

# Corporate Governance Report

Corporate government aligned with the interests of stakeholders, lawful and responsible conduct, and constructive cooperation between the managerial bodies and within the company in a spirit of mutual trust constitute the essential cornerstones of Sartorius' corporate culture.

The Executive Board and the Supervisory Board report in the following declaration on the key aspects of corporate management and governance pursuant to Section 289f of the German Commercial Code ("HGB") and to Article 3.10 of the German Corporate Governance Code.

## Declaration of Compliance with Corporate Governance

Declaration of the Executive Board and of the Supervisory Board of Sartorius AG Concerning the Recommendations of the Government Commission on the German Corporate Governance Code Pursuant to Section 161 of the German Stock Corporation Law ("Aktengesetz"):

1. The Executive Board and the Supervisory Board declare that Sartorius AG complied, and will continue to comply in the future, with the recommendations made by the Government Commission on the German Corporate Governance Code (GCGC) in the version as amended on December 16, 2019, and published by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette ("Bundesanzeiger") since their publication, with the following exception:  
In divergence from the newly introduced recommendations pursuant to G.10 of GCGC, the variable remuneration of the members of the Executive Board consists only to a minor extent of share-based remuneration components; furthermore, portions of the long-term remuneration with a multi-year assessment basis are available to the members of the Executive Board before the end of four years. The Supervisory Board believes that the terms of variable remuneration in place so far also provide for an incentive structure that is geared towards the sustainable and longterm development of the company. The Supervisory Board will observe and evaluate the implementation of the recommendations according to G.10 of GCGC on the market and, if necessary, propose changes to the remuneration system to the Annual General Shareholders' Meeting at a later time.
2. The Executive Board and the Supervisory Board further declare that Sartorius AG fully complied with the recommendations made by the Government Commission on the German Corporate Governance Code in the version as amended on February 7, 2017, and published by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette ("Bundesanzeiger") on April 24, 2017, and May 19, 2017, respectively, throughout the period from the issuance of last year's Declaration of Compliance in December 2019 to the publication of the new version of the GCGC on March 20, 2020.

Göttingen, December 3, 2020

For the Supervisory Board

Dr. Lothar Kappich

For the Executive Board

Dr. Joachim Kreuzburg

## Further Remarks Concerning Corporate Governance

Sartorius AG is a joint stock corporation founded under German law and headquartered in Göttingen, Germany. With the Annual General Shareholders' Meeting, Supervisory Board and Executive Board, it has three corporate managerial bodies whose tasks and powers are essentially derived from the German Stock Corporation Law ("Aktengesetz") and the company's Articles of Association.

As owners of the company, the shareholders exercise their rights at its Annual General Shareholders' Meeting, where they decide, in particular, on the appropriation of profits, measures concerning share capital, amendments to the Articles of Association, discharge of the Supervisory Board and the Executive Board and the appointment of statutory auditors, as well as electing shareholder representatives to the Supervisory Board. The Annual General Shareholders' meeting is held at least once a year within the first eight months of the respective fiscal year.

In managing the company, the Supervisory Board and the Executive Board perform their tasks in a two-tier board structure, each with separate duties and powers.

The Supervisory Board appoints members to the Executive Board, determines their remuneration and monitors and advises the Executive Board in its management of the company. The Supervisory Board is not authorized to take any operational management measures for the business.

The Executive Board is responsible for independently managing the company. In particular, it defines corporate strategy, coordinates and agrees on this approach with the Supervisory Board and implements such corporate strategy. In line with established reporting obligations, the Executive Board regularly informs the Supervisory Board promptly and comprehensively, and requests the latter's approval for certain key business transactions.

## Composition and Operating Mode of the Supervisory Board and Its Committees

The Supervisory Board has an equal number of shareholder representatives and employee representatives: six shareowner representatives elected by the Annual General Shareholders' Meeting and six employee representatives elected according to the German Codetermination Law ("Mitbestimmungsgesetz"). Details on the members of the Supervisory Board and its committees are provided on pages 230 to 237.

The Supervisory Board Chairman coordinates the work within this board and convokes and conducts Supervisory Board meetings. Furthermore, he is the first individual for the Executive Board to contact and externally represents the matters of the Supervisory Board.

The Supervisory Board holds at least two meetings every six months; as a rule, four or more meetings take place, as required. This board has established four committees: the Executive Task Committee, the Audit Committee, the Conciliation Committee and the Nomination Committee. The Executive Task Committee, Audit Committee and Conciliation Committee each have four members, consisting of an equal number of shareholder representatives and employee representatives (for all three committees named here: Dr. Lothar Kappich (Chairman of the Executive Task Committee and the Conciliation Committee), Prof. Dr. Klaus Rüdiger Trützschler (Chairman of the Audit Committee), Mr. Uwe Bretthauer und Mr. Manfred Zaffke); the Nomination Committee is composed of three shareholder representatives (Dr. Lothar Kappich, Dr. Daniela Favoccia and Prof. Dr. Klaus Rüdiger Trützschler). The Executive Task Committee and Audit Committee hold regular meetings; the Conciliation Committee and the Nomination Committee meet only as necessary.

The Executive Task Committee carries out preparatory work for resolutions and issues to be addressed in the meetings of the Supervisory Board. It also oversees the preparations for appointments, including the remuneration and employment contract conditions of members of the Executive Board. The Audit Committee supports the Supervisory Board in performing its supervisory function. The Chairman of the Audit Committee is an independent member of the Supervisory Board and has detailed knowledge and extensive experience in the application of accounting standards and internal control systems from his own professional practice. The Conciliation Committee meets if the majority required in connection with the appointment of members to the bodies authorized to represent the company for legal purposes is not reached. The Nomination Committee comprises representatives of the shareholders only. Its function is to propose suitable candidates to the Supervisory Board for the latter's election proposals submitted to the Annual Shareholders' Meeting. More information on the individual meetings held in the reporting year by the Supervisory Board and its committees is given in the Report of the Supervisory Board on pages 14 to 18.

The Supervisory Board carries out an assessment annually to determine how effectively the board as a whole and its committees fulfill their tasks. This self-assessment is based on a questionnaire containing 46 statements on various topics, in part directed especially to shareholder representatives or employee representatives, to which every member of the Supervisory Board can quantify his or her agreement on a scale of 0 to 5. In addition, two open questions solicit suggestions for the improvement of the work of the Supervisory Board as well as other general remarks or feedback. The evaluation of the questionnaires ensures anonymity. The results are discussed regularly in one of the Supervisory Board's annual meetings.

## Appointment Objectives for the Supervisory Board; Diversity Policy and Competence Profile

Members of the Supervisory Board of Sartorius AG are to be appointed such that they, on the whole, have the knowledge, skills and experience that are necessary to perform the board's duties properly.

For this purpose and based on the recommendations of the German Corporate Governance Code, the Supervisory Board decided on the following appointment objectives:

- Independence: The Supervisory Board should contain at least four members on the shareholder side. Age limit: A fundamental age limit of 70 applies to members of the Supervisory Board at the time they are elected. The age limit may be waived in individual cases, provided there are no reservations about the suitability of the persons proposed and their election is expedient to the interests of the company in spite of the age limit being exceeded.
- Maximum number of mandates / time resources: A Supervisory Board member who is not a member of the management board of a listed company should not hold more than five Supervisory Board positions at external listed companies or perform comparable functions; in this regard, the chairmanship of a Supervisory Board counts twice. A Supervisory Board member who is a member of the management board of a listed company should not hold more than two Supervisory Board positions at external listed companies or perform comparable functions, and should not chair the Supervisory Board at an external listed company. Regardless of other mandates held, care must be taken that every member has enough time to fulfill his mandate in the Supervisory Board of Sartorius AG.
- Former members of the Executive Board: No more than two former members of the Sartorius Executive Board should serve on the Supervisory Board at any one time.

- Function at competitor companies: Members of the Supervisory Board should not hold any board function or consulting mandate at companies that are important competitors of Sartorius AG, and should not be in a personal relationship to an important competitor.

In addition, the Supervisory Board has defined a competence profile for itself. It also covers aspects such as diversity, with regard, for example, to professional background and international experience. In view of achieving an appropriate gender balance, the legal quotas of at least 30% women and at least 30% men apply to the Sartorius Supervisory Board. The shareholder representatives and the employee representatives decided to fulfill these legal targets separately.

- In its election proposals for membership, the Supervisory Board is required to consider whether candidates have international experience or an international background within the scope of its current members.
- The Supervisory Board must have members with expertise in one or several of the international markets relevant for Sartorius.
- Members of the Supervisory Board need to bring in knowledge of technologies and products relevant to the Group, as well as of digitalization, and experience in research and development, particularly in the biopharmaceutical industry.
- The Supervisory Board must have members who have expertise in setting up and developing innovative business models, as well as knowledge of corporate strategies.
- Members of the Supervisory Board need to have in-depth knowledge of financial business processes and competences in financial controlling and risk management; at least one independent member of the Supervisory Board must have expert knowledge of accounting or auditing (Section 100, Subsection 5, of AktG).
- Members of the Supervisory Board must have expertise in law, corporate governance and compliance.
- The Supervisory Board needs to have in-depth knowledge and a thorough background in issues concerning human resources.

According to the Supervisory Board's self-assessment, the members on its board meet the diversity and competency requirements. In addition, the board meets the appointment objectives described above.

In the opinion of the shareholder representatives on the Supervisory Board, Prof. Dr. David Ebsworth, Dr. Daniela Favoccia, Ilke Hildegard Panzer, Prof. Dr. Thomas Scheper and Prof. Dr. Klaus Rüdiger Trützscher are independent members of the Supervisory Board. As the executor for the community of heirs of Horst Sartorius, Dr. Lothar Kappich is to be regarded as dependent upon the controlling shareholder. However, despite the fact that Dr. Kappich has served on the Supervisory Board since April 2007 and has thus been a member for more than 12 years, the shareholders on the Supervisory Board regard him as independent of the company and its Executive Board. Thus a Supervisory Board membership of many years alone should not, in this case, lead to the fear of a personal or business relationship with the company or its Executive Board that would justify a significant and not merely temporary conflict of interest. In particular, the circumstance that Dr. Kappich represents the majority of the voting rights in the company counters the presumption of his dependence on the company and its Executive Board.

With a view to achieving an equal gender balance, the Supervisory Board meets the quota of 30% set for the underrepresented gender. The Supervisory Board includes a total of seven men (around 58%), of whom four

are shareholder representatives and three are employee representatives. In addition, five women (around 42%) are members of this board, among them two representatives of the share owners and three representatives of the employees. As a result, the gender quota requirements are met on both sides of Supervisory Board representation and on the full Supervisory Board itself.

To facilitate comparison of the appointment objectives, brief resumés of the Supervisory Board members are available on the Sartorius website.

## Composition and Operating Mode of the Executive Board

The Executive Board of Sartorius AG manages the company under its own responsibility, with the goal of increasing the company's sustainable value. It develops the company's strategy, coordinates it with the Supervisory Board and ensures implementation of this strategy. Beyond that, the rules of procedure for the Executive Board define the legal transactions requiring approval by the Supervisory Board in order for such transactions to be effected. The Executive Board is responsible for compliance with all provisions of the law and the company's internal policies, as well as for appropriate risk management.

Decision-making by the Executive Board is done at its regular meetings, which are convoked and conducted by the Chairman. Other specialists and managers are invited as necessary to provide advice.

The Executive Board members are jointly responsible as a collegiate body for matters of special significance. As for the board's remaining responsibilities, each member independently manages the area assigned to him or her according to the plan for allocation of areas of responsibilities, and is required to notify the Chairman of all material transactions and events.

## Composition of the Executive Board, Diversity and Competency Requirements

In the opinion of the Supervisory Board, the basic qualification criteria for appointments to positions on the Executive Board are professional qualifications for heading each particular area of responsibility, a proven track record in the individual's career path and convincing managerial skills. In addition, the Supervisory Board also considers the aspect of diversity in its appointment decisions. Therefore, the Supervisory Board strives to appoint people with complementary profiles, professional and personal life experiences and in different age brackets to the Executive Board. Moreover, the latter board is required to have broad international experience.

The Supervisory Board deals regularly with succession planning for the Executive Board in its Executive Task Committee and in its plenary sessions. To identify special talent within the company, promising junior staff are invited to make presentations to the Supervisory Board on specific topics.

An Executive Board member should not be older than 65 years of age at the time of his or her appointment. The age limit can be waived in individual cases, provided there are no reservations about the suitability of the person proposed and his or her appointment is expedient to the interests of the company in spite of the age limit being exceeded.

Pursuant to the German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sectors, the Supervisory Board defined a target quota for the Executive Board that is described in the following section.

The Sartorius Executive Board is a committee that presently consists of four members and is therefore relatively small; the establishment of a rigid gender quota can be problematic. The current four members of the Executive Board of Sartorius AG are men. The appointment of at least one woman to the Executive Board was defined as a target to be met by the present deadline of June 30, 2022.

Likewise with regard to the appointment of women to the Executive Board of Sartorius AG, the Supervisory Board supports the activities of the Executive Board to further increase the percentage of female executives at the first two management levels in the company. The Executive Task Committee responsible and the full Supervisory Board regularly receive reports on the development of the proportions of women in senior-level management positions

## First and Second Management Levels Below the Executive Board

Over the past years, the percentage of women at the first two management levels below the Executive Board has considerably increased on the whole and is already at a comparably high level.

The Executive Board resolved in 2017 to increase the proportion of women at both levels of management below this board to around 30% by the next deadline of June 30, 2022. Currently, the proportion of women at the first level is around 38% and at the second level around 21%, thus exceeding or approaching the established target quota. In general, it should be noted that owing to the relatively small number of managers at the first level, even individual personnel changes can lead to sizable swings in the quota. Moreover, in the past the consolidation of acquired companies has frequently led to a slight dilution in the proportion of women, and this effect cannot be excluded in the future.

## Further Corporate Governance Practices

### Risk Management

Conscientious management of commercial risks is a key principle of good corporate governance. Sartorius AG and the Group have at their disposal enterprise-wide and company-specific reporting and control systems designed to facilitate the recording, assessment and management of commercial risks. These systems are developed and adapted continuously as conditions evolve. The Executive Board informs the Supervisory Board regularly of existing risks and their development. The Audit Committee is concerned, in particular, with monitoring of the following: the accounting process including reporting; the efficacy of the internal control system; risk management and the internal auditing system; compliance; and the independent statutory audit. Details on risk management are presented in the Opportunity and Risk Report.

### Transparency

Sartorius AG places great importance on disclosing consistent and complete information promptly. Information about the economic position of the Group and new developments is consequently released regularly, without delay, as it becomes known in order to inform participants in the capital market and interested members of the public at large. The annual report, first-half financial report and quarterly reports are published within the timeframes specified for this purpose. Current developments and material events are publicized as press releases and, where appropriate, ad hoc announcements. This information is usually made available in German and English simultaneously and published via suitable media and on the internet.

The chief recurring events and publications, such as the Annual General Shareholders' Meeting, the annual report and the interim reports, are listed on a financial calendar that may be viewed at any time on the Group website.

## Share Trading Activities of Supervisory and Executive Board Members

The following notifiable proprietary trading involving shares of Sartorius AG or related financial instruments by the members of the Executive Board and the Supervisory Board or other persons with management responsibilities or their related parties were reported to us: The Chairman of the Executive Board, Dr. Joachim Kreuzburg, informed us on November 30, 2020, of the grant of 13,785 ordinary shares and 13,785 preference shares as share-based remuneration components.

The Chairman of the Executive Board, Dr. Joachim Kreuzburg, holds 113,785 ordinary shares and 113,785 preference shares in the company. They were transferred to him as components of his remuneration on the basis of corresponding agreements in his employment contracts of December 18, 2015, and November 26, 2020, each with a minimum holding period of four years from the beginning of the respective contract. For further information on this transfer, please see the Remuneration Report on pp. 105 et seq.

As executor of the estate of Horst Sartorius, the Supervisory Board Chairman, Dr. Lothar Kappich, holds around 50.1% of the ordinary shares issued by the company. Beyond this, there is no notifiable possession of shares or financial instruments by members of the Executive Board or Supervisory Board consisting directly or indirectly of more than 1% of the shares issued by the company.

## Accounting and Independent Statutory Audit

The consolidated financial statements and the Group Management Report, as well as the consolidated interim financial statements and reports, are prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied within the EU, and according to the commercial law regulations to be applied under Section 315e, Subsection 1, of the German Commercial Code, HGB. The annual financial statements of Sartorius AG are prepared in accordance with German commercial law, HGB. The consolidated financial statements and the annual financial statements are prepared by the Executive Board, audited by the independent auditors elected by the Annual General Shareholders' Meeting and approved by the Supervisory Board.

It has been agreed with the independent auditors that they will notify the Supervisory Board directly of any potential disqualification or bias issues and any material findings and incidents identified during the audit. This also encompasses the corporate governance reporting duties pursuant to Section 161 of the German Stock Corporation Law (Aktiengesetz).

## Basic Principles of Our Compliance Management System | Code of Conduct

With its compliance management system that is valid worldwide, Sartorius ensures that the members of its individual boards, executives and employees comply with all legal regulations and codes, and perform their activities in accordance with the company's internal rules and guidelines. Targeted training and awareness-raising prevent any misconduct, as well as economic damage and loss of image.

Sartorius makes every effort to ensure optimal risk management by using a combination of approaches: a preventive compliance approach designed to proactively stop any potential breaches before they occur and

a repressive compliance approach intended to continuously monitor compliance with the company's rules. These processes are closely intermeshed, creating a standardized compliance management system that aims to offer the best possible protection against potential violations of rules and regulations. Sartorius has developed a Code of Conduct as a preventive component of its compliance management system and has committed to an Anti-Corruption Code. An internal system is available for reporting any suspicious circumstances involving potential compliance violations.

Further information is given in the Sustainability Report on pp. 92 et seq. and on the company's internet website at [www.sartorius.com](http://www.sartorius.com).

The Supervisory Board | The Executive Board