








# Corporate Governance Report

03

# The Board of Directors and its Committees

## The Board of Directors

	Name	Mandate	Age	Independent <sup>1)</sup>	First appointment	Expiration of current mandate <sup>2)</sup>	Audit Committee member	Remunerations & Nominations Committee member
	Joachim KREUZBURG	Chairman and Chief Executive Officer	53		2007	2019		
	Susan DEXTER	Director	63	•	2015	2021		
	Anne-Marie GRAFFIN	Director	57	•	2015	2021		
	Lothar KAPPICH	Director	61		2017	2019	•	•
	Liliane de LASSUS	Director	75	*)	2006	2019	•	•
	Bernard LEMAITRE	Director	80		1978	2019	•	•
	Henri RIEY	Director	57	•	2007	2019	•	•

<sup>1)</sup> In accordance with the recommendation N° 8 of the AFEP-MEDEF code

<sup>2)</sup> Directors are appointed until the date of the Annual General Shareholders' Meeting called to approve the financial statement of the previous fiscal year ending.

<sup>\*)</sup> In accordance with the criteria exposed within the recommendation N°8.5.6 of the AFEP-MEDEF code, Ms. Liliane de Lassus lost her independency qualification on May 19th, 2018, date of the twelfth anniversary of her first appointment as director of the company.

The company is administered by a Board of Directors composed of seven members, three 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 2018:

For historical reasons due to the shareholding structure of the Company, the composition of the Board of Directors and its Committees reflected the search by our reference shareholder of a long lasting balance between the Directors representing these shareholders, the Independent 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 established, 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 results 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;

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 Sartorius Weighing Technology GmbH;

Managing Director of SWT Treuhand GmbH;

Managing Director of SI Weende-Verwaltungs-GmbH;

Managing Director of SI Grone 1-Verwaltungs-GmbH;

Managing Director of SIV Grone 2 GmbH;

Managing Director of Sartorius Ventures GmbH;

Chairman 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

Essen Instruments, Inc.;

Chairman 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.;

Chairman of the Board of Directors of

Sartorius North America Inc.;

President and Chairman 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 Stedim Biotech GmbH;  
 President of VL Finance 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 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;  
 Vice Chairman of the Supervisory Board (Aufsichtsrat) of Ottobock SE & Co. KGaA, Germany;  
 Member of the Administrative Board (Verwaltungsrat) of Ottobock Management SE, Germany;  
 Member of the regional 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;  
 Chairman of the Advisory Board (Beirat) of Otto Bock Holding GmbH & Co. KG, 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, Human Resources, Legal Affairs & Compliance, Corporate Communications

**Liliane de Lassus**

Non-executive member

Date of birth: 29 December 1943

Nationality: French

First appointment: 19 May 2006 <sup>1)</sup>

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

<sup>1)</sup> 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:

None

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
2008–2018	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 <sup>2)</sup>

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

<sup>2)</sup> 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 27 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.
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**Lothar Kappich**

Non-executive member  
Date of birth: 15 February 1957  
Nationality: German

First appointment: 14 September 2017  
Appointed until: the 2019 Annual General Shareholders' Meeting approving the financial statements for the fiscal year ending 31 December 2018

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:

Chairman of the Supervisory Board of Sartorius AG.

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

Member of the Supervisory Board of Sartorius AG.

Other current directorships and positions outside the Group:

None

Past directorships outside the Group:  
Managing Director of ECE Projektmanagement GmbH & Co. KG, Germany.

Educational and professional background:

Doctorate (Dr. rer. pol.) in economics (subject of the doctoral dissertation: Theory of International Business Activity)

1988 - 1990 Controller in the Central Controlling Department from Schering AG in Berlin

1990 - 2017 ECE Projektmanagement G.m.b.H. & Co. KG in Hamburg, latest position: Managing Director of ECE's HR & Corporate Services as well as Managing Director of numerous subsidiaries at the ECE group

2007 - 2017 Member of the Supervisory Board of Sartorius AG, Goettingen

Since 2017 Chairman of the Supervisory Board of Sartorius AG, Goettingen

**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: 31

Other current directorships and positions outside the Group:

President of Aidea;  
President of Groupe HR S.A.S.;  
Director and secretary-treasurer 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  
Mandate renewed: 03 April 2018  
Appointed until: date of the Annual General Shareholders' Meeting in 2021 to approve the financial statements for the fiscal year ending 31 December 2020

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.

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 Consulting SARL - 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  
Mandate renewed: 03 April 2018  
Appointed until: date of the Annual General Shareholders' Meeting in 2021 to approve the financial statements for the fiscal year ending 31 December 2020

Number of Sartorius Stedim Biotech shares held: 6

Other current directorships and positions outside the Group:  
None

Past directorships (held during the past five years) outside the Group:  
Kalon Biotherapeutics, College Station, Texas, USA - CMO;  
BioSense Technologies, Woburn, Massachusetts, USA - Clinical diagnostic technology based on cellular impedance.

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 biomanufacturing
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 Development 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, Managing Director; Due Diligence, Acting 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, Outsourced Pharma

### 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 administrator board members should be at least a third of the Board. As of 31 December 2018, the Board of Directors of Sartorius Stedim Biotech S.A. is composed of 43% 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 APEF-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 a statutory 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 the ability to understand the issues and risks, prior to making a decision on whether a director qualifies as independent.

– 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 three independent directors: Mr. Susan Dexter, Mrs Anne-Marie Graffin, and Mr Henri Riey.

	Not an employee or executive officer	No cross-directorships	No significant business relationships	No family links	Not a statutory auditor	First appointment	Not a director for over 12 years	Classification adopted
Joachim Kreuzburg	No	No	Yes	Yes	Yes	2007	Yes	Not independent
Liliane de Lassus	Yes	Yes	Yes	Yes	Yes	2006	No <sup>2)</sup>	Independent
Bernard Lemaître	Yes	Yes	Yes	Yes	Yes	1978	No	Not independent
Henri Riey	Yes	Yes	Yes	Yes	Yes	2007	Yes	Independent
Susan Dexter	Yes	Yes	Yes <sup>1)</sup>	Yes	Yes	2015	Yes	Independent
Anne-Marie Graffin	Yes	Yes	Yes	Yes	Yes	2015	Yes	Independent
Lothar Kappich	Yes	No	Yes	Yes	Yes	2017	Yes	Not independent

<sup>1)</sup> Particular attention was paid to the situation of Mrs. Susan Dexter, who holds a position at Latham Biopharm Group Inc., a company with whom Sartorius Stedim Biotech GmbH signed a consultancy agreement, which expired on December 31, 2017 and has not been renewed. The Board noted that the relation between these two companies were not significant in terms of their volume. In addition, the possibility for Sartorius to use a panel of providers having similar expertise than Latham Biopharm Group, in a competitive context, rules, out all relationship of dependence.

<sup>2)</sup> Mrs. Liliane de Lassus first mandate as director of the company occurred on May 19, 2006. As a consequence, the criteria N°6 of the recommendation N°8 of the AFEP MEDEF code (not being a director of the company for more than twelve years) is not fulfilled anymore since May 19, 2018. Therefore, Mrs. Liliane de Lassus correlatively lost her quality of independent director as of that date.

### 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 threshold 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. As of 31 December 2018, the Board of Directors of Sartorius Stedim Biotech S.A. is composed of 43% of women.

### 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 December 2018, 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.

Consistent with last year's efficiency review, the results are satisfactory in terms of flow of information, active participation of each Board members, quality of the Committee's work. Those answers are reflecting the high quality teamwork of Board members and their 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 to the APEF MEDEF governance code for listed companies, the staggering of terms should be organized in order to avoid renewing a group of mandates and to promote harmonious renewing of the directors' mandates. The afferent rule relating to staggering terms is respected, as such, on December 31, 2018 two memberships have been renewed. Five membership renewals will be submitted to the Annual Combined Shareholders' Meeting on March 26, 2019, 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.

Procedures established and followed by the Committees are set up within their respective internal regulations.

Committees' members are appointed by the Board of Directors. A special attention is paid by the Board of Directors to the nomination or renewal of the mandate of the Chairman of the Audit Committee, upon recommendation of the Remunerations and Nominations Committee.

### Other Information

The Board of Directors met six times during fiscal 2018.

In accordance with the bylaws of Sartorius Stedim Biotech S.A. Company, each Director 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:

- Three members of the Board of Directors out of seven are Independent Directors.
- One independent member of the Board out of three is a member and Chairman of the Audit Committee.
- One independent member of the Board out of three is a member of the Remunerations and Nominations Committee.

#### 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 Rules and Regulations currently applicable has been adopted on 5 April 2016 and will be updated by the Board of Directors in 2019 in order to bring it into line with the new provisions of the AFEP 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 2018

The Board of Directors met six times during the fiscal year. The average attendance was 97.62%.

The Board reviewed and approved the corporate and consolidated accounts for 2017.

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

- Strategic direction and major Group projects.
- The annual, half-year and quarterly financial statements.
- Budgets presented by executive management.
- Information on the financial structure and cash flow items.
- Significant off-balance sheet commitments.
- Risk indicators for the Group.
- New internal organization.
- Stock market performance.
- Self-assessment of the Board members.
- Elements of remuneration due or attributed.
- Renewal of the mandates of members of the Board of Directors
- Follow up on recent acquisitions.

### 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.

The Audit Committee and the Remuneration and Nominations 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 Committees 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 the event the Committees solicit the services of external counsels (e.g. the Remuneration Committee for the purpose of gathering information related to systems and levels of remunerations applicable within the main markets), the Committees shall ensure the objectiveness of the sought advice.

Each Board of Directors meeting is preceded with at least one meeting of one of the two committees, depending on the addressed topics. The Committees remain accountable to the Board of Directors and address to them their position, advice and recommendations.

Procedures established and followed by the Committees are set up within their respective internal regulations.

Committees' members are appointed by the Board of Directors. A special attention is paid by the Board of Directors to the nomination or renewal of the mandate of the Chairman of the Audit Committee, upon recommendation of the Remunerations and Nominations 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 2018, the Audit Committee has four members:

- Mr. Henri Riey, Chairman of the Committee since December 5, 2007
- Mr. Lothar Kappich
- Mrs. Liliane de Lassus
- Mr. Bernard Lemaître

The Chairman of the Audit Committee is independent. The Board of Directors will meet after the Annual Shareholders Meeting called to approve the financial statement of fiscal year ending on December 31, 2018 in order to modify the membership of the Audit Committee and ensure that the composition of the Committee complies with the recommendation N°15.1 of the AFEP MEDEF code for the fiscal year 2019.

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 2018.

### Remunerations and Nominations Committee

#### Remunerations and Nominations Committee duties

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

#### Composition of the Remunerations and Nominations Committee and functioning

As of 31 December 2018, the Remunerations and Nominations Committee has four members:

Mr. Lothar Kappich, appointed member of the Remunerations of Nominations Committee during the Board of Directors meeting that took place on October 10, 2017, was appointed Chairman of the Committee by its members during the meeting held on 15 February 2018.

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

One of the four members of the Remunerations and Nominations Committee is independent. The Board of Directors will meet after the Annual Shareholders Meeting called to approve the financial statement of fiscal year ending on December 31, 2018 in order to modify the membership of the Remunerations and Nominations Committee and ensure that the composition of the Committee complies with the recommendations N°16.1 and N°17.1 of the AFEP MEDEF code for the fiscal year 2019.

The Remunerations and Nominations Committee met once in fiscal 2018.

# Report on Corporate Governance

## 1. Regulated Agreement

### Continued agreement

The Company has decided to continue the services agreement between the Company and Sartorius AG, made effective retroactively since January 1st, 2015 and adopted by the Annual Shareholders meeting of April 4<sup>th</sup>, 2017, and covering the recharge of services of Mr. Joachim Kreuzburg.

Consequently, and in accordance with the provisions set out in Article L. 225-40-1 of the French Code of Commerce, the Company will proposed to its Board of Directors of February 7th, 2019 and further to its Annual Shareholders meeting of March 26th, 2019 to approve the continuation of the said agreement (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 2017: 759 996 €

Year 2018: 674.216€

This regulated agreement has been rejected by the Annual Shareholders Meeting of April 3rd, 2018.

### New agreement as of 31 December 2018

None.

## 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 were rejected by the Annual Shareholders meetings of 4 April 2017 and of April 3rd, 2018, but were approved by the Board of Directors on 16 February 2017. They will be submitted to the approval of the Annual Shareholders meeting called on March 26, 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

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

## Corporate Governance Code / AFEP MEDEF

Since fiscal 2008, the Sartorius Stedim Biotech S.A. Board of Directors decided to follow the AFEP-MEDEF recommendations, as revised in June 2018, as the reference code for corporate governance (see [www.medef.fr](http://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 27.1 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 Registration Document, the application of these recommendations. In case on non-application of one of the-se 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	DEVIATIONS OF THE PROVISIONS OF THE CODE	EXPLANATIONS
3.2	<p>Disclosure of the option selected</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Also, the Board of Directors is proceeding to an annual evaluation of its functioning to identify the improvements that could be made. The result of the evaluation shows that this organization is well suited for the interests of the company.</p>
10.3	<p>Non-executive directors meeting</p> <p>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.</p>	<p>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.</p> <p>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. The concerned Directors have duly been made aware of this possibility but did not express their wish to hold such a meeting during the past year. They will be reminded of such a possibility during the first Board of Directors Meeting that will occur for the next financial year.</p>
15.1	<p>Independent directors within the Audit Committee</p> <p>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.</p>	<p>On December 31, 2018, 25% of the Audit Committee members are independent (i.e. one member out of four). This is the direct consequence of the loss of the status of independent of one of its member during the fiscal year ended on December 31, 2018.. The Audit Committee is chaired by the independent administrator: Mr. Henri Riey. The Board of Directors will met after the Annual Shareholders Meeting called in March 26, 2019 to approve the financial statement of fiscal year ending on December 31, 2018 in order to modify the membership of the Audit Committee and ensure that the composition of the Audit Committee complies with the recommendation of the AFEP MEDEF code for the fiscal year 2019., in addition to ensuring the efficiency of their respective work, requiring a high expertise in finance or accounting matters.</p>
15.3	<p>Examination deadline of the accounts between the Audit Committee and the Board</p> <p>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.</p>	<p>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.</p> <p>Therefore, each member of the said committee is spending the necessary time to examine each topic and is duly enabled to require such information if needed.</p>

ARTICLE	DEVIATIONS OF THE PROVISIONS OF THE CODE	EXPLANATIONS
<b>16/17</b>	<b>THE COMMITTEE IN CHARGE OF REMUNERATIONS AND NOMINATIONS</b>	
16.1/17.1	<p>Independent directors within the Remunerations and Nominations Committee</p> <p>It must mostly consist of independent directors</p> <p>It is recommended that the Chairman of the committee should be independent.</p>	<p>The Board of Directors decided to create a Remunerations and Nominations Committee. To this end the committee in charge of remunerations and nominations has updated its internal regulations to state clearly its new functions.</p> <p>On December 31, 2018, 25% of the Remunerations and Nominations Committee members are independent (i.e. 1 member out of four). This is the direct consequence of the loss of the status of independent of one of its member during the fiscal year ended on December 31, 2018. The Board of Directors will meet after the Annual Shareholders Meeting called in 2019 to approve the financial statement of fiscal year ending on December 31, 2018 in order to modify the membership of the Remunerations and Nominations Committee and ensure that the composition of such Committee complies with the recommendations of the AFEP MEDEF code for the fiscal year 2019. It is further mentioned that the Chairman and Chief Executive Officer of the Board is not a member of the committee.</p> <p>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.</p> <p>Lothar Kappich has been appointed Chairman of the Remunerations an Nominations Committee of the Sartorius Stedim Biotech Group for management and coherency reasons: Although Mr. Lothar Kappich is non-independent, he is also the Chairman of the remunerations committee of the Sartorius Group AG</p>
<b>19.</b>	<b>ETHICAL RULES FOR DIRECTORS</b>	
	<p>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.</p>	<p>The Board of Directors has implemented these ethic principles within its internal regulations, in particular within the Director Charter, which is attached to the internal regulations.</p> <p>Beyond the application of 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 significantly or not within the company.</p>
<b>21.</b>	<b>TERMINATION OF EMPLOYMENT CONTRACT IN THE EVENT OF BECOMING A COMPANY OFFICER</b>	
21.1	<p>When an employee is appointed as a company officer, 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 resignation</p>	<p>This recommendation is not applied since there are no Directors under an employment contract with the company.</p> <p>According to German law, it is not necessary to change such an employment contract when a person becomes a Managing Director of the company he/she works for. It should also be considered that the 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.</p>

24.	COMPENSATION OF COMPANY OFFICERS	
24.3.2	Annual variable compensation of executive officers The rules for fixing this compensation must be consistent with the annual review of the performances of the executive officers and the corporate strategy. They depend on the director's performance and the progress made by the company	Mr Joachim Kreuzburg is representing the Group Sartorius AG, his compensation policy is deliberated and decided at the level of the headquarter Sartorius AG. The performance action elements are detailed in the document reference within the parts of the corporate governance Report and the internal control within this Registration Document. It is also reminded that this variable compensation is exclusively allocated by Sartorius AG, and, as such, performance rules are decided under the German legislation, through applicable governance codes.
24.5.1	Departure of company officers It is not acceptable that directors whose company has failed or who have personally failed may receive benefits upon departure.	Severance payments for Joachim Kreuzburg are defined in the course of the remuneration program at the headquarter level Sartorius AG, and are capped. Further and detailed information related to these severance payments are available within the report on the remuneration of the Executive Director inserted in this Registration Document.

# Shareholders' Meeting

## 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 Shareholders 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, Article 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.

## Delegation granted for increase in capital by the Shareholders' meeting to the Board of Directors

### Delegation of competence

Object - Duration	Limit	Use in 2018
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 03 April 2018	The limit is €2,000,000 corresponding to the maximum nominal amount of the increase of the share capital and to the maximal nominal amount of the debt instruments and €500,000,000 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 03 April 2018	The limit is deducted on the overall limit of €2,000,000 (increase of the share capital) and on the overall limit of €500,000,000 (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 L411-2 II of the French Monetary and Financial Code.  Granted for a period of 26 months as from 03 April 2018	The limit is deducted on the overall limit of €2,000,000 (increase of the share capital) and on the overall limit of €500,000,000 (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 03 April 2018	The limit amount 15% of initial issue of shares. It is deducted on the overall limit of €2,000,000 (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 03 April 2018	The limit is deducted on the overall limit of €500,000,000 (increase of the share capital) and on the overall limit of €2,000,000 (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 03 April 2018	The limit is €2,000,000 (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 03 April 2018	The limit is €2,000,000 corresponding to the maximum nominal amount of the increase of the share capital; it is an independent limit.	None
Granted for a period of 26 months as from 03 April 2018		

# Remuneration of the Members of the Board

## Information about the Remuneration of the Executive Director

The Executive Director, Joachim Kreuzburg, is at the same time Chairman of the Executive Board of the major shareholder of Sartorius Stedim Biotech S.A. He receives his fixed and variable remuneration from the major shareholder Sartorius AG. A portion of his remuneration is charged to Sartorius Stedim Biotech S.A., reflecting his role as Executive Director of the Company. A portion of his total remuneration is charged to the SSB Group for his management services based on his 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 his remuneration.

## Remuneration of the Executive Director who is chairman of the Executive Board of the major shareholder Sartorius AG (Joachim Kreuzburg)

### General and Fixed Remuneration

The total amount of the remuneration of the chairman of the Executive Board of Sartorius AG, as well as for other members of this Executive Board, 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. However, all components of the remuneration 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 (i) consolidated net profit and (ii) 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%;
- EBITDA 20%;
- ratio of net debt to underlying EBITDA 15%.

The subordinate targets constituted by (i) consolidated net profit and (ii) 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 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) 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

Through the issue of shadow shares, called phantom stocks, the 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 valued 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 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 potential insider knowledge.

### 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.

### 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. It should be noted that this indemnity is paid by Sartorius AG. However, an allocation of this indemnity is recharged by Sartorius AG to Sartorius Stedim Biotech S.A at the date of its payment

### 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 in connection with his third appointment as a member of the Executive Board and its Chairmann and CEO.

Consequently he holds now 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 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 2018, an amount of €202 K was accordingly recognized in the accounts of Sartorius Stedim Biotech.

### Pension Commitments

in T€	Expected pension p. a.	Present value of obligation		Service cost (IFRS)	
		31.12.2018	31.12.2017	2018	2017
Dr. Joachim Kreuzburg	243	3,385	2,989	257	258
	<b>243</b>	<b>3,385</b>	<b>2,989</b>	<b>257</b>	<b>258</b>

### Information about the Remuneration of the Non-Executive Directors

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.

### 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 2018	Year 2017
Remuneration due	2,522	3,056
Valuation of options granted during the reporting period	0	0
Valuation of the performance of shares granted in previous years	0	0
<b>Total</b>	<b>2,522</b>	<b>3,056</b>

The amount cross-charged by the company Sartorius AG to the Sartorius Stedim Biotech Group concerning Joachim Kreuzburg is €1.348 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 €674 K.

## Summary of the Remuneration for Each Executive Board Member

Joachim Kreuzburg<sup>1)</sup>  
(Chairman of the Board and Chief Executive Officer)

€ in K	Year 2018		Year 2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	863	863	832	832
Variable remuneration				
Annually paid	455	363	363	418
Long-term incentive	1,189	588	1,846	602
Exceptional remuneration				
Director's attendance fees				
Benefits in kind <sup>2)</sup>	15	15	15	15
<b>Total</b>	<b>2,522</b>	<b>1,829</b>	<b>3,056</b>	<b>1,867</b>

<sup>1)</sup> 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.

<sup>2)</sup> Company Car

## Table on Directors' Meeting Attendance Fees and Other Remuneration Received by Non-executive Board Members

€ in K	Year 2018	Year 2017
<b>Liliane de Lassus</b>		
Director's attendance fees	47.4	52.2
Other remuneration		
<b>Bernard Lemaître</b>		
Director's attendance fees	47.4	52.2
Other remuneration		
<b>Arnold Picot</b>		
Director's attendance fees	0.0	41.8
Other remuneration		
<b>Henri Riey</b>		
Director's attendance fees	50.2	55.0
Other remuneration		
<b>Susan Dexter</b>		
Director's attendance fees	36.2	37.4
Other remuneration		
<b>Anne-Marie Graffin</b>		
Director's attendance fees	36.2	36.2
Other remuneration		
<b>Lothar Kappich</b>		
Director's attendance fees	51.4	38.2
Other remuneration		
<b>Total</b>	<b>268.8</b>	<b>313.0</b>

## Performance Shares Available for Each Board Member

Performance shares available for each corporate officer

Performance shares available for each corporate officer <sup>1)</sup>	Date of the plan	Number of shares available during the reporting period	Acquisition conditions
Joachim Kreuzburg		Not applicable	
Liliane de Lassus		Not applicable	
Bernard Lemaître		Not applicable	
Lothar Kappich		Not applicable	
Henri Riey		Not applicable	
Susan Dexter		Not applicable	
Anne-Marie Graffin		Not applicable	
<b>Total</b>			

<sup>1)</sup> 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.

The performance shares are bonuses allocated pursuant to the provisions of Articles L225-197-1 and the following of French commercial law and according to the recommendations of the AFEP/MEDEF Code.

## 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 who is Chairman of the Executive Board 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
Joachim Kreuzburg		2,685	239	Jan. 1, 2018	Jan. 1, 2022	
Liliane de Lassus						
Bernard Lemaître						
Lothar Kappich						
Henri Riey						
Susan Dexter						
Anne-Marie Graffin						
<b>Total</b>		<b>2,685</b>	<b>239</b>			

	2018 € in K	2017 € in K
<b>Total</b>	<b>743</b>	<b>1,404</b>
Phantom Stocks	239	163
Sartorius AG shares granted	504	1,241
<b>Dr. Joachim Kreuzburg</b>	<b>743</b>	<b>1,404</b>
Phantom Stocks	239	163
Sartorius AG shares granted	504	1,241

	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, 2017 € in K	Fair value at year-end on Dec. 31, 2018 € in K	Paid out € in K	Change in fair value in 2017	Exercisable
<b>Dr. Joachim Kreuzburg</b>								
Tranche of phantom stock units for 2014	8,032	21.01	169	422	0	422	0	
Tranche of phantom stock units for 2015	7,360	24.70	182	454	454	0	0	no
Tranche of phantom stock units for 2016	3,484	57.41	200	225	359	0	134	no
Tranche of phantom stock units for 2017	2,950	70.51	208	163	281	0	118	no
<b>Total tranches previous years</b>	<b>21,826</b>		<b>759</b>	<b>1,264</b>	<b>1,094</b>	<b>422</b>	<b>252</b>	
Tranche of phantom stock units for 2018	2,685	80.32	216	0	239	0	23	no
<b>Total</b>	<b>24,511</b>		<b>975</b>	<b>1,264</b>	<b>1,333</b>	<b>422</b>	<b>275</b>	

#### 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

**Additional Information about the Executive Board Members**

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]		2,400		600	

[1] Joachim Kreuzburg has a service contract (without social security components) with Sartorius AG for his duties performed as members of the Executive Board of the major shareholder Sartorius AG. This is standard practice in Germany. The contract includes 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.

[3] Additionally there is a general pension plan in place at the Sartorius AG level for Joachim Kreuzburg. The level of their entitlement to benefits paid under a company pension plan depends on their respective tenure

# 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 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.

### Deloitte et Associés

10, Place de la Joliette – Les Docks – Atrium 10.4 –  
BP 64529 - 13567 Marseille Cedex 02 – France

Represented by Vincent Gros.

First commissioned by the Annual General Shareholders' Meeting on 19 May 2006.

Date commission expires: 2024 Annual General Shareholders' Meeting to approve the 2023 financial statements.

Member of the Compagnie régionale de Versailles.

## Independent Auditors' Fees

€ in K	KPMG				Deloitte			
	2018		2017		2018		2017	
<b>Audit</b>								
Independent audit, certification, parent company & consolidated financial statements								
Parent company	61	7.4%	76	9.3%	54	37.2%	58	35.2%
Subsidiaries	754	92.0%	753	91.9%	91	62.8%	97	58.8%
Services directly related to audit services								
Parent company								
Subsidiaries								
<b>Subtotal</b>	<b>815</b>	<b>99.5%</b>	<b>829</b>	<b>101.1%</b>	<b>145</b>	<b>100.0%</b>	<b>155</b>	<b>93.9%</b>
<b>Other services</b>								
Legal, tax, corporate	5	0.5%	47	5.8%	0	0.0%	0	0.0%
Information technology, other	0	0.0%	0	0.0%	0	0.0%	10	6.1%
<b>Subtotal</b>	<b>5</b>	<b>0.5%</b>	<b>47</b>	<b>5.8%</b>	<b>0</b>	<b>0.0%</b>	<b>10</b>	<b>6.1%</b>
<b>Total</b>	<b>820</b>	<b>100.0%</b>	<b>876</b>	<b>107%</b>	<b>145</b>	<b>100.0%</b>	<b>165</b>	<b>100%</b>

## 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.

Ernst & Young		Other				Total			
2018	2017	2018		2017		2018		2017	
						115	10.2%	134	10.4%
		60	37.8%	88	35.7%	905	80.6%	938	72.7%
		<b>0</b>	<b>37.8%</b>	<b>88</b>	<b>35.5%</b>	<b>1,020</b>	<b>90.8%</b>	<b>1,072</b>	<b>83.1%</b>
		1	32.4%	140	56.5%	56	5.0%	188	14.6%
		0	29.7%	20	8.0%	47	4.2%	30	2.3%
		<b>1</b>	<b>62.2%</b>	<b>160</b>	<b>64.5%</b>	<b>103</b>	<b>9.2%</b>	<b>218</b>	<b>16.9%</b>
		<b>1</b>	<b>100.0%</b>	<b>248</b>	<b>100%</b>	<b>1,123</b>	<b>100.0%</b>	<b>1,291</b>	<b>100%</b>

