

MANAGEMENT DECLARATION

Declaration in accordance with Section § 315d of the German Commercial Code (*Handelsgesetzbuch – HGB*)

CONSTITUTION OF THE COMPANY

Biotest AG is a joint stock company under German law (*Aktiengesellschaft – AG*). Its management, decision-making and control mechanisms are based on the Company's Articles of Association together with the relevant statutory provisions. The current version of these is available for download on the Company's website at www.biotest.com.

CORPORATE GOVERNANCE

Biotest AG employs a two-tier management system in accordance with statutory requirements. The Board of Management is responsible for managing the Company and the Supervisory Board for the monitoring function. The two bodies are strictly separate and distinct in terms of membership and responsibilities.

The Biotest Group is managed and monitored in accordance with high, generally accepted standards. The Company's management principles are firmly established in all its segments and set forth the framework for strategic decisions and business policies.

The Board of Management and Supervisory Board closely follow ongoing discussions regarding corporate governance and systematically adopt *best practices*. Our understanding of responsible corporate governance is based on the following principles:

- The Board of Management and the Supervisory Board work together in confidence. The Supervisory Board exercises its monitoring function efficiently and independently.
- The Company is managed with the interests of the shareholders in mind at all times.
- Responsible risk management is practiced.
- Observance of and compliance with all legal and regulatory requirements is of the highest priority.
- Timely and transparent communication, both internal and external, is assured.

The basis of cooperation is set forth in working rules. These are handed out to each employee at the start of employment.

Management by the Board of Management

The Board of Management manages the Company on its own responsibility. It is bound to serve the Company's interests and to increase its value with a view to sustainable performance.

It develops the Company's strategies in coordination with the Supervisory Board and ensures their implementation.

The Board of Management manages the Company in accordance with rules of procedure, the law, the Articles of Association and the respective service contracts of its members. The Board of Management works together with other corporate bodies and employee representatives on the basis of mutual trust for the good of the Company.

According to the Articles of Association, the Board of Management may consist of one or more members; it currently has three members. They were appointed by the Supervisory Board, which appointed one Board of Management member as its Chairman.

The Company is legally represented by two Board members or by one Board member and an authorised officer (*Prokurist*). The Board of Management's rules of procedure lay down the details of how it functions as a body. These specifically include:

- the schedule of responsibilities which determines which business areas are to be managed by the Board of Management member under his/her own responsibility,
- decisions to be made by the Board of Management as a whole,
- the special duties of the Chairman of the Board of Management,
- transactions requiring Supervisory Board approval,
- regular, timely and comprehensive briefing of the Supervisory Board,
- rules regarding meetings and resolutions.

Monitoring and advising by the Supervisory Board

The Supervisory Board monitors the Board of Management and advises it regularly. The composition of the Supervisory Board is in accordance with the German One-Third Participation Act (*Drittelbeteiligungsgesetz*) and is comprised of six members; four of the members are elected by the Annual Shareholders' Meeting and two by employees.

OGEL GmbH, a company based in Frankfurt/Main, Germany, was entitled under the Articles of Association to appoint representatives to the Supervisory Board. As OGEL GmbH has sold and transferred all ordinary shares held by it to Tiancheng (Deutschland) Pharmaceutical Holdings AG in connection with the public takeover offer of Tiancheng dated 18 May 2017, this provision in the Articles of Association was revoked by resolution of the Annual General Meeting 2018.

The Supervisory Board performs in full all tasks with which it is entrusted under the terms of statutory provisions, the Articles of Association and the German Corporate Governance Code (GCGC).

All duties and powers of the committees are laid down in the Supervisory Board's rules of procedure. These also include most of the GCGC requirements, e.g. in respect of the professional competence of the Supervisory Board members, restrictions imposed on Supervisory Board mandates in other listed companies and the age limit.

Other rules relate to:

- the selection and duties of the Supervisory Board Chairman and Deputy Chairman,
- the convening of meetings,

- decision-making during meetings and outside meetings in writing or by telephone,
- the obligation to maintain confidentiality and mandatory disclosure of conflicts of interest

The Supervisory Board has set up three committees in order to increase its efficiency:

	Duties	Members
Governance Committee	Preparation of recommendations and motions for the Supervisory Board as a whole, monitoring resolution implementation, recommendations for Supervisory Board candidates	Dr. Cathrin Schleussner (Chairwoman) Christine Kreidl Rolf Hoffmann Tan Yang (since 13 March 2018)
Personnel and Remuneration Committee	Board of Management appointments and remuneration Preparation of recommendations and motions with regard to new contracts for the Supervisory Board as a whole	Rolf Hoffmann (Chairman) Kerstin Birkhahn Kurt Hardt (until 28 Feb. 2018) Tan Yang (since 13 March 2018)
Audit Committee	Preliminary review of the annual financial statements and the independence of the external auditors of the annual and consolidated financial statements. Regular consultation regarding the risk position and risk management system of the Group.	Christine Kreidl (Chairwoman) Rolf Hoffmann Jürgen Heilmann Tan Yang (since 13 March 2018)

In March 2016, the Supervisory Board last reviewed the efficiency of its work with the help of an experienced expert.

Specification to promote the participation of women in executive positions pursuant to Sections 76 Paragraph 4 and 111 Paragraph 5 of the German Stock Corporation Act (*Aktiengesetz - AktG*)

Promotion of women in executive positions

An adequate representation of women in the workforce and, in particular, among the executives, provides an important added value to the Biotest Group. In connection with

the “German Act on the Equal Participation of Women and Men in Executive Positions in the Private Economy and the Public Service”, Biotest AG set target figures for the participation of women in executive positions, which are to be met by 30 June 2022.

Women on the Supervisory Board

The Supervisory Board of Biotest AG is composed of six members, four of whom represent the shareholders, and two of whom represent the employees. The Supervisory Board is composed of two women, as representatives of the shareholders, and one woman as a representative of the employees. By that proportion of 50% of the seats on the Supervisory Board by each men and women, the Company has exceeded the statutory minimum proportion of 30% women.

Women on the Board of Management

In financial year 2018, no women were represented on the Board of Management. This is in line with the fixed percentage of 0%, as the Board of Management members in office were appointed for a period beyond 31 December 2018. By 30 June 2022, the proportion of women on the Board of Management is to increase to 25%.

Women at the first and second management level

The Board of Management of Biotest AG has set a target figure of 20% for the participation of women at the first of management level by 30 June 2022; this means that the proportion of 17% as of 30 June 2018 is to be increased further. The target figure for the second management level was set at 30% by 30 June 2022. As of 30 June 2018, the proportion of women at that management level was already 32%. The proportion of women at Biotest AG (469 female employees) as of 31 December 2018 was 41%.

Diversity concept for the composition of the Board of Management and the Supervisory Board

Beyond the diversity objectives for the composition of the Board of Management and the Supervisory Board set out in this Management Declaration - in particular in the Declaration of Compliance - Biotest AG has not yet established a diversity concept within the meaning of Section 289f para. 2 No. 6 of the German Commercial Code (HGB). In the past, the Supervisory Board has always taken into account, even in the absence of an abstract diversity concept, that its composition and that of the Board of Management meet the specific needs of the company.

As of March 7, 2019, the Supervisory Board has now defined concrete targets for its composition as well as a comprehensive qualification profile.

Collaboration between the Board of Management and the Supervisory Board

The Board of Management informs the Supervisory Board regularly, promptly and fully of all relevant matters with regard to planning, business development, the risk position and risk management.

It provides a monthly report on the Company's business and earnings position, including plan and target variances together with an explanation. Certain business transactions, such as the acquisition and disposal of participations in other companies, fundamental changes in the corporate organisation or business strategy and capital increases or decreases require the prior approval of the Supervisory Board.

Supervisory Board members are provided with all decision-relevant documents, including the annual financial statements, consolidated financial statements and the auditor's report in a timely manner before each meeting.

Members of the Board of Management attend meetings of the Supervisory Board in an advisory capacity, unless, in individual instances, the Supervisory Board or its Chairman decides otherwise.

MANAGEMENT AND CONTROL OF GROUP COMPANIES

The Group's affiliated companies are corporations that may differ in legal form depending on their domicile. The companies are managed by a Board of Management or a comparable institution. Shareholders' meetings set the guidelines for the respective company strategy and make key investment and business decisions.

In principle, Group management approval is required for all key business decisions at the affiliate level.

COMPLIANCE IN THE BIOTEST GROUP

Biotest defines compliance as a series of internal corporate policies and procedures that are undertaken by a company and that promote the prevention, detection, and resolution of conduct or practices that are illegal or that do not conform to the company's ethical and business standards.

The rights and duties of individual employees in the Biotest Group are governed by Biotest's Code of Ethics and Business Conduct (Code of Conduct) that is published on the Biotest website and in the national compliance manuals and are comprehensively set out on the Intranet and regularly updated. The most essential content and messages of the Code of Conduct have been summarised in a leaflet which was or will be distributed to all employees and relevant business partners in electronic and physical form. At the beginning of 2018, the Board of Management also drew attention to the leaflet in a management newsletter addressed to all employees that underscored the importance of compliance at Biotest.

In 2018, Biotest Group continued to strengthen its compliance measures to mitigate the risk of violations of compliance rules.

The Legal, IT and Compliance department collaborated closely to expand the international compliance system and take local compliance factors into account.

Besides integrating the EU General Data Protection Regulation into the compliance processes, electronic compliance tools, sample contracts for transactions with members of the specialist groups and the compliance check of business partners were further developed in 2018.

For this purpose, all sales partners based abroad are checked for suspicions of corruption, money laundering or other criminal offences or unethical behaviour against social and environmental standards on the basis of a risk-based approach when the contract is concluded and periodically thereafter. Potential partners from high-risk countries or with a particular risk profile are examined particularly intensively by means of information procedures as well as specialised databases and service providers.

All distributors and agents confirm receipt of the current Code of Conduct on an annual basis and undertake to comply with its provisions. Distributors and agents regularly attend information events on compliance topics and the Code of Ethics and Conduct.

Mandatory training courses on the Biotest Code of Conduct were also held for all new employees and employees who had not been trained for some time, as well as on significant changes to the Code. In addition, annual specialist training sessions were held on the Compliance Manual, followed by an electronic test for the relevant functional areas.

Biotest AG is a member of the "Verein Arzneimittel und Kooperation im Gesundheitswesen e.V." (AKG = Pharmaceuticals and Cooperation in Healthcare Association) based in Berlin, Germany. This voluntary self-regulating organisation was established by German-based pharmaceutical companies to guard against competitive violations.

Biotest AG has put a compliance system in place to implement and specify the requirements under the Code of Conduct for day-to-day cooperation with business partners and in particular with health care professionals (HCPs) or health care organisations (HCOs) such as hospitals, doctors and other medical specialists. Its particular concern is to combat the risk of corruption in connection with pharmacotherapy. Transactions involving Biotest AG and HCPs or HCOs with potential compliance risks are subject to the prior written approval of the Compliance Department. This applies for instance to trainings that are financially supported by Biotest, expert meetings, lectures and observational studies.

Biotest has also implemented an electronic system to ensure that payments to creditors are made in a compliant manner and to archive all data that needs to be published in connection with benefits to healthcare professionals and healthcare organisations. In accordance with the Transparency Rule of the AKG (§ 28 of the AKG Code), Biotest publishes on its website all cash-equivalent benefits to HCPs or HCOs on an annual basis. A whistle-blower hotline has been established at a law firm.

Biotest AG and its subsidiaries regularly exchange information on the implementation and adaptation of Biotest AG's compliance systems. Besides the Group-wide Ethics and Code of Conduct, the revised national Compliance Manuals and other local regulations are successively published on the Biotest Group Intranet, making them transparent for all employees.

TRANSPARENCY AND FINANCIAL ACCOUNTING

The Biotest Group is committed to regular, open and timely communication with institutional investors and analysts, private shareholders, employees and other stakeholders.

We regularly share information with shareholders, all of whom are treated equally in terms of the information provided to them. All new developments are communicated without delay by means of press releases and ad hoc announcements, annual and interim financial reports, and presentations to analysts' and investors' conferences. This information, together with the financial calendar and information about the Annual Shareholders' Meeting, can be viewed or downloaded from our website.

Information is also published with regard to directors' dealings and voting rights announcements, along with all information which must be published under corporate law.

The annual consolidated financial statements and interim financial reports for the first three, six and nine months of each financial year are prepared by the Board of Management. These statements are prepared on the basis of the International Accounting Standards (IAS) adopted and published by the International Accounting Standards Board (IASB) or the International Financial Reporting Standards (IFRS) as applicable in the EU as well as the interpretations of the Standing Interpretations Committee (SIC) or the International Financial Reporting Interpretations Committee (IFRIC).

Biotest AG's single entity financial statements, on which dividend payments are based, are drawn up in accordance with the provisions of the German Commercial Code (HGB).

ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting is the Company's supreme governing body and is of central importance to the dialogue between shareholders and the Board of Management and Supervisory Board. By providing comprehensive information in advance of the Annual Shareholders' Meeting, we ensure that shareholders are able to make full use of their rights.

The Annual Shareholders' Meeting passes its resolutions with a simple majority of votes cast and, in cases where a capital majority is required, with a simple majority of the share capital represented – unless stipulated otherwise by law or the Articles of Association.

The most important information and details regarding the Annual Shareholders' Meeting are published on our website. The manuscript of the address given by the Chairman of the Board of Management and the accompanying presentation are also accessible in a timely manner on the website.

DECLARATION OF COMPLIANCE

Declaration of the Board of Management and the Supervisory Board of Biotest AG on the recommendations of the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

Since the last Declaration of Compliance dated 13 March 2018, which referred to the German Corporate Governance Code in the version dated 5 May 2015 and in the version dated 7 February 2017, Biotest AG has complied with all recommendations of the German Corporate Governance Code in the version dated 7 February 2017 with the following exceptions:

- Biotest AG continues to not follow the recommendation in Section 3.8 para 3 of the German Corporate Governance Code to set a deductible on D&O insurance for the members of the Supervisory Board in the amount prescribed in Section 93 para 2 sentence 3 of the AktG for members of the Board of Management. As explained in the last Declaration of Compliance a deductible equivalent to the deductible for members of the Board of Management would be out of proportion to the current remuneration levels for Supervisory Board duties. Biotest AG has set in its view an appropriate deductible for its Supervisory Board members.
- The recommendation set forth in Section 4.2.3 para 3 requires the Supervisory Board to determine the targeted level of benefits – also based on the length of time served on the Board of Management – and to take into account the annual expense for the Company derived from this. The Board of Management members are included in the company pension scheme of Biotest AG. They each have been given an individual commitment. The corresponding benefits are not derived from a pre-defined level of benefits so that the recommendation set forth in Section 4.2.3 para 3 is currently not complied with. The Supervisory Board does not intend at the present time to change what it considers to be an appropriate pension system for the Board of Management members of Biotest AG.
- Biotest AG did not follow the recommendation set forth in Section 5.3.3 of the German Corporate Governance Code to form an own supervisory board nomination committee, which consists exclusively of members representing the shareholders and nominates qualified candidates for the supervisory board to propose to the general meeting for the appointment of supervisory board members. The tasks of such a nomination committee are assumed by Biotest's Governance Committee.
- Section 5.4.1 para 2 sentence 1, 2 of the German Corporate Governance Code recommends that the Supervisory Board sets specific targets with regard to its composition that take into account the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2 of the German Corporate Governance Code, a defined age limit for Supervisory Board members and a regular limit of length of membership as well as diversity, all in light of the Company's specific situation. So far Biotest AG has partially not followed the recommendations.

The reasons which were presented in the last Declarations of Compliance are still valid. Biotest AG complies with the rules set out by the Law on Equal Participation of Women and Men in Private-Sector and Public-Sector Management Positions dated 24. April 2015. Since 2004 the quota for female members of the supervisory board accounts for at least 30%.

The Supervisory Board of Biotest AG has already set a specific target for the maximum age of its members. The Company's international activities were covered by the Vice Chairman of the Supervisory Board, Tan Yang who is a citizen of New Zealand. The goal that at least two out of four representatives of the shareholders in the Supervisory Board shall be independent, is fulfilled with three independent members.

With effect as of 7 March 2019 the Supervisory Board has now established specific targets for its composition in accordance with Section 5.4.1 para 2 sentence 1, 2 of the German Corporate Governance Code.

- Section 5.4.1 para 2 sentence 1 of the German Corporate Governance Code recommends the preparation of a qualification profile for the Supervisory Board. So far, Biotest AG has partially not followed this recommendation. Despite the absence of a comprehensive qualification profile, the Supervisory Board has always taken into consideration that its members have sufficient knowledge, skills and professional experience, which is necessary to fulfill their duties. With effect as of 7 March 2019 the Supervisory Board has now established a qualification profile in accordance with Section 5.4.1 para 2 sentence 1 of the German Corporate Governance Code.
- Section 5.4.1. para. 4 sentence 1 of the German Corporate Governance Code recommends proposals of the Supervisory Board to the general meeting to take into account targets regarding the composition of the entire Supervisory Board as set forth under Section 5.4.1 para. 2 sentence 1, 2. However, due to the deviation from the recommendation to prepare specific targets for the composition of the entire Supervisory Board so far, these targets could not be taken into account when making proposals to the competent election body or to the General Meeting. Thus, Biotest AG has not followed this recommendation in the past.
- So far, Biotest AG has only followed the recommendation laid out in Section 5.4.1 para. 4 sentence 1 of the German Corporate Governance Code partially as for the past election qualification profile were only determined for the chairman of the Supervisory Board and the chairman of the audit committee, but not for the remaining positions. For these, the suggestions of the two major groups of shareholders at that time were taken into consideration.
- For reasons of the deviation from Section 5.4.1 para. 2 sentence 1, 2 of the German Corporate Governance Code so far, corresponding reporting in the Corporate Governance Report was not possible. Therefore, Biotest AG has not followed the recommendation in Section 5.4.1 para. 4 sentence 3 of the German Corporate Governance Code in the past.
- Provided that the members of the Supervisory Board are granted a performance –based remuneration, Section 5.4.6 para 2 of the German

Corporate Governance Code recommends that such remuneration is to be based on the sustained performance of the company. This is generally understood as a multi-year basis for calculating performance-based remuneration. Biotest AG has not complied with this recommendation until 1 June 2018. Until then the Supervisory Board members have received an annual variable remuneration for each past financial year based on the amount of the dividend paid pursuant to the Articles of Association. On 15 May 2018 the General Meeting resolved on a new remuneration system for the Supervisory Board with effect as of 1 June 2018, which no longer includes a performance-based remuneration.

Biotest AG further declares to comply with the recommendations of the German Corporate Governance Code in the version dated 7 February 2017 except for the prescribed deviations.

Dreieich, 21 March 2019

For the Board of Management

Dr. Bernhard Ehmer

Dr. Michael Ramroth

Dr. Georg Floß

For the Supervisory Board

Rolf Hoffmann

In addition to this latest version, earlier versions of the Declaration of Compliance can also be viewed on and downloaded from the Biotest website.

The Corporate Governance Report and the report on the remuneration of the Board of Management and the Supervisory Board are included in the 2018 Annual Report.