

Corporate Governance

03

The Board of Directors and Its Committees

The Board of Directors

The Board of Directors is composed of eight members, one of whom is independent. The directors are appointed for a three-year period.

Composition of the Board of Directors as of December 31, 2011

Joachim Kreuzburg

Chairman and Chief Executive Officer

Date of birth: April 22, 1965

Nationality: German

Appointed on: April 19, 2010

Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions within the Group:

Chairman of the Executive Board (Vorstand) of Sartorius AG;

Vice Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH;

Vice Chairman of the Supervisory Board of Sartorius Weighing Technology GmbH;

Managing Director of Sartorius Lab Holding GmbH;

Member of the Board of Directors of Sartorius Stedim North America Inc.;

Member of the Board of Directors of Sartorius Stedim SUS Inc.;

Member of the Board of Directors of Sartorius Stedim Filters Inc.;

Member of the Board of Directors of Sartorius Stedim Japan K.K.;

Member of the Board of Directors of Sartorius Stedim Lab Ltd.;

Président of VL Finance S.A.S.;

Member of the Board of Directors of Sartorius Mechatronics Japan K.K.;

Member of the Board of Directors of Denver Instrument (Beijing) Co. Ltd.;

Member of the Board of Directors of Sartorius Scientific Instruments (Beijing) Co. Ltd.;

Member of the Board of Directors of Sartorius Mechatronics Hong Kong Ltd., Hong Kong, China;

Member of the Board of Directors of Sartorius Biohit Liquid Handling Oy, Finland

Other current directorships and positions outside the Group:
Member of the Advisory Board (Regionalbeirat) of Commerzbank AG;
Member of the Advisory Board (Beirat) of Hameln Group GmbH, 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 Supervisory Board (Aufsichtsrat) of E.ON Mitte AG

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 May 1, 1999	Sartorius AG, Goettingen, Germany Most recent position before promotion to the Executive Board: Vice President, Finances and Investor Relations
Since Nov. 11, 2002	Member of the Executive Board of Sartorius AG, Goettingen, Germany
May 1, 2003, to Nov. 10, 2005	Spokesman (Sprecher) of the Executive Board of Sartorius AG, Goettingen, Germany
Since Nov. 11, 2005	CEO and Executive Board Chairman of Sartorius AG, Goettingen, Germany; currently responsible for Operations, Human Resources, Legal Affairs, Compliance and Corporate Communications

Volker Niebel

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

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:
Managing Director (Geschäftsführer) of Sartorius Stedim Biotech GmbH;
Member of the Board of Directors of Sartorius Stedim North America Inc.;
Member of the Board of Directors of Sartorius Stedim SUS Inc.;
Member of the Board of Sartorius Stedim Filters Inc.;
Member of the Board of Directors of Sartorius Stedim India Pvt. Ltd.;
Member of the Board of Directors of Sartorius Stedim Lab Ltd.;
Member of the Board of Directors of Sartorius Stedim Aseptics S.A.;
Managing Director of Sartorius Stedim Biotech SARL;
Managing Director of Sartorius Stedim Integrated SARL;
Managing Director of Sartorius Stedim Bioprocess SARL

Educational and professional background:
Diplom-Betriebswirt (university degree in business administration and economics)

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

Oscar-Werner Reif

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

Appointed on: April 21, 2009
 Appointed until: date of the Annual General Shareholders' Meeting in 2012 to approve the financial statements for the fiscal year ending December 31, 2011

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:
 Managing Director of Sartorius Stedim Biotech GmbH;
 Member of the Board of Sartorius Stedim Switzerland AG, Switzerland

Past directorships (held during the past five years):
 None

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

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

Reinhard Vogt

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

Appointed on: April 19, 2010
 Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:
 Member of the Executive Board of Sartorius AG;
 Managing Director of Sartorius Stedim Biotech GmbH;
 Managing Director of Sartorius Weighing Technology GmbH;
 Managing Director of Sartorius Lab Holding GmbH;
 Member of the Board of Directors of Sartorius Stedim North America Inc.;
 Member of the Board of Directors of Sartorius Stedim SUS Inc.;
 Member of the Board of Directors of Sartorius Stedim India Pvt. Ltd.;
 Member of the Board of Directors of Sartorius Stedim Biotech (Beijing) Co. Ltd.;
 Member of the Board of Directors of Sartorius Stedim Malaysia Sdn. Bhd.;
 Member of the Board of Directors of Sartorius Stedim Australia Pty. Ltd.;
 Member of the Board of Directors of Denver Instrument (Beijing) Co. Ltd.;
 Member of the Board of Directors of Sartorius Scientific Instruments (Beijing) Co. Ltd.;
 Member of the Board of Directors of Sartorius Mechatronics Hong Kong Ltd., Hong Kong, China;
 Member of the Board of Sartorius Stedim Switzerland AG, Switzerland;
 Member of the Board of Sartorius Mechatronics Japan K.K.;

Educational and professional background:
Industriekaufmann (vocational diploma in industrial business administration)

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

Liliane de Lassus

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

Appointed on: April 19, 2010
Appointed until: date of the Annual General Share-
holders' Meeting in 2013 to approve the financial
statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions outside the Group:
Managing Director of L2L 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 startup company specializing
in artificial intelligence (Cognitech)
1989–2005 Consultant in human resources manage-
ment 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 L2L Conseil
SARL (management consulting services;
management of human resources)

Bernard Lemaître

Non-executive member

Date of birth: December 16, 1938

Nationality: French

Appointed on: April 19, 2010

Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 252,744

Other current directorships and positions outside the Group: Président of Financière de La Seigneurie S.A.S.; Member of the Board of Directors of Senova Systems Inc.

Past directorships (held during the past five years) outside the Group: Member of the Supervisory Board of Intrasure S.A.

Educational and professional background: 1979–2007 Founder, CEO and Chairman of Stedim S.A.

Arnold Picot

Non-executive member

Date of birth: December 28, 1944

Nationality: German

Appointed on: April 19, 2010

Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group: Chairman of the Supervisory Board of Sartorius AG; Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH; Chairman of the Supervisory Board of Sartorius Weighing Technology GmbH

Other current directorships and positions outside the Group: Member of the Supervisory Board of Takkt AG; Member of the Supervisory Board of Wissenschaftliches Institut für Infrastruktur und Kommunikationsdienste GmbH und WIK-Consult GmbH

Past directorships (held during the past five years) outside the Group: Vice Chairman of the Supervisory Board of etelon e-solutions AG

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

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

Henri Riey

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

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech Shares held: 300

Other current directorships and positions outside the Group:
President of Aidea
President of Groupe HR S.A.S.

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
- Since 2004 CFO of Hendyplan S.A.

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

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.

The Sartorius Stedim Biotech S.A. Board of Directors includes one independent director, Mr. Henri Riey.

The criteria needed to qualify as an independent director are the following:

- 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;
- 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;
- 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;
- May not have any close family ties with one of the senior executives;
- May not have been an auditor of the company for the five past years;
- May not have been a director of the company for more than twelve years.

Other Information:

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.

The Audit Committee

The Audit Committee is currently composed of three members:

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

Mr. Arnold Picot

Mr. Bernard Lemaître

The Chairman of the Audit Committee is independent.

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

The Audit Committee met five times during fiscal 2011.

Remuneration Committee

The Remuneration Committee is currently composed of four members:

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

Dr. Joachim Kreuzburg

Mr. Henri Riey

Mr. Bernard Lemaître

One of the four members of the Remuneration Committee is independent.

The Remuneration Committee met twice in fiscal 2011.

For more information on the organization, functions and activities of each Committee during fiscal 2011, please refer to the Chairman's Report Pursuant to Article L. 225-37 of the French Commercial Code included in this publication (following pages).

The Executive Committee

The Executive Committee manages the operational business of the company. It decides on strategic and important topics relating to the company, provided that these decisions do not interfere with the responsibilities of the Board of Directors. The Executive Committee also implements decisions and resolutions of the Board of Directors in daily business. It has been composed of the following persons:

- Joachim Kreuzburg
- Volker Niebel
- Reinhard Vogt
- Oscar-Werner Reif
- Joerg Pfirrmann
- Dominique Baly

The Executive Committee met twelve times during fiscal 2011.

Chairman's Report Pursuant to Article L. 225 - 37 of the French Commercial Code

Pursuant to Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors uses this report, which covers the fiscal year ended December 31, 2011, to present the conditions of the preparation and organization of the work of the Board of Directors and the internal controlling and control procedures implemented by the company within the Group.

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

Corporate Governance Code

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

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

Sartorius Stedim Biotech S.A. essentially complies with the Code, though Sartorius Stedim Biotech S.A. needs to explain certain divergences from this Code.

The Board of Sartorius Stedim Biotech S.A. is not composed of at least one third of independent members, nor are its Board committees comprised of at least two thirds, or a majority of, independent members. As Sartorius Stedim Biotech S.A. was established in 2007 by a merger, it required the strong involvement of the management team in the integration process. The Board is currently examining whether the number of its members needs to be increased in the future, particularly by appointing independent members. This topic will be finalised in the course of 2012 taking into account also the regulation Copé / Zimmermann. The integration process is also the reason that explains why the company has a Président-Directeur général (Chairman and CEO) instead of separating the functions of Président (Chairman) and CEO. We have not implemented any gradual renewal of the Board because the company was completely reor-

ganized in 2007 by the merger and all Board members had to be elected. Possible changes to the structure of the Board may be considered at a later date.

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.

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 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;
- The Board of Directors shall convene general 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 2011

The Board of Directors met five times during the fiscal year. The average attendance was 92.50%.

The Board reviewed and approved the corporate and consolidated accounts for 2010.

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;
- Approval of bank guarantees;
- Sale of Lab Water product line and Purchase of PAT product line (related parties agreement);
- Significant off-balance sheet commitments;
- Risk indicators for the Group;
- Internal organization projects;
- Stock market performance;
- Self assessment of the Board members.

The Board members carried out for the second consecutive year a formal assessment of the work of the Board of Directors. A questionnaire was sent to each Board member. A summary of the results shows a very positive overall assessment of board performance.

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

The independent auditors were invited to two Board meetings.

Information to Be Provided to Directors

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

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

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

The Directors receive copies of any press releases that are issued by the company and have not been specifically approved by the Board. The Directors may, at any time, request further information from the Chairman of the Board, who shall assess the relevance of the request.

Board Committees

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

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

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

Duties of the Audit Committee:

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

The Audit Committee has used the Poupart Lafarge report dated July 22nd, 2010 to define the duties of the Committee.

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

- Examining the annual corporate and consolidated accounts: reviewing half-yearly and annual corporation and consolidated accounts, including the notes to the financial statements and the management report presented by the Board of Directors to the Annual General Shareholders' Meeting convened to approve the statements for fiscal 2011, and presenting its observations and recommendations to the Board of Directors;
- Ensuring the suitability and consistent application of the accounting methods and procedures chosen by the company, and guaranteeing their correct application; and
- Examining the accounting treatment of any significant transactions carried out by the company.

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

- Submitting recommendations to the Board of Directors concerning the statutory auditors and their appointment or reappointment by the Annual General Shareholders' Meeting.
- Analyzing and issuing an opinion on the definition, scope and timetable of their assignment and fees.
- Analyzing the independence of the legal auditors.

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

- Defining the internal audit plan for the Group companies, obtaining a report on the audits carried out and defining, if necessary, action plans for implementing new procedures in the respective companies.
- Examining the company's exposure to significant risks (risk mapping); and
- Verifying appropriate application of internal controls and accounting and financial reporting procedures.

The Audit Committee's duties in the area of financial communication consist of:

- Reviewing the company's proposed financial communication with respect to publication of its half-yearly and annual corporate accounts and its quarterly results.

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

Activity Report of the Audit Committee on Fiscal 2011

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

The Audit Committee dealt with the following major topics:

- Examining the corporate and consolidated annual accounts: reviewing all financial statements, quarterly, half-yearly and annual corporate and consolidated accounts, including the implementation of specific actions related to IFRS standards;
- Working on hedging instruments.
- Review of the internal audit work.
- Review of the quarterly risk management report.
- Approval of the auditors fees.
- Approval of bank guarantees.

Duties of the Remuneration Committee:

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

The Remuneration Committee has also the responsibility to give recommendations with regards to the new potential Directors and committee members.

Activity Report of the Remuneration Committee for 2011:

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

The Remuneration Committee deliberated on the main following topics:

- Reviewing the remuneration for corporate officers;
- Reviewing payment of directors' fees;
- Reviewing the nominations | renewals of the members of the Board of Directors.
- Validation of the respect of a balanced representation between men and women in the Board of Directors.

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

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

The Remuneration Committee has recommended renewing the mandate of Oscar-Werner Reif for a three-year period until the 2015 ASM deciding upon the financial statements ended December 31, 2014.

Limitations on the Powers of the Chairman and Chief Executive Officer

On June 29, 2007, the Board of Directors voted to combine the functions of Chairman and Chief Executive Officer without any limitations on powers other than those included in the internal regulations of the Board of Directors, which are mainly strategic investment projects and any transactions, especially acquisitions or disposals, which may lead to a material profit and loss impact. This procedure concerns operations above one million euros.

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

The total remuneration, including all benefits paid during the year to each senior executive (Chairman of the Board of Directors, Chief Executive Officer, Directors) including share-based payments, is disclosed in the Corporate Governance Report of the Sartorius Stedim Biotech Group (see pages 73 to 80).

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

Dr. Joachim Kreuzburg's and Reinhard Vogt's remuneration is determined annually by the Sartorius AG's Supervisory Board. Their remuneration consists of fixed and variable components and is in line with their respective areas of responsibility. The variable portion contains short-, mid- and long-term components. The short-term components are paid out every year. The mid term component is paid out every three years based on the average of the achieved target for the three-year term. The long term component is comprised of a phantom stock plan that is subject to risk. This remuneration component depends on the development of the Sartorius AG share price over a period of at least four (formerly three years) years and is payable only if this price exceeds at least 7.5% (formerly 10%) per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned. The use of a component that is designed to have a long-term incentive effect and entails risk is a recommendation adopted from the German and French Corporate Governance Codes. To date, no payment has been made to Dr. Kreuzburg or Reinhard Vogt according to this phantom stock plan.

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

Internal Control Procedures

Introduction

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

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

Scope of Internal Control

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

Components of Internal Control

Environment for Internal Control

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

Risk Assessment Process – Risk Mapping

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

Control Activities

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

Information and Communication

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

Monitoring, Control and Management

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

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

Internal Controlling Roles

Executive Management

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

Audit Committee

The Audit Committee is responsible for carrying out any necessary reviews and evaluations of the internal controlling procedures, including those relating to financial information, and also assists with the preparation of the Group's consolidated financial statements. For further information about the Audit Committee, see pages 67 and 68.

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 subsidiaries 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.

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 subsidiaries, 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 subsidiary. 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 2011

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

Training on Code of Conduct and Anti-Corruption Code

Further to the implementation of the Sartorius Code of Conduct and the Sartorius Anti-Corruption Code, that apply equally to all persons employed at the Group a training has been developed that is offered to every employee to provide guidance in meeting ethical and legal challenges encountered during daily work.

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.

Aubagne, February 29, 2012

The Chairman and the members of the Board of Directors

Joachim Kreuzburg
Volker Niebel
Reinhard Vogt
Oscar-Werner Reif
Liliane de Lassus
Bernard Lemaître
Arnold Picot
Henri Riey

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

Tables Summarizing the Remuneration and Options and Shares Granted to Each Corporate Officer

Joachim Kreuzburg

(Chairman of the Board and Chief Executive Officer)

€ in K	Year 2011	Year 2010
Due remuneration	1,302	1,549
Options valuation granted during the reporting period	0	0
Valuation of the performance shares granted during the reporting period	156	211
Total	1,458	1,760

Volker Niebel

(Executive Vice President of Operations and IT)

€ in K	Year 2011	Year 2010
Due remuneration	494	439
Options valuation granted during the reporting period	0	0
Valuation of the performance shares granted during the reporting period	0	0
Total	494	439

Reinhard Vogt

(Executive Vice President of Marketing, Sales and Service)

€ in K	Year 2011	Year 2010
Due remuneration	678	605
Options valuation granted during the reporting period	0	0
Valuation of the performance shares granted during the reporting period	96	115
Total	774	720

Oscar-Werner Reif

(Executive Vice President Research and Development)

€ in K	Year 2011	Year 2010
Due remuneration	490	437
Options valuation granted during the reporting period	0	0
Valuation of the performance shares granted during the reporting period	0	0
Total	490	437

Summary of the Remuneration for Each Corporate Officer

Joachim Kreuzburg¹⁾

(Chairman of the Board and Chief Executive Officer)

€ in K	Year 2011		Year 2010	
	Due amounts	Paid amounts	Due amounts	Paid amounts
Fixed remuneration		550		550
Variable remuneration ²⁾	318		313	0
Long-Term Incentive ³⁾	572		879	
Exceptional remuneration				
Director fees				
Benefits in kind ⁴⁾		18		18
Total	890	568	1,192	568

¹⁾ Joachim Kreuzburg receives his salary from Sartorius AG for its duties performed for the entire Sartorius Group including Sartorius Mechatronics. His remuneration is determined annually by the Supervisory Board of Sartorius AG.

²⁾ The variable remuneration contains components that are based on the economic success of the Group, in particular sales revenue and profit, and in addition, individually defined targets that reflect the operating and strategic goals of the Group.

³⁾ Addition to the pension plan, the addition to the Phantom Stock Plan and one other long-term component, including the valuation of these components granted in prior years.

⁴⁾ Company car

Volker Niebel¹⁾

(Executive Vice President of Operations and IT)

€ in K	Year 2011		Year 2010	
	Due amounts	Paid amounts	Due amounts	Paid amounts
Fixed remuneration		260		260
Variable remuneration ²⁾	224		169	0
Exceptional remuneration				
Director fees				
Benefits in kind ³⁾		10		10
Total	224	270	169	270

¹⁾ Volker Niebel receives his salary from Sartorius Stedim Biotech GmbH for its duties performed for the Sartorius Stedim Biotech Group.

²⁾ The variable remuneration contains components that are based on the economic success of the Group, in particular sales revenue and profit, and in addition, individually defined targets that reflect the operating and strategic goals of the Group.

³⁾ Company car

Reinhard Vogt¹⁾

(Executive Vice President of Marketing, Sales and Service)

€ in K	Year 2011		Year 2010	
	Due amounts	Paid amounts	Due amounts	Paid amounts
Fixed remuneration		340		320
Variable remuneration ²⁾	197		171	
Long-Term Incentive ³⁾	221		215	
Exceptional remuneration				
Director fees				
Benefits in kind ⁴⁾		16		14
Total	418	356	386	334

¹⁾ Reinhard Vogt receives his salary from Sartorius AG for its duties performed for the entire Sartorius Group including Sartorius Mechatronics. His remuneration is determined annually by the Supervisory Board of Sartorius AG.

²⁾ The variable remuneration contains components that are based on the economic success of the Group, in particular sales revenue and profit, and in addition, individually defined targets that reflect the operating and strategic goals of the Group.

³⁾ Addition to the pension plan, the addition to the Phantom Stock Plan and one other long-term component, including the valuation of these components granted in prior years.

⁴⁾ Company car

Oscar-Werner Reif¹⁾

(Executive Vice President of Research and Development)

€ in K	Year 2011		Year 2010	
	Due amounts	Paid amounts	Due amounts	Paid amounts
Fixed remuneration		260		262
Variable remuneration ²⁾	224		169	0
Exceptional remuneration				
Director fees				
Benefits in kind ³⁾		6		6
Total	224	266	169	268

¹⁾ Oscar-Werner Reif receives his salary from Sartorius Stedim Biotech GmbH for its duties performed for the Sartorius Stedim Biotech Group.

²⁾ The variable remuneration contains components that are based on the economic success of the Group, in particular sales revenue and profit, and in addition, individually defined targets that reflect the operating and strategic goals of the Group.

³⁾ Company car

Table on Directors' Meeting Attendance Fees and Other Remuneration Received by Non-Executive Corporate Officers

€ in K	Year 2011	Year 2010
Bernard Lemaître		
Director fees	42	41
Other remuneration		
Arnold Picot		
Director fees	45	44
Other remuneration		
Liliane de Lassus		
Director fees	28	28
Other remuneration		
Henri Riey		
Director fees	45	44
Other remuneration		
Total	160	157

Stock Options Granted During the Reporting Period to the Executive Corporate Officers by the Issuer or Any Other Company of the Group

Name of the executive corporate officer	Date of the plan	Nature of options	Valuation of these options with regard to calculation method	Number of options granted during the reporting period	Price of exercised options	Window period
Joachim Kreuzburg						
Volker Niebel			NONE			
Reinhard Vogt						
Oscar-Werner Reif						
Total						

Stock Options Exercised During the Reporting Period by Each Corporate Officer

Name of the executive corporate officer	Date of the plan	Number of exercised stock options	Price of exercise
Joachim Kreuzburg			
Volker Niebel		NONE	
Reinhard Vogt			
Oscar-Werner Reif			
Total			

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		none	
Volker Niebel		not applicable	
Reinhard Vogt		none	
Oscar-Werner Reif		not applicable	
Liliane de Lassus		not applicable	
Bernard Lemaître		not applicable	
Henri Riey		not applicable	
Total			

¹⁾ The performance shares are bonus shares allocated to the corporate officers within the framework of the L225-197-1 articles and following of the commercial law, and which are subjected to additional requirements laid down by recommendations AFEP/MEDEF of October 2008.

Performance Shares Granted to Corporate Officers

Performance shares granted by the ASM during the reporting period to any corporate officer by the issuer or any other company of the Group	Date of the plan	Number of shares granted during the year	Valuation of the shares according to the consolidated accounts methodology	Date of acquisition	Date of availability	Performance conditions ¹⁾
Joachim Kreuzburg		5,165	156	Jan. 01, 2011	Jan. 01, 2015	
Volker Niebel		0				
Reinhard Vogt		3,193	96	Jan. 01, 2011	Jan. 01, 2015	
Oscar-Werner Reif		0				
Liliane de Lassus						
Bernard Lemaître						
Henri Riey						
Total		8,358				

¹⁾ The performance shares are comprised of a phantom stock plan. The phantom stock plan is used as the variable incentive component that includes a risk portion. This remuneration component depends on the development of the Sartorius AG share price over a period of at least four (formerly three) years and is payable only if this price exceeds at least 7.5% (formerly 10%) per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned. The use of a component that is designed to have a long-term incentive effect and entails risk is recommended by the French and German Corporate Governance Codes.

Stock Options Granted | Historical Information

	Plan N°2	Plan N°3	Plan N°4	Plan N°5	Plan N°6	Plan N°7	Plan N°8	Plan N°9
Annual Shareholders Meeting								
Board of Directors Meeting								
Total number of stock subscribed or bought thereof for the following people :								
Joachim Kreuzburg CEO and Chairman of the Board								
Reinhard Vogt								
Volker Niebel				NONE				
Arnold Picot								
Oscar-Werner Reif								
Bernard Lemaître								
Liliane de Lassus								
Henri Riey								
Starting point of the stock options								
Expiration date								
Price								
Exercised modalities								
Number of stock options subscribed as of Dec. 2011								
Number of erased stock options								
Stock options not yet exercised								

Stock Options Granted to the Top Ten Non-corporate Officers and Exercised by Them

Stock options granted to the top 10 employees non corporate officers and exercised by them	Total number of granted stock options	Average price in €	Plan N°2	Plan N°3	Plan N°4	Plan N°5	Plan N°6	Plan N°7	Plan N°8	Plan N°9
Option granted, during the reporting period, by the issuer or other companies in the Group, to the top 10 employees to the issuer of the companies of the Group that lead to the maximum number	0	0	0	0	0	0	0	0	0	0
Options owned on the issuer or other companies of the Group, exercised during the reporting period by the top 10 employees, which lead to the maximum number	40,727	18.18	0	4,060	0	0	0	0	36,667	0

Additional Information about the Executive Board Members

Corporate officer	Employment contract		Additional pension plan		Indemnities or due compensations with regard to termination contracts or positions		Non compete clause indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Joachim Kreuzburg CEO and Chairman	[1]		[4]		[5]		[6]	
Reinhard Vogt	[2]			none	[5]		[6]	
Oscar-Werner Reif	[3]			none	[5]		[7]	
Volker Niebel	[3]			none		none	[7]	

[1] Joachim Kreuzburg has an employment contract with Sartorius AG for his duties performed as CEO of the entire Sartorius Group, including Sartorius Mechatronics. This is standard practice in Germany.

[2] Reinhard Vogt has an employment contract with Sartorius AG for his duties performed as a member of the Executive Board of the entire Sartorius Group, including Sartorius Mechatronics. This is standard practice in Germany.

[3] Oscar-Werner Reif and Volker Niebel each have an employment contract with Sartorius Stedim Biotech GmbH for their duties performed as managing directors of the company. This is standard practice in Germany.

[4] There is a common pension plan in place at the Sartorius AG level for Joachim Kreuzburg. The level of his entitlement to benefits paid under a company pension plan depends on his respective tenure.

[5] The severance cap for the members of the Executive Committee is the remuneration for two years based on the actual remuneration at the time of the termination of the employment contract. In case of the employment contract lasts less than two years, the severance payment is capped at an amount of the remaining remuneration of the employment contract.

[6] Joachim Kreuzburg and Reinhard Vogt have a mandatory non-compete clause for the time they are appointed as members of the Executive Board of Sartorius AG. For the time period of two years after the end of their appointments as members of the Executive Board of Sartorius AG, they have got an additional non-compete clause, which grants them an indemnity of half of the received gross salary per year of the non-compete period. The non-compete period is two years.

[7] For a two-year period after the end of their employment contract with Sartorius Stedim Biotech GmbH, Volker Niebel and Oscar-Werner Reif are bound by a non-competition clause, which grants a compensation equal to half of their annual gross salary during the non-competition period. This non-compete period is two years.

Additional Information about the Remuneration of the Executive Board Members

General and Fixed Remuneration

The total value of the remuneration of an Executive member 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, the extent to which this amount of remuneration is typical is considered, taking into account peer companies and the remuneration structure in place in other areas of the company and in similar companies. Remuneration is comprised of both fixed and variable components and is reviewed annually to ensure that it remains appropriate. The variable remuneration components paid in addition to the fixed base salary represent approximately half of the total remuneration excluding pension commitments and fringe benefits in the case of 100% target achievement.

Variable Remuneration

The variable portion of this remuneration contains components that are paid annually (subordinate targets measured against sales revenue/order intake, EBITA (see glossary), ratio of net debt to EBITDA and individual goals) and components determined by multi-year assessment (measured against consolidated net profit).

a) Annually paid variable remuneration

The portion of the variable remuneration that is to be paid annually depends on the degree to which the target is achieved. Thus, target achievement is subdivided into the previously mentioned four 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 awarded sum is paid out. Thereafter, payment increases linearly up to a target achievement of 104%, at which a maximum of 120% of the awarded sum is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

EBITA (see glossary)

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

Ratio of Net Debt to EBITDA

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

Individual Goals

Reasonable quantitative and qualitative targets are agreed upon annually according to the area of responsibilities of each member of the Executive Board and in line with the current priority projects and objectives of the Group. At the end of a fiscal year, the Supervisory Board individually determines this component of variable remuneration, where a degree of payment exceeding 100% can be attained only if it is in adequate proportion to the situation of the company.

b) Variable remuneration: consolidated net profit

Components determined by multi-year assessment depend on the degree to which the target is achieved. Consolidated net profit has to be considered in this context.

Consolidated Net Profit

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

c) Variable remuneration: phantom stock plan

Phantom Stock Plan

Joachim Kreuzburg and Reinhard Vogt have access to the Phantom Stock Plan because of their responsibilities at the Sartorius AG level.

Through the issue of shadow shares, called phantom stock, Executive 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 this phantom stock is 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 stock cannot be traded and does not entail any share subscription rights.

According to the Sartorius phantom stock plan, each Executive member is credited at the beginning of every year with phantom stock units valued at an agreed monetary sum. The value of this phantom stock 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 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 stock was assigned, based in each case on the actual annual tranche concerned.

Assignment of this phantom stock and payment of its monetary equivalent depend on the mean value calculated from the average prices of both classes of Sartorius AG 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 the 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 stock is blocked for the four weeks preceding the scheduled publication date of quarterly and preliminary yearend 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 profiting from their insider knowledge.