

Report and Declaration on Corporate Governance

Corporate Governance Report

The executive and supervisory bodies of Sartorius AG are guided in their actions by the principles of transparent and responsible corporate governance. The Executive Board and the Supervisory Board report here on corporate governance pursuant to Article 3.10 of the German Corporate Governance Code.

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 § 161 of the German Stock Corporation Law ("Aktiengesetz")

The Executive Board and the Supervisory Board declare that full compliance will be achieved with the recommendations made by the Government Commission on the German Corporate Governance Code and published by the German Federal Ministry of Justice in the official section of the German Federal Gazette ("Bundesanzeiger"), as amended on May 5, 2015.

Since last year's Declaration of Compliance was issued, Sartorius AG has complied with the recommendations in the valid version of the Government Commission on the German Corporate Governance Code to the full extent.

Goettingen, December 8, 2016

For the Supervisory Board

For the Executive Board

Prof. Dr. Dres. h.c.
Arnold Picot

Dr. Joachim Kreuzburg

Further Remarks Concerning Corporate Governance

In the reporting year, the Executive Board and the Supervisory Board dealt with the proposals of the Government Commission of the German Corporate Governance Code dated May 5, 2015. Most of these proposals were endorsed. The Supervisory Board provided written comments on some of the proposals within the scope of the Commission's consultation. These were essentially clarifications of the proposals on paragraphs 4.2.3; 5.2; and 5.4.1.

The targets for the composition of the Supervisory Board defined in 2010 continue to apply:

- Independent members shall account for no less than 25% of the Supervisory Board.
- The aim of selecting candidates having international experience or an international background is to be considered, as previously, when making appointments to the Supervisory Board.
- The upper age limit of 70 at the time of election should be taken into consideration, but may be waived in exceptional 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.

The company meets these targets. The target set in 2010 for the proportion of women was rendered obsolete by the German Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sectors" that entered into force in 2015. Further details on this law are given in the next paragraph in this report.

German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sectors

In the future, Sartorius would like to further extend the diversity of its staff at the various managerial levels within the company and thus benefit from the broader range of viewpoints and experience levels of its executives. Professional and personal skills and suitable qualifications will continue to remain the decisive factors for appointing individuals to managerial positions. However, for the future, the company intends to attain a greater blend of genders and cultural backgrounds in its managerial team.

Given the new legal requirements in Germany to achieve an equal balance of gender, these need to be applied to the Supervisory Board. Beyond these requirements, the Supervisory Board and the Executive Board have each defined specific quota targets for the Executive Board and both top management levels:

Supervisory Board

As of January 1, 2016, the German legal quota of 30% for women as the underrepresented gender now applies to the 12-member Supervisory Board of Sartorius AG, whose members shall retain their existing mandates up to the end of the period for which they were elected. Currently, 25% of the Supervisory Board members are female. The shareholder representatives and the employee representatives on the Supervisory Board decided to fulfill the legal target separately. As of the next regular election of Supervisory Board members due to be held in April 2017, it is accordingly provided that at least two women shall be elected to represent the shareholders and at least another two the employees, respectively. This would then correspond to a quota of at least 33%.

Executive Board

The Executive Board is, as a rule, a relatively small committee for which establishment of a rigid quota can be problematic. Currently, the Executive Board of Sartorius AG consists of three people, all of whom are male. Given that Executive Board contracts are still in force, the Supervisory Board defined a quota of 0% up to June 30, 2017.

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. In specific figures, the percentage at the first management level was around 16% as of December 31, 2016, whereas this quota was around 26% at the second level.

For both levels, the Executive Board intends to further increase the percentage of female executives. The board has set a long-term target quota of 30% of the underrepresented gender at each level, which the board plans to gradually achieve over the the next few years. Accordingly, a quota of 25% by June 30, 2017, has been set for the first level below the Executive Board, whereas a quota of 30% is required to be reached by this time at the second level. Despite the relatively short time horizon for this target date, both percentages have been intentionally defined as ambitious quotas. Therefore, it cannot be excluded that these targets might not be completely met in spite of the corresponding efforts made.

Corporate Governance Statement in Accordance with Section 289a of the German Commercial Code (HGB)

The following presents details concerning the mode of operation of the Executive Board and the Supervisory Board and other governance measures employed by the company in accordance with Section 289a of the German Commercial Code (HGB).

Mode of Operation of the Executive Board and Supervisory Board

Sartorius AG is a company under German law founded on the dual management system with an Executive Board and a Supervisory Board, each of which has its own independent competencies.

The Supervisory Board comprises twelve members as defined in the German Codetermination Law (Mitbestimmungsgesetz) and has an equal number of shareholder representatives and employee representatives. The Supervisory Board monitors and advises the Executive Board in its management of the company. Details on the members of the Supervisory Board are provided in the Chapter "Executive Board and Supervisory Board" on pages 162-165.

The Supervisory 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 and have an equal number of shareholder representatives and employee representatives. 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 looks after the preparations for appointments, including the remuneration and employment contract conditions of members of the Executive Board. The Audit Committee assists the Supervisory Board with the performance of its supervisory function. The chairperson 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 or her 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 12-14.

The Executive Board of Sartorius AG currently consists of three members. This board has full responsibility for its actions in managing the company in the latter's interest, with the aim of creating sustainable value. The Executive Board provides the Supervisory Board with regular, prompt and detailed reports, both written and oral, about all relevant corporate planning and strategic development issues and the progress of the Group's business. Significant transactions are discussed in depth by the full Supervisory Board in accordance with the rules of procedure of the Executive Board. The rules of procedure of the Executive Board additionally define the legal transactions that require the approval of the Supervisory Board before such transactions may be effected. The Executive Board and the Supervisory Board work closely together in a spirit of mutual trust on the management and supervision of the company.

Shareholders and Shareholders' Meeting

Sartorius AG shareholders exercise their rights at the company's Shareholders' Meeting. The Shareholders' Meeting is held at least once a year within the first eight months of the fiscal year. The Shareholders' Meeting decides on all of the matters for which it is responsible under the law.

Any shareholder who registers in due time may attend the Shareholders' Meeting. Shareholders who are unable to participate in the Shareholders' Meeting in person may arrange to have their vote cast by a bank, by a shareholders' union, by the proxies who are appointed by Sartorius AG and are bound to follow the instructions issued to them, or by a different proxy of their choice.

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 notifies 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 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

We did not receive any reports, under the applicable mandatory disclosure requirements, of any purchases or sales of shares in Sartorius AG or related financial instruments made by the members of the Executive Board and the Supervisory Board or other persons with management responsibilities or their related parties.

Supervisory Board Chairman Prof. Dr. Dres. h.c. Arnold Picot holds approximately 50.1% of the ordinary shares issued by the company in his capacity as executor of the estate of Horst Sartorius, but otherwise no member of the Executive Board or Supervisory Board has any holding of shares or financial instruments subject to the mandatory reporting requirements that directly or indirectly exceeds 1% of the shares issued by the company.

Considering the share capital increase by use of retained earnings that became effective June 1, 2016, the CEO and Chairman of the Executive Board Dr. Joachim Kreuzburg holds 100,000 ordinary shares and 100,000 preference shares in the company. These were transferred to him based on a corresponding agreement arising from his employment contract of December 18, 2015, and are subject to a minimum holding period of four years. For further information on this transfer, please see the Remuneration Report on pp. 72 et seq.

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 315a, 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 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).

Code of Conduct

Central to the corporate culture of Sartorius AG is the understanding that we always conduct our business in a sustainable manner compatible with the pertinent economic, environmental and social imperatives. A uniform Code of Conduct applies across the entire Group in order to ensure that our actions are consistent throughout the organization. This Code of Conduct, which applies equally to all of the Group's people, whether they are members of the Executive Board, managing directors, managers or other employees, establishes defined standards formulated to help users successfully navigate ethical and legal challenges in everyday operations. It is in the interest of all employees and of the company for breaches of the Code of Conduct to be investigated, through the Internal Control Systems & Compliance department established for this purpose, and for their causes to be eliminated.

Further information is given in the Sustainability Report on pp. 84 et seq. and on the company's internet website at www.sartorius.com.

The Supervisory Board | The Executive Board