaries of investment entities have to be consolidated and which subsidiaries are to be carried at fair value.

– Amendments to IFRS 11 (Accounting for Acquisitions of Interests in Joint Operations)

In this project it was concluded that the most appropriate approach to account for the acquisition of an interest in a joint operation that is a business is to apply the relevant principles for business combinations in IFRS 3.

The following standards, interpretations and amendments were not yet applied to the consolidated financial statements of the reporting year as they had not yet been adopted by the EU or their application was not obligatory for 2016:

Standard | Interpretation	Title	Applicable for financial years from[1)]	Endorsement by the EU Commission
IFRS 14	Regulatory Deferral Accounts	January 1, 2016	No
Amendments to IFRS 12	Annual Improvements to IFRSs 2014 –2016 Cycle (issued in Dec. 2016)	January 1, 2017	No
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017	No
Amendments to IAS 7	Disclosure Initiative	January 1, 2017	No
Amendments to IFRS 1 and IAS 28	Annual Improvements to IFRSs 2014 –2016 Cycle (issued in Dec. 2016)	January 1, 2018	No
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Yes
IFRS 9	Financial Instruments	January 1, 2018	Yes
Clarifications to IFRS 15	Revenue from Contracts with Customers	January 1, 2018	No
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	January 1, 2018	No
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018	No
Amendments to IAS 40	Transfers of Investmenty Property	January 1, 2018	No
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018	No
IFRS 16	Leases	January 1, 2019	No
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	n/a	No

[1)] These are required to be applied once they are endorsed by the EU Commission.
The dates mentioned above are those required by the standard themselves (IASB effective dates).

The following standards will be applicable in 2018 and 2019 respectively:

IFRS 15, Revenue from Contracts with Customers, defines a comprehensive framework for determining whether, in which amount and at which point in time revenue is to be recognized.

IFRS 15 may lead to a shift in revenues between repoting periods. This can essentially have an impact on the accounting of construction contracts in our Integrated Solutions business. Based on the latter, revenue is currently recognized according to the percentage of completion (PoC method) under which the progress of the project work performed is measured according to the costs incurred (cost-to-cost method). Under IFRS 15, control of an asset is the decisive criterion for recognition of revenue. Compared with the former recognition method according to IAS 11, IFRS 15 principles may prompt changes in the recognition of revenue.

Furthermore the application of IFRS 15 will lead to extended disclosure requirements regarding the type, amount, timing and uncertainties of revenues and cash flows arising from contracts with customers.

The new standards for the accounting for leases, IFRS 16, eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases under IAS 17. Leases are capitalized by recognizing the present value of the lease payments and showing them as lease assets (right-of-use assets) presented either separately from other assets or together with property, plant and equipment. The standard defines exceptions for short-term leases and leases of low-value items.

As a consequence of the application of IFRS 16 the Group expects an increase in assets and financial liabilities. Overall the impact on key ratios like equity ratios or net-debt-to-EBITDA is expected to be rather low.

IFRS 9 ultimately changes the rules for classification and measurement and impairment testing of financial instruments, as well as the guidelines for hedge accounting.

The new regulations regarding the classification of financial assets based on the business model and the related contractual cash flows are not expected to significantly change the Group's financial statements. Concerning the new hedge accounting requirements our preliminary analysis leads to the conclusion that the current hedging relations will also qualify as such under IFRS.

The transition of impairments from the incurred-loss model to the new expected-loss model will have an impact upon initial application. At this stage of the analysis the effect is expected to be low, especially because of the low credit losses incurred in the past years.

As described above the Group is currently assessing the effects of the new standards in various group-wide implementation projects. A reliable estimate of the effects of the new rules is not yet possible, but is expected to be rather limited overall. It is planned to provide a more detailed assessment within the next months.

3. Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group are based on the principle of the historical cost of acquisition, construction or production, with the exception of the items reflected at fair value, such as financial assets held for trading or available for sale, and derivatives.

Consolidation

The consolidated financial statements of the Sartorius Stedim Biotech Group include the annual financial statements of all companies, which are controlled directly or indirectly by Sartorius Stedim Biotech S.A. In terms of IFRS 10, Consolidated Financial Statements and Accounting for Investments in Subsidiaries, the Group Sartorius Stedim Biotech controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the liability to affect those returns through its power over the entity.

Such enterprises are included in the consolidated financial statements from the time when Sartorius Stedim Biotech S.A. or its subsidiaries obtains such control until the date on which control ceases.

Subsidiaries have been included on the basis of their annual financial statements for the same reporting period as the parent company, using uniform Group recognition and measurement methods.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business Combinations

Business combinations are accounted according to the acquisition method. The identifiable acquired assets and assumed liabilities are generally recorded at fair value on the date of combination.

For significant acquisitions, the purchase price allocation is carried out with assistance from independent third-party valuation specialists. The valuations are based on the information available at the acquisition date.

The Group determines goodwill at the acquisition date as:

- the fair value of the consideration transferred; and
- the amount recognized for any non-controlling interest in the acquiree; and
- if the business combination is carried out in stages, the fair value of any previously held equity interest in the acquiree; less
- the net recognized amount for the identifiable assets acquired and liabilities assumed.

When the difference is negative, the purchase gain is recognized immediately in income.

Expenses directly related to business combinations are recorded in the profit or loss as they are incurred.

Foreign Currency Transactions

The presentation currency of the consolidated financial statements of the Sartorius Stedim Biotech Group is the euro (financial statements presented in thousands of euros). In the financial statements of each company, transactions denominated in foreign currencies have been translated into the functional currency of the subsidiary at the exchange rate applicable on the date of the transaction. Monetary assets and debts denominated in a foreign currency have been translated at the exchange rate on the balance sheet date. Rate gains and losses have been recognized in profit or loss for the period.

Translation of financial statements prepared in foreign currencies

Subsidiaries' financial statements prepared in foreign currencies have been translated pursuant to IAS 21, The Effects of Changes in Foreign Exchange Rates, in accordance with the concept of a functional currency. Foreign subsidiaries have been regarded as independent subdivisions of the Sartorius Stedim Biotech Group. The assets (including goodwill) and liabilities of the entities that have a functional currency different from the presentation currency are translated at the exchange rate prevailing at the balance sheet date. The incomes, expenses, and cash flows of these entities have been translated using the average rate for the year, to the extent that this rate represents an approximate value of exchange rates used as of the date of the transaction in the absence of significant fluctuations. Resulting translation differences are recognized in other comprehensive income.

For long-term loans for which settlement is neither planned nor likely in the foreseeable future, the Group applies the principle of "net investment in a foreign operation." Exchange differences resulting from these loans are recognized in other comprehensive income in accordance with IAS 21.32.

The exchange rates for major currencies against the euro were considered as follows:

	Year-end exchange rates		Average exchange rates	
For 1 €	**2016**	2015	**2016**	2015
USD	1.05410	1.08870	1.10659	1.10969
GBP	0.85618	0.73395	0.81952	0.72593
JPY	123.40000	131.07000	120.20024	134.35238
CHF	1.07390	1.08350	1.09004	1.06837
INR	71.59350	72.02150	74.35823	71.22490
KRW	1269.36000	1280.78000	1283.96650	1257.47421
CNY	7.32020	7.06080	7.35117	6.97587

Sales Revenue

All revenues derived from the selling of products or rendering of services are recognized as sales revenue. Other operational revenues are recognized as other operating income. Revenues from the sale of goods are recognized in the statement of profit or loss when the significant risks and rewards of ownership of the goods have been transferred to the customer, the company retains neither continuing managerial nor effective control over the goods sold, the amount of revenue and costs incurred or to be incurred can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the company.

Revenues from the rendering of services are recognized in proportion to the stage of completion of the transaction at the reporting date.

Construction Contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. When the outcome of a construction contract can be estimated reliably, revenues from construction-type projects are generally recognized under the percentage-of-completion method, based on the percentage of costs to date compared to the total estimated contract costs. An expected loss on the construction contract is recognized as an expense immediately.

Contracts are disclosed under receivables or liabilities from percentage of completion. If cumulative work (contract costs and contract result) exceeds the advance payments received, the construction contracts are recognized under receivables as amounts due from customers. If the balance after deduction of advance payments received is negative, this obligation from construction contracts is recognized as a liability under amounts due to customers.

Functional Costs

In general, operating expenses are recognized in profit or loss based on function within the Group. Expenses relating to cross-functional initiatives or projects are assigned to the respective functional costs based on an appropriate allocation principle.

The caption "cost of sales" includes the costs of products sold and the acquisition costs of merchandise sold. In addition to directly attributable expenses, such as raw materials and supplies, employee benefits expense and energy expenses, cost of sales also includes overhead, which can be allocated to the manufacturing area, and the corresponding depreciation and amortization.

The selling and distribution costs pertain, in particular, to the costs of the sales and marketing function, distribution, advertising and market research.

Research and development costs comprise the costs of research and product and process development, unless they are recognized as assets.

The item "general administrative expenses" mainly includes employee benefits expense and the cost of materials of the general administrative area.

All profit and loss items that cannot be allocated to one of the mentioned functional areas are recognized as other income and expenses. This includes essentially effects from translation of transactions in foreign currencies, sale of fixed assets, allowances on trade receivables and reorganization and other non-recurring expenses. Income from grants related to income is recognized as other income, when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. They are recognized systematically as income over the period in which the related costs are recorded.

Borrowing Costs

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction or production of a qualifying asset and are therefore part of the cost of that asset. A qualifying asset is defined as an asset that takes a substantial period of time (six to twelve months) to get ready for its intended use.

Income Taxes

Current income taxes are determined based on the respective local taxable income of the period and local tax rules. In addition, current income taxes include adjustments for uncertain tax payments or tax refunds for periods not yet assessed. Changes in deferred tax assets and liabilities are included in income taxes except for changes recognized in other comprehensive income or equity.

Deferred tax assets or liabilities are determined based on temporary differences between the carrying amounts and the tax basis of assets and liabilities (except in special cases provided by IAS 12) including loss carry forwards and tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is realized or a liability is settled.

For this purpose, the tax rates and tax rules are used which have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized for deductible temporary differences and tax losses and unused tax credits only to the extent that it is probable that the Group will have future taxable income against which they can be charged.

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

According to IAS 36, goodwill acquired in a business combination may not be amortized, but rather, must be tested annually for impairment and as soon as there is any indication of asset impairment.

For the purpose of impairment testing, goodwill must be allocated to each of the acquirer's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The CGU is the smallest group of assets that generates cash flows from continuing use largely independent of the cash flows from other assets.

Other Intangible Assets

Intangible assets acquired are recorded at cost less the accumulated, regular amortization that is calculated according to the straight-line method and any impairment loss. The useful life of an intangible asset is the period during which the Group expects to use the asset.

Costs incurred within the scope of the development of new products and methods were capitalized as internally generated intangible assets if the following criteria were met:

- The technical feasibility of completing the intangible assets so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The demonstration of how the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The capitalized development costs essentially cover the costs that were allocated to the staff involved in R&D, raw materials and supplies, outside services and directly attributable overhead. Intangible assets generated internally are amortized on a straight line basis over their useful lives, which generally do not exceed six years.

If an internally generated intangible asset may not be recognized, the development costs are included in the period in which they are incurred. Costs for research activities are reported as expenses in the period in which they are incurred.

Amortization of intangible assets is based on the following estimated useful lives:

Software	2 to 5 years
Capitalized R&D expenses	4 to 6 years
Customer relations and technologies	5 to 15 years
Brand name	5 years to indefinite

Property, Plant and Equipment

The "Property, plant and equipment" caption is recorded at cost, and related assets are depreciated over their estimated useful life using the straight line method.

Depreciation of fixed assets is based on the following periods of useful life:

Buildings	15 to 50 years
Machinery	5 to 15 years
Factory and office equipment	3 to 13 years

Tangible assets are subject to impairment tests whenever there are indicators of impairment.

Impairment of Non-financial Assets

The book values (carrying amounts) of property, plant and equipment and intangible assets are subject to impairment testing if there is an indication of impairment and at least once a year for assets with an indefinite useful life or not yet available for use in accordance with IAS 36, Impairment of Assets. When an asset is tested, the recoverable amount of the asset is estimated. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value – less costs to sell the asset or its CGU – and its value in use. In the event the individual asset's recoverable amount cannot be estimated, the recoverable amount of the asset's cash-generating unit (CGU) is estimated.

If the estimated recoverable amount of an asset (or a CGU) goes below its book value (carrying amount), this carrying amount is reduced to the recoverable amount (allocated in priority to goodwill).

If the causes of the asset impairment are removed, the book value of the asset (or the CGU) is credited to the newly estimated recoverable amount. However, the book value increase is limited to the value that the asset (or CGU) would have had if no asset impairment loss had been recognized in previous financial years.

Leases

A lease is an arrangement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. According to IAS 17 a lease is classified as either an operating or a finance lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. All other leases are designated as operating leases.

When the Group is a lessee in a finance lease, the amount equal to the fair value of the leased property, or if lower, the present value of the minimum lease payments is recognized as an asset on the balance sheet and simultaneously recognized as a financial liability. The minimum lease payments essentially consist of the finance charge and the reduction of the outstanding liability, which are measured according to the effective interest method. A leased asset is depreciated on a straight-line basis over the period of its expected useful life or over the shorter lease term.

For an operating lease, the lease instalments to be paid by the lessee are recognized as expenses over the lease term and the lease payments received by the lessor are recognized as income, respectively. The leased asset continues to be recognized on the lessor's balance sheet as property, plant and equipment.

Inventories

Raw materials and supplies, including merchandise, are reported under "Inventories" at average cost. In principle, finished goods and work in progress are reported at cost of conversion. This cost includes direct costs, which can be allocated to these materials, and the appropriate portion of production and materials handling overhead, general administrative expenses and fixed assets at normal depreciation and | or amortization rates, based on the normal production capacity, provided that these expenses are caused by production.

Inventories must be valued at the lower amount of cost and the net realizable value. The net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary for marketing, sales and distribution. Where inventory risks exist, such as the risk of reduced shelf life as a result of storage periods or limited usability, inventories are marked down accordingly.

Pension Obligations

Pension provisions and similar obligations are recognized in the consolidated financial statements of Sartorius Stedim Biotech Group in accordance with actuarial principles. IAS 19, Employee Benefits, stipulates the Projected Unit Credit Method as the method of measurement. In addition to known pensions and life expectancies, this expected cash value method takes into account future salary and pension increases.

All remeasurements of the net defined benefit liability are recognized in other comprehensive income (pension reserves) in accordance with the standard IAS 19.

Provisions

A provision is recognized when a present obligation to third parties arising from past events has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognized as a provision represents the best estimate of the obligation at the closing date. Provisions with a maturity of which the outcome is expected to intervene in over 12 months are discounted (determination of the present value of the expenditures expected to settle the obligation).

Provisions are reviewed regularly and adjusted as further information becomes available or circumstances change. The estimate of the provision for warranty costs is based on historical experience.

Restructuring provisions are set up in connection with programs that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits and compensation payments due to the termination of agreements with suppliers and dealers, including leasing contracts. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Group mainly include cash and cash equivalents, available-for-sale financial assets, trade and loan receivables and derivative financial instruments with a positive fair value.

Financial liabilities of the Group mainly comprise loans borrowed from banks, trade payables, finance lease payables and derivative financial instruments with a negative fair value.

Non-derivative Financial Instruments

Upon initial recognition, non-derivative financial instruments are recognized at their fair value plus transaction costs, except for financial assets at fair value through profit or loss for which transaction costs, as incurred, are recognized in profit or loss. At the acquisition date the Group determines the classification of financial instruments into one of the categories provided by IAS 39 "Financial instruments: recognition and measurement" (Available-for-sale financial assets, loans and receivables, financial liabilities). This classification determines the asset or liability financial valuation method in subsequent closing (amortized cost or fair value).

Cash and Cash Equivalents

The Group considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. This mainly includes checks, cash on hand and deposits in banks. Cash and cash equivalents are measured at fair value. For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and cash equivalents as defined above.

Investments

Investments in non-consolidated subsidiaries and securities are measured at cost when no active market exists for these shares and securities and the fair values of these assets cannot be reliably measured.

Trade Receivables

Trade and other receivables are reported so that all discernible risks are covered. The book values of trade receivables and other receivables are representative of their fair value considering the maturity date and the credit risks. In determining the recoverability of trade receivables, the Group considers any change in the credit quality from the date the credit was originally granted.

Loans and Receivables

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognized using separate allowance accounts.

Financial Liabilities

Financial liabilities are measured, except for derivative financial instruments, at amortized cost using the effective interest method.

Derivative Financial Instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied.

Cash Flow Hedges

The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges is recognized in other comprehensive income. Any ineffective portion is recognized immediately in net income (financial result). Amounts accumulated in equity are reclassified into net income in the same periods in which the hedged item affects net income.

Statement of Cash Flows

In the statement of cash flows, cash flows are presented according to the allocation to operating activities, investing activities and financing activities.

Cash flows from operating activities are determined using the indirect method; i.e., expenses without an effect on payments are added to the profit before tax, while income without an effect on payments is subtracted. The cash flows from financing activities are composed primarily of changes in equity instruments including dividend payments and additions or repayments of loans.

4. Use of Judgments and Estimates

During the preparation of consolidated financial statements, management uses estimates and assumptions based on their best knowledge of the current and future situation. However, actual results may differ from these estimates. These estimates and assumptions are revised on a regular basis, and the impact of changes in estimates is recognized prospectively.

In addition, Group management exercises its judgment in defining the accounting treatment of specific transactions when the existing Standards and Interpretations do not specifically treat the accounting problems concerned.

Assumptions and estimates primarily concern the following topics:

Business Combinations

The accounting for business combinations requires that the assets acquired and liabilities assumed be recorded at their respective fair values on the date the Group obtains control. The application of the acquisition method requires certain estimates and assumptions to be made, especially concerning the fair values of the acquired intangible assets, property, plant and equipment and the liabilities assumed at the acquisition date, and the useful lives of the acquired intangible assets, property, plant and equipment.

These measurements are based to a large extent on anticipated cash flows. If actual cash flows vary from those used in calculating fair values, this may materially affect the Group's future results of operations.

Impairment of Assets

An impairment test is conducted, if certain events lead to the assumption that an asset might be impaired. In this case, the carrying amount of the asset is compared to the recoverable amount, which is the higher of the net realizable value and the value in use. The calculation of the value in use is generally based on discounted cash flow methods using cash flow projections up to five years. These projections take into account past experience and represent management's best estimate about future sales revenue and cost developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions on which management

has based its determination of the value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates can have a material impact on the respective values and ultimately the amount of any impairment.

Intangible Assets

The capitalization of self-constructed intangible assets also includes a significant level of judgment, e.g. the evaluation of feasibility of a development project, the expected market prospects and the determination of useful lives.

Trade and Other Receivables

The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness and current economic trends as well as an analysis of historical bad debts on a portfolio basis.

Employee Benefits – Pension Provisions

Obligations for pension and other post-employment benefits are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates, expected salary increases and mortality rates. The discount rate assumptions are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period.

Due to changing market and economic conditions the underlying key assumptions may differ from actual developments and may lead to significant changes in pension and other post-employment benefit obligations.

Such differences are recognized in other comprehensive income in the period in which they occur. For a sensitivity analysis, see note 24, Pension and Employee Benefits Provisions.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for legal or constructive obligations that exist as of the balance sheet date. To determine the amount of the obligations, certain estimates and assumptions have to be applied, including the determination of the probability and the amount of future outflows of resources. Typically, significant estimates are involved in the determination of provisions related to onerous contracts, warranty costs, asset retirement obligations and legal proceedings.

Income Taxes

The Group operates in various tax jurisdictions and therefore has to determine tax positions under respective local tax laws and tax authorities' views which can be complex and subject to different interpretations of taxpayers and local tax authorities. Deferred tax assets have to be recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will be recovered.

Estimates are revised in the period in which there is sufficient evidence to revise the assumption. If management considers it probable that all or a portion of a deferred tax asset cannot be realized, the corresponding amount is not recorded as an asset.

Fair Value Measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities, including Level 3 fair values (unobservable inputs).

If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. Operating Segments

According to IFRS 8, Operating Segments the identification of reportable operating segments is based on the "management approach"; i.e. the segments are defined analogously to the internal financial reporting of an entity. Therefore, an area of activity is to be considered an operating segment if its business activities may result in revenues and expenses, its operating results are regularly reviewed by the entity's chief operating decision maker (= the Executive Members of the Board of Directors) and discrete financial information is available in its internal reporting. Internal control and reporting within Sartorius Stedim Biotech is based on the approach of operating as a "total solution provider" for its customers. Accordingly, there is only one single segment to be identified for Sartorius Stedim Biotech, driven by the product and customer perspective: Biopharm.

The key performance indicator of the operating segment of the Sartorius Stedim Biotech Group is the so-called "underlying EBITDA", as the board monitors this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance.

EBITDA corresponds to earnings before interest, taxes, depreciation and amortization; "underlying EBITDA" means EBITDA adjusted for extraordinary items. In this connection, extraordinary items are expenses and income that are of an exceptional or a one-time nature and accordingly distort the sustainable profitability of a segment and have a material impact on the net worth, financial position and earnings of the Group. Examples of such items are restructuring expenses, large Group projects as well as proceeds or losses from the disposal, sale or other transfer of financial assets or of property, plant and equipment, provided that these are not of a recurrent nature.

Underlying EBITDA is not a defined performance measure in IFRS. The Group's definition of underlying EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Segment assets and segment liabilities are not analyzed on a regular basis to the chief operating decision maker and are therefore not part of the segment report.

€ in K	Biopharm 2016	Biopharm 2015	Biopharm Change	Group 2016	Group 2015	Group Change
Sales revenue	1,051,611	884,331	19%	1,051,611	884,331	19%
Underlying EBITDA	288,680	231,347	25%	288,680	231,347	25%
as a % of sales revenue	27.5%	26.2%		27.5%	26.2%	
EBIT	225,916	184,532	22%	225,916	184,532	22%
as a % of sales revenue	21.5%	20.9%		21.5%	20.9%	
Acquisitions of intangible and tangible assets	80,161	54,521	47%	80,161	54,521	47%

Reconciliation of Segment Profit or Loss:

€ in K	2016	2015
Underlying EBITDA of the segment	288,680	231,347
Depreciation and amortization	–44,685	–39,422
Extraordinary effects	–18,079	–7,393
EBIT	**225,916**	**184,532**
Financial result	–12,931	–14,854
Profit before tax	**212,985**	**169,678**

Supplementary Information by Region

To provide additional information required by IFRS 8, the table below presents the supplementary information by geographical region. In 2015, the presentation of the regions was slightly changed. As a result, the countries formerly allocated to "Other Markets" are now assigned to the regions defined as EMEA (Europe, the MiddleEast and Africa), the Americas and Asia|Pacific.

The key figures of the geographical areas refer to the company location, except for sales revenue, which is reported according to the customer's location.

The non-current assets correspond to property, plant and equipment as well as to intangible assets (including goodwill) of the Group affiliates that are to be allocated to these various regions. Goodwill resulting from reverse acquisition of Stedim in 2007 and the associated intangible assets are presented in non-current assets in Europe.

The amount of sales revenue with a single customer does not exceed 10% of the consolidated sales revenue (2016 and 2015).

€ in K	Sales revenue **2016**	Sales revenue 2015	Non-current assets **2016**	Non-current assets 2015
EMEA	454,350	397,162	658,011	653,946
thereof Germany	131,120	105,974	263,975	248,384
thereof France	54,009	50,486	300,959	301,876
Americas	387,784	323,461	73,607	31,681
thereof USA	355,914	298,552	73,607	31,681
Asia | Pacific	209,477	163,707	18,640	17,556
thereof China	47,131	38,682	2,246	1,305
thereof South Korea	56,661	43,320	6,998	7,563
Group	**1,051,611**	**884,331**	**750,259**	**703,183**

6. Scope of Consolidation

The 2016 financial statements of the following subsidiaries:

– TAP Biosystems (PHC) Ltd., UK
– TAP Biosystems Ltd., UK
– Distribo GmbH

were not included in the scope of consolidation, because the figures were of minor importance for assessing the financial position of the Group.

The sales revenue and total assets of the non-consolidated companies are below 1% of the Group figures.

The financial statements of the following companies have been included in the Group financial statements:

	Ownership in %
EMEA	
Sartorius Stedim Biotech S.A., Aubagne, France	Parent company
Sartorius Stedim Belgium N.V., Brussels, Belgium	100
Sartorius Stedim Nordics Oy, Helsinki, Finland	100
Sartorius Stedim Biotech GmbH, Goettingen, Germany	100
Sartorius Stedim Plastics GmbH, Goettingen, Germany	100
Sartorius North America Holding GmbH, Hanover, Germany	100
Sartorius Stedim Systems GmbH, Guxhagen, Germany	100
Sartorius Stedim Cellca GmbH, Laupheim, Germany	100
Sartorius Stedim UK Ltd., Epsom, UK	100
Sartorius Stedim BioOutsource Ltd., Glasgow, UK	100
Sartorius Stedim Lab Ltd., Louth, UK	100
TAP Biosystems Group Ltd., Royston, UK	100
TAP ESOP Management Ltd., Royston, UK	100
The Automation Partnership Cambridge Ltd., Royston, UK	100
Sartorius Stedim FMT S.A.S., Aubagne, France	100
Sartorius Stedim France S.A.S., Aubagne, France	100
Sartorius Stedim Aseptics S.A., Lourdes, France	100
Sartorius Stedim Ireland Ltd., Dublin, Ireland	100
Sartorius Stedim Italy S.p.A., Florence, Italy	100
Sartorius Stedim Netherlands B.V., Amersfoort, Netherlands	100
Sartorius Stedim Austria GmbH, Vienna, Austria	100
Sartorius Stedim Poland sp. z.o.o., Kostrzyn, Poland	100
Sartorius Stedim RUS, St. Petersburg, Russia	100
Sartorius Stedim Switzerland AG, Tagelswangen, Switzerland	100
Sartorius Stedim Spain S.A., Madrid, Spain	100
Sartorius Stedim Hungaria Kft., Budapest, Hungary	100
Sartorius Stedim Bioprocess S.A.R.L., M'Hamdia, Tunisia	100
Americas	
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100
Sartorius Stedim North America Inc., Bohemia, New York, USA	100
AllPure Technologies, LLC , New Oxford, USA	100
Asia | Pacific	
Sartorius Stedim Australia Pty. Ltd., Dandenong South, Victoria, Australia	100
Sartorius Stedim Biotech (Beijing) Co. Ltd., Beijing, China	100
Sartorius Stedim (Shanghai) Trading Co. Ltd., Shanghai, China	100
Sartorius Stedim India Pvt. Ltd., Bangalore, India	100
Sartorius Stedim Japan K.K., Tokyo, Japan	100
Sartorius Korea Biotech Co. Ltd., Seoul, South Korea	69
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100
Sartorius Stedim Singapore Pte. Ltd., Singapore	100

There are no associates or joint ventures included in the scope of consolidation, all companies are consolidated in full. The ownership rate equals the share in voting rights.

7. Statement of Cash Flows

The statement of cash flows shows the impact of cash inflows and outflows on the cash and cash equivalents of the Group. The cash flows are classified by operating, investing and financing activities according to IAS 7 (Statement of Cash Flows).

In this context cash equivalents are assets than can be converted into cash within a short maturity (generally less than three months). The amount considered in the statement of cash flows is equal to the amount in the statement of financial position.

8. Business Combinations

Acquisition kSep Systems LLC

On July 29, 2016 Sartorius Stedim Biotech has acquired 100% of the shares in the centrifuge specialist kSep Systems LLC. The company based in Morrisville, North Carolina, USA has developed and markets single-use, fully automated centrifugation systems used for manufacturing biopharmaceuticals, such as vaccines, cell-based therapeutics and monoclonal antibodies.

The purchase price allocation is disclosed below:

	Fair values on the date of acquisition € in K
Intangible assets	9,668
Property, plant and equipment	25
Inventories	1,238
Trade receivables	1,330
Other assets	447
Cash and cash equivalents	4,204
Deferred taxes - net	–70
Provisions	0
Loans and borrowings	0
Other liabilities	–2,480
Net assets acquired	**14,362**
Purchase price	27,223
Goodwill	**12,861**

The purchase price of approx. €27.2 million was paid in cash. The expenses directly attributable to the acquisition amounting to €0.2 million were recognized as other expenses in profit or loss.

The acquisition of kSep is focused on a complementation of SSB's offering for downstream bioprocessing, reducing both the time and cost of downstream purification steps for the Group's customers. The recognized goodwill represents this aspect as well as other assets not separately identifiable. The goodwill is not deductible for tax purposes.

The contribution of the company since its initial consolidation is not significant. If the acquisition had taken place as of January 1, 2016, Group sales revenue would have amounted to approx. €1,055.5 million, the impact on earnings is not material.

The company has been merged into Sartorius Stedim North America Inc. effective November 30, 2016 and is therefore not mentioned in the scope of consolidation.

Acquisition of BioOutsource Ltd.

On April 17, 2015 Sartorius Stedim Biotech acquired 100% of the voting rights in the company BioOutsource headquartered in Glasgow, Scotland. BioOutsource tests the safety and quality of biologic drugs and vaccines for pharmaceutical clients, and has become specialized in offering a comprehensive range of services for the growing biosimilar industry. The services provided by BioOutsource are part of the Sartorius Stedim Biotech's customers' core processes and extend significantly beyond the Group's current service offering.

The purchase price allocation has been finalized in 2016 as follows (no change compared to December 31, 2015):

	Preliminary fair values on the acquisition date € in K	**Fair values on the date of acquisition € in K**
Intangible assets	11,409	11,409
Property, plant and equipment	1,517	1,517
Inventories	842	842
Trade receivables and other assets	2,576	2,576
Cash and cash equivalents	1,410	1,410
Deferred taxes - net	–2,282	–2,282
Provisions and liabilities	–2,125	–2,125
Loans and borrowings	–699	–699
Net assets acquired	**12,648**	**12,648**
Purchase price	30,602	30,602
Goodwill	**17,954**	**17,954**

The purchase price of approx. €30.6 million was paid in cash. The expenses directly attributable to the acquisition amounting to €0.2 million were recognized as other expenses in profit or loss in 2015.

The goodwill represents synergies, mainly in connection with the utilization of Sartorius Stedim Biotech's global sales network. The target is to internationalize the acquired business and especially extend the market access in Asia. The goodwill is not deductible for tax purposes.

Acquisition Cellca GmbH

On July 1, 2015, Sartorius acquired 100% of the shares in Cella GmbH based in Laupheim, Germany. Cellca's major customers are biopharmaceutical companies as well as biosimilar firms that do not or only partly conduct their process development in their inhouse facilities.

The purchase price allocation is as follows (no change compared to December 31, 2015):

	Preliminary fair values on the acquisition date € in K	**Fair values on the date of acquisition € in K**
Intangible assets	27,175	27,175
Property, plant and equipment	1,558	1,558
Trade receivables and other assets	914	914
Cash and cash equivalents	1,804	1,804
Deferred taxes - net	–7,533	–7,533
Provisions and liabilities	–1,329	–1,329
Net assets acquired	**22,589**	**22,589**
Purchase price	26,500	26,500
Goodwill	**3,911**	**3,911**

The purchase price of €26.5 million was paid in cash. The expenses directly attributable to the acquisition amounting to €0.1 million were recognized as other expenses in profit or loss in 2015.

The acquisitions of BioOutsource and Cellca were focused on an extension of the product portfolio, especially in the areas of process development and validation. The recognized goodwills represent this aspect as well as other assets not separately identifiable. The goodwills are not deductible for tax purposes.

Notes to the Statement of Profit or Loss

9. Sales Revenue

Sales revenue, which is broken down by geographical areas, consists of the following:

	2016 12 months € in K	2015 12 months € in K
France	54,009	50,486
Germany	131,120	105,974
All other countries	866,482	727,870
Total	**1,051,611**	**884,331**

An amount of €48,063 K was realized with other subsidiaries of the Sartorius Group in 2016 and €36,450 K in 2015 (please refer to note 32).

The turnover is broken down into product sales amounting to €1,007.1 million and services amounting to €44.6 million (respectively €844.1 million and €40.3 million in 2015). For revenues in connection with construction contracts please refer to section 20.

For further details by country please refer to the geographical information given in section 5.

10. Functional Costs

The statement of profit or loss has been presented according to the "cost of sales format", i.e. expenses have been allocated to the relevant functions production, sales & marketing, research & development and general administration.

Operating expenses by nature are presented in the Profit or Loss Statement by nature in the Note 14.

In 2016 rental payments amounting to €9.6 million (2015: €7.9 million) were made for assets leased under operating leases.

The material expense and personnel cost are as follows:

Raw Materials and Supplies

This caption consists of the following:

	2016 12 months € in K	2015 12 months € in K
Purchases consumed	260,968	197,707
Cost of purchased services	38,633	36,770
Total	**299,601**	**234,477**

Personnel Cost

This caption can be broken down as follows:

	2016 12 months € in K	2015 12 months € in K
Wages and salaries	224,077	196,837
Social security	49,105	40,418
Expenses for retirement benefits and pensions	5,500	5,624
Total	**278,683**	**242,878**

11. Other Operating Income and Expenses

	2016 12 months € in K	2015 12 months € in K
Currency translation gains	14,516	12,204
Income from the decrease in allowances for bad debts	1,522	723
Income from release of provisions and liabilities	2,982	909
Income from grants	2,825	2,944
Other income	3,263	4,459
Other operating income	**25,109**	**21,239**
Currency translation losses	–12,263	–17,919
Extraordinary expenses	–18,079	–7,393
Allowances for bad debts	–864	–1,600
Other expenses	–4,198	–3,947
Other operating expenses	**–35,404**	**–30,860**
Total other operating income and expenses	**–10,296**	**–9,621**

The item reported as income from grants discloses the grants for expenses (essentially related to research and development projects), which are recognized as income as soon as there is sufficiently reliable indication that the necessary prerequisites are met.

The other income includes income from the acquired cell culture media business. This income relates to an agreement with the company Lonza that determines a profit split between the manufacturer (Lonza) and the distributor (Sartorius Stedim Biotech).

Extraordinary items amounted to -€-18.1 million (previous year: -€-7.4 million) and essentially cover one-time expenses for strategic Group projects and integration and acquisition related items.

12. Financial Result

	2016 12 months € in K	2015 12 months € in K
Interest and similar income	127	150
- of which from affiliated companies	0	0
Income from derivative financial instruments	845	1,275
Other financial income	912	1,429
Financial income	**1,884**	**2,854**
Interest and similar expenses	-3,787	-3,543
- of which from affiliated companies	-1,471	-903
Expenses for derivative financial instruments	-952	-681
Interest expense for pensions	-622	-652
Other financial expenses	-9,454	-12,832
Financial expenses	**-14,815**	**-17,708**
Total	**-12,931**	**-14,854**

The other financial expenses in 2015 and 2016 include mainly foreign exchange losses in connection with loans denominated in foreign currencies as well as expenses from fair value changes and the unwinding of discounts from the liabilities for the purchase of the non-controlling interest of All Pure and the Lonza liability (see also chapter 256).

The interest expenses to affiliated companies are in connection with the loan granted by the Group's ultimate parent Sartorius AG (see also chapter 32).

13. Income Taxes

	2016 12 months € in K	2015 12 months € in K
Current income taxes	-55,632	-55,098
Deferred taxes	-1,476	4,914
Total	**-57,108**	**-50,184**

Income taxes in France are calculated at 34.43% of the estimated taxable profit for the year. For Germany, a rate of approx. 30% was applied to the taxable income. Income generated outside France and Germany is taxed at rates applicable in the corresponding country.

Considering the French and German average tax rates and the impact of other tax legislations, the expected tax rate for the Sartorius Stedim Biotech Group is roughly 29%. The following table describes the difference between the expected tax expense and the income tax expenses reported for the particular financial year.

	2016 12 months € in K	2015 12 months € in K
Expected tax expense (29%)	-61,766	-49,207
Differences from the Group average income tax rate	9,410	4,401
Permanent differences	-3,660	-2,916
Tax-free income and other tax exemptions	1,946	1,246
Taxes for previous years	-2,125	-700
Withholding and similar taxes	-940	-2,742
Other	27	-266
Total	**-57,108**	**-50,184**
Effective tax rate	-26.8%	-29.6%

14. Profit or Loss Statement by Nature

	2016 12 months € in K	2015 12 months € in K
Sales revenue	**1,051,611**	**884,331**
Purchases consumed	–260,968	–197,707
Cost of purchased services	–38,633	–36,770
Personnel costs	–278,683	–242,878
Amortization and depreciation	–44,687	–39,856
Other operating costs	–202,725	–182,588
Subtotal	**–825,695**	**–699,799**
Operating profit (EBIT)	**225,916**	**184,532**
Financial income I expenses	–12,931	–14,854
Income tax	–57,108	–50,184
Non-controlling interest	–2,199	–1,495
Net profit after non-controlling interest	**153,678**	**117,999**

15. Earnings per Share

According to IAS 33, the earnings per share must be determined as follows: The basic earnings per share (basic EPS) are calculated on the basis of the weighted average number of ordinary shares during the period.

Diluted earnings per share have to be measured by taking into account share subscription options outstanding during the period. The effect of share options is therefore considered in the weighted average number of shares.

During 2016 the parent company Sartorius Stedim Biotech S.A. performed a stock split, increasing its number of shares to 92,180,190 (multiplied by six, please refer to chapter 22 for further details). The EPS calculations for 2015 were adjusted accordingly.

	2016	2015
Net profit after tax (€ in K)	155,877	119,494
Group net profit after tax (€ in K)	153,678	117,999
Earnings per share (€)	1.67	1.28
Diluted earnings per share (€)	1.67	1.28
Number of shares (statutory level)	92,180,190	92,203,428
Treasury shares	–5,883	0
Other dilutions (Stock-options exercised)	0	–7,479
Weighted average number of shares used in earnings per share calculation	**92,174,307**	**92,195,949**
Weighted average number of shares used in diluted earnings per share calculation	**92,174,307**	**92,195,949**

Notes to the Individual Balance Sheet Items

16. Goodwill and Other Intangible Assets

Goodwill

	Goodwill € in K
Gross book values at Jan. 1, 2015	**313,786**
Currency translation	1,711
Business combinations	21,462
Gross book values at Dec. 31, 2015	**336,959**
Impairment losses at Jan. 1, 2015	**0**
Currency translation	0
Impairment losses	0
Impairment losses at Dec. 31, 2015	**0**
Net book values at Dec. 31, 2015	**336,959**

	Goodwill € in K
Gross book values at Jan. 1, 2016	**336,959**
Currency translation	–5,044
Business combinations	12,862
Gross book values at Dec. 31, 2016	**344,777**
Impairment losses at Jan. 1, 2016	**0**
Currency translation	0
Impairment losses	0
Impairment losses at Dec. 31, 2016	**0**
Net book values at Dec. 31, 2016	**344,777**

The caption reported as goodwill in the amount of €344,777 K is the capitalized difference in assets resulting from business combinations. According to IAS 36, goodwill acquired in a business combination may not be amortized, but rather, must be tested annually for impairment and as soon as there is any indication of asset impairment.

The increase recorded in 2016 concerns the acquisition of kSep; the 2015 acquisitions refer to BioOutsource and Cellca (see note 6).

For the purpose of impairment testing, goodwill must be allocated to each of the acquirer's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The cash-generating unit (CGU) represents the lowest level within the entity at which goodwill is monitored for internal management purposes and may not be larger than a segment. Sartorius Stedim Biotech Group follows the strategy to be a total solution provider for its customers. Because of the various interdependencies within the business, the lowest level at which goodwill is monitored is that of the Biopharm segment. Therefore, the acquired goodwill is allocated to this group of CGU's.

As in 2015, the impairment test conducted for 2016 measures the recoverable amount on the basis of the value in use of the particular cash-generating unit (Biopharm segment). The cash flow forecasts consider previous experiences and are generally based on Group management's forecasts for a period of four years. The calculations were based on a terminal year growth rate of 2.5% for the years after 2020. This rate is derived from market expectations, which forecast significant growth rates for the targeted biopharmaceutical market. The major growth driver for the Sartorius Stedim Biotech Group will be the aging and increase in population and the improved access to drugs in the emerging markets as well as the ongoing paradigm shift from reusable products to single-use products utilized in bio manufacturing by the biopharmaceutical industry.

The discount rates applied correspond to the weighted capital cost rates and were recognized as follows:

	2016		2015	
	Before tax	**After tax**	Before tax	After tax
Biopharm segment	7.9%	6.3%	7.6%	6.1%

In 2016, our impairment test did not result in recognition of impairment losses. In this context, various sensitivity analyses based on realistic variations of the assumptions disclosed above did not result in an impairment either. The following variations would theoretically represent the "break-even point":

	2016	2015
Discount rates	23.3%	21.2%
Terminal growth rate	–48.7%	–47.1%
Cash flows	–84.9%	–83.2%

Intangible Assets

	Patents, licenses and similar rights € in K	Brand name € in K	Customer relationships € in K	Capitalized development costs € in K	Payments on account € in K	**Total € in K**
Gross book values at Jan. 1, 2015	**37,962**	**10,779**	**109,800**	**49,012**	**251**	**207,804**
Currency translation	2,067	–4	565	456	0	3,084
Business combinations	30,617	207	7,875	0	0	38,699
Acquisitions	644	0	0	8,154	67	8,865
Disposals	–384	0	–275	–117	0	–776
Transfers	28	0	0	0	0	28
Gross book values at Dec. 31, 2015	**70,933**	**10,982**	**117,965**	**57,506**	**318**	**257,704**
Amortization and impairment losses at Jan. 1, 2015	**–15,234**	**0**	**–51,368**	**–28,042**	**0**	**–94,644**
Currency translation	–888	1	–124	–270	0	–1,281
Amortization and impairment losses	–5,487	–28	–8,374	–5,167	0	–19,056
Disposals	355	0	275	0	0	630
Transfers	–5	0	0	0	0	–5
Amortization and impairment losses at Dec. 31, 2015	**–21,259**	**–27**	**–59,590**	**–33,479**	**0**	**–114,355**
Net book values at Dec. 31, 2015	**49,674**	**10,955**	**58,375**	**24,027**	**318**	**143,349**

	Patents, licenses and similar rights € in K	Brand name € in K	Customer relationships € in K	Capitalized development costs € in K	Payments on account € in K	**Total € in K**
Gross book values at Jan. 1, 2016	**70,933**	**10,982**	**117,965**	**57,506**	**318**	**257,704**
Currency translation	–1,115	–23	–1,941	–853	0	–3,932
Business combinations	4,244	102	5,323	0	0	9,668
Acquisitions	589	0	4	14,570	36	15,199
Disposals	–94	0	0	–3,169	0	–3,263
Transfers	107	0	0	0	–318	–211
Gross book values at Dec. 31, 2016	**74,664**	**11,060**	**121,351**	**68,054**	**36**	**275,165**
Amortization and impairment losses at Jan. 1, 2016	**–21,259**	**–27**	**–59,590**	**–33,479**	**0**	**–114,355**
Currency translation	100	5	378	59	0	541
Amortization and impairment losses	–6,759	–46	–8,498	–5,304	0	–20,607
Disposals	93	0	0	3,169	0	3,262
Transfers	11	0	0	0	0	11
Amortization and impairment losses at Dec. 31, 2016	**–27,813**	**–68**	**–67,710**	**–35,556**	**0**	**–131,147**
Net book values at Dec. 31, 2016	**46,851**	**10,992**	**53,640**	**32,498**	**36**	**144,018**

The Stedim brand name acquired in 2007 is considered to have an indefinite useful life and is therefore not amortized. There is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group. The brand name is tested annually for impairment and as soon as there is any indication of asset impairment.

Because of the integration of the Stedim brand into the Sartorius Stedim Biotech brand, a separate measurement of relevant cash flows is no longer possible. Therefore, no separate impairment test was carried out in 2016; the recoverable amount of the brand name was considered at the level of the "Biopharm segment" cash-generating unit (CGU).

The customer relationships obtained as part of the reverse acquisition of Stedim constitute a material intangible asset. The book value of these customer relationships amounted to €29.8 million (2015: €34.8 million) for the year ended December 31,2016; the remaining useful life is six years.

In 2016, the development costs of €14,570 K were recognized as assets (€8,154 K in 2015). The capitalized development costs essentially covered the costs that were allocated to the staff involved in R&D, raw materials and supplies, outside services and directly attributable overhead. Internally generated intangible assets were amortized according to the straight-line method over their useful life, which usually did not exceed five years.

Amortization of intangible assets is allocated to the corresponding functions in the statement of profit or loss. For capitalized development costs, amortization is disclosed in the line "cost of sales".

17. Property, Plant and Equipment

	Land, buildings and improvements € in K	Technical machinery and equipment € in K	Factory and office equipment and other equipment € in K	Payments on account and construction in progress € in K	**Total € in K**
Gross book values at Jan. 1, 2015	**143,661**	**101,141**	**66,622**	**25,926**	**337,350**
Currency translation	2,489	1,768	1,340	–34	5,563
Business combinations	160	1,270	1,510	–1	2,939
Acquisitions	6,485	9,195	7,877	22,099	45,656
Disposals	–432	–2,145	–5,091	–86	–7,755
Transfers	3,193	7,620	–2,515	–8,105	192
Gross book values at Dec. 31, 2015	**155,555**	**118,849**	**69,743**	**39,798**	**383,945**
Depreciation at Jan. 1, 2015	**–42,400**	**–58,682**	**–44,072**	**0**	**–145,155**
Currency translation	–427	–1,141	–796	7	–2,357
Depreciation	–5,571	–8,558	–6,237	–434	–20,800
Disposals	432	2,249	4,565	0	7,247
Transfers	0	–1,932	1,926	0	–6
Depreciation at Dec. 31, 2015	**–47,966**	**–68,064**	**–44,614**	**–426**	**–161,070**
Net book values at Dec. 31, 2015	**107,589**	**50,785**	**25,129**	**39,372**	**222,875**

	Land, buildings and improvements € in K	Technical machinery and equipment € in K	Factory and office equipment and other equipment € in K	Payments on account and construction in progress € in K	**Total € in K**
Gross book values at Jan. 1, 2016	**155,555**	**118,849**	**69,743**	**39,798**	**383,945**
Currency translation	–604	–657	–185	–820	–2,267
Business combinations	1	0	24	0	25
Acquisitions	11,848	12,088	12,766	28,260	64,962
Disposals	–328	–1,288	–3,352	–47	–5,016
Transfers	4,836	23,072	2,788	–30,487	208
Gross book values at Dec. 31, 2016	**171,308**	**152,063**	**81,783**	**36,704**	**441,858**
Depreciation at Jan. 1, 2016	**–47,966**	**–68,064**	**–44,614**	**–426**	**–161,070**
Currency translation	103	52	142	29	327
Depreciation	–5,973	–10,722	–7,381	0	–24,077
Disposals	260	1,088	3,085	0	4,433
Transfers	1,539	–815	–1,131	398	–8
Depreciation at Dec. 31, 2016	**–52,037**	**–78,459**	**–49,899**	**1**	**–180,395**
Net book values at Dec. 31, 2016	**119,270**	**73,604**	**31,885**	**36,705**	**261,464**

Depreciation is included in the statement of profit or loss according to use of the assets in the cost of sales, selling and distribution costs, research and development costs, general administrative expenses and other operating expenses.

In 2016, as for fiscal 2015, there were no significant impairment losses to recognize in the intangible assets and the property, plant and equipment.

Capitalized property, plant and equipment include assets held under finance leases amounting to €16,810 K (2015: €17,137). The cost of acquisition of these assets totals €19,867 K (2015: €19,480 K).

18. Deferred Tax

	Deferred Tax Assets		**Deferred Tax Liabilities**	
	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K	**Dec. 31, 2016 € in K**	Dec. 31, 2015 € in K
Intangible assets	0	0	33,484	34,693
Tangible assets	0	0	6,603	6,826
Inventory	7,237	6,195	0	0
Receivables and other current assets	1,970	633	0	1,148
Provisions	8,590	9,040	0	0
Liabilities	3,290	7,450	498	45
Gross amount	**21,086**	**23,318**	**40,584**	**42,711**
Carry forward of taxable losses	2,798	574	0	0
Tax on undistributed earnings of subsidiaries	0	0	1,325	1,325
Offset	–13,130	–13,850	–13,130	–13,850
Net amount	**10,754**	**10,042**	**28,779**	**30,186**
Change	**712**	**–127**	**1,406**	**–2,374**
thereof recognized in profit or loss	**480**	**74**	**–2,013**	**4,840**

Deferred Tax Assets

On the balance sheet date, the Group had unused tax loss amounts carried forward of €12.0 million to be deducted from future taxable profits (€6.0 million in 2015). A deferred tax amount was reported on approx. €8.3 million of these losses (€2.6 million in 2015). Concerning the remaining losses to be carried forward, no deferred tax amounts were recognized because of the lack of visibility of future taxable profits.

Deferred tax assets in the amount of €2.7 million (€0.1 million) relate to companies that reported losses in this year under review or in the earlier reporting year.

Deferred Tax Liabilities

The deferred tax liabilities in connection with intangible assets refer to assets acquired in business combinations and consequently are mainly linked to customer relationships and technologies.

The Group did not record deferred tax liabilities on approx. €390 million (€307 million) in cumulative undistributed earnings of subsidiaries because these earnings are intended to be reinvested in these operations. When the dividends are paid out, an amount of 5% of the dividends will be taxed under the French and German taxation rules and, if applicable, with withholding tax. Furthermore, additional income tax consequences could arise in the case of an intermediate holding company.

In fiscal 2016, as in the previous years, the tax effect from hedging instruments, and the deferred tax assets from the recognition of the remeasurements of defined benefit liabilities (assets) and the amount of income taxes incurred by the net investment in a foreign operation were recognized in other comprehensive income. The income taxes recognized in other comprehensive income are disclosed as follows in the table:

€ in K	**2016**	2015
Cash flow hedges	1,577	418
Remeasurements of the net defined benefit obligations	229	–7
Net investment in a foreign operation	974	1,992
Total	**2,780**	**2,403**

19. Inventories

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Raw materials and supplies	57,203	37,765
Work in progress	50,454	45,632
Finished goods and merchandise	59,152	60,280
Payments on account	4,248	3,293
Total	**171,057**	**146,970**

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Gross amount inventories	182,577	160,048
Write-downs	–11,520	–13,078
Net Amount Inventories	**171,057**	**146,970**

20. Current Trade Receivables | Other Receivables

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Trade receivables from third parties	168,247	132,964
Amounts due from customers for contract work	3,130	3,678
Receivables from subsidiaries of the Sartorius AG Group	12,575	5,702
Trade receivables	**183,952**	**142,344**

The "Receivables from subsidiaries of the Sartorius AG Group" item refers to other companies of the Sartorius Group (please refer to section 32).

In some of the Group's business areas, the Group carries out long-term construction contracts. These customer-specific contracts are recognized by the application of IAS 11, Construction Contracts, based on the percentage of completion method.

The item "amounts due from customers for contract work" represents the net amount of costs incurred plus recognized profits less recognized losses and progress billings in connection with construction contracts. The aggregate amount of costs incurred and recognized profits | losses for projects in progress on the reporting date is €29,886 K (2015: €17,892 K). For these projects, advance payments of €26,756 K (2015: €14,214 K) were recorded. For this year, the contract revenue for projects in progress is €23,452 K (2015: €11,747 K).

Trade and other receivables were reported so that all discernible risks are covered. The book values of trade receivables and other receivables are representative of their fair value considering the maturity date and the credit risks. In determining the recoverability of trade receivables, the Group considers any change in the credit quality from the date the credit was originally granted. There are no significant concentrations of credit risks due to a large base of unrelated customers. Accordingly, it is not necessary to make any further provision to cover risks beyond the allowances already considered.

Development of trade allowances:

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Valuation allowance at the beginning of the year	–3,359	–2,615
Increase during the year	–864	–1,599
Derecognition and consumption	98	296
Recoveries of amounts previously impaired	1,522	721
Foreign currency translation differences	11	–71
Business combinations	0	–91
Valuation allowance at the end of the year	**–2,591**	**–3,359**

Aging of trade receivables past due, but not impaired:

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
1–30 days	25,496	24,094
31–90 days	13,413	13,142
91–180 days	4,144	6,857
181–360 days	5,789	1,894
More than 360 days	1,185	668
Total	**50,026**	**46,656**

For trade receivables of €50,026 K (2015: €46,656 K) that were past due on the reporting date, no valuation allowances were made as there was no material change in the creditworthiness of the debtors and it could be expected that they would pay the amounts outstanding. Overall the Group has experienced very low credit losses over the past years. The trade receivables not yet due and other financial assets were not written down as there was no indication of impairment.

21. Other Financial Assets

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Derivative financial instruments	278	9
Other financial assets	8,265	8,353
Current financial assets	**8,543**	**8,362**

The caption other financial assets includes loan receivables to other entities of the Sartorius AG Group in the amount of €1,786 K (2015: €2,445 K).

22. Issued Capital

The annual ordinary shareholders' meeting on April 5, 2016 approved the following measures that are reflected in the statement of changes in equity:

- As of January 1, 2016 the company VL Finance SAS was merged into the group's parent company Sartorius Stedim Biotech S.A. The impact of this merger on the Group's equity was not material.

- After completion of the merger it was decided to reduce the par value of each share from €1.00 to €(1/6) multiplying the number of shares by 6 from 15,363,365 to 92,180,190.

- Finally the par value of each share was increased from €0.1667 (rounded amount) to €0.20 by the way of incorporation of reserves. This transaction led to an increase in issued capital by €3,073 K and a respective reduction in reserves. The cost of the capital increase in the amount of €601 K was deducted from reserves.

As of December 31, 2015, and December 31, 2016, there were no dilutive instruments other than share subscription option plans. Shares registered in the name of the same owner for at least four years benefit from a double voting right.

	Dec. 31, 2016	Dec. 31, 2015
Number of shares at the beginning of the period	15,367,238	15,359,238
Increase of shares (merger)	1,638,222	0
Increase of shares (stock split)	76,816,825	0
Stock options exercised	0	8,000
Cancellation of treasury shares	–1,642,095	0
Number of shares at the end of the period	**92,180,190**	**15,367,238**
Nominal value per share (in €)	0.20	1.00
Impact of Liquidity Contract - Treasury Shares	–353	0
Issued capital amount (€ in K)	**18,083**	**15,367**

Dividends

The Board of Directors will submit a proposal to the Annual General Shareholders' Meeting for payment of a dividend for the year ended December 31, 2016, as follows: payment of a net dividend of €0.42 per share (2015: €0.33), i.e., a total disbursement of 38,713,209.00 € (excluding treasury shares; 2015: 30,734,476.00 €).

23. Non-Controlling Interest

The non-controlling interest recognized in the statement of financial position amounting to €5,551 K relate to the subsidiary Sartorius Korea Biotech. The interest in Sartorius Korea Biotech is 69%, the remaining 31% are subject to an exercisable call option.

The purchase price for this non-controlling interest is variable and depends on the future performance of the entity.

As of December 31, 2016 Sartorius Stedim Biotech has acquired the remaining 40% of interest in All Pure Technologies and accordingly holds 100% in this entity at the end of the reporting period. The forward in those 40% of shares formerly held by the non-controlling owners has been transferred into so-called phantom units. According to the respective agreement the purchase price for the acquisition of the non-controlling interests depends on the future performance of the related business and is due latest 2022.

The non-controlling interests are allocated as follows to the respective entities:

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Sartorius Korea Biotech Co. Ltd.	5,551	4,080
AllPure Technologies LLC	0	1,699
Total	**5,551**	**5,778**

Key Figures

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Sartorius Korea Biotech Co. Ltd.		
Sales revenue	46,196	43,395
Net result	7,092	5,129
Total assets	26,126	25,204
Attributed profit or loss (-)	2,199	1,590
AllPure Technologies LLC		
Sales revenue		5,023
Net result		–239
Total assets		5,474
Attributed profit or loss (-)		–96

There are no significant restrictions on the Group's ability to access or use the assets or settle the liabilities of the mentioned entities.

24. Pension and Employee Benefits Provisions

Defined Contribution Plans

Most of the Sartorius Stedim Biotech Group companies make payments under defined contributions plans, primarily relating to government-run pension plans. In 2016, the total expense recognized for the defined contribution plans amounted to €17,532 K (2015: €14,779 K).

Defined Benefit Plans

Pension provisions and similar obligations have been recognized in the consolidated financial statements of Sartorius Stedim Biotech Group in accordance with actuarial principles. The remeasurements of defined benefit liabilities (asset) are shown in other comprehensive income according to the standard IAS 19. The actuarial losses, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totaled €–1,784 K (€–308 K in 2015).

An amount of €25,056 K relates in particular to pension provisions for retirement pension plans in Germany. These provisions totaled €22,888 K in 2015 and primarily relate to direct commitments under defined benefit pension plans. Under these commitments, the employees earn benefits for each year of service rendered to the company. The benefits earned depend on the salary level and the age of the respective employees. The pension benefits are generally not funded with assets.

The assumed discount rates reflect the interest rates payable on the reporting date for high-quality corporate bonds with matching maturities and denominated in the relevant currencies (mainly Euro). If such corporate bonds are not available with matching long-term maturities or are insufficiently available, their matching interest rates are determined by extrapolation.

Measurement of the post-employment benefit obligations is based on the following actuarial assumptions:

For Germany:

in %	**Dec. 31, 2016**	Dec. 31, 2015
Discount rate	1.68	2.27
Future salary increases	3.00	3.00
Future pension increases	2.00	2.00

With regard to the assumptions for mortality and disability the tables "Richttafeln (RT) 2005 G" by Klaus Heubeck were applied.

For France:

in %	**Dec. 31, 2016**	Dec. 31, 2015
Discount rate	1.42	2.00
Future salary increases	**2.50**	2.50
Future pension increases	2.00	2.00

The amounts reported in the statement of profit or loss and other comprehensive income consist of the following:

	2016 € in K	2015 € in K
Current service cost	–1,746	–1,625
Past service cost	370	688
Net interest expenses	–555	–554
Components of defined benefit costs recognized in profit or loss	**–1,932**	**–1,492**
Return on plan assets (excl. interest)	117	–31
Remeasurements	–1,900	–194
Components of defined benefit costs recognized in other comprehensive income	**–1,784**	**–225**
Total	**–3,716**	**–1,717**

In the statement of profit or loss, the current service cost is disclosed according to the assignment of employees to the respective functions.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of defined benefit plans is as follows:

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Present value of the obligations	40,841	37,651
Fair value of the plan assets	–6,622	–5,914
Net Liability	**34,219**	**31,737**

The present value of the defined benefit obligation developed as follows:

	2016 € in K	2015 € in K
Present value of the obligations as of Jan. 1	**37,651**	**35,557**
Current service cost	1,746	1,625
Past service cost	–370	–688
Interest cost	622	652
Remeasurements	1,871	193
Foreign currency translation differences	113	632
Retirement benefits paid in the reporting year	–1,140	–998
Employee contributions	208	188
Contributions by plan participants	85	474
Other changes	54	16
Present value of the obligations as of Dec. 31	**40,841**	**37,651**

The remeasurements of defined benefit liability (asset) can be allocated as follows:

	2016 € in K	2015 € in K
Experience adjustments	–411	542
Changes in demographic assumptions	–611	393
Changes in financial assumptions	2,893	–741
Total	**1,871**	**195**

Plan Assets:

	2016 € in K	2015 € in K
Plan assets as of Jan. 1	**5,914**	**4,974**
Interest income	66	98
Return on plan assets (excl. interest)	117	–31
Remeasurements	–29	–2
Group contribution & payments	–1,028	–904
Foreign currency translation differences	61	447
Employee contributions	208	188
Employer contributions	952	621
Contributions by plan participants	361	522
Other changes	0	0
Plan assets as of Dec. 31	**6,622**	**5,914**

Composition of Plan Assets:

The plan assets do primarily refer to insurance contracts in Germany and Switzerland, there are no major equity or debt investments included. The subsidiary in South Korea has deposited an amount of €1.4 million (€1.2 million in 2015) to local banks as cash and cash equivalents.

Sensitivity Analysis

An increase | decrease of the actuarial assumptions would have the following impacts on the defined benefit obligations (a positive sign (+) means an increase of the obligation):

2015:

€ in K		
Demographic assumptions		
Life expectancy	+1 year	–1 year
Effect	754	–741
Financial assumptions		
Discount rate	+100 bps	–100 bps
Effect	–5,385	6,957
Future salary increases	+50 bps	–50 bps
Effect	755	–707
Future pension increases	+25 bps	–25 bps
Effect	879	–838

2016:

€ in K		
Demographic assumptions		
Life expectancy	+1 year	–1 year
Effect	845	–840
Financial assumptions		
Discount rate	+100 bps	–100 bps
Effect	–5,911	7,650
Future salary increases	+50 bps	–50 bps
Effect	934	–861
Future pension increases	+25 bps	–25 bps
Effect	967	–922

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another. Furthermore, the present value of the defined benefit obligation has been calculated using the same method that was applied in calculating the defined benefit obligation liability recognized in the statement of financial position (projected unit credit method).

Maturity Analysis

The undiscounted cash flows from defined benefits obligations can be allocated to maturities as follows:

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
<1 year	1,344	1,267
1–5 years	6,391	5,898
6–10 years	10,148	11,847
>10 years	50,779	47,919
Total	**68,662**	**66,931**

The weighted average duration of the defined benefit obligations is 18.2 years (2015: 18.0 years).

25. Loans and Borrowings

	Balance at Dec. 31, 2016 € in K	**of which current Dec. 31, 2016 € in K**	Balance at Dec. 31, 2015 € in K	of which current Dec. 31, 2015 € in K
Liabilities to banks	30,412	21,037	26,438	13,835
Loans from Sartorius AG	53,639	53,639	73,379	73,379
Total loans and borrowings	**84,052**	**74,677**	**99,817**	**87,214**

In December 2014 Sartorius Group refinanced both syndicated loan facilities led by BNP Paribas, Commerzbank AG and LBBW into a single 400 million loan facility. According to this loan agreement future financing of the Group will be channeled through the parent company Sartorius AG. At the same time Sartorius AG has signed a loan agreement with Sartorius Stedim Biotech GmbH which secures the financing of the Sartorius Stedim Biotech Group over the long term. The credit volume of this agreement is 300 million euros and the interest rate is variable with a credit margin based on arms'-length principles.

The non-current loans and borrowings do not include the liabilities in connection with acquisitions which are presented in the caption "other non-current liabilities".

26. Other Non-current Liabilities

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Derivative financial instruments	6,159	4,037
Other liabilities	49,633	47,451
Total	**55,792**	**51,488**

The derivative financial instruments represent the fair value of interest rate swap agreements and foreign currency forward contracts. In the context of the refinancing described above the designation of the interest rate swap agreements had to be cancelled and the amount recognized in other comprehensive income was posted to the profit or loss for the period.

The other non-current liabilities include the liability for the remaining purchase price for the cell culture media business of the company Lonza in the amount of €43,800 K. Currently it is expected that this liability will be paid in two tranches in 2017 and 2022.

Furthermore this item includes the liability for phantom units that was incurred in connection with the acquisition of the non-controlling interests in the company AllPure Technologies, LLC (see chapter 23) amounting to €5,833 K. The purchase price depends on the performance of the activity and is due 2022 at the latest.

27. Other Provisions

Other Non-current Provisions

	Payments to employees on early retirement plan € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2015	2,209	682	2,891
Currency translation	0	8	8
Consumption	–780	–33	–813
Reversals	0	–6	–6
Additions	1,117	53	1,170
Reclassification	0	29	29
Balance at Dec. 31, 2015	**2,546**	**732**	**3,278**

	Payments to employees on early retirement plan € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2016	2,546	732	3,278
Currency translation	0	6	6
Consumption	–256	–3	–259
Reversals	0	–3	–3
Additions	41	76	117
Reclassification	0	–56	–56
Balance at Dec. 31, 2016	**2,331**	**752**	**3,083**

The non-current provisions comprise mainly provisions for partial retirement and employee anniversary bonuses (included in the item "other"). These obligations arise mainly in German Group companies. The partial retirement plans allow employees to work part-time for 3 - 5 years before their actual retirement.

According to IAS 19 the treatment of severance payments to be earned in future periods must be recognized in profit or loss over the respective period of service. Actuarial gains and losses, as well as past service costs, on these obligations are recognized as income or expense.

Non-current provisions are reported at their present value on the reporting date. The discount rate for employees on the early retirement plan is 0.0% (2015: 0.3%).

Current Provisions

During financial 2015 and 2016, the current provisions developed as follows:

	Warranties € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2015	3,235	2,989	6,224
Currency translation	92	62	154
Consumption	–1,343	–245	–1,588
Release	–440	–141	–581
Additions	1,873	1,989	3,862
Change in the scope of consolidation	151	79	230
Other changes	0	–288	–288
Balance at Dec. 31, 2015	**3,569**	**4,445**	**8,014**

	Warranties € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2016	3,569	4,445	8,014
Currency translation	–81	–4	–85
Change in the scope of consolidation	0	0	0
Consumption	–2,828	–250	–3,078
Release	–123	–1,369	–1,492
Additions	2,876	3,046	5,922
Other changes	1,500	–1,500	0
Balance at Dec. 31, 2016	**4,914**	**4,367**	**9,281**

In measuring the other provisions, all recognizable obligations that are based on past business transactions or past events probably resulting in cash payments for resources, which are representative of economic benefits and whose the amount can be reliably estimated, were reported as provisions.

Provisions are recognized for legal or constructive obligations against third parties. Warranty provisions contain expenses for returned products, replacement deliveries and repairs. Specific risks are recognized when the occurrence is more likely than not. General warranty risks are considered on the basis of experiences in the past. The other provisions contain mainly onerous contracts and uncertain liabilities to employees.

28. Current Liabilities

Trade Payables

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Payments received on account of orders	39,767	39,242
Trade payables to third parties	57,594	54,532
Payables to participations	555	0
Payables to subsidiaries of the Sartorius AG Group	9,839	6,824
Total	**107,754**	**100,598**

Other Financial Liabilities

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Derivative financial instruments	7,300	3,460
Other liabilities	15,945	11,493
Total	**23,245**	**14,953**

The derivative financial instruments refer to the fair values of interest rate swap agreements and foreign currency hedging transaction such as forward contracts (mainly related to the US$).

29. Other Financial Obligations | Contingent Assets and Liabilities

As was the case in the previous years there are no significant contingent liabilities or contingent assets to be reported. The group's financial obligations refer to rental obligations (future minimum lease payments under the lease under non-cancellable leases), which break down as follows:

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Operate leases		
- due within one year	8,065	5,771
- due within 2 to 5 years	16,370	11,506
- due thereafter	3,234	3,301

30. Financial Instruments | Financial Risks

A. General Information

This section gives an overview of the impact of financial instruments on the financial statements of the Sartorius Stedim Biotech Group and provides additional information on the balance sheet items, which contain financial instruments.

Derivatives are measured at fair value determined according to the mark-to-market method in which recognized mathematical methods are used. The fair values are based on the market data available at the time the value of these derivatives is calculated and reflect the estimates of the market conditions at the end of the year.

B. Classes of Financial Instruments

The following tables compare the carrying amounts and the fair values of all categories of financial instruments and reconcile these with the balance sheet items.

	Category acc. to IAS 39	**Carrying amount Dec. 31, 2016 € in K**	**Fair value Dec. 31, 2016 € in K**	Carrying amount Dec. 31, 2015 € in K	Fair value Dec. 31, 2015 € in K
Financial Assets	**Available for sale**	**1,946**	**1,946**	**1,330**	**1,330**
Derivative financial instruments	Held for trading	202	202	0	0
Derivative financial instruments in hedging relationship	Hedging Instruments	124	124	0	0
Non-current financial assets		**2,272**	**2,272**	**1,330**	**1,330**
Trade receivables	Loans and receivables	183,952	183,952	142,344	142,344
Financial Assets	Loans and receivables	8,265	8,265	8,353	8,353
Derivative financial instruments	Held for trading	17	17	0	0
Derivative financial instruments in hedging relationship	Hedging Instruments	261	261	9	9
Other financial assets		**8,543**	**8,543**	**8,362**	**8,362**
Cash and cash equivalents	**Loans and receivables**	**34,756**	**34,756**	**31,831**	**31,831**
Loans and borrowings	Financial liabilities at cost	84,052	84,892	99,817	100,919
Finance lease liabilities	IAS 17	18,270	29,426	18,443	25,175
Trade payables	Financial liabilities at cost	67,988	67,988	61,356	61,356
Trade payables	n/a	39,767	39,767	39,242	39,242
Trade payables		**107,754**	**107,754**	**100,598**	**100,598**
Derivative financial instruments	Held for trading	3,129	3,129	2,801	2,801
Derivative financial instruments in hedging relationship	Hedging Instruments	10,330	10,330	4,696	4,696
Other financial liabilities	Financial liabilities at cost	59,746	66,470	53,905	61,493
Other financial liabilities	Fair value through profit or loss	5,833	5,833	5,428	5,428
Other financial liabilities		**79,038**	**85,762**	**66,830**	**74,418**

The carrying amounts of the financial instruments for each category are shown in the following table:

	Dec. 31, 2016 € in K	Dec. 31, 2015 € in K
Available for sale assets	1,946	1,330
Loans and receivables	226,972	182,528
Held for trading assets	17	0
Assets held as hedging instruments	261	9
Financial liabilities at cost	211,785	215,078
Held for trading liabilities	3,129	2,801
Fair value through profit or loss	5,833	5,428
Liabilities held as hedging instruments	10,330	4,696

For the equity investments measured at acquisition cost (financial assets), it is not possible to determine fair values reliably due to the absence of active markets. This applies mainly to shares in non-consolidated subsidiaries. These are mainly linked to sales affiliates of the Group; the calculation of fair values for those activities would therefore not be relevant for the economic decisions of the users. Currently, it is not planned to sell these assets.

The fair values of the financial instruments were determined on the basis of the market information available on the reporting date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are calculated on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are calculated on the basis of input factors which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors that cannot be derived from observable market data.

The financial instruments to be recognized at fair value on the reporting date are exclusively derivatives in the form of forward contracts and interest rate swaps. They were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks and finance leases, were measured on the basis of the market interest rate, taking the current indicative credit spreads into account (Level 2).

The liability for the phantom units in connection with the acquisition of the non-controlling interest of AllPure has been recognized at the present value of the expected future payments. These payments are derived from the expected revenues of the AllPure business at the time of the purchase taking into consideration the above mentioned risk-adjusted discount rate (level 3).

The fair values of the remaining financial assets and liabilities to be disclosed approximate the carrying amounts because of their predominantly short-term maturity.

Measurement of Fair Values

The valuation of the level 3 liability is based on a discounted cash flow technique, taking into consideration the expected future payments discounted using a risk-adjusted discount rate. The expected payments are determined by considering possible developments of future revenue and the amounts to be paid under each scenario. The significant unobservable input in this calculation is the future revenue which was considered at a growth rate of approximately €2.5 million per year on average.

The carrying amount of the liability can be reconciled as follows:

€ in K	2016	2015
Balance at Jan. 1	**5,428**	**6,183**
Fair value changes	141	0
Interest expense included in profit or loss	86	93
Payment	0	–1,532
Effects from foreign exchange translation	178	684
Balance at Dec. 31	**5,833**	**5,428**

An increase (decrease) of the sales revenue by 10% in each of the following years would lead to an increase (decrease) of the liability by €0.6 million (€0.6 million).

The Group recognizes transfers between the levels of the fair value hierarchies at the end of the reporting period during which the change has occurred. In the current reporting period there were no transfers between the levels.

Net Gains and Losses from Financial Instruments

The net gains and losses of the various categories of financial instruments are presented in the following table:

	2016 12 months € in K	2015 12 months € in K
Available for sale assets	0	0
Loans and receivables	3,217	3,103
Financial assets and liabilities held for trading	–109	595
Fair value through profit or loss	227	93
Financial liabilities at cost	–7,254	–13,503

The net result from financial assets available for sale mainly comprises gains or losses on equity investments (dividends or gains from the disposal of shares).

The net result from loans and receivables mainly includes the effects of currency translation and changes in allowances.

The net result from financial assets and liabilities held for trading predominantly comprises changes in the fair value of derivative financial instruments as well as interest income and interest expenses for these financial instruments.

The net result from liabilities measured at amortized cost mainly comprises the effects of foreign currency translation and fair value changes.

Total interest income and expenses for financial assets and liabilities that are measured at fair value without recognition in profit or loss were as follows:

	2016 12 months € in K	2015 12 months € in K
Interest income	427	362
Interest expenses	–4,133	–3,767

C. Capital Risk Management

In the Sartorius Stedim Biotech Group, capital is managed in order to maximize earnings of those participating in the company by optimizing the ratio of equity to liabilities. Furthermore, we ensure that all Group companies operate under the premise of the going-concern principle.

The financial liabilities detailed above are regarded as managed capital and, furthermore, so are the cash and cash equivalents as well as equity capital.

D. Goals of Financial Risk Management

The Treasury Department of the Sartorius Stedim Biotech Group is centrally focused in Sartorius Corporate Administration GmbH, a subsidiary of Sartorius AG. This centralized Treasury Department performs services for all companies of the Sartorius Group, including the Sartorius Stedim Biotech Group, and coordinates access to national and international financial markets. In addition, the Treasury Department monitors and controls financial risks by internal risk reporting, which analyzes risks according to their degree and scope. Essentially, these risks entail currency, interest rate and liquidity risks.

The Sartorius Stedim Biotech Group strives to minimize the impact of currency and interest rate risks using derivative financial instruments. Hedging transactions and their controlling are carried out by different staff members. Moreover, the Group's Internal Auditing Department regularly monitors the use of such financial instruments. Trading with derivative financial instruments is done for hedging purposes only.

E. Management of Exchange Rate Risks

The Group is exposed to currency risks as more than one third of sales revenue is generated in U.S. dollars or currencies linked to the U.S. dollar and, to a lesser extent, in other foreign currencies. Therefore, derivative financial instruments are used to hedge the net currency exposure resulting from currency translation of the sales revenue. For currency hedging, forward contracts are used and, to a limited extent, structured hedge transactions.

Forward contracts secure the right, and simultaneously create the obligation, to sell an established foreign currency amount on the exercise date at a specific exchange rate against the euro, independently of the exchange rate actually valid on this date. The profit or loss resulting from the difference between the current and the previously established exchange rate is generally measured as income or an expense in the statement of profit or loss.

In addition, target profit forwards have been concluded to optimize hedging transactions. These transactions secure the right and create the obligation to swap an agreed amount in a foreign currency for the corresponding euro amount at a fixed exchange rate on several target dates as long as the profit resulting from these exchange transactions does not exceed a contractually defined limit.

The Group's strategy provides for hedging of up to one and a half years. Also, the hedging measures are reviewed at regular intervals in order to adapt them to currency fluctuations.

At the balance sheet date forward contracts have been carried out in an amount of $172 million (2015: $107 million) to hedge against the risk of fluctuation in the EUR | USD exchange rate. This amount covers roughly one third of the expected net exposure for the U.S. dollar within the period of two years. Furthermore, Japanese yen, British pounds and Swiss francs have been hedged in smaller volumes.

The following table shows the forward transactions as well as the target profit forward contracts as of the balance sheet date:

Dec. 31, 2015	Currency	Volume	Maturity	Fair value € in K
Forward contract	USD	15,000,000	Q1 2016	–1,098
	USD	14,500,000	Q2 2016	–734
	USD	15,500,000	Q3 2016	–680
	USD	15,000,000	Q4 2016	–844
	USD	11,500,000	Q1 2017	–463
	USD	10,500,000	Q2 2017	–520
	USD	12,000,000	Q3 2017	–577
	USD	13,000,000	Q4 2017	–492
	USD	**107,000,000**		**–5,407**
Target Profit Forward	**USD**	**14,000,000**	**Q3 2017**	**–43**
Forward contract	**GBP**	**–500,000**	**Q1 2016**	**4**
Forward contract	CHF	–2,000,000	Q1 2016	–49
	CHF	–1,000,000	Q2 2016	–51
	CHF	**–3,000,000**		**–100**
Target Profit Forward	**JPY**	**525,000,000**	**Q3 2017**	**–23**

Dec. 31, 2016	Currency	Volume	Maturity	Fair value € in K
Forward contract	USD	18,500	Q1 2017	–1,538
	USD	21,500	Q2 2017	–1,922
	USD	19,000	Q3 2017	–1,729
	USD	20,000	Q4 2017	–1,282
	USD	18,000	Q1 2018	–1,118
	USD	15,000	Q2 2018	–1,033
	USD	15,000	Q3 2018	–788
	USD	16,000	Q4 2018	–1,011
	USD	10,000	Q1 2019	–253
	USD	9,000	Q2 2019	–215
	USD	7,000	Q3 2019	–110
	USD	3,000	Q4 2019	8
	USD	**172,000**		**–10,991**
Structured forward contract	USD	6,000	Q1 2017	–118
	USD	6,000	Q2 2017	–118
	USD	6,000	Q3 2017	–118
	USD	6,000	Q4 2017	–118
	USD	6,000	Q1 2018	–118
	USD	4,000	Q2 2018	–38
	USD	3,000	Q3 2018	2
	USD	2,000	Q4 2018	1
	USD	**39,000**		**–627**
Forward contract	CHF	4,000	Q1 2017	41
	CHF	2,000	Q2 2017	40
	CHF	2,000	Q3 2017	39
	CHF	2,000	Q4 2017	40
	CHF	2,000	Q1 2018	40
	CHF	**12,000**		**200**
Structured forward contract	JPY	–75,000	Q1 2017	–25
	JPY	–75,000	Q2 2017	–25
	JPY	–75,000	Q3 2017	–25
	JPY	–25,000	Q4 2017	–8
	JPY	**–250,000**		**–84**

Derivative financial instruments are measured at the time of acquisition at cost and at fair value on subsequent balance sheet dates. The changes in value of the derivative financial instruments are recognized in the statement of profit or loss on the balance sheet date. If the derivative financial instruments serve to hedge against cash flow risk and a qualified hedging relationship exists based on the criteria of IAS 39, the valuation adjustments are recognized in other comprehensive income (cumulative amount in 2016: €–9.9 million;2015: €–4.7 million). The amounts recognized in equity are included in the profit or loss in the period in which the hedged transactions affect this result.

If the U.S. dollar would have depreciated 10% against the euro, the equity would have increased by €25.0 million (2015: €14.6 million) and the result would have been increased by €1.0 million (2015: €3.6 million).

Vice versa, if the U.S. dollar would have appreciated 10% against the euro, the resulting impact of the result would have been - €4.6 million (2015: - €4.5 million) and the other comprehensive income - €23.5 million (2015: - €17.9 million).

A variation of the Swiss Franc (CHF) against the Euro would primarily have an impact on the valuation of the liability in connection with the acquisition of the cell culture media business of Lonza in 2012 (denominated in CHF). An increase of the CHF against the Euro by 5% would lead to an increase of the liability amounting to €2.3 million (2015: €2.2 million), a decrease of the CHF against the Euro by 5% would lead to a decrease of the liability amounting to €2.1 million (€2.0 million).

F. Interest Risk Management

Sartorius Stedim Biotech is mainly financed through its parent company Sartorius AG. This major loan is taken out at variable interest rates; therefore the Group continues to be exposed to interest rate risks. To control the interest risk, an appropriate ratio between fixed and variable loans is maintained. Furthermore, the Group concluded interest rate hedges in the form of interest swaps, which cover the majority of the loans outstanding at variable interest rates. As a result, the Group receives the particular (variable) interest rate valid on the market and pays a fixed interest rate.

The following table provides an overview of the interest hedging contracts available on the reporting date.

Instrument	**Hedging volume as of Dec. 31, 2016 € in K**	Hedging volume as of Dec. 31, 2015 € in K	End of term	Hedged interest rate	**Fair value as of Dec. 31, 2016 € in K**	Fair value as of Dec. 31, 2015 € in K
Swaps	40,000	40,000	up to Aug. 2018	1.68% –1.79%	–1,353	–1,920
Total					**–1,353**	**–1,920**

The Group's general hedging strategy is to secure roughly 50% of the risk exposure for a period up to five years. As of Dec. 31, 2016 the raised loans with variable interest rates amount to approx. €50 million and the hedged volume is up to €40 million for the next two years.

G: Liquidity Risk Management

The maturity of the financial liabilities excluding derivative financial instruments shows the following pattern:

	Carrying amount Dec. 31, 2015 € in K	Cash Flow Dec. 31, 2015 € in K	< 1 year € in K	1 –5 years € in K	> 5 years € in K
Loans and borrowings	99,817	115,053	101,556	13,497	0
Finance Leases	18,443	36,600	1,954	8,616	26,029
Trade payables	61,356	61,356	61,356	0	0
Other liabilities (excluding derivatives)	59,334	68,073	11,882	23,887	32,303
Financial Liabilities	**238,949**	**281,081**	**176,748**	**46,001**	**58,332**

	Carrying amount Dec. 31, 2016 € in K	**Cash Flow Dec. 31, 2016 € in K**	< 1 year € in K	1 –5 years € in K	> 5 years € in K
Loans and borrowings	84,052	108,926	99,010	9,916	0
Finance Leases	18,270	36,495	1,972	8,312	26,212
Trade payables	67,988	67,988	67,988	0	0
Other liabilities (excluding derivatives)	65,579	77,300	19,406	22,037	35,857
Financial Liabilities	**235,888**	**290,710**	**188,376**	**40,265**	**62,069**

The cash flows shown in the above tables include the undiscounted expected payments in connection with the respective financial liabilities including the associated interest payments based on the interest rates as of the balance sheet date.

The loans and borrowings include the loan raised from the parent company Sartorius AG. The other liabilities include the liability for the purchase commitment of cell culture media business of the company Lonza and the liability for the phantom units in AllPure (see chapter 23).

The following tables illustrate the liquidity analysis for derivative financial instruments based on undiscounted cash flows:

	Carrying amount Dec. 31, 2015 € in K	Cash Flow Dec. 31, 2015 € in K	< 1 year € in K	1 –5 years € in K	> 5 years € in K
Gross fulfilment					
Forward contracts	**5,577**	**5,503**	**3,451**	**2,052**	**0**
Payment obligation		93,668	51,311	42,357	0
Payment claim		–88,165	–47,860	–40,305	0
Net fulfilment					
Interest rate swaps	1,920	1,947	761	1,186	0
Derivatives	**7,497**	**7,450**	**4,212**	**3,238**	**0**

	Carrying amount Dec. 31, 2016 € in K	**Cash Flow Dec. 31, 2016 € in K**	< 1 year € in K	1 –5 years € in K	> 5 years € in K
Gross fulfilment					
Forward contracts	**10,999**	**10,979**	**6,499**	**4,480**	**0**
Payment obligation		145,314	72,624	72,690	
Payment claim		–134,336	–66,126	–68,210	
Net fulfilment					
Interest rate swaps	1,353	1,346	813	533	
Derivatives	**12,352**	**23,304**	**13,810**	**9,494**	**0**

The structured forward contracts (target profit forward) in the amount of €–711 K (2015: €–66 K) are not included in the above amounts.

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, by continuously tracking the forecasted and actual cash flows and by managing the maturity profiles of financial assets and liabilities.

The table below provides an overview of the credit lines available on the reporting date:

	Credit line at Dec. 31, 2015	< 1 year € in K	1 –5 years € in K	> 5 years € in K	Interest rate	Credit line used at Dec. 31, 2015	Credit line unused as of Dec. 31, 2015
Loan from Sartorius AG	300,000	0	300,000	0	Variable	73,379	226,621
Bilateral credit line	32,525	20,025	12,500	0	Variable and fixed	26,438	6,087
Total	**332,525**	**20,025**	**312,500**	**0**		**99,817**	**232,708**

	Credit line at Dec. 31, 2016	< 1 year € in K	1 –5 years € in K	> 5 years € in K	Interest rate	**Credit line used at Dec. 31, 2016**	**Credit line unused as of Dec. 31, 2016**
Loan from Sartorius AG	300,000	0	300,000	0	Variable	51,039	248,961
Bilateral credit line	36,450	27,075	9,375	0	Variable and fixed	33,014	3,436
Total	**336,450**	**27,075**	**309,375**	**0**		**84,053**	**252,397**

If the market interest rate had been 1.0 percentage point higher, the interest expenses in the statement of profit or loss would have been €0.5 million (2015: €0.8 million) higher. This effect would have been partially compensated by an increase in the fair values of the interest rate swaps by €0.3 million (€1.0 million).

With regard to a decrease in interest rates a base interest rate of 0% has been considered. The resulting impact on the financial result would have been - €1.1 million caused by the valuation of the interest rate swaps.

H. Other Risks Associated with Financial Instruments

As of the reporting date, the Sartorius Stedim Biotech Group has not been exposed to the risk of volatility in share prices.

For credit risks please refer to the section 0.

31. Share-based Payments

Share-based payments relate to stock option plans allocated to Group personnel.

The various stock option plans outstanding at December 31, 2015, and December 31, 2016, are summarized as follows:

	Dec. 31, 2016 Number of options	Dec. 31, 2015 Number of options
Outstanding at beginning of period	0	8,000
Allocated during the period	0	0
Cancelled during the period	0	0
Exercised during the period	0	–8,000
Lapsed in the period	0	0
Outstanding at end of period	**0**	**0**
Exercisable at the end of period	**0**	**0**

Date of General Meeting authorizing the plan	Date on which the Board granted approval	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Number of initial bene-ficiaries	Subscrip-tion on price in €	Number of shares subscribed over the fiscal year 2015	Number of options granted and exercisable at Dec. 31, 2015	Number of options subject to target performanc e at Dec. 31, 2015	Total of number of bene-ficiaries of valid options
June 10, 2005	Sept. 15, 2005	127,500	0	0	15	18.87	5,000	0	0	0
June 10, 2005	Nov. 10, 2006	35,000	0	0	2	29.51	3,000	0	0	0
Total		**162,500**	**0**		**17**		**8,000**	**0**	**0**	**0**
								0		

The cost for 2016 is €0 K. No new additional stock options were granted in 2016. All options have now been exercised, the program is therefore closed.

Sartorius Stedim Biotech share purchase options have been allocated by the Group to some of its senior managerial employees and directors. The fair value of services performed as consideration for the allocation of these options is measured by reference to the fair value of these options at the date of allocation. In order to perform this estimate, the Group uses a binomial-type mathematic model.

The total fair value of each plan thus measured is recognized as an expense spread over the full vesting period of the plan. This expense is recognized under personnel costs and offset by an increase in reserves. Cash received by the Group upon the exercise of these options is recognized in the cash and cash equivalents with a corresponding item in the issued capital and the reserves.

On the level of Sartorius Stedim Biotech's majority shareholder Sartorius AG, share-based payments exist in the form of so-called phantom stock units. Under this plan the respective board member is granted a certain number of phantom stocks each year that represent an agreed amount of money. The exercise of these stocks is not possible before four years and is depending on certain requirements regarding the performance of the Sartorius AG shares. When the stocks are paid out the amount is based on the share price at the exercise date. The payment is capped at an amount of 2.5 times the share price at the time these virtual options were granted. For further details please refer to the Remuneration Report.

The fair value of the phantom stock units is disclosed as follows:

	Number of phantom stock units	Subscription price in €	Fair value when granted on Jan. 1 of the particular year € in K	**Fair value at year-end on Dec. 31, 2016 € in K**	Paid out € in K	Exercisable
Tranche of phantom stock units for 2012	28,460	8.28	235	**0**	588	paid out in 2016
Tranche of phantom stock units for 2013	14,744	17.34	256	**639**	0	no
Tranche of phantom stock units for 2014	12,912	21.01	271	**678**	0	no
Tranche of phantom stock units for 2015	11,816	24.70	292	**729**	0	no
Tranche of phantom stock units for 2016	5,660	57.41	325	312	0	no
Total	**73,592**		**1,379**	**2,358**	**588**	

Other Disclosures

The consolidated financial statements were prepared on a going concern basis.

Material Events after the Reporting Date

No material events occurred after the reporting date.

Number of Employees

The average workforce employed during the year 2016 was 4,563 (3,995 in 2015).

32. Related Parties

General

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds a controlling stake in the company of 74.3% in equity capital – and 84.5% of the voting rights.

The Sartorius Group itself is organized in two divisions: Bioprocess Solutions (mainly run by the Sartorius Stedim Biotech Group) and Lab Products & Services (mainly run by the other companies of Sartorius Group). This structure leads to the fact that the Group holds two subsidiaries in most of the countries and these companies partially share space, staff and other resources. Furthermore, the German group companies carry out various central functions and accordingly deliver services to the worldwide entities (e.g IT support). The company Sartorius Corporate Administration GmbH, a 100% subsidiary of Sartorius AG has incorporated numerous Group functions like Group Finance, HR; IT, Investor Relations, Legal and Central Marketing. These services are charged within the Group and to a significant extent also to Sartorius Stedim Biotech.

The described structures lead to various relations and transactions with related parties. Transactions between Sartorius Stedim Biotech S.A. and its subsidiaries (presented in Note 6), which are related parties of the company, have been eliminated on consolidation and are not disclosed under this Note. Details of transactions between the Group and other related parties, belonging to the Sartorius Group, are disclosed below.

Sales, Purchases and Commissions

In certain business areas members of the Sartorius Group act as contract manufacturers for the Sartorius Stedim Biotech Group and vice versa. The respective transactions are carried out at arms' length principles and are disclosed in the table below as "sales revenue" and "purchases".

	Sales revenue 2016 € in K	**Purchases 2016 € in K**
Related parties of Sartorius Group	**48,063**	**5,067**
	Sales revenue 2015 € in K	**Purchases 2015 € in K**
Related parties of Sartorius Group	36,450	4,762

Certain product groups of the Sartorius Stedim Biotech portfolio are sold through the sales force of other Sartorius entities. For the arranging of the sale the Sartorius Stedim Biotech Group has paid commissions in the amount of €6.9 million (€8.9 million in 2015). These commissions are typically calculated as a percentage of the generated sales revenue.

Management Fees and Other Shareholder Costs

Two of Sartorius Stedim Biotech S.A.'s board members are also members of the Sartorius AG Executive Board and are paid by the German parent company. For their services for Sartorius Stedim Biotech a portion of their remuneration is charged to Sartorius Stedim Biotech S.A. (€1.2 million in 2016; €1.4 million in 2015) and charged to Sartorius Stedim Biotech GmbH (€1.4 million in 2016; €1.6 million in 2015).

Other shareholder functions like Group Financial Reporting, Compliance and Investor Relations are performed by the above mentioned Sartorius Corporate Administration GmbH in Germany. These services have been charged to Sartorius Stedim Biotech S.A. in the amount of €0.8 million (2015: €0.6 million).

Shareholder Loan

As described in note 25 the Sartorius Stedim Biotech Group has raised a loan from its parent company Sartorius AG with a credit volume of €300 million and a current utilization of approx. €54 million (2015: €73 million). The interest charged is based on a variable interest rate plus an arms'-length credit margin.

Administration Charges and Shared Costs

As described above the companies in most the countries share certain functions and costs. The underlying contracts include mainly subleases for office space and central administrative functions, such as accounting and controlling, human resource management and IT. In this respect, the relevant companies charge rent, salaries, social security costs and other expenses for such services, as well as a pro-rated profit margin for the services they provide.

The most significant contract in this context is the one between Sartorius Stedim Biotech GmbH, Germany, and Sartorius Corporate Administration GmbH. This company provides all central service and administrative functions to Sartorius Stedim Biotech GmbH and other Group companies. The calculation for services fees typically includes a surcharge of 3% on total costs. 3% is a surcharge compliant with arm´s length principles for routine tasks, following OECD and EU guidelines. In 2016, services for approx. €36.0 million were provided to Sartorius Stedim Biotech GmbH (€30.8 million in 2015). This amount covers the following functions:

- Marketing Communication, e-Business, Business Development
- Environment, Health & Security, Factory Maintenance
- Finance, Human Resources, Information Technology
- Central Services & General Organization.

Compensation of Key Management Personnel

In 2015 and 2016, the Executive Board Management received the following remuneration:

	Total € in K	Short-term benefits € in K	Post-employment benefits € in K	Other long-term benefits € in K	Termination benefits € in K	Share-based payments € in K
2016[1)]	**5,755**	**3,323**	**329**	**435**	**0**	**1,668**
2015[1)]	6,715	3,173	305	506	0	2,731

[1)] For more information please refer to the chapter Corporate Governance (See pages 73 to 111)

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Statutory Auditors' Report on the Consolidated Financial Statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the year ended December 31, 2016, on:
- the audit of the accompanying consolidated financial statements of Sartorius Stedim Biotech;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Note 6 "Use of judgments and estimates" to the consolidated financial statements refers to the significant judgments and estimates made by management, particularly those concerning the capitalization of research and development expenditure and the impairment tests on goodwill and assets with indefinite useful lives.

At each period-end, your Group systematically performs an impairment test on goodwill and assets with indefinite useful lives and also assesses whether there is an indication of a loss in value for long-term assets, according to the terms and conditions defined in Note 19 "Goodwill and other intangible assets" to the consolidated financial statements.

Our work consisted in assessing the data and assumptions on which these judgments and estimates were based, reviewing, on a test basis, the calculations performed by your Group, comparing the accounting estimates of previous periods with the corresponding achievements, examining the procedures implemented by management to approve the estimates and verifying that the notes to the consolidated financial statements provide an appropriate disclosure on the assumptions and options adopted by your Group.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Marseille, February 17, 2017

The Statutory Auditors

French original signed

KPMG Audit A division of KPMG S.A.	Deloitte & Associés
John Evans	Christophe Perrau

Annual Financial Statements of Sartorius Stedim Biotech S.A. and Notes

05

Annual Financial Statements

Parent Company Balance Sheet: Assets (in thousands of €)

	Gross at Dec. 31, 2016	Depreciation, amortization and provisions Dec. 31, 2016	Net at Dec. 31, 2016	Net at Dec. 31, 2015
Intangible assets	552	–61	492	520
Property, plant and equipment	17,662	–10,437	7,225	7,732
Financial investments	128,825	0	128,825	128,079
Total non-current assets	**147,039**	**–10,498**	**136,542**	**136,331**
Inventories and work in progress	0	0	0	0
Receivables				
Trade receivables to third parties	0	0	0	0
Other receivables	15,979	0	15,979	15,376
Marketable securities	0	0	0	0
Deposits and cash equivalents	3,371		3,371	13
Total current assets	**19,351**	**0**	**19,351**	**15,389**
Prepaid expenses	0		0	50
Currency translation adjustment	0		0	0
Total assets	**166,390**	**–10,498**	**155,892**	**151,770**

Parent Company Balance Sheet: Equity and Liabilities (in thousands of €)

	At Dec. 31, 2016	At Dec. 31, 2015
Share capital	18,436	15,367
Share premium	12,609	16,315
Reserves	2,127	2,126
Retained earnings carried forward	11,982	13,416
Profit for the period	54,324	29,312
Regulated provisions	4,088	4,088
Total equity	**103,566**	**80,623**
Provisions for liabilities and charges	0	0
Total provisions for liabilities and charges	**0**	**0**
Loans and borrowings	0	0
Trade payables	170	1,070
Tax and social charges payable	240	57
Liabilities for non-current assets	0	75
Other liabilities	51,917	69,945
Total liabilities	**52,327**	**71,147**
Currency translation adjustment	0	0
Total equity and liabilities	**155,892**	**151,770**

Parent Company: Income Statement (in thousands of €)

	At Dec. 31, 2016	At Dec. 31, 2015
Sales revenue	1,843	1,593
Inventory movements	0	0
Capitalized production costs	0	0
Depreciation or amortization reversals	0	0
Other operating income and expense reallocation	1	5
Purchases consumed	0	0
External charges for services	–3,364	–3,058
Tax and duties	–824	–814
Personnel costs	0	0
Additions to amortization, depreciation and provision	–768	–684
Other operating expenses	–502	–349
Operating profit (EBIT)	**(3,613)**	**(3,307)**
Net financing income | (expense)	53,394	33,286
Profit | (loss) from ordinary activities	**49,781**	**29,979**
Exceptional income | (expense)	0	–14
Income tax	4,543	(653)
Net profit | (loss)	**54,324**	**29,312**

1. Materiel Events during the Year

Sartorius Stedim Biotech SA has absorbed, pursuant to a merger by absorption, the company VL Finance, a simplified joint stock company with a share capital of 4,614,710 euros, whose the registered office is at Zone Industrielle Les Paluds - Avenue de Jouques 13400 Aubagne, Company's registry of Marseille under the number 377 509 112 .

The merger is part of an internal reorganization of the Sartorius Group carried out to simplify its legal structure, including the detention of the French subsidiaries and to achieve savings in operating costs. It appeared that the existence of VL Finance legal structure had no more legal interest because this company was a holding company, with only one financial investment in the entity Sartorius Stedim Biotech SA.

Please note VL Finance had no employees, did not have any brand, any patent and had no commercial activity.

The impacts of this merger by absorption are the following:

1/ Reduction of the share capital for an amount of €1,642 K by the cancellation of 1,642,095 shares held previously by FL Finance,

2/ Increase of the share capital for an amount of €1,638 K by the creation of 1,638,222 new shares,

3/ Allocation of the fees related to the merger (€,601 K) on the share premiums.

In addition, the Extraordinary Shareholders' meeting of the 5th of April 2016 decided to divide by six the nominal value of each share (i.e. €0.16) and to increase the nominal value in order to reach an amount of €0.20 per share.

Therefore, this operation leads to an increase of an amount of €3,069 K by imputation on the share premium.

Finally, the company Sartorius Stedim Financière – entity without any operational activity – has been merged by universal transfer of assets and liabilities into Sartorius Stedim Biotech SA.

The impact was non significant.

2. Materiel Events after the Reporting date

None

3. .Accounting Principles and Methods

The parent company's financial statements for the year ended December 31, 2016, were prepared and presented in accordance with French accounting rules in compliance with the principles of prudence, reporting on distinct financial years and the pre-sumption of going concern.

The annual financial statements have been prepared in accordance with the clauses of the CRC Regulation 2014 - 03 of September 8, 2014 on the French chart of accounts.

Sartorius Stedim Biotech S.A. is listed in Compartment A of the Euronext Paris Stock Exchange (ISIN FR code 0000053266) and also prepares consolidated financial statements in accordance with IFRS standards, as adopted by the European Union on December 31, 2016.

3.1. Non-current Assets

Non-current intangible and tangible assets are valued at their acquisition costs, excluding costs incurred for their acquisition.

For intangible assets and property, plant and equipment, the Company applied the French Regulation CRC No. 2002 - 10, recodified by Article 2 - 4 of Regulation CRC No. 2004 - 06 relative to the amortization, depreciation and impairment of assets according to the "Component approach."

3.1.1. Intangible Assets

The following is thus valuated under this heading: incorporation costs, patents and software.

All these assets are amortized on a straight-line basis using the following indicative useful lives:

- Incorporation costs: One to five years
- Software: One to three years
- Patents: Twenty years
- Leasehold: Eighteen years (Based on the period of use).

As part of the implementation of integrated software, the direct labor costs concerned are included in the amount capitalized as cost, as a function of the time elapsed.

Intangible assets are valued at acquisition cost less amortization and impairments reported, on an ongoing basis.

3.1.2. Property, Plant and Equipment

Property, plant and equipment (PPE) are recognized at their acquisition value, including the installation cost of these assets.

Depreciation is calculated over the standard and economic life of the assets using the straight-line method.

All these non-current assets are depreciated on a straight-line basis using the following indicative periods of use:

- Buildings: Twenty to forty years
- Improvements, fixtures and fittings: Ten to fifteen years
- Plant and equipment: Four to ten years
- Office and IT equipment: Three to five years
- Motor vehicles: Four to five years

Property, plant and equipment are valued at acquisition cost less depreciation and impairments reported, on an ongoing basis.

3.1.3. Financial Investments

Investments relate mainly to shareholdings in subsidiaries and other treasury shares held within the scope of the share buyback program; they are recorded at their acquisition cost, including fees linked to their acquisition.

An impairment provision may be recorded to take into account, in particular, either the stock exchange price or the underlying assets of these subsidiaries, their financial position and their prospects.

Shareholdings in subsidiaries are subject to impairment tests.

3.2. Receivables and Payables

Receivables and payables are recorded at their nominal value.

Receivables whose collection is doubtful are subject to a provision for doubtful debts.

4. Non-Current Assets (in thousands of €)

4.1. Intangible Assets

Gross values	At Dec. 31, 2015	**Increase in 2016**	**Decrease in 2016**	**At Dec. 31, 2016**
Incorporation costs	4	0	0	4
Patents	0	0	0	0
Software, licenses	0	0	0	0
Business goodwill	548	0	0	548
Intangible assets in progress	0	0	0	0
Total	**552**	**0**	**0**	**552**
Amortization and depreciation	32	28	0	60
Net amount	**520**	**–28**	**0**	**492**

4.2. Property, Plant and Equipment

Gross values	At Dec. 31, 2015	**Increase in 2016**	**Decrease in 2016**	**At Dec. 31, 2016**
Land	496	0	0	496
Buildings	14,774	269	0	15,043
Plant and equipment	0	0	0	0
Other	1,474	335	0	1,809
Property, plant and equipment in progress	685	221	–593	313
Total	**17,430**	**825**	**–593**	**17,662**

Amortization and depreciation	At Dec. 31, 2015	**Addition**	**Release**	**At Dec. 31, 2016**
Buildings	9,402	472	0	9,874
Plant and equipment	0	0	0	0
Other	296	267	0	563
Total	**9,698**	**739**	**0**	**10,437**
Property, plant and equipment, net	**7,732**	**86**	**–593**	**7,225**

The increase in tangible assets includes fixtures and fittings for a net amount of €11 K and assets under construction for an amount of €221 K.

4.3. Financial Investments

Investments	At Dec. 31, 2015	**Increase in 2016**	**Decrease in 2016**	**At Dec. 31, 2016**
Shareholdings	127,869	108	0	127,977
Write-down of shareholdings	0	0	0	0
Deposits and guarantees	210	0	–18	192
Treasury shares	0	353	0	353
Write-down of treasury shares	0	0	0	0
Other non-current assets	0	303	0	303
Total	**128,079**	**764**	**–18**	**128,825**

The following is included under "Financial investments":

- 99.99% of the share capital of Sartorius Stedim Bioprocess SARL, a Tunisian company;
- 100% of the share capital of Sartorius Stedim Biotech GmbH, a company governed by German law, following the merger of the Sartorius and the Stedim Groups in June 2007;
- 100% of the share capital of Sartorius Stedim Aseptics S.A., a French company acquired in 2004;
- 100% of the share capital of Sartorius Stedim FMT S.A.S., a French company created in connection with the Contribution Assets transfer in 2013;
- Other investments: €1.0 K.

The amount now corresponds to the share of Sartorius Stedim Biotech in the Russian company Sartorius Stedim RUS.

5. Trade Receivables (in thousands of €)

Maturity of Receivables at Year-end (in thousands of €)

Type of receivable	Net amount	Less than 1 year	More than 1 year
Deposits and guarantees	192	0	192
Non-current assets	**192**	**0**	**192**
Advance payments on account	0	0	0
Trade receivables	0	0	0
Personnel	0	0	0
Social security	0	0	0
Taxes and duties	5,352	5,352	0
Group	10,625	10,625	0
Other receivables	2	2	0
Current assets	**15,979**	**15,979**	**0**
Prepaid expenses		0	0
Total receivables	**16,171**	**15,979**	**192**

The "Group" item for receivables from Group subsidiaries (€10,625 K) relates to current account cash advances provided to Sartorius Stedim Biotech GmbH, Sartorius Stedim FMT SAS and Sartorius Stedim Bioprocess Tunisia.

The "Taxes and duties" (€5,325 K) capties primarily includes the net tax receivable relating to the tax grouping system.

6. Maturity of Liabilities at Year-end (in thousands of €)

Type of liability	Net amount	Less than 1 year	Between 1 and 5 years	More than 5 years
Loans and borrowings from credit institutions				
Originally less than 2 years	0	0	0	0
Originally more than 2 years	0	0	0	0
Current bank overdrafts and accrued interest	0	0	0	0
Trade payables	170	170	0	0
- including bills of exchange	*0*	*0*	*0*	*0*
Advances and payments on account for orders	0	0	0	0
Tax and social security payable	650	650	0	0
Liabilities for non-current assets	0	0	0	0
Group and associates	51,504	51,504	0	0
Other	2	2	0	0
Total liabilities	**52,327**	**52,327**	**0**	**0**

The "Group" item for liabilities from Group subsidiaries (€51,504 K) relates to cash-pooling liabilities and current account cash advances provided by Sartorius AG, Sartorius Stedim France SAS, Sartorius Stedim FMT SAS and Sartorius Stedim Aseptics SA.

Accrued expenses included in these accounts represented €,278 K and concerned the following items:

Type of expense	At Dec. 31, 2016
Accrued banking charges	0
Suppliers' invoices to be received	194
Paid vacation including social charges	0
Bonuses, including social charges and profit sharing	0
Social security payable	84
Taxes payable	0
Employee profit sharing	0
Total charges payable	**278**

7. Parent Company Statement of Changes in Equity (in thousands of €)

7.1. Equity

The impacts of the merger by absorption of the entity VL Finance by Sartorius Stedim Biotech S.A. are the following:

1/ Reduction of the share capital for an amount of €1,642 K by the cancellation of 1,642,095 shares held previously by FL Finance (Correlative impact on the share premium: €2,843 K),

2/ Increase of the share capital for an amount of €1,638 K by the creation of 1,638,222 new shares (Correlative impact on the share premium: €2,812 K),

3/ Allocation of the fees related to the merger (€,601 K) on the share premiums (Respectively €,175 K and €,426 K).

Otherwise, the Extraordinary Shareholders' meeting of the 5th of April 2016 decided to divide by six the nominal value of each share (i.e. €0.16) and to increase the nominal value in order to reach an amount of €0.20 per share.

Therefore, this operation leads to an increase of an amount of €3,073 K by imputation on the share premium.

At December 31, 2015, the share capital was €15,367 K, comprising 15,367,238 shares of a €1.00 par value.

At December 31, 2016, the share capital is €18,436 K, comprising 92,180,190 shares of a €0.20 par value.

The Annual General Shareholders' Meeting on April 5, 2016, approved the appropriation of the net profit for the year of €29,312 K, as follows:

– Allocation to the retained earnings carried forward: - €1,423 K

– Paid into the legal reserves: - €496 K

A dividend total of €30,734 K, or a net dividend per share of €0.20, was paid.

	Appropriation of profit in 2016 Before	Appropriation of profit in 2016 Changes	Appropriation of profit in 2016 After	Increases	Decreases	**Equity before appropriation of profit in 2016 Total**
Number of shares:	15,367,238		15,367,238	66,960,382	–9,852,570	**92,180,190**
Share capital	15,367		15,367	4,711	1,642	**18,436**
Share premium	175		175		175	**0**
Merger premium	16,140		16,140	2,812	6,343	**12,609**
Legal reserve	1,536	1	1,537			**1,537**
Other reserves	591		591			**591**
Balance carried forward	13,415	–1,423	11,992		10	**11,982**
Dividends paid	0	30,734	30,734		30,734	**0**
Net profit to be appropriated	29,312	(29,312)	0			**0**
Profit for the reporting year			0	54,324		**54,324**
Regulated provisions	4,088		4,088			**4,088**
Total	**80,624**	**0**	**80,623**	**61,847**	**38,904**	**103,566**

7.2. Stock Options

None

8. Risks and Provisions (in thousands of €)

8.1. Provisions

Type of provision	Provisions at Dec. 31, 2015	Additions 2016	Releases 2016	**Provisions at Dec. 31, 2016**
Regulated provisions				
Accelerated amortization and depreciation	4,088	0	0	4,088
Subtotal (1)	**4,088**	**0**	**0**	**4,088**
Provisions for liabilities and charges				
Exchange risk	0	0	0	0
Other costs	0	0	0	0
Taxation	0	0	0	0
Subtotal (2)	**0**	**0**	**0**	**0**
Grand total	**4,088**	**0**	**0**	**4,088**

8.2. Market Risk Exposure

Operating Cash Flow risks

At December 31, 2016, there is no net amount in foreign currency in current assets and liabilities.

Current and Future Tax Position (in thousands of €)

As of January 1, 2008, the company chose to adopt the French tax integration regime within the framework of a tax group. The lead company of this group is Sartorius Stedim Biotech S.A. The other member companies of this tax integration group for tax relief are

Sartorius Stedim Aseptics S.A., Sartorius Stedim France S.A.S., Sartorius Stedim FMT S.A.S. and Sartorius Stedim Financière S.A.S.

The member companies report income tax as if there were no integration tax regime. The parent corporation benefits from tax relief related to consolidating the gains and losses of the other members companies.

For 2016, the net impact according to the consolidation rules of the French tax integration regime for tax relief is an income of €3,170 K. Taking into grount the reimburement by the state of the dividend tax for the the years 2013, 2014 and 2015, the tax credits, the company SSB holds a receivable from the State of €5,358 K.

9. Operating Income (in thousands of €)

9.1. Sales Revenue by Operating Segment

Operating segment	**At Dec. 31, 2016**	%	At Dec. 31, 2015	%
Services	1,843	100%	1,593	100%
Total	**1,843**	**100%**	**1,593**	**100%**

9.2. Sales Revenue by Geographical Region

Geographical region	**At Dec. 31, 2016**	%	At Dec. 31, 2015	%
France	**1,843**	**100%**	**1,593**	**100%**
Export	**0**		**0**	**0%**
EU and other countries	0		0	
North American continent	0		0	
Total	**1,843**	**100%**	**1,593**	**100%**

The Sale revenue corresponds to the rent paid by the entity Sartorius Stedim FMT S.A.S. for the use of premises located in Aubagne within its operational activity.

10. Breakdown of Income Tax (in thousands of €)

	At Dec. 31, 2016			At Dec. 31, 2015		
	Profit before tax	**Income tax charge**	**Profit after tax**	Profit before tax	Income tax charge	Profit after tax
Gross taxable income	49,781	1,373	51,154	29,979	–1,476	28,503
Exceptional income | (expense)	0	0	0	–14	0	–14
French tax integration relief	0	3,170	3,170	0	823	823
Net taxable income	**49,781**	**4,543**	**54,324**	**29,965**	**–653**	**29,312**

11. Information on Directors' Remuneration

Remuneration paid to members of the Board of Directors as directors' meeting attendance fees amounted to €283.2 K. These fees related to the 2015 fiscal year and were paid in 2016.

No meeting attendance fees were paid by Sartorius Stedim Biotech S.A. to the general management of the company in fiscal 2016. A Part of the Executive Board's remuneration has been recharged by Sartorius AG to Sartorius Stedim Biotech S.A. for an amount of €1,231 K.

12. Off-Balance Sheet Commitments (in thousands of €)

Type of commitment	Comment	**At Dec. 31, 2016**	At Dec. 31, 2015
Commitments given			
Guarantees for bilateral credit lines		**0**	0
Guarantees for currency hedging contracts		**0**	0
Commitments from renting / leasing		**0**	0
Commitments received			
Contractual loan capacity from credit institutions		0	0

The commitments in connection with the lease are summarized in the following table:

Leasing	< 1 year € in K	1 –5 years € in K	> 5 years € in K	Total	Buy-back value
Tangible Assets					
Buildings and Improvments	291	1,164	509	1,964	0
Total	**291**	**1,164**	**509**	**1,964**	

Leasing	Historical value	Payments for the Year	Cumulatives Payments	Depreciation for the Year	Cumulative Depreciation
Tangible Assets					
Buildings and Improvments	2,391	279	960	93	211
Total	**2,391**	**279**	**960**	**93**	**211**

The building will be operational from the 1st of January 2015.

13. Information on Related Parties (in thousands of €)

Affiliates are its parent company, Sartorius AG, and the companies owned by Sartorius Stedim Biotech S.A., and are Sartorius Stedim FMT S.A.S., Sartorius Stedim Bioprocess SARL, Sartorius Stedim Aseptics S.A. and Sartorius Stedim Biotech GmbH.

The company Sartorius Stedim Biotech S.A. is consolidated in the financial statements of Sartorius AG, Weender Landstrasse 94 - 108, 37075 Goettingen (Germany).

In the following, you will find the table of the main amounts with the related parties:

Items	**At Dec. 31, 2016**	At Dec. 31, 2015
Investments	**127,977**	127,869
Trade receivables	**766**	0
Other receivables	**9,860**	15,125
Trade payables	**0**	0
Other liabilities	**51,504**	69,661
Income from investments	**54,965**	34,405
Other financial income	**7**	781
Finance expense	**1,560**	1,899

In the following, you will find the table of subsidiaries and shareholdings:

At Dec. 31, 2016	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held		Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) - for the financial year	Net profit	Dividends received
				Gross	Net					
Sartorius Stedim Biotech GmbH			**100.00%**							
(Euros)	6,000	85,581		79,949	79,949		0	440,549	189,636	50,000
Sartorius Stedim FMT S.A.S.			**100.00%**							
(Euros)	42,940	2,259		42,940	42,940	–12,626	0	145,445	–9,856	1,867
Sartorius Stedim Bioprocess SARL			**99.99%**							
(Dinars)	5,950	2,743						40,476	2,228	0
(Euros)				3,132	3,132	2,735	0	18,282	1,006	0
Sartorius Stedim RUS			**100.00%**							
(Rubles)	8,000	10,231						126,365	1,174	0
(Euros)		127		109	109	0	0	1,566	15	0
Sartorius Stedim Aseptics S.A.			**100.00%**							
(Euros)	448	3,277		1,848	1,848	–6,550	0	12,138	3,877	3,098

At Dec. 31, 2015	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held		Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) - for the financial year	Net profit	Dividends received
				Gross	Net					
Sartorius Stedim Biotech GmbH			**100.00%**							
(Euros)	6,000	84,232		79,949	79,949	3,495	0	392,079	45,028	31,000
Sartorius Stedim FMT S.A.S.			**100.00%**							
(Euros)	42,940	0		42,940	42,940	–30,722	0	129,737	4,667	600
Sartorius Stedim Bioprocess SARL			**99.99%**							
(Dinars)	5,950	2,743						38,244	–234	3,603
(Euros)				3,132	3,132	4,139	0	17,571	–108	1,655
Sartorius Stedim RUS			**100.00%**							
(Rubles)	10	0						72,818	–1,171	0
(Euros)	0	0		0	0	0	0	1,067	–17	0
Sartorius Stedim Aseptics S.A.			**100.00%**							
(Euros)	448	3,277		1,848	1,848	–5,906	0	8,057	2,196	1,150

Statutory Auditors' Report on the Financial Statements

Year ended December 31, 2016

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of SARTORIUS STEDIM BIOTECH S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Notes 3.1.3 and 4.3 to the financial statements set out the rules and accounting methods relative to the valuation of investments and treasury shares. Within the scope of our assessment of the rules and accounting principles of your company, we have verified the appropriateness of the accounting methods specified above and of the information provided in the notes to the financial statements and we made sure of their correct application.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Marseille, February 17, 2017

The Statutory Auditors

French original signed by

KPMG Audit	Deloitte & Associés
A division of KPMG S.A.	
John Evans	Christophe Perrau

Supplementary Information

06

Other Information of a Legal Nature

General Information on the Issuer

Corporate Name

The corporate name of the company is:
"Sartorius Stedim Biotech".

In all legal deeds and documents issued by the company, this is always preceded or followed by the words "société anonyme" or the abbreviation "S.A." and a statement of the share capital (Company bylaws, Heading 1, Article 1).

Registered Office

The registered office is in Aubagne (13400), France,
Z.I. Les Paluds, avenue de Jouques.
Phone number: +33 (0)4 42 84 56 00.

This office may be transferred to another location in the same "département" [French county or state] or an adjacent county or state by simple decision of the Board of Directors subject to ratification by the next Annual General Shareholders' Meeting and anywhere else in France by a decision taken by an Extraordinary General Shareholders' Meeting.

If the Board of Directors decides to transfer the registered office, it is authorized to revise the bylaws as a result (Company bylaws, Heading 1, Article 2).

Legal Form and Applicable Law

Public limited liability company or joint stock company [société anonyme], subject to the French legislation particularly to the French Commercial Code.

Date of Incorporation — Duration

The company was incorporated on September 28, 1978, as a "société anonyme." The company's duration is for 99 years, effective upon registration in the French trade and commercial register ("registre du commerce et des sociétés"), unless subject to dissolution or extension provided by the present company bylaws (Heading 1, Article 3).

Corporate Purpose

In France and abroad, the company's purpose is:

- to purchase, develop, administrate and manage a portfolio of equity security, securities, voting rights and other social rights in all companies regardless of their activity and this, by all means including by way of setting up of new companies, contribution in kind of any types of social rights, subscription rights, mergers, purchases of other social rights or incorporation of companies;

- to manage, conduct and coordinate the activities of its subsidiaries and affiliates; when applicable, to provide to said companies all services of an administrative, financial, accounting and legal nature and any opinion and advise or to order any studies or researches that are necessary for their development or growth;

- and more generally, all financial, commercial, industrial, personal and real property operations linked, directly or indirectly, to the above-mentioned corporate purpose or to all other complementary, related or similar purposes, which may promote the development or accomplishment thereof (Company bylaws, Heading 1, Article 4).

Trade and Commercial Register — APE Code

The company is registered with the "registre du commerce et des sociétés" de Marseille, under the number RCS B 314 093 352. Its economic activity code (APE) is 6420Z (Holding company activity).

Inspection of Legal Documents at the Registered Office of the Company

The reference document may be viewed at the registered office of the company, on its website and on the website of the AMF. During the validity of the present Reference Document, the bylaws, the Statutory Auditors' reports and the financial statements of the last three fiscal years, although with reports, mails and other documents, historical financial information of the company and its subsidiaries of the last three fiscal year, evaluation and declarations made by an expert, when these documents are statutory and any other statutory document, can be found at the registered office.

Financial Year

The financial year, also referred to as fiscal year, covers a period of twelve months, beginning on January 1 and ending on December 31 of each year (Company bylaws, Heading 1, Article 6).

Share capital

As of 31 December 2016, the share capital of the Company amounts to €18,436,038, divided in 92,180,190 shares of €0.20 fully paid; 74.3% of which are held by Sartorius AG..

Specific Clauses in the Company Bylaws

Form of Shares

Shares may be in nominative or bearer form according to the shareholder's choice. These shares are entitled to be recorded in an account in accordance with French law (Company bylaws, Heading 1, excerpt of Article 1).

Appropriation of Profits

The income statement that summarizes the income and expenses of the reporting year discloses by difference, after deduction of amortization, depre-ciation and provisions, the profit for said reporting year. At least 5% must be deducted from the annual profit reduced, where appropriate, by prior losses, to set up the legal reserve. This deduction ceases to be obligatory when the legal reserve amounts to one tenth of the share capital. This obligatory deduction resumes when, for whatever reason, the legal reserve falls below this one tenth. The distributable profit comprises the profit for the reporting year less prior losses and amounts transferred to reserves, pursuant to French laws and the company bylaws, and increased by profit brought forward. This profit is distributed among all shareholders in proportion to the number of shares each one holds. The Annual General Shareholders' Meeting may decide to distribute amounts taken from reserves available to it by expressly indicating the reserve from which the transfers are made. However, dividends are disbursed by way of priority from the annual profit for the reporting year. Except for a reduction in capital, no distribution may be made to shareholders when the equity falls below, or would consequently fall below, the amount of the capital together with the reserves that French laws or the company bylaws do not permit to distribute. Revaluation surplus is not distributable. It may be in- corporated in full or part into the company's capital. However, after transferring the amounts to the reserves, pursuant to French law, the Annual General Shareholders' Meeting may transfer any amount it considers necessary to all available reserves, ordinary or extraordinary reserves, or carry it forward.

Shareholders' Meetings

Convening

Annual (or Ordinary) General Shareholders' Meetings are those convened to take all decisions that do not result in a revision of the bylaws. Extraordinary General Shareholders' Meetings are those called to decide or authorize direct or indirect revisions to the bylaws. Special Meetings bring together the holders of a specific class of share to consider revisions to the rights of this class of share. Decisions made at the General Meetings are binding for all shareholders, even those who are absent, dissenting or legally incapable or incapacitated (Company bylaws, Heading 3, Article 13). General Meetings are convened by the Board of Directors or, by default, the independent auditors or a person thus empowered. General Meetings are held at the registered office or any other place stated in the notice of convocation (Company bylaws, Heading 3, excerpt of Article 14). The forms and timescale of the notice of convocation are governed by French laws.

Agenda

The notices and letters of call shall indicate the indications required by the law, particularly the agenda, the company electronic address where written questions of Shareholders may be sent and, eventually the mention of the obligation to collect the opinion or the prior approval of the mass of securities Share-holders giving access to the share capital.

The meeting may only deliberate on the matters placed on the agenda. It may, however, remove one or more directors at any time.

One or more shareholders representing the percentage of share capital required by law may, under the conditions and time limits set forth by law, require the inclusion on the agenda of draft resolutions.

In accordance to the Articles R 225-71 to R 225-74 of the Commercial Code, requests made by the Shareholders to register draft resolutions on the agenda and written questions are sent to the Headquarters by registered letter with recorded delivery beginning on the publication of the Meeting announcement and

until 25 days before the General Meeting, or in a delay of 20 days beginning on the publication of the Meeting announcement, when this one is published more than 45 days before the General Meeting (date of reception of the request by the company will be taken into account).

The request of a new item on the agenda must be motivated. The request to register draft resolutions is provided with the text of draft resolutions, which may have a short explanation of reasons. These requests are subject to justification of possession or representation of required Share capital, in accordance to regulatory rules (Company bylaws, Heading 3, Artile 14, excerpt of point 2).

Moreover, in accordance to the Articles L. 2323 - 67 paragraph 2 of the Labor Code, requests of draft resolutions made by the Work Council, to be added on the agenda, are sent in the next 10 days following the publication of the Meeting announcement. (Company bylaws, Heading 3, Article 14, excerpt of point 2).

If the meeting has been unable to make a valid decision due to a lack of the required quorum, the second meeting and, where appropriate, the second meeting adjourned are called at least ten days in advance in the same form as the first meeting (Company bylaws, Heading 3, Article 14, excerpt of point 1).

Admission to Meetings – Powers

Every shareholder has the right to attend General Meetings and to participate in the discussions, in person or by proxy, regardless of the number of shares held, on simple proof of identity and the ownership of shares. The right to participate in a General Meeting is subject to the condition that the shares must be recorded, in the name of the shareholder or the shareholder's appointed broker, either in the nominative share accounts held by the company or in the bearer share accounts held by the authorized broker, by zero hours, Paris time, on the second working day prior to the meeting. The recording or registration of the shares in the bearer share accounts held by the authorized broker must be confirmed by a share certificate provided by the broker. This share certificate must be attached to the postal voting form, the proxy form or the application for an admission pass, issued in the name of the shareholder or on behalf of the shareholder represented by the appointed broker. A certificate must also be supplied to shareholders who wish to attend the General Meeting in person but who have not received an admission pass by zero hours, Paris time, on the second working day prior to the meeting.

A Shareholder may be represented by another Shareholder, his or her spouse or by the partner with who he or she signed a Civil Partnership. Furthermore, he or she may be represented by any other moral or physical person of his choice in accordance to the Articles L. 225 - 106 to - 106 - 3 of the Commercial Code; in that aim, the representative must present valid proof of proxy.

The legal representatives of shareholders who are legally incapable or incapacitated and individuals representing corporate shareholders take part in meetings, whether or not they are shareholders (Company bylaws, Heading 3, Article 14, point 3).

All Shareholders may also have a postal voting, using a registration form and sent to the company according to the law and regulations; to be acceptable this registration must be received by the company three days before the date of the Meeting.

In case of remote voting using an electronic vote, or a proxy vote given by electronic signature, this vote is made according to the conditions of the current regulations (Company bylaws, Heading 3, Article 14, point 4).

All legal documents relative to legal information for shareholders are made available to them at the registered office of the company.

Provisions applicable to the administration and management of the Company

Board of Directors
(Company bylaws, Heading 3, Point 3, Articles 6 to 9,)

1. Subject to legal exemptions, the Company is directed by a Board of Directors composed of a minimum of three members and a maximum of eighteen.

The composition of the Board of Directors is made with a balance number of men and women.

2. During the duration of the company's existence, directors shall be appointed or renewed in office by the ordinary general meeting. However, in case of merger, directors may be appointed by the extraordinary general meeting deciding on the transaction.

3. Each director must, during his entire term of office, own at least one share.

4. Directors have a term of office of three years.

Directors' duties shall cease at the end of the ordinary general meeting deciding on the accounts of the financial year elapsed, held in the year when the term of office of the director concerned expires.

Directors may be renewed in office. They may be removed from office at any time by the ordinary general meeting.

5. No person may be appointed director if, having reached the age of 75, his appointment would result in more than one third of the members of the board of directors exceeding that age. If that proportion is exceeded, the oldest director shall automatically be deemed to have resigned at the end of the ordinary general meeting approving the accounts of the financial year when exceeded.

6. Directors may be individuals or legal entities. Directors who are legal entities are required, upon their appointment, to appoint a permanent representative who is subject to the same conditions and obligations and who incurs the same liability as though personally a director, without prejudice to the several liability of the legal entity represented.

When the legal entity who is a director terminates the mandate given to its permanent representative, it shall promptly notify the Company, by registered letter, of its decision as well as the identity of its new permanent representative. The same applies in the event of death or resignation of the permanent representative.

7. If one or more directors' seats become vacant between two general meetings due to death or resignation, the board of directors may proceed to make appointments on an interim basis so as to fill the seats on the Board. These appointments must be made within three months of the vacancy, when the number of directors has fallen below the minimum under the articles of association but without falling below the statutory minimum.

Interim appointments made in this manner by the Board are subject to ratification by the next ordinary general meeting. Failing ratification, the decisions taken or the acts accomplished shall nonetheless remain valid.

When the number of directors falls below the statutory minimum, the directors remaining in office are required to immediately call an ordinary meeting so as to fill the vacant seats on the Board.

A director appointed in replacement of another shall only remain in office for the remaining term of office of his predecessor.

8. Directors who are individuals cannot concomitantly hold more than three seats on the board of directors or supervisory boards of sociétés anonymes having their registered office in metropolitan France, subject to the exceptions provided by law.

9. A Company employee may not be appointed a director unless his employment agreement corresponds to effective employment. He shall not lose the benefit of his employment agreement. The number of directors bound to the Company by an employment agreement may not exceed one third of the directors in office.

Organization and management of the Board of Directors

1. The Board of Directors elects a Chairman from among its members who are individuals and determines his remuneration. It sets the duration of the Chairman's term of office, which may not exceed his office as director.

2. No person may be appointed Chairman of the Board of Directors if over the age of 75. If the Chairman in office exceeds that age, he shall be deemed to have automatically resigned.

3. The Chairman represents the Board of Directors. He organizes and directs its work, and reports on it to the general meeting. He ensures the proper operation of the Company's decision-making bodies and ensures, in particular, that the directors are themselves in a position to fulfill their duties.

4. In case of absence or impediment affecting the Chairman, the Board of Directors appoints an acting Chairman of the meeting.

5. The Board of Directors appoints a secretary who may be chosen, either from among the directors or outside them. The secretary shall be replaced by simple decision of the Board.

Meetings and decisions of the Board

1. The Board of Directors meets, upon the call of its Chairman, as often as required by the interest of the Company. However, directors representing at least one third of the members of the Board of Directors may, by precisely indicating the meeting's agenda, call a Board if it has not met within the last two months.

The CEO, if not chairing the Board of Directors, may request the Chairman to call a Board meeting with a specified agenda.

2. The meeting shall take place at the registered office or in any other location indicated in the notice of call.

The call to meeting, indicating the agenda, should be sent at least 7 days beforehand by letter, telegram, telex or fax. The call may be verbal and the meeting may be held immediately if all of the directors are in agreement.

3. For the Board of Directors to validly deliberate, at least one half of the directors are required to be present or represented.

The Board's decisions are taken at a majority of the members present or represented.

The acting Chairman has a casting vote.

4. An attendance sheet shall be held and signed by directors participating in the Board meeting.

5. The internal regulations established by the Board of Directors may provide that directors participating in a Board meeting by videoconference in accordance with the applicable regulations are deemed present for the purposes of calculating quorum and majority.

This provision shall not apply for the adoption of the following decisions:

- appointment, remuneration, removal of the Chairman, CEO and Executive Vice Presidents;

- closing of annual accounts, consolidated accounts and preparation of management report and report on the management of the group.

6. The Board of Directors' deliberations are recorded in minutes held in accordance with the applicable laws. The minutes are signed by the acting Chairman and by one or two directors.

Copies or excerpts of the minutes of the Board of Directors' deliberations shall be validly certified by the Chairman or by the CEO.

Powers of the Board of Directors

1. The Board of Directors determines the Company's business guidelines and ensures that they are implemented. Subject to the powers expressly granted by law to shareholders' meetings and within the limit of its corporate objects, it deals with any matter relating to the proper running of the Company and by its deliberations governs the affairs of the company.

In its dealings with third parties, the Company is bound even by acts of the Board of Directors that are outside its corporate purpose, unless it can prove that the third party knew that that act was ultra vires or could not reasonably have been unaware thereof in view of the circumstances, it being specified that mere publication of the articles of association does not suffice to establish proof thereof.

2. The Board of Directors shall carry out any controls and verifications it deems appropriate.

Each director shall receive the information necessary to the performance of his duties and may obtain all documents he considers useful from the General Management.

3. The Board of Directors may give all delegations of authority to the representatives of its choice within the limit of its authority under the law and under these articles of association.

The Board may decide on the creation of review committees in charge of studying the issues that the Board or its Chairman submits to it.

General Management
(Company bylaws, Heading 3, Article 10)

Mode of operation

In accordance with Article L. 225-51-1 of the Commercial Code, the Company's General Management is ensured, under his responsibility, either by the Chairman of the Board of Directors or by any other individual appointed by the Board of Directors with the title of CEO.

The choice between these two modes of operation of General Management is made by the Board of Directors. The Board's decision concerning the choice of mode of operation of General Management is taken by majority vote of the directors present or represented. Shareholders and third parties are informed of the choice made by the Board of Directors under the conditions set forth by the applicable regulations.

The Board of Directors may modify the option chosen at any time.

A change in the mode of operation of General Management shall not entail any modification of the articles of association.

Depending on the mode of exercise chosen by the Board of Directors, the Chairman or a CEO shall ensure, under his responsibility, the General Management of the Company.

The CEO is appointed by the Board of Directors, which sets the duration of his term of office, determines his remuneration and, as applicable, the restrictions on his powers.

For the performance of his duties, the CEO must be under the age of 75. When this age limit is exceeded during the course of his term of office, the CEO shall be deemed to have automatically resigned and a new CEO shall be appointed.

The CEO may be removed from office at any time by the Board of Directors. Removal of a CEO who is not also the chairman may give rise to damages if decided without valid cause.

Powers of the CEO

The CEO is vested with the broadest powers to act in all circumstances in the name of the Company. The CEO shall exercise these powers within the limit of the corporate objects, and subject to the powers expressly granted by law to shareholders' meetings and to the Board of Directors.

The CEO represents the Company in its dealings with third parties. The Company is bound even by those acts of the CEO that are outside its corporate objects, unless it can prove that the third party knew that that act was ultra vires or could not reasonably have been unaware thereof in view of the circumstances, it being specified that mere publication of the articles of association does not suffice to establish proof thereof.

Executive Vice Presidents

Upon the motion of the CEO, whether this position is filled by the Chairman of the Board of Directors or by another person, the Board of Directors may name one or more individuals with responsibility for assisting the CEO with the title of Executive Vice Presidents.

The maximum number of Executive Vice Presidents may not exceed five.

In agreement with the CEO, the Board of Directors shall determine the scope and the extent of the powers granted to the Executive Vice Presidents and set their remuneration.

As regards third parties, the Executive Vice Presidents or the Executive Vice Presidents have the same powers as the CEO.

Upon the cessation of his duties or in case of impediment affecting the CEO, the Executive Vice Presidents shall retain, unless otherwise decided by the Board of Directors, their office and authority until the appointment of a new CEO.

The CEO may be removed from office at any time by the Board of Directors. Removal of a CEO who is not also the chairman may give rise to damages if decided without valid cause.

Conditions for the Exercise of Voting Rights — Majority Quorum
(Company bylaws, Heading 3, Article 15)

At Annual and Extraordinary General Meetings, the quorum is calculated on the basis of the shares comprising the share capital and, in Special Meetings, on the basis of all the shares of the class concerned, net of shares not entitled to voting rights by virtue of the law.

In the event of postal voting, only the forms received by the company prior to the meeting will be considered when calculating the quorum, under the conditions and timeframe set by the decree.

The right to vote conferred to shares is proportional to the capital they represent. With an equal par value, every share in capital or income right carries the right to one vote.

In the event that the shares are pledged, the voting right is exercised by the holder of the securities. The issuing company may not validly vote with shares subscribed, acquired or taken in pledge by it; these shares are not taken into account to calculate the quorum.

The voting takes place and the votes are cast by show of hands, or by those sitting and standing, or by roll call, as decided by the officers of the meeting.

Further Information on Voting Rights

There is no limit in the bylaws on voting rights.

A double voting right is conferred to the holders of registered shares that are fully paid up and that have been registered in the name of the same holder for at least four years.

In the event of conversion to bearer form, the converted share immediately forfeits its double voting right. In the event of a capital increase by incorporation of reserves, profits or share premium, this double voting right applies to new shares issued and allocated free of charge to a shareholder on the basis of existing shares that already carry this right (Heading 2, Article 3, of the company bylaws). This revision to the bylaws was unanimously passed by the General Shareholders' Meeting in an extra-ordinary session on August 24, 1994. It may be cancelled by a General Shareholders' Meeting convened in an extraordinary session and after ratification by a Special Meeting of the beneficiary shareholders.

As of December 31, 2016, there were 69,861,894 shares with a double voting right out of a total of 92,180,190 shares. Thus, the total voting rights are 162,042,084.

The Annual General Shareholders' Meeting is held at least once a year, within six months of the year end, to consider the financial statements of that year, subject to an extension of this timeframe by a legal decision. The Annual General Shareholders' Meeting may only validly deliberate, upon the first convocation, if the shareholders present — represented or voting by post — hold at least one quarter of the shares with a right to vote. No quorum is required upon the second convocation. The meeting decides on the basis of the majority of votes held by shareholders present or represented, including shareholders voting by post (Company bylaws, Heading 3, Article 16).

Shareholders' agreement

None

Crossing Legal Thresholds

Any shareholder whose shareholdings cross the legal thresholds defined by French law, either upwards or downwards, must declare said crossing by notification of the Autorité des Marchés Financiers, pursuant to the law in force. The bylaws of the company do not provide for any additional threshold declarations.

Identification of Shareholders

Within the legal and regulatory framework, the company is authorized to seek the identity of bearer shareholders.

Payment of Dividends

The Annual General Shareholders' Meeting has the power to give every shareholder, for all or part of a dividend payable, the option of receiving this dividend in shares, as provided by French law, or in cash.

The terms of the payment of the dividend in cash are set by the General Meeting or, by default, the Board of Directors. Cash dividends must be paid within a maximum of nine months after the end of the reporting year, unless this timeframe is extended by legal authorization. However, this profit may be distributed as an interim dividend prior to the approval of the annual financial statements when a balance sheet prepared during or at the end of a financial year and certified by the independent auditors discloses that the company has realized a profit since the close of the previous financial year, after recognition of the necessary amortization, depreciation and provisions, as well as after deduction, where relevant, of prior losses and amounts to be transferred to the reserves, as required by French laws or the company bylaws. These interim dividends may not exceed the profit thus defined. No reimbursement of dividends may be required from shareholders unless the distribution was made in violation of legal provisions and the company determines that the beneficiaries were aware of the illegality of this distribution at the time it occurred or could not ignore this nature of the dividends. Where this occurs, the shares in reimbursement are time-barred three years after the payment of these dividends. Dividends not collected within five years of their payment are time-barred (Company bylaws, Heading 3, Article 22).

Financial score

None

Liquidity Contract

Under the liquidity contract concluded between Sartorius Stedim Biotech S.A. and the stockbroker Gilbert Dupont, the following assets appeared on the liquidity account at December 31, 2016:

– Number of shares: 5,583
– Liquidity account cash balance: €276,004.05

For information, the following assets appeared on the liquidity account on the date when the notification of contract implementation was issued:

– Number of shares: 0
– Liquidity account cash balance: €421,860

Other Information on the Assets, Financial Position and Results for the Group

Major Contracts

Several service agreements were entered into between entities of the divisions of the Sartorius Group and Sartorius Stedim Biotech Group, in order to enable the entities from both divisions to benefit from certain general administrative services under the same terms.

Among these service agreements, the service agreement with the highest volume and importance is in place between Sartorius Stedim Biotech GmbH and Sartorius Corporate Administration GmbH, a 100% subsidiary of Sartorius AG. Sartorius Corporate Administration GmbH provides general administrative services to Sartorius Stedim Biotech and the other entities of the Sartorius Group. Such services include, among others, accounting, treasury management, payroll accounting for human resources, IT systems and legal services. Sartorius Corporate Administration GmbH invoices its services on the basis of the internal and external costs incurred plus a margin of 3%. The services invoiced by Sartorius Corporate Administration GmbH to Sartorius Stedim Biotech GmbH in 2016 totaled million €30.8 against million €30.8 in 2015.

Apart from the above-mentioned service agreements, there are no other contracts with material obligations or commitments that have been concluded outside the ordinary course of the company's business or to which a member of the Sartorius Stedim Biotech Group is a party.

The strategy of the Sales and Marketing organization within the Sartorius Stedim Biotech Group towards customers is to create valuable long-term relationships. Therefore, for example, key account management endeavors to conclude long-term framework contracts with customers. As a total solution provider, Sartorius Stedim Biotech strives to use such contracts to cover the entire product portfolio of Sartorius Stedim Biotech that fits into the validated processes of the customer.

Registered Trademarks and Trademark Applications

Name	EU	Germany	France	International registration in the countries designated	USA	Australia	Brazil	Mexico	UK	Canada
SARTORIUS STEDIM BIOTECH	13/08/2007 No. 006228019 13/08/2017			16/11/2007 No. 962279 16/11/2017 + AU CH KR RU SG TR VN	17/08/2007 No. 3709002 10/11/2019		14/01/2008 12 Trademark Applications			09/11/2007 No. 1371410 Reg. in Progress
BIOSTAT	23/10/2014 No. 013398722 23/10/2024	04/10/1968 No. 873661 31/10/2018		26/06/1985 No. 494574 26/06/2025 + AT BX CH DE ES FR IT PT	22/07/1988 No. 1572999 26/12/2019		16/12/2014 4 Trademark Applications		16/07/1988 No. 1246230 16/07/2026	
HYDROSART	12/11/2001 No. 002458461 12/11/2021	07/04/1983 No. 1065357 07/04/2023			10/12/2001 No. 2677224 21/01/2023					28/11/2001 No. 609610 06/05/2019
MAXICAPS	04/10/1999 No. 001330885 04/10/2019				15/11/1999 No. 2450203 08/05/2021					
MIDICAPS	15/02/2005 No. 004289724 15/02/2025				16/02/2005 No. 3195052 02/01/2017					
MINISART		09/08/1978 No. 980370 09/08/2018	26/10/1988 No. 1495753 26/10/2018		07/02/1979 No. 1144895 30/12/2020				18/01/1979 No. 1107904 09/08/2019 18/01/1979 No. 1107903 18/01/2020	
SARTOCHECK		13/06/1979 No. 987883 13/06/2019	17/10/1989 No. 1555685 17/10/2019		05/12/1979 No. 1200237 06/07/2022		18/11/2014 No. 908615248 Reg. in Progress		20/12/1986 No. 1125952 20/12/2020	
SARTOCON		06/06/1979 No. 988000 06/06/2019	17/10/1989 No. 1555684 17/10/2019		15/06/1982 No. 1197792 15/06/2022				20/12/1986 No. 1125951 20/12/2020	
VIROSART	02/11/2004 No. 004103701 02/11/2024	28/07/2004 No. 30443764 31/07/2024			08/02/2016 No. 86900738 Reg. In Progress					
SARTOFLOW		03/06/1983 No. 1057870 30/06/2023		06/03/1985 No. 494396 06/03/2025 + AT BX CH DE DZ EG ES FR HU IT KP LI MA MC PT RO RS RU SD VN	08/08/2007 No. 3689721 09/29/2019				25/10/1984 No. 1228900 25/10/2025	
SARTOPORE	10/01/2000 No. 001454461 10/01/2020				15/02/2000 No. 2429825 20/02/2021		18/11/2014 2 Trademark Applications			
FLEXBOY	31/08/2005 No. 004614038 31/08/2025		19/04/1993 No. 93465632 19/04/2023	24/01/1995 No. 630378 24/01/2025 + CH CN GB KR SE SG 27/02/2006 No. 879252 27/02/2026 + JP	31/08/1993 No. 2041550 04/03/2017	31/01/1995 No. 651778 31/01/2025		03/09/2003 No. 810249 03/09/2023	31/01/1995 No. 2009384 31/01/2025	
FLEXEL	20/02/1998 No. 000753202 20/02/2018		02/09/1997 No. 97693975 02/09/2017		27/02/1998 No. 2414947 26/12/2020			03/09/2003 No. 810250 03/09/2023		
PALLETANK	01/07/1998 No. 000865865 01/07/2018			11/07/2016 No. 1314189 11/07/2026 + CH IN US						
RAFT	31/08/2005 No. 004614046 31/08/2025									
EVAM	15/10/1999 No. 001344266 15/10/2019									
NUTRIKIT			05/06/1989 No. 1535354 05/06/2019							
NUTRIPOCHE			05/06/1989 No. 1535352 05/06/2019							
BIOSAFE			01/02/1995 No. 95556118 01/02/2025	22/02/2001 No. 758706 22/02/2021 + DE DK GB CH						
FLEXACT	07/05/2009 No. 008285173 07/05/2019			16/10/2009 No. 1028463 16/10/2019 + AU CN JP KR US TR MX SG			06/11/2009 4 Trademark Applications			26/10/2009 No. 793270 18/11/2026
FLEXSAFE	22/04/2014 No. 012807996 22/04/2024			22/10/2014 No. 1226740 22/10/2024 + CN IN JP KR MX SG TR US			21/10/2014 No. 9084706060 Reg. in Progress			

Apart from the trademarks mentioned above, the Sartorius Stedim Biotech Group is the owner | applicant of 347 different trademarks in various countries [the dates are indicated as day/month/year].

Registered Trademarks and Trademark Applications

Name	Japan	Denmark	Finland	Ireland	Malaysia	Norway	Sweden	China	Argentina	India	Taiwan
SARTORIUS STEDIM BIOTECH	08/11/2007 No. 5170560 03/10/2018				28/11/2007 12 Trademarks			14/01/2008 11 Trademarks 2 Trademark Applications		19/11/2007 13 Trademarks	18/01/2008 11 Trademarks 2 Trademark Applications
BIOSTAT	22/02/1988 No. 2021770 22/02/2018 27/08/1986 No. 1880889 27/08/2026	28/06/1985 No. 233586 29/08/2026	05/01/1988 No. 100350 05/01/2018	01/07/1985 No. 116688 30/06/2026	11/07/1985 No. 8502982 11/07/2022	27/05/1987 No. 128877 27/05/2017	31/03/1988 No. 209760 31/03/2018	26/04/2012 No. 10830519 14/03/2025	17/12/2014 3 Trademarks 1 Trademark Applications	04/05/2012 No. 2326343 04/05/2022	
HYDROSART	21/11/2001 No. 4663672 18/04/2023										
MAXICAPS	15/10/1999 No. 4535058 11/01/2022										
MIDICAPS	25/02/2005 No. 4906540 04/11/2025										
MINISART	09/02/1979 No. 1583197 26/04/2023										
SARTOCHECK	29/09/1983 No. 1618759 29/09/2023								14/11/2014 No. 3367508 16/10/2025		
SARTOCON											
VIROSART	28/01/2005 No. 5040228 13/04/2017							24/11/2004 No. 4379959 21/06/2018			
SARTOFLOW											
SARTOPORE	02/02/2000 No. 4495393 03/08/2021								12/11/2014 2 Trademark Applications		
FLEXBOY							19/01/1995 No. 323347 16/05/2017				
FLEXEL	02/03/1998 No. 4470133 27/04/2021										
PALLETANK	28/02/2006 No. 5005301 24/11/2026										
RAFT											
EVAM											
NUTRIKIT											
NUTRIPOCHE											
BIOSAFE										10/08/2016 1 Trademark Application	
FLEXACT									12/11/2014 4 Trademarks	30/10/2009 4 Trademarks	
FLEXSAFE									21/10/2014 No. 3361996 Reg. in Progress		

Apart from the trademarks mentioned above, the Sartorius Stedim Biotech Group is the owner | applicant of 347 different trademarks in various countries [the dates are indicated as day/month/year]. .

Special Report of the Statutory Auditors on Related Party Agreements and Commitments

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional standards applicable in France.

General meeting of shareholders to approve the financial statements for the year ended December 31, 2016.

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R. 225-31 of the French Commercial Code ('Code de Commerce'), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R. 225-31 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments already approved by the General meeting of shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body ('Compagnie nationale des commissaires aux comptes') relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the general meeting of shareholders

Agreements and commitments authorized during the previous accounting period

We hereby inform you that we have not been advised of any agreements or commitments authorized during the previous accounting period to be submitted to the General meeting of shareholders for their approval in accordance with article L. 225-38 of the French Commercial Code .

Agreements and commitments not subject to prior authorization

In accordance with articles L. 225-42 and L.823-12 of the French Commercial Code, we hereby inform you that the following agreements and commitments were not subject to prior authorization by your Board of Directors.

It is our responsibility to inform you of the circumstances in which the authorization procedure has not been followed.

- General Assistance and Administrative Services Agreement
  - With the company, Sartorius AG (SAG) 74.3% shareholder of the company Sartorius Stedim Biotech S.A. (SSB S.A.)
  - Persons concerned: Mr Joachim Kreuzburg (Chairman and Chief Executive Officer of SSB SA and Chief Executive Officer of the Executive Committee of SAG) and Mr Reinhard Vogt (Deputy Chief Executive Officer marketing, sales and services of SSB S.A. and member of the Executive Committee of SAG).
  - Nature and purpose: general assistance and administrative services agreement signed on February 16, 2017 with retrospective effect commencing January 1, 2015 for an indefinite duration. This agreement covers the recharging by SAG to SSB S.A. of a part of the remuneration of Mr Joachim Kreuzburg and Mr Reinhard Vogt in respect of the services they perform and provide within the company.

- Details: the recharge of the said services of the persons concerned is calculated using an allocation based on work performed and time spent by each of the executives for the benefit of SSB S.A.

Amounts excluding taxes invoiced by SAG to SSB S.A. in respect of the years ended December 31, 2015 and December 31 2016 are detailed in the following table:

	Year 2015 in €	Year 2016 in €
Mr Joachim Kreuzburg	794,671	701,905
Mr Reinhard Vogt	558,134	530,251

During its meeting of February 16, 2017, your Board of Directors decided to authorize a posteriori this agreement.

- Regulated commitments concerning Mr Joachim Kreuzburg

  - With (SAG 74, 3% shareholder of SSB S.A.

  - Person concerned: Mr Joachim Kreuzburg (Chairman and Chief Executive Officer of SSB S.A. and Chief Executive Officer of the Executive Committee of SAG)

  - Nature and purpose: commitments relating to early departure indemnities, a non-competition clause and supplementary retirement commitments were taken out by SAG for the benefit of Mr Joachim Kreuzburg.

  - Details: the details of these commitments are as follows:

Early departure indemnity cap:

In the event of an early departure caused by the company of Mr Joachim Kreuzburg from his executive function on the Executive Committee of SAG, the amount of the departure indemnity that falls due will be limited to a maximum amount corresponding to two years of remuneration.

Non-competition clause

For two years following the complete termination of his functions within the group SAG, Mr Joachim Kreuzburg will be obliged to comply with a non-competition clause compensated by an indemnity equal to one half of his last annual remuneration, if not waived or terminated.

Supplementary retirement commitments

Mr Joachim Kreuzburg benefits from a supplementary retirement scheme in compliance with German law requirements.

In accordance with the Sartorius group overall remuneration policy, these commitments will be recharged to SSB S.A. upon their occurrence for 20% of their amount.

During the meeting of February 16, 2017, your Board of Directors decided to authorize a posteriori these commitments.

Agreements and commitments already approved by the general meeting of shareholders

We hereby informed you that we have not been advised of any agreements or commitments already approved by the General meeting of shareholders, whose execution continued during the year.

Marseille, February 17, 2017

The Statutory Auditors

French original signed by

KPMG Audit KPMG S.A. Departement	Deloitte & Associés
John Evans Partner	Christophe Perrau Partner

Resolutions Submitted to the Annual General Shareholders' Meeting on April 4, 2017

First resolution

(Approval of Financial statements for the year ended 31 December 2016 and discharge to all directors)

The Shareholders' meeting, in accordance with the quorum and majority requirements for Annual General Shareholders' Meetings, after having considered the corporate accounts for the year ended 31 December 2016 as well as the report of the Board of Directors and the Report of the statutory auditors concerning these financial statements, approved the financial statements for the year ended 31 December 2016, which disclosed a net profit of €54,324,057 as presented, and the transactions reflected in these financial statements or summarized in these reports.

As a result, the Shareholders' Meeting grants full and unreserved discharge to the Directors for the execution of their management duties for said reporting year.

The Shareholder's Meeting asserts that no overall expenses referred to in article 39, 4° of the general tax code were noted.

Second resolution

(Approval of the consolidated financial statements for the year ended 31 December 2016)

The Shareholder's Meeting, in accordance with the quorum and majority requirements for Annual General Shareholders' Meetings has, after having considered the corporate consolidated accounts for the year ended 31 December 2016 as well as the report of the Board of Directors and the report of statutory auditors concerning these consolidated accounts, approved the consolidated financial statements for the year ended 31 December 2016, which disclosed a net profit of €155,877,067 as presented, and the transactions reflected in these financial statements or summarized in these reports.

Third resolution

(*Allocation of net income for the financial year ended 31 December 2016 and determination of the dividend*)

The Annual Shareholders' meeting, in accordance with the quorum and majority requirements for Annual General Shareholders' Meetings, has decided to assign as follows, income for the year ended 31 December 2016 totaling €54,324,057.

- Legal reserves: €306,881
- Balance resulting from deduction of legal reserves: €54,017,376
- The following is to be added to this balance: Year-earlier profit carried forward: €11,981,550
- This would yield a distributable profit of €65,998,726
- Total amount of dividends to be disbursed to shareholders €38,713,209
- Balance resulting from disbursement: €27,285,517 forward to the next year.

Each share of the company with a nominal value of €0,20 will entitle its holder to a payment of a net dividend valued at €0.42.

The dividend will be paid as from 11 April 2017.

The distributed amount of €0.42 per share will be eligible to an allowance of 40% applied to physical people residing in France, as referred in article 158.3-2 of the general tax code.

It is reminded that the distributed amounts for the three last financial years have amounted to:

		Income eligible or non-eligible for a tax rebate
Fiscal year ended on	Dividends in €	Other income distributed
Dec. 31, 2015	30,734,476	0
Dec. 31, 2014	19,967,009	0
Dec. 31, 2013	18,412,315	0

Fourth resolution

(*Ratification of regulated agreements covered by Article L.225-38 and subsequent of the French Commercial Code*)

The Shareholder's Meeting, in accordance with the quorum and majority requirements for the approval of the regulated agreements, after having considered the special report of the Statutory Auditors concerning the ratification of the regulated agreements as referred in articles L.225-38 and subsequent of the Commercial Code, ratifies said regulated agreements which are mentioned in such a special report.

Shareholders who are parties to the regulated agreement mentioned in the special report cannot vote this resolution.

Fifth resolution

(Approval of regulated agreements covered by Article L.225-38 and subsequent of the French Commercial Code)

The Shareholder's Meeting, in accordance with the quorum and majority requirements for the approval of the regulated agreements, after having considered the special report of the Statutory Auditors concerning regulated agreements as referred in articles L.225-38 and subsequent of the commercial code, takes notice of the conclusions of said report and approves the regulated commitments which are mentioned in such a special report, taken by Sartorius AG to the benefit of Mr Joachim Kreuzburg, relating to a non–compete clause, an earlier departure severance and a supplementary pension scheme..

Shareholders who are parties to the regulated agreement mentioned in the special report cannot vote this resolution.

Sixth resolution

(Setting of the annual Directors' fees for the members of the Board of Directors)

The Shareholder's Meeting, in accordance with the quorum and majority requirements for Annual General Shareholders 'Meetings, has approved the overall annual amount of the attendance fees allocated for the 2016 financial year amounting to €284,400.

Seventh resolution

(*Approval of the elements of compensation due or granted for the 2016 financial year to Mr Joachim Kreuzburg, Chief Executive Officer*)

The Shareholders' Meeting, complying with Section 26 of the AFEP-MEDEF Code as updated in November 2016, deliberating in accordance with the quorum and majority requirements for Annual General Shareholders' Meetings, after having considered the Board of Directors' Report on the resolutions submitted to the Shareholders' Meeting, approves the elements of compensation due or granted for the financial year ended 31 December 2016 to Mr Joachim Kreuzburg, Chief Executive Officer.

These elements are presented and mentioned in the Reference Document (section "Remuneration of the Executive and Non-executive Members of the Board"). as well as in the Board of Directors' Report on the resolutions submitted to the present Shareholders' Meeting.

Eighth resolution

(*Approval of the elements of compensation due or granted for the 2016 financial year to Mr Volker Niebel, Executive Vice President*)

The Shareholders' Meeting, complying with Section 26 of the AFEP-MEDEF Code as updated in November 2016, deliberating in accordance with the quorum and majority requirements for Annual General Shareholders' Meetings, after having considered the Board of Directors' Report on the resolutions submitted to the Shareholders' Meeting, approves the elements of compensation due or granted for the financial year ended 31 December 2016 to Mr Volker Niebel, Executive Vice President.

These elements are presented and mentioned in the Reference Document (section "Remuneration of the Executive and Non-executive Members of the Board") as well as in the Board of Directors' Report on the resolutions submitted to the present Shareholders' meeting.

Ninth resolution

(Approval of the elements of compensation due or granted for the 2016 financial year to Mr Oscar-Werner Reif, Executive Vice President)

The Shareholders' Meeting, complying with Section 26 of the AFEP-MEDEF Code as updated in November 2016, deliberating in accordance with the quorum and majority requirements for Annual General Shareholders' Meetings, after having considered the Board of Directors' Report on the resolutions submitted to the Shareholders' Meeting, approves the elements of compensation due or granted for the financial year ended 31 December 2016 to Mr Oscar-Werner Reif, Executive Vice President.

Theses elements are presented and mentioned in the *Reference Document* (section "Remuneration of the Executive and Non-executive Members of the Board") as well as in the Board of Directors' Report on the resolutions submitted to the present Shareholders' meeting.

Tenth resolution

(*Approval of the elements of compensation due or granted for the 2016 financial year to Mr Reinhard Vogt, Executive Vice President*)

The Shareholders' Meeting, complying with Section 26 of the AFEP-MEDEF Code as updated in November 2016, deliberating in accordance with the quorum and majority requirements for Annual General Shareholders' Meetings, after having considered the Board of Directors' Report on the resolutions submitted to the Shareholders' Meeting, approves the elements of compensation due or granted for the financial year ended 31 December 2016 to Mr Reinhard Vogt, Executive Vice President.

These elements are presented and mentioned in the Reference Document (section "Remuneration of the Executive and Non-executive Members of the Board") as well as in the Board of Directors' Report on the resolutions submitted to the present Shareholders' meeting.

Eleventh resolution

(*Proxy to carry out formalities*)

The Shareholders' Meeting gives full authority to the bearer of an original, a copy or an extract of the minutes from the present Annual Shareholders' Meeting to accomplish each necessary procedure.

Report of the Board of Directors

BOARD OF DIRECTORS' REPORT ON RESOLUTIONS SUBMITTED TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING ON 4 APRIL 2017

Dear Sir/Madam Shareholder,

We have summoned you to an Annual General Shareholders' Meeting in order to submit for your approval the eleven resolutions whose purpose is described and commented below.

Please note that the description of the Company's activity required by the law is included in the management report related to 2016 financial year.

Approval of the annual financial statements and allocation of the results

The purpose of the **first resolution** is:

- to approve the Sartorius Stedim Biotech SA's financial statements for the year ended on 31 December 2016 which disclosed a net profit of €54,324,057 to discharge to all directors.

- to note the absence of expenditures referred to in article 39, 4 of the general tax code.

The purpose of the **second resolution** is to approve the consolidated financial statements for the year ended 31 December 2016 amounting to €155,877,067 euros.

The purpose of **the third resolution** is to allocate the 2016 results and to determine the amount of dividends to be paid to the Shareholders.

The net profit resulting from the 2016 financial statements amounts to €54,324,057

We propose to allocate the net profits as follows:

- Legal reserves: €306,881
- Balance resulting from deduction of legal reserves: €54,017,376
- The following is to be added to this balance: Year-earlier profit carried forward: €11,981,550
- This would yield a distributable profit of €65,998,726
- Total amount of dividends to be disbursed to shareholders €38,713,209
- Balance resulting from disbursement: €27,285,517
- The remaining amount of €27,285,517 is to be carried forward to the next year.

It is proposed to set the 2016 net dividend to €0.42 per share.

The dividend will be paid as from 11 April 2017.

It is stated that the distributed amount of €0.42 will be eligible to an allowance of 40% applied to physical people residing in France, as referred in article 158.3-2 of the general code tax

It is also stated that distributed amounts under the three last financial years have amounted to:

		Income eligible or non-eligible for a tax rebate
Fiscal year ended on	Dividends in €	Other income distributed
Dec. 31, 2015	30,734,476	0
Dec. 31, 2014	19,967,009	0
Dec. 31, 2013	18,412,315	0

Ratification and approval of regulated agreements

The purpose of **4th and 5th resolutions** is to ratify and approve the regulated agreements mentioned in Article L.225-38 and seq. of the French Commercial Code, on the basis of the Statutory Auditors' special reports.

We draw your attention on the fact that shareholders interested in said regulated agreements shall not vote the corresponding resolutions.

Approval of the attendance fees

The purpose of 6th resolution is to approve the overall annual amount of attendance fees allocated to the Board of Directors amounting to €284,400.

Approval of the elements of compensation due or granted for the 2016 financial year to the Chief Executive Officer Manager and the Executive Vice Presidents

The purpose of the **7th, 8th, 9th, 10th resolutions** is to submit to the Shareholders' approval, the elements of compensation due or granted for the 2016 financial year to the Chief Executive Officer and the Executive Vice Presidents, pursuant to Section 26 of the AFEP-MEDEF Code as updated in November 2016.

It is reminded that the social mandates of Mr Volker Niebel, Mr Oscar-Werner Reif and Mr Reinhard Vogt ended 31 December 2016 with their effective resignation.

It is proposed to the Shareholders to approve such element of compensation as mentioned in the Reference Document. (section "Remuneration of the Executive and Non-executive Members of the Board").

Authority for formalities

The purpose of **11th resolution** is to give full authority to the bearer of an original, a copy or an extract of the minutes from the present shareholders' meeting to accomplish each necessary procedures.

We hope that the different proposals made in this report will meet your approval and that you will agree to vote corresponding resolutions.

The Board of Directors
represented by its Chairman
Mr Joachim Kreuzburg

Information on the Reference Document and the Annual Financial Report

Declaration of Responsibility for the Reference Document and the 2016 Annual Financial Report

I hereby certify, after having taken all reasonable measures to this effect, that the information contained in the present Reference Document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the company and all the activities included in the consolidation, and that the management report from page 17 to page 71 presents a fair review of the development and performance of the business and financial position of the company and of all the activities included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the auditors stating that they have audited the information contained in this Reference Document about the financial position and financial statements and that they have read this document in its entirety.

The historical financial information presented in the Document has been discussed in the auditors' reports found on page 160 and page 173 of this Reference Document.

February 21, 2017

Joachim Kreuzburg
Chairman of the Board and CEO

Table of Reconciliation

In order to facilitate understanding of the present document concerning the presentation of Sartorius Stedim Biotech S.A., the table below has, on the left, the headings from Note 1 of European Regulation No. 809/2004 of April 29, 2004, of the European Commission and in the column on the right, the corresponding pages of the present document.

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AFEP MEDEF Code

INFORMATION ABOUT THE IMPLEMENTATION OF PROVISIONS OF THE AFEP MEDEF CODE RELATING TO CORPORATE GOVERNANCE OF LISTED COMPANIES

In accordance with the provisions set out in Article L.225-37 and L 225-68 of the Code of Commerce, the company has designated the Code AFEP-MEDEF (as amended in November 24, 2016) as the reference corporate governance code in effect on the date hereof (the "code"),

In this regard, listed companies such as Sartorius Stedim Biotech S.A. are referring to the code and are required to precisely report on their reference document, implementation of these provisions. In case of non-conformance of one of these provisions, the companies are required to provide understandable, relevant and circumstantial information according to the rule "apply and explain". It is recommended by the AMF (recommendation n 2014-08 of 22 September 2014) that companies indicate in a specific table each provision that is not applied and the related information.

GENERAL TABLE ON THE AFEP MEDEF CODE'S RECOMMENDATIONS

ARTICLE	DISPOSITIONS OF THE CODE	MEASURES IMPLEMENTED BY SARTORIUS STEDIM BIOTECH	
1.	**THE BOARD OF DIRECTORS: A COLLEGIAL BODY**		
1.3	**Composition and organization** The organization of the Board's work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm's business, and to the particular circumstances facing it.	**Yes**, more than a half of the Board is represented by foreign Directors, proof of our group's international dimension. Moreover each member of the Board has a professional background with the necessary degree of technical expertise which allows him/her to help the evolutions of the activity. In this framework the way the Board and its Committees work have been subject of a special attention for the Board to be totally able to work on its missions with an appropriate balance of its powers.	
	Publication of the internal rule Its organization and operation are described in the internal rules that it has drawn up, which are published in part or in full on the company's website or in the reference document.	**Yes**, the internal rule is synthetized in our Document Reference each year. The entire Document is published on the website. It has been updated by the Board in its meeting of 5th of April 2016. This internal ruling is containing a rigorous approval process concerning the relevant commitments that the company may take in connection with operational and organizational strategic decisions.	

ARTICLE	DISPOSITIONS OF THE CODE	MEASURES IMPLEMENTED BY SARTORIUS STEDIM BIOTECH	
2.	**THE BOARD OF DIRECTORS AND THE MARKET**		
2.1.2 / 2.1.3	**Communication with the markets** It is up to each Board of Directors to define the company's financial disclosure policy. Each corporation should have a very rigorous policy for communication with the market and analysts. All communications activities must allow everyone to access the same information at the same time. The Board should ensure that the shareholders and investors receive a relevant balanced and instructive information about the strategy, development model, the consideration of non-financial issues that are of significance to the corporation and its long-term outlook. All listed companies must be equipped with reliable procedures for the identification, monitoring and assessment of its commitments and risks, and provide shareholders and investors with relevant information in this area.	**Yes**, press releases are published on the Company's website and transmitted to a professional distributor in order to assure an effective diffusion to all investors. The conference calls can be re listened on the website in addition to the presentation of the activity reflecting the permanent pedagogic efforts towards our investors.	
2.2	**Off-balance sheet commitments and risks** Each listed company must be equipped with reliable procedures for the identification, monitoring and assessment of its commitments and risks, and provide shareholders and investors with relevant information in this area.	**Yes**, these information are already presented in the notes of the financial statements of the Reference Document.	
	For such purposes:		
	the annual report should specify the internal procedures set up to identify and monitor off-balance-sheet commitments, and to evaluate the corporation's material risks;	**Yes**, the rating on the company is published each year in our reference document.	
	each company must develop and clarify the information provided to shareholders and investors regarding off-balance-sheet commitments and material risks, and disclose the company's ratings by financial rating agencies as well as any changes occurred during the financial year.	The off sheet commitments are outlined in the Reference Document in the consolidated accounts	
3.	**SEPARATION OF THE OFFICES OF CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER**		
3.1	When a corporation opts for separation of the offices of Chairman and Chief Executive Officer, if appropriate, the tasks entrusted to the Chairman of the Board of Directors in addition to those conferred upon him or she by law must be described	Not applicable	
3.2	**Option between uniqueness and dissociation of the functions** it is essential for the shareholders and third parties to be fully informed of the choice made between separation of the offices of Chairman and Chief Executive Officer and maintenance of these positions as a single office. In addition to the forms of disclosure required by regulations, the reference document or the annual report may serve as the medium for the disclosure to which shareholders are entitled, and the Board should report to them the grounds and justifications for its decisions.	**Yes**, we are explaining this choice in the Chairman's Company's governance and internal control report the motivation and choice of our governance in regards to the company's situation.	
4.	**THE BOARD OF DIRECTORS AND STRATEGY**		
4.	**Internal rules** The Board of Directors should consider and decide upon transactions with a genuinely strategic importance, after review by an ad hoc committee if appropriate. The internal rules of the Board of Directors should specify:	**Yes**, the Board of Director of the company as well as the mother company Sartorius AG, have implemented efficient procedures and specific Ad Hoc Committees creation when necessary. In addition, these processes have been reinforced to meet the new Market Abuse Directive provisions	
	the cases in which prior approval by the Board of Directors is required, setting out the related principles, which may differ according to which division of the group is concerned;	**Yes**, the Board of Directors has an internal rule. We are including and updating this rule in our reference document each year. The opposite entire elements are an integral part of the Board of Directors internal rule.	
	the principle that any material transaction outside the scope of the firm's stated strategy is subject to prior approval by the Board of Directors;		
	the rules according to which the Board of Directors is informed of the corporation's financial situation, cash position and commitments.		
	All of these rules are related not only to external acquisitions or disposal, but also to major investments in organic growth or internal restructuring action. The Board of Directors should be informed in a timely fashion of the corporation's cash position, and where appropriate take decisions relating to its funding and indebtedness.	**Yes**, the Board of Directors meetings as well as the Audit committee have regular updates on the company cash position through the risk management report and treasury regular	

ARTICLE	DISPOSITIONS OF THE CODE	MEASURES IMPLEMENTED BY SARTORIUS STEDIM BIOTECH	
		updates.	
5.	**THE BOARD OF DIRECTORS AND THE GENERAL MEETING OF SHAREHOLDERS**		
5.2	**Communication with the Shareholders** The shareholders' meeting is a decision-making body for the areas stipulated by law; it is also a privileged moment for the company to engage a dialogue with its shareholders. Its sessions must be not only the occasion when the managing bodies report on the corporation's business and on the operation of the Board of Directors and the specialized committees (audit, compensation, etc.), but also an opportunity for a genuine and open dialogue with the shareholders.	**Yes**, during the Annual Shareholders' Meeting a relevant time is dedicated to the presentation of the Board of Directors' activities and its committees in order to have an open exchange and prolific debate about governance purposes. This presentation is generally followed by an interesting debate with the shareholders.	
	The Board of Directors must take care not to infringe upon the specific powers of the shareholders' meeting if the transaction that it proposes is such as to modify, in fact or in law, the corporate purpose of the company, which is the very basis of the contract founding the corporation. Even when no change in the corporate purpose of the company is involved, the Board of Directors must refer the matter to the meeting of shareholders if the transaction relates to a material part of the group's assets or businesses.		
	Even when no change in the corporate purpose of the company is involved, the Board of Directors must refer the matter to the meeting of shareholders if the transaction relates to a material part of the group's assets or businesses.		
6.	**MEMBERSHIP OF THE BOARD OF DIRECTORS: GUIDING PRINCIPLES**		
6.3	**The composition of the board of directors** Each Board should consider what would be the desirable balance within its membership and within that of the committees of Board members which it has established, in particular as regards the representation of men and women, nationalities and the diversity of skills, and take appropriate action to assure the shareholders and the market that its of duties will be performed with the necessary independence and objectivity. It should publish in the reference document the objectives, methods and results of its policy in these matters.	**Yes**, the Board of Directors and its committees are composed of women and foreign directors. The group points out the willingness to pursue its international growth and diversity. This is why the Board of Directors suggests at the 2015 Shareholders meeting to nominate two independent women directors (French and American) within the Board of Directors. Moreover, the diversity of skills and Board member career profile enable the Board to benefit from their tremendous experience on a management and scientific level. In addition, the criterias related to the independent status of each board member are duly reviewed on regular basis to ensure that this independency conditions are effective.	

ARTICLE	DISPOSITIONS OF THE CODE	MEASURES IMPLEMENTED BY SARTORIUS STEDIM BIOTECH	
6.4	**Women and men representation** With regard to the representation of men and women, the objective is that each Board shall reach and maintain a percentage of at least 20% of women within a period of three years and at least 40% of women within a period of six years from the shareholders' meeting of 2010 or from the date of the listing of the company's shares on a regulated market, whichever is later. Directors who are permanent representatives of legal entities and directors representing employee shareholders are taken into account in order to determine these percentages, but this is not the case with directors representing employees.	**Yes**, the Board of Directors has effectively continued its efforts and reached the gender quota of 40% of women threshold. On the 31.12.2016 the company reached this quota; The Board of Directors of the Company is composed of the following members: (i) Mrs Susan Dexter; (ii) Mrs Liliane de Lassus, (iii) Mrs Anne-Marie Graffin; (iv) Mr Arnold Picot; (v) Mr Joachim kreuzburg; (vi) Mr Henri Riey; (vii) Mr Bernard Lemaître.	
	When the Board comprises fewer than nine members, the difference at the end of six years between the numbers of directors of each gender may not be in excess of two.	Not applicable	
6.5	**Specific assignment entrusted to a referent director** When the Board has decided to confer special tasks upon a Lead director that relate to special tasks such as governance or shareholder relations, in particular by appointing them as Lead Director or Vice President, these tasks and the resources and prerogatives to which he or she has access must be described in the internal rules.	Not applicable	
7.	**REPRESENTATION OF EMPLOYEES**		
7.3	**Representation of the employees**The French Code de Commerce require the appointment by the shareholder assembly of one or more directors among employees, in case of reaching and holding a rate of 3% of the capital shares as employees shareholders. The French Code de Commerce provides in a category type of companies (reaching a certain employees threshold) that one or more employees representatitves shall be elected to seat in the Board of Directors In the same way as other directors, directors representing employee shareholders and directors representing employees are entitled to vote at the Board of Directors, a collegial body, which is assigned the duty of acting at all times in the interest of the company. As with the other directors, they may be selected by the Board to participate in committees.	Not applicable (The company does not fall within the scope of the obligation to appoint such directors as the threshold required by the applicable law are not reached yet neither by the French affiliate entities neither by Sartorius Stedim Biotech Group Not Applicable As of December 31st, 2016 the Board of Director had no directors representing employees	
7.4	Without prejudice to the legal provisions specific to them, directors representing employee shareholders and directors representing employees have the same rights, are subject to the same obligations, in particular in relation to confidentiality, and take on the same responsibilities as the other members of the Board.	Not Applicable (see above 7.2)	
8.	**MINORITY SHAREHOLDERS**		
8	It is not desirable to have within the Board representatives of various specific groups or interests because the Board could become a battleground for vested interests instead of representing the shareholders as a whole. When a corporation is controlled by a majority shareholder (or a group of shareholders acting in concert), the latter assumes a specific responsibility to the other shareholders, which is direct and separate from that of the Board of Directors. The majority shareholder must take particular care to avoid possible conflicts of interest, to secure transparency of the information provided to the market, and to fairly take all interests into account.	**Yes**, the company has a main shareholder, who takes responsibility for the conformity in regards to other shareholders, direct and distinct to the board of directors' one and monitor like this any conflict of interest. Moreover this commitment is specifically stated in the Board Internal rule (provisions of article 5)	

ARTICLE	DISPOSITIONS OF THE CODE	MEASURES IMPLEMENTED BY SARTORIUS STEDIM BIOTECH	
9.	**INDEPENDENT DIRECTORS**		
9.2	**Independent directors** Although the quality of the Board of Directors cannot be defined simply by reference to a percentage of independent directors, as the directors are above all required to be honest, competent, active, regularly attending and involved, it is important to have on the Board of Directors the presence of a significant proportion of independent directors not only in order to satisfy an expectation of the market but also in order to improve the quality of proceedings.	**Yes**, the company has duly appointed in two additional independent directors The independent director's percentage would then increase higher than 40%.	
	The independent directors should account for half the members of the Board in widely held corporations without controlling shareholders. In controlled companies, independent directors should account for at least a third. Directors representing the employee shareholders and directors representing employees are not taken into account in order to determine these percentages.		
9.3	Qualification as an independent director should be discussed by the appointments committee and reviewed every year by the Board of Directors prior to publication of the annual report.		
	The Board of Directors must, upon the motion of the appointments committee, review individually the position of each of its members on the basis of the criteria mentioned below, then notify its conclusions to the shareholders in the annual report and to the shareholders 'meeting when the directors are appointed, so that identification of independent directors is carried out not only by the corporation's management but by the Board itself. The Board of Directors may consider that, although a particular director meets all of the above criteria, he or she cannot be held to be independent owing to the specific circumstances of the person or the company, of thee to its ownership structure or for any other reason.	**Yes**, the independant director qualification is reviewed regularly by the Board of Directors. Moreover, on the 7 April 2015 shareholders' meeting has approved the appointment of of two additional independent directors, 4 out of 10 of the directors of the Board of Directors could be defined such as.	
	Conversely, the Board may consider that a director who does not meet the above criteria is nevertheless an independent director.		
9.4	The criteria to be reviewed by the committee and the Board in order for a director to qualify as independent and to prevent risks of conflicts of interest between the director and the management, the corporation, or its group, are the following:		
	not having been an employee or an executive director of the company, or an employee or director of its parent or a company that the latter consolidates, and not having been in such a position for the previous five years;	**Yes**, the independent director's qualification is reviewed yearly by the Board of Directors. If 2015 the shareholders meeting approves the nomination of the additional 2 independent directors, then 4 out of 10 of the directors of the Board of Directors could be defined such as. Moreover the Board makes an evaluation both on quantitative and qualitative criteria in each case and for every member of the Board of Directors. The evaluation is consisting of an evaluation of each of the six criteria in accordance with the provisions of the Code AFEP MEDEF;	
	not to be an executive director of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the company (currently in office or having held such office for less than five years) is a director;		
	not to be a customer, supplier, investment banker or commercial banker: - that is material to the company or its group - or for a significant part of whose business the corporation or its group accounts		
	The evaluation of how significant the relationship is with the company or its group must be debated by the Board and the criteria that lead to the evaluation must be explicitly stated in the reference document	This is particularly analyzed by the Board with regards to the aspect of the economical dependence between the company and the groups in which a member of the Board has a mandate or a function.	
	not to be related by close family ties to an executive director;	**Yes**, the independent director qualification are regularly reviewed by the Board of Directors. Then the Board makes during the meetings a steadiness examination in accordance with the announced criteria.	
	not to have been an auditor of the corporation within the previous five years;		
	not to have been a director of the corporation for more than twelve years.		

ARTICLE	DISPOSITIONS OF THE CODE	MEASURES IMPLEMENTED BY SARTORIUS STEDIM BIOTECH	
	Although he or she may be an executive director, a Chairman of the Board may be considered as independent if the company can justify this based on the criteria set out above.	See above	
10.	**EVALUATION OF THE BOARD OF DIRECTORS WORKS**		
10.1	**Assessment of the Board's work** For sound corporate governance, the Board of Directors should evaluate its ability to meet the expectations of the shareholders that have entrusted authority to it to direct the corporation, by reviewing from time to time its membership, organization and operation (which implies a corresponding review of the Board's committees). Each and every board has to consider a balance between its organization and the committees he shall constitutes from time to time. In that perspective, the board has to monitor te fitness of its role and tasks, and those provided to its committees. Therefore, this evaluation process should take into account the followings goals: (i) make an assessment of its operating processes; (ii) Prepare the important debates and appropriate questionning lists with anticipated timeline; (iii) measure the effective contribution of each director in the framework of board preparation works	**Yes**, each year, the members of the Board of Directors do formal auto-evaluation of the Boards' performance based on specific criterias such as functioning modalities, effective contributions to its members. In December, 2016 the Board has done a formal auto-evaluation of its works and of its members during the meeting of 7 December 2016 in application of the indicated criteria. The outcomes of the said evaluation have been discussed by the directors, which are constantly working on improving the internal communication. In addition, this assessment have been wide covering multiple aspects. With a method using a nameless questionnaire that have been sent to each board member concerning: (i) the organization of the Board of Directors (ii) the functioning conditions and (iii) the main areas of expertise (strategy, internal control, financial management and compensation policy) as well as the competence of the members of the Board, the relevance of the subjects handled and the quality of the reports of their works.	
	Accordingly, each Board should think about the desirable balance in its membership and those of the committees created from its members and consider from time to time the adequacy of its organization and operation for the performance of its tasks.		

ARTICLE	DISPOSITIONS OF THE CODE	MEASURES IMPLEMENTED BY SARTORIUS STEDIM BIOTECH	
11.	**MEETINGS OF THE BOARD AND OF THE COMMITTEES**		
11	**Information on the Board of Directors meeting** The number of meetings of the Board of Directors and of the committees held during the past financial year should be mentioned in the annual report, which must also provide the shareholders with any relevant information relating to the directors' attendance at such meetings.	**Yes**, the reference document indicates the numbers of meetings and the level of attendance during the past year 2016: 1. The Board of Directors has held 8 meetings and the level of attendance was of 100%. 2. The Audit Committee has held 5 meetings and the level of attendance was of 100%. 3. The Remuneration Committee had held once this year and the level of attendance was of 100%. 4. This rules are rigoously applied for all meeting minutes and are duly reflected in the internal rule.	
	The frequency and duration of meetings of the Board of Directors should be such that they allow in-depth review and discussion of the matters subject to the Board's authority. The same applies to meetings of the Board's committees (audit, compensation, appointments nominations, etc.).		
	Proceedings should be unambiguous. The minutes of the meeting should summarize the discussion and specify the decisions made. They are of particular importance, since they provide, if necessary, a record of what the Board has done in order to carry out its duties. Without being unnecessarily detailed, they should mention briefly questions raised or reservations stated.		
12.	**DIRECTORS' ACCESS TO INFORMATION**		
12.	The law recognizes the principle that the Chairman or the Chief Executive Officer is bound to disclose to each director all the documents and information required for performance of his or her duties. The manner in which this right to disclosure is exercised and the related confidentiality duty should be set out in the internal rules of the Board of Directors, the Board being responsible, where necessary, for determining the relevance of the documents requested.	**Yes**, the internal rule includes modalities about rights to information and confidentiality to its Directors.	
	Corporations must also provide their directors with the appropriate information throughout the life of the corporation between meetings of the Board, if the importance or urgency of the information so requires. Ongoing disclosure should also include any relevant information, including criticism, relating to the corporation, such as articles in the press and financial analysts' reports.		
	Conversely, the directors are bound to request the appropriate information that they consider necessary to perform their duties. Accordingly, if a director considers that he or she has not been able to take part in the proceedings with appropriate information, he or she is bound to say so to the Board in order to obtain the necessary information.		
	Directors should have the opportunity to meet with the corporation's principal executive managers, even outside the presence of executive directors. In the latter case, these should be given prior notice.		
13.	**DIRECTORS' TRAINING**		
13.	**Directors training** One of the major conditions for appointing a director is his or her abilities, but it cannot be expected a priori that every director has specific prior knowledge of the corporation's organization and activities. Each director should accordingly be provided, if he or she considers it to be necessary, with supplementary training relating to the corporation's specific features, its businesses and its markets.	**Yes**, at a start of a Directors function, different training sessions are offered in order to help them to accomplish their missions at their best. It applies to specialized members of the Committee.	
	The audit committee members should be provided, at the time of appointment, with information relating to the corporation's specific accounting, financial and operational features.	**Yes**, the members of the Audit Committee have the necessary expertise due to their professional background. In particular, they are provided information by the Remuneration Committee of the accounting and financial special figures of the company.	

ARTICLE	DISPOSITIONS OF THE CODE	MEASURES IMPLEMENTED BY SARTORIUS STEDIM BIOTECH	
14.	**OF DURATION OF DIRECTORS' TERMS OF OFFICE**		
14.	**Time and timescale of terms of office** Without affecting the duration of current terms, the duration of directors' terms of office, set by the by-laws ("status"), should not exceed a maximum of four years, so that the shareholders are called to express themselves through elections with sufficient frequency.	**Yes**, conformed to the code's recommendations, the duration of an office term is 3 years. 7 Directors duty of term will be renewed in 2016, the other three will be renewed in 2018.	
	Terms should be staggered so as to avoid replacement of the entire body and to favor a smooth replacement of directors.		
	Information on the Directors The annual report should detail the dates of the beginning and expiry of each director's term of office, to make the existing staggering clear. It should also mention, for each director, in addition to the list of offices and positions held in other corporations, his or her nationality, age and principal position, and a list by name of members of each Board committee.	**Yes**, these information are re-iterated in the Directors biographical presentation and in the Board of Directors composition.	
	When the meeting of shareholders is asked to appoint a director or extend his or her term, the booklet or the notice calling the meeting of shareholders, must contain a biographical notice outlining his or her curriculum vitae, in addition to the items required by statute.	It is mentioned in the internal rule of the Board and in the bylaws of the company (Title III article 6.3) of the number of shares a member of the Board should have. It is also mentioned in the Reference Document.	
	Even though it is not required by law, it is imperative that the by-laws or the internal rules set a minimum number of shares in the corporation concerned that each director must personally hold and which must appear in the annual report and/or in the booklet or the notice calling the meeting of shareholders.	**Yes**, the status Title III art 6.3, within the Reference Document provides this information.	
15.	**COMMITTEES OF THE BOARD**		
15	**Existence and composition of the committee** The number and structure of the committees are determined by each Board. However, in addition to the tasks assigned to the audit committee by law, it is recommended that the compensation and the appointments of directors and executive directors should be subject to preparatory work by a specialized committee of the Board of Directors.	**Yes**, the Board of Directors has a compensation Committee who has the duty to select and suggest the nomination of new Directors.	
	When the Board has appointed specialized committees to address particular concerns, the creation of such committees shall in no event remove the matter from the purview of the Board itself, which has sole statutory decision-making authority, nor be allowed to cause division within the Board which, as a collegial body, is and should remain accountable for the performance of its duties. The committees do not act in the place of the Board, but rather as an extension of the Board, facilitating its work. For this reason in particular, the quality of reports by the committees to the Board and the inclusion in the annual report of a description of the committees' activities should be stressed.	All the rights and obligations of the specialized Committees are specified in the internal rule inherent to each committee.	
	The committees of the Board may contact, when exercising their duties, the principal managers of the corporation after informing the Chairman of the Board of Directors and subject to reporting back to the Board on such contacts.	The internal rule complies with the majority of the recommendations formulated by the AFEP MEDEF code.	
	The committees of the Board may request external technical studies relating to matters within their competence, at the corporation's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon. In the event of committees having recourse to services offered by external consultants (e.g. a compensation consultant in order to obtain information on compensation systems and levels applicable in the main markets), the committees must ensure that the consultant concerned is objective.		
	Each committee must be provided with internal rules setting out its duties and mode of operation. The committees' internal rules, which should be approved by the Board, may be integrated into the internal rules of the Board or be set out in separate provisions.		
	The committees' secretariat tasks shall be undertaken by the persons nominated by the Chairman of the committee or by agreement with the Chairman.		
	The existence of cross-directorships in the committees should be avoided.		

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16.	**THE AUDIT COMMITTEE**		
16	**Existence** Each Board should appoint an audit committee, the duties of which are inseparable from those of the Board of Directors, which is legally bound to approve the corporate accounts and to prepare the consolidated accounts. Approving the accounts is the main occasion on which the Board assumes two of its essential duties: the review of management performance and verification of the reliability and clarity of the information to be provided to the shareholders and the market.	**Yes**, the Board of Directors has an Audit Committee.	
16.1	**Composition** The audit committee members should be competent in finance or accounting.	**Yes**, it is referred to the audit Committee Chairman's financial and accountancy competencies within the description of the Directors backgrounds.	
	The proportion of independent directors on the audit committee (excluding the directors representing employee shareholders and directors representing employees, who are not taken into account) should be at least equal to two-thirds, and the committee should not include any executive director.	The Audit Committee is composed of 50% of independent directors, including its Chairman. **Yes**, no member of the Audit Committee is an executive manager and an executive director.	
	The appointment or extension of the term of office of the audit committee's Chairman is proposed by the appointments/nominations committee, and should be specially reviewed by the Board.	Yes the Chairman of the Audit Committee has reached a relevant level of expertise in finance and accounting since the last years.	
16.2 16.2.1	Its missions; - to examine the statements et to insure of the relevance and permanency of the accounting methods used for the consolidated accounts and the annual accounts, - to follow the process of elaboration of the Company financial statements, - to follow the efficiency of the internal control system and management of risks It is also desirable, at the time of review of the accounts, for the committee to consider the major transactions in connection with which conflicts of interest could have arisen.	**Yes,** the internal rule already includes the scope foreseen by the AFEP MEDEF Code; As indicated in the Reference Document, the statutory auditors refer to and inform closely the Audit Committee of the results of their missions by reports on the half year results, annual results and other audit missions.	
	The time available for reviewing the accounts should be sufficient (no less than two days before review by the Board).		
	The review of accounts by the audit committee should be accompanied by a presentation from the statutory auditors stressing the essential points not only of the results of the statutory audit, in particular the adjustments resulting from the audit and significant weaknesses in internal control identified during the auditor's works, but also of the accounting methods chosen. It should also be accompanied by a presentation from the Chief financial officer describing the corporation's risk exposures and its material off-balance-sheet commitments.	**Yes** the Audit Committee examines at least on a trimestral basis on the main financial operations and analysis of the accounts. The statutory auditors submit their conclusions twice a year at the Audit Committee.	
16.2.2	The committee must interview the statutory auditors regularly, including interviews without executive managers present.	**Yes**, the Audit Committee meets the statutory auditors at least twice a year.	
	The statutory auditors must, in particular, be interviewed at the committee meetings dealing with evaluation of the process for preparing financial information and review of the accounts in order to report on the execution of their tasks and the conclusions of their work.	The committee makes a specific evaluation and have strengthen the process, to also comply with the audit reform currently applicable.	

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16.2.3	The committee should steer the procedure for selection of the statutory auditors and submit a recommendation to the Board of Directors regarding the statutory auditors proposed for appointment by the shareholders' meeting. The committee shall suggest to the Board a procedure for selection and in particular if there is a need to make a call for tenders. It must supervise the call for tenders and approve the specifications and the choice of firms consulted, making sure that the selection results in the appointment of the "best bidder" and not the "lowest bidder".	**Yes**, the Audit Committee pilots the selection of the statuary auditors.	
	The committee should in particular receive each year the following information from the statutory auditors:	**Yes**, in order to deal with this topic related to the Green Book of the European community, the company has appointed Deloitte as co statutory auditor for the sustainability report.	
	their statement of independence		
	the amount of the fees paid to the network of statutory auditors by the companies controlled by the company or the entity controlling the company, in respect of services not directly related to the statutory auditors' assignment		
	information concerning the services supplied in respect of the tasks directly related to the statutory auditors' engagement.		
	The committee will review with the statutory auditors the risks weighing on their independence and the protection measures taken in order to reduce these risks. The committee must in particular ensure that the amount of the fees paid by the company and its group, or the share of such fees in the turnover of the firms and networks is not likely to impair the statutory auditors' independence.		
16.3	**Operating methods and** The audit committee's operating reports to the Board of Directors should provide the Board with full information, thereby facilitating the latter's proceedings.	**Yes**, the Audit Committee secretary takes minutes of the meetings. A summary of the deliberations is included in the reference document.	
	The annual report should include a statement on the audit committee's activity during the past financial year.	**Yes**, the audit committee working methods, the intervention of the financial director, the risks directors and other qualified people are specified within the Chairman's internal Control report.	
	The audit committee should interview the statutory auditors, and also the persons responsible for finance, accounting and treasury matters. It should be possible to hold these interviews, if the committee so wishes, without the presence of the corporation's executive management.		
	The committee should review the consolidation scope, and if applicable, the reasons for excluding certain companies.	The Audit Committee is regularly informed of the internal program.	
	The committee should be able to call upon outside experts as needed making sure they have the requisite skills and independence.		
	As regards the effectiveness of internal control and risk management systems, the committee should ensure that these systems exist, that they are implemented and that corrective action is taken in the event of significant weaknesses or flaws. To this end, it must be informed of the main findings of the statutory auditors and the internal audit. It must interview those responsible for the internal audit and for risk control and give its opinion on the organization of their services. It should be informed of the program for the internal audit and receive internal audit reports or a regular summary of those reports.		
	The committee shall examine the risks and the material off-balance-sheet commitments, assess the importance of any failures or weaknesses which are communicated to it and, if necessary, inform the Board.		
17.	**THE COMMITTEE IN CHARGE OF APPOINTMENTS OR NOMINATIONS**		
17	**Composition** The appointments or nominations committee plays an essential role in shaping the future of the company, as it is in charge of preparing the future membership of leadership bodies. Accordingly, each Board should appoint, from its members, a committee for the appointment or nomination of directors and executive directors, which may or may not be separate from the compensation committee.	**Yes**, the Remuneration Committee is also in charges of nominations and this in order to avoid the multiplication of specific committees.	
17.1	When the appointments or nominations committee is separate from the compensation committee, the recommendations relating to the latter's membership and mode of operation are also applicable to it (see hereafter).	Not applicable	
	However, unlike the provisions governing the compensation committee, the Chief Executive Officer shall be associated with the appointments or nominations committee's proceedings. In the event that the offices of Chairman of the Board of Directors and Chief Executive Officer are separate, the Chairman may be a member of this committee.		

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17.2	**Allocations** This committee is in charge of submitting proposals to the Board after reviewing in detail all of the factors that it is to take into account in its proceedings: desirable balance in the membership of the Board with regard to the make-up of and changes in ownership of the corporation's stock, balance between men and women on the Board, identification and evaluation of potential candidates, desirability of extensions of terms. In particular, it should organize a procedure for the nomination of future independent directors and perform its own review of potential candidates before the latter are approached in any way.	**Yes**, the compensation committee has the competency to research, examine and select each new application to the nomination to Board of Directors. and to give his point of view or recommendations on the applicant to the Board of Directors.	
	The committee selection or of the nominations (or a ad hoc committee) should established a hand over plan to the new members of the administrators.		
18.	**THE COMMITTEE IN CHARGE OF COMPENSATION**		
18.1	**Composition** The committee should not include any executive directors, and should have a	**Yes**, all the members of the compensation committee are non-executives. It is composed of 50% of independent members The Committee has no employee director since the company had no obligation considering the requirements of article L 225-27-1 of the Commerce Code and is studying the current obligations.	
	majority of independent directors.		
	It should be chaired by an independent director.		
	It is advised that an employee director be a member of this committee.		
18.2	The committee's operating reports to the Board of Directors should provide the Board with full information, thereby facilitating its proceedings. When the report on the proceedings of the compensation committee is presented, the Board should deliberate on issues relating to the compensation of the executive directors without the presence of the latter. The annual report should include a statement on the compensation committee's activity during the past financial year.	**Yes**, the audit committee secretary takes minutes of the meetings. A summary of the deliberations is provided within the reference document.	
18.3	The remuneration committee must ensure that the Board of Directors is given the best conditions in which to determine all the compensation and benefits accruing to executive directors. All decisions are to be made by the Board of Directors.	**Yes**, the remuneration committee working methods are specified in the internal Control Chairman's report.	
	Furthermore, the committee must be informed of the compensation policy applicable to the principal executive managers who are not executive directors of the company. For that purpose, the executive directors attend meetings of the compensation committee.		
19.	**NUMBER OF DIRECTORSHIPS FOR EXECUTIVE AND NON-EXECUTIVE DIRECTORS**		
19	An executive director should not hold more than two other directorships in listed corporations, including foreign corporations, not affiliated with his or her group20. He or she must also seek the opinion of the Board before accepting a new directorship in a listed corporation.	**Yes**, the Chairman's exercise actually a term of office within the surveillance control of Carl Zeiss AG and 3 office terms within consultative committees. Moreover the Reference Document indicates the the executive director mandates in other listed companies including foreign ones.	
	In the case of a separate Chairman, the Board may draw up specific recommendations on this issue, taking into account its particular situation and the missions conferred to him/her.		
	A NO-executive director should not hold more than four other directorships in listed corporations, including foreign corporations, not affiliated with his or her group. This recommendation will apply at the time of appointment or the next renewal of the term of office.		
	The director should keep the Board informed of directorships held in other companies, including his or her participation on committees of the Boards of these companies, both in France and abroad.		

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20.	**ETHICAL RULES FOR DIRECTORS**		
21.	**DIRECTORS' COMPENSATION**		
21.1 21.2	**Member of the Board of Directors' compensation** It shall be recalled that the method of allocation of directors' compensation, the total amount of which is determined by the meeting of shareholders, is set by the Board of Directors. It should take account, in such ways as it shall determine, of the directors' actual attendance at meetings of the Board and committees, and therefore include a significant variable portion.	**Yes**, all information are indicated in the section "directors' fees" of the Reference Document. The method of allocation are defined by the Board of Directors and mentioned in the Reference Document in the President report on the company's governance and internal control.	
	It is natural that directors' attendance at meetings of specialized committees should give rise to an additional amount of directors' fees. Similarly, undertaking individual tasks such as those of Vice President or Lead Director may give rise to additional fees or payment of extraordinary compensation subject to the application of the procedure for related parties agreements.		
	The amount of the directors' fees should reflect the level of responsibilities assumed and the time that they need to apply to their duties.		
	Each Board must review the adequacy of the level of directors' fees with regard to the duties and responsibilities placed on directors.		
21.3	The rules for allocation of the directors' fees and the individual amounts of payments thereof made to the directors should be set out in the annual report	**Yes**, the attendances fees are stated and specified clearly in the reference.	
22.	TERMINATION OF EMPLOYMENT CONTRACT IN CASE OF APPOINTMENT AS EXECUTIVE DIRECTOR It is recommended , when an employee becomes an executive director of the company to stop the employee's contract with the company or any other company of the group either by conventional termination or by resignation	**Yes**, no executive director has been, or is employed by the company.	
23.	**COMPENSATION OF EXECUTIVE DIRECTORS**		
23.1	**Principle for setting Executive Directors compensation and role of the Board of Directors** Boards of Directors and Supervisory Boards are responsible for determining the compensation of executive directors, based on proposals made by the compensation committee.	**Yes**, the compensation policy is deliberated at the remuneration committee, before submission to the Board to Oscar Werner Reif and Volker Niebel. Joachim Kreuzburg and Reinhard Vogt representing the group Sartorius AG, their compensation policies are deliberated and decided at the level of the parent company of Sartorius Stedim Biotech uses with with the utmost attention the Code Afep Medef principles.	
	In order to determine the said compensation, the relevant Boards and committees must take into account the following principles:	**Yes,** the principles for the description of the determination of compensation are duly applied. The remuneration components applicable to the fix and variable remuneration of the executive members are based on targets to be achieved as described in details in the section "Remuneration Report". Also, in the said section, the key allocation for each component is detailed, specifically in the variable remuneration section. Thus, the company, taking into account the comments of the High Committee for Corporate Governance has reinforced and improved the level of	

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		information in this regard in adding the components payment such as the EBITDA, Sales Revenue, Ratio of Net Debt to EBITDA and the applicable methods of key allocation with the percentage and threshold each target achievement.	
	comprehensiveness		
	balance		
	benchmark		
	Consistency		
	understandability of the rules		
	proportionality		
23.2	**Compensation policy and allocation of stock option grants and free shares** The compensation of executive directors must be appropriate, balanced and fair. Such compensation must strengthen the sense of solidarity and motivation within the company.	**Yes**, the compensation policy is deliberated at the remuneration committee, before submission to the Board to Oscar Werner Reif and Volker Niebel.	
	While the market is a benchmark, it may not be the sole one. An executive director's compensation depends on the work carried out, the results obtained and also the responsibilities taken on. An executive director bears the ultimate responsibility for the management team, and this warrants higher compensation. The general policy for the award of stock options and performance shares should be debated within the compensation committee, and, on the basis of a recommendation from the committee, approved by the Board of Directors.	Joachim Kreuzburg and Reinhard Vogt representing the group Sartorius AG, their compensation policies are deliberated and decided at the level of the mother house of Sartorius Stedim Biotech.	
	The Board of Directors must monitor the evolution in all components of the compensation over several years, with regard to corporate performance		
23.2.2	**Fixed compensation** The fixed part may be calculated differently depending on whether the executive director has followed a continuous career within the company or is recruited from outside the company.	**Yes**, the compensation policy is deliberated at the remuneration committee, before submission to the Board to Oscar Werner Reif and Volker Niebel. Unless exceptional elements, its evolution stays moderated from one year to another one. The company applies to the AFEP MEDEF recommendations in regards to the increases moderation. The Board takes care of this said fixed remuneration with regards to the performance of the company. Joachim Kreuzburg and Reinhard Vogt representing the group Sartorius AG, their compensation policies are deliberated and decided at the level of the mother house of Sartorius Stedim Biotech..	
	In principle, such fixed compensation may only be reviewed at relatively long intervals, e.g. every three years.		
	Any increases in compensation must be linked to events affecting the company and must take into account performance through other components of the compensation, including fringe benefits.		
	If, however, the company opts for annual increase of the executive director's fixed compensation, this increase must be moderated and must respect the principle of consistency mentioned in 23.1.		
23.2.3	**Variable compensation** The Board may decide to award executive director's annual or multi-annual variable compensation.	**Yes**, the variable compensation policy is reviewed at the remuneration committee by Oscar Werner Reif and Volker Niebel. An annual variable compensation and multi-annual has been set up for the company. Unless exceptional elements, its evolution stays moderated from one year to another one. The company applied to the AFEP MEDEF recommendations in regards to the increases moderation. The stock market price does not constitute an element of the	
	These different forms of variable compensation may be cumulative, but this cumulative amount must be decided on the basis of the aforementioned principles, in particular comprehensiveness and proportionality. The variable compensation must be determined by the Board of Directors for a fixed period. The rules governing the determination of the variable compensation must be consistent with the annual or multi-annual assessment of executive directors' performance and with the company's strategy. The variable compensation is a reward for the director's performance and the progress of the company in the period under consideration. The share price must not be the only criteria for measuring this performance.		

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		compensation variation. Joachim Kreuzburg and Reinhard Vogt are representing the Group Sartorius AG, their compensation policy is deliberated and decided at the level of the parent company Sartorius AG.. It is based on quantitative criteria precisely measurable and challenging.	
	The terms of the variable compensation must be understandable to shareholders, and clear and complete information must be provided each year in the annual report.	Yes, the company has increased and improved the level of information in the remuneration report that described the targets achievements policy for the annual variable remuneration, and the variable remuneration with multi-year component.	
	The variable compensation must be subject to the achievement of precise and, of course, predetermined objectives.		
	Quantitative criteria must be simple, relevant, objective, measurable and suited to the corporate strategy.		
	These criteria must be regularly reviewed in order to avoid any ad-hoc adjustments.		
	It is also necessary to pay considerable attention to possible threshold effects generated by quantitative criteria. Only highly specific circumstances may warrant the award of an extraordinary variable component.		
	The qualitative criteria must be defined precisely. For the variable part, when qualitative criteria are used, a limit must be determined for the qualitative part while allowing, where applicable, exceptional circumstances to be taken into consideration.		
	The variable compensation must be set at a level that is balanced in relation to the fixed part. The variable part is a maximum percentage of the fixed part, and is adapted to the business conducted by the company and predefined by the Board.		
	Except in justified cases, the award of variable compensation may not only be restricted to executive directors.		
	In the event that an executive director leaves before completion of the term envisaged for assessment of the performance criteria, the payment of the variable part of the compensation must be ruled out, unless there are exceptional circumstances which can be justified by the Board.		
23.2.5	**Benefits for taking up a position** Benefits for taking up a position may only be granted to a new executive director who has come from a company outside the group. In this case the amount must be made public when it is determined.	**Yes**, there isn't a benefit for taking up functions of executive directors	
	NO-competition benefits In the context of implementation of the procedure for related parties transactions as stipulated by law, the conclusion of a NO-competition agreement must be subject to substantial reflection in the compensation committee.	**Yes**, All executive directors have a post contractual non-competition obligation which is in accordance with German law due to the fact that Sartorius Stedim Biotech S.A. is controlled by a German company. This obligation lasts for two years after the director has left the Group. During that time, if the non-competition clause is not waived or terminated, the director can claim half of his latest remuneration received at the Company.	
	The Board must authorize the conclusion of the NO-competition agreement, the length of the requirement for NO-competition and the amount of benefits, taking into account the actual and effective scope of the NO-competition requirement. The decision of the Board must be made public.		
	The Board has to anticipate, during the conclusion of the agreement, a mention which allows the Board to cancel the agreement when a director leaves.		
	The Board must announce whether or not the NO-competition agreement will be upheld at the time that the director leaves, in particular when the		

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	director leaves the company to claim, or after having claime²d his or her pension rights.		
	In any event, the NO-competition payment should not exceed a ceiling of two years of compensation (fixed and variable).		
	When a termination benefit is also paid, the aggregate of these two benefits must not exceed this ceiling (see above).		
23.2.6	The supplementary pension schemes mentioned in Article L.137-11 of the Social Security Code for senior executives and executive directors must comply with conditions that prevent abuse.	**Yes**, the supplementary pension schemes ae according to the responsibilities of the executive directors of the Company.	
	Supplementary pension schemes with defined benefits must be subject to the condition that the beneficiary must be a director or employee of the company when claiming his or her pension rights pursuant to the applicable rules.		
	In order to prevent any abuse, it is necessary to impose certain additional rules (without prejudice to schemes closed to new beneficiaries which may not be altered):		
	the relevant benefit must be taken into account in the overall determination of the compensation on the basis of the general principles stated above;		
	the group of potential beneficiaries must be materially broader than the sole executive directors;		
	the beneficiaries must meet reasonable requirements of seniority within the company, for at least two years, as determined by the Board of Directors, to benefit from payments from a pension plan with defined benefits;		
	each year, the increase in potential rights shall be progressive in relation to the seniority in the scheme and shall only account for a percentage limited to 5% of the beneficiary's compensation. This progression must be described;		
	the benchmark period taken into account for the calculation of the benefits must cover several years, and it is necessary to avoid over the same period any artificial increase in compensation, aimed at increasing pension benefits;		
	It is necessary to exclude any schemes giving a right immediately or over a time to a high percentage of the total compensation at the end of the career.		
	In addition, information on individual potential rights, in particular the reference income and the maximum percentage of this income, which the supplementary pension scheme would confer, must be made public. The percentage may not be more than 45% of the reference income (fixed and variable compensation of thee in the reference period).		
24.	**INFORMATION ON EXECUTIVE DIRECTORS' COMPENSATION AND THE AWARDING POLICY FOR SHARE OPTIONS AND PERFORMANCE SHARES**		
24	The law imposes on companies the obligation to disclose in their management report the aggregate compensation and benefits of all types paid during the financial year to each executive director as well as the amount of the compensation and benefits of any type that each of these directors has received during the financial year from companies of the group.	**Yes**, the Chairman's part on the company governance and internal control Report compiles these information about non-executives and executives directors compensation.	
	Comprehensive information must be provided to shareholders so that they can have a clear view, not only of the individual compensation paid to executive directors, but also of the policy applied by the company in order to determine the compensation paid.		
24.1	**Permanent information** All of the executive directors' compensation components, whether potential or vested, must be publicly disclosed, immediately after the meeting of the Board approving the relevant decisions.	**Yes**, the company applies to this recommendation..	

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24.2	The annual report must include a chapter, drawn up with the support of the compensation committee, informing shareholders of the compensation received by executive directors.		
	Variable remunerations: A detailed presentation of the policy on determination of the compensation paid to executive directors and in particular the rules governing the award of the annual variable part. Without jeopardizing the confidentiality that may be linked to certain elements of determining the variable part of the compensation, this presentation must indicate the criteria on the basis of which this variable part is determined, the manner in which these criteria have been applied during the financial year, as compared with initial expectations, and whether the individual director's personal targets have been attained. It must also, where necessary, specify if the payment of this variable part is partly deferred and indicate the conditions and methods of this deferred payment. Finally, it must, where necessary, specify the rules governing the award of multi-annual variable compensation. Without jeopardizing the confidentiality that may be justified for certain elements of determining the variable part of the compensation, it must indicate the criteria on the basis of which this compensation is determined, and when the payment of the multi-annual variable part is made, the manner in which these criteria have been applied;	**Yes**, the indication of the determination criteria and the information of the application of the criteria are indicated in detail in the section remuneration report of the the reference document.	
	Pensions: Information concerning the pension systems or commitments provided by the company. Taking into account the considerable variety of pension schemes, it is necessary to indicate whether executive directors benefit from the same pension schemes as the group's senior executives or benefit from a specific pension scheme and describe the main features of these schemes and in particular their calculation methods;	**Yes**, the company indicates this information within the part dedicated to the compensation within the reference document.	
	Individual compensation: A detailed presentation of each executive director's individual compensation, compared with that of the preceding financial year, and broken down between fixed components and variable components. Although the French Commercial Code does not impose any such obligation, it appears that the information most relevant for shareholders consists in connecting the variable component to the financial year in respect of which it is calculated, even though the compensation is only paid during the following financial years. It is therefore recommended to disclose on a priority basis the compensation of thee in respect of the financial year and to show in a summary table the amounts of thee and paid for the current and the preceding financial years;	**Yes**, the company indicates personal compensation also A comparison with the previous year is made separating the compensation on due and the remuneration paid by financial year with the breakdown of the fixed part and the variable one	
	Director's fees: The aggregate and individual amount of directors' fees paid to directors and the rules for allocating fees, as well as the rules governing the payment of the directors' fees awarded where applicable to the general management team in respect of corporate offices held in affiliates of the group;	**Yes**, the company indicates the total amount and individual attendance fees.	
	Stock options: A description of the policy for the award of stock options to all beneficiaries by explaining separately, where applicable, the specific award policy applicable to executive directors. In particular, it is necessary to indicate the nature of the options (purchase or subscription options), where applicable the criteria used to define categories of beneficiaries, the periodicity of the plans, the conditions approved by the Board as regards the exercise of the options and the dilutive impact of each option award. A summary table must show all data relevant to the existing option plans, as used for the benchmark document;	**Yes**, the company indicates this information within the part dedicated to the compensation within the reference document.	
	Performance shares: A description of the share award policy applicable to employees or to certain categories of employees and to executive directors, the conditions and where applicable the criteria if determined by the Board of Directors and the dilutive impact of each share award. In the same manner as for stock options, a summary table must show all of these data and in particular the number of performance shares awarded to each executive director and the total number of shares awarded to the main beneficiaries who are employees of the group;	**Yes**, the company indicates this information within the part dedicated to the compensation within the reference document.	
	Valorization of stock options and performance shares and fraction of awarded to the executive managers and executive directors: The valuation of stock options and performance shares awarded to executive directors, at the time of the award and in accordance with	**Yes**, the company indicates this information within the part dedicated to the compensation within the reference document.	

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	the method used for consolidated financial statements, and the fraction of the capital awarded to each executive director.		
	Standardized presentation: It is recommended to comply with the standardized presentation (attached as a schedule hereto) of all director compensation items.		
24.3	Shareholders' consultation on individual remunerations for executive managers and executive directors: The Board must present the compensation of executive directors at the annual General Meeting. This presentation must cover the elements of the compensation due or warded at the end of the closed financial year to each executive director:	**Yes**, the company indicates this information within the part dedicated to the compensation within the reference document and applies to the AFEP MEDEF recommendations. In addition, based on the compulsory principle of the "Say on Pay" the company, will submit the remuneration plan and fix and variable allocation through specific resolutions to the imperative vote of its shareholders for its executive members.	
	the fixed part;		
	the annual variable part and where necessary the multi-annual variable part with the objectives that contribute to the determination of this variable part;		
	extraordinary compensation;		
	stock options, performance shares, and any other element of long-term compensation; benefits linked to taking up or terminating office;		
	supplementary pension scheme;		
	any other benefits.		
	This presentation should be followed by an advisory vote by shareholders.		
	It is recommended that at the shareholders' vote, one resolution is presented for the Chief Executive Officer or the Chairman of the Management Board and one resolution for the Deputy Chief Executive Officers or for the other members of the Management Board.		
	When the ordinary shareholders' meeting issues a negative opinion, the Board, acting on the advice of the compensation committee, must discuss this matter at another meeting and immediately publish on the company's website a notice detailing how it intends to deal with the opinion expressed by the shareholders at the General Meeting.		

Glossary

Industrial | Product-specific Terms

Biopharmaceuticals

Biopharmaceuticals, or biologics, are pharmaceutical drugs manufactured in or extracted from biological sources.

Bioreactor

In English-speaking countries, a bioreactor is used as a vessel for cultivating animal or human cells in a culture medium. In non-English-speaking countries, this term is also used synonymously with "fermentor" that is a system in which microorganisms (bacteria, yeast, fungi) multiply. In any case, these vessels are used to obtain cells, parts of these or one of their metabolites.

Downstream processing

Collective term for the various steps that follow fermentation or cell cultivation in the production of biopharmaceuticals; for example separation, purification and concentration

FDA — Food and Drug Administration

U.S. governmental agency responsible for monitoring foods and biotechnological, medical, veterinary and pharmaceutical products.

Fermentation

Technical process used to produce or transform intra- or extracellular substances with the help of microorganisms

Fluid management technologies

Technologies and systems for use in handling sensitive biological liquids; for example single-use bags for the preparation, storage and transport of biopharmaceutical solutions, intermediates and final bulk products

Membrane chromatography

Selective separation of mixtures of substances by adsorption to specifically modified membranes (membrane adsorbers) in a flowing system

Membrane

Thin film or foil made of polymers;because of its porous structure, this film is used as core component for all filtration applications.

Monoclonal antibodies

Synthetic antibodies that are increasingly being used in medical diagnosis and treatment

Purification

An important step in downstream processing

Single-use technologies

Technologies and products for a single use, providing significant time and cost savings; for example disposable filters or bags

Upstream processing

Upstream processing is defined as the entire process from early cell isolation and cultivation, to cell banking and culture expansion of cells until final harvesting. It refers to the part of the bioprocess in which cells or cell lines are grown in bioreactors (see bioreactor).

Validation

Systematic checking of essential steps and facilities in research and development and in production, including testing pharmaceuticals, to ensure that the products manufactured can be made reliably and reproducibly in the desired quality

Business | Economic Terms

Amortization

Amortization relates exclusively to potential reductions in the value of goodwill and the allocation of the purchase price to intangible assets acquired as carried out in accordance with IFRS 3. Cash flow

Cash balance of inflows and outflows of funds, representing the operating activities of an organization. Alternativ: Difference between the available cash at the beginning of an accounting period and that at the end of the period

Derivative financial instruments

Instruments for hedging against the risks of changes in market prices in foreign currencies

EBIT

Earnings before interest and taxes

EBIT margin

Ratio of EBIT (see EBIT) to sales revenue

EBITDA

Earnings before interest, taxes, depreciation and amortization.

EBITDA margin

Ratio of EBITDA (see EBITDA) to sales revenue

Extraordinary items

Extraordinary items essentially cover one-time expenses for corporate projects and integration and acquisition related items.

Fixed assets

Sum of intangible assets, property, plant and equipment and financial assets

Free float

Shares of a public company that are freely available to the investing public

Goodwill

Difference between the price paid for a company or business and its net assets. Goodwill is a form of intangible asset.

Investment rate

Ratio of capital expenditures to sales revenue

Normalized financial result

Financial result excluding fair value adjustments of hedging instruments, as well as currency effects from foreign currency loans

Normalized income tax

Underlying income tax, based on the underlying profit before taxes and non-cash amortization

Supply chain management

Setup and coordinated control of integrated flows of materials, information and finances (supply chains) over the entire value-added process

Treasury

Short- and medium-term liquidity management

Underlying EBITDA

EBITDA (see EBITDA) adjusted for extraordinary items (see extraordinary items)

Underlying EBITDA margin

Ratio of operating EBITDA (see underlying EBITDA) to sales revenue

Underlying (consolidated) net profit

Profit adjusted for extraordinary items, non-cash amortization and based on the normalized financial result (see normalized financial result) as well as the corresponding tax effects for each of these items.

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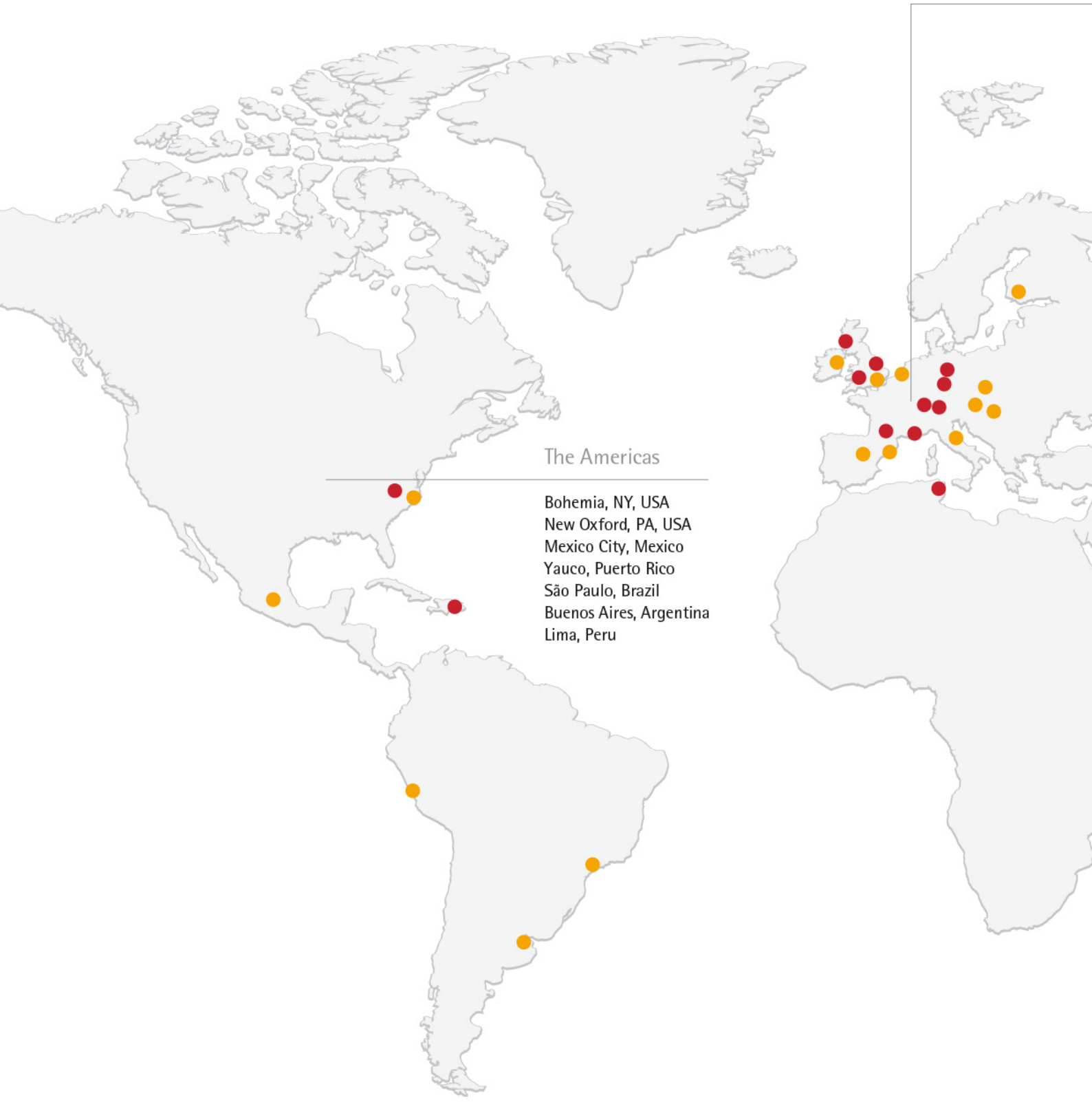

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Financial Schedule

Annual General Shareholders' Meeting, Aubagne, France	April 4, 2017
Payment of dividends[1)]	April 11, 2017
Publication of first-quarter figures for 2017	April 24, 2017
Publication of first-half figures for 2017	July 25, 2017
Publication of nine-month figures for 2017	October 24, 2017
Publication of preliminary figures for fiscal 2017	January 2018
Annual General Shareholders' Meeting, Aubagne, France	April 3, 2018
Publication of first-quarter figures for 2018	April 2018

[1)] Subject to approval by the Annual General Shareholders' Meeting

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