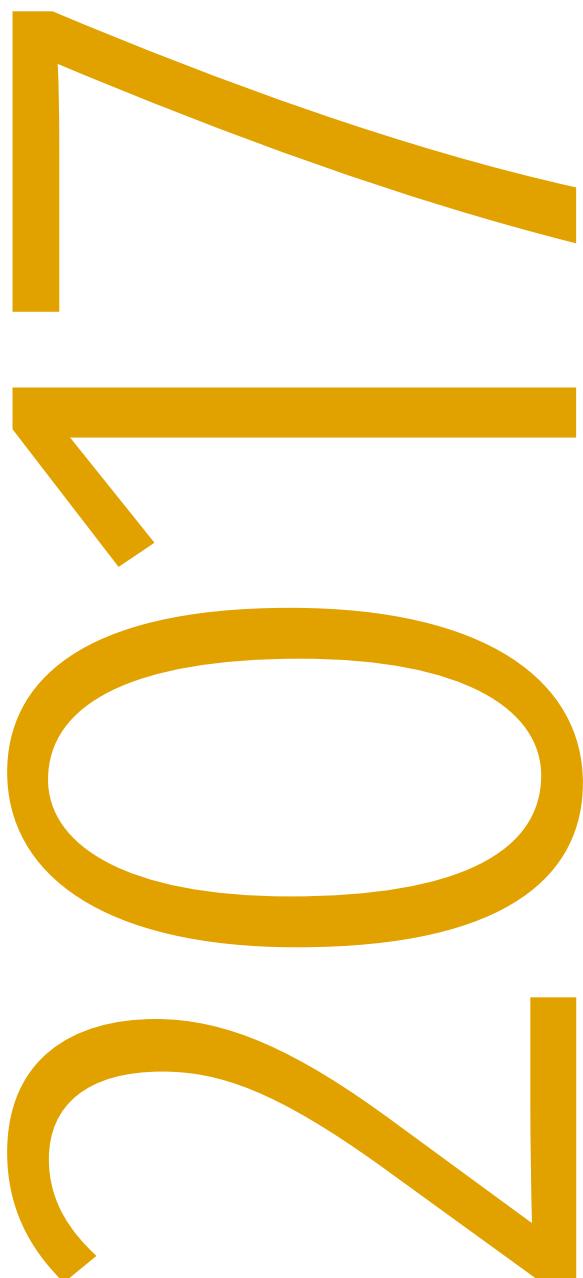
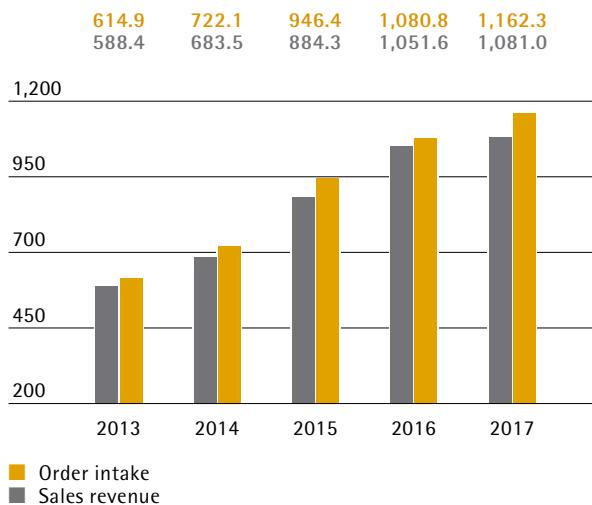




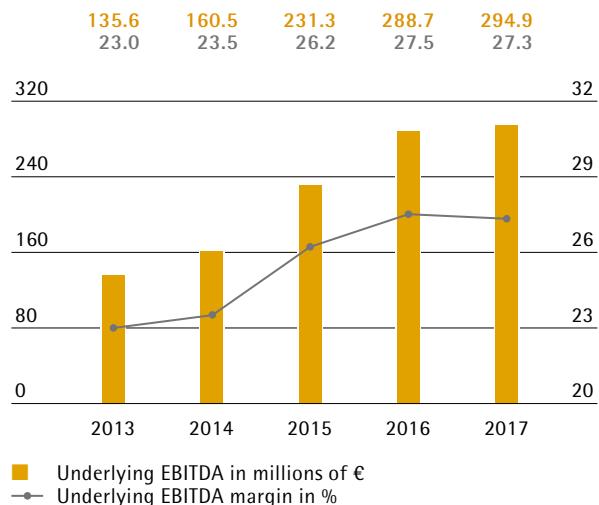
Sartorius Stedim Biotech
Reference Document 2017
including the annual financial report



Order Intake and Sales Revenue
€ in millions



Underlying EBITDA and Margin¹⁾



Key Figures

All figures are given in millions of € according to IFRS,
unless otherwise specified

	2017	2016	2015	2014	2013
Order intake, sales revenue and earnings					
Order intake	1,162.3	1,080.8	946.4	722.1	614.9
Sales revenue	1,081.0	1,051.6	884.3	683.5	588.4
Underlying EBITDA ^{1,2)}	294.9	288.7	231.3	160.5	135.6
Underlying EBITDA ^{1,2)} as % of sales revenue	27.3	27.5	26.2	23.5	23.0
Net profit after non-controlling interest	161.1	153.7	118.0	72.4	66.3
Underlying net profit ¹⁾ after non-controlling interest ²⁾	180.4	176.6	139.3	87.2	75.2
Research and development costs	53.2	47.5	41.5	34.1 ³⁾	36.0
Financial data per share⁴⁾					
Earnings per share	1.75	1.67	1.28	0.79	0.72
Earnings per share (in €) ^{1,5)}	1.96	1.92	1.51	0.95	0.82
Dividend per share (in €)	0.46 ⁶⁾	0.42	0.33	0.22	0.20
Balance sheet					
Balance sheet total	1,403.9	1,195.8	1,066.1	907.3	873.4
Equity	879.5	763.6	647.2	539.1	481.8
Equity ratio (in %)	62.6	63.9	60.7	59.4	55.2
Financials					
Capital expenditures	136.7	80.2	54.5	44.2	34.2
Capital expenditures as % of sales revenue	12.6	7.6	6.2	6.5	5.8
Depreciation and amortization	50.6	44.7	39.4	35.6	30.6
Net cash flow from operating activities	174.7	156.7	142.8	111.3	90.1
Net debt ⁷⁾	127.1	67.6	86.4	87.4	130.0
Ratio of net debt to underlying EBITDA ^{1,2)}	0.4	0.2	0.4	0.5	1.0
Total number of employees as of December 31	5,092	4,725	4,202	3,697	3,289⁸⁾

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⁾ 2013 to 2015 adjusted for stock split; rounded values

⁵⁾ Adjusted for extraordinary items, non-cash amortization acc. to IFRS 3 and fair value adjustments of hedging instruments, as well as the corresponding tax 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; 2017: 46.5 million euros, 2016: 49.6 million euros, 2015: 47.5 million euros, 2014: 42.8 million euros, 2013: 34.8 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."



sartorius stedim
biotech

Reference Document 2017



The present original French "Document de Référence" of this translated Reference Document was filed with the Autorité des Marchés Financiers on 20 February, 2018, 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.17-0102 filed on 22 February 2017 and D.16-0078 filed on 25 February 2016.

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

- The year 2016 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 2016 management report appearing on pages 113 to 160 and 18 to 63 respectively, of the Reference Document filed with the Autorité des Marchés Financiers on 22 February 2017, under the number D.17 - 0102.

- 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 63, respectively, of the Reference Document filed with the Autorité des Marchés Financiers on 25 February 2016, under the number D.16 - 0078.

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

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72	Financial Statements of the Parent Company Sartorius Stedim Biotech S.A. as of December 31, 2017

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 2017". 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.

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To Our Shareholders

01

Chairman's Message

Dear Shareholders,

For Sartorius Stedim Biotech, 2017 was a year of solid growth in revenue and profit. Yet, in comparison with the two exceptionally strong years of 2015 and 2016 and with our own initial expectations, the markets turned out to be more challenging than we had assumed at the outset of the year.

We closed 2017 with an increase in sales revenue by around 4.1% to €1,081.0 million, thus surpassing the one-billion-euro threshold for the first time. Operating profit rose 2.2% to €294.9 million and was influenced by unfavorable currency effects; the corresponding margin stood at 27.3%. Underlying earnings per share were up to €1.96.

Therefore, the Board of Directors will submit a proposal to the Annual General Shareholders' Meeting to raise dividends by 9.5% to €0.46 per share. After the price of our shares had nearly quadrupled over the past five years, development was volatile during 2017 and, regarding the full year, was rather flat, with a gain of just 0.5%.

Besides the high, comparative revenue base mentioned above, we experienced a couple of effects that temporarily muted growth, especially in the third quarter, such as destocking by some customers and transient manufacturing and supply bottlenecks that weighed particularly on the Americas region and also partially on Europe. However, these effects were all of a temporary nature, and our strong finish to the year with double-digit order growth underlines this assessment. Also important to mention was that development in Asia was not impacted by these above-mentioned effects, and this region continued to show strong double-digit growth, fueled by large equipment projects throughout the entire year 2017.

Fiscal 2017 was also characterized by further operational achievements.

We significantly progressed in our multi-year investment program, which provides for almost doubling the manufacturing capacity of single-use bags and filters at our plant in Puerto Rico, creating additional membrane casting capacity at our Göttingen site in Germany, and preparing for extension of our aseptic bag site in Aubagne, France, and our cell line development site near Ulm, Germany.

Further expansion of our portfolio has also continued to be a key item on our agenda. We are highly satisfied with how well our acquired businesses have been developing and performing under the Sartorius Stedim Biotech umbrella. Besides growing on their own, they typically also generate promising growth synergies for our existing product portfolio.

In 2017, we were able to acquire the Sweden-based software company Umetrics. This company is a highly specialized, globally leading provider of data analytics software for modeling and optimizing biopharma development and manufacturing processes. Though a relatively small addition in size, it is a perfect match for our existing portfolio and comes at a time when our customers are looking for tools to better monitor, automate and predict their biomanufacturing processes. While market uptake of such new tools may be slow due to the regulated nature of our market, we have registered high interest among our customers and look forward to contributing to their digital agendas.

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

Specifically, for 2018, we are aiming to increase our sales revenue by about 7% to 10% and our operating profit margin by approximately 0.5 percentage points, with both figures stated in constant currencies. Because of recent currency developments, especially



regarding the exchange rate between the U.S. dollar and the euro, this expected profitability figure may differ from our present constant currency guidance and need to be reviewed as the current year progresses..

In line with our mid-term plans, for 2018 our investments in global infrastructure and manufacturing capacities will continue at above-average levels, and are projected at a capex ratio in the range of 15%.

Strategically, our primary focus will remain on the biopharma market. We expect that biotech will continue to grow faster than the global pharma market, remaining the innovation engine of this industry. Cell-based medicines are advancing at an astonishing pace, with partial developments including completely new platforms, e.g., in regenerative cell technologies and personalized treatments.

Cost-effective bioprocessing technologies will become even more essential as parts of the biopharma market mature and biosimilars make further inroads, increasing the volumes of biopharmaceuticals being manufactured. In this context, we anticipate that the adoption of single-use systems will continue, encompassing a growing number of steps in our customers' value chain, and that these systems will progressively move from pre-commercial manufacture to commercial scale.

Regionally, we will further strive to gain market share in the Americas, especially the U.S., the largest, still most innovative biopharma market and a region in which we have been historically underrepresented. Meanwhile, we have been generating around 34% of our sales in this region compared with 27% five years back.

Further, we assume that the biopharma market will become increasingly differentiated and also more competitive in some segments, offering additional opportunities for well-positioned suppliers. Our customers are looking for partners that help them develop innovative medicines faster and more effectively while maintaining R&D and production costs under control and thus ultimately making medical drugs more affordable. Sartorius Stedim Biotech is a prime vendor for this market and will continue to come up with further innovative products and services, constantly enriching its portfolio through acquisitions, alliances and its own R&D. At the same time, we will also make additional investments in our processes and systems to make doing business with us as convenient and easy as possible.

Particularly in view of some of the challenges over the past months, I would like to sincerely thank our worldwide teams for their dedication and fighting spirit that were key to making 2017 yet another successful year for Sartorius Stedim Biotech.

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 achievements.

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 Share¹⁾

ISIN	FR0013154002
Liquidity provider	Gilbert Dupont
Stock exchange	Euronext Paris
Market segment	Local Securities - Compartment A (Large Caps)
Indexes	SBF 120; SBF 250; CAC AII 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	160,942,560
thereof Sartorius AG	85.0%
thereof free float	15.0%

¹⁾ As of December 31, 2017

Global Stock Markets Reach Record Heights

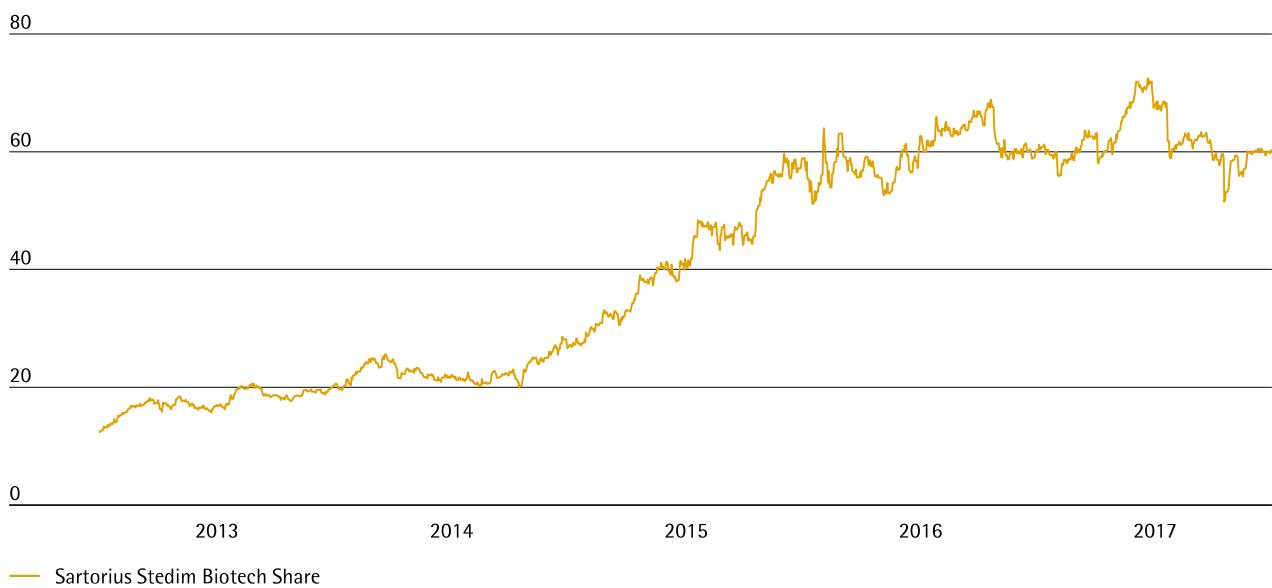
Almost without exception, the world's stock markets chalked up substantial price increases during the reporting year against a backdrop of good global economic data and the continuation of expansive fiscal policy on the part of the most important central banks. The SBF120 had a weak start into the year 2017 and fell to its annual low of 3,761 points on January 31, 2017. In the following months the index recovered all losses and reached a temporary high of 4,308 points in the beginning of May. After a weaker period in the summer months the SBF120 regained strength in the third quarter and closed the year at 4,251 points as of December 31, 2017, recording a gain of 10.8% in 2017. After the NASDAQ Biotechnology Index significantly lost in value last year, it showed a better development in 2017 with a full-year performance of +21.1%.

Volatile Share Price Development

The Sartorius Stedim Biotech share price showed a volatile development during the reporting period. In the first half of the year the share recorded significant gains and reached the high for the year of €72.49 on June 20, 2017. In the following months the share lost in value. The lowest closing price for the year was registered on October 17, 2017, with €51.50. In the course of November and December the losses were partly recovered. The share closed the reporting period with a price of €60.29 and a full-year performance of +0.5%.

Sartorius Stedim Biotech Share in €¹⁾

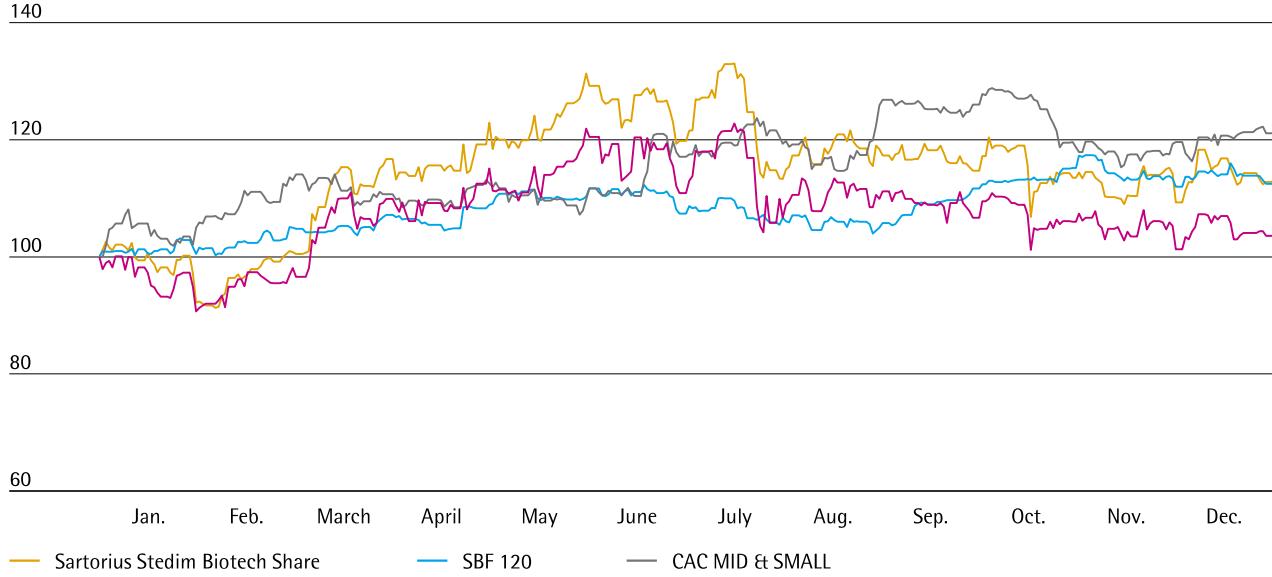
January 1, 2013, to December 31, 2017



— Sartorius Stedim Biotech Share

¹⁾ January 1, 2013, to May 9, 2017, adjusted for stock split**Sartorius Stedim Biotech Share¹⁾ in Comparison to the SBF 120, CAC MID & SMALL and NASDAQ Biotechnology Index (indexed)**

January 1, 2017, to December 31, 2017

— Sartorius Stedim Biotech Share
— NASDAQ Biotechnology Index

— SBF 120

— CAC MID & SMALL

Investor Relations Activities

Sartorius Stedim Biotechs' investor relations activities follow the objective of making the current and future development of the company transparent for its stakeholders. To achieve this objective, Sartorius maintains an ongoing, open dialog with shareholders, potential investors and financial analysts.

Besides providing quarterly, first-half and annual reports, we inform the capital market and the interested public at quarterly teleconferences and in regularly published press releases about the current development of our business and other material events at the company. Moreover, our management team was available to capital market participants at our sites in Goettingen, Germany, and in Aubagne, France, and took part regularly in conferences and roadshows conducted in international financial market centers, such as London, Paris, Frankfurt am Main and New York. During the reporting year, our communication focused on the extension of our portfolio through the acquisition of Umetrics, the implementation of our Group strategy and general industry developments.

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

Key Figures for Sartorius Stedim Biotech Share¹⁾

		2017	2016	2015	2014	2013
Share price ²⁾ in €	Reporting date	60.29	59.97	58.90	26.88	20.31
	High	72.49	68.84	59.67	28.61	20.67
	Low	51.50	51.17	26.89	19.50	12.56
Dividends ³⁾ in €		0.46	0.42	0.33	0.22	0.20
Total dividends paid ³⁾ in millions of €		42.4	38.7	30.7	20.0	18.4
Payout ratio ^{3,4)} in %		23.5	21.9	22.1	22.9	24.5
Dividend yield ⁵⁾ in %		0.8	0.7	0.6	0.8	1.0
Market capitalization in millions of €		5,557.5	5,528.0	5,430.8	2,477.4	1,869.6
Average daily trading number of shares		52,753	46,752	44,115	42,084	54,066
Trading volume of shares in millions of €		818.2	714.2	485.2	243.8	237.8
CAC MID & SMALL (closing prices of the year)		14,456	11,848	11,054	9,354	8,629
SBF 120 (closing prices of the year)		4,251	3,836	3,664	3,360	3,337

¹⁾ For 2013 to 2015, share prices, dividends and average daily trading number of shares adjusted for stock split; rounded values

²⁾ Daily closing price

³⁾ For 2017, 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

Analysts

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

Research Coverage

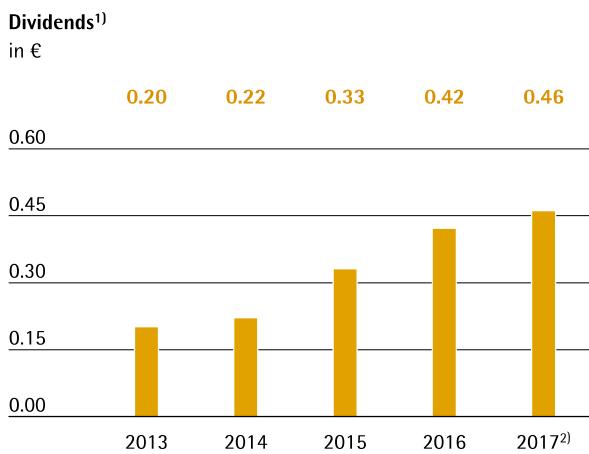
Date	Company	Recommendation	Target price in €
January 31, 2018	ODDO BHF	Hold	63.50
January 31, 2018	Janney	Buy	63.50
November 28, 2017	Equita	Hold	62.00
November 2, 2017	Portzamparc	Hold	58.00
October 25, 2017	Gilbert Dupont	Sell	48.00
October 25, 2017	Société Générale	Hold	57.00
August 10, 2017	AlphaValue	Buy	67.70

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 3, 2018, to pay a dividend from the net profit of €180.4 million for fiscal 2017 of €0.46 per share compared to previous year's figure of €0.42. The total profit distributed would increase by 9.5% from €38.7 million a year ago to €42.4 million. The corresponding dividend payout ratio would be 23.5% compared to 21.9% in the previous year. In relation to the shares' closing price of €60.29 on December 31, 2017, the dividend yield would be 0.8% (previous year: 0.7%).



¹⁾ 2013 to 2015 adjusted for stock split; rounded values

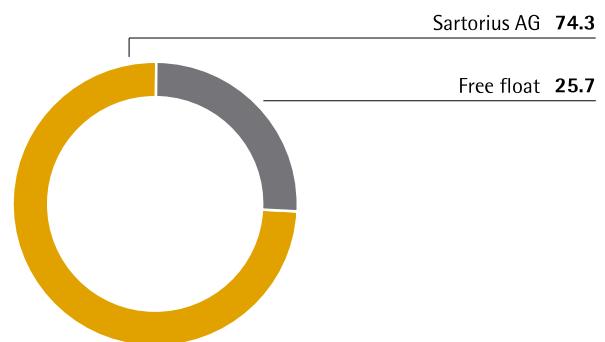
²⁾ Amount suggested by the Board of Directors and subject to approval by the Annual General Shareholders' Meeting

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, 2017, 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 160,942,560 voting rights as of the reporting date.

As of December 31, 2017, 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 5,000 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 equipment and technology provider headquartered in Göttingen, Germany. It is listed on the German Stock Exchange and operates 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 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 238.

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 solutions provider strategy and position itself effectively in respect of global customers.

The Board of Directors of Sartorius Stedim Biotech S.A. is composed of seven members, one executive directors and six non-executive directors. Three 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 who constitute the 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 run 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 April 2017, Sartorius Stedim Biotech acquired Umetrics. The Swedish company provides software solutions that enable biopharmaceutical customers to increase efficiency, as well as assist them in digitalizing their processes, especially during scale-up. The software systems are used as control mechanisms in cell cultivation and purification processes in the biopharmaceutical industry. Statistical and mathematical methods make it possible to evaluate a wide range of data at once and compile complex analyses of the correlation between various types of such data. The goal is to make the customers' production process as cost-efficient as possible.

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 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 on page 236.

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.

Through the acquisition of Umetrics, Sartorius is now a globally leading specialist in data analytics software for modeling and optimizing biopharmaceutical development and manufacturing processes.

With its global, specialized sales force, Sartorius Stedim Biotech addresses 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 the leading international market positions of this division as good stepping stones for sustained dynamic and profitable growth in the future. Beyond realizing our organic growth potential coupled with a continuous increase in profitability, we also aim to further expand the division's portfolio through complementary acquisitions and alliances.



Simplified diagram

Sartorius Stedim Biotech 2020 Strategy

In the spring of 2018, Sartorius Stedim Biotech plans to announce its new mid-term targets for its business development up to 2025. According to its strategy defined in 2011 and updated in 2016, along with its targets to achieve profitable growth by 2020, its projected target of about €1.5-€1.6 billion in sales revenue is to be reached predominantly by organic growth; i.e., through its currently existing portfolio, and supplemented by acquisitions.

In view of its profitability margin related to underlying EBITDA, the company aims to achieve 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

Regarding the further development of our portfolio, the 2020 strategy also provides for making acquisitions for the Group. Such acquisitions will be primarily focused on adding complementary technologies and products that enhance the attractiveness of the company's portfolio even more from a customer perspective.

Infrastructure

The foundation for future profitable growth is constituted by efficient business processes, a powerful IT infrastructure and sufficient production capacities. Based on standardized business processes worldwide, Sartorius Stedim Biotech is investing continuously in the digitalization of its processes. Moreover, the company is considerably extending its production capacities at various locations, especially for filter and bag products. For further information, refer to page 28.

Sector Conditions

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

Continued Growth in the World's Pharmaceutical Markets

According to estimates from several market observers, the global pharmaceutical showed positive development once again in 2017, with growth of approximately 4% to 5%. The market was fueled by better access to health services in emerging markets and rising median ages in industrial countries, which led to an increasing demand for medications. By contrast, growth of the pharmaceutical market was damped by government initiatives directed at reducing health spending, as well as expiring patents for high-margin pharmaceutical products.

All the regions contributed to sector growth in the year under review. The United States continues to represent the largest single market, followed by China, Japan and Germany. The strongest growth, though with a slower tempo, took place as in previous years in the "pharmerging markets", which include China, India, Brazil and Russia, among others. Performance of the European pharmaceutical market was impacted by increased efforts to control costs in the health sector. In the United States, expiring patents and tough competition among pharmaceutical manufacturers led to a moderate slowdown in market growth. Rising expenditures for newly launched medications had a positive impact.

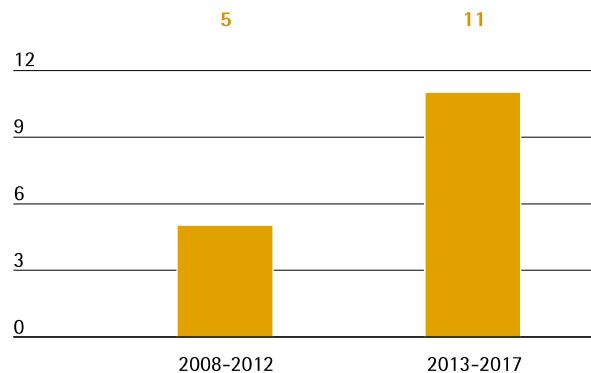
Above-Average Growth in the Biotechnology Market

Given the company's highly specialized product portfolio, the trend in the biopharmaceutical market is especially relevant for Sartorius. The market for medications and vaccines manufactured using biotech methods has grown overproportionately within the pharmaceutical market for many years now. In 2017, the biopharmaceutical market was estimated at a volume of €214 billion, an increase of approximately 6% over the previous year. Overall, the proportion of sales revenue of the world's pharmaceutical market from medications manufactured using biotech methods rose from around 25% to approximately 26%.

This overproportionate growth is especially attributable to the launch of new biopharmaceutical drugs as well as additional market penetration by existing medicines, in part through expanded indications. A growing number of active substances manufactured using biotech production methods are being approved for the treatment of rare diseases that have been untreatable thus far. Development activities in the pharmaceutical industry also reflect the steadily growing significance and rising acceptance of biopharmaceutical substances. For example, biopharmaceutical compounds account for more than 40% of the R&D pipeline.

In spite of market prospects that continue to be very positive, several large biopharmaceutical manufacturers reduced their inventories during the reporting year. The supply industry thus charted temporarily more subdued demand in North America and parts of Europe following several dynamic years.

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



Biosimilars, which are biological copycat medications, continued to play only a minor role in the growth of the biotechnology market in 2017. However, the market still advanced in the reporting year as new biosimilars were approved and launched on the market. At the time of this report, nine such drugs had already been approved in the United States and 36 in the European Union. China has currently approved 96 biosimilars and India 66. The biosimilars market is expected to see continual growth throughout the coming years due to expiration of the patents for a number of high-margin biopharmaceuticals. In addition, the regulatory, patent law-related and marketing hurdles that have hindered faster market penetration of biosimilars to date are likely to decrease step by step.

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 downtime. They also offer greater flexibility in production and help accelerate time to market.

These advantages have already led to single-use technologies becoming an established part of many process steps. Single-use systems are primarily employed in pre-commercial development activities and production phases and in small batch manufacturing. It can be expected that single-use technologies will be increasingly used for the production of high-volume commercial quantities. This is particularly relevant to the production of biotech substances, which are clinically developed in single-use systems.

Moderate Growth in the Global Laboratory Market

The global laboratory market grew by approximately 2.8% in the reporting year according to Frost & Sullivan. Europe reported higher growth of 1.9% year-on-year thanks to the increased rate of economic growth. The United States, the largest market for laboratory products, registered growth of 3.2%. On the demand side, uncertainty regarding both planned legislation and the trend in government spending for academic and public research activities led to weak demand in the first quarter of 2017 in particular. These factors became increasingly less significant as the year progressed, however, resulting in a positive overall trend for the entire year – especially due to strong demand from the biopharmaceutical industry.

Significant growth was once again reported in Asian countries such as China and India, in which the laboratory market saw above-average expansion of 7.6% (China) and 8.6% (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 around 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: we offer the broadest range in the industry, from research and development of substances in the lab to the production of the final product. Our strategic focus on single-use products gives us a further edge over the competition. Sartorius Stedim Biotech occupies a strong position in the market worldwide in the fields of bioprocess filtration, fermentation, cell cultivation, 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: QuintilesIMS Institute: Outlook for Global Medicines through 2021, December 2016; Evaluate Pharma: World Preview 2017, Outlook to 2022, June 2017; BioPlan: 14th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2017; Deloitte: 2017 Global Life Science Outlook, October 2016; Frost & Sullivan: 2017 Spring Mid-year Report: Forecast and Analysis of the Global Market for Laboratory Products, October 2017; www.fda.gov; FDA-Approves-Fifth-Biosimilar-in-US-First-for-Amgen's-Blockbuster-Enbrel, www.raps.org

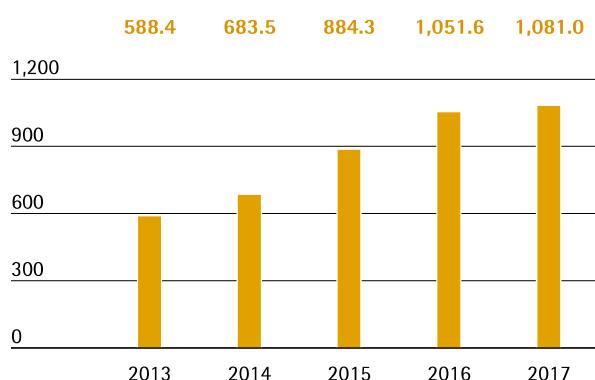
Group Business Development

Sales Revenue and Order Intake

After two years of exceptionally strong growth in 2015 and 2016, Sartorius Stedim Biotech showed sales growth in constant currencies of 4.1% to €1,081.0 million in the reporting year. Therefore, revenue was slightly lower than originally expected, but at the level of the sales forecast adjusted for the third quarter (adjusted forecast: about 4% in constant currencies; initial forecast: about 8% to 12% in constant currencies). In fiscal 2017, the Group's development was impacted by a few simultaneous, temporary effects. For the year under review, Sartorius Stedim Biotech thus reported a relatively soft sales development in North America and in parts of Europe, which was caused by inventory destocking by various customers. Moreover, no deliveries were meanwhile possible from the company's production facility in Puerto Rico due to Hurricane Maria, and ongoing bottlenecks in a partner's delivery capacity that lasted longer than expected impacted business performance of cell culture media. The consolidation of the acquisitions of kSep and Umetrics contributed around 1 percentage points in the reporting year to sales growth.

Order intake developed positively in the reporting period, considerably outperforming sales. Orders increased 8.8% in constant currencies to €1,162.3 million. On a reported basis, this gain was 7.5%.

Sales Revenue 2013 to 2017 in € million

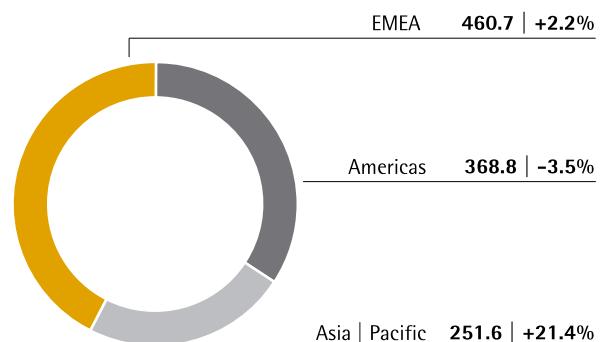


Sales Revenue and Order Intake

in € millions	2017	2016	Δ in % reported	Δ in % const. fx
Sales Revenue	1,081.0	1,051.6	2.8	4.1
Order Intake	1,162.3	1,080.8	7.5	8.8

The Group's sales development was quite different in the regions. EMEA, the region generating the highest revenue for the company and representing around 43% of its total sales, recorded a gain of 2.2% to €460.7 million. In the Americas region, which represented around 34% of revenue, sales decreased slightly by 3.5% to €368.8 million due to the temporary effects already mentioned above. The Asia | Pacific region, which accounted for around 23% of the Group's sales, performed very dynamically. Partly driven by equipment shipments to fill relatively large orders, sales for this region rose significantly by 21.4% to €251.6 million.

Sales Revenue and Growth¹⁾ by Region²⁾ 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 €526.2 million. In comparison with sales revenue growth of 2.8%, the cost of sales increased underproportionately by 0.3%, which was due to product mix effects and economies of scale. The cost of sales ratio was 48.7% relative to 49.9% a year ago.

Selling and distribution costs rose by 4.6% to €195.2 million. The ratio of selling and distribution costs to sales revenue increased from 17.7% in the previous year to 18.1%.

Expenses for research and development rose overproportionately relative to sales year over year by 11.9% to €53.2 million. The ratio of R&D expenses to sales revenue was 4.9%, slightly above the prior-year level of 4.5%.

Concerning general administrative expenses, Sartorius Stedim Biotech reported a 9.2% increase to €61.7 million, which can be primarily attributed to the expansion of the IT functional area. In relation to sales revenue, general administrative expenses rose from 5.4% in the previous year to 5.7% in the reporting year.

In fiscal 2017, the balance of other operating income and expenses was -€23.0 million relative to -€10.3 million a year earlier. This year-on-year change was driven amongst others by extraordinary items that totaled -€22.6 million in the reporting year (2016: -€18.1 million). These items were essentially incurred due to various corporate projects, expenses related to the most recent acquisitions and to the consequences of Hurricane Maria.

In the year under review, the Group's EBIT edged down slightly by 1.9% to €221.7 million, amongst others due to higher PPA amortization in connection with the recent acquisitions. The Group's EBIT margin was 20.5% because of higher depreciation as well as extraordinary items (2016: 21.5%).

The financial result improved significantly to -€1.1 million from -€12.9 million in 2016. This was essentially attributable to positive valuation effects from hedging transactions.

Income taxes totaled €56.8 million (2016: €57.1 million). The company's tax rate was 25.8% after 26.8% in the year before.

In the reporting year, net profit attributable to shareholders of Sartorius Stedim Biotech S.A. was €161.1 million relative to €153.7 million a year earlier.

Statement of Profit or Loss

€ in millions	2017	2016	in %
Sales revenue	1081.0	1051.6	2.8
Cost of sales	-526.2	-524.8	-0.3
Gross profit on sales	554.8	526.8	5.3
Selling and distribution costs	-195.3	-186.6	-4.6
Research and development costs	-53.2	-47.5	-11.9
General administrative expenses	-61.7	-56.5	-9.2
Other operating income and expenses	-23.0	-10.3	-123.3
Earnings before interest and taxes (EBIT)	221.7	225.9	-1.9
Financial income	9.5	1.9	404.2
Financial expenses	-10.6	-14.8	28.5
Financial result	-1.1	-12.9	91.6
Profit before tax	220.6	213.0	3.6
Income taxes	-56.8	-57.1	0.5
Net result	163.8	155.9	5.1
Attributable to:			
Equity holders of SSB S.A.	161.1	153.7	4.8
Non-controlling interest	2.7	2.2	21.7

Earnings

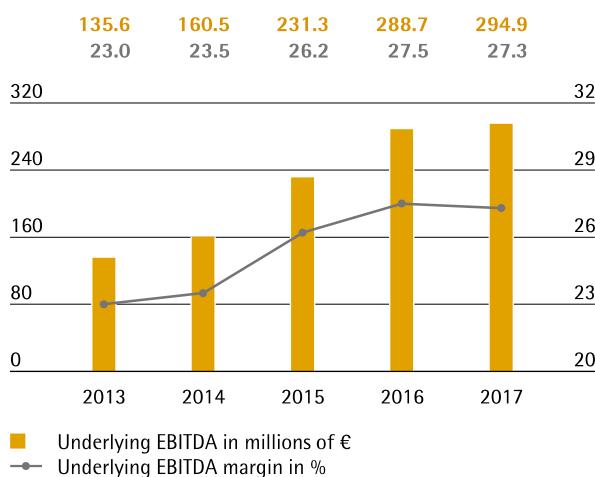
At the Sartorius Stedim Biotech Group, earnings before interest, taxes, depreciation and amortization (EBITDA) are used as the key profitability measure. To provide a complete and transparent picture of the Group's profitability, also in an international comparison, we report earnings adjusted for extraordinary items (underlying EBITDA). For more information about definitions, please refer to the Glossary on page 236. The underlying presentation is reconciled with the EBITDA key indicator (see Glossary) as follows:

Reconciliation between EBIT and underlying EBITDA

€ in millions	2017	2016
EBIT	221.7	225.9
Extraordinary items	22.6	18.1
Depreciation and amortization	50.6	44.7
Underlying EBITDA	294.9	288.7

In the reporting year, Sartorius Stedim Biotech yet again slightly increased its underlying EBITDA, which rose by 2.2% from €288.7 million to €294.9 million. The Group's respective margin decreased from 27.5% to 27.3%, slightly below our forecast adjusted for the third quarter (adjusted forecast: about 27.5% in actual currencies; initial forecast: about +0.5 percentage points compared to 2016 in constant currencies).

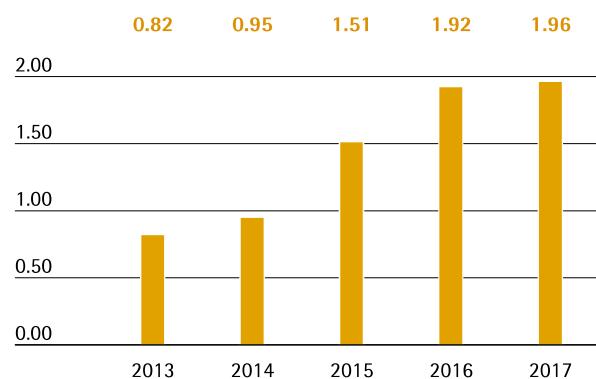
Underlying EBITDA and margin¹⁾ in €



¹⁾ Adjusted for extraordinary items

The underlying net result after non-controlling interest for the Group surged from €176.6 million a year ago to €180.4 million in fiscal 2017. 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 €16.6 million (previous year: €14.3 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 2.2% from €1.92 a year earlier to €1.96.

Underlying Earnings per Share¹⁾²⁾ in €



¹⁾ Excluding extraordinary items

²⁾ 2013 to 2015 adjusted for stock split; rounded values

€ in millions	2017	2016
EBIT (operating result)	221.7	225.9
Extraordinary items	22.6	18.1
Amortization IFRS 3	16.6	14.3
Normalized financial result¹⁾	-6.6	-6.5
Normalized income tax (2017: 28%, 2016: 29%) ²⁾	-71.2	-73.0
Underlying net result	183.1	178.8
Non-controlling interest	-2.7	-2.2
Underlying net result after non-controlling interest	180.4	176.6
Underlying earnings per share (in €)	1.96	1.92

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

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

Development activities at Sartorius focus 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 containers and sensors; and control technologies, for instance for fermentation.

During the reporting year, one focus of the 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 both upstream and downstream processes from laboratory scale all the way to commercial production.

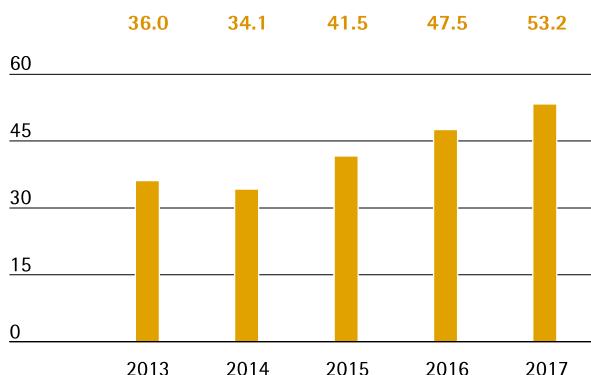
Another key task is ongoing integration of the software portfolio acquired in the takeover of Umetrics. Even prior to the acquisition, Sartorius had already spent several years working with Umetrics data analysis specialists for the purpose of modeling and optimizing biopharmaceutical development and production processes. Additional data-based software analysis tools are planned for the future to enable customers to work more efficiently and cost-effectively.

From a regional perspective, the largest R&D site is located at our headquarters in Goettingen, with other key R&D activities taking place in Aubagne (France) Guxhagen (Germany) and Bangalore (India) as well as Bohemia (U.S.), Royston (UK) and Umea (Sweden).

The Sartorius Stedim Biotech Group stepped up its research and development activities in the reporting year, increasing spending in this area by 11.9% to €53.2 million (previous year: €47.5 million). The ratio of R&D costs to sales revenue slightly increased to 4.9% compared to 4.5% a year earlier.

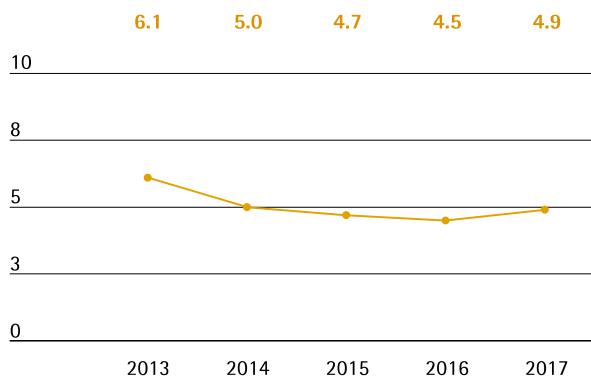
Research & Development Costs

€ in millions



Research & Development Ratio

In % of sales revenue



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 €20.8 million compared to €14.6 million the year before. This amounts to a share of 28.1% (2016: 23.5%) of the Group's total R&D expenses. Regular depreciation related to capitalized development costs amounted to €4.7 million during the reporting period (2016: €5.3 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 2017 amounted to 135 compared to 107 in the previous year. As a result of the applications submitted in the past years, we were issued 197 patents and trademarks (previous year: 188). As of the balance sheet date, we had a total of 2,073 patents and trademarks in our portfolio (previous year: 1,901).

	2017	2016
Number of patent and trademark applications	135	107
Registered patents and trademarks	197	188

Capital Expenditures

The Sartorius Stedim Biotech Group increased capital expenditures considerably from €80.2 million in 2016 to €136.7 million in the reporting year. The ratio of capital expenditures to sales revenue was 12.6% (previous year: 7.6%), reaching the upper end of our forecast.

Owing to its strong organic growth, the company made significant investments during the reporting year in its production capacities. For instance, we build significant additional capacity for filters and bags at our facility in Yauco.

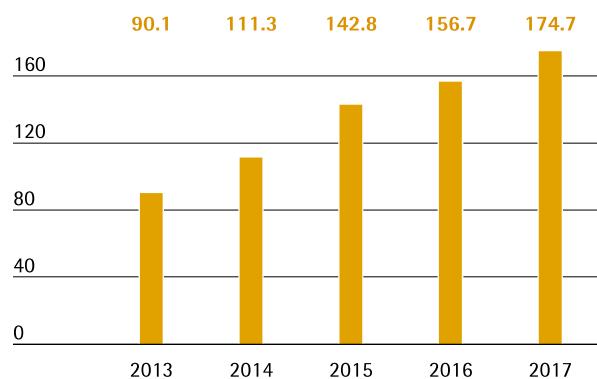
Net Worth and Financial Position

Cash Flow

The net cash flow from operating activities of the Sartorius Stedim Biotech Group increased from €156.7 million to €174.7 million in the reporting period. This represents a gain of 11.5% which was primarily driven by lower tax payments compared to the previous year.

Net Cash Flow from Operating Activities

€ in millions



Net cash outflows from investing activities increased by 59.1% to €126.8 million. This increase mainly reflects investments for the expansion of our Yauco plant for single-use bags and filters as well as additional membrane casting capacities at the Göttingen site. Thus, the Sartorius Stedim Biotech Group financed its operational investments entirely from operating cash flows. The ratio of capital expenditures relative to sales in 2017 was 12.6% (previous year: 7.6%).

Cash outflows of €68.1 million related to acquisitions in the reporting period were attributable to the purchase of Umetrics. Prior-year figure of -€23.0 million reflected the acquisitions of kSep.

On a whole, net cash outflow from investing activities and acquisitions thus amounted to €194.9 million compared with €102.7 million in 2016.

Net cash flow from financing activities of €16.6 million essentially reflects financing of above mentioned acquisitions. Moreover, it contains the payment of dividends for fiscal 2016 paid in April 2017 of €39.4 million.

Cash Flow Statement

Summary

€ in millions	2017	2016
Net cash flow from operating activities	174.7	156.7
Net cash flow from investing activities and acquisitions	-194.9	-102.7
Net cash flow from financing activities	16.6	-50.1
Cash and cash equivalents	32.6	34.8
Gross debt	159.7	102.3
Net debt	127.1	67.6

Consolidated Balance Sheet

The balance sheet total of the Sartorius Stedim Biotech Group increased by €208.1 million to €1,403.9 million between year-end 2016 and the reporting date on December 31, 2017.

Non-current assets rose from €764.1 million in 2016 to €913.0 million in 2017, primarily due to investments in our production capacities.

Current assets amounted to €490.8 million compared to €431.7 million in the prior year. This increase was mainly driven by the aforementioned buildup in working capital.

Key Working Capital Figures in days

	2017	2016
Days inventories outstanding		
Inventories	x 360	62
Sales revenue		58
Days sales outstanding		
Trade receivables	x 360	70
Sales revenue		63
Days payables outstanding		
Trade payables	x 360	39
Sales revenue		37
Net working capital days		
Net working capital ¹⁾	x 360	93
Sales revenue		84

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

Driven by strong earnings, equity of the Sartorius Stedim Biotech Group grew from €763.6 million in 2016 to €879.5 million in 2017. Its equity ratio decreased slightly to 62.6% (December 31, 2016: 63.9%).

Current and non-current liabilities were up by €92.2 million, reaching €524.5 million.

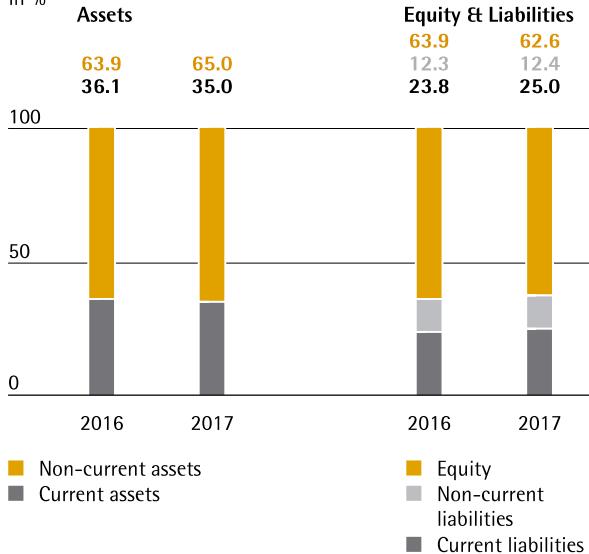
Overall, gross debt was €159.7 million as of December 31, 2017, compared with €102.3 million for the year ended December 31, 2016. Net debt as of the reporting date was at €127.1 million relative to €67.6 million a year ago. This figure excludes the liability for the remaining purchase price for acquisitions amounting to €46.5 million in 2017.

Calculation of net debt

€ in millions	2017	2016
Non-current		
Loans and borrowings	46.3	9.4
Finance lease liabilities	15.8	16.7
Current		
Loans and borrowings	95.9	74.7
Finance lease liabilities	1.7	1.6
Gross debt	159.7	102.3
Cash and cash equivalents	32.6	34.8
Net debt	127.1	67.6

Balance Sheet Structure

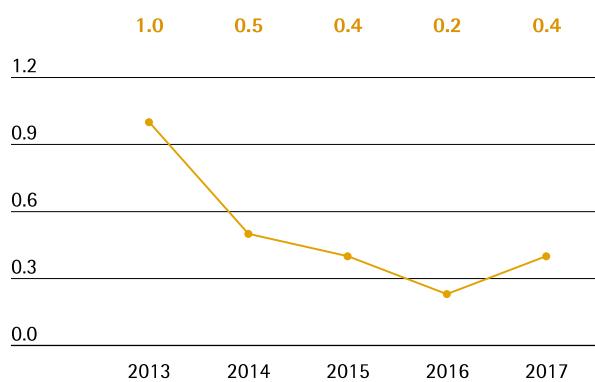
in %



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 0.2 to 0.4 for the year ended December 31, 2017, 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

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 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 €9.4 million relating to investments in production capacities and diverse bilateral credit lines of approximately €41 million in total.

The above mentioned financing comprises 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 as well as several others such as the South Korean won, the Chinese renminbi, the Swiss franc and the British pound. 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.

Product and Sales

The product portfolio of Sartorius Stedim Biotech covers virtually all steps in biopharmaceutical production process, and increasingly preceding process development as well. The portfolio 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.

Well-Developed Portfolio Supports Customers

Sartorius Stedim Biotech expanded its portfolio in the reporting year via product upgrades and new generations of existing product lines as well as through the acquisition of Umetrics.

Furthermore, Umetrics provides software solutions that enable biopharmaceutical customers to increase efficiency as well as assisting them in digitalizing their processes, especially during scale-up.

In the product area, Sartorius Stedim Biotech presented the second generation of its BIOSTAT STR single-use bioreactor series in the year under review. The second generation is designed for the new single-use bags and can handle a working volume of 12.5 to 2,000 liters. The scalable series saves customers a significant amount of time in developing production processes.

In addition, a newly developed single-use system offers users an innovative, comprehensive solution for the filtration of biopharmaceutical media on a large scale. The new system makes filtration processes even easier and less time consuming.

The area of membrane chromatography was expanded as well. Now also available as cassettes, membrane adsorbers can be combined on a large scale to form a production system for the purification of biopharmaceutical media, thus eliminating the previous limitations inherent in the smaller sizes.

Sales Activities Expanded

Sartorius Stedim Biotech markets its product portfolio directly through its own field sales representatives. Sales activities for key accounts are coordinated and supported by global key account management. As part of our regional initiatives for implementing our mid-term strategy, we stepped up our sales activities in North America during the year under review.

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 Stedim Biotech has manufacturing operations in the UK, Switzerland, Tunisia, India and the USA.

Expansion of Production Capacity

Against the backdrop of the dynamic growth of the bioprocess business in recent years, Sartorius Stedim Biotech increased and accelerated the expansion of its production capacities compared to its initial plans. Membrane production in Goettingen was further expanded.

In September, Hurricane Maria hit Puerto Rico. Thanks to the Yauco site's high construction standards, both existing buildings and those under construction suffered only minor damage. Heavy infrastructure damage made deliveries from the plant impossible for around four weeks, however. Even so, Sartorius Stedim Biotech considers the Yauco location to be highly suitable. In the future, however, production will focus more strongly on standard products that can be stored on the U.S. mainland to reduce possible future disruptions in the supply chain.

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.

As a leading international partner of the pharmaceutical and biotech industries, we help accelerate development and production processes in pharma companies. Our commitment is to enable medications and vaccines to be produced safely and economically. We are dedicated to propelling scientific progress by identifying, combining and further developing new trends. 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 we support our staff in their further professional development. 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 enable the impact of our business activities on stakeholders, the environment and society to be assessed.

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 Umetrics with 36 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, Beijing, Glasgow, Göttingen, Guxhagen, Laupheim, Lourdes, Mohamdia, Royston, Stonehouse, Tagelswangen and Yauco, representing 81.8% of the Group's total workforce.

To facilitate company-wide data collection, analysis and reporting of CSR KPIs, Sartorius Stedim Biotech introduced a web-based solution in 2016. The software fulfills audit requirements in terms of security and verifiability of information transfer and processing. In addition, HR data is monitored using SAP. Most of the required data is reported monthly or quarterly; it is reviewed and consolidated by the HR and Facility Management units at the largest Group site in Göttingen.



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 continuously 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

With its investor relations activities, 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.

Ensuring Responsible Monitoring of Good Governance

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. The Legal Department is responsible for the task areas of legal consultation, internal auditing, Group safety, data protection, anticorruption and customs and export control.

Respecting Human Rights

We are committed to respecting human rights and are actively engaged within our sphere of influence in ensuring these rights are upheld. As pharmaceutical equipment suppliers, we see our greatest sphere of influence in employee rights, such as the freedom of association and right to collective bargaining. Another important concern of ours is to improve the availability of medical products to all members of society. Moreover, our company rejects all forms of forced and compulsory labor and child labor. 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. As business partners, we act with integrity and fairness in our dealings with our customers, suppliers and competitors.

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. Our internal standards, such as our Code of Conduct and our Code of Conduct for Suppliers, are derived from these global principles.

Code of Conduct

Sartorius Stedim Biotech's Code of Conduct specifies our requirements on the responsible conduct of our employees. This set of rules provides them with guidance on ethically appropriate conduct in accordance with the law in their daily work.

Employees are required to ask themselves the following questions for each of their activities: Are my actions legal? Is my behavior in line with our company values and guidelines? Is my behavior uninfluenced by personal interests (that are not covered by employment contract provisions) and would my behavior stand up in the face of public examination? Specifically, our Code of Conduct deals with the subject areas of compliance with international social and environmental standards, general rules of conduct and dealing with conflicts of interest.

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.

Suppliers are required to support our company in upholding our standards and in disclosing all information requested. If such support is not provided or the requirements placed on our suppliers are not fulfilled, Sartorius will review whether further collaboration can still be maintained. Responsibility for upholding human rights in our supply chain rests with the Vice President of Global Sourcing. The Purchasing Department ensures that each Sartorius Stedim Biotech supplier recognizes and signs the Sartorius Code of Conduct for Suppliers. This Code is sent to all new suppliers to obtain their signature, and all regular suppliers have been requested in writing to sign a declaration of commitment to comply with this Code. If a supplier does not sign, we review whether he has an equivalent code in place that can be used as a contractual basis. If this is not the case, further measures are taken.

Sartorius Stedim Biotech has globally standardized its procurement channels. Contracts are awarded in a fair and transparent process that meets generally recognized standards.

Export Control

In line with good corporate governance, we keep an eye not only on our upstream chain, but also on our downstream chain. As soon as a new customer is entered in our SAP system, we check in the SAP global trade system whether the customer's name is on any sanctions list or is subject to any embargo. Only after a customer has passed this screening will his name be placed on active status for delivery of our products. In addition, each outbound shipment is checked against a sanctions list before leaving the company. In the process, certain products are given even greater attention to ensure that they are supplied for legal use.

Anti-Corruption Code

Our Anti-Corruption Code serves as the basis for making all employees aware of the risks of corruption, while providing guidance, instructions and help to enable them to take the appropriate action to prevent and fight such corruption. Management's objective in providing such a code is not only to systematically pursue any corruption cases that have occurred, but to take preventive action and create and strengthen an appropriate organizational structure to ward off corruption before it even can occur.

Every department is to be considered vulnerable to corruption if the information it has available or the decisions it makes can represent a tangible or intangible benefit for third parties outside the company.

Employees, suppliers, customers and business partners can use our whistleblower portal and telephone hotline to anonymously report any potentially damaging conduct.

We ensure that every staff member is familiar with our Code of Conduct and our Anti-Corruption Code by ensuring that all Group employees complete online training and earn a certificate. In this training seminar, employees are schooled in the way to deal with morally or legally questionable situations.

Basically, the multi reviewer's approach ("four or more eyes are better than two") is mandatory throughout the Group. It involves "checking up on each employee" for the employee's own protection and for the protection of his or her colleagues.

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.

Interests of the Workforce

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 2017, 12 collective agreements were signed at the French sites, of which one was a collective agreement on health insurance. At the German locations, 8 collective agreements were signed. These agreements cover topics such as profit sharing, retirement, salary increases, plant shut down times or shift plans.

Compliance Management System

A corporate compliance team is currently being set up. As of January 2018, several staff members will be tasked with implementing and enforcing all compliance issues within the Group. A whistleblower portal in place already ensures that all cases of, for example, corruption, unequal treatment or sexual harassment can be anonymously reported to those responsible for compliance management. All options for contacting these individuals are given on our company home page and are available throughout the Group.

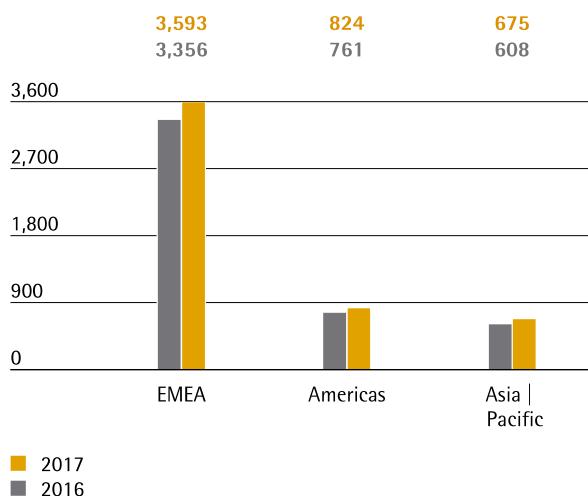
There were no significant fines or non-monetary sanctions levied against the Group in the reporting year.

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, 2017, the Sartorius Stedim Biotech Group employed a total of 5,092 people, 367 more than in the previous year. Headcount increased by 7.8%. These figures include 36 employees from the most recent acquisition of Umetrics.

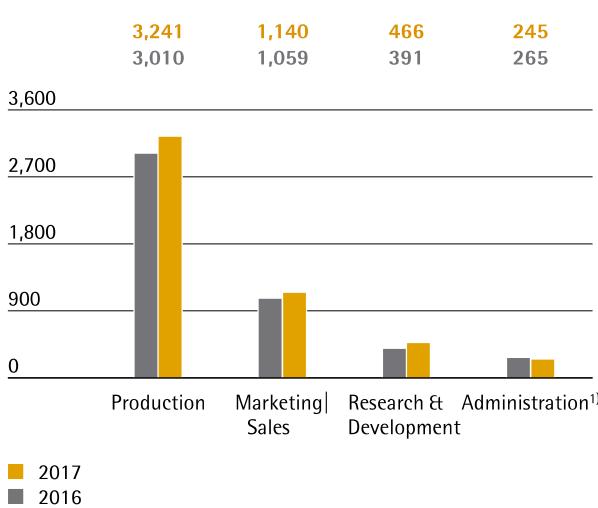
Employees by Region



Regionally, EMEA that accounts for 70.6% of the total workforce added 7.1% new staff in 2017. Half of the 237 additional people were hired at the two largest SSB sites in Göttingen and Aubagne. 15% of these new employees joined the workforce through the acquisition of Swedish-based Umetrics.

The Americas region charted an increase of 8.3% or 63 new people. One-third of staff can be attributed to legal entity in Yauco.

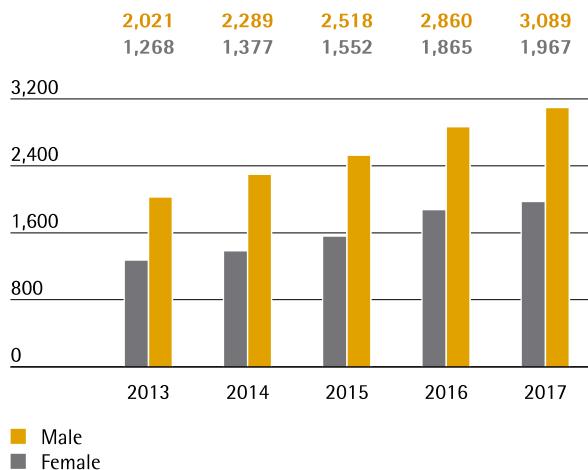
In Asia | Pacific, headcount rose 11.0%; 67 more people worked at the company than at the end of the previous year.

Employees by Function

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

Regarding our workforce broken down by function, manufacture and areas directly related to production accounted for 63.6% (2016: 63.7%); the 7.7% increase translates to 231 people. Service staff is also included in our production headcount. Marketing and sales reported an increase in staff of 7.7% as a result, 22.4% of the Group's employees worked in marketing and sales as in the previous year. Sartorius Stedim Biotech stepped up its research and development activities in 2017 so headcount in this unit accordingly rose at an above-average rate of 19.2% or by 75 people, (2016: 8.3%). Of this figure, 17 people are allotted to Umetrics and 28 to the largest R&D site in Göttingen. The decrease in headcount in administration by 7.6% or 20 people is mainly due to the allocation of administrative tasks to a Sartorius AG entity that is not included in SSB's scope of consolidation. During the reporting year, the share of administrative employees in the total workforce was 4.8% (2016: 5.6%).

The following evaluations do not include the 36 staff members who joined as a result of our latest acquisition of Umetrics.

**Employees by Gender
excluding Umetrics**

As of December 31, 2017, 3,089 men and 1,967 women were employed by the Sartorius Stedim Biotech Group. The percentage of women in the total workforce, which had continuously increased for years, was 38.9% at year-end 2017, slightly below the 2016 proportion of 39.5%.

Employees by Age

	2017 number	2017 in %	2016 number	2016 in %
16 - 20 years	17	0.3	24	0.5
21 - 30 years	1,264	25.0	1,202	25.4
31 - 40 years	1,594	31.5	1,493	31.6
41 - 50 years	1,195	23.6	1,113	23.6
51 - 60 years	830	16.4	761	16.1
61 years and above	156	3.1	132	2.8

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 median employee age of 40.7 was slightly above the previous year's average of 39.3.

Finding and Developing Talented People

Sartorius Stedim Biotech is a strongly growing company. To remain successful in the future as well, we need to continuously gain and retain talented and well-educated employees for our company. A special challenge in this respect is to get suitable, internationally experienced specialists interested in working for our company.

We continuously expand our personnel-related programs as a way of attracting, retaining and developing qualified employees.

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 digital 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 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.

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.

We create motivating work conditions that enable our employees to unfold their full potential to the best of their capabilities. Sartorius Stedim Biotech offers its staff all the advantages of an international group: working in a vibrant multi-cultural environment, the flexibility to set their own workhours, attractive compensation and company healthcare. At the same time, they enjoy the benefits of a medium-sized company: short lines of communication and decision-making and people-focused, family-style corporate culture.

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, Sartorius Stedim Biotech provided 55,258,25 hours of training in 2017. This corresponds to an average of 15.2 hours of training per employee. The scope of training hours currently reported corresponds to 73.2% 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.

Training of Managerial Staff

Sartorius Stedim Biotech's leadership guidelines help to strengthen our managerial culture on the basis of shared values. 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.

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. In 2017, a similar program for experts in IT was implemented.

Global Mobility

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. Sartorius Stedim Biotech considers international assignments and global mobility an investment in the future of the company and is therefore further extending these opportunities.

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.

Regardless of age, gender, ethnic origin or physical disability – at Sartorius, everyone has an equal opportunity because we go strictly by performance as our principle for deciding on who to hire for entry-level jobs and who to promote up the career ladder. Our employees are encouraged to develop personally and professionally throughout their entire professional career.

Employees from More than 60 Nations

Today, people from more than 60 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 21.4% as of December 31, 2017 (2016: 23.7%). Sartorius Stedim Biotech aims to increase the proportion of women in managerial positions.

In 2017, Sartorius Stedim Biotech employed 120 people (2016: 102 people) who are registered as disabled – of this number, 27 work in France and 89 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 279 (2016: 270), which equates to 5.5% of our total headcount (2016: 5.7%). 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.

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 €278.7 million in 2016 to €303.9 million in the reporting year. Of this figure, €242.7 million accounted for wages and salaries (2016: €224.1 million).

Occupational Health and Safety

The Group's corporate health management policy covers both the physical and the psychosocial 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 or sports courses 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 staff members can recognize risks and avoid them. At our local Group sites, work safety committees confer regularly to discuss measures that promote health and prevent work-related accidents.

Statistics on Accidents at Work

	2017	2016
Number of work accidents ¹⁾	54	70
Number of days lost due to work accidents ²⁾	2,139	1,350
Frequency rate ³⁾	6.3	8.8
Severity rate ⁴⁾	248.2	170.4

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 2017: 8,619 700.06)

⁴⁾ Represents the number of days lost through accidents per 1,000,000 theoretical working hours

In the reporting year, the absolute number of work accidents decreased from 70 in 2016 to 54. At the same time, the number of days lost due to work-related accidents increased to 2,139 days compared with 1,350 days in 2016. Also, the severity rate shows that fewer accidents resulted in more absences from work; this figure rose by 77.8 days per million workhours to 248.2 days. However, the number of accidents per 1,000,000 theoretical working hours was 6.3, a decrease by 2.5 compared with the previous year.

Attrition and Absenteeism Rates

Further Decrease

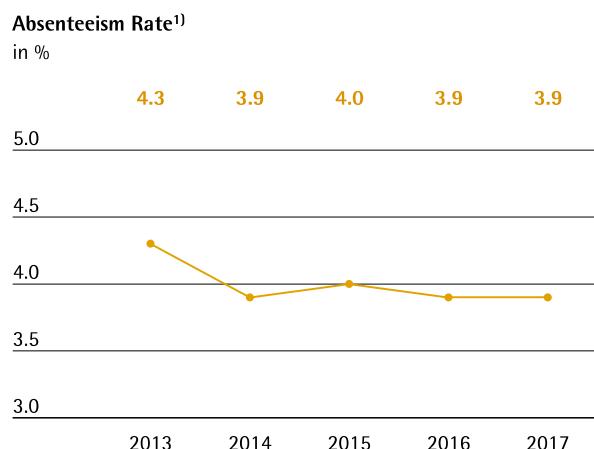
The success of our measures to create a motivating work atmosphere is reflected by our low attrition and absenteeism rate. Despite the large number of new hires as the result of the company's growth, seniority remains at a high level.

	2017	2016
Number of redundancies ¹⁾	49	45
Attrition rate ²⁾ including expired fixed-term contracts in %	10.2	9.2
Attrition rate ²⁾ excluding expired fixed-term contracts in %	7.7	6.4

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 (2017: 4,964), 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 7.7% in the reporting year, 1.3 percentage points above 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 3.1%; in France, the attrition rate was 5.7%, 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. In 2017, it was at 8.4%.

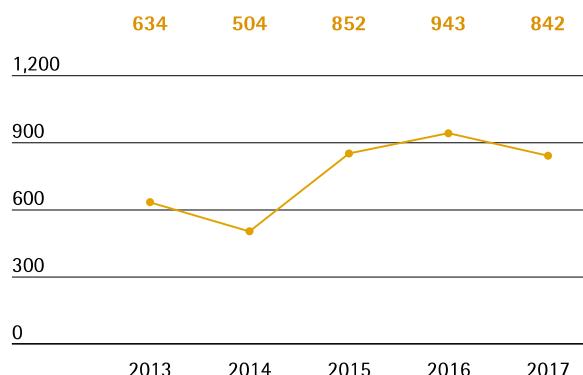


¹⁾ Excluding time lost due to maternity, parental and sabbatical leave; unpaid leave and extended sick leave of more than six weeks including weekends

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 at the previous year's level of 3.9%. The average number of days missed per employee due to illness excluding work-related accidents, slightly decreased from 7.3 days in 2016 to 7.2 days in 2017.

New Hires

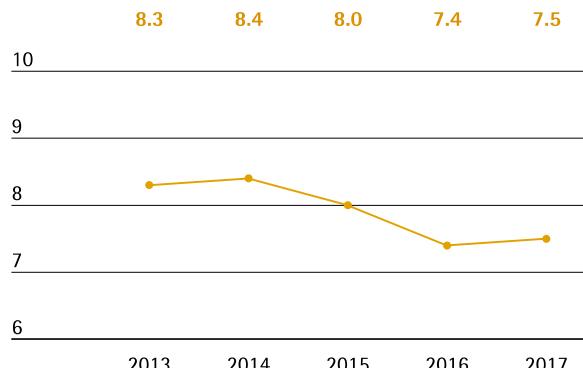
as headcount



As a result of the consistently high number of new hires, the average seniority decreased significantly over the past years. In 2017, 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



Ecological Sustainability

As a technology company with manufacturing facilities, Sartorius Stedim Biotech is active at 15 production sites, where we consume water and energy, release greenhouse gases and produce waste as byproducts.

We classify the ecological impacts of our business activities as comparatively low. At the same time, we are aware of our responsibility to the environment and, for this reason, have set high standards for environmental protection as a matter of principle. At our sites with modern building technology, we often exceed the requirements of national environmental protection standards.

The focal points of our ecological sustainability management are compliance with environmental regulations and efficient handling of our energy, water and waste resources. To us, environmentally friendly advancement of our products is also a key concern. Growth coupled with underproportionate use of natural resources – this is a goal we achieve at various levels.

Information on health and safety measures adopted for Sartorius Stedim Biotech employees is described on page 42

Again in 2017, 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 58 staff members. An environmental management system according to ISO 14001 has been introduced at our two plants in Göttingen, Germany, as well as in Aubagne, France, and in Bangalore, India. Related to the average number of employees working at our manufacturing sites (2017: 4,083), 59% 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 Göttingen and the one in Guxhagen, where we manufacture equipment and systems for biopharmaceutical production. In relation to the average number of employees, this represents 41% of all our manufacturing sites.

Continuous Improvement of Processes

Sartorius Stedim Biotech operates a web-based software solution that ensures a standardized process of global acquisition and monitoring of sustainability data. At a local level, management ensures that the company complies with the relevant local and national 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.

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

Our largest site in Göttingen accounts for 60% 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 CO₂ emissions. We thus account for emissions not only of CO₂, but of all gases of relevance to climate change, and report them in CO₂ 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

	2017	2016
Total energy consumption in MWh	88,229	81,639
- of which electricity	45,808	40,723
- of which natural gas	39,259	37,547
- of which fuels ²⁾	1,711	2,024
- of which other energy sources ³⁾	1,451	1,345
Total Greenhouse Gas Emissions in t CO_{2eq}⁴⁾	29,677	23,756
- Scope 1 ⁵⁾	11,044	7,738
- Scope 2	18,632	16,018
Key Indicators		
CO _{2eq} -Emissions per employee in t ⁶⁾	5.83	5.08

¹⁾ Adjusted

²⁾ Data range covers diesel consumption for electricity generators

³⁾ Including liquid gas

⁴⁾ Emissions in t of CO_{2eq} were calculated using the software SoFi from thinkstep

⁵⁾ Excluding fuel consumption for car fleet

⁶⁾ Applies to the average number of employees at our manufacturing sites; 2017: 4,083

Primary energy sources, such as oil and natural gas, represent around 48 of our total energy consumption, with natural gas accounting for a major share. Secondary energy constitutes 52% of our power requirements. Regenerative energy covers 0.2% of the Group's needs.

At our Göttingen 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 about two-thirds of our emissions of relevance to climate change. About 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 Göttingen and Yauco sites, amounted to 29.0 metric tons total carbon in the reporting year, (2016: 45.3 metric tons). This decrease reflects the lower production volumes at the Yauco site since September 2017 due to Hurricane Maria. 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 2015, 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%, others 10%. Based on these data, the site set up a plan of action for ongoing reduction in CO₂ emissions.

Use of Advanced Technology to Reduce CO₂

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.

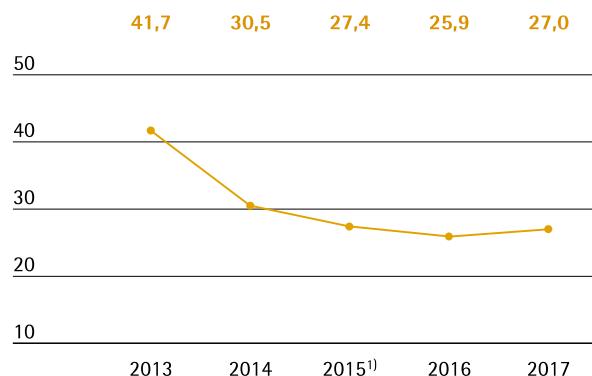
At our site in Göttingen, we employ state-of-the-art technology, such as two energy-efficient combined heat and power plants, an advanced compressed air center for controlling and regulating production equipment, and intelligent control systems. We thus substantially lower our carbon dioxide emissions. 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.

Développement des équivalents CO₂
rapporté au CA annuel en tonnes/million d'euros



¹⁾ Ajusté

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 Göttingen site.

Water Consumption

	2017	2016
Water consumption in cbm	409,294	385,333
Water consumption per employee in cbm ¹⁾	80,35	82,35
Wastewater Biological Oxygen Demand-BOD ²⁾ in t	272	213

¹⁾ Applies to the average number of employees at our manufacturing sites; 2017: 4,083

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.

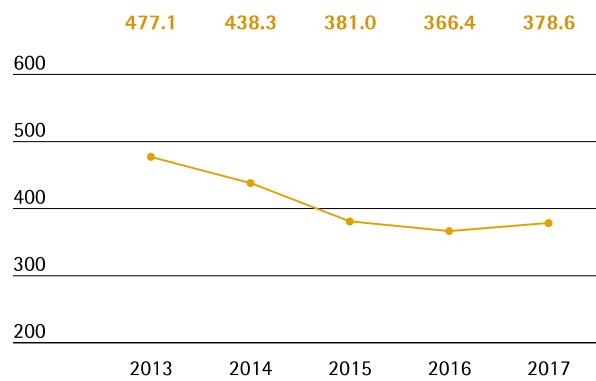
Sustainable Use of Water Resources

When expanding our membrane production capacity at the Göttingen site, we purchased 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

	2017	2016
Total amount of waste in t	4,821	4,025
- of which waste for recycling	2,350	2,187
- of which waste for disposal	2,471	1,718
Waste per employee ¹⁾ in t	0.95	0.86
Recycling rate in %	48.7	54.3

¹⁾ Applies to the average number of employees at our manufacturing sites; 2017: 4,083

The increase in the quantities of waste is mainly attributed to higher production capacity usage in Göttingen, where we put a new modification plant into operation in 2017.

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 Göttingen 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.

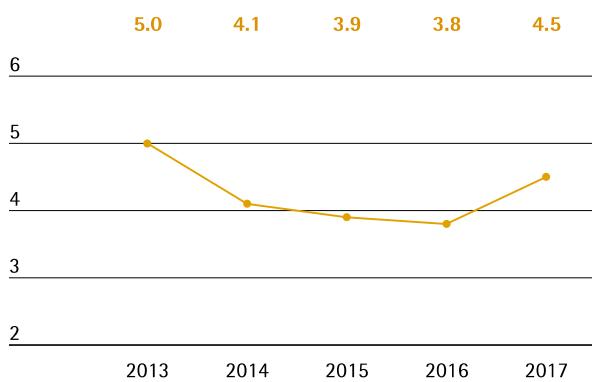
Return of Recyclable Materials

Organic solvents, which we need for manufacturing membranes for filter cartridges, are recovered and recycled. The Göttingen 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 2017, we purchased 4,189 metric tons of chemicals and solvents (2016: 4,240 metric tons) and 1,677 metric tons of polymers (2016: 1,401 metric tons). The quantity of stainless steel decreased to 500 metric tons (2016: 439 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 €48.6 million in the reporting year (2016: €52.5 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 Göttingen site, we are seeking to gain certification from the German Sustainable Building Council. Beyond this, we have created an infrastructure with our electrical charging stations to expand electromobility.

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 bio-pharmaceutical 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.

Fostering research and education and supporting events for the scientific community are among our chief priorities in our social outreach activities. 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 Göttingen, 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.

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

Fostering Education and Scientific Excellence

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

At our 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 with 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.

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 800 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 470 people directly with Sartorius Stedim Biotech 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 2017, 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 Göttingen and the local employment agency. Ever since the initiative started in 2015, we have been able to offer job perspectives to many of these refugees at the end of their trainee program.

At our subsidiary in Yauco, Puerto Rico, we work with several 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 Donations 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, Sartorius Stedim Biotech donated \$58,975 to the aid organization Estancia Corazón in Puerto Rico. This organization supports the local homeless, whose number has substantially risen after Hurricane Maria in September 2017.

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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, 2017

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) 3-1048¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2017 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 Auditors' 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 2017 and February 2018 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 3000²⁾ 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 important³⁾:

- 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 us⁴⁾ 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 50% and 91% of environmental indicators and between 10% and 34% 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, Recycling 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: Regional and Group-wide employee surveys on their well-being and their results, Planned employee training on topics of occupational health and safety and environmental protection, High Standards in Quality and Environmental Protection, Greenhouse gas emissions (Scope 3), financial support for projects in education, culture, social affairs and sports, Code of Conduct for Suppliers and Service Providers, The Sartorius Anti-Corruption Code

⁴⁾ Sartorius Stedim Biotech GmbH, Sartorius Stedim Lab Ltd.

Neuilly-sur-Seine, February 16th, 2018

One of the Statutory Auditors
Deloitte & Associés

Christophe Perrau
Partner

Julien Rivals
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 management 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 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 Group 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 industry, Sartorius Stedim Biotech operates in a future-oriented and high-growth sector. 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 69 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 33.

Other opportunities are discussed in the context of the presentation of specific risks and opportunities beginning on page 57.

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 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. After severe hurricanes hit Puerto Rico in the reporting year, we deployed a task force that defined the immediate measures to take in order to reduce economic damage for the Group. At the same time, a project for updating our production network strategy was initiated.

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.

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. Important measures in this respect are to maintain security stock and to define alternative suppliers according to our second-supplier policy. We moreover conduct regular supplier reviews and also use early warning systems.

Risks from raw material prices play a rather subordinate role in our business. On the one hand, the proportion of raw materials in our production costs is comparatively low. On the other hand, we purchase a wide range of materials so that price increases for certain materials do not represent any significant impacts.

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 work-

ing capital, as well as dependency on individual manufacturing 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.

Furthermore, we have taken out policies for business interruption insurance to compensate for any possible losses due to production downtimes.

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 further opportunities.

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.

We have installed a complaints management system to deal with customer requests and to ensure full documentation.

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. These customers are usually relatively large organizations that have been in existence for some time and have strong credit ratings. Accordingly, the Group has had low to zero credit losses over the past years, and its overall credit risk continues to be at a very low level. 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. 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. Overall, the competitive environment is therefore comparatively stable.

The fact that many of our products are used in validated bioprocesses ensures a robust revenue stream, reducing the risk of losing significant market share within a short timeframe. At the same time, it is not possible for us to quickly force out the competition that serves customers in this area.

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 percentage 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, partially automated control mechanisms ensures that such errors are recognized and corrected at an early stage. A highly detailed monthly reporting and analysis process, as well as the regular legal audits, essentially contributes to these targets.

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. We make it a policy to hedge up to 70% of our exposure in advance for the following 18 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. A substantial part 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 since 2012. 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.

When choosing our insurers, we consider the credit rating of the respective entities, as well as a high degree of diversity in order to mitigate the related risks.

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 occurrence of the risks 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	Medium
General risks	Low	Medium
Supply chain risks		
Procurement risks	Low	Low
Production risks	Low	Medium
Sales and distribution risks		
Quality risks	Low	Medium
R&D risks	Low	Medium
Customer risks	Low	Low
Competitive risks	Low	Low
Acquisition risks	Low	Medium
Personnel risks	Low	Low
Financial risks		
Risks associated with Group accounting	Low	Low
Exchange rate risks	Medium	Medium
Interest rate risks	Medium	Medium
Liquidity risks	Low	Medium
Regulatory risks	Low	Low
Environmental risks	Low	Low
IT risks	Low	Medium
Process risks	Low	Low

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.

Material Events after the Reporting Date

No material events, of any nature, occurred after the reporting date.

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 exec-

utive 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, see page 90.

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 2017

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 public, 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 2018.

Forecast Report

Pharmaceutical Industry Continues to Grow

Strong, long-term trends are fueling growth in the global pharmaceutical industry. Major factors contributing to this expansion include the growing and aging global population, combined with increasing access to healthcare, especially in the emerging and developing countries. However, the expiration of patents and measures aimed at limiting national healthcare expenditures will have a dampening impact. Market observers estimate that growth of the world's pharmaceutical market will be between 4% and 7% per year during the period up to 2021.

The U.S. pharmaceutical market – the world's largest – is expected to grow at a rate of 6% to 9% on average during the period between 2017 and 2021. Expansion will be driven principally by new, innovative medications, while moderating effects will result from expiring patents for lucrative medications and increased use of biosimilars.

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 up to 2021.

It is expected that the "pharmerging markets," especially China, will continue to expand at an above-average rate. Market observers estimate growth at around 6% to 9% annually from 2017 to 2021 due to demographic trends, rising investment in government-led healthcare systems and increased private spending.

Biotech Sector Records Above-Average Growth

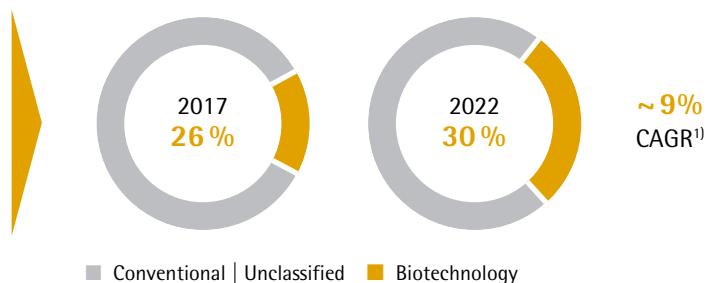
Market observers forecast that the biopharma segment of the pharmaceutical market, which has been enjoying particularly strong growth for years, will continue to outperform the market. Forecasts project that the global biotechnology market will grow at a compound annual growth rate of around 9% during the period from 2017 to 2022, which would increase the market volume from the current €214 billion to €326 billion. The share of biological medications and vaccines in the total revenue generated by the pharmaceutical market is expected to rise from roughly 26% at present to around 30% in 2022.

This dynamic trend will be driven largely by the increasing market penetration by already approved biopharmaceuticals and an expanded range of indications. Thanks to technical and medical advances, the field of applications for substances manufactured using biotech production methods is growing steadily. For example, biopharmaceuticals are increasingly being used in yet-to-be fully explored therapeutic areas and in the treatment of rare diseases that have thus far been untreatable. This relatively young market segment is driving sector growth with its highly innovative strength, as reflected in the strong research and development pipelines. Overall, around 40% of the medications in R&D pipelines are based on biological manufacturing processes. These include more than 800 biosimilars and 500 "biobetters," i.e., generic versions of biologic agents with better efficacy or fewer side effects than the original compounds.

The high level of innovation and R&D productivity in the biotechnology sector are mirrored by the rising number of new product approvals. In the USA, for example, the number of newly approved biological medications during the last five years was approximately 120% higher than the number of approvals from the period 2008 to 2012.

Biopharma: A Growing Market

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



¹⁾ Evaluate Pharma®: World Preview 2017, Outlook to 2022; June 2017; CAGR 2017 to 2022

Biosimilars, which are biological medications highly similar to already approved reference medicines, will continue to increase in importance during the years to come. They are less expensive than the reference compound, while having similar properties in terms of their application, dosage and efficacy. Increased use of biosimilars thus brings the prospects of lower individual treatment costs and financial relief for national healthcare systems. This is a goal likely to be pursued by the industrialized countries, where aging populations are leading to rising demand for medications and notably higher expenditures. In many developing countries, biosimilars offer initial access to biopharmaceutical substances. The development of national production capacities is receiving political support. Regulatory requirements are generally much less strict in developing countries than in the industrialized countries; thus, the biosimilars market could experience substantial growth in the emerging economies over the next few years.

Eight of the strongest selling biopharmaceuticals are due to lose their patent protection in the United States and Europe by 2020. Various pharmaceutical manufacturers have therefore announced the market launch of biosimilars that have already been approved. At present, around 30 companies are actively working on the development of such biopharmaceutical products for 16 different molecules. At the same time, the biosimilars market will also see a gradual decline in regulatory and patent-related barriers and challenges to marketing these products – factors that have thus far slowed development of the market. Against this backdrop, current estimates project accelerated growth over the next few years. By 2020, sales of biosimilars could multiply to between U.S.\$25 billion and U.S.\$35 billion.

Furthermore, some spectacular achievements have been made in cell therapy lately. The goal of cell therapy is to prevent, treat, heal or mitigate human disease or injury through the use of autologous,

allogenic or xenogenic cells that have been manipulated ex vivo or otherwise altered. Regardless of the type of cell therapy, the technologies used for manufacturing of the respective therapeutic products are similar to those employed for manufacturing of biopharmaceuticals. The growing number of cell-based therapies currently in clinical development and the rising number of approved cell therapies already in use could lead to increasing demand for the corresponding production capacities in the future.

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% projected for 2018. The key U.S. market is expected to generate growth of 3.0%, in part due to the sustained strength of the biopharmaceutical industry and its business-friendly climate. In Europe, experts anticipate an increase of just 1.7% owing to the comparatively moderate economic growth and as a result of uncertainties in the wake of the Brexit referendum. However, the European Union's increased budget for academic research will likely spur mid-term growth. As before, market observers expect the highest growth rates in Asian countries, such as China and India, in which the individual laboratory markets are likely to grow around 7.5% to 8.8% in 2018.

Sources: QuintilesIMS Institute: Outlook for Global Medicines through 2021, December 2016; Evaluate Pharma: World Preview 2017, Outlook to 2022, June 2017; BioPlan: 14th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2017; Deloitte: 2017 Global Life Science Outlook, October 2016; Frost & Sullivan: 2017 Mid-year Report: Forecast and Analysis of the Global Market for Laboratory Products, May 2017.

Future Business Development

The outlook for fiscal 2018 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 2018. Thus, we forecast that sales revenue will rise by about 7% to 10% 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 (2017: 27.3%).

All forecasts are based on constant currencies. Due to the latest currency developments, especially in the exchange rate between the U.S. dollar and the euro, these figures may have to be reviewed as the year progresses.

In light of its continued strong organic growth, Sartorius Stedim Biotech invests into its production capacities. For 2018, we thus expect a capex-ratio of about 15%. A focus will be the expansion of our Yauco plant for single-use bags and filters.

With regard to our financial position, we forecast that by the end of 2018, the ratio of net debt to underlying EBITDA will be approximately on the same level as in the previous year of 0.4 reported, without taking any potential acquisitions into account.

Financial Statements of the Parent Company Sartorius Stedim Biotech S.A. as of December 31, 2017

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 2017, sales revenue generated at Sartorius Stedim Biotech S.A. was €K 2,198 relative to €K 1,843 in 2016. The operating profit is €K -3,197 versus €K -3,613K in 2016. The net financing income totalled €K 47,108 versus €K 53,394 in 2016.

The net profit for 2017 is €K 49,463 compared to €K 54,324 in 2016.

Appropriation of the Net Profit

The ASM will suggest to appropriate the net profit of €49,463,148 for the reporting year of 2016. as follows:

- The following amount is to be added to this balance:
Year-earlier profit carried forward: €27,285,623
- This would yield a distributable profit of €76,748,771
- Total amount of dividends to be disbursed to shareholders: €42,407,887
- Balance resulting from disbursement: €34,345,884

The remaining amount of €34,345,884 is to be carried out to the next year.

Dividends of the last three financial years (information updated as of 1st January 2018)

The table below makes the list of the amount of the dividend per share distributed, since 2014, as well as the tax provisions applicable.

Exercise	Dividend ¹⁾	Amount eligible for the 40% abatment	Amount not eligible for the 40% abatment	Dividend per shares ¹⁾
2016	38,713,209	0	0	0
2015	30,734,476	0	0	0
2014	19,967,009	0	0	0

¹⁾ Prior deduction of social contribution on the dividend paid to physical person.

Proposition of dividend for the 2017 financial year

The Board of Directors has decided to propose to the 3 April 2018 Annual Shareholders' Meeting a net dividend of 0,46 euros, per share for the 2017 financial year in comparison with €0.42 for 2016.

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 2018.

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 2017 Shareholders' Meeting voted a net dividend of 0.42 euro per share. The payment of the dividend was paid on 11 April 2017.

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, 2017

As of 31 December 2017, 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 2017, 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
1 st 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
2 nd 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
Year 2017						92,180,190	18,436,038.0

Sartorius Stedim Biotech S.A. Shareholdings as of December 31, 2017

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:

Shareholders	December 31, 2015			December 31, 2016			December 31, 2017	
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital
Sartorius AG	9,770,178	63.6%	72.4%	68,450,400	74.3%	84.5%	68,450,400	74.3%
Single voting rights								
Double voting rights	9,770,178	63.6%	72.4%	68,450,400	74.3%	84.5%	68,450,400	74.3%
VL Finance ^(a)	1,642,095	10.7%	12.2%					
Single voting rights								
Double voting rights	1,642,095	10.7%	12.2%					
Total Sartorius Group	11,412,273	74.3%	84.6%	68,450,400	74.3%	84.5%	68,450,400	74.3%
Treasury shares								
Personnel and other shareholders								
General public	3,954,965	25.7%	15.4%	23,729,790	25.7%	15.5%	23,729,790	25.7%
Single voting rights	3,744,229	24.4%	13.9%	22,439,112	24.3%	13.9%	22,439,112	24.3%
Double voting rights	212,925	1.4%	1.6%	1,290,678	1.4%	1.6%	1,290,678	1.4%
Total shares	15,367,238	100.0%	100.0%	92,180,190	100.0%	100.0%	92,180,190	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
Sartorius AG	68,450,400	74.30	68,450,400	84.56
Total Sartorius AG	68,450,400	74.30	68,450,400	84.56

Control of the Company as of December 31, 2017

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.

Unpaid Capital

None

Authorized but Unissued Capital

Staff Shareholdings

None

None

Securities Not Representative of the Share Capital

Treasury Shares Held by Sartorius Stedim Biotech S.A.

None

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 2017
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.	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
Granted for a period of 26 months as from 05 April 2016		
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.	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
Granted for a period of 26 months as from 05 April 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 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.	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
Granted for a period of 26 months as from 05 April 2016		
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.	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
Granted for a period of 26 months as from 05 April 2016		
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.	The limit is deducted on the overall limit of €2,000,000 (increase of the share capital) and on the overall limit of €2,400,000 (debt instruments).	None
Granted for a period of 26 months as from 05 April 2016		
Ability to increase the share capital through the capitalization of reserves, earnings or premiums or any other sum upon which capitalization would be permitted.	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
Granted for a period of 26 months as from 05 April 2016		
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.	The limit is €2,400,000 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 05 April 2016		

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 2017

None

Share Subscription Options Granted to the Ten Top Non-senior Executive Beneficiaries and Options Exercised by Them in the 2017 Fiscal Year

None

Options Exercised During the Fiscal Year

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

in €	2016	2015	2014	2013	2012
Dividend per share for the fiscal year	0.42	2.00	1.30	1.20	1.10
Number of shares	92,180,190	15,367,238	15,359,238	15,343,596	15,342,596
Dividend corrected per share¹⁾	0.42	2.00	1.30	1.20	1.10

¹⁾ Compared to the number of shares as of December 31, 2016

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.

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

Options Exercised During the Fiscal Year

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

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 €313,000 is paid in directors' meeting attendance fees for 2017.

Compensation of the Executive Management Team

	Base salaries € in K	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 2016	5,765.0	2,020.0	1,260.0	2,432.0	53.0	0.0	0.0	0.0
Total 2017	3,056.0	832.0	363.0	1,846.0	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
Joachim Kreuzburg ¹⁾ 2017	3,056.0	832.0	363.0	1,846.0	15.0	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
Volker Niebel ¹⁾ 2017	0.0	0.0	0.0	0.0	0.0	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
Oscar-Werner Reif ¹⁾ 2017	0.0	0.0	0.0	0.0	0.0	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
Reinhard Vogt ¹⁾ 2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

¹⁾ For more details please refer to the Chapter Corporate Governance on pages 79 to 112.

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.

Payment Terms for Trade Payables

	Article D. 441 - 1 st : Invoices received but not paid at the date of the end of the exercise whose term has expired						Article D. 441 - 2 nd : Invoices sent but not paid at the date of the end of the exercise whose term has expired					
	0 day (indicative)	1 à 30 days	31 at 60 days	61 at 90 days	91 days and after	Total	0 day (indicative)	1 à 30 days	31 at 60 days	61 at 90 days	91 days and after	Total
(A) Repartition of late payment												
Number of concerned invoices	28					28	2					2
Total Amount of concerned invoices (Including all taxes)	294,026					294,026	197,366	221,855				419,221
Percentage of Total amount of purchases including taxes for the exercise	9%					9%						
Percentage of sales including taxes for the exercise							7%	9%				16%
(B) Invoices excluded from (A) relating to disputed and contentious Receivables non recorded												
Number of invoices excluded	0					0						
Total amount of excluded invoices including taxes	0					0						
(C) Reference payment terms used (Contractual or statutory period - article L. 441 - 6 or article L. 441 - 3 of Commerce Code)												
Payment terms used for the payment term calculation		Contractual time limit:	30 days				Contractual time limit:	30 days				
		Legal time limit:					Legal time limit:					

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

€ in K	2013	2014	2015	2016	2017
Share capital at end of period					
Share capital (capital stock)	10,396	15,359	15,367	18,436	18,436
Number of shares outstanding	17,042,306	15,359,238	15,367,238	92,180,190	92,180,190
Transactions and financial performance					
Sales revenue (excl. VAT)	1,501	1,465	1,593	1,843	2,198
Profit before tax, employee profit sharing plan, amortization, depreciation and provision expenses (and reversals)	21,180	25,967	29,343	59,635	55,840
Income tax	292	468	-653	4,543	5,552
Contribution to employee profit-sharing plan	0	0	0	0	0
Net profit	20,875	24,845	29,312	54,324	49,463
Dividends paid or proposal of dividend	16,878	18,412	19,967	30,734	38,713
Earnings per share					
EPS after tax and employee profit-sharing, but before amortization, depreciation and provision expenses	1.26	1.66	1.95	0.60	0.55
EPS after tax and employee profit-sharing, amortization, depreciation and provision expenses	1.22	1.62	1.91	0.59	0.54
Dividend per share	1.10	1.20	1.30	0.33	0.42
Personnel					
Workforce size	0	0	0	0	0
Personnel costs	0	0	0	0	0
Social security costs	0	0	0	0	0

Corporate Governance Report

03

The Board of Directors and its Committees

The Board of Directors

The company is administered by a Board of Directors composed of seven 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 2017

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 policies 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

Chairman of the Board of Directors of

Sartorius Stedim North America Inc.;

Member of the Board of Directors of IntelliCyt Corporation;

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;
 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 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 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
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 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.

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: 100

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

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.

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

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:

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 bio-processing 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 2017, the Board of Directors of Sartorius Stedim Biotech S.A. is composed of 57% of independent members under the independence criteria defined by the AFEP-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.

	Not an employee or executive officer	No cross-directorships	No significant business relationships	No family links	Not a statutory auditory	First appoint-ment	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	yes	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 ⁽¹⁾	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

⁽¹⁾ 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.

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 December 2017 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.

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 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 administrators' mandates. The afferent rule relating to staggering terms is respected, as of 31 December 2016, the Board of Directors renewed four memberships. Two membership renewal are submitted to the Annual Combined Shareholders' Meeting on 3 April 2018, 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 seven times during fiscal 2017.

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:

- Four independent members of the Board on seven 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.

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 2018

The Board of Directors met eight times during the fiscal year. The average attendance was 97.61%.

The Board reviewed and approved the corporate and consolidated accounts for 2016.

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.
- Internal organization projects.

- Stock market performance.
- Self-assessment of the Board members.
- Elements of remuneration due or attributed.
- Resignation of the mandates of three members of four Members of the Board of Directors.
- Co-optation of Mr. Lothar Kappich following the decease of Mr. Picot
- Financial authorizations given to the Board of Directors.
- Follow up on recent acquisitions.
- Purchase of a land in Aubagne
- Approval of Project Polus
- Approval of the Distribo Agreement

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.

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 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 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 2017, 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 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 seven times during fiscal 2017.

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 2017, the Remunerations and Nominations Committee has four members:

Mr. Lothar Kappich, will be appointed Chairman of the Committee during the next meeting to be held on 15 February 2018.

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

Two of the four members of the Remunerations and Nominations Committee are independent.

The Remunerations and Nominations Committee met once in fiscal 2017.

Report on Corporate Governance

1. Regulated Agreement

Continued agreement

The Company has decided to continue the services agreements between the Company and Sartorius AG adopted by the Annual Shareholders meeting of April 4th, 2017

Consequently, and in accordance with the provisions set out in Article L. 225-40-1 of the French Code of Commerce, the Company has proposed to its Board of Directors of February 15th, 2018 and further to its Annual Shareholders meeting of April 3rd, 2018 to approve 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 2016: 701 905 €

Year 2017: 759 996 €

New agreement as of 31 December 2017

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 meeting of 4 April 2017 but were approved by the Board of Directors on 16 February 2017.

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 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 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 Reference Document, the application of these recommendations. In case of 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	<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>
10.4	<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>Currently, 50% of both committees' members are independent administrators. The Audit Committee is chaired by an independent administrator: Mr. Henri Riey. The Board of Directors considers the committees' composition to be satisfactory in view of its willingness to limit the membership of these committees, in order to ensure the efficiency of their respective work, requiring a high expertise in finance or accounting matters for the Audit Committee, and an in-depth knowledge of Sartorius Stedim Biotech Group for the Remunerations and Nominations Committee.</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	PROVISIONS OF THE CODE REMOVED	EXPLANATIONS
16.	THE COMMITTEE IN CHARGE OF COMPENSATION	
16.1	Independent directors within the compensation Committee It should be composed of mainly independent directors	The Board of Directors decided to create a Remunerations and Nominations Committee. To this end the committee in charge of remunerations and nominations will during fiscal year 2018 amend its bylaws to state clearly its new functions. 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
29.	DIRECTOR'S COMPENSATION	
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.
21.	TERMINATION OF EMPLOYMENT CONTRACT IN CASE OF APPOINTMENT AS 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 resignation ²³	This recommendation is only applied to 2 out of 4 of the directors. 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.
24.	COMPENSATION OF EXECUTIVE DIRECTORS	
24.2.4	Award Awards of options and shares to executive directors must be conditional on the attainment of performance targets.	Mr Joachim Kreuzburg is representing the Group Sartorius AG, his 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.

ARTICLE	PROVISIONS OF THE CODE REMOVED	EXPLANATIONS
24.5.1	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 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.

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 whom 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 2017
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.	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
Granted for a period of 26 months as from 05 April 2016		
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.	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
Granted for a period of 26 months as from 05 April 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 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.	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
Granted for a period of 26 months as from 05 April 2016		
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.	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
Granted for a period of 26 months as from 05 April 2016		
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.	The limit is deducted on the overall limit of €2,000,000 (increase of the share capital) and on the overall limit of €2,400,000 (debt instruments).	None
Granted for a period of 26 months as from 05 April 2016		
Ability to increase the share capital through the capitalization of reserves, earnings or premiums or any other sum upon which capitalization would be permitted.	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
Granted for a period of 26 months as from 05 April 2016		
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.	The limit is €2,400,000 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 05 April 2016		
Ability to cancel, in one or several times, all or a portion of the shares acquired by the Company through the implementation of a share buy-back program	The limit is 10% of the share capital.	None

Remuneration of the Executive Director and Non-executive 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. There-

fore, 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 pen-

sion 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.

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 2017, an amount of €496 K was accordingly recognized in the accounts of Sartorius Stedim Biotech.

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 2017	Year 2016
Remuneration due	3,056	3,196
Valuation of options granted during the reporting period	0	0
Valuation of the performance of shares granted in previous years	0	0
Total	3,056	3,196

The amount cross-charged by the company Sartorius AG to the Sartorius Stedim Biotech Group concerning Joachim Kreuzburg is €1.520 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 €760 K.

Pension Commitments

in T€	Expected pension p. a.	Present value of obligation		Service cost (IFRS)	
		31.12.2017	31.12.2016	2017	2016
Dr. Joachim Kreuzburg	238	2,989	2,741	258	233
	238	2,989	2,741	258	233

Summary of the Remuneration for Each Executive Board Member

Joachim Kreuzburg¹⁾

(Chairman of the Board and Chief Executive Officer)

€ in K	Year 2017		Year 2016	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	832	832	800	800
Variable remuneration				
Annually paid	363	418	418	436
Long-term incentive	1,846	602	1,963	574
Exceptional remuneration				
Director's attendance fees				
Benefits in kind ²⁾	15	15	15	15
Total	3,056	1,867	3,196	1,825

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

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

€ in K	Year 2017	Year 2016
Liliane de Lassus		
Director's attendance fees	52.2	49.8
Other remuneration		
Bernard Lemaitre		
Director's attendance fees	52.2	49.8
Other remuneration		
Arnold Picot		
Director's attendance fees	41.8	53.8
Other remuneration		
Henri Riey		
Director's attendance fees	55.0	53.8
Other remuneration		
Susan Dexter		
Director's attendance fees	37.4	38.6
Other remuneration		
Anne-Marie Graffin		
Director's attendance fees	36.2	38.6
Other remuneration		
Lothar Kappich		
Director's attendance fees	38.2	0.0
Other remuneration		
Total	313.0	284.4

Performance Shares Available for Each Board Member

Performance shares available for each corporate officer

Performance shares available for each corporate officer ¹⁾	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	
Total			

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		2,950	163	Jan. 1, 2017	Jan. 1, 2021	
Liliane de Lassus						
Bernard Lemaître						
Lothar Kappich						
Henri Riey						
Susan Dexter						
Anne-Marie Graffin						
Total		2,950	163			

	2017 € in K	2016 € in K
Total	1,404	1,548
Phantom Stocks	163	192
Sartorius AG shares granted	1,241	1,356
Dr. Joachim Kreuzburg	1,404	1,548
Phantom Stocks	163	192
Sartorius AG shares granted	1,241	1,356

	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	Fair value at year-end on Dec. 31, 2017 € in K	Paid out € in K	Change in fair value in 2017	Exercisable
Dr. Joachim Kreuzburg								
Tranche of phantom stock units for 2013	9,156	17.34	159	397	0	397	0	paid out in 2017
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
Tranche of phantom stock units for 2016	3,484	57.41	200	192	225	0	33	no
Total tranches previous years	28,032		710	1,465	1,101	397	33	
Tranche of phantom stock units for 2017	2,950	70.51	208	0	163	0	-45	no
Total	30,982		918	1,465	1,264	397	-12	

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

Information on Directors' Dealings

Summary statement of the transactions of the Members of the Board and persons referred to in Article L. 621 - 18 - 2 of the French Monetary and Financial Code on the Company's shares acquired/sold during the year 2017:

During the year ended December 31, 2017, the Members of the Board and persons mentioned in Article L.621-18-2 of the French Monetary and Financial Code carried out the following transactions on the Company's shares:

Date of the transaction	Details of the person discharging managerial responsibilities / person closely associated	Description of the financial instrument	Nature of the transaction	Aggregated information of price and volume
12/12/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,1013 Euro Volume : 2 910
12/11/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,2387 Euro Volume : 4 166
12/8/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,4204 Euro Volume : 27 236
12/7/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,0511 Euro Volume : 18 247
12/6/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,0477 Euro Volume : 13 194
12/5/2017	FINANCIERE SAINT CYR SARL personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,2432 Euro Volume : 10 500
12/5/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,1570 Euro Volume : 17 333
12/4/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,2235 Euro Volume : 20 699
12/1/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,0426 Euro Volume : 333
11/30/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,1000 Euro Volume : 8 783
11/28/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,0001 Euro Volume : 3 705
11/27/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,0073 Euro Volume : 822
11/24/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,0108 Euro Volume : 7 440
11/23/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,0004 Euro Volume : 20 728
11/22/2017	Financiere de la Seigneurie SAS personne morale liée à BERNARD LEMAITRE, ADMINISTRATEUR	FR0013154002	Disposal	Price : 60,0229 Euro Volume : 13 550

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 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 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

€ in K	KPMG				Deloitte			
	2017	2016			2017	2016		
Audit								
Independent audit, certification, parent company & consolidated financial statements	76	8.7%	83	9.5%	58	35.2%	73	30.9%
Parent company	753	85.9%	627	71.6%	97	58.8%	137	57.9%
Subsidiaries								
Services directly related to audit services								
Parent company								
Subsidiaries								
Subtotal	829	94.6%	710	81.0%	155	93.9%	210	88.8%
Other services								
Legal, tax, corporate	47	5.4%	0	0.0%	0	0.0%	2	0.6%
Information technology, other	0	0.0%	8	0.9%	10	6.1%	25	10.6%
Subtotal	47	5.4%	8	0.9%	10	6.1%	27	11.2%
Total	876	100.0%	718	82%	165	100.0%	236	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.

Consolidated Financial Statements
and Notes

04

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2017 12 months € in K	2016 12 months € in K
Sales revenue	[9]	1,081,033	1,051,611
Cost of sales		-526,208	-524,791
Gross profit on sales		554,825	526,820
Selling and distribution costs		-195,241	-186,601
Research and development costs		-53,210	-47,536
General administrative expenses		-61,685	-56,471
Other operating income and expenses	[11]	-22,987	-10,296
Earnings before interest and taxes (EBIT)		221,702	225,916
Financial income	[12]	9,500	1,884
Financial expenses	[12]	-10,589	-14,815
Financial result		-1,089	-12,931
Profit before tax		220,613	212,985
Income taxes	[13]	-56,849	-57,108
Net profit for the period		163,763	155,877
Attributable to:			
Equity holders of Sartorius Stedim Biotech		161,088	153,678
Non-controlling interest	[23]	2,676	2,199
Earnings per share (€)	[15]	1.75	1.67
Diluted earnings per share (€)	[15]	1.75	1.67

Other Comprehensive Income

	Notes	2017 12 months € in K	2016 12 months € in K
Net profit for the period		163,763	155,877
Cash flow hedges	[30]	26,299	-5,258
of which effective portion of changes in fair value		26,901	-1,760
of which reclassified to profit or loss		-602	-3,498
Income tax on cash flow hedges	[18]	-7,889	1,577
Net investment in a foreign operation ¹⁾		0	-3,240
Income tax on net investment in a foreign operation	[18]	0	974
Foreign currency translation differences		-27,034	385
Items that are or may be reclassified subsequently to profit or loss		-8,624	-5,562
Remeasurements of the net defined benefit liabilities	[24]	-667	-1,784
Income tax on remeasurements of the net defined benefits liabilities	[18]	481	229
Items that will not be reclassified to profit or loss		-186	-1,555
Other comprehensive income after tax		-8,810	-7,117
Total comprehensive income		154,953	148,760
Attributable to:			
Equity holders of Sartorius Stedim Biotech		152,335	146,505
Non-controlling interest		2,619	2,255

¹⁾ 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, 2017 € in K	Dec. 31, 2016 € in K
Non-current assets			
Goodwill	[16]	386,045	344,777
Other Intangible Assets	[16]	172,906	144,018
Property, plant and equipment	[17]	331,295	261,464
Financial Assets		11,808	2,272
Other Assets		18	832
Deferred tax assets	[18]	10,989	10,754
		913,060	764,116
Current assets			
Inventories	[19]	185,604	171,057
Trade receivables	[20]	211,616	183,952
Other financial assets	[21]	20,049	8,543
Current tax assets		24,465	20,901
Other assets		16,561	12,524
Cash and cash equivalents		32,552	34,756
		490,845	431,733
Total assets		1,403,905	1,195,849
Equity			
Equity attributable to SSB S.A. shareholders		872,028	758,005
Issued capital	[22]	18,436	18,083
Capital reserves		231,526	231,526
Retained earnings (including net profit)		622,066	508,396
Non-controlling interest	[23]	7,426	5,551
		879,454	763,556
Non-current liabilities			
Pension provisions	[24]	35,446	34,219
Other provisions	[27]	3,103	3,083
Loans and borrowings	[25]	46,250	9,375
Finance lease liabilities		15,829	16,678
Other financial liabilities	[26]	30,392	55,792
Deferred tax liabilities	[18]	42,987	28,780
		174,007	147,928
Current liabilities			
Provisions	[27]	9,558	9,281
Trade payables	[28]	117,959	107,754
Loans and borrowings	[25]	95,933	74,677
Finance lease liabilities		1,658	1,592
Other financial liabilities	[28]	34,964	23,245
Employee benefits	[28]	31,895	28,619
Current tax liabilities		31,791	20,997
Other liabilities		26,685	18,200
		350,444	284,364
Total equity and liabilities		1,403,905	1,195,849

Statement of Cash Flows

	Notes	2017 12 months € in K	2016 12 months € in K
Profit before tax		220,613	212,985
Financial result	[12]	1,089	12,931
Earnings before interest and taxes (EBIT)		221,702	225,916
Depreciation amortization of fixed assets	[16][17]	50,678	44,687
Increase decrease in provisions	[24][27]	655	-449
Income taxes paid	[13]	-49,248	-65,717
Other non-cash items		3,489	583
Gross cash flows from operating activities		227,276	205,020
Increase decrease in receivables and other assets	[20][21]	-46,316	-45,206
Increase decrease in inventories	[19]	-21,091	-23,429
Increase decrease in liabilities	[26][28]	14,819	20,274
Net cash flow from operating activities		174,689	156,659
Acquisitions of intangible and tangible assets	[16][17]	-126,826	-79,713
Other payments		0	0
Net cash flow from investing activities		-126,826	-79,713
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	[8]	-68,100	-23,020
Net cash flow from investing activities and acquisitions		-194,926	-102,733
Changes in capital	[22]	0	-636
Interest received	[12]	290	129
Interest paid and other financial charges	[12]	-1,914	-1,681
Dividends paid to:			
- Shareholders of Sartorius Stedim Biotech SA		-38,713	-30,734
- Non-controlling interest		-704	-795
Gross cash flows from financing activities		-41,041	-33,717
Proceeds from loans and borrowings raised	[25]	60,994	18,998
Repayments of loans and borrowings	[25]	-3,333	-35,378
Net cash flow from financing activities		16,620	-50,096
Net increase decrease in cash and cash equivalents		-3,617	3,831
Cash and cash equivalents at the beginning of the period		34,756	31,831
Net effect of currency translation on cash and cash equivalents		1,414	-906
Cash and cash equivalents at the end of the period		32,552	34,756

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, 2016	15,367	235,231	-3,280	-9,539	367,926	35,736	641,440	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
Related deferred tax	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	0.0	-3,681	-1,555	151,412	328	146,505	2,255	148,760
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	1,688	-1,688	0
Other changes	-353	0	0	122	-28	0	-259	0	-259
Balance at Dec. 31, 2016 I	18,083	231,526	-6,961	-10,983	490,275	36,064	758,004	5,551	763,556
Net profit for the period	0	0	0	0	161,088	0	161,088	2,676	163,763
Cash flow hedges	0	0	26,299	0	0	0	26,299	0	26,299
Remeasurements of the net defined benefit liabilities	0	0	0	-667	0	0	-667	0	-667
Foreign currency translation differences	0	0	0	0	0	-26,977	-26,977	-57	-27,034
Net investment in a foreign operation	0	0	0	0	0	0	0	0	0
Deferred taxes	0	0	-7,889	481	0	0	-7,408	0	-7,408
Other comprehensive income for the period	0	0	18,410	-186	0	-26,977	-8,753	-57	-8,810
Total comprehensive income	0	0	18,410	-186	161,088	-26,977	152,335	2,619	154,953
Dividends	0	0	0	0	-38,713	0	-38,713	-704	-39,417
Changes in non-controlling interest	0	0	0	0	40	0	40	-40	0
Other changes	353	0	0	0	9	0	362	0	362
Balance at December 31, 2017	18,436	231,526	11,449	-11,169	612,698	9,087	872,028	7,426	879,454

The change in non-controlling interest in 2016 refers to 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, 2017, 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:

https://ec.europa.eu/commission/index_fr.

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 15, 2018 and will be submitted for approval by the Shareholders' Meeting on April 3, 2018.

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:

– Amendments to IAS 7 (Disclosure Initiative)

These changes are intended to clarify IAS 7 and to improve the information provided about the financing activities of the reporting entity. In particular, additional disclosures shall enable the users of financial reporting to assess changes in liabilities arising from financing activities (see note 7).

– Amendments to IAS 12 (Recognition of Deferred Tax Assets for Unrealized Losses)

The changes are intended to clarify several aspects regarding the recognition of deferred tax assets for unrealized losses.

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 2017:

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 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	Yes
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	Yes
Amendments to IAS 40	Transfers of Investment Property	January 1, 2018	No
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018	No
IFRS 16	Leases	January 1, 2019	Yes
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019	No
Amendments to IFRS 9	Prepayment Features with Negative Compensation	January 1, 2019	No
Amendments to IFRS 28	Long-term Interests in Associates and Joint Ventures	January 1, 2019	No
Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual Improvements to IFRSs 2015 – 2017 Cycle (issued in Dec. 2017)	January 1, 2019	No
IFRS 17	Insurance Contracts	January 1, 2021	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. This standard replaces the existing guidance for revenue recognition, including IAS 18, Revenue; IAS 11, Construction contracts; and IFRIC 13, Customer Loyalty Programmes. IFRS 15 is applicable from 2018 on.

The Group ran a project to analyze the impact of the application of the new standard. On this basis, the Group does not expect any material changes regarding the amount and timing of revenues for the major part of the Group's business. However, especially in the case of construction contracts that were accounted for under IAS 11, the timing of revenue recognition may change as a result of the new criteria of IFRS 15 for revenue recognition over time.

The Group will not perform a full retrospective application of the new standard. Instead, the Group will recognize the cumulative effect of applying IFRS 15 at the date of initial application as an adjustment to the opening balance of equity. Furthermore, at initial application, the Group applies IFRS 15 only to contracts that are not considered completed contracts at the date of initial application. On the basis of the assessment of the construction contracts which are not completed at the date of initial application it has been concluded that revenue in the amount of about €5 million which has been recognized in the past would be recognized at a point in time under IFRS 15, i.e. when the respective Integrated Solutions project is closed. Accordingly, revenue in future periods will be higher by this amount in comparison to the former revenue recognition policy. In case that revenue is recognized over time under IFRS 15 for construction contracts, the progress will continue to be measured on the basis of the costs incurred in relation to the planned costs of the Integrated Solutions project.

Furthermore the application of IFRS 15 will lead to extended disclosure requirements regarding revenues from contracts with customers.

IFRS 9, Financial Instruments, ultimately changes the rules for classification and measurement and impairment testing of financial instruments, as well as the guidelines for hedge accounting.

The Group has conducted an analysis of its financial instruments and classified the financial instruments according to IFRS 9. On this basis, it is not expected that the new regulations regarding the classification

of financial assets based on the business model and the related contractual cash flows change the Group's financial statements significantly. The Group's financial assets are mainly held to collect. Furthermore, the contractual cash flows of the financial assets mainly arise from payments of interest and principal (SPPI). On this basis, no material changes result from the new classification and measurement guidelines in IFRS 9.

The Group decided to apply the new hedge accounting guidelines in IFRS 9 from 2018 on. The hedging relations of the Group also qualify as such under IFRS 9. The Group uses forward transactions to hedge cash flow risks that result from changes of foreign exchange rates in relation to sales of products and designates only the spot element of the hedging instrument. Under IFRS 9, changes of the value of the forward element will be recognized by the Group in other comprehensive income and reclassified to profit or loss as the hedged cash flows affect profit or loss. This change is expected to reduce the volatility of the Group's profit or loss. As of December 31, 2017, the amount which is not designated as hedging amounts to about €3 million.

With regard to the impairment of financial assets, IFRS 9 replaces the incurred-loss model with the expected-loss model. Impairments are either recognized on the basis of the twelve-months expected credit loss or on the basis of the lifetime expected credit losses. With regard to the financial assets of the Group, especially the simplified approach which is applied to trade receivables is of relevance. However, due to the low credit losses incurred in the past years, the Group does not expect to recognize material additional impairments under the assumption of a constant economic outlook. Besides trade receivables, cash and cash equivalents are the most material financial assets with respect to the statement of financial position of the Group. Based on the current knowledge, the impairment which would have to be recognized according to IFRS 9 would not be material due to the high creditworthiness of the counterparties and the short maturities of cash and cash equivalents. Overall, the impact of the new impairment approach introduced by IFRS 9 is expected to be limited.

The Group will not adjust prior year financial figures with respect to classification and measurement (including impairment) when applying IFRS 9 initially. Upon initial application, differences between the carrying amounts as of December 31, 2017, and those at the beginning of the period in which IFRS 9 is applied for the first time (January 1, 2018), are recognized in equity. Under consideration of the

impact of the new standard as described above, this will especially apply to the carrying amount of the trade receivables and the reclassification of the forward element of the hedging instruments as of the balance sheet date into the "cost of hedging reserve". Due to materiality considerations, no impairment will be recognized for cash and cash equivalents. In addition, IFRS 9 requires new disclosures, especially with regard to hedge accounting, credit risk and expected credit losses.

The application of IFRS 16, Leases, is mandatory for periods from 2019 on. IFRS 16 introduces a standardized accounting model according to which leases are generally to be recognized on the lessee's balance sheet. A lessee recognizes a right-of-use asset representing its right to use a lease asset, as well as a liability resulting from the lease, which represents its obligation to make lease payments. There are exemptions for short-term leases and leases of low-value assets. Accounting for the lessor is comparable to that of the current standard; i.e., lessors continue to classify leases as financial or operating leases.

The Group has started to analyze the effects of this new standard and does not plan to apply the standard earlier than 2019. At the current stage of analysis, the Group plans to use the exemptions for short-term leases and leases of low-value assets and to recognize the corresponding lease payments as an expense generally on a straight-line basis over the particular lease term.

IFRS 16 will likely lead to an increase in fixed assets and financial liabilities. Based on its present level of knowledge, the Group does not expect any significant impact overall on its most important key figures, such as equity ratio or underlying EBITDA. For example, on the basis of the Group's future financial obligations in relation to operating leases as reported on December 31, 2017, the equity ratio would be reduced by about 1% and the underlying EBITDA-margin would be slightly increased.

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, 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 ability 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:

For 1 €	Year-end exchange rates		Average exchange rates	
	2017	2016	2017	2016
USD	1.19930	1.05410	1.12955	1.10659
GBP	0.88723	0.85618	0.87670	0.81952
JPY	135.01000	123.40000	126.70218	120.20024
CHF	1.17020	1.07390	1.11173	1.09004
INR	76.60550	71.59350	73.52751	74.35823
KRW	1279.61000	1269.36000	1276.62397	1283.96650
CNY	7.80440	7.32020	7.62790	7.35117

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 expensed 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 (impairment 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 Sartorius AG, 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 fair value less cost of disposal 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		Group	
	2017	2016	Change	2017	2016	Change
Sales revenue	1,081,033	1,051,611	3%	1,081,033	1,051,611	3%
Underlying EBITDA	294,912	288,680	2%	294,912	288,680	2%
as a % of sales revenue	27.3%	27.5%		27.3%	27.5%	
EBIT	221,702	225,916	-2%	221,702	225,916	-2%
as a % of sales revenue	20.5%	21.5%		20.5%	21.5%	
Acquisitions of intangible and tangible assets	136,734	80,161	71%	136,734	80,161	71%

Reconciliation of Segment Profit or Loss:

€ in K	2017	2016
Underlying EBITDA of the segment	294,912	288,680
Depreciation and amortization	-50,645	-44,685
Extraordinary effects	-22,564	-18,079
EBIT	221,702	225,916
Financial result	-1,089	-12,931
Profit before tax	220,613	212,985

Supplementary Information by Region

To provide additional information required by IFRS 8, the table below presents the supplementary information by geographical region. 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 the 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 (2017 and 2016).

€ in K	Sales revenue		Non-current assets	
	2017	2016	2017	2016
EMEA	460,664	454,350	756,242	658,011
thereof Germany	130,454	131,120	296,567	263,975
thereof France	56,955	54,009	305,508	300,959
Americas	368,817	387,784	113,722	73,607
thereof USA	339,319	355,914	113,722	73,607
Asia Pacific	251,552	209,477	20,281	18,640
thereof China	66,978	47,131	1,526	2,246
thereof South Korea	76,585	56,661	7,109	6,998
Group	1,081,033	1,051,611	890,245	750,259

6. Scope of Consolidation

The 2017 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.

In the reporting period the entity AllPure Technologies LLC was merged into Sartorius Stedim North America Inc.

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 Data Analytics AB, Umeå, Sweden	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
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.

The following table summarizes the development of the liabilities arising from financing activities during the reporting period:

	Balance at Dec. 31, 2016 € in K	cash flows	Currency effects	other non- cash changes	Balance at Dec. 31, 2017 € in K
Loans and borrowings	84,052	58,347	-215	0	142,184
Finance lease liabilities	18,270	-686	-173	76	17,487
Liability for phantom units in connection with the AlIPure acquisition	5,833	0	-706	155	5,282
Total financial liabilities from financing activities	108,155	57,661	-1,094	231	164,952

8. Business Combinations

Acquisition Umetrics

On April 3, 2017, the Group acquired 100% of the shares in the Swedish company MKS Instruments AB (Umetrics) based in Umeå, Sweden. In the meantime, the company has been renamed "Sartorius Stedim Data Analytics AB." In addition to these shares, the Group acquired further related intangible assets through asset deals as part of the business combination.

Umetrics is a globally leading provider of data analytics software for modeling and optimizing development and manufacturing processes, especially in the biopharmaceutical industry. The purchase price allocation is disclosed below:

	Fair values on the date of acquisition ¤ in K
Intangible assets	26,992
Property, plant and equipment	141
Trade receivables	1,185
Other assets	277
Cash and cash equivalents	6,894
Deferred taxes - net	-4,759
Other liabilities	-1,793
Net assets acquired	28,936
Purchase price	74,993
Goodwill	46,057

The purchase price of approximately €75.0 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 goodwill will not be deductible for tax purposes.

The intangible assets recognized are primarily technology-based and customer-related intangible assets. The goodwill represents synergies and not separable intangible assets such as the know-how of the workforce.

Since the consolidation of the entity on April 3, 2017, Umetrics contributed sales revenue of approximately €10 million and a positive net result to the Group's sales revenue and earnings. If the acquisition had taken place as of January 1, 2017, sales revenue of the Group would have been approximately €1,083.7 million. The profit for the period would have been €164.7 million.

Notes to the Statement of Profit or Loss

9. Sales Revenue

Sales revenue, which is broken down by geographical areas, consists of the following:

	2017 12 months € in K	2016 12 months € in K
France	56,955	54,009
Germany	130,454	131,120
All other countries	893,624	866,482
Total	1,081,033	1,051,611

An amount of €60,292 K was realized with other subsidiaries of the Sartorius Group in 2017 and €48,063 in 2016 (please refer to note 32).

The turnover is broken down into product sales amounting to €1,028.7 million and services amounting to €52.3 million (respectively €1,007.1 million and €44.6 million in 2016). 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 2017 rental payments amounting to €11.3 million (2016: €9.6 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:

	2017 12 months € in K	2016 12 months € in K
Purchases consumed	235,762	260,968
Cost of purchased services	48,353	38,633
Total	284,114	299,601

Personnel Cost

This caption can be broken down as follows:

	2017 12 months € in K	2016 12 months € in K
Wages and salaries	244,438	224,077
Social security	54,481	49,105
Expenses for retirement benefits and pensions	8,088	5,500
Total	307,007	278,683

11. Other Operating Income and Expenses

	2017 12 months € in K	2016 12 months € in K
Currency translation gains	7,652	14,516
Income from the decrease in allowances for bad debts	784	1,522
Income from release of provisions and liabilities	973	2,982
Income from grants	8,013	2,825
Other income	1,135	3,263
Other operating income	18,557	25,109
Currency translation losses	-14,762	-12,263
Extraordinary expenses	-22,564	-18,079
Allowances for bad debts	-808	-864
Other expenses	-3,410	-4,198
Other operating expenses	-41,543	-35,404
Total other operating income and expenses	-22,987	-10,296

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 reported amount refers mainly to grants for r&d activities.

Extraordinary items amounted to €-22.6 million (previous year: €-18.1 million) and essentially cover one-time expenses for strategic Group projects and integration and acquisition related items.

12. Financial Result

	2017 12 months € in K	2016 12 months € in K
Interest and similar income	274	127
- of which from affiliated companies	18	0
Income from derivative financial instruments	801	845
Other financial income	8,425	912
Financial income	9,500	1,884
Interest and similar expenses	-3,834	-3,787
- of which from affiliated companies	-1,814	-1,471
Expenses for derivative financial instruments	-1,706	-952
Interest expense for pensions	-585	-622
Other financial expenses	-4,465	-9,454
Financial expenses	-10,589	-14,815
Total	-1,089	-12,931

The other financial income in 2017 (other financial expenses in 2016) includes mainly foreign exchange gains (losses) in connection with bank deposits, loans denominated in foreign currencies as well as the Lonza liability (see also chapter 26).

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

	2017 12 months € in K	2016 12 months € in K
Current income taxes	-56,173	-55,632
Deferred taxes	-676	-1,476
Total	-56,849	-57,108

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.

	2017 12 months € in K	2016 12 months € in K
Expected tax expense (29%)	-63,978	-61,766
Differences from the Group average income tax rate	8,638	9,410
Permanent differences	-1,551	-3,660
Tax-free income and other tax exemptions	1,262	1,946
Taxes for previous years	-853	-2,125
Withholding and similar taxes	-596	-940
Other	228	27
Total	-56,849	-57,108
Effective tax rate	-25.8%	-26.8%

The future changes of the tax rate in France and the US did not have a significant impact on the tax expenses in 2017. From next year on the Group expects a positive impact on the Group tax rate of approx. 2%.

14. Profit or Loss Statement by Nature

	2017 12 months € in K	2016 12 months € in K
Sales revenue	1,081,033	1,051,611
Purchases consumed	-235,762	-260,968
Cost of purchased services	-48,353	-38,633
Personnel costs	-307,007	-278,683
Amortization and depreciation	-50,678	-44,687
Other operating costs	-217,531	-202,725
Subtotal	-859,331	-825,695
Operating profit (EBIT)	221,702	225,916
Financial income / expenses	-1,089	-12,931
Income tax	-56,849	-57,108
Non-controlling interest	-2,676	-2,199
Net profit after non-controlling interest	161,088	153,678

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.

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).

	2017	2016
Net profit after tax (€ in K)	163,763	155,877
Group net profit after tax (€ in K)	161,088	153,678
Earnings per share (€)	1.75	1.67
Diluted earnings per share (€)	1.75	1.67
Number of shares (statutory level)	92,180,190	92,180,190
Treasury shares	0	-5,883
Weighted average number of shares used in earnings per share calculation	92,180,190	92,174,307
Weighted average number of shares used in diluted earnings per share calculation	92,180,190	92,174,307

Notes to the Individual Balance Sheet Items

16. Goodwill and Other Intangible Assets

Goodwill

	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
	Goodwill € in K
Gross book values at Jan. 1, 2017	344,777
Currency translation	-4,789
Business combinations	46,057
Gross book values at Dec. 31, 2017	386,045
Impairment losses at Jan. 1, 2017	0
Currency translation	0
Impairment losses	0
Impairment losses at Dec. 31, 2017	0
Net book values at Dec. 31, 2017	386,045

The caption reported as goodwill in the amount of €386,045 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 2017 concerns the acquisition of Umetrics (see note 8).

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 2016, the impairment test conducted for 2017 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 2021. 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:

	2017		2016	
	Before tax	After tax	Before tax	After tax
Biopharm segment	8.5%	6.8%	7.9%	6.3%

In 2017, 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":

	2017	2016
Discount rates	20.4%	23.3%
Terminal growth rate	-28.4%	-48.7%
Cash flows	-80.2%	-84.9%

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, 2016	70,933	10,982	117,965	57,506	318	257,704
Currency translation	-1,115	-23	-1,941	-853	0	-3,931
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	11,061	121,351	68,054	36	275,165
Amortization and impairment losses at Jan. 1, 2016	-21,259	-27	-59,590	-33,479	0	-114,354
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	46,850	10,993	53,641	32,498	36	144,018

	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, 2017	74,664	11,061	121,351	68,054	36	275,165
Currency translation	-2,817	-47	-1,006	-387	0	-4,257
Business combinations	11,614	892	14,486	0	0	26,992
Acquisitions	5,767	0	469	20,788	0	27,024
Disposals	-34	0	0	-2,685	0	-2,720
Transfers	-143	0	0	155	0	12
Gross book values at Dec. 31, 2017	89,051	11,906	135,300	85,924	36	322,216
Amortization and impairment losses at Jan. 1, 2017	-27,813	-68	-67,710	-35,556	0	-131,147
Currency translation	1,298	5	410	139	0	1,853
Amortization and impairment losses	-7,306	-98	-10,072	-5,176	0	-22,652
Disposals	34	0	0	2,607	0	2,641
Transfers	-5	0	0	0	0	-5
Amortization and impairment losses at Dec. 31, 2017	-33,792	-160	-77,372	-37,986	0	-149,310
Net book values at Dec. 31, 2017	55,259	11,746	57,928	47,937	36	172,906

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 at the level of the "Biopharm segment" cash-generating unit (CGU).

In 2017, the development costs of €20,788 K were recognized as assets (€14,570 K in 2016). 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 six 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, 2016	155,555	118,849	69,743	39,799	383,945
Currency translation	-604	-657	-185	-820	-2,266
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	81,784	36,704	441,859
Depreciation at Jan. 1, 2016	-47,966	-68,064	-44,614	-426	-161,071
Currency translation	103	53	142	29	328
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	-9
Depreciation at Dec. 31, 2016	-52,038	-78,460	-49,899	1	-180,396
Net book values at Dec. 31, 2016	119,270	73,603	31,885	36,705	261,464

	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, 2017	171,308	152,063	81,784	36,704	441,859
Currency translation	-4,127	-2,165	-2,873	-4,742	-13,907
Business combinations	0	0	141	0	141
Acquisitions	2,317	7,438	10,995	88,958	109,708
Disposals	-454	-2,683	-3,153	-1,797	-8,087
Transfers	7,494	7,209	1,710	-15,944	469
Gross book values at Dec. 31, 2017	176,538	161,862	88,602	103,179	530,182
Depreciation at Jan. 1, 2017	-52,038	-78,460	-49,899	1	-180,396
Currency translation	1,033	764	2,246	0	4,042
Depreciation	-6,947	-12,687	-8,393	0	-28,026
Disposals	436	2,553	2,978	0	5,967
Transfers	-405	190	-260	0	-475
Depreciation at Dec. 31, 2017	-57,921	-87,640	-53,327	1	-198,887
Net book values at Dec. 31, 2017	118,617	74,222	35,275	103,180	331,295

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 2017, as for fiscal 2016, 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 €15,672 K (2016: €16,810). The cost of acquisition of these assets totals €19,682 K (2016: €19,867 K).

18. Deferred Tax

	Deferred Tax Assets		Deferred Tax Liabilities	
	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Intangible assets	783	0	36,630	33,484
Tangible assets	0	0	6,553	6,603
Inventory	9,143	7,237	0	0
Receivables and other current assets	189	1,970	5,105	0
Provisions	6,649	8,590	0	0
Liabilities	2,181	3,290	3,140	498
Gross amount	18,945	21,087	51,428	40,585
Carry forward of taxable losses	2,334	2,798	0	0
Tax on undistributed earnings of subsidiaries	0	0	1,848	1,325
Offset	-10,289	-13,130	-10,289	-13,130
Net amount	10,989	10,754	42,987	28,780
Change	235	712	-14,207	1,406
thereof recognized in profit or loss	292	480	-968	-2,013

Deferred Tax Assets

On the balance sheet date, the Group had unused tax loss amounts carried forward of €18.2 million to be deducted from future taxable profits (€12.0 million in 2016). A deferred tax amount was reported on approx. €9.8 million of these losses (€8.3 million in 2016). 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 €2.3 million (€2.7 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. €480 million (€390 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 2017, 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	2017	2016
Cash flow hedges	-7,889	1,577
Remeasurements of the net defined benefit obligations	481	229
Net investment in a foreign operation	0	974
Total	-7,408	2,780

19. Inventories

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Raw materials and supplies	60,130	57,203
Work in progress	53,205	50,454
Finished goods and merchandise	68,008	59,152
Payments on account	4,261	4,248
Total	185,604	171,057

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Gross amount inventories	199,824	182,577
Write-downs	-14,221	-11,520
Net Amount Inventories	185,604	171,057

20. Current Trade Receivables | Other Receivables

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Trade receivables from third parties	192,866	168,247
Amounts due from customers for contract work	6,967	3,130
Receivables from subsidiaries of the Sartorius AG Group	11,782	12,575
Trade receivables	211,616	183,952

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 €36,137 K (2016: €29,886 K). For these projects, advance payments of €29,170 K (2016: €26,756 K) were recorded. For this year, the contract revenue for projects in progress is €43,745 K (2016: €23,452 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, 2017 € in K	Dec. 31, 2016 € in K
Valuation allowance at the beginning of the year	-2,591	-3,359
Increase during the year	-808	-864
Derecognition and consumption	105	98
Recoveries of amounts previously impaired	784	1,522
Foreign currency translation differences	84	11
Business combinations	-7	0
Valuation allowance at the end of the year	-2,433	-2,591

Aging of trade receivables past due, but not impaired:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
1 - 30 days	27,456	25,496
31 - 90 days	14,833	13,413
91 - 180 days	8,507	4,144
181 - 360 days	3,964	5,789
More than 360 days	557	1,185
Total	55,318	50,026

For trade receivables of €55,318 K (2016: €50,026 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, 2017 € in K	Dec. 31, 2016 € in K
Derivative financial instruments	7,207	278
Other financial assets	12,842	8,265
Current financial assets	20,049	8,543

The amount shown as derivative financial instruments represents the fair value of fx hedging instruments, mainly forward contracts (for details refer to section 30).

The caption other financial assets includes loan receivables to other entities of the Sartorius AG Group in the amount of €1,542 K (2016: €1,786 K).

22. Issued Capital

The annual ordinary shareholders' meeting on April 5, 2016 approved the following measures that are reflected in the comparative figures 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, 2016, and December 31, 2017, there were no dilutive instruments. Shares registered in the name of the same owner for at least four years benefit from a double voting right.

	Dec. 31, 2017	Dec. 31, 2016
Number of shares at the beginning of the period	92,180,190	92,180,190
Number of shares at the end of the period	92,180,190	92,180,190
Nominal value per share (in €)	0.20	0.20
Impact of Liquidity Contract - Treasury Shares	0	-353
Issued capital amount (€ in K)	18,436	18,083

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, 2017, as follows: payment of a net dividend of €0.46 per share (2016: €0.42), i.e., a total disbursement of 42,402,887.00€ (excluding treasury shares; 2016: 38,713,208.00€).

23. Non-Controlling Interest

The non-controlling interest recognized in the statement of financial position amounting to €7,426 K relate to the subsidiary Sartorius Korea Biotech. The Group's 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. The company has been merged with Sartorius Stedim North America Inc. in 2017. 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 refer to the entity Sartorius Korea Biotech Co. Ltd.

Key Figures

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Sartorius Korea Biotech Co. Ltd.		
Sales revenue	61,477	46,196
Net result	8,631	7,092
Total assets	34,399	26,126
Attributed profit or loss (-)	2,676	2,199

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 2017, the total expense recognized for the defined contribution plans amounted to €19,527 K (2016: €17,532 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 €-667 K (€-1,574 K in 2016).

An amount of €25,068 K relates in particular to pension provisions for retirement pension plans in Germany. These provisions totaled €25,056 K in 2016 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, 2017	Dec. 31, 2016
Discount rate	1.75	1.68
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, 2017	Dec. 31, 2016
Discount rate	1.70	1.42
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:

	2017 € in K	2016 € in K
Current service cost	-1,856	-1,746
Past service cost	408	370
Net interest expenses	-509	-555
Components of defined benefit costs recognized in profit or loss	-1,958	-1,932
Return on plan assets (excl. interest)	57	117
Remeasurements	-723	-1,900
Components of defined benefit costs recognized in other comprehensive income	-667	-1,784
Total	-2,624	-3,716

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, 2017 € in K	Dec. 31, 2016 € in K
Present value of the obligations	43,752	40,841
Fair value of the plan assets	-8,306	-6,622
Net Liability	35,446	34,219

The present value of the defined benefit obligation developed as follows:

	2017 € in K	2016 € in K
Present value of the obligations as of Jan. 1	40,841	37,651
Current service cost	1,856	1,746
Past service cost	-408	-370
Interest cost	585	622
Remeasurements	745	1,871
Foreign currency translation differences	-725	113
Retirement benefits paid in the reporting year	-852	-1,140
Employee contributions	220	208
Contributions by plan participants	1,550	85
Other changes	-60	54
Present value of the obligations as of Dec. 31	43,752	40,841

The remeasurements of defined benefit liability (asset) can be allocated as follows:

	2017 € in K	2016 € in K
Experience adjustments	850	-411
Changes in demographic assumptions	632	-611
Changes in financial assumptions	-737	2,893
Total	745	1,871

Plan Assets

	2017 € in K	2016 € in K
Plan assets as of Jan. 1	6,622	5,914
Interest income	75	66
Return on plan assets (excl. interest)	57	117
Remeasurements	22	-29
Group contribution & payments	-709	-1,028
Foreign currency translation differences	-481	61
Employee contributions	220	208
Employer contributions	894	952
Contributions by plan participants	1,606	361
Other changes	0	0
Plan assets as of Dec. 31	8,306	6,622

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 €1.8 million (€1.4 million in 2016) 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):

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

2017:

	€ in K	
Demographic assumptions		
Life expectancy	+1 year	-1 year
Effect	874	-870
Financial assumptions		
Discount rate	+100 bps	-100 bps
Effect	-6,105	7,848
Future salary increases	+50 bps	-50 bps
Effect	865	-803
Future pension increases	+25 bps	-25 bps
Effect	984	-937

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, 2017 € in K	Dec. 31, 2016 € in K
<1 year	1,477	1,344
1 - 5 years	7,616	6,391
6 - 10 years	11,564	10,148
>10 years	49,094	50,779
Total	69,750	68,662

The weighted average duration of the defined benefit obligations is 17.6 years (2016: 18.2 years).

25. Loans and Borrowings

	Balance at Dec. 31, 2017 € in K	of which current Dec. 31, 2017 € in K	Balance at Dec. 31, 2016 € in K	of which current Dec. 31, 2016 € in K
	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K	Dec. 31, 2016 € in K	Dec. 31, 2016 € in K
Liabilities to banks	29,367	23,117	30,412	21,037
Loans from Sartorius AG	109,481	69,481	51,039	51,039
Other loans from Sartorius Group companies	3,335	3,335	2,600	2,600
Total loans and borrowings	142,183	95,933	84,052	74,677

Sartorius Stedim Biotech Group has signed a loan agreement with its parent company Sartorius AG 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, 2017 € in K	Dec. 31, 2016 € in K
Derivative financial instruments	0	6,159
Other liabilities	30,392	49,633
Total	30,392	55,792

The derivative financial instruments represented the fair value of interest rate swap agreements and foreign currency forward contracts.

The other non-current liabilities includes the non current part of the liability for the remaining purchase price for the cell culture media business of the company Lonza in the amount of €24,960 K. Currently it is expected that this liability will be paid in two tranches in 2018 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 note 23) amounting to €5,282 K. The purchase price depends on the performance of the activity and is due 2022 at the latest. 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. 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).

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, 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

	Payments to employees on early retirement plan € in K	Other € in K	Total € in K
Balance at Jan. 1, 2017	2,331	752	3,083
Currency translation	0	-11	-11
Consumption	-1,035	-16	-1,051
Reversals	0	0	0
Additions	877	205	1,082
Reclassification	0	0	0
Balance at Dec. 31, 2017	2,173	930	3,103

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% (2016: 0.0%).

Current Provisions

During financial 2016 and 2017, the current provisions developed as follows:

	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
Consumption	-2,828	-250	-3,078
Release	-123	-1,369	-1,492
Additions	2,876	3,046	5,922
Change in the scope of consolidation	0	0	0
Other changes	1,500	-1,500	0
Balance at Dec. 31, 2016	4,914	4,367	9,281

	Warranties € in K	Other € in K	Total € in K
Balance at Jan. 1, 2017	4,914	4,367	9,281
Currency translation	-56	-73	-129
Change in the scope of consolidation	0	0	0
Consumption	-1,362	-1,095	-2,457
Release	-837	-1,539	-2,377
Additions	2,165	3,651	5,816
Other changes	0	-577	-577
Balance at Dec. 31, 2017	4,824	4,735	9,558

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, 2017 € in K	Dec. 31, 2016 € in K
Payments received on account of orders	40,749	39,767
Trade payables to third parties	69,900	57,594
Payables to participations	2	555
Payables to subsidiaries of the Sartorius AG Group	7,309	9,839
Total	117,959	107,754

Other Financial Liabilities

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Derivative financial instruments	1,928	7,300
Employee benefits	31,895	28,619
Other liabilities	33,036	15,945
Total	66,859	51,864

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 non-cancellable leases), which break down as follows:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Operate leases		
- due within one year	8,682	8,065
- due within 2 to 5 years	13,900	16,370
- due thereafter	4,817	3,234

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, 2017 € in K	Fair value Dec. 31, 2017 € in K	Carrying amount Dec. 31, 2016 € in K	Fair value Dec. 31, 2016 € in K
Financial Assets	Available for sale	1,813	1,813	1,946	1,946
Financial Assets	Loans and receivables	2,734	2,734	0	0
Derivative financial instruments in hedging relationship	Hedging Instruments*	7,260	7,260	326	326
Non-current financial assets		11,808	11,808	2,272	2,272
Trade receivables	Loans and receivables	211,616	211,616	183,952	183,952
Financial Assets	Loans and receivables	12,842	12,842	8,265	8,265
Derivative financial instruments in hedging relationship	Hedging Instruments*	7,207	7,207	278	278
Other financial assets		20,049	20,049	8,543	8,543
Cash and cash equivalents	Loans and receivables	32,552	32,552	34,756	34,756
Loans and borrowings	Financial liabilities at cost	142,183	142,671	84,052	84,892
Finance lease liabilities	IAS 17	17,487	28,086	18,270	29,426
Trade payables	Financial liabilities at cost	77,211	77,211	67,988	67,988
Trade payables	n/a	40,749	40,749	39,767	39,767
Trade payables		117,959	117,959	107,754	107,754
Derivative financial instruments	Held for trading	552	552	1,353	1,353
Derivative financial instruments in hedging relationship	Hedging Instruments*	1,376	1,376	12,106	12,106
Other financial liabilities	Financial liabilities at cost	63,428	67,719	65,579	72,303
Other financial liabilities		65,356	69,647	79,038	85,762

* The amounts include the non-designated part of the contracts.

The carrying amounts of the financial instruments for each category are shown in the following table:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Available for sale assets	1,813	1,946
Loans and receivables	259,743	226,972
Assets held as hedging instruments	14,467	604
Financial liabilities at cost	282,821	217,618
Held for trading liabilities	552	1,353
Liabilities held as hedging instruments	1,376	12,106

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 mainly 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 fair values of the remaining financial assets and liabilities to be disclosed approximate the carrying amounts because of their predominantly short-term maturity.

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:

	2017 12 months € in K	2016 12 months € in K
Loans and receivables	-4,121	3,217
Financial assets and liabilities held for trading	2,358	-109
Financial liabilities at cost	1,606	-7,254

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.

Total interest income and expenses for financial assets and liabilities that are not measured at fair value through profit or loss were as follows:

	2017 12 months € in K	2016 12 months € in K
Interest income	282	427
Interest expenses	-5,454	-4,133

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.

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.

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 \$190 million (2016: \$172 million) to hedge against the risk of fluctuation in the EUR | USD exchange rate. This amount covers roughly half of the expected net exposure for the U.S. dollar within the period of two years. Furthermore, other foreign currencies 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, 2016	Currency	Volume	Maturity	Fair value € in K
Forward contract	USD	79,000	2017	-6,471
	USD	64,000	2018	-3,950
	USD	29,000	2019	-570
	USD	172,000		-10,991
Structured forward contract	USD	24,000	2017	-474
	USD	15,000	2018	-153
	USD	39,000		-627

Dec. 31, 2017	Currency	Volume	Maturity	Fair value € in K
Forward contract	USD	110,000	2018	6,988
	USD	80,000	2019	7,260
	USD	190,000		14,248
Forward contract	JPY	700,000	2018	72
	JPY	700,000		72
Forward contract	CHF	24,500	2018	-1,375
	CHF	24,500		-1,375
Forward contract	CAD	8,800	2018	148
	CAD	8,800		148

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 2017: €16.4 million; 2016: €-9.9 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 €13.2 million (2016: €25.0 million), the impact on the result would have been very low (2016: €1.0 million).

Vice versa, if the U.S. dollar would have appreciated 10% against the euro, the resulting impact on the result would have been not significant (2016: -€4.6 million) and on the other comprehensive income -€16.1 million (2016: -€-23.5 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 (2016: €2.3 million), a decrease of the CHF against the Euro by 5% would lead to a decrease of the liability amounting to €2.1 million (€2.1 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 a part 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, 2017 € in K	Hedging volume as of Dec. 31, 2016 € in K	End of term	Hedged interest rate	Fair value as of Dec. 31, 2017 € in K	Fair value as of Dec. 31, 2016 € in K
Swaps	40,000	40,000	up to Aug. 2018	1.68% -1.79%	-552	-1,353
Total					-552	-1,353

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, 2017 the raised loans with variable interest rates amount to approx. €110 million and the hedged volume is up to €40 million with end of Term August 2018.

G: Liquidity Risk Management

The maturity of the financial liabilities excluding derivative financial instruments shows the following pattern:

	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	77,301	19,406	22,037	35,857
Financial Liabilities	235,888	290,710	188,376	40,265	62,069

	Carrying amount Dec. 31, 2017 € in K	Cash Flow Dec. 31, 2017 € in K	< 1 year € in K	1 - 5 years € in K	> 5 years € in K
Loans and borrowings	142,183	142,723	96,224	46,499	0
Finance Leases	17,487	32,825	1,900	7,558	23,368
Trade payables	77,211	77,211	77,211	0	0
Other liabilities (excluding derivatives)	63,428	68,965	33,036	35,780	150
Financial Liabilities	300,309	321,724	208,370	89,837	23,518

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, 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	10,978	6,498	4,480	0
Payment obligation		145,314	72,624	72,690	0
Payment claim		-134,336	-66,126	-68,210	0
Net fulfilment					
Interest rate swaps	1,353	1,346	813	533	0
Derivatives	12,352	12,324	7,311	5,013	0

	Carrying amount Dec. 31, 2017 € in K	Cash Flow Dec. 31, 2017 € in K	< 1 year € in K	1 - 5 years € in K	> 5 years € in K
Gross fulfilment					
Forward contracts	1,376	1,375	1,375	0	0
Payment obligation		22,308	22,308	0	0
Payment claim		-20,932	-20,932	0	0
Net fulfilment					
Interest rate swaps	552	552	552	0	0
Derivatives	1,928	3,302	3,302	0	0

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, 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

	Credit line at Dec. 31, 2017	< 1 year € in K	1 - 5 years € in K	> 5 years € in K	Interest rate	Credit line used at Dec. 31, 2017	Credit line unused as of Dec. 31, 2017
Loan from Sartorius AG	300,000	0	300,000	0	Variable	109,481	190,519
Bilateral credit line	40,710	33,679	7,031	0	Variable and fixed	28,610	12,100
Total	340,710	33,679	307,031	0		138,091	202,619

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 €0.8 million (2016: €0.5 million) higher. This effect would have been partially compensated by an increase in the fair values of the interest rate swaps by €0.2 million (€0.3 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 €-0.2 million (2016: -€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

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, 2017 € in K	Paid out € in K	Exercisable
Tranche of phantom stock units for 2013	14,744	17.34	256	0	639	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	365	0	no
Tranche of phantom stock units for 2017	4,794	70.51	338	265	0	no
Total	45,132		1,144	1,772	639	

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 2017 was 4,991 (4,563 in 2016).

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 2017 € in K	Purchases 2017 € in K
Related parties of Sartorius Group	60,292	5,085
	Sales revenue 2016 € in K	Purchases 2016 € in K
Related parties of Sartorius Group	48,063	5,067

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 €1.1 million (€6.9 million in 2016). These commissions are typically calculated as a percentage of the generated sales revenue.

Management Fees and Other Shareholder Costs

One of Sartorius Stedim Biotech S.A.'s board members is also member of the Sartorius AG Executive Board and is paid by the German parent company. For his services for Sartorius Stedim Biotech a portion of his remuneration is charged to Sartorius Stedim Biotech S.A. (€0.8 million in 2017; €1.2 million in 2016 for two board members) and charged to Sartorius Stedim Biotech GmbH (€0.8 million in 2017; €1.4 million in 2016 for two board members).

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 (2016: €0.8 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. €109 million (2016: €51 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 of 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 2017, services for approx. €40.1 million were provided to Sartorius Stedim Biotech GmbH (€36.0 million in 2016). 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 2016 and 2017, 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
2017¹⁾	3,056	1,210	258	184	0	1,404
2016¹⁾	5,765	3,333	329	435	0	1,668

¹⁾ For more information please refer to the chapter Corporate Governance (See pages 79 to 112)

Statutory Auditors' Report on the Consolidated Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2017

Dear Shareholders,

Opinion

In compliance with the assignment entrusted to us by your shareholders' meetings, we have audited the accompanying consolidated financial statements of Sartorius Stedim Biotech S.A. for the year ended 31 December 2017.

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 31 December 2017 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.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities

for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are listed as follows:

<u>Fees - year end 2017</u>		KPMG SA		Deloitte&Associés	
		Statutory auditor		Statutory auditor	
		Amount	%	Amount	%
Audit of statutory and consolidated financial statements and review Report on the Half-yearly financial information					
• Entity		60		54	
• Controlled entities		109		91	
<i>Sub-total A</i>		169	100%	145	89%
Non-audit services required by law and regulation					
• Entity					
• Controlled entities (dividend payment)				2	
<i>Sub-total B</i>		0		2	
Non-audit services requested by the entity					
• Entity					16
• Controlled entities (RSE)					
<i>Sub-total C</i>		0		16	
Services autres que la certification des comptes					
<i>Sous-total D = B + C</i>		0	0%	18	11%
TOTAL E = A + D		169		163	

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Goodwill valuation – Impairment test

Identified risk

As of 31 December 31 2017, goodwill amounts to 386 M€, or 27% of total consolidated assets.

As described in Note 5 to the consolidated financial statements, Sartorius Stedim Biotech is an "integrated solution provider" for its customers, and as a result there is only one operating segment from a product and customer perspective: "Biopharma". In addition, as indicated in Note 16 to the consolidated financial statements, because of the interdependence of the market in which your group operates, the lowest level at which goodwill can be allocated is the Biopharma segment. The goodwill has therefore been fully allocated to the Cash Generating Units (C.G.U.) corresponding to the Biopharma segment.

Goodwill is subject to an annual impairment test and whenever there are indicators of impairment in accordance with the methods and assumptions described in Notes 3 and 16 to the consolidated financial statements. In particular, in view of what has been described above, the impairment test is carried out at the level of the Biopharma segment.

We considered that the determination of the value of goodwill is a key point of our audit given its significance in the consolidated financial statements of your group, and because the determination of the recoverable amount taken into account in the impairment test on the basis of the value in use of the C.G.U. requires the use of estimates and assumptions (including future cash flows, perpetual revenue growth rates and the discount rate) that require significant management judgment.

Responses obtained during our audit

We obtained the impairment test from the C.G.U. group corresponding to the Biopharma segment as well as the forecasts underlying the calculation (4-year plan).

We assessed the compliance of the company's methodology in accordance with applicable accounting standards.

We also conducted an analysis of how the company has implemented this methodology, including the following procedures:

- Assess the reasonableness of the key assumptions used to determine the cash flow of the Biopharma segment as well as that used for the perpetual growth rate;

- Assess, with the support of our valuation specialists, the discount rate used by management. We compared this rate with our own estimates and analysed its various constituent elements;

- Check the arithmetical accuracy of the impairment test performed by your group.

We have also obtained and assessed the sensitivity analyses carried out by management, as shown in Note 16 of the notes to the consolidated financial statements. As a result, we were able to verify that only an extremely large change in the main assumptions could lead to the recognition of an impairment of goodwill.

Lastly, we assessed the appropriateness of the information provided in Notes 3 and 16 to the consolidated financial statements.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Sartorius Stedim Biotech S.A. by the annual general meeting held on 7 April 7 2015 for KPMG S.A. and on 19 May 2006 for Deloitte & Associés.

As at 31 December 2017, KPMG S.A. was in its 3rd year of the audit mandate without interruption and Deloitte & Associés was in its 12th year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction,

supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee [ou autre terminologie retenue par la société pour désigner le comité spécialisé visé à l'article L.823-19 du code de commerce] the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Marseille, 16 February 2018

The Statutory Auditors

French original signed by

John Evans Partner	Christophe Perrau Partner
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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, 2017	Depreciation, amortization and provisions Dec. 31, 2017	Net at Dec. 31, 2017	Net at Dec. 31, 2016
Intangible assets	552	-89	463	492
Property, plant and equipment	23,618	-11,234	12,384	7,225
Financial investments	128,138	0	128,138	128,825
Total non-current assets	152,308	-11,323	140,985	136,542
Inventories and work in progress	0	0	0	0
Trade receivables to third parties	0	0	0	0
Other receivables	23,812	0	23,812	15,979
Deposits and cash equivalents	96		96	3,371
Total current assets	23,907	0	23,907	19,350
Prepaid expenses	49		49	0
Currency translation adjustment	0		0	0
Total assets	176,264	-11,323	164,942	155,892

Parent Company Balance Sheet: Equity and Liabilities (in thousands of €)

	At Dec. 31, 2017	At Dec. 31, 2016
Share capital	18,436	18,436
Share premium	12,609	12,609
Reserves	2,434	2,127
Retained earnings carried forward	27,286	11,982
Profit for the period	49,463	54,324
Regulated provisions	4,088	4,088
Total equity	114,316	103,566
Provisions for liabilities and charges	0	0
Total provisions for liabilities and charges	0	0
Loans and borrowings	0	0
Trade payables	455	170
Tax and social charges payable	96	240
Liabilities for non-current assets	0	0
Other liabilities	50,075	51,916
Total liabilities	50,626	52,327
Currency translation adjustment	0	0
Total equity and liabilities	164,942	155,892

Parent Company: Income Statement (in thousands of €)

	At Dec. 31, 2017	At Dec. 31, 2016
Sales revenue	2,198	1,843
Inventory movements	0	0
Capitalized production costs	0	0
Depreciation or amortization reversals	0	0
Other operating income and expense reallocation	130	1
Purchases consumed	0	0
External charges for services	-3,453	-3,364
Tax and duties	-830	-824
Personnel costs	0	0
Additions to amortization, depreciation and provision	-825	-768
Other operating expenses	-417	-502
Operating profit (EBIT)	(3,197)	(3,613)
Net financing income (expense)	47,108	53,394
Profit (loss) from ordinary activities	43,911	49,781
Exceptional income (expense)	0	0
Income tax	5,552	4,543
Net profit (loss)	49,463	54,324

1. Materiel Events during the Year

None

- Software:	One to three years
- Patents:	Twenty years
- Leasehold:	Eighteen years (Based on the period of use).

2. Materiel Events after the Reporting date

None

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.

3. Accounting Principles and Methods

The parent company's financial statements for the year ended December 31, 2017, were prepared and presented in accordance with French accounting rules in compliance with the principles of prudence, reporting on distinct financial years and the presumption 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, 2017.

Sartorius Stedim Biotech S.A. is consolidated by Sartorius A.G.

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.

3.1.1. Intangible Assets

The following is thus valued 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

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, 2016	Increase in 2017	Decrease in 2017	At Dec. 31, 2017
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	61	28	0	89
Net amount	492	-28	0	464

4.2. Property, Plant and Equipment

Gross values	At Dec. 31, 2016	Increase in 2017	Decrease in 2017	At Dec. 31, 2017
Land	496	0	0	496
Buildings	15,043	517	0	15,561
Plant and equipment	0	0	0	0
Other	1,809	318	0	2,127
Property, plant and equipment in progress	313	5,944	-823	5,434
Total	17,662	6,779	-823	23,618
Amortization and depreciation	At Dec. 31, 2016	Addition	Release	At Dec. 31, 2017
Buildings	9,874	514	0	10,388
Plant and equipment	0	0	0	0
Other	563	283	0	846
Total	10,437	797	0	11,234
Property, plant and equipment, net	7,225	5,982	-823	12,384

The increase in tangible assets includes fixtures and fittings for a net amount of €12K and assets under construction for an amount of €5,944K including a prepayment paid for the purchase of assets in the frame of the activity's development.

4.3. Financial Investments

Investments	At Dec. 31, 2016	Increase in 2017	Decrease in 2017	At Dec. 31, 2017
Shareholdings	127,977		0	127,977
Write-down of shareholdings	0	0	0	0
Deposits and guarantees	192	-32		160
Treasury shares	353	0	-353	0
Write-down of treasury shares	0	0	0	0
Other non-current assets	303	0	-303	0
Total	128,825	-32	-656	128,137

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.

The liquidity contract between the entity Sartorius Stedim Biotech S.A. and the brokerage company Gilbert Dupont ended the 3rd of November 2017. Therefore, Sartorius Stedim Biotech does not hold any shares of SSB S.A. in portfolio.

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	160	160	
Non-current assets	160	160	0
Advance payments on account	0	0	0
Trade receivables	0	0	0
Personnel	0	0	0
Social security	0	0	0
Taxes and duties	8,533	8,533	0
Group	15,269	15,269	0
Other receivables	10	10	0
Current assets	23,812	23,812	0
Prepaid expenses	49	49	0
Total receivables	24,021	24,021	0

The "Group" item for receivables from Group subsidiaries (€15,269 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" (€8,533 K) captures 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	450	450	0	0
- <i>including bills of exchange</i>	0	0	0	0
Advances and payments on account for orders	0	0	0	0
Tax and social security payable	96	96	0	0
Liabilities for non-current assets	5	5	0	0
Group and associates	49,757	49,757	0	0
Other	318	318	0	0
Total liabilities	50,626	50,626	0	0

The "Group" item for liabilities from Group subsidiaries (€49,757 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 €224 K and concerned the following items:

Type of expense	At Dec. 31, 2017
Accrued banking charges	0
Suppliers' invoices to be received	161
Paid vacation including social charges	0
Bonuses, including social charges and profit sharing	0
Social security payable	63
Taxes payable	0
Employee profit sharing	0
Total charges payable	224

7. Parent Company Statement of Changes in Equity (in thousands of €)

7.1. Equity

At December 31, 2016, the share capital was €18,436 K, comprising 92,180,190 shares of a €0.20 par value.

At December 31, 2017, 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 4, 2017, approved the appropriation of the net profit for the year of €54,324 K, as follows:

- Allocation to the retained earnings carried forward: - €15,304 K
- Paid into the legal reserves: - €307 K

A dividend total of €38,713 K, or a net dividend per share of €0.42, was paid.

	Appropriation of profit in 2016			Movements 2017		Equity before appropriation of profit in 2017
	Before	Changes	After	Increases	Decreases	
Number of shares:	92,180,190		92,180,190			92,180,190
Share capital	18,436		18,436			18,436
Share premium	0		0			0
Merger premium	12,609		12,609			12,609
Legal reserve	1,537	307	1,844			1,844
Other reserves	591		591			591
Balance carried forward	11,982	15,304	27,286			27,286
Dividends paid	0	38,713	38,713		(38,713)	0
Net profit to be appropriated	54,324	(54,324)	0			0
Profit for the reporting year			0	49,463		49,463
Regulated provisions	4,088		4,088			4,088
Total	103,567	0	103,566	49,463	-38,713	114,316

7.2. Stock Options

None

8. Risks and Provisions (in thousands of €)

8.1. Provisions

Type of provision	Provisions at Dec. 31, 2016	Additions 2017	Releases 2017	Provisions at Dec. 31, 2017
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, 2017, 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. and Sartorius Stedim FMT 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 2017, the net impact according to the consolidation rules of the French tax integration regime for tax relief is an income of €3,346 K. Taking into account the reimbursement by the state of the dividend tax for the years 2013 to 2017, the tax credits, the company SSB holds a receivable from the State of €8,533 K.

9. Operating Income (in thousands of €)

9.1. Sales Revenue by Operating Segment

Operating segment	At Dec. 31, 2017	%	At Dec. 31, 2016	%
Services	2,198	100%	1,843	100%
Total	2,198	100%	1,843	100%

9.2. Sales Revenue by Geographical Region

Geographical region	At Dec. 31, 2017	%	At Dec. 31, 2016	%
France	2,198	100%	1,843	100%
Export	0		0	0%
EU and other countries	0		0	
North American continent	0		0	
Total	2,198	100%	1,843	100%

The Sale revenue corresponds to the rent invoiced to 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, 2017			At Dec. 31, 2016		
	Profit before tax	Income tax charge	Profit after tax	Profit before tax	Income tax charge	Profit after tax
Gross taxable income	43,911	5,552	49,463	49,781	1,373	51,154
Exceptional income (expense)	0	0	0	0	0	0
French tax integration relief	0		0	0	3,170	3,170
Net taxable income	43,911	5,552	49,463	49,781	4,543	54,324

11. Information on Directors' Remuneration

Remuneration allocated and paid to members of the Board of Directors as directors' meeting attendance fees amounted to €284.4 K. These fees related to the 2016 fiscal year and were paid in 2017.

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 €1,326 K.

12. Off-Balance Sheet Commitments (in thousands of €)

Type of commitment	Comment	At Dec. 31, 2017	At Dec. 31, 2016
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 Improvements	227	1,071	0	1,298	0
Total	227	1,071	0	1,298	
Leasing					
	Historical value	Payments for the Year	Cumulative Payments	Depreciation for the Year	Cumulative Depreciation
Tangible Assets					
Buildings and Improvements	2,391	268	1,228	223	434
Total	2,391	268	1,228	223	434

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, Otto-Brenner-Strasse 20, 37079 Goettingen (Germany).

In the following, you will find the table of the main amounts with the related parties:

Items	At Dec. 31, 2017	At Dec. 31, 2016
Investments	127,977	127,977
Trade receivables	896	766
Other receivables	14,372	9,860
Trade payables	0	0
Other liabilities	49,960	51,504
Income from investments	48,409	54,965
Other financial income	15	7
Finance expense	1,727	1,560

In the following, you will find the table of subsidiaries and shareholdings:

At Dec. 31, 2017	Reserves, share premium and retained earnings before appropriation			Ownership in %	Book value of shares held Gross	Book value of shares held Net	Loans outstandi ng and advances granted	Changes in deposits and pledges	Sales (ex-VAT) - for the financial year	Net profit	Dividends received
	Share capital										
Sartorius Stedim Biotech GmbH				100.00%							
(Euros)	6,000	299,853			79,949	79,949	-9,806	0	496,937	82,637	45,000
Sartorius Stedim FMT S.A.S.				100.00%							
(Euros)	42,940	-7,597			42,940	42,940	-2,885	0	148,938	-7,061	0
Sartorius Stedim Bioprocess SARL				99.99%							
(Dinars)	5,950	779							66,983	3,360	3,342
(Euros)					3,132	3,132	5,832	0	22,493	1,128	1,198
Sartorius Stedim RUS				100.00%							
(Rubles)	8,000	5,554							154,151	-5,851	0
(Euros)		80			109	109	0	0	2,221	-84	0
Sartorius Stedim Aseptics S.A.				100.00%							
(Euros)	448	5,145			1,848	1,848	-6,999	0	10,181	2,852	2,200
At Dec. 31, 2016	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held Gross	Book value of shares held Net		Loans outstandi ng and advances granted	Changes in deposits and pledges	Sales (ex-VAT) - for the financial year	Net profit	Dividends received
Sartorius Stedim Biotech GmbH				100.00%							
(Euros)	6,000	85,581			79,949	79,949		0	450,547	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)	99	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

Statutory Auditors' Report on the Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2017

Dear Shareholders,

Opinion

In compliance with the assignment entrusted to us by your shareholders' meetings, we have audited the accompanying financial statements of Sartorius Stedim Biotech S.A. for the year ended 31 December 2017.

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 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are listed as follows:

Fees - year end 2017	KPMG SA		Deloitte&Associés	
	Statutory auditor		Statutory auditor	
	Amount	%	Amount	%
Audit of statutory and consolidated financial statements and review Report on the Half-yearly financial information				
• Entity	60		54	
• Controlled entities	109		91	
	<i>Sub-total A</i>	169	100%	145
				89%
Non-audit services required by law and regulation				
• Entity				
• Controlled entities (dividend payment)			2	
	<i>Sub-total B</i>	0		2
Non-audit services requested by the entity				
• Entity			16	
• Controlled entities (RSE)				
	<i>Sub-total C</i>	0		16
Services autres que la certification des comptes				
	<i>Sous-total D = B + C</i>	0	0%	18
				11%
TOTAL E = A + D	169		163	

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823 - 9 and R.823 - 7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, concerned the appropriateness of the accounting principles applied, the reasonableness of the significant estimates used and the overall presentation of the accounts.

These assessments were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and other documents sent to Shareholders on the financial position and the financial statements

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 other documents provided to Shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We certify the existence, in the report of the Board of Directors on corporate governance, of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, 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 controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Other informations

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Sartorus Stedim Biotech S.A. by the annual general meeting held on 7 April 2015 for KPMG S.A. and on 19 May 2006 for Deloitte & Associés.

As at 31 December 2017, KPMG S.A. was in its 3rd year of the audit mandate without interruption and Deloitte & Associés was in its 12th year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822 - 10 to L.822 - 14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee [ou autre terminologie retenue par la société pour désigner le comité spécialisé visé à l'article L.823 - 19 du code de commerce] the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Marseille, 16 February 2018

The Statutory Auditors

French original signed by

John Evans
Partner

Christophe Perrau
Partner

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

The company is a 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 2017, 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, depreciation 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 incorporated 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 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.

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, 2017, there were 68,862,437 shares with a double voting right out of a total of 68,909,084 shares. Thus, the total voting rights are 137,771,521.

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

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 2018 totaled million €40.1 against million €36 in 2017.

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 13/08/2027			16/11/2007 No. 962279 16/11/2027 + AU CH KR RU SG TR VN	17/08/2007 No. 3709002 10/11/2019		14/01/2008 7 Trademarks 5 Trademark Applications			09/11/2007 No. TMA844101 21/02/2028
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 02/01/2027					
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	
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 30/05/2027		18/01/1979 No. 1107903 18/01/2020	
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. 1125952 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 24/01/2027					
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 04/03/2027	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 02/09/2027		27/02/1998 No. 2414947 26/12/2020			03/09/2003 No. 810250 03/09/2023		
PALLENTANK	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. 0013344266 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 Trademarks			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 335 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 13 Trademarks		19/11/2007 13 Trademarks	18/01/2008 13 Trademarks
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 27/05/2027	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 13/04/2027							24/11/2004 No. 4379959 21/06/2018			
SARTOFLOW											
SARTOPORE	02/02/2000 No. 4495393 03/08/2021								12/11/2014 2 Trademarks		
FLEXBOY											
FLEXEL	02/03/1998 No. 4470133 27/04/2021										
PALLETTANK	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. 2857836 12/12/2026		

Apart from the trademarks mentioned above, the Sartorius Stedim Biotech Group is the owner / applicant of 335 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 31 December 2017

To the Shareholders,

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 from prior years not approved by the General meeting of the shareholders

We hereby inform you that the following agreements and commitments, authorized during the year end 2017, which were mentioned in our special report on related party agreements and commitments for the year end 2016 and which were not approved by the General meeting of shareholders approving the financial statements for the year end 2016.

- Regulated commitments concerning
Mr Joachim Kreuzburg
- With the company Sartorius AG (SAG 74, 3% shareholder of 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: 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 Sartorius Stedim Biotech S.A. upon their occurrence for 20% of their amount.

Agreements and commitments already approved by the general meeting of shareholders

Agreements and commitments approved in previous financial years, which continued during the past year

In accordance with articles R. 225-30 of the French Commercial Code, we have been informed that the execution of the following agreements and commitments, already approved by the General meeting of shareholders in previous financial years, continued during the past financial year.

- 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.)

- Person concerned: Mr Joachim Kreuzburg (Chairman and Chief Executive Officer of SSB SA and Chief Executive Officer of the Executive Committee of SAG).

- Nature and purpose: general assistance and administrative services agreement signed on 16 February 2017 with retrospective effect commencing 1 January 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 in respect of the services he performs and provides within the company.

- Details: the recharge of the said services of the person concerned is calculated using an allocation based on work performed and time spent by each of the executive for the benefit of SSB S.A.

The amounts invoiced (excluding tax) by SAG to SSB S.A. for the years ended 31 December 2016 and 2017 are detailed below:

- Year end 2017 : €. 759 996
- Year end 2016 : €. 701 905

Marseille, 16 February 2018

The Statutory Auditors

French original signed by

KPMG Audit A division of KPMG S.A.	Deloitte & Associés
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John Evans Partner	Christophe Perrau Partner
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Resolutions Submitted to the Annual Combined Shareholders' Meeting on April 3, 2018

Dear Sir/Madam Shareholder,

We have summoned you in a combined Annual General Shareholders' Meeting in order to submit for your approval the twenty-one 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 2017 financial year.

RESOLUTIONS SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING

First resolution

(Approval of financial statements for the year ended 31 December 2017 and discharge to all Directors)

The Shareholders' meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, after having considered the corporate accounts for the year ended 31 December 2017 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 2017, which disclosed a net profit of €49 463 148 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 2017)

The Shareholder's Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings has, after having considered the corporate consolidated accounts for

the year ended 31 December 2017 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 2017, which disclosed a net profit of €163 763 200 as presented, and the transactions reflected in these financial statements or summarized in these reports.

Third resolution

(Assignment of the financial result for the financial year ended 31 December 2017 and setting of the dividend)

The Annual Shareholders' meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, has decided to assign as follows, the income for the year ended 31 December 2017 totaling €49 463 148.

The following is to be added: Year-earlier profit carried forward: €27 285 623

This would yield a distributable profit of €76 748 771

Total amount of dividends to be disbursed to shareholders €42 402 887

Balance resulting from disbursement: €34 345 884 forward to the next year.

The remaining amount of €34 345 884 to be carried forward to the next year now amounting €34 345 884

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 €0.46

The dividend will be paid as from 11 April 2018.

The distributed amount of €0.46 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.

The Shareholders' meeting acknowledges, pursuant to Article 243bis of the French general tax code, that the dividends paid for the last three financial years are the following:

Exercise	Dividend ¹⁾	Amount eligible for the 40% abatment	Amount not eligible for the 40% abatment	Dividend per shares ¹⁾
2016	38,713,209	38,713,209	0 €	0.42€
2015	30,734,476	30,734,476	0 €	2.00€
2014	19,967,009	19,967,009	0 €	1.30€

Fourth 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 applicable to Ordinary Shareholders' Meetings, after having considered the report of the Board of Directors and 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 conclusion of said reports and approves the regulated agreements which are mentioned in said special report.

Shareholders who are parties to the regulated agreement mentioned in the special report cannot vote this resolution.

Fifth 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 applicable to Ordinary Shareholders' Meetings, after having considered the Board of Directors' report, approves the overall annual amount of the attendance fees allocated for the 2017 financial year and the followings years to come, until the Shareholders' Meeting decides otherwise, amounting to €313 000.

The Shareholders' Meeting grants full powers to the Board of Directors for allowing such attendance fees among its members, in whole or in part, and on such terms as it may determine.

Sixth resolution

(Approval of the fixe, variable and extraordinary components of the remuneration and the benefits of all kinds due or awarded to the Chairman and Chief Executive Officer for the 2017 financial year)

The Shareholder's Meeting, pursuant to the article L. 225-100 II of the French commercial code, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, and after having considered the corporate governance report of the Board of Directors, approves the fixe, variable and extraordinary components of the remuneration and the benefits of all kinds due or awarded to Mr. Joachim Kreuzburg, Chairman and Chief Executive Officer, for the 2017 financial year.

Seventh resolution

(Approval of the criteria and principles for determining, allocating and awarding components of the compensation and benefits of the Chairman and Chief Executive Officer for the 2018 financial year)

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, after having considered the report of the Board of Directors established pursuant to Article L.225-37-2 of the French commercial code, approves the criteria and principles for determining, allocating and awarding components of the compensation and benefits of Mr. Joachim Kreuzburg, Chairman and Chief Executive Officer, for the 2018 financial year.

Eighth resolution

(Renewal of the term of Mrs. Anne-Marie Graffin as Director)

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, and having considered the Board of Directors's report, indicates that the term of Mrs. Anne-Marie Graffin, as a Director of the Company, is due to expire today, and, in that regard, resolves to approve the renewal of this term of duty for a new three-year term to expire at the end of the Annual Shareholders' Meeting of 2021 convened to approve the financial statements of the financial year ending 31 December 2020.

Mrs. Anne-Marie Graffin, whose term is duly renewed, accepts such renewal of her functions and declares that no incompatibility or prohibition prevents her renewal.

Ninth resolution

(Renewal of the term of Mrs. Susan Dexter as Director)

The Shareholders' Meeting in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, and having considered the Board of Directors's report, indicates that the term of Mrs. Susan Dexter, as a Director of the Company, is due to expire today, and, in that regard, resolves to approve the renewal of this term of duty for a new three-year term to expire at the end of the Annual Shareholders' Meeting of 2021 convened to approve the financial statements of the financial year ending 31 December 2020.

Mrs. Susan Dexter, whose term is duly renewed, accepts such renewal of her functions and declares that no incompatibility or prohibition prevents her renewal.

Tenth resolution

(Ratification of the cooptation of Mr. Lothar Kappich as Director)

The Shareholders' Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, pursuant to Article L225-24 of the French Commercial Code and 6.7 section 3 of the Company's bylaws, after having considered the report of the Board of Directors, ratifies the cooptation of Mr. Lothar Kappich as Director on September 14, 2017, to replace Mr. Arnold Picot, who passed away on July 9, 2017, until the expiry of the directorship of the latter, i.e., until the Shareholders' Meeting of 2019 convened to approve the financial statements of the financial year ending 31 December 2018.

Eleventh resolution

(Renewal of the term of DELOITTE ET ASSOCIES as Statutory Auditors)

The Shareholder's Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, and after having considered the report of the Board of Directors, notes

the end of DELOITTE ET ASSOCIES' term as Statutory Auditors and decides to approve the Statutory Auditor for a new six years term, i.e. until the Shareholders' Meeting of 2024 convoked to approve the financial statements of the financial year ending 31 December 2023.

The Shareholder's Meeting, has been informed that the Statutory Auditors have not been involved in any merger or transaction involving the Company or its controlled Affiliates over the past two years.

Twelfth resolution

(End of term of BEAS as Substitute Auditors)

The Shareholder's Meeting, in accordance with the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, after having considered the report of the Board of Directors, notes the end of BEAS' term as Substitute Auditors and decides not to re-appoint nor replace the Alternate Auditor.

Thirteenth resolution

(Authorization granted to the Board of Directors to enable the Company to trade in its own shares)

The Shareholders' Meeting, having fulfilled the quorum and majority requirements applicable to Ordinary Shareholders' Meetings, having considered the report of the Board of Directors, in compliance with the provisions of articles L. 225-209 et seq. of the French Commercial Code, the directly applicable provisions of the European Commission regulation no. 2273/2003 of 22nd December 2003, the General regulation of the Autorité des marchés financiers (AMF - Financial Market Authority), and the market practices accepted by the AMF:

1) authorizes the Board of Directors, having the right to sub-delegate in compliance with applicable laws and regulations, to make the Company acquire, hold, or transfer, on one or more occasions, shares of the Company in connection with the implementation of a share buy back program subject to the provisions of Articles L. 225-209 et seq. of the French Commercial Code;

2) decides that the acquisition, sale or transfer of such shares may be effected by any means on the market or over-the-counter, including through the acquisition of blocks of shares; these means include the use of any derivative financial instrument traded

on a regulated market or over-the-counter or the delivery of shares as a result of the issuance of securities giving access to the Company's capital through conversion, exchange, redemption, exercise of a warrant or in any other manner either directly or through an investment service provider; the maximum share of the capital acquired or transferred in blocks may reach the entire program; these transactions may be carried out at any time, including during periods of public offer on the capital of the Company, in compliance with the regulations in force;

3) decides that the share buy back program will have, as objective to promote liquidity and stimulate the market price of the Company's shares under a liquidity contract in accordance with the AMAFI Code of Ethics recognized by the AMF;

4) decides that the terms and conditions of the share buy back program are the followings:

duration of the program: a maximum of 18 months, starting from the date of the present Shareholders' Meeting and expiring on the date when any Shareholders' Meeting of the Company adopts a new share buy back program or, alternatively, on 3 October 2019;

maximum redemption percentage: 0.10% of the share capital, ie 92 180 shares on the basis of 92 180 190 shares making up the share capital at the date of this Shareholders' Meeting; being specified that this limit applies to an amount of the share capital of the Company, which may be adjusted by the Board of Directors to take account of transactions affecting the share capital after the date of the present Shareholders' Meeting, the acquisitions made by the Company can not in any case cause it to hold, directly or indirectly through its subsidiaries, more than 10% of its share capital;

when the shares are acquired in order to encourage the liquidity of the Company's shares under the conditions defined by the AMF's general regulations, the number of shares taken into account for the calculation of this limit will correspond to the number shares purchased net of the number of shares resold during the term of the authorization;

maximum unit purchase price (excluding fees and commissions): 150 euros, ie a maximum theoretical amount allocated to the share buyback program of 13 827 000 euros on the basis of the maximum percentage of 0.10%, excluding trading costs the maximum theoretical amount will be adjusted by the Board of Directors to take into account transactions

affecting the share capital after the date of this Shareholders' Meeting.

5) The dividends attached to the treasury shares of the Company shall be affected to the retained earnings account;

6) The Shareholders' Meeting grants to the Board of Directors, with right to sub-delegate in compliance with applicable laws and regulations, all necessary powers to implement this authorization and in particular to establish the terms and conditions of the share buy-back program in compliance with applicable laws and with the present resolution, and notably to proceed, as the case may be, with any adjustment required by transactions on the share capital; to place any purchase order on the stock market; to enter any agreement, notably for the keeping of registers of sale and purchase of shares, to make any and all declarations to the AMF and any other organization, to carry out all formalities, and more generally, to take all appropriate measures;

7) This authorization invalids any prior authorization given on an identical subject matter.

Fourteenth 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.

RESOLUTIONS SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

Fifteenth resolution

(Delegation of authority granted to the Board of Directors 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, with preferential subscription rights of the shareholders)

The Shareholders' Meeting, having fulfilled the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and the Statutory Auditors' special report and after having acknowledged that the share capital has been fully paid-up, and in accordance with the provisions of

articles L. 225-129 to L. 225-129-6, L. 225-132 to L. 225-134 and L. 228-91 to L. 228-93 of the French Commercial Code:

- 1) delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with the applicable law and regulations, to proceed with, in one or several times, in France or abroad, in the proportion and at the times it considers appropriate, in euro or in any other currency or monetary unit established by reference to a basket of currencies, with preferential subscription rights of the shareholders maintained, (i) the issuance of shares, other than preference shares, and/or of securities of any kind whatsoever, other than securities giving the right to the issuance of preference shares, giving access to the share capital of the Company, in new or existing shares, and/or (ii) the issuance of securities giving the right to the allotment of debt instruments, for valuable consideration or free of consideration, governed by articles L. 228-91 et seq. of the French Commercial Code, it being specified that the shares and securities referred to in (i) and (ii) above may be subscribed for either in cash or by way of compensation of receivables, certain due and payable held upon the Company;
- 2) delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, in one or several times, in France or abroad, in the proportion and at the times it considers appropriate, in euro or in any other currency or monetary unit established by reference to a basket of currencies, with preferential subscription rights of the shareholders maintained, (i) the issuance of securities giving access to the share capital of companies in which the Company holds directly or indirectly more than half of the share capital and/or (ii) the issuance of securities giving access to the share capital of any company which directly or indirectly holds more than half of the Company's share capital, subject to the authorization by the competent body of the companies referred to in (i) and (ii) above;
- 3) sets the following limits to the amounts of the issuances that may be carried out pursuant to the present delegation of authority:

the nominal amount of the share capital increase or share capital increases that may be carried out immediately or in the future pursuant to this delegation of authority, shall not exceed a maximum amount of two million euros €2,000,000.00 , or the equivalent value of this amount as at the date of the issuance decision, not including the nominal value of the shares to be issued, if applicable, pursuant to the adjustments made in order to protect the rights of the holders of

securities giving access to the Company's share capital, in accordance with applicable law and regulations as well as contractual provisions, it being specified that the limits of the nominal amount of the capital increases, with or without preferential subscription rights of the shareholders, set in the sixteenth to twenty-first resolutions of this Shareholders' Meeting shall be deducted from this overall limit;

the nominal value of the debt instruments that may be issued pursuant to this delegation of authority shall not exceed a maximum amount of five hundred million euros (€500,000,000.00), or the equivalent value of this amount as at the date of the issuance decision, it being specified that (i) this amount does not include any above-par reimbursement premium, if any were provided for and (ii) the limits of issuance of debt instruments set in the sixteenth to twenty-first resolutions of this Shareholders' Meeting shall be deducted from this overall limit.

4) The Shareholders' Meeting:

resolves that the Company's shareholders will have a preferential right to subscribe for the issuance or issuances of shares and/or securities that the Board of Directors may decide pursuant to this delegation of authority on an irreducible basis in proportion of the number of shares then owned by them;

notes that the Board of Directors may grant Shareholders additional preferential rights by introducing a reducible subscription right exercisable in proportion to Shareholders' existing preferential rights and within the limits of their requests;

notes that this delegation of authority automatically entails, to the benefit of the holders of securities which may be issued pursuant to this delegation of authority, an express waiver by the shareholders of the Company of their preferential subscription rights in respect of the shares to which securities may give access immediately or in the future;

notes that, pursuant to article L. 225-134 of the French Commercial Code, if irreducible, and, if applicable, reducible subscriptions do not absorb the entirety of the issuance of the shares or the securities giving access to the share capital of the Company, the Board of Directors may use, on the conditions provided by law and in the order as it shall determine, any or all of the options listed below:

to limit the capital increase to the amount of the subscriptions, provided that said amount equals at least three quarters of the amount of the issuance decided upon;

to freely allocate some or all the unsubscribed shares or securities giving access to the share capital of the Company;

to offer all or part of the unsubscribed shares or securities giving access to the share capital of the Company to the public on French market or abroad;

resolves that any issuance of warrants giving entitlement to subscribe for the Company's shares may also be made by way of free allocations to the owners of existing shares, it being specified that the Board of Directors may decide that fractional allotment rights will be neither negotiable nor transferable and that the corresponding securities will be sold; and

acknowledges that the Board of Directors shall report on the use made by it of such delegation of authority to the next ordinary shareholders' meeting in accordance with applicable laws and regulations.

5) The Shareholders' Meeting grants the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, with all powers to implement this delegation of authority and, in particular:

decide the share capital increase and determine the nature of the shares and/or the securities to be issued;

decide the amount of the share capital increase, the issue price of the shares and/or securities to be issued and, if applicable, the amount of the issue premium;

determine the dates, the terms and conditions of the share capital increase, the characteristics of the shares and/or securities to be issued, in addition, in the case of bonds or other debt instruments, determine whether or not they are subordinated and, if so, their level of subordination, in accordance with the provisions of article L. 228-97 of the French Commercial Code, set their interest rate (interest rate which may be fixed or variable, or zero-coupon or indexed), specify any circumstances of compulsory or optional suspension or cancellation of interest payments, stipulate their term (fixed or perpetual) and the possibility of a reduction or increase in their nominal value, and set the other terms of issuance, including the granting of guarantees or security interests, and of amortization, including the possibility of redemption by delivery of Company assets; if necessary, such securities may be accompanied by warrants entitling their holders to the allotment, acquisition or subscription of bonds or other debt instruments as defined by the market authorities (for example, due to their redemption or remuneration terms or other rights such as indexation or option

rights); and amend, during the term of the relevant shares and/or the securities, the above terms, in compliance with the applicable formalities;

determine the means of payment of the shares and/or of the securities giving access or that may give access to the share capital of the Company to be issued immediately or in the future;

set, where necessary, the terms for the exercise of rights, such as rights to conversion, exchange or redemption as the case may be, including by delivery of Company assets such as shares and/or securities already issued by the Company, attached to the shares and/or securities giving access or that may give access to the share capital of the Company to be issued immediately or in the future and, in particular, the period, which may be retrospective, from which dividends will be payable on the new shares, as well as all other terms and conditions of the completion of the share capital increase(s);

set the terms under which the Company will have, if necessary, at any time or during fixed periods, the right to purchase or exchange on the stock exchange or off-market securities giving access to the share capital of the Company issued or to be issued immediately or in the future with the purpose of canceling such securities or not, taking into account the applicable legal provisions;

determine the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to shares may be temporarily suspended;

at its own discretion, charge the costs of capital increases against the premium arising thereon and deduct from this premium the sums necessary to increase the legal reserve;

determine and make all adjustments to take account of the impact of transactions involving the share capital of the Company, in particular a change in the nominal value of the share, increase in share capital by incorporation of reserves, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or of any other assets, redemption of capital or any other transaction affecting shareholders' equity or the share capital, and set all other terms enabling, where necessary, the rights of holders of securities giving access to the share capital of the Company to be preserved;

duly record completion of each capital increase carried out pursuant to this delegation of authority and make the necessary amendments to the articles of association of the Company; and

generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and accomplish all formalities required for the issuance, listing and financial administration of shares and/or securities issued under this delegation of authority and the exercise of the rights attached thereto.

This delegation of authority is granted for a period of twenty-six (26) months as of the date of this Shareholders' Meeting and renders ineffective as of this date and within the limit, as the case may be, of the unused portion, any previous delegation of authority with the same purpose.

Sixteenth resolution

(Delegation of authority granted to the Board of Directors to issue shares and/or securities giving or capable of 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 public offerings)

The Shareholders' Meeting, having fulfilled the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and the Statutory Auditors' special report and after having acknowledged that the share capital has been fully paid-up, and in accordance with the provisions of articles L. 225-129 through L. 225-129-6, L. 225-134 through L. 225-136 and L. 228-91 through L. 228-93 of the French Commercial Code:

1) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, through public offerings, in one or several times, in France or abroad, in the proportion and at the times it considers appropriate, in euro or in any other currency or monetary unit established by reference to a basket of currencies, (i) the issuance of shares, other than preference shares, and/or of securities of any kind whatsoever, other than securities giving the right to the issuance of preference shares, giving access to the share capital of the Company, in new or existing shares, and/or (ii) the issuance of securities which are equity securities giving access to other equity securities or giving the right to the allotment of debt

instruments, for valuable consideration or free of consideration, governed by articles L. 228-91 et seq. of the French Commercial Code, it being specified that the shares and securities referred to in (i) and (ii) above may be subscribed for either in cash or by way of compensation of receivables, certain due and payable held upon the Company.

2) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, through public offerings, in one or several times, in France or abroad, in the proportion and at the times it considers appropriate, in euro or in any other currency or monetary unit established by reference to a basket of currencies, the issuance of shares and/or of securities giving or capable of giving access to the share capital of the Company following the issuance by the companies that the Company holds directly or indirectly more than half of the share capital or by any company which directly or indirectly holds more than half of the Company's share capital, of securities giving or capable of giving access to the share capital of the Company; this delegation of authority automatically entails an express waiver by the shareholders of their preferential subscription rights in respect of the shares and/or the securities giving or capable of giving access to the share capital of the Company to which these securities may give access;

3) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, through public offerings, in one or several times, in France or abroad, in the proportion and at the times it considers appropriate, in euro or in any other currency or monetary unit established by reference to a basket of currencies, (i) the issuance of securities giving access to the share capital of companies in which the Company holds directly or indirectly more than half of the share capital and/or (ii) the issuance of securities giving access to the share capital of any company which directly or indirectly holds more than half of the Company's share capital, subject to the authorization by the competent body of the companies referred to in (i) and (ii) above;

4) Sets the following limits to the amounts of the issuances that may be carried out pursuant to this delegation of authority:

the nominal value of the share capital increase or share capital increases that may be carried out immediately or in the future pursuant to this delegation of authority shall not exceed a maximum amount of two million euros (€2,000,000.00), or the equivalent value of this amount as at the date of the

issuance decision, not including the nominal value of the shares to be issued, if applicable, pursuant to the adjustments made in order to protect the rights of the holders of securities giving access to the Company's share capital, in accordance with applicable law and regulations as well as contractual provisions, it being specified that the nominal value of the share capital increases carried out pursuant to this delegation of authority shall be deducted from the overall limit set in paragraph 3.a/ of the fifteenth resolution of this Shareholders' Meeting;

the nominal value of the debt instruments that may be issued immediately or pursuant to this delegation of authority shall not exceed a maximum amount of five hundred million euros (€500,000,000.00), or the equivalent value of this amount as at the date of the issuance decision, it being specified that (i) this amount does not include any above-par reimbursement premium, if any were provided for and (ii) the nominal value of the debt instruments shall be deducted from the overall limit set in paragraph 3.b/ of the fifteenth resolution of this Shareholders' Meeting;

5) Resolves to waive the shareholders' preferential subscription rights on the shares and/or securities which may be issued pursuant to this delegation of authority, it being specified that the Board of Directors may grant shareholders a priority subscription period, in respect of all or part of the issuance of shares and/or securities giving access to the share capital of the Company for such period and on such terms as it shall determine in accordance with the provisions of article L. 225-135 paragraph 5 of the French Commercial Code, this priority subscription period shall not give rise to the creation of negotiable rights, shall be exercised in proportion to the number of shares owned by each shareholder and may be exercised, as the Board of Directors considers appropriate, on a reducible and irreducible basis, it being specified that shares and/or securities not subscribed for in said manner will be the subject to a public offering in France or abroad.

6) Notes that this delegation of authority automatically entails, to the benefit of the holders of securities giving or capable of giving access to the share capital of the Company, which may be issued pursuant to this delegation of authority, an express waiver by the shareholders of their preferential subscription rights in respect of the shares to which securities may give access immediately or in the future;

7) Notes that, pursuant to article L. 225-134 of the French Commercial Code, if the subscriptions, including when applicable, the subscriptions made by the shareholders of the Company, do not absorb the entirety of the issuance, the Board of Directors may use, on the conditions provided by law and in the order as it shall determine, any or all of the options listed below:

amount equals at least three quarters of the amount of the issuance decided upon;

to freely allocate some or all the unsubscribed shares or securities;

8) Notes that pursuant to article L. 225-136 of the French Commercial Code:

the issue price of the shares to be issued shall be at least equal to the minimum set forth by applicable law and regulations as at the date of the issuance decision;

the issue price of the securities giving or capable of giving access to the share capital of the Company to be issued shares shall be such that the amount collected by the Company immediately, increased if applicable, by the amount which could be collected later on by the Company shall be, for each share issued consequently to the issue of these securities, at least equal to the amount set forth in the paragraph above;

9) States that the Board of Directors shall report on the use made by it of such delegation of authority to the next ordinary shareholders' meeting in accordance with applicable laws and regulations.

10) The Shareholders' Meeting grants the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, with all powers to implement this delegation of authority and, in particular:

decide to increase the share capital and determine the nature of the shares and/or the securities to be issued;

decide the amount of the capital increase, the issue price of the shares and/or securities to be issued and, if applicable, the amount of the issue premium;

determine the dates, terms and conditions of the capital increase or increases, the characteristics of the shares and/or securities to be issued; in addition, in the case of bonds or other debt instruments, determine whether or not they are subordinated and, if so, their level of subordination, in accordance with the provisions of article L. 228-97 of the French Commercial Code, set their interest rate (interest rate

which may be fixed or variable, or zero-coupon or indexed), specify any circumstances of compulsory or optional suspension or cancellation of interest payments, stipulate their term (fixed or perpetual) and the possibility of a reduction or increase in their nominal value, and set the other terms of issuance, including the granting of guarantees or security interests, and of amortization, including the possibility of redemption by delivery of Company assets; if necessary, such securities may be accompanied by warrants entitling their holders to the allotment, acquisition or subscription of bonds or other debt instruments as defined by the market authorities (for example, due to their redemption or remuneration terms or other rights such as indexation or option rights); and amend, during the term of the shares and/or the securities in question, the above terms, in compliance with the applicable formalities;

determine the means of payment of the shares and/or of the securities giving or capable of giving access to the share capital of the Company to be issued immediately or in the future;

set, where necessary, the terms for the exercise of rights, such as rights to conversion, exchange or redemption as the case may be, including by delivery of Company assets such as shares or securities already issued by the Company, attached to the shares and/or securities giving access to the share capital of the Company to be issued immediately or in the future and, in particular, the period, which may be retrospective, from which dividends will be payable on the new shares, as well as all other terms and conditions of the completion of the share capital increase(s);

set the terms under which the Company will have, if necessary, at any time or during fixed periods, the right to purchase or exchange on the stock exchange or off-market securities giving access to the share capital of the Company issued or to be issued immediately or in the future with the purpose of canceling such securities or not, taking into account the applicable legal provisions;

determine the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to shares may be temporarily suspended;

at its own discretion, charge the costs of capital increases against the premium arising thereon and deduct from this premium the sums necessary to increase the legal reserve;

determine and make all adjustments to take account of the impact of transactions involving the share capital of the Company, in particular a change in the nominal value of the share, increase in share capital by incorporation of reserves, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or of any other assets, redemption of capital or any other transaction affecting shareholders' equity or the share capital, and set all other terms enabling, where necessary, the rights of holders of securities giving access to the share capital of the Company;

duly record completion of each capital increase carried out pursuant to this delegation of authority and make the necessary amendments to the articles of association of the Company; and

generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and accomplish all formalities required for the issuance, listing and financial administration of shares and/or securities issued under this delegation of authority and the exercise of the rights attached thereto.

This delegation of authority is granted for a period of twenty-six (26) months as of the date of this Shareholders' Meeting and renders ineffective as of this date and within the limit, as the case may be, of the unused portion, any previous delegation of authority with the same purpose.

Seventeenth resolution

(Delegation of authority granted to the Board of Directors to issue shares and/or securities giving or capable of giving access to the share capital of the Company and/or the issuance of securities giving the right to the allotment of debt instruments, without the preferential subscription rights of the shareholders through private placements referred to in article L. 411-2 II of the French Monetary and Financial Code)

The Shareholders' Meeting, having fulfilled the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and the Statutory Auditors' special report and noted that the share capital has been fully paid-up, and in accordance, on the one hand, with the provisions of articles L. 225-129, L. 225-129-2, L. 225-134 through L. 225-136 and L. 228-91 through L. 228-93 of the French Commercial Code, and, in the other hand, with those of article L. 411-2, II of the French Monetary and Financial Code :

- 1) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, through private placements referred to in article L. 411-2, II of the French Monetary and Financial Code, in one or several times, in France or abroad, in the proportion and at the times it considers appropriate, under the conditions and maximum limits determined by laws and regulations, in euro or in any other currency or monetary unit established by reference to a basket of currencies, (i) the issuance of shares, other than preference shares, and/or of securities of any kind whatsoever, other than securities giving the right to the issuance of preference shares, giving or capable of giving access to the share capital of the Company, in new or existing shares, and/or (ii) the issuance of securities which are equity securities giving access to other equity securities or giving the right to the allotment of debt instruments, for valuable consideration or free of consideration, governed by articles L. 228-91 et seq. of the French Commercial Code, it being specified that the shares and securities referred to in (i) and (ii) above may be subscribed for either in cash or by way of compensation of receivables, certain due and payable held upon the Company;
- 2) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, through private placements referred to in II of article L. 411-2 of the French Monetary and Financial Code, in one or several times, in France or abroad, in the proportion and at the times it considers appropriate, under the conditions and maximum limits determined by laws and regulations, in euro or in any other currency or monetary unit established by reference to a basket of currencies, the issuance of shares and/or securities giving or capable of giving access to the share capital of the Company to issue after the issuance, by the companies in which the Company holds directly or indirectly more than half of the share capital or by any company that holds directly or indirectly more than half of the share capital, of

securities giving or capable of giving access to the share capital of the Company; this decision shall automatically entails, to the benefits of the holders of the securities that may be issued by the above companies, an express waiver by shareholders of their preferential subscription rights in respect of the shares or securities giving or capable of giving access to the capital of the Company to which these securities entitle;

- 3) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, in one or several times, in France or abroad, in the proportion and at the times it considers appropriate, in euro or in any other currency or monetary unit established by reference to a basket of currencies, with preferential subscription rights of the shareholders maintained, (i) the issuance of securities giving or capable of giving access to the share capital of companies in which the Company holds directly or indirectly more than half of the share capital and/or (ii) the issuance of securities giving or capable of giving access to the share capital of any company which directly or indirectly holds more than half of the Company's share capital, subject to the authorization by the competent body of the companies referred to in (i) and (ii) above;
- 4) Sets the following limits to the amounts of the issuances that may be carried out pursuant to this delegation of authority:
 - a/ the nominal value of the share capital increase or share capital increases that may be carried out immediately or in the future pursuant to this delegation of authority shall not exceed a maximum amount of two million euros (€2,000,000.00) in the limit of 20% of the share capital, or the equivalent value of this amount as at the date of the issuance decision, not including the nominal value of the shares to be issued, if applicable, pursuant to the adjustments made, in order to protect the rights of the holders of securities giving access to the Company's share capital, in accordance with applicable law and regulations as well as contractual provisions, it being specified firstly that this limit is mutual with the limit sets in paragraph 4.a/ of the eighth resolution and shall be deducted from it and, secondly, that the nominal amount of either the capital increase or the share capital increases made under this delegation shall be deducted from the overall limit set in paragraph 3.a/ of the fifteenth resolution of this Shareholders' Meeting;

b/ the nominal value of the debt instruments that may be issued pursuant to this delegation of authority shall not exceed a maximum amount of five hundred million euros (€500,000,000.00) or the equivalent value of this amount as at the date of the issuance decision, it being specified, firstly, that this limit is mutual with the limit set in paragraph 4.b/ of the eighth resolution and shall be deducted from it and, secondly, that (i) this amount does not include any above-par reimbursement premium, if any were provided for and (ii) the nominal amount of debt instruments shall be deducted from the overall limit set in the paragraph 3.b/ of the fifteenth resolution of this Shareholders' Meeting;

5) Decides to waive the preferential subscription rights of the shareholders of the Company on shares and/or securities that may be issued pursuant to this delegation of authority.

6) Notes that this delegation of authority automatically entails, to the benefit of the holders of securities giving or capable of giving access to the capital of the Company which may be issued pursuant to this delegation of authority, an express waiver by the shareholders of the Company of their preferential subscription rights in respect of the shares to which securities may give access immediately or in the future;

7) Notes that, pursuant to article L. 225-134 of the French Commercial Code, if subscriptions, including, when appropriate, the subscriptions of the shareholders of the Company, do not absorb the entirety of the issuance, the Board of Directors may use, on the conditions provided by law and in the order as it shall determine, any or all of the options listed below:

to limit the share capital increase to the amount of the subscription, provided that said amount equals at least three quarters of the amount of the issuance decided upon;

to freely allocate some or all the unsubscribed shares or securities giving access to the share capital of the Company;

8) Notes that, pursuant to article L. 225-136 of the French Commercial Code:

the issue price of shares issued directly shall be at least equal to the minimum stipulated by the laws and regulations applicable on the date of the issuance decision,

the issue price of securities giving or capable of giving access to the share capital of the Company will be such that the sum received immediately by the Company, increased, if applicable, by that likely to be subsequently received by it for each share issued as a result of the issuance of these securities, shall be at least equal to the minimum subscription price referred to in the preceding paragraph,

9) Acknowledges that the Board of Directors shall report on the use made by it of such delegation of authority to the next ordinary shareholders' meeting in accordance with applicable laws and regulations.

10) The Shareholders' Meeting grants the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, with all powers to implement this delegation of authority and, in particular:

decide the share capital increase and determine the nature of the shares and/or the securities to be issued;

decide the amount of the share capital increase, the issue price of the shares and/or securities to be issued and, if applicable, the amount of the issue premium;

determine the dates, terms and conditions of the capital increase or increases, the characteristics of the shares and/or securities to be issued; in addition, in the case of bonds or other debt instruments, determine whether or not they are subordinated and, if so, their level of subordination, in accordance with the provisions of article L. 228-97 of the French Commercial Code, set their interest rate (interest rate which may be fixed or variable, or zero-coupon or indexed), specify any circumstances of compulsory or optional suspension or cancellation of interest payments, stipulate their term (fixed or perpetual) and the possibility of a reduction or increase in their nominal value, and set the other terms of issuance, including the granting of guarantees or security interests, and of amortization, including the possibility of redemption by delivery of Company assets; if necessary, such securities may be accompanied by warrants entitling their holders to the allotment, acquisition or subscription of bonds or other debt instruments as defined by the market authorities (for example, due to their redemption or remuneration terms or other rights such as indexation or option rights), and amend, during the term of the shares and/or the securities in question, the above terms, in compliance with the applicable formalities;

determine the means of payment of the shares and/or of the securities giving or capable of giving access to the share capital of the Company to be issued immediately or in the future;

set, where necessary, the terms for the exercise of rights, such as rights to conversion, exchange or redemption as the case may be, including by delivery of Company assets such as shares or securities already issued by the Company, attached to the shares and/or securities giving access to the share capital of the Company to be issued immediately or in the future and, in particular, the period, which may be retrospective, from which dividends will be payable on the new shares, as well as all other terms and conditions of the completion of the share capital increase(s);

set the terms under which the Company will have, if necessary, at any time or during fixed periods, the right to purchase or exchange on the stock exchange or off-market securities giving access to the share capital of the Company issued or to be issued immediately or in the future with the purpose of cancelling such securities or not, taking into account the applicable legal provisions;

determine the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving or capable of giving access to shares may be temporarily suspended;

at its own discretion, charge the costs of capital increases against the premium arising thereon and deduct from this premium the sums necessary to increase the legal reserve;

determine and make all adjustments to take account of the impact of transactions involving the share capital of the Company, in particular a change in the nominal value of the share, increase in share capital by incorporation of reserves, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or of any other assets, redemption of capital or any other transaction affecting shareholders' equity or the share capital, and set all other terms enabling, where necessary, the rights of holders of securities giving access to the share capital of the Company to be preserved;

duly record completion of each capital increase carried out pursuant to this delegation of authority and make the necessary amendments to the articles of association of the Company; and

generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and accomplish all formalities required for the issuance, listing and financial administration of shares and/or securities issued under this delegation of authority and the exercise of the rights attached thereto.

This delegation of authority is granted for a period of twenty-six (26) months as of the date of this Shareholders' Meeting and renders ineffective as of this date and within the limit, as the case may be, of the unused portion, any previous delegation of authority with the same purpose

Eighteenth resolution

(Delegation of authority to the Board of Directors to increase the number of shares and/or securities giving or capable of giving access to the share capital of the Company to be issued in case of share capital increase, with or without preferential subscription rights of the shareholders)

The Shareholders' Meeting, having fulfilled the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of articles L. 225 - 135 - 1 and R. 225 - 118 of the French Commercial Code:

- 1) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to decide, for each of the issuances made pursuant to the seventh to ninth resolutions, to increase the number of shares and/or securities giving or capable of giving access to the capital of the Company to be issued in case of share capital increase of the Company with or without preferential rights of shareholders at the same price as the price for the initial issuance and within the time and limits provided by law and regulations and market practices in the day of the issuance decision, and to this day for a period of thirty (30) calendar days from the closing of the subscription and within the limit of fifteen percent (15%) of the initial issue, particularly in order to grant an over-allotment option, provided that the release of shares and/or other securities issued under this delegation of authority may be made either in cash or by way of compensation of receivables, certain due and payable held upon the Company;

2) Decides that the nominal value of any share capital increases decided pursuant to this delegation of authority shall be deducted from the amount of the fixed overall limit in paragraph 3.a/ of the fifteenth resolution of this Shareholders' Meeting.

The Board of Directors may not, without prior authorization granted by the Shareholders' Meeting, use this delegation as from the filing by a third party of a public tender offer on the Company's securities until the end of the offer period.

This delegation of authority is granted for a period of twenty-six (26) months as of the date of this Shareholders' Meeting and renders ineffective as of this date and within the limit, as the case may be, of the unused portion, any previous delegation of authority with the same purpose.

Nineteenth resolution

(Delegation of authority granted to the Board of Directors to decide to issue shares and/or securities giving or capable of giving access to the share capital of the Company as consideration for contributions in kind in shares and/or securities giving or capable of giving access to capital, without preferential subscription rights of shareholders)

The Shareholders' Meeting, having fulfilled the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of articles L. 225-129 et seq., L. 225-147 and L. 228-91 to L. 228-93 of the French Commercial Code:

1) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to decide, in one or several times, in the proportion and at the times it considers appropriate, on the report of the contributions statutory auditor referred to in article L. 225-147 of the French Commercial Code, the issuance of shares, excluding preference shares and / or securities of any kind whatsoever, excluding securities giving or capable of giving entitlement to preference shares, giving or capable of giving access to the share capital of the Company, whether new or existing shares, in consideration for contributions in kind granted to the Company and consisting of shares and/or securities giving or capable of giving access to the capital when the provisions of article L. 225-148 of the French Commercial Code are not applicable;

2) Decides that the nominal amount of any share capital increases that may be realized immediately or in the future under this delegation of authority may not exceed ten percent (10%) of the share capital of the Company, it is being specified, that the nominal amount or the capital increases made under this delegation of authority shall be deducted from the overall limit set in paragraph 3.a/ of the fifteenth resolution of this Shareholders' Meeting;

3) Decides that the securities giving or capable of giving access to the capital of the Company issued may consist of debt securities or be associated with the issuance of such securities or enable their issuance as intermediate securities, it is being specified, firstly, that the nominal amount of debt securities that may be issued pursuant this delegation of authority may not exceed the sum of five hundred million euros (€500,000,000.00) or the equivalent value of the amount on the date of the issuance decision, and, secondly, that the nominal amount of debt securities shall be deducted from the overall limit set in paragraph 3.b/ of the fifteenth resolution of this shareholders' meeting;

4) Decides to waive the preferential subscription rights of the shareholders of the Company on shares and/or securities giving or capable of giving access to the share capital of the Company that may be issued pursuant to this delegation to the holders of shares and/or securities, subject of the above contributions in kind;

5) Notes that this delegation of authority automatically entails, to the benefit of the holders of securities giving or capable of giving access to the share capital of the Company and which may be issued pursuant to this delegation of authority, an express waiver by the shareholders of the Company of their preferential subscription rights in respect of the shares to which securities may give access immediately or in the future.

The Shareholders' Meeting grants the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, with all powers to implement this delegation of authority and, in particular:

decide to increase the share capital of the Company in consideration of the above contributions in kind and determine the nature of the shares and/or securities to be issued;

set the list of shares and/or securities contributed, approve the valuation of contributions in kind, establish the terms for the issuance of shares and/or securities remunerating these contributions, and if necessary, the amount of the cash payment to be made, approve the granting of particular advantages, and reduce, if the contributors consent, the valuation of contributions in kind or the compensation of particular advantages;

determine the issuance procedures and characteristics of the securities remunerating contributions in kind and make all adjustments to take into account the impact of transactions on the share capital of the Company, in particular a change in the nominal value of the share, increase in share capital by incorporation of reserves, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or of any other assets, redemption of capital or any other transaction affecting shareholders' equity or the share capital, and set all other terms enabling, where necessary, the rights of holders of securities giving access to the share capital of the Company to be preserved;

at its own discretion, charge the costs of capital increases against the premium arising thereon and deduct from this premium the sums necessary to increase the legal reserve;

duly record completion of each capital increase carried out pursuant to this delegation of authority and make the necessary amendments to the articles of association of the Company, and

generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and accomplish all formalities required for the issuance, listing and financial administration of shares and/or securities issued under this delegation of authority and the exercise of the rights attached thereto.

This delegation of authority is granted for a period of twenty-six (26) months as of the date of this Shareholders' Meeting and renders ineffective as of this date and within the limit, as the case may be, of the unused portion, any previous delegation of authority with the same purpose.

Twentieth resolution

(Delegation of authority granted to the Board of Directors to increase the share capital of the Company through the capitalization of reserves, earnings or premiums or any other sum upon which capitalization would be permitted)

The Shareholders' Meeting, having fulfilled the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and in accordance with the provisions of articles L. 225-129 to L. 225-129-6 and L. 225-130 of the French Commercial Code:

- 1) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, in one or several times, in the proportion and at the times it considers appropriate, the increase of the share capital of the Company by the incorporation of share premiums, reserves, earnings or other amounts that may be converted into capital successively or simultaneously in accordance with applicable law and the articles of association, by freely allocating new shares and/or by increasing the nominal value of existing shares, or through a combination of the two procedures according to the terms that it will set;
- 2) Resolves that the nominal amount of the share capital increase or share capital increases that may be carried out immediately or in the future pursuant to this delegation of authority shall not exceed a maximum amount of two million euros (€2,000,000.00) it being specified that this nominal amount is a limit separate from the overall limit set in paragraph 3.a/ of the fifteenth resolution of this Shareholders' Meeting.

The Shareholders' Meeting grants the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, with all powers to implement this delegation of authority and, in particular:

determine the amount and nature of sums to be incorporated into the capital, set the number of new shares to be issued and/or the amount by which the nominal value of the existing shares is to be increased and decide the date, which may be retrospective, from which the new shares will be entitled for dividend or the increase in the nominal value of the existing shares will take effect;

decide, in the event of shares to be issued:

that fractional rights will not be negotiable and that the corresponding shares will be sold, the proceeds of such sale being allocated to the holders of the rights on terms specified in the law and regulations;

make all adjustments to take account of the impact of transactions involving the share capital of the Company, in particular a change in the nominal value of the share, increase in share capital by incorporation of reserves, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or of any other assets, redemption of capital or any other transaction affecting shareholders' equity or the share capital, and set all other terms enabling, where necessary, the rights of holders of securities giving access to the share capital of the Company to be preserved;

at its own discretion, charge, if any, the costs of capital increases against available reserves arising thereon and deduct from this amount the sums necessary to increase the legal reserve;

duly record completion of each capital increase carried out pursuant to this delegation of authority and make the necessary amendments to the articles of association of the Company; and

generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and accomplish all formalities required for the issuance, listing and financial administration of shares and/or securities issued under this delegation of authority and the exercise of the rights attached thereto.

This delegation of authority is granted for a period of twenty-six (26) months as of the date of this Shareholders' Meeting and renders ineffective as of this date and within the limit, as the case may be, of the unused portion, any previous delegation of authority with the same purpose.

Twenty-first resolution

(Delegation of authority granted to the Board of Directors to issue shares and/or securities giving or capable of giving access to the share capital of the Company, reserved for members of company savings plan, without preferential subscription rights of the shareholders)

The Shareholders' Meeting, having fulfilled the quorum and majority requirements pertaining to extraordinary shareholders' meetings, having considered the Board of Directors' report and the Statutory Auditors' special report, and in accordance with the provisions of articles L. 225-129 et seq. and articles L. 225-138 and L. 225-138-1 of the French Commercial Code and with articles L. 3332-1 et seq. of the French Labor Code:

1) Delegates its authority to the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, to proceed with, in one or several times, in the proportion and at the times it considers appropriate, the issuance of shares, other than preference shares, and/or of securities of any kind whatsoever, other than securities giving the right to the issuance of preference shares, giving or capable of giving access to the share capital of the Company, in new or existing shares, reserved for members of company savings plans or any other plan for whose members a capital increase may be reserved on equivalent terms under article L. 3332-18 of the French Labor Code, implemented within a French or foreign entity or group of entities falling within the scope of the Company's consolidated or combined financial statements pursuant to articles L. 3344-1 and L. 3344-2 of the French Labor Code, it being specified that the payment of the shares and/or securities may be subscribed either in cash or by way of compensation of receivables, certain due and payable held upon the Company, either by the incorporation of the reserves, the benefits or the premiums to the share capital in the event of free share allocation as the result of the discount and/or the abundance;

2) Decides that the nominal amount of the share capital increase or share capital increases that may be carried out immediately or in the future pursuant to this delegation of authority shall not exceed a maximum amount of two million euros (€2,000,000.00), it being specified that this maximum is separate from the overall limit set in paragraph 3.a/ of the fifteenth resolution of this Shareholders' Meeting;

3) Resolves to waive the preferential subscription rights of shareholders of the Company with respect to the shares and/or the securities giving access to the share capital of the Company which may be issued pursuant to this delegation of authority, in favor of the beneficiaries defined in paragraph 1 above, and notes that this delegation of authority automatically entails, to the benefit of the holders of securities which may be issued pursuant to this delegation of authority, an express waiver by the shareholders of the Company of their preferential subscription rights in respect of the shares to which securities may give access immediately or in the future;

4) Resolves that the issue price of the shares and/or securities giving or capable of giving access to the share capital of the Company will be set in accordance with articles L. 3332-18 et seq. of the French Labor Code, provided that, the discount set shall not be lower than twenty per cent (20%) of the average quoted price of the Company's share on the regulated market Euronext Paris over the twenty (20) trading days preceding the date of the decision setting the opening date of the subscription period reserved for the members of company savings plans, nor exceed twenty per cent (20%) of this average; however the Shareholders' Meeting expressly authorizes the Board of Directors to reduce or cancel the aforementioned discount, as it considers appropriate, in particular in order to take into consideration the international accounting standards, or, inter alia, locally applicable legal, accounting, tax or social provisions in the countries of certain beneficiaries, the Board of Directors may also substitute all or part of the discount by granting shares and/or securities giving access to the share capital of the Company pursuant to the provisions below;

5.) Authorizes the Board of Directors, according to this delegation of authority, to freely allot shares and/or securities giving access immediately or in the future to share capital of the Company to the members of company savings plans to replace in part or all of the discount and/or, if applicable the abundance, it being specified that the total advantage resulting from this allocation in relation with the discount and/or the abundance may not exceed the legal and regulatory limits.

The Shareholders' Meeting grants the Board of Directors, with the right to sub-delegate in accordance with applicable law and regulations, with all powers to implement this delegation of authority and, in particular:

establish in accordance with the law a list of companies or groups of companies for which the beneficiaries indicated in paragraph 1 above may subscribe for the shares and/or securities giving or capable of giving access to the capital of the Company thereby issued and who may be freely allotted shares and/or securities giving or capable of giving access to the capital of the Company;

decide that subscriptions for the shares and/or securities may be made directly by beneficiaries belonging to an entity or group savings plan, or via dedicated mutual funds or other vehicles or entities permitted under the applicable law and regulations;

determine the conditions, in particular as regards length of service, that must be met by the beneficiaries of the new shares or securities that may be issued by the capital increases made according to this resolution;

set the opening and closing dates for subscriptions of the shares and/or securities;

set the amounts of the issuances to be made under the present delegation of authority and in particular determine the issue price, terms and conditions of subscription, payment, delivery and date of entitlement to dividends of the shares and/or the securities, which may be retrospective, rules for reduction in the event of oversubscription and any other terms and conditions of the issues, subject to applicable legal and regulatory limits;

provide for the possibility to proceed, according to the conditions it shall determine, as the case may be, with any adjustments required in accordance with the legal and regulatory provisions;

in the case of an issue of new shares, charge any amounts required to pay up said shares against reserves, profits, or share premium;

at its own discretion, charge the costs of capital increases against the premium arising thereon and deduct from this premium the sums necessary to increase the legal reserve;

duly record completion of each capital increase carried out pursuant to this delegation of authority and make the necessary amendments to the articles of association of the Company; and

generally, enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and accomplish all formalities required for the issuance, listing and financial administration of shares and/or securities issued under this delegation of authority and the exercise of the rights attached thereto.

This delegation of authority is granted for a period of twenty-six (26) months as of the date of this Shareholders' Meeting and renders ineffective as of this date and within the limit, as the case may be, of the unused portion, any previous delegation of authority with the same purpose.

Report of the Board of Directors

BOARD OF DIRECTORS' REPORT ON RESOLUTIONS SUBMITTED TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING ON 3 APRIL 2018

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 2017 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 2017 which disclosed a net profit of €49,463,148 and to discharge 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 2017 amounting €163,763,200.

The detailed financial statements are included in the Reference Document available on the Company's website www.sartorius-france.fr/com.

The purpose of the **third resolution** is to allocate the 2017 results and to determine the amount of dividends to be paid to the Shareholders.

The net profit resulting from the 2017 financial statements amounts to €49,463,148.

We propose to allocate the net profits as follows:

- The following is to be added: Year-earlier profit carried forward: €27 285 623
- This would yield a distributable profit of €76 748 771
- Total amount of dividends to be disbursed to shareholders €42 402 887
- Balance resulting from disbursement: €34 345 884 forward to the next year.
- The remaining amount of €34 345 884 to be carried forward to the next year now amounting €34 345 884

It is proposed to set the 2017 net dividend to €0.46 per share.

The dividend will be paid as from 11 April 2018.

It is stated that the distributed amount of €0.46 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 code tax

It is also stated that distributed amounts under the three last financial years have amounted to:

Exercise	Dividend1)	Amount eligible for the 40% abatement	Amount not eligible for the 40% abatement	Dividend per shares1)
2016	38,713,209	38,713,209	0 €	0.42€
2015	30,734,476	30,734,476	0 €	2.00€
2014	19,967,009	19,967,009	0 €	1.30€

Ratification and approval of regulated agreements

The purpose of **fourth resolution** is to, 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 report which, notably, mentions theirs financial conditions and the amounts invoiced en 2017.

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 **fifth resolution** is to approve the overall annual amount of attendance fees allocated to the Board of Directors amounting to €313,000 for the financial year ending 31 December 2017 as well as for the following financial years and until an adverse decision.

Approval of the principles and the elements of compensation granted to the Chief Executive Officer

The purpose of the **sixth and seventh** resolutions is to submit to the approval of the shareholders:

- the fixed, variable and exceptional components of the total remuneration and benefits of all kinds due or granted to the Chief Executive Officer for the financial year ending 31 December 2017, as presented in the Reference Document section "Remuneration of the Executive and Non-executive Members of the Board".
- the remuneration policy of the Chief Executive Officer and, more precisely, the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds awarded to the Chairman and Chief Executive Officer, as presented in the corporate governance report included in the Reference Document section 3. These principles and criteria were determined by the Board of Directors after an opinion of the Remuneration Committee. The amounts resulting from the application of these principles and criteria will be submitted to the approval of the Shareholders Meeting convened to approve the financial statements 2018.

Situation of the terms of office of three Directors

The purpose of the **eighth and ninth** resolutions is to submit to your approval, after opinion of the Remuneration Committee, the renewal of the term of office of Directors exercised by Mrs Marie Graffin and by Mrs Susan Dexter which will expire at the end of the ordinary part of the Shareholders Meeting dated 3 April 2018.

Complementary information on Mrs. Graffin and Mrs. Dexter resumes can be found in the Reference Document, section 3, The Board of Directors and its Committees.

The purpose of the **tenth resolution** is to ratify the co-optation of Mr Lothar Kappich as Directors, voted by the Board of Directors meeting date 14 September 2017, to replace Mr Arnold Picot who suddenly passed away during the past summer.

Complementary information on Mr. Kappich resume can be found in the Reference Document, section 3, The Board of Directors and its Committees.

Mr Lothar Kappich would be appointed for the remaining period of his predecessor's term of office, i.e. until the end of the Shareholders Meeting convened in 2019 to approve the financial statements of the year ending 31 December 2018.

Situation of the terms of office of statutory auditors

The purpose of the **eleventh resolution** is to submit to your approval, the renewal of the term of office exercised by Deloitte and Associés which will expire at the end of the ordinary part of the Shareholders Meeting dated 3 April 2018.

The Statutory Auditors declaring no incompatibility for the renewal of their mandate, this term of office would be renewed for a new six financial year period, i.e. until the end of the Shareholders Meeting convened in 2024 to approve the financial statements of the year ending 31 December 2023.

The purpose of the **twelfth resolution** is to notice the expiry of the term of office of Beas, as substitute statutory auditor and not to replace it according to regulation Sapin II dated 9 December 2016.

Authorization for the Company to buy back its own shares

The purpose of the **thirteenth resolution** is to authorize the Company to buy back its own shares as part of a share buyback program.

The Company is asking the Shareholders Meeting to allow it to buy back its own shares, for an eighteen month period as from the next Shareholders meeting, up to a maximum of 0.10% of the share capital. This authorization would cover the following objectives.

The objective of the buy back program would be to promote liquidity and stimulate the market price of the Company's shares under a liquidity contract in accordance with the AMAFI Code of Ethics recognized by the AMF.

The authorization is granted within the following limits:

- 0.10% of the share capital;
- maximum purchase price: €150.00 per share;
- maximum budget: €13 827 000.

In accordance with law, the transactions may be carried out at any time, including during the period of a public offer for the company's shares. It is important that the company should be able, where applicable, and even during a public offer, to buy back its own shares with a view to achieving the objectives of the buyback program.

Audit for formalities

The purpose of the **fourteenth 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.

RESOLUTIONS SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS MEETING

Presentation

In the **fifteenth to twenty-first resolutions**, we are asking you to renew certain financial authorizations given to the Board of Directors that may have an impact on the amount of the share capital. The purpose of these resolutions is to enable the Board of Directors, under the conditions and within the limits set by the Shareholders Meeting, to continue to benefit from the authorizations that allow it to finance the development of the company and to carry out the financial transactions that are appropriate for its strategy, without being obliged to convene specific extraordinary general meetings.

We have summarized below the aims and the content of these authorizations and delegations of authority.

The implementation of one or the other such authorizations would be, as the case may be, decided by the Board of Directors which would then issue a supplementary report to your attention. Such supplementary report would describe the definitive conditions of the relevant transaction as set-out according to the delegation of authority or the authorization, respectively, granted to it.

The statutory auditors of the Company would also issue supplementary reports to your attention

The purpose of the **fifteenth resolution** is to grant a delegation of authority to the Board of Directors, to increase the share capital, with preferential subscription rights of the shareholders, by issuing 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.

Shareholders would have a preferential subscription right of the shareholders, in proportion to the number of shares that they hold, to subscribe as of right and, if the Board so decides, on an excess right basis, for shares and securities issued on the basis of this resolution.

The limits of this delegation of authority would be set as follows:

- capital increase: €2,000,000 in nominal value, such a limit including all the capital increases which would be implemented pursuant to resolutions 16 to 21 submitted to the present Shareholders Meeting.
- Debt securities : €500,000,000 in nominal value, such a limit including all operations which would be implemented pursuant to resolutions 16 to 21 submitted to the present Shareholders Meeting.

This delegation of authority would be granted for a 26 month period as from the Shareholders Meeting dated 3 April 2018.

The purpose of the **sixteenth resolution** is to grant a delegation of authority to the Board of Directors, to increase the share capital, without preferential subscription rights of the shareholders, through public offering, by issuing shares and/or securities giving or capable of giving access to the share capital of the Company and/or securities giving the right to the allotment of debt instruments.

The limits of this delegation of authority would be set as follows:

- capital increase: €2,000,000 in nominal value.
- Debt securities : €500,000,000 in nominal value.

Operations carried out pursuant to the present authorization would be deducted from the limits provided by the fifteenth resolution.

This delegation of authority would be granted for a 26 month period as from the Shareholders Meeting dated 3 April 2018.

The purpose of the **seventeenth resolution** is to grant a delegation of authority to the Board of Directors, to increase the share capital, without preferential subscription rights of the shareholders, through of private placement, by issuing shares and/or securities giving or capable of giving access to the share capital of the Company and/or the issuance of securities giving the right to the allotment of debt instruments

The limits of this delegation of authority would be set as follows:

- capital increase: €2,000,000 in nominal value.
- Debt securities : €500,000,000 in nominal value.

Operations carried out pursuant to the present authorization would be deducted from the limits provided by the 15th resolution.

This delegation of authority would be granted for a 26 month period as from the Shareholders Meeting dated 3 April 2018.

The purpose of the **eighteenth resolution** is to authorize the Board of Directors, for all capital increase with or without preferential subscription rights of the shareholders, to increase the number of shares and/or securities giving or capable of giving access to the share capital of the Company to be issued, for a 30 day period as from the closing of subscriptions, up to a limit of 15% of the initial issue.

This delegation of authority would be granted for a 26 month period as from the Shareholders Meeting dated 3 April 2018.

The purpose of the **nineteenth resolution** is to grant the necessary powers to the Board of Directors, to issue shares and/or securities giving or capable of giving access to the share capital of the Company as consideration for contributions in kind in shares and/or securities giving or capable of giving access to capital, without preferential subscription rights of shareholders. The aim of this resolution is to facilitate the Company carrying out acquisitions of or mergers with other companies, without having to pay a price in cash.

The limits of this delegation of authority would be set as follows:

- capital increase: €10% of the share capital.
- Debt securities : €500,000,000 in nominal value.

Operations carried out pursuant to the present authorization would be deducted from the limits provided by the 15th resolution.

This delegation of authority would be granted for a 26 month period as from the Shareholders Meeting dated 3 April 2018.

The purpose of the **twentieth resolution** is to authorize the Board of Directors, to increase the share capital through the capitalization of reserves, earnings or premiums or any other sum upon which capitalization would be permitted, by freely allocating new shares and/or by increasing the nominal value of existing shares, or through a combination of the two procedures.

The capital increase carried out pursuant to the present authorization would be limited to an amount of €2,000,000 in nominal value, being specified that this nominal amount is a limit separate from the overall limit set in 15th resolution.

This delegation of authority would be granted for a 26 month period as from the Shareholders Meeting dated 3 April 2018.

The purpose of the **twenty-first resolution** is to authorize the Board of Directors, to issue shares and/or securities giving or capable of giving access to the share capital of the Company, reserved for members of company savings plan, without preferential subscription rights of the shareholders.

According to the French Labor law, the subscription price would not be lower than 20% of the average quoted price of the Company's share on the regulated market Euronext Paris over the 20 trading days preceding the date of the decision setting the opening date of the subscription period reserved for the members of company savings plans, nor exceed 20% of this average.

The capital increase carried out pursuant to the present authorization would be limited to an amount of €2,000,000 in nominal value, being specified that this nominal amount is a limit separate from the overall limit set in 15th resolution.

This delegation of authority would be granted for a 26 month period as from the Shareholders Meeting dated 3 April 2018.

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 2017 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 enclosed 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.

February 20, 2018



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	
1.1	Composition and organization Regardless of its membership or how it is organized, the Board of Directors is and must remain a collegial body mandated by all shareholders. It carries out the missions that have been assigned to it by the law in order to act at all times in the corporate interest.	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.
1.3	Publication of the internal rule Its organisation 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 annual report.	Yes , the internal rule is synthetized in our Document Reference each year. The entire Document is published on the website. 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

1.4	Since the Board acts in the corporate interest of the company, it is not desirable, except in cases provided for by law, for large numbers of special interests to be represented within it.	
1.5	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. This shareholder (or group of shareholders) takes special care to prevent conflicts of interests and to take account of all interests.	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)
2. THE DIVERSITY OF FORM OF ORGANISATION AND GOVERNANCE		
2.1.	French law allows all public limited companies to choose between a unitary formula (Board of Directors) and a two-tier formula (Supervisory Board and Management Board).	Yes, we are explaining this choice in the Board of directors' report on corporate governance.
2.2	In addition, corporations with Boards of Directors can choose between separation of the offices of Chairman and Chief Executive Officer and the aggregation of such duties. The law does not favour either formula and allows the Board of Directors to choose between the two forms of exercise of executive management. It is up to each corporation to decide on the basis of its own specific constraints. When the Board opts for separation of the offices of Chairman and Chief Executive Officer, if appropriate any tasks entrusted to the Chairman of the Board of Directors in addition to those conferred upon him or her by law must be described.	The Board of Directors opted for the aggregation of the duties of Chairman and Chief Executive Officer for a simplified and more effective organization of the company. Every year the Board of Directors reevaluates this organization and considers possible areas of improvement.
2.3	French public limited companies are therefore able to choose between three forms of organization of management and supervisory powers. The chosen formula and the reasons for this decision are communicated to shareholders and third parties.	As of today the aggregation of duties is considered to be the most efficient option.
3. THE BOARD OF DIRECTORS AND STRATEGY		
3.1	The principal task of the Board of Directors is to define the company's strategic orientation. It examines and decides on important operations, possibly after review by an ad hoc committee. The members of the Board of Directors are informed about market developments, the competitive environment and the most important issues at hand, including in the field of corporate social and environmental responsibility.	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
3.2	The internal rules of the Board of Directors should specify: -the cases in which prior approval by the Board of Directors is required, which may furthermore differ according to which division of the group is concerned - 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.	Yes, the Board of Directors has an internal rule. We are including an up to date version of this rule in our reference document each year. The opposite entire elements are an integral part of the Board of Directors internal rule.

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These rules are related not only to external acquisitions or disposals, but also to major investments in organic growth or significant internal restructuring actions. The Board of Directors should be informed in a timely fashion of the corporation's cash position in order, where appropriate, to 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 updates.

4. THE BOARD AND THE COMMUNICATION TO THE MARKET

4.1 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.

4.2 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.

4.3 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.

4.4 To this end:

- 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;
- the ratings given to the firm by the financial ratings agencies should be published along with any changes that have occurred during the financial year.

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.

Yes, these information are already presented in the notes of the financial statements of the Reference Document.

Yes, the rating on the company is published each year in our reference document.

The off sheet commitments are outlined in the Reference Document in the consolidated accounts

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 as well as a privileged moment of communication for the company with its shareholders. It is not only the occasion when the managing bodies report on the corporation's activities and on the operation of the Board of Directors and its specialised committees, but also an opportunity for a dialogue with the shareholders.

The Board of Directors must respect the specific powers of the shareholders' meeting if the operation 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.

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.

ARTICLE DISPOSITIONS OF THE CODE

MEASURES IMPLEMENTED
BY SARTORIUS STEDIM BIOTECH**6. MEMBERSHIP OF THE BOARD OF DIRECTORS: GUIDING PRINCIPLES****6.2 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 in particular as regards the diversity (representation of women and men, nationalities, international experience, skills, etc.). It should publish in the annual report 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 is composed of three independent women two 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.

6.3 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 SHAREHOLDERS AND EMPLOYEES**7.1**

In the same way as other directors, directors representing employee shareholders and directors representing employees are entitled to vote at meetings of the Board of Directors³, which is a collegial body that has the obligation of acting under all circumstances in the interests of the company. Like all other directors, they may be selected by the Board to participate in committees.

Not Applicable

As of December 31st, 2017 the Board of Director had no directors representing employees

7.2

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 7.1)

8. INDEPENDENT DIRECTORS**8.1 Independent directors**

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, although it is important for the Board of Directors to include a significant proportion of independent directors not only in order to satisfy the expectations of the market but also in order to improve the quality of proceedings.

Yes, the independent director's percentage is of 57%.

8.3

The independent directors should account for half the members of the Board in widely-held corporations without controlling shareholders. In

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controlled companies⁴, independent directors should account for at least a third of Board members. Directors representing the employee shareholders and directors representing employees are not taken into account when determining these percentages.

8.4

Qualification as an independent director should be discussed by the appointments committee in the light of the criteria set out in §8.5 and decided on by the Board:

- on the occasion of the appointment of a director;
- and annually for all directors.

The shareholders must be made aware of the conclusions of this review.

The Board of Directors may consider that, although a director meets the criteria set out in §8.5, he or she cannot be held to be independent owing to the specific circumstances of the person or the company, due to its ownership structure or for any other reason. Conversely, the Board may consider that a director who does not meet these criteria is nevertheless independent.

8.5

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 the group, are the following:

not to be and not to have been during the course of the previous five years:

8.5.1

- an employee or executive Officer of the corporation;
- an employee, executive Officer of a company or a director of a company consolidated within the corporation;
- an employee, executive Officer or a director of the company's parent company or a company consolidated within this parent;

8.5.2

not to be an executive Officer of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive Officer of the corporation (currently in office or having held such office during the last five years) is a director;

8.5.3

not to be a customer, supplier, commercial banker or investment banker:

- that is material to the corporation or its group;
- or for a significant part of whose business the corporation or its group accounts.

The evaluation of the significant or non-significant relationship with the company or its group must be debated by the Board and the quantitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the annual report;

Yes, the independent director qualification is reviewed regularly by the Board of Directors.

Yes, the independent director's qualification is reviewed yearly by the Board of Directors.

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;

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

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.

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- 8.5.4 not to be related by close family ties to a company Officer;
- 8.5.5 not to have been an auditor of the corporation within the previous five years;
- 8.5.6 not to have been a director of the corporation for more than twelve years.
Loss of the status of independent director occurs on the date at which this period of twelve years is reached.

9. EVALUATION OF THE BOARD OF DIRECTORS WORKS

- 9.1 The Board of Directors evaluates its ability to meet the expectations of the shareholders that have entrusted authority to it to direct the corporation, by periodically reviewing its membership, organisation and operation (this involves a corresponding review of the Board's committees).
Each Board thinks about the desirable balance in its membership and that of the committees created from its members and periodically consider the adequacy of its organisation and operation for the performance of its tasks.
- 9.2 The evaluation has three objectives:
 - to assess the way in which the Board operates;
 - to check that the important issues are suitably prepared and discussed;
 - to measure the actual contribution of each director to the Board's work.
- 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, 2017 the Board has done a formal auto-evaluation of its works and of its members during the meeting of 6 December 2017 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

ARTICLE DISPOSITIONS OF THE CODE

MEASURES IMPLEMENTED
BY SARTORIUS STEDIM BIOTECH**10. MEETINGS OF THE BOARD AND OF THE COMMITTEES**

10.1 The number of meetings of the Board of Directors and of the Board committees held during the past financial year is mentioned in the annual report, which also provides the shareholders with any relevant information relating to the directors' attendance at such meetings.

10.2 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 that are subject to the Board's authority. The same applies to meetings of the Board's committees (audit, compensation, appointments, nominations committee, etc.).

10.3 It is recommended that a meeting not attended by the executive Officers be organised each year.

works.

Yes, the reference document indicates the numbers of meetings and the level of attendance during the past year 2017:

1. The Board of Directors has held 7 meetings and the level of attendance was of 73,21%.
2. The Audit Committee has held 8 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. These rules are rigorously applied for all meeting minutes and are duly reflected in the internal rule.

11. DIRECTORS' ACCESS TO INFORMATION

11.1 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.

11.2 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.

11.3 Conversely, the directors are required to request the appropriate information that they consider necessary in order to perform their duties. Accordingly, if a director considers that he or she has not been suitably informed for participation in the proceedings, he or she is obliged to inform the Board of this in order to obtain the necessary information..

11.4 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.

Yes, the internal rule includes modalities about rights to information and confidentiality to its Directors.

Directors must have the opportunity to meet with the corporation's principal executive managers, including in the absence of the company Officers. In the latter case, these should be given prior notice.

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12. DIRECTORS' TRAINING		
12.1	<p>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 organisation 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.</p>	<p>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.</p>
12.2	<p>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.</p>	<p>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.</p>
12.3	<p>Directors representing employees⁷ or directors representing employee shareholders should be provided with suitable training enabling them to perform their duties</p>	
13. OF DURATION OF DIRECTORS' TERMS OF OFFICE		
13.1	<p>The duration of directors' terms of office, set by the by-laws⁸ should not exceed a maximum of four years, so that the shareholders can express their wishes regarding these terms of office with sufficient frequency.</p>	<p>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.</p>
13.2	<p>Terms should be staggered so as to avoid replacement of the entire body and to favour a smooth replacement of directors.</p> <p>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. For each director, it should also indicate, in addition to the list of offices and positions held in other corporations, the director's nationality, age and principal position, and provide a named list of the members of each Board committee.</p>	<p>Yes, these information are reiterated in the Directors biographical presentation and in the Board of Directors composition.</p>
13.3	<p>When the general 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 should, in addition to the items required by statute, contain biographical information outlining his or her curriculum vitae.</p>	<p>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.</p>
14. COMMITTEES OF THE BOARD: GENERAL PRINCIPLES		
14	<p>The general principles apply to all the committees set up by the Board.</p> <p>The number and structure of the committees are determined by each Board individually. 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 company Officers should be the object of preparatory work by a specialized committee of the Board of Directors.</p>	<p>Yes, the Board of Directors has a compensation Committee who has the duty to select and suggest the nomination of new Directors.</p>

ARTICLE DISPOSITIONS OF THE CODE

MEASURES IMPLEMENTED
BY SARTORIUS STEDIM BIOTECH**Appointment of the committees**

14.2 When the Board has appointed specialized committees, the creation of such committees shall in no event remove matters from the purview of the Board itself, which has sole statutory decision-making authority, nor may it lead to division within the Board which is and should remain accountable for the discharge of its duties. The committees do not act in the place of the Board, but rather as an extension of the Board in order to facilitate its work.

For this reason in particular, it is necessary to emphasize the importance of the quality of the activity reports drawn up by the committees for the Board, which must keep the latter fully informed in order to facilitate its deliberations, as well as the importance of including a description of the committees' activities in the annual report.

All the rights and obligations of the specialized Committees are specified in the internal rule inherent to each committee.

Methods of operation of the committees

14.3 When exercising their duties, the committees of the Board may contact the principal managers of the corporation after informing the company Officers and subject to reporting back to the Board on such contacts.

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. If committees have recourse to services provided 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 have internal rules setting out its duties and mode of operation. The committees' internal rules, which must 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 in agreement with the Chairman.

15. THE AUDIT COMMITTEE

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 annual corporate financial statements and to prepare the annual 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.

15.1 Composition

The audit committee members should be competent in finance or accounting.

Yes, the Board of Directors has an Audit Committee.

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.

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The proportion of independent directors on the audit committee should be at least equal to two-thirds, and the committee should not include any executive Officer.

Currently, 50% of both committees' members are independent administrators. The Audit Committee is chaired by an independent administrator: Mr. Henri Riey. The Board of Directors considers the committees' composition to be satisfactory in view of its willingness to limit the membership of these committees, in order to ensure the efficiency of their respective work, requiring a high expertise in finance or accounting matters for the Audit Committee, and an in-depth knowledge of Sartorius Stedim Biotech Group for the Remunerations and Nominations Committee.

Yes the Chairman of the Audit Committee has reached a relevant level of expertise in finance and accounting since the last years..

The appointment or extension of the term of office of the audit committee's Chairman is proposed by the nominations committee and should be the subject of a specific review by the Board.

15.2 In addition to the duties conferred on it by law, the audit committee must, when preparing the financial information, make sure that the accounting methods employed are relevant and applied consistently, in particular when dealing with major transactions. It is also desirable that when reviewing the accounts, the committee focus on major transactions which could have given rise to conflicts of interest.

When monitoring the effectiveness of the internal control and risk management systems and, where applicable, the internal audit of the procedures relating to the preparation and processing of the accounting and financial information, the committee¹² should hear the persons responsible for the internal audit and risk control and issue an opinion on the organisation of their services. It should be informed of the internal audit schedule and receive internal audit reports or a periodical summary of these reports.

The committee reviews the major risks and off-balance-sheet commitments, assesses the significance of any deficiencies or weaknesses of which it has been notified and informs the Board if necessary.

The review of the accounts must be accompanied by a management presentation describing the company's exposure to risk and major off-balance-sheet commitments as well as the chosen accounting methods.

Finally, it should review the scope of consolidation and, if necessary, the

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.

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reasons why any companies should not be included in it.

15.3 The time available for reviewing the accounts should be sufficient (no less than two days before review by the Board).

The committee hears the statutory auditors, in particular on the occasion of meetings held to review the process used for preparing the financial information and reviewing the accounts, in order to report on the conduct of their task and the conclusions of their work.

This enables the committee to be informed of the main areas of risk or uncertainty relating to the accounts as identified by the statutory auditors, their approach to the audit and any difficulties that might have arisen during the conduct of the task.

It also hears the directors responsible for financial affairs, accounting, cash flow and internal audits. Should the committee so wish, it must be possible to hold these sessions in the absence of the company's executive management.

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.

Yes, the Audit Committee meets the statutory auditors at least twice a year.

The committee makes a specific evaluation and have strengthen the process, to also comply with the audit reform currently applicable.

Yes, the Audit Committee pilots the selection of the statutory auditors.

15.2.3

16. THE NOMINATIONS COMMITTEE

The nominations committee plays an essential role in shaping the future of the company, as it is responsible for preparing the future membership of leadership bodies. Accordingly, each Board should appoint, from its members, a committee for the nomination of directors and company Officers 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.

16.2.1

This committee is responsible for submitting proposals to the Board after reviewing in detail all of the factors that it is to take into account in its proceedings, in particular with regard to the make-up and changes in the corporation's ownership structure, in order to arrive at a desirable balance in the membership of the Board: gender representation, nationality, international experience, etc. In particular, it should organise 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.

Currently, 50% of both committees' members are independent administrators. The Board of Directors considers the committees' composition to be satisfactory in view of its willingness to limit the membership of these committees, in order to ensure the efficiency of their respective work.

The committee is chaired by Mr. Lothar Kappich, elected for is in depth knowledge of the company gained from his position in Sartorius AG

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- 16.2.2 The nominations committee (or an ad hoc committee) should design a plan for replacement of company Officers. This is one of the committee's most important tasks even though it can be, if necessary, entrusted to an ad hoc committee by the Board. The Chairman may take part or be involved in the committee's work during the conduct of this task.

17. THE COMPENSATION COMMITTEE

- 17.1 It must not include any executive Officer and must mostly consist of independent directors. It is recommended that the Chairman of the committee be independent and that one of its members be an employee director.

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.

18. NUMBER OF TERMS OF OFFICE FOR COMPANY OFFICERS AND DIRECTORS

- 18.2 An executive Officer should not hold more than two other directorships in listed corporations, including foreign corporations, not affiliated with his or her group¹⁵. 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.

19. ETHICAL RULES FOR DIRECTORS

The director is bound to report to the Board any conflict of interest, whether actual or potential, and abstain from taking part in voting on the related resolution;

Yes, as of 31 December 2017 no Directors declared any actual or potential conflict of interest.

20. DIRECTORS' COMPENSATION

- 20.1 It should 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. The Board should take account, in such ways as it shall determine, of the directors' actual attendance at meetings of the Board and committees, and the amount shall therefore consist primarily of a 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.

- 20.2 Directors' participation in specialised committees may give rise to the award of additional directors' fees. Similarly, the exercise of special tasks,

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	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.	
20.3	The amount of directors' fees should reflect the level of responsibility assumed by the directors and the time that they need to devote to their duties. Each Board must review the adequacy of the level of directors' fees with regard to the duties and responsibilities placed on the directors.	Yes, the Directors' fees have been reviewed during the 16 February 2017 Board of Directors
20.4	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 attendance fees are stated and specified clearly in the reference.
21.	TERMINATION OF EMPLOYMENT CONTRACT IN CASE OF APPOINTMENT AS COMPANY OFFICER When an employee is appointed as 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.	Yes, no executive director has been, or is employed by the company.
22.	REQUIREMENT FOR COMPANY OFFICERS TO HOLD SHARES The Board of Directors defines a minimum number of registered shares that the company Officers must retain through to the end of their term of office. This decision is reviewed at least on each extension of their term of office. The Board of Directors may base its decisions on various references, for example: - the annual compensation; - a defined number of shares; - a percentage of the capital gain net of taxes and social contributions and of expenses related to the transaction in the case of exercised options or performance shares; - a combination of these references. Until this objective regarding the holding of shares has been achieved, the company Officers will devote a proportion of exercised options or awarded performance shares to this end as determined by the Board. This information must be presented in the corporation's annual report.	Yes, the directors are shareholders and, by virtue of the provisions in the by-laws or the internal regulations, hold a minimum number of shares that is significant in relation to the directors' fees awarded. This information is contained in the Board of Directors' report on corporate governance;
23.	CONCLUSION OF A NON-COMPETITION AGREEMENT WITH A COMPANY OFFICER The purpose of concluding a non-competition agreement is to restrict the freedom of a company Officer to hold a position at a competitor. It is an instrument designed to protect the company and justifies a financial compensation for the party to the agreement.	Yes, Mr. 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

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COMPENSATION OF COMPANY OFFICERS

24**24.1.1 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.

claim half of his most recent annual remuneration received from the company.

24.1.2

In order to determine the said compensation, the relevant Boards and committees must take into account the following principles:

Yes, the compensation policy is deliberated at the remuneration committee, before submission to the Board.

Joachim Kreuzburg representing the group Sartorius AG, his compensation policies are deliberated and decided at the level of the parent company of Sartorius Stedim Biotech uses with the utmost attention the Code Afep Medef 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 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

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<p>24.3 Compensation policy and allocation of stock option grants and free shares</p> <p>The compensation of executive directors must be appropriate, balanced and fair. Such compensation must strengthen the sense of solidarity and motivation within the company.</p> <p>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.</p> <p>The Board of Directors must monitor the evolution in all components of the compensation over several years, with regard to corporate performance</p>	<p>Yes, the compensation policy is deliberated at the remuneration committee. Joachim Kreuzburg, representing the group Sartorius AG, his compensation policies is deliberated and decided at the level of the mother house of Sartorius Stedim Biotech.</p>
<p>24.2.2 Fixed compensation</p> <p>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.</p> <p>In principle, such fixed compensation may only be reviewed at relatively long intervals, e.g. every three years.</p> <p>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.</p> <p>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.</p>	<p>Yes, the compensation policy is deliberated at the remuneration committee. Unless exceptional elements, its evolution stays moderated from one year to another one.</p> <p>The company applies to the AFEP MEDEF recommendations in regards to the increases moderation.</p> <p>The Board takes care of this said fixed remuneration with regards to the performance of the company.</p> <p>Joachim Kreuzburg representing the group Sartorius AG, his compensation policies are deliberated and decided at the level of the mother house of Sartorius Stedim Biotech..</p>
<p>24.2.3 Variable compensation</p> <p>The Board may decide to award executive director's annual or multi-annual variable compensation.</p> <p>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.</p>	<p>Yes, the variable compensation policy is reviewed at the remuneration committee . 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.</p> <p>The stock market price does not constitute an element of the compensation variation.</p> <p>Joachim Kreuzburg is representing the Group Sartorius AG, his compensation</p>

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		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.	
24.2.5	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, Mr. Kreuzburg has 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.

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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 director leaves the company to claim, or after having claimed 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).

24.2.6 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 are 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 the in the reference period).

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BY SARTORIUS STEDIM BIOTECH**25. INFORMATION ON COMPANY OFFICERS' COMPENSATION AND THE POLICY FOR AWARDING STOCK OPTIONS AND PERFORMANCE SHARES**

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 company Officer, as well as the amount of the compensation and benefits of any type that each of these Officers has received during the financial year from companies of the group. Comprehensive information must be provided to shareholders so that they can have a clear view, not only of the individual compensation paid to company Officers, but also of the policy applied by the company in order to determine the compensation paid.

Yes, the Chairman's part on the company governance and internal control Report compiles these information about non-executives and executives directors compensation.

25.1 Ongoing information

All of the company Officers' 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..

25.2

The annual report must include a chapter, drawn up with the support of the compensation committee, informing shareholders of the compensation received by company Officers.

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

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

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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;

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 the method used for consolidated financial statements, and the fraction of the capital awarded to each executive director.

Yes, the company indicates this information within the part dedicated to the compensation within the reference document.

Standardized presentation:

It is recommended to comply with the standardized presentation (attached as a schedule hereto) of all director compensation items.

25.3

Shareholders' consultation on individual remunerations for executive managers and executive directors:

Yes, the company indicates this information within the part dedicated to the compensation within the reference document and applies to the AFEP MEDEF recommendations.

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:

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;

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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. Alternative: 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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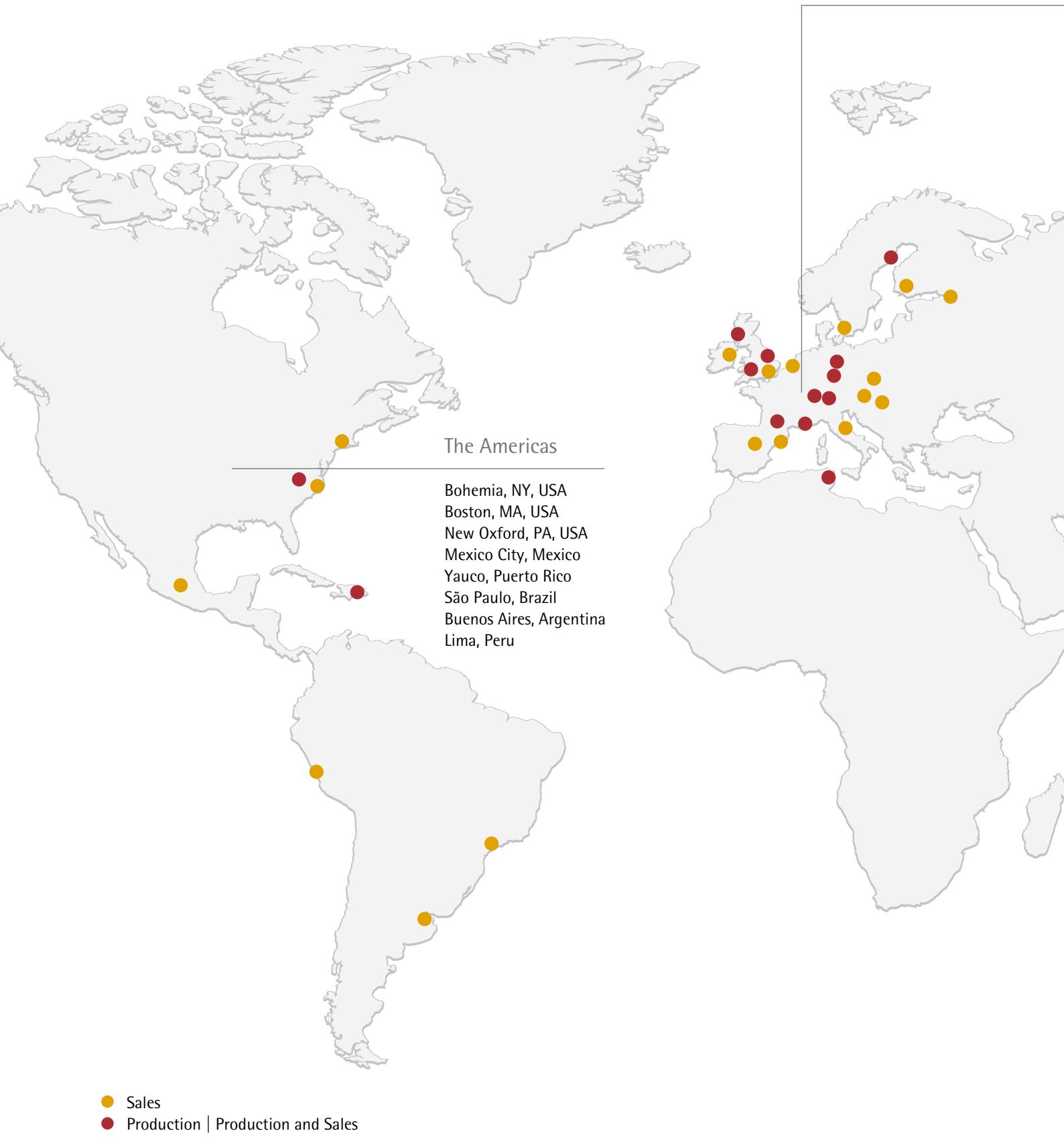
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Financial Schedule

Annual General Shareholders' Meeting, Aubagne, France	April 3, 2018
Payment of dividends ¹⁾	April 10, 2018
Publication of first-quarter figures for 2018	April 24, 2018
Publication of first-half figures for 2018	July 24, 2018
Publication of nine-month figures for 2018	October 24, 2018
Publication of preliminary figures for fiscal 2018	January 2019
Annual General Shareholders' Meeting, Aubagne, France	March 26, 2019
Publication of first-quarter figures for 2019	April 2019

¹⁾ Subject to approval by the Annual General Shareholders' Meeting

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About This Publication

Published by

Sartorius Stedim Biotech S.A.
Corporate Communications
CS 91051
13781 Aubagne Cedex, France

Financial Reporting System firesys

firesys GmbH
Frankfurt | Main, Germany

Editorial Deadline

February 15, 2018

Photography

Peter Ginter
Lohmar, Germany

Published on

February 21, 2018

Frank Stefan Kimmel
Goettingen, Germany

This is a translation of the
original French-language
"Document de Référence 2017".

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