2 112345 678900

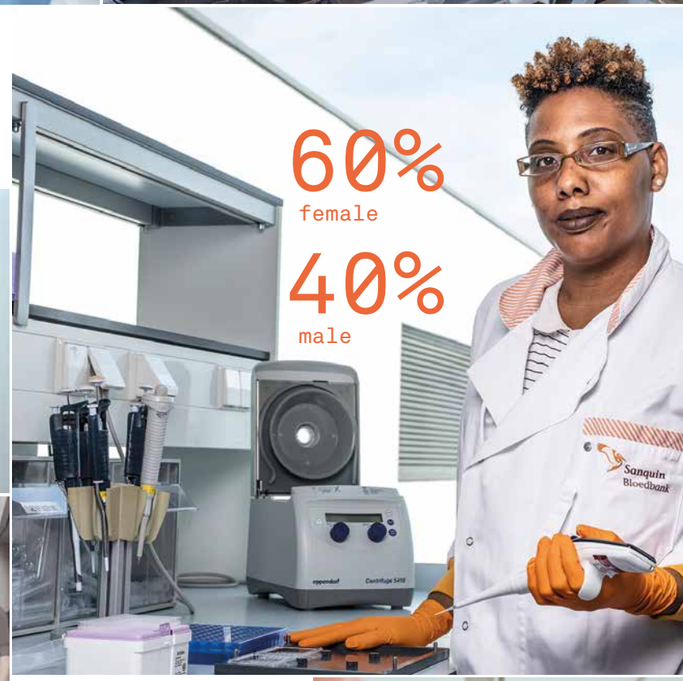
2016+

ANNUAL REPORT

Sanquin

CONTENTS

2,814
employees at 31 December 2016



60%
female

40%
male

240
new employees joining the organisation

46
the average age of the employees

2016+

ANNUAL REPORT

FOREWORD

CONNECTIVITY IS THE THEME of our annual report for 2016. It is an important theme for a complex organisation such as Sanquin, which can only perform well with so many different activities under one roof if there is good connectivity between the separate units. We encourage this connectivity where possible. We do so by building bridges between the various divisions, by creating supra-divisional training programmes, and by setting up project teams with people from all different parts of the organisation. In the coming year too, the Executive Board has set itself the goal of establishing those connections where possible and of involving all employees, from all different sites in the country, in Sanquin's operations.

It was during World Blood Donor Day on 14 June of last year that I got a strong sense of this idea of connectivity. This is the date marked by the World Health Organisation to thank blood donors throughout the world for their precious gift and to emphasize the importance of this remaining a gift made voluntarily, for free. In 2016, the Netherlands had the honour of being the host country, and Sanquin responded by organising a special celebration in the Amsterdam Concertgebouw. We invited well over 300 regular blood donors and various international guests. It was a very special moment when several patients came on stage to share their personal stories and explain how the gift of blood saved their lives. Their testimony touched each and everyone: they were listened to in enthralled silence. This, for me, was a striking example of how we are all ultimately connected.

"In the end, we are all connected with one another"

World Blood Day also made me aware of the importance of sharing such wonderful personal stories, not just within the organisation, but with all Sanquin colleagues who put every ounce of effort into ensuring there are blood supplies available in the Netherlands and indeed elsewhere in the world. I feel strongly that the outside world does not know enough about how varied the work is that we do within our four walls, how exceptional the expertise is that we have built up over the years, and how much our endeavours mean for society. Just by looking within your own environment you appreciate immediately how many people are alive thanks to Sanquin.

That is why we share those stories in this annual report. We have made three videos that explain the connectivity between our work and the lives of patients, and the connectivity between the divisions of Sanquin. This report contains stills from those videos.

I have been at the helm of this organisation for 18 months now, and the wealth of knowledge and dedication I witness here never fails to surprises me. In the year ahead I hope to be able to share those wonderful stories with lots more people.

"You only need to look around in your own environment to realise how many people are still here thanks to Sanquin's work"

DIRK JAN VAN DEN BERG
CHAIRMAN EXECUTIVE BOARD

SANQUIN IN BRIEF

About Sanquin

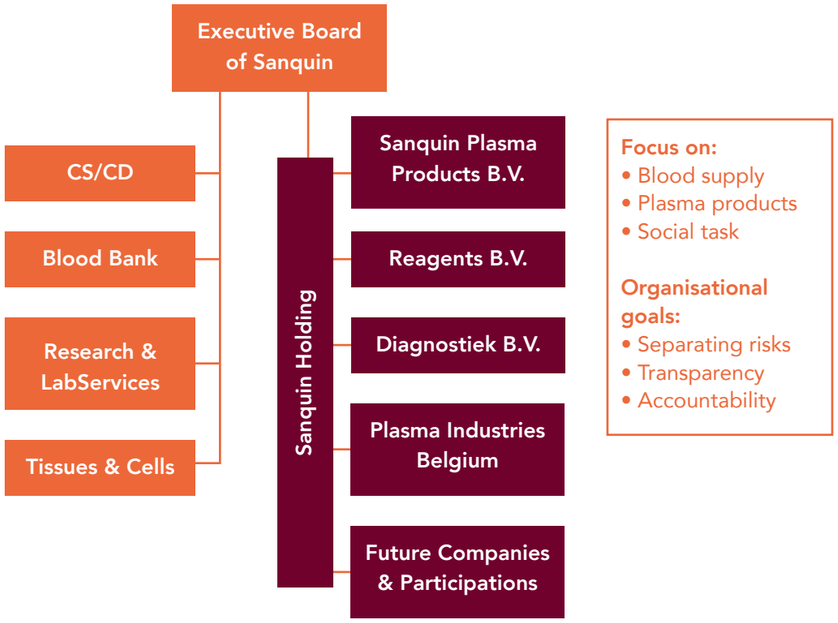
Our mission statement: together for patients and donors

Sanquin is a knowledge-driven not-for-profit organisation that supplies life-saving products and focuses on healthcare needs. Research helps us find new solutions for medical problems in the fields of transfusion medicine, hematology and immunology. We are constantly aware of our responsibility to donors - to handle their gift carefully, efficiently and responsibly - and to patients - whose safety and wellbeing is a priority.

Our organisation

Sanquin comprises six organisational divisions: the Blood Bank, Plasma Products, Diagnostics Services, Research, Reagents and Tissues & Cells. The executive support staff support these divisions and advises the Executive Board.

New legal structure:



“It is important that we share wonderful, personal stories”

The Blood Bank is responsible for collecting donor blood and plasma that we then turn into blood products. It also advises on those blood products and is closely involved in clinical research.

Plasma Products uses the plasma gathered by the Blood Bank to produce medication. This plasma-derived medication is intended for patients with specific disorders, such as clotting and disorders of the immune system.

Diagnostics Services performs assays in the fields of blood transfusion and immunology, as well as genetic testing, including blood group testing. This division can undertake all blood-related lab tests for hospitals, blood banks, obstetricians practices, insurance organisations, pharmaceutical companies and other institutes.

The Research division carries out basic and applied research in the fields of blood, plasma-derived medicine and diagnostics. In each case it does so in partnership with -primarily academic - research centres in the Netherlands and abroad.

Reagents develops a wide range of blood group reagents and immuno-reagents within its own research facilities and diagnostics labs. Reagents are products used in hospital laboratories to detect certain characteristics or abnormalities in blood samples. These products are available throughout the world.

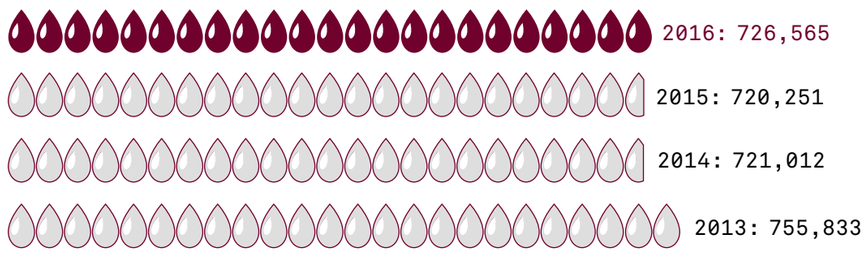
Tissues & Cells provides donated human cell and tissue products for use in humans. It focuses on cell therapy (including stem cell therapy) and tissue transplantation.

343,112

NUMBER OF REGISTERED DONORS

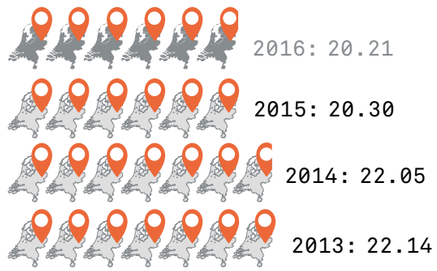
726,565

TOTAL NUMBER OF DONATIONS



20.21

DONORS PER 1000 RESIDENTS



FILE

MARIEKE'S STORY

Patients unable to produce sufficient effective antibodies must regularly undergo immunoglo-bulin therapy.

Thanks to Sanquin ThuisService (Home Service) patients receive the immuno-globulins by IV at home.

For now, it is Hobert of Sanquin ThuisService who inserts the IV. But Marieke's mother would like to learn how to do this for her daughter in the future.

Marieke is 6 years old and has an immunodeficiency disorder

8.8

The score that patients award to Sanquin Thuis Service

FILE

650 ml

Plasma donors can donate plasma every other week. 650 ml plasma is drawn each time.

306,402

The number of plasma donations in 2016.

158,724

In 2016, 158,724 pink cakes were eaten.

The plasma is frozen within 1 to 2 hours of being donated.

Immunoglobulins can fight bacteria and viruses. We isolate these from plasma.

20x

Blood is delivered from all over the country 20 times per day.

In the Processing department, the blood bags are placed in buckets in the centrifuge. The blood is separated into plasma, red blood cells and platelets. This ensures that patients only receive the components they need.

The plasma is used to produce medicines.

FILE

Plasma is a yellowish liquid and the shade can vary from one person to the next, depending on, for example, food eaten and any medication used.

-70°C

Within an hour, the plasma is frozen at -70°C. It can then be stored for several months at -25°C or lower.

In very strictly regulated conditions, Sanquin extracts several different proteins from human plasma.

The plasma undergoes several treatments to remove viruses.

12

In 2016 Sanquin manufactured 12 different plasma-derived medicines.

>100

Physicians prescribe our plasma-derived medicines for more than 100 different diseases.

FILE

MARIEKE
6 YEARS OLD

Thanks to plasma donors, Marieke falls ill less frequently.

AT HOME ON THE SOFA GETTING AN INFUSION

MARIEKE, 6 YEARS OLD, HAS A PRIMARY IMMUNODEFICIENCY DISEASE. As a result, she often suffers from infections that are not easy to recover from. Her body does not produce enough antibodies (also called immunoglobulins) to fight exogenous antigens such as bacteria and viruses.

To help her body in this fight, Marieke needs to be frequently immunoglobulins from donors on a regular basis. Sanquin extracts this protein – just like a number of other useful proteins – from donor plasma.

The increasing demand for plasma-derived medicine means that a huge amount of plasma is needed. Collecting plasma – called plasmapheresis – is done via an ingenious machine that returns the red blood cells and platelets to the body.

Sanquin's Diagnostics Services determines the antibody level in her blood. The immunoglobulins are administered every four weeks by IV. Thanks to Sanquin ThuisService, Marieke does not have to visit hospital every time. A ThuisService nurse visits her at home to prepare the medication and insert the IV. In the meantime, Marieke can relax on the sofa and watch a film. In the future, Marieke's mother would like to be able to insert the IV in her daughter's arm herself, which will give the family even more independence.

Sanquin researchers are trying to understand everything about the way proteins work in our blood. We are also working non-stop to improve our medicines, for example by making them act longer. These advancements will improve the treatment of patients such as Marieke.

Scan the barcode and read Marieke's story.

www.sanquin.nl/jaarverslag

> BLOOD SUPPLY

UPDATE TO DONOR POLICY I - MSM

At the end of 2015, Sanquin updated its donor selection policy by accepting men who have sex with men (MSM). Since then, MSM have been accepted as blood donors if their last MSM contact was more than 12 months previously. In the past, they had simply not been allowed to donate blood. By widening the donor selection policy, approximately 200 MSM have registered as blood donors in 2016.

200

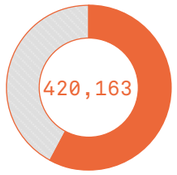
In 2016, by widening the donor selection policy, approximately 200 MSM registered as blood donors.

In 2016, Sanquin consulted with the Ministry of Health, Welfare and Sport, COC Nederland and patient associations to explore whether the donor selection policy for MSM could be widened even further. As yet, such policy change is not possible, because safety cannot be guaranteed to recipients of transfusions. Sanquin is monitoring international developments and is involved in international consultations and studies into blood donation by MSM. At some point during 2017 or 2018, recommendations are expected to be given by the Council of Europe that may propose a move towards wider acceptance of MSM as blood donors.

UPDATE TO DONOR POLICY II – HEMOCHROMATOSIS

In collaboration with the Dutch Hemachromatosis Association (Hemochromatose Vereniging Nederland or HVN), Sanquin has explored the options for admitting hemochromatosis patients (iron overload disorder) as regular blood donors. Together they concluded that the blood of hemochromatosis patients is suitable for transfusion to patients if a number of rules and conditions are observed.
Since June 2016, hemochromatosis patients have been welcomed as blood donors, on condition that they are healthy and meet the usual criteria for blood donors. In addition, they must register via their treating physician. They cannot donate blood until they are in the 'therapy maintenance' phase, i.e. if the iron level in their body has been reduced to a normal level. They can donate blood a few times per year for transfusions to patients
.

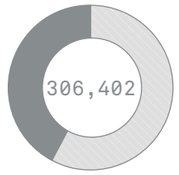
WHOLE BLOOD DONORS



Donations in 2016

1.5 Donor frequency per year

PLASMAPHERESIS DONORS



Donations in 2016

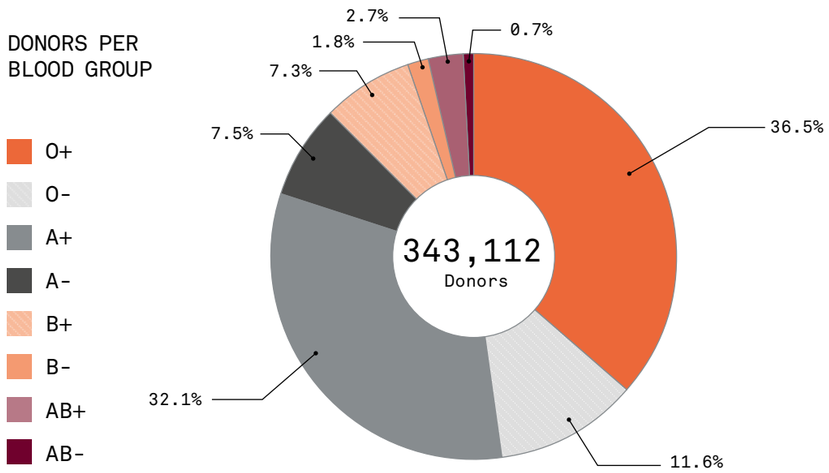
5.2 Donor frequency per year

Ample attention for donors and patients on World Blood Donor Day 2016.

WORLD BLOOD DONOR DAY

In 2016, Sanquin hosted World Blood Donor Day, 14 June, the date each year designated by the World Health Organisation (WHO) as a way of thanking donors for the free gift of their blood. For the day's official international launch, Sanquin organised a special celebration in the Amsterdam Concertgebouw, attended by 300 selected Dutch donors and several guests from abroad.
Sanquin also made three campaign videos based on the 2016 World Blood Donor Day theme: '*Blood connects us all*'. The videos have an international appeal and are available via the WHO in English, French, Spanish and Portuguese. As a result, less fortunate countries can run a great professional campaign on World Blood Donor Day. Since this event, 7,000 new donors have registered.

DONORS PER BLOOD GROUP



FILE

Missing letters represent missing donor types.

MISSING TYPE CAMPAIGN

In August, Sanquin followed up on the International Missing Type campaign, developed by the National Health Service in England to encourage people to sign up as donors and make them aware of the importance of blood donations. During the campaign week, many organisations omitted the letters A, B and O from their corporate logos and websites, as a reference to the blood groups that are needed for gathering blood. The campaign was a great success: some 5,000 new people signed up as donors with Sanquin.

> ORGANISATION

IT RESTRUCTURING

In 2016, Sanquin restructured the central IT organisation with portfolio management: IT projects were analysed, prioritised and monitored via a phased approach within the IT Portfolio Committee. The IT organisation also revised all quality assurance documents and set up a new Computer System Validation team responsible for checking that the correct systems have been built.

In addition, Sanquin introduced a different, user-friendlier IT environment for its staff in 2016. Our ultimate goal is to turn a *one-size-fits-all* structure into a structure that provides individual users with customized digital services. Important elements of the new structure include multi-media support, improved mobility (choice of work place) and working in the Cloud. Our organisation also began to organise data security in a different way, by giving more rights to certain users and by tackling the connectivity issues at different sites in the country.

NEW INTRANET

In the year under review, Sanquin worked hard at replacing its outdated intranet with a new system, capitalising on the current internal demand for information. In January 2017, the new site was launched, containing a number of significant improvements. It now provides the user, for example, with personalised news and content, a powerful search function, and access to all digitally-formatted forms. In line with the need for flexible working options, the intranet is also accessible at work locations other than at the Sanquin office, and in future will also be accessible via mobile phones.

From the first intranet to the latest version of intranet in the Netherlands.

NEW RISK INVENTORY & EVALUATION (RI&E)

Sanquin has a pro-active policy to ensure good working conditions, based on the national rules for Risk Inventory and Evaluation (RI&E). In 2016, a new RI&E will be drawn up for the organisation, incoporating improvements to the previous version evaluated in 2015.

PRIVACY & DATA SECURITY

At the same time as improving the IT environment, Sanquin will focus more attention on the protection of personal and other data. One of the in-house legal experts will be allocated the privacy officer tasks, in that capacity helping monitor compliance with relevant legislation.

Sanquin will also appoint a chief information security officer to monitor data security on all different IT channels. This will help the organisation take a big step closer to implementing the NEN7510 standard (data security standard in the healthcare industry).
Under the slogan ‘Uniting to guarantee Security and Privacy‘ the two officers will work at increasing an understanding of the importance of protecting personal and other data within →

Sanquin. In 2017 they will draw up reports on how and where data is processed, protected and irretrievably deleted by Sanquin, and what improvements can be made to this process. By taking these steps, Sanquin is pro-actively preparing for the introduction of the General Data Protection Regulation - a new European Regulation - in 2018.

PLASMA INDUSTRIES BELGIUM

Over recent years, Sanquin had a majority shareholding in CAF-DCF, the Belgian plasma fractionation organisation responsible for the fractionation process of part of Sanquin's plasma and also for the first steps in Sanquin's manufacturing process of a medicine called Cinryze. The remaining shares were held by the Belgian Red Cross (BRK) and LBR, a French manufacturer of plasma-derived pharmaceuticals. In 2015, BRK and LFB sold their shares to Sanquin.

In June 2016, Sanquin split CAF-DCF into an industrial entity and an entity focusing on the supply of plasma products to the Belgian market. The latter entity kept the name CAF-DCF and was sold to LFB. Under the name Plasma Industries Belgium, Sanquin remains full owner of the manufacturing plant, focusing on toll manufacturing for Sanquin and other clients.

SUPPLY ISSUES

Due to frequent interruptions in the production processes, Sanquin Plasma Products experienced problems with supplying sufficient batches of a number of medicines in 2016. A multidisciplinary project team was formed to investigate the interruptions, as well as two Release Teams, responsible for ensuring that batches of pharmaceuticals were released on time.

Supply soon back in order

The deployment of these teams proved a success: by the end of 2016, the supply problems were almost solved, both for the Dutch market and for our contract manufacturing clients. By that time, we were working hard on restoring supply reliability for our clients, by taking steps such as increasing our levels of emergency stock
.

FDA VISIT

In May 2016, representatives of the American Food and Drug Administration (FDA) came to inspect Sanquin's pharmaceutical manufacturing plant. This visit was further to the *warning letter* that the FDA had issued after a previous inspection that revealed that the production of the medicine Cinryze did not meet all the requirements of the American authorities. Export to the US was still permitted, on condition that Sanquin took appropriate measures to improve the quality assurance of the manufacturing process.

In October 2016, the FDA informed Sanquin that it had passed the new inspection, and withdrew the warning letter, because it had adequately responded to the inspection issues and had successfully tackled the highlighted problems. With the warning letter withdrawn, Sanquin could again use its resources to further improve the process, and register those improvements with the FDA for Cinryze.

FDA again satisfied with Sanquin's working method.

ORGANIZATIONAL CULTURE CHANGE

In the middle of 2016, a new programme was launched within Sanquin Plasma Products (SPP) aimed at supporting the organisation's performance improvements. Firstly, performance objectives, or 'core results' were defined and shared organisation-wide. These results covered three areas: compliance (with the rules), supply as per agreement, and strong financial performance. With the programme, SPP aims to create a *joint accountability* culture - an organisational culture in which everyone takes (and is allowed to take) the responsibility necessary to achieve the defined core results. In this culture, we challenge each other to explain our contributions towards the core results, and the way in which those contributions are made, based on the following principles: 1. every employee matters, 2. every employee should contribute and be allowed to take decisions, and 3. every employee should maintain focus, and encourage others to maintain focus, on the core results.

In 2017, the next phase of the programme will further embed the culture change within the organisation.

EXPANSION OF PRODUCTION FACILITIES

Sanquin finalised the draft design for renewing the manufacturing plant of Sanquin Plasma Products. The anticipated 'Building P' will help improve good manufacturing practices (GMP). It will include areas for cleaning used materials, and for weighing, and – more generally – additional space for improving product flow and storage. The GMP improvements are needed to guarantee long-term continuity of manufacturing operations in Amsterdam.

CLOSURE OF SPS BUSINESS UNIT

The Sanquin Pharmaceutical Services (SPS) business unit was responsible for developing biopharmaceutical manufacturing processes and clinical-trial materials for third parties. However, as its number of clients decreased significantly over recent years, and a significant investment in the production facilities would have been needed to attract new clients, Sanquin decided to close this business unit in 2016. Almost all 19 SPS employees could be given another position within Sanquin.

RENEWABLE ENERGY (COLD STORAGE)

In December 2016, the ground was broken for the construction of an installation to 'harvest' cold from drinking water pursuant to a contract between Sanquin and Waternet, an Amsterdam-based water company, signed in 2015. During winter months, Waternet will run the cold drinking water through the installation's heat exchanger. Sanquin can use the cold thus 'harvested' for cooling clean rooms and manufacturing processes. This cold energy supply should help Sanquin reduce its CO2 emissions by 1,900 tons per year, equivalent to the annual power consumption of 400 households.

Dirk Jan van den Berg (chair of the Executive Board) and Eric Lecomte, Project Officer from the European Commission for the Cityzen project, cut the first sod together.

FILE

EMILIA'S STORY

Sickle cell anemia is primarily a disease found in people with African roots. A number of thee blood groups differ from the blood groups of people with Dutch roots.

Sanquin tries to align as far as possible its donor population with the blood type spread of the Dutch population.

Emilia has sickle cell anemia.

1,000-1,500

In the Netherlands there are between 1,000 and 1,500 patients with sickle cell anemia.

FILE

Emilia is short of breath, coughs and runs a fever.

Pediatric hematologist Karin diagnoses her with pneumonia, a potential cause of serious complications for sickle cell anemia patients.

Karin decides that Emilia requires a blood transfusion. Healthy red blood cells are better able to transport oxygen through her body.

500

transfusions for sickle cell anemia patients in 2016.

FILE

Patients with sickle cell anemia need blood that requires far more matching blood groups with theirs. The better the match, the less chance of producing antibodies against different blood groups.

22

Sanquin types the blood of all donors by default on the basis of the known blood groups AB0 and RhD (Rhesus). A large number of donors is also typed on the basis of one or more of 22 additional blood groups, to make even closer matches with the blood group of a specific patient.

140+10

We are all born with about 140 different blood groups. On average, another 10 are not fully developed until after birth.

FILE

Rachid, who works in Distribution, starts looking for donor blood that meets all criteria for Emilia as soon as he receives the hospital request for donor blood.

418,384

units of red blood cell concentrates, 252,775 units of blood platelets and 2,491 units of fresh frozen plasma were supplied by Sanquin to hospitals in 2016.

25,000

This saves more than 25,000 lives every year.

To get the blood to Emilia as soon as possible, driver Roel is allowed an A1 (emergency) journey: with sirens and blue flashing light.

1,103

In 2016, Sanquin made 1,103 emergency journeys with a blood product

13,667

High-speed journeys transporting blood in 2016

5,034

Standard journeys with blood products in 2016.

FILE

EMILIA
16 YEARS OLD

Emilia regularly needs donor blood.

CUSTOM-TYPED ‘EMERGENCY BLOOD’ HELPS EMILIA

FILE

EMILIA, AGED 16, HAS HEREDITARY SICKLE CELL ANEMIA. This disease causes an abnormality in her hemoglobin, a protein in the red blood cells that carries oxygen from the lungs throughout the body. This abnormality turns red blood cells from a round shape to a sickle shape, which means that they move with difficulty through the vessels, clotting together and blocking the blood flow.

When that happens in her bones, Emilia feels a terrible pain. This is called a sickle-cell crisis. Blood clotting can also be very dangerous: inadequate blood flow could damage her organs. The spleen of every patient with sickle cell disease is damaged early in life, and these patients are prone to serious infections. A mild sickle-cell crisis can be treated at home with strong painkillers. Sometimes, however, there are serious complications. Like now.
Emilia has pneumonia and needs extra oxygen. To make sure that the oxygen is carried properly through her body, she needs a red blood cell transfusion.

Sickle cell anemia patients regularly receive blood transfusions to fight the complications of their disease. As they receive donor blood so frequently, they run the risk of developing antibodies against the various blood groups of those donors. Every person has between 140 and 150 blood groups, but some blood groups cause the formation of antibodies sooner than others. Sanquin types the blood of all donors by default for blood groups AB0 and RhD (Rhesus).
A large number of donors are also typed on the basis of one or more of 22 additional blood groups, to make even closer matches with the blood group of patients such as Emilia. As the hospital has no extra fully-typed blood on stock for her and the last regular blood delivery round had already taken place, her doctor asks Sanquin to make an emergency trip.

Karin Fijn van Draat, Pediatric Hematology professor at the AMC, Amsterdam, is researching together with colleagues from Sanquin the question why sickle cell anemia patients produce more antibodies than other patients receiving blood transfusions. Once antibodies have been formed, patients can no longer receive blood from donors with those blood groups, making it harder and harder to find suitable blood. That is why preventing antibodies from being formed is so important. If they can understand the mechanism underlying the production of those antibodies, they will hopefully in time be able to influence it, and thus provide more effective help to people like Emilia.
www.sanquin.nl/jaarverslag

Scan the barcode and read Emilia’s story.

> EMPLOYEES

HEART FOR EMPLOYEES

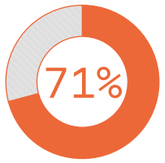
Using the banner 'HeaRT' (HR Transformation), Sanquin set up a programme to update its HR policy and to encourage staff to develop in a direction that the organisation will need in 2025. The three strategic pillars of HeaRT are:

- Permanent deployability
- Culture and leadership
- Modern and 'generation-proof' employment conditions and employee-employer relationships

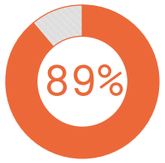
PERMANENT DEPLOYABILITY

Permanent deployability is about how to be useful, and experience job satisfaction, as an employee for as long as possible. This is an important issue for Sanquin, considering the gradually increasing state retirement age. Moreover, we want to be an attractive employer for future generations in the employment market, and younger generations make other demands on the work / private life balance and on personal development opportunities.
Employees are encouraged to ask themselves: How will I keep on enjoying my work? What can I do to stay mentally and physically fit (vital) to perform well? In what ways do I want to continue developing?

Sanquin held a survey amongst its employees in 2016.



were enthusiastic about their work.



would be enthusiastic about a vitality project.

did not take off enough time for relaxation.

CULTURE AND LEADERSHIP

Sanquin is working on a new culture within the organisation that places responsibilities as low in the organisation as possible, and emphasizes flexibility, entrepreneurship, optimism, drive, focus and recognition.

The Sanquin Plasma Products company continued the Organizational Culture Change in 2016. Under this programme employees were trained in accountability (whereby each employee accepts responsibility for their own performance, encourages their colleagues to perform well, and works within the rul). Sanquin-wide, managers were encouraged to adopt more of a coaching role towards their employees.

In addition, a group of thirteen talented employees joined the Management Development Programme in the autumn of 2016. This two-year programme prepares the participants, through training, coaching and strategic assignments, to assume managerial positions and to contribute towards Sanquin's desired organisational culture with a collaborative, coaching, enterprising, visionary, innovative and result-oriented managerial style.

MODERN EMPLOYMENT CONDITIONS AND EMPLOYEE-EMPLOYER RELATIONSHIPS

Within HeaRT, Sanquin has developed different tools to give employees more flexibility in their jobs. For example, as of 2017, employees will be able to access a new employee / manager portal to check and handle HR matters at a time and place that suits them best. Changes to the IT structure will also make it easier to work at a place of their choice: in the office, at home or somewhere else.

Moreover, Sanquin will pilot new job performance interviews, in which employees will agree concrete terms with their direct manager concerning their contribution towards organisational objectives.
As for employment conditions, Sanquin has been working towards a model that permits tailor-made agreements rather than a one-size-fits-all model. Within the Blood Bank, an auto-rostering pilot was launched, allowing employees - within specific boundaries - to schedule their own working hours.

BETTER FLOW ON THE WORKPLACE

The Blood Bank launched the FLOW project: a project aimed at the optimum structuring of work procedures, preventing inefficiency and waste. Several employees were trained in the Lean methodology, and ran project groups together with colleagues to implement improvements on the workplace. These projects included the creation of a more efficient donor registration process at reception, the optimisation of erytrocyte (red blood cell) processing, and the improvement of the not-for-transfusion-products process. The first results were already apparent by the start of 2017. In general, Blood Bank employees are very enthusiastic about FLOW. Contributing to improving the day-to-day work procedures gives them greater job satisfaction.

Working smarter in FLOW

LEGAL RESTRUCTURING

In 2015, the Plasma Product division was transferred to a separate legal entity: Sanquin Plasma Products. This company is linked via Sanquin Holding to Stichting Sanquin. In the 2016 reporting year, preparations were made to incorporate new companies for the Diagnostics and Reagents divisions with their competitive activities as of 1 January 2017 under Sanquin Holding. The restructuring will not affect the employees of either division.
Thanks to this restructuring, Sanquin can continue over the long term to perform its public and competitive activities from within one organisation, with greater transparency and a more manageable financial situation.

REAGENTS FULL STEAM AHEAD

The strength of Sanquin's one-stop-shop formula became clear again at the end of the year under review, when the operating results of the various divisions were disclosed. The Reagents division had its best financial operating result ever in 2016.

ONGOING REDUNDANCY PLAN

A continuous redundancy plan is highly advisable as major and minor organisational changes occur regularly at Sanquin, some of which affect employees. This plan must have a term of about three years, and act as social safety net when organisational changes affect staff. In the year under review, Sanquin started negotiations with the trade unions on the details of this continuous redundancy plan. These negotiations are expected to be completed in 2017.

CLOSURE OF THE PRE-TRANSFUSION LABORATORY

At the end of December 2016, Sanquin closed the Pre-transfusion Laboratory of the Diagnostics division as a result of Medisch Centrum Slotervaart – for which this lab did all the work – terminating the contract and undertaking such work itself. Sanquin found alternative positions within the organisation for all twelve employees affected.

CHANGE OF BOARD MEMBERS

After a thirty-year career with Sanquin, Jeroen de Wit – vice-chair of the Executive Board and managing director of the Blood Bank – took early retirement on 1 August 2016. He was succeeded by Daphne Thijssen-Timmer, formerly managing director of Sanquin's Tissues & Cells business unit, and managing director of multi-tissue centre BISLIFE. Alongside her new position, Thijssen will also continue to manage Tissues & Cells.

Daphne Thijssen-Timmer replaces Jeroen de Wit.

Sanquin and OLVG continue together.

NO DIAGNOSTIC ALLIANCE

In 2016, the final decision was taken not to go ahead with the intended strategic alliance between Sanquin and five hospitals, aimed at organising patient diagnostic services as cost-efficiently as possible. Originally, all participants were to acquire a substantial stake in the alliance, and therefore would have joint control. However, during the two years of negotiations, the relationships changed as a result of interim mergers, resulting in one dominant player. As the participating parties were unable to agree on the control structure in the new company, they agreed to call off the alliance.

The talks, however, did result in a more intensive form of collaboration in terms of diagnostic services. From now on, Sanquin will undertake all complicated transfusion work and molecular diagnostics for all five hospitals in one location, which means savings for all parties. In October 2016, Sanquin also signed a letter of intent with the Amsterdam-based Onze Lieve Vrouwe Gasthuis hospital to prolong and build on the collaboration between the laboratories.

ROBOT STREET

Sanquin is at the heart of the organisation for a number of diagnostic tests: the Molecular Platform. In 2016, this Platform was modified to become a state-of-the-art automated street for all molecular diagnostic tests, including *Next Generation Sequencing* (a technology to map a patient's DNA and RNA). This 'robot street' enables a scaling-up and increasing efficiency in diagnostics.

> BLOOD PRODUCTS

HEPATITIS E SCREENING

A Sanquin study shows that approximately 1 in every 800 blood donations is infected with the hepatitis E virus. For some of the recipients of transfusions, in particular stem cell or organ transplant patients, this infection can cause serious health problems and/or the need to postpone necessary treatment. The most vulnerable patient groups therefore are given nutritional advice in order to prevent hepatitis E infections, but blood donations and blood products are not screened for the presence of the virus yet.

Sanquin is strongly committed to screening blood donations, so that patients will no longer be infected as a result of transfusions. And for the Minister of Health, Welfare and Sport, patient safety is a top priority. Accordingly, it was decided to screen blood donations for the presence of the hepatitis E virus. Sanquin began preparatory work to be able to introduce screening in the middle of 2017.

INFECTIONS IN BLOOD DONORS

Sanquin tests blood products thoroughly, and for a good reason. That way, we prevent infectious blood products from being administered to patients.

Infections detected in 2016:

	Number of **new** blood donors with confirmed positive test result	Number of **loyal/known** blood donors with confirmed positive test result
Hepatitis B	10	3
Hepatitis C	3	0
HIV-1/2	0	2
HTLV-I/II	0	- *
Lues	11	2

* Regular donors are not screened for HTLV-I/II

DONOR FERRITIN TEST

When donors donate blood, Sanquin checks their hemoglobin (Hb) levels to ensure that blood can be donated without risk to the donor developing anemia. Recent studies have revealed that donors, despite normal Hb levels, can have or develop an iron deficiency by donating blood. A better indicator for the iron level in blood donors is ferritin, a protein that circulates in blood, for which a lab test is available. A Sanquin research group focuses on issues regarding iron management and anemia in donors. Based on the research findings, Sanquin's Medical Advisory Council will publish recommendations for protecting donors from iron deficiency with a ferritin test in 2017.

Every donation is screened.

ZIKA VIRUS TEST PATENT

After the outbreak in Brazil of the Zika virus, transmitted by tropical mosquitoes, Sanquin developed a modern lab test in 2015 to screen for the presence of this virus in blood. Our test is more sensitive and stable than other Zika virus tests: it measures a specific part of the virus's RNA, with which all known Zika virus variants can be detected. In 2016, Sanquin filed a patent application for this technology and the test is now available to screen donors who have been in an area where the Zika virus is active, should that be necessary.

EYE DROPS

Sanquin is developing a new product for patients that suffer from extremely dry eyes: eye drops based on serum processed from donor blood. At the end of 2016, a clinical trial was launched, comparing these allogeneic eye drops with eye drops based on a patient's own serum (autologous serum eye drops). This trial will be completed in 2017 and is expected to show that there is no difference in effectiveness between allogeneic and autologous serum eye drops.

In 2016, the Blood Bank also initiated a partnership with mu-Drop, a company that has developed an applicator with which the patient can apply very small drops - micro drops – to the eye. The advantage this has over the regular, much larger volume eye drops, is that just →

Small drops, big effect.

enough fluid is administered, preventing important components in the tear layer from being washed out.
Moreover, serum – a donor product – is used more efficiently.

Together with mu-Drop, the Blood Bank is working on setting up a production line for the micro eye drops. Sanquin expects to be able to supply the allogeneic serum eye drops in 2018.

COMPLETELY TYPED BLOOD

Sanquin types the blood of all donors by default for blood groups AB0 and RhD (Rhesus). In addition, we type a large number of donors for one or more of 22 additional blood groups. For each of these 22 blood groups, Sanquin's National User Council set a target value (in 2004) for the extent to which erythrocytes (red blood cells) should be available without the antigens of that blood group (so that recipients reacting strongly to other blood groups can receive blood that better matches their blood). Sanquin achieved 21 of the 22 target values in 2016. In total, we performed over the past year more than 1 million typing tests to consolidate and expand the range of fully-typed blood donors.

Sanquin is unique in the world in having such a fully-typed donor portfolio. As a result, hospitals can administer suitable blood more easily by sourcing from the erythrocyte stock available in the hospital. Moreover, it makes it easier to respond adequately and swiftly to requests for specific typed erythrocytes.

> RESEARCH

MEDICAL NEEDS

In line with the National Academic Agenda, Sanquin drew up its own academic agenda for research in those areas where it can make a significant contribution to health care. The Sanquin research programme is based on five 'medical needs':

- Anemia
- Bleeding and hemostasis
- Cancer
- Immunodeficiency and ageing
- Infections and vascular diseases

Sanquin performs foetal Rhesus D screening in 27th week of pregnancy.

Anemia

Safe blood for transfusion for patients with severe blood loss or chronic anemia is one of Sanquin's most important products. An issue in the field of anemia research is the reduction in immunisation to blood groups after a blood transfusion or pregnancy. Sanquin has been working for years with RIVM within the national screening programme to test whether pregnant women with Rhesus D negative blood group can be pregnant with a Rhesus D positive child (which can result in haemolytic disease of the foetus). Sanquin performs this foetal Rhesus D screening during the 27th week of the pregnancy and also supplies anti-RhD injections to treat mothers, where so required, by way of prophylactic therapy. In 2016, Sanquin researchers published an article in the *British Medical Journal*, containing the results of a study into the screening test's sensitivity and concluding that this screening in the 27th week of the pregnancy is very reliable.

Bleeding and hemostasis

Blood contains platelets and a large number of proteins that keep the blood liquid in the bloodstream and cause bleeding to stop outside the bloodstream (hemostasis). A Sanquin research group within this medical need area is focusing totally on the coagulation protein, Factor XI.

It was originally thought that Factor XI was necessary for the process of stopping bleeding. However, people who do not produce Factor XI, suffer relatively little from bleeding. Factor XI does, however, seem to contribute to thrombosis. If you neutralise Factor XI, you prevent thrombosis, without stopping the desired coagulation process in a wound. The Sanquin researchers are studying the precise effects of Factor XI. They hope to develop a Factor XI inhibitor, which offers the prospect of a very effective medicine against thrombosis.

Cancer

Another of the Sanquin research areas is cancer treatment and the improvement of that treatment. In 2016, three Sanquin researchers received grants from KWF for their research:

- Timo van den Berg and Hanke Matlung for their study entitled *On the mechanism by which targeting CD47-SlRPa interactions potentiates antibody therapy in cancer*.
- Monika Wolkers for her study entitled *Potentiating autologous T cell therapy by driving continuous IFNgamma production within the tumor*.

Immuno-deficiency and ageing

For years, Sanquin has been manufacturing plasma-derived medicines for patients who lack certain resistance factors or whose concentrations are too low. Many of the Sanquin studies for this medical need focus on the development of tests to measure therapy effectiveness; the question why therapy becomes ineffective in some cases, or causes side-effects; and why the immune system works less efficiently in ageing patients. →

Researcher Roel Gazendam was awarded his PhD (cum laude) from the University of Amsterdam in 2016 (cum laude) for his thesis entitled *Neutrophil microbial killing mechanisms. Lessons learned from primary immuno-deficiencies.* His thesis deals with the fungal and bacterial killing mechanisms in the human body.

Infections and vascular diseases

Research for this medical need focuses on a better understanding of the mechanisms underlying inflammatory reactions, treatment and improvement of blood-vessel quality and on understanding blood-vessel quality in ageing people.
In 2016, Sanquin researchers published an article in the scientific journal *Nature Communications*, containing the results of a study into cells crossing vascular walls (transendothelial migration of the blood cell).

NEW PROFESSORS

In 2016, Sanquin welcomed three new professors to its team:

- **Professor Karin Fijnvandraat**
  Professor of Pediatric Hematology at the University of Amsterdam.
- **Professor Sander Meijer**
  Professor of Pharmaceutical Plasma Proteins at the University of Utrecht.
- **Professor Sacha Zeerleder**
  Professor of Translational Immuno-hematology at the University of Amsterdam.

The number of professors working at Sanquin is growing.

FILE

AMIR'S STORY

Amir suffers from acute myeloid leukemia, or blood cancer. This is the result of white blood cells in his bone marrow not maturing properly.

30%

of all donated red blood cells goes to cancer patients.

1,600

Every year, about 1,600 people are diagnosed with leukemia in the Netherlands.

2,800

At Sanquin, there are more than 2,800 people who put their hearts and souls into the safest possible high-quality blood supply.

Donor stem cells can help Amir produce healthy cells again. It is very difficult to find a donor with suitable ‘HLA typing’ for a stem cell transplant.

The global database contains HLA typing of adult donors and of stem cells from umbilical blood.

FILE

11

In 2016, there were 11 hospitals to which umbilical cord blood could be donated.

Noa’s mother decided during her pregnancy to donate umbilical cord blood. She had heard that it contains stem cells that can save someone’s life.

Sanquin’s Special Blood Collection Team withdraws blood from the umbilical cord within three months of a birth, and takes it to the Umbilical Blood Bank.

At Sanquin's HLA laboratory, they determine Amir's HLA type. That takes between 5 and 7 working days.

30%

The HLA lab performs this typing test hundreds of times per year. Of the patients needing a stem cell transplant, only 30% have a family member who is a suitable match.

FILE

Stem cells are undifferentiated cells that can differentiate into specialised cells (such as blood cells) and can divide to produce more stem cells.

Sanquin processes and stores stem cells from both donors and patients. In addition, Sanquin carries out a lot of research into new treatments for cancer patients.

-196 °C

Stem cells from umbilical blood are frozen at -196°C.

6

In 2016, 6 patients got help by receiving stem cells from umbilical cord blood of new-borns.

<30 min.

The frozen stem cells are thawed out at the patient's bed side and must be administered within 15 to 30 minutes.

FILE

AMIR
AGED 45

From deep
despondency,
hope is
reborn.

SAVED BY THE STEM CELLS OF A BABY

AMIR WAS OUT JOGGING WHEN HE SUDDENLY BLACKED OUT. Perhaps he had been training too hard for a 45-year-old? He did not recover; he felt tired and listless. A blood check disclosed bad news: acute myeloid leukemia.

Leukemia, or blood cancer, is a serious disorder and in many cases life-threatening. In the acute form diagnosed in Amir, the white blood cells in his bone marrow do not properly mature. He needs immediate chemotherapy, which will deactivate his bone marrow. He will be given several blood transfusions, because his bone marrow will not produce enough – if any - blood cells.

The stem cells of a healthy donor should help Amir's body to kick-start the production of healthy white blood cells. That is why he is given a stem cell transplant. It is a very arduous procedure. His own cells may be attacked by the new stems cells because they are foreign, which may cause the graft versus host disease. In order to prevent this, the donor stem cells must match as closely with Amir's cells as possible.

When matching stem cells, lab technicians look at HLA typing - a specific characteristic shared by all cells, including stem cells, in a body. Sanquin's HLA lab determines the type of both the patient and the donor.
It is very difficult to find a donor with suitable HLA typing. That is why a global database has been created – the *bone marrow worldwide donor*-database – which contains both the HLA type of adult donors and those of stem cells from umbilical cord blood. Patients may often receive stem cells from someone who is a match, but lives on the other side of the world. However, Amir, was found a match close to home, in the person of baby Noa. Her life has just begun, and thanks to stem cells from her umbilical blood, Amir has the chance of recovering after a difficult time.

Scan the
barcode
and read
Amir's
story.

www.sanquin.nl/jaarverslag

FILE

> FOR PATIENTS

SUPPORT FOR CANCER RESEARCH

In 2016, Sanquin granted two more technology licences to businesses active in cancer research and cancer therapy: Neon Therapeutics and BioLegend, both American companies. This follows the grant of two licences in 2015 to Kite Pharma (USA) and Immatics Biotechnologies (Germany).

The licences relate to two patents jointly owned by Sanquin and the Dutch Cancer Institute (NKI). These patented technologies enable businesses to act more efficiently and quickly in finding new points of reference for cellular immunotherapy of various types of cancer. Moreover, they can test whether this therapy helps a cancer patient's own immune system destroy the cancer cells in their body.
Immunotherapy is a highly promising form of cancer treatment. Research into this therapy has advanced significantly over the past two years. Sanquin itself is working with external partners on further applications of the patented technologies, both in cancer treatment and in new vaccines against infectious diseases.

LAB ASSAYS FOR BIOLOGICS

During 2016, Sanquin continued to innovate in the field of biologics assays (therapeutic proteins), by offering hospitals and pharmaceutical companies a blood-testing service for their patients/subjects in trials and by offering new assays for new biologics and biosimilars. In patient-related research into biologics, we are global leaders, with a series of *peer reviewed* scientific publications. We run a wide range of assays ourselves and sell selected kits to third parties. As a result, we contribute to the more efficient use of these expensive medicines.

NEW TEST PREVENTS ANIMAL TESTING

In 2016, Sanquin introduced a new lab test to detect pyrogens (fever-inducing substances originating from bacteria) in medicines. This MAT test replaces the tests that involved the use of rabbits. Sanquin sells the test to pharmaceutical companies but can also perform it in-house on behalf of third parties.

EXPANSION OF MASPAT KIT

Sanquin's MASPAT kit helps find suitable thrombocytes (platelets) for a patient that needs a transfusion of this cell type. This is done by cross-matching a donor's thrombocytes and the recipient/patient's serum. MASPAT Screening Platelets, the newly developed product in addition to the MASPAT kit, consists of a pool of typed donor thrombocytes, with which the user can screen for the presence of antibodies, before starting cross-matching. These means that the user is not dependent on the availability of donor thrombocytes at the blood bank before running the test.

One point of contact for the client.

IMMUNO-MONITORING SERVICES

Immuno-monitoring is the analysis of a patient's immune status in the broadest sense: it includes serum testing for specific antibodies or inflammation mediators, testing for antigen–specific immune cells, HLA typing or measuring the level of medicine present in a patient's blood (such as biologics). Immuno-monitoring tests are growing in importance as the number of therapies focusing on the immune system increase rapidly. In 2016, national and major international pharmaceutical companies relied on Sanquin's services and immunological expertise. A dedicated part of our website shows our wide range of tests more clearly and offers a single point of contact to deal with the specific questions of customers.
Immuno-monitoring Services, a department of Sanquin Diagnostics, remains focused on developing new tests aimed at maintaining as complete a range of products as possible
.

TISSUES & CELLS

The Tissues & Cells (T&C) business unit was set up on 1 January 2015 with a view to supplying tissue and cell therapy products and services in the Netherlands and abroad, safely and efficiently. Tissues & Cells' ambition was to create an ample tissue reserve, seeking synergies between the various Sanquin units and collaboration with other tissue banks, such as BISLIFE. In May 2015, we entered into a management partnership with BISLIFE with the aim of merging. In 2016, the strategy was updated in response to various developments within and outside the organisation. The following steps were taken:

- BISLIFE did not become part of Sanquin Tissues & Cells, but the Bone Bank operations were transferred to BISLIFE. That way, Sanquin avoided potential risks involved in the transfer of BISLIFE operations that would have otherwise have become the liability of Sanquin. With a merger of the Bone Banks, Sanquin and BISLIFE can contribute to the realisation of a national tissue bank in the Netherlands.
- The transfer of Sanquin's Cell Therapy Laboratory to Tissues & Cells was aborted: there will be no broad cell therapy unit with two stem cell labs and an Umbilical Blood Cord Bank.
- As a result of the above, and with the Blood Bank Processing department leaving Groningen (as part of the Blood Bank restructuring process in 2015), the Stem Cell Lab in Groningen has become an entity isolated from the rest of the organisation. Sanquin therefore began exploring options for transferring the lab to the University Medical Center Groningen.
- The Sanquin Umbilical Cord Blood Bank, another part of Tissues & Cells, grew in 2016, acquiring more high-quality umbilical cord blood units in the context of the Growth programme.

RISKS AND RISK MANAGEMENT

RISK PROFILE

In 2016, Sanquin divided its activities into private and public activities. Its private activities were transferred to private limited companies placed under a holding company, wholly-owned by Stichting Sanquin. This legal restructuring will be completed in 2017. The basis for Sanquin's public activities is a statutory obligation imposed by the Dutch Blood Supply Act (Wet inzake bloedvoorziening – the 'Wibv'). Private activities are performed within a competitive, international environment. Given the nature of that environment, different risks apply to private activities than apply to public activities. Sanquin's risk appetite is low, because our underlying philosophy is that donors should be safe to donate blood and plasma, and patients should be safe in using often life-saving Sanquin products. The risks faced by Sanquin are assessed for each company and division, analysed annually by the Executive Board and, where necessary, action is taken to mitigate such risks. The actions taken by the management to mitigate the main risks is addressed below.

DEVELOPMENT OF RISKS IN 2016

Decrease in product sales

The use of blood products in hospitals has decreased significantly over the past few years. In line with this development, Sanquin has drastically overhauled its organisation. Since 2015, there has been a slower decline in the sale of blood products to hospitals. In order to be able to meet the demand for blood products, Sanquin pro-actively manages the scope and composition of its donor portfolio. Demand for plasma shows an increase. In the Dutch market, there is a growing need for plasma–derived medicines. This ensures that the communal cost coverage is not jeopardised. As a result, the development of blood product cost prices remains manageable.

IT

Sanquin has a variety of IT systems in place (hardware, software, computer networks and data communication). This IT infrastructure was designed to support the organisation effectively, reliably and safely. The continuity of operations depends to a high extent on the proper functioning of the IT systems. In 2015, the organisation completed the switch to Centric for IT infrastructure management, resulting in improved stability. In 2016, a start was made with the centralising of application management within a more professionally structured IT department able to permanently monitor the performance and functioning of the security measures in the IT environment, and allow for rapid responses to imminent or actual disruptions. For applications that support time-critical processes, such as the national test laboratory for donations, alternative procedures were developed to guarantee continuity in the event of technical problems. Moreover, an agreement was concluded with a laboratory in Belgium for contingency use. Safety drills for the contingency procedures are done at regular intervals.

Financial position

Sanquin's solvency and liquidity position is healthy and was reinforced further in 2016. Setbacks in the quality of operational processes may result in a slow down or complete discontinuation of the manufacture - and therefore the sale - of products. This could affect Sanquin's financial position. However, this risk is reduced by carefully observing the guidelines and procedures, and paying close attention to the required staff training and company culture in order to promote compliance with legislation. Stichting Sanquin Bloedvoorziening maintains the level of equity capital required to guarantee continuity of the blood supply.

Compliance

In 2016, America's regulator FDA withdrew the *warning letter* that Sanquin received in 2013, in response to findings by the FDA that Sanquin failed to meet some of the quality standards for processes and systems that apply to organisations exporting medicines to the United States. The warning letter had no direct consequences for the possibilities of exporting products to the American market. Further to the warning letter, Sanquin launched an extensive *Compliance Enhancement Programme* fProgramme focused on structural improvements of the organisation, culture, processes, systems and execution of work within Sanquin Plasma Products. In 2016, the FDA withdrew the warning letter in the light of the findings of a follow-up inspection. Sanquin still does not meet all quality standards applied by the FDA and it therefore launched another programme, the *Site Quality Compliance Master Programme*. This programme follows on from the initial programme with the aim of solving any outstanding quality issues in the near future, so that the organisation is *inspection ready*. This requires significant investments over the next few years to alter the physical working areas in the plasma plant and to bring the utilities used in the manufacturing process to the required level.

Production capacity

Demand for products manufactured by Sanquin Plasma Products is high. In addition, Sanquin Plasma Products manufactures medication based on contract manufacturing for international pharmaceutical companies. At present, production is almost at full capacity. Growth requires a more efficient use of the current manufacturing facilities, and the number of disruptions in the process must be reduced. With those steps taken, capacity will have to be further expanded. The organisation will work towards this goal in the next few years.

Legislation in Belgium

In 2014, new legislation was introduced in Belgium with implications for the supply of plasma-derived medicines to hospitals. This new legislation may result in tenders being invited every three years for the supply of products to hospitals and the manufacturing of the associated plasma-derived products. At this moment, all plasma collected in Belgium is processed by PIBe, a subsidiary based in Brussels. Such a tendering process raises the risk of the Belgian manufacturing facilities being insufficiently used, putting PIBe's profitability under pressure. The legislation is not expected to come into effect before 2018. Talks are currently underway with the Belgian government to discuss the consequences.

Reservoirs of untaken leave

Employees who have worked for Sanquin for many years acquired rights in the past regarding leave. For each business unit, a plan was drawn up in order to limit the reservoirs of untaken leave. This plan will be monitored on a quarterly basis.

Taxes

In the context of Sanquin's legal restructuring, a deal was made in 2016 with the Dutch tax authorities about the scope and the way in which VAT and corporation tax rules are applied to Sanquin. This ended the uncertainty concerning Sanquin's tax position. For VAT purposes, the

Sanquin Group in the Netherlands is a tax entity, which implies that no VAT need to be charged on internal supplies. For corporation tax purposes, the public activities will be exempt from 2017. The private activities are subject to the corporation tax regime.

Risk management

The risk management working model is the Committee of Sponsoring Organisations framework (COSO) for internal management. Sanquin has adopted almost all of the elements of this framework. All divisions have policy rules and procedures in place to manage identified risks.

These are set out, for example, in articles of association and documents on decision-making procedures and powers, including for individual projects. The accounting manual sets out rules for the layout of the financial reports. A cash and currency management document (treasury policy) has also been drawn up.

The organisation has various conduct rules, such as the policy on the authority to sign, a code of conduct for employees, and whistle-blowers' regulations. These include rules on mutual respect between colleagues, ethics, bribery/corruption and the use of alcohol and drugs. Sanquin has adopted the FEDERA code of conduct for further use of human biological materials for research purposes. Measures are taken if any rule of this code of conduct is breached. In 2016, no bribery or corruption was found. Risk inventories and evaluations in the context of working conditions are performed regularly, and insurance policies have been taken out to cover for product liability and other business risks.

The quality assurance policy has been drawn up, and there are Standing Operating Procedures and facilities for IT infrastructure security and back-up facilities in the event of technical breakdowns.

Quality assurance policy

Sanquin's quality assurance policy is documented and Sanquin uses the GMP and ISO quality assurance systems. The various business units are inspected frequently by the Dutch Health Care Inspectorate (part of the Ministry of Health, Welfare and Sport), not least in the context of ISO certification. Carrying out regular internal audits is one of the tasks of the QA department, and is part of the risk management system that is continuously monitored, in addition to an audit programme that focuses on identifying Sanquin's critical suppliers. External risk inventories and evaluations are also regularly undertaken, and in isolated cases in connection with product liability insurance issues.

Financial instruments

The Executive Board has adopted a policy under which the Finance & Control department manages financial risks. Where possible, procurement is centralised, and long-term pricing agreements for procuring and selling are made in euros. The scope of the financial risks to which Sanquin is exposed in its commercial operations, such as interest, credit and liquidity risks, is limited and therefore Sanquin does not need to use the financial instruments at its disposal.

FINANCIAL RESULTS

The Sanquin Group managed to realise net profits of € 7.6 million in 2016. This was thanks to lower procurement costs (€ -24.4 million), partly compensated by lower income (€ -10.8 million) and higher employee expenses (€ +9.1 million). The other operating expenses fell by € -7.8 million compared to last year.

The Belgian operations, including partly discontinued operations, are the reason for the huge differences in turnover and expenses compared to last year. If the Belgian operations are ignored, the net profit increased by € +14.6 million, compared to last year.
To get a better idea, the following will explain the differences between 2016 and 2015, without the Belgian operations.

If the Belgian operations are ignored, net profit increased by € +14.8 million, compared to last year. This is mostly thanks to higher income as a result of a release of current liabilities recognised in 2015 with regard to the procurement of raw materials. Lower turnover in product sales was compensated by higher coverage of costs, resulting from manufacturing. Last year's expectations in the annual report, namely a further increase in turnover thanks to further growth in the contract manufacturing activities of Sanquin Plasma Products did not fully materialise. As a consequence of additional measures to increase quality, production capacity was adjusted downward, resulting in a lower product turnover in 2016 compared to 2015.

Procurement costs fell by € -6.7 million compared to last year. This is due to lower net turnover. Staffing expenses rose by € +7.0 million compared to 2015 as a result of higher payments under the collective bargaining agreement, with more staff and higher consultancy fees.

Other operating expenses fell by € -4.2 million compared to last year. The savings implemented in respect of expenses as a result of the efficiency programme resulted in lower IT and general expenses. In 2016, significant amounts were paid in respect of quality assurance measures introduced at Sanquin Plasma Products in response to the FDA warning letter. The majority of these extra costs was covered by contributions from our CMO partners. These contributions are recognised under other operating income.

The decrease in product sales by € -17.3 million was primarily caused by lower turnover in plasma-derived products (€ -17.6 million less). Blood Bank's turnover fell by € -2.2 million, not as significant as in previous years.

Operating result (€ 27.1 million) was € +18.7 million higher than last year. This was primarily the result of lower other operating expenses and higher other operating income.
Net profit for 2016 rose to € 19.3 million (2015: € 4.7 million).
Last year's forecast in the annual report was continued pressure on profitability as a result of further necessary investments in the quality assurance system in order to make the production process FDA compliant. This came actually true in 2016. Operating result was higher than expected thanks to higher income, which had not been foreseen last year, but there were also significant investments on quality assurance measures in 2016.

The summary of the profit and loss account is as follows:

	TOTAL				TOTAL exc. Belgian activities			
(x € million)	**2016**	**2015**	Change		**2016**	**2015**	Change	
	€	€	€	%	€	€	€	%
Income	**476.9**	**487.7**	**-10.8**	**-2.2%**	**448.0**	**433.2**	**14.8**	**3.4%**
Costs of raw materials and consumables	-99.1	-123.5	24.4	-19.7%	-112.3	-119.1	6.8	-5.7%
Staffing expenses	-192.2	-183.1	-9.1	5.0%	-170.9	-163.9	-7.0	4.3%
Other operating expenses	-130.6	-138.3	7.7	-5.5%	-110.8	-115.0	4.2	-3.7%
Depreciation	-31.7	-31.3	-0.4	1.2%	-26.8	-26.8	-0.0	0.0%
Total costs	**-453.6**	**-476.2**	**22.6**	**-4.7%**	**-420.8**	**-424.8**	**4.0**	**-0.9%**
Operating result	**23.3**	**11.5**	**11.8**	**102.7%**	**27.1**	**8.4**	**18.7**	**222.6%**
Financial income and expenditure	-2.2	-1.8	-0.4	22.2%	-0.6	-0.4	-0.2	50.0%
Taxes	-6.5	-3.2	-3.3	103.1%	-6.8	-2.3	-4.5	195.7%
Result from participating interests	-0.4	-	-0.4	100.0%	-0.4	-1.0	0.6	-60.0%
Contributions by third parties	-	0.1	-0.1	-100.0%	-	-	-	0.0%
Net profit	**14.2**	**6.6**	**7.6**	**115.2%**	**19.3**	**4.7**	**14.6**	**310.6%**

SIGNIFICANT FINANCIAL DEVELOPMENTS IN 2016

Income

Total income dropped in 2016 by € -10.8 million to € 476.9 million (2015: € 487.7 million). Product turnover dropped by € 41.7 million (from € 430.4 million in 2015 to € 388.7 million in 2016). A decrease of € -24.3 million can be explained with the Belgian activities, which were in part discontinued in 2016. In addition, there was € -17.6 million lower turnover in plasma-derived products. As a consequence of additional measures to increase quality, production capacity was adjusted downward.

Blood Bank's turnover fell by € -2.2 million, not as significant as in previous years. This was caused by a drop in turnover of short shelf-life blood products to hospitals.

Turnover of Diagnostics and Reagents rose by € +1.5 million and € +2.3 million respectively, mainly as a result of collaboration with new partners and clients.

Income realised by Research dropped mainly because the WBSO grants amounting to € 2.0 million in 2016 were no longer recognised as turnover but as a reduction in employee and other expenses. The WBSO grant is received in the context of research and development activities as a contribution to the various research projects.
Other operating income rose by € +21.8 million. This includes the passing on of costs for the Compliance Enhancement Programme, other income, among other things, from royalties and grants and non-recurrent extraordinary income. Non-recurrent extraordinary income largely related to the release of a current liability with regard to the procurement of raw materials.

Product turnover can be itemised as follows:

	TOTAL				TOTAL exc. Belgian activities			
(x € million)	**2016**	**2015**	Change		**2016**	**2015**	Change	
	€	€	€	%	€	€	€	%
Per product								
Blood Bank Turnover	124.1	126.3	-2.2	-2%	124.1	126.3	-2.2	-2%
Plasma Products Turnover	221.9	263.8	-41.9	-16%	199.1	216.7	-17.6	-8%
Diagnostics Turnover	21.2	19.7	1.5	7%	21.2	19.7	1.5	7%
Reagents Turnover	14.1	11.8	2.3	19%	14.1	11.8	2.3	19%
Research Turnover	6.1	7.8	-1.7	-22%	6.1	7.8	-1.7	-22%
Other activities Turnover	1.3	0.9	0.4	44%	1.3	0.9	0.4	44%
	388.7	**430.4**			**365.9**	**383.2**		

Costs

Total costs dropped in 2016 by € -22.6 million to € 453.6 million (2015: € 476.2 million).
If the Belgian activities are disregarded, the costs drop by € 4.0 million compared to 2015. The following will explain the differences between 2016 and 2015, without the Belgian operations.

Procurement costs fell by € -6.8 million compared to last year, due to lower net turnover.
Staffing expenses rose by € +7.0 million. This is due to a higher average number of employees (+16), increases in payments under the collective bargaining agreement and higher consultancy fees. The number of employees working at the Blood Bank decreased and the number of employees working for Sanquin Plasma Products BV and support staff increased.

Other operating expenses fell by € -4.2 million. Expense savings implemented thanks to the efficiency programme resulted in lower IT and general expenses. In 2016, significant amounts were paid in respect of quality assurance measures introduced at Sanquin Plasma Products in response to the FDA warning letter. The majority of these extra costs was covered by contributions from our CMO partners. These contributions are recognised under other operating income.

Depreciation shows a similar level in 2016 and 2015.

Net profit

Thanks to a drop in the cost by € -22.6 million, in part compensated by a drop in income by € -10.8 million, operating result rose to € +23.3 million (2015: € 11.5 million).

Financial charges, including the result of participating interests, totalling € 2.2 million were € 0.4 million higher than in 2015 due to an early redemption penalty paid, which was partly compensated by lower interest charges.
In 2016, tax expenses recognised amounted to € 6.5 million. These expenses were calculated for the Sanquin entities based in the Netherlands. PIBe in Belgium operated at a loss, meaning that no taxes were due.

All income and expenses mentioned result in net profit for financial year 2016 amounting to € 14.2 million (2015: € 6.6 million).

The summary balance sheet of Sanquin is as follows:

	TOTAL		TOTAL exc. Belgian activities	
(x € million)	**2016**	**2015**	**2016**	**2015**
	€	€	€	€
Fixed assets	175.0	198.2	161.2	174.3
Inventory	152.2	183.1	143.8	151.5
Accounts receivable	94.8	102.8	88.6	87.8
Cash and cash equivalents	58.2	32.7	55.4	30.4
Total assets	**480.2**	**516.8**	**449.0**	**444.0**
Provisions	8.7	8.2	2.9	4.1
Long-term liabilities	42.5	55.5	42.5	45.7
Current liabilities	108.8	147.1	94.4	126.6
Group equitiy	320.2	306.0	309.2	267.5
Total liabilities	**480.2**	**516.8**	**449.0**	**444.0**

The balance sheet total is € 480.2 million, dropping by 7.1% compared to 2015 (€ 516.8 million). The balance sheet total rose by 1.1% when excluding the Belgian activities. The following will explain the differences between 2016 and 2015, without the Belgian operations.

Total operating capital amounted to € 193.4 million (2015: € 143.1 million). Within operating capital, the inventory shows a decrease of € -7.7 million (-5.1%). Accounts receivable showed a minor increase of € 0.8 million (0.9%). Current liabilities showed a decrease of € -32.2 million (-25.4%), primarily due to the release of current liabilities relating to the procurement of raw materials that were recognised in 2015. Cash and cash equivalents showed an increase of € +25.0 million (+82.2%), mainly thanks to the sale of part of the Belgian activities. In relation to income, working capital (exclusive of cash and cash equivalents) amounted to 30.8% (2015: 26.0%).

The capital employed amounting to € 354.6 million was € +37.2 million higher than in 2015 (€ 317.4 million) as a result of lower current liabilities.
Return on the capital employed as at year-end, based on operating result, was 7.7% (2015: 2.6%). This ratio also shows a fine growth.

Total equity as at year-end amounted to € 320.2 million (2015: € 306.0 million).

Solvency as at year-end was 66.7% (2015: 59.2%). With this ratio, the bank's solvency requirements are easily met.

Net cash flow from operational activities amounted to € 47.1 million (2015: € 18.6 million). The € +28.5 million increase was thanks to higher net profits (€ +7.6 million, higher depreciation and an increase in provisions (€ +6.7 million) and a lower operating capital (€ -14.2 million). Free cash flow amounted to € +38.2 million (2015: € -2.3 million). This is explained by a high operational cash flow and a relatively low investment level in 2016.

Sanquin's summary cash flow statement is as follows:

	2016	2015
(x € million)	€	€
Operating result	23.3	11.5
Depreciation and changes in provisions	32.3	25.6
Changes in operating capital (inventory, accounts receivable and short-term liabilities)	0.6	-13.6
Cash flow from operations	**56.2**	**23.5**
Other operational changes	-9.1	-4.9
Cash flow from operations	**47.1**	**18.6**
Cash flow from investments in intangible fixed assets	-	-0.6
Cash flow from investments in tangible fixed assets	-8.9	-20.9
Cash flow from investments in financial fixed assets	0.4	-17.6
Cash flow from financing	-13.1	17.5
Net cash flow	**25.5**	**-3.0**

PROSPECTS FOR 2017

In 2016, the FDA withdrew its warning letter. At present, Sanquin is still not fully meeting all quality standards applied by FDA, but showed a lot of progress, and there is a sound plan in place (another programme, i.e. the Site Quality Compliance Master Programme), to solve all quality assurance issues in the next few years.

After all attention had been directed two years to the quality assurance issues, SPP can now, in 2017, focus on further optimising the quality and release of products. All of this in the context of putting its house in order. In order to realise this, the 2017 budget covers for additional expenses, meaning that the profitability is still under pressure. In 2017, the management will go into the future strategy with a 10 year horizon. All further necessary investments required to realise the strategy will be considered, including a new building. This investment cannot be funded completely from the free cash flow, making additional external funding necessary.

The Blood Bank focuses on actively managing the size and composition of its donor portfolio, and actively working on improving communications with donors. In addition, the Blood Bank will introduce a new test in 2017, testing for hepatitis E in addition to the other elaborate testing programme. Since 2015, the drop in the sale of blood products to hospitals has been less serious. Sanquin keeps on adjusting its organisation and working on efficiency in order to maintain a stable price for the blood products.

In 2017, the final result of legal restructuring operations will become visible. For the Reagents and Diagnostics business units, separate companies were incorporated. Sanquin Holding BV, fully owned by the Foundation, owns the commercial companies. In addition the commercial properties will be placed with Sanquin Holding BV.

THE EXECUTIVE BOARD

THE MEMBERS OF THE EXECUTIVE BOARD
From left to right: René van Lier, Dirk Jan van den Berg, Daphne Thijssen-Timmer, Pieter de Geus, Olderik Dijkstra (secretary).

Composition

In 2016, the Executive Board was made up of:
Mr Dirk Jan (DJ) van den Berg
Mr H.J.C. de Wit (vice chair)
Mr prof René (RAW) van Lier MD PhD (member)
Mr Pieter (P) de Geus MD PhD (member)
Mrs Daphne (DC) Thijssen-Timmer PhD (member since 31 December 2016)

Mr O. Dijkstra LL. M. (secretary)

Meetings

In 2016, the Executive Board held 49 meetings. At the request of the Board, members of the management team and the support staff are invited to the meetings. All resolutions adopted are recorded in a list of resolutions and in minutes. In its activities, the Executive Board abides by the Sanquin Corporate Governance Code and its own Bylaws, containing rules and standards for good governance, effective supervision and transparent accountability.

Sanquin transparently accounts for its activities and responsibilities to society. The Executive Board applies good governance standards and ensures that its activities are transparently accounted for. In adopting policy, Sanquin takes into account the opinions of donors, hospitals and other stakeholders where this policy directly affects the organisation.

Side activities of the members of the Executive Board

The following lists the main side activities of the members of Sanquin's Executive Board.
The side activities of the Executive Board require approval from the Supervisory Board.

Mr D.J. van den Berg

MR D.J. VAN DEN BERG (1953)
Main position:
chair of the Executive Board of Sanquin Bloedvoorziening
Side activities:
- board member of Stichting IDTM
- member of the International Advisory Board PolyU Hong Kong
- member of the International Visitor's Program Advisory Board of the Ministry of Foreign Affairs
- chair of the Atlantic Committee
- member of the board of the CDA Scientific Institute
- member of the European Integration Committee for the International Issues Advisory Board
- chair of Foundation Board IHE
- member of the Supervisory Board of N.V. Nederlandse Gasunie
- member of the Supervisory Board of the European Institute of Innovation and Technology (EIT),
- member of the Supervisory Board of FMO (Dutch Development Bank)

Mr H.J.C. de Wit

MR H.J.C. DE WIT (1953)
Main position:
vice chair of the Executive Board of Sanquin Bloedvoorziening (until 1 August 2016)
Side activities:
- member of the Executive Board of CAF/DCF cvba (as of 13 June: PiBe cvba) in Brussels
- chair of the Supervisory Board of BisLife
- member of the Committee of Experts on Blood Transfusion of the Council of Europe's EDQM (European Directorate on the Quality of Medicines)
- member of TS 093 Plasma Supply Management WG of the Council of Europe's EDQM
- member of the Executive Board of the European Blood Alliance
- board member of Stichting IDTM
- board member of Stichting Tekke Huizinga Fonds
- member of the communication platform for medical consultants at Fresenius (until 1 August 2016)
- member of the EMEA customer panel at Caridian BCT (until 1 August 2016),
- member of the Advisory Board of TRIP

Prof. R.A.W. van Lier

PROF R.A.W. VAN LIER (1956)

Main position:

- member of the Executive Board of Sanquin Bloedvoorziening
- vice chair of the Executive Board (as of 1 August 2016)

Side activities:

- professor experimental immunology – UvA
- member of the Executive Board of CAF/DCF cvba (as of 13 June: PiBe cvba) in Brussels
- member of the Supervisory Board of BisLife
- board member of Stichting Immunovalley
- chair of EFIS (European Federation of Immunological Societies)
- board member of IUIS (International Union of Immunological Societies)
- chair of the scientific advisory board of MS Research
- member of the scientific advisory board of Nederlands Long Fonds

Dr. P. de Geus

MR P. DE GEUS (1957)

Main position:

- member of Executive Board of Sanquin Bloedvoorziening
- managing director of Sanquin Plasma Products B.V.

Side activities:

none

Mrs D.C. Thijssen-Timmer

MRS D.C. THIJSSEN-TIMMER (1976)

Main position:

- member of Executive Board of Sanquin Bloedvoorziening (since 31 December 2016)

Side activities:

- CEO of BisLife
- ISBT representative in the ICCBBA working group on cell therapy product coding (CTCLAG)

REPORT OF THE SUPERVISORY BOARD

Composition

The Supervisory Board has had the following members since 2016:
Mr prof FC Breedveld PhD (chairman)
Mrs K Bergstein MSc MBA (vice chair and audit committee chair)
Mr M.J.W. Bontje (quality committee chair)
Mr prof. C.G. Figdor PhD
Mr A.K. Lahr MSc (audit committee member)
Mr D.E. de Vreeze MSc (quality committee member)

Mr O. Dijkstra (secretary)

Effective from 13 October, Mr De Vreeze was appointed member of the Supervisory Board.

Governance

The Supervisory Board supervises the policy pursued by the Executive Board and the general course of affairs within Sanquin. The Supervisory Board also makes recommendations to the Executive Board regarding Sanquin´s strategy and activities, and decides on important Board resolutions by approving them. In its activities, the Supervisory Board abides by the Sanquin Corporate Governance Code, containing the rules and standards for good governance, effective supervision and transparent accountability. The Supervisory Board is composed in such a way that the statutory requirements of expertise and experience are easily met.

Meetings

The Supervisory Board met six times in 2016, four of which were scheduled meetings. In addition members of the Supervisory Board have individual contact with members of the Executive Board and Sanquin employees. On 3 November 2016, the chair of the Supervisory Board met the Sanquin Works Council to discuss the general course of affairs within the organisation. In the presence of the external accountant, financial statements, the 2015 annual report, the 2015 annual accounts and the auditor's certificate were discussed and adopted. The Supervisory Board approved of the policy plan, the budget for 2017 and the Medium-to-Long Term Plan. The audit committee, made up of supervisory directors Bergstein and Lahr, supervising the workings of the financial information provision, internal risk management and control systems and follow-up of recommendations made by the external accountant, met four times in 2016. The Supervisory Board formed a quality assurance committee, its members being Bontje and De Vreeze, to supervise the workings of the internal quality assurance improvements. The quality assurance committee met once in 2016.

New developments

In the year under review, the Supervisory Board paid ample attention to the following subjects:

- **Succession of the Blood Bank's managing director**
  The Supervisory Board searched for a member of the Executive Board with the Blood Bank and Tissues & Cells portfolio, as H.J.C. de Wit retired from the Board due to attaining pensionable age. Effective from 31 December 2016, the Board appointed Mrs Daphne C. Thijssen-Timmer as member of the Executive Board.

- **Financial situation**
  The Supervisory Board discussed the acute and more structural measures that needed to be implemented in order to limit the expenses and keep the cash flow at the same level.

- **Change in legal structure**
  The Supervisory Board was kept informed on the further details of a different legal structure for Sanquin and the discussions on that subject with the Ministry of Public Health, Welfare and Sports. In 2016, the Supervisory Board decided to hive off the divisions Diagnostics and Reagents and incorporate Sanquin Diagnostiek b.v. and Sanquin Reagents b.v. respectively, as of 1 January 2017, and to transfer the private properties from the Foundation to Sanquin Holding b.v. in the beginning of 2017.

- **CAF-DCF - Plasma Industries Belgium cvba**
  In 2016, the Supervisory Board decided to sell the marketing & sales activitiues of the Belgian subsidiary CAF-DCF cvba to the French company Laboratoire Français du Fractionnement et Biotechnologies (LFB). To that end, the name of the Belgian subsidiary was changed to Plasma Industries Belgium cvba.

- **Warning letter FDA**
  The Supervisory Board was extensively informed of the effects of corrective actions, progress in the Compliance Enhancement Programme and the investments that are required in connection with the warning letter that Sanquin received in 2013 from the American Food and Drug Administration (FDA).

- **Progress in strategic developments of Plasma Products and Plasma Industries Belgium**
  The Supervisory Board discussed the developments in terms of the collaboration and contract negotiations with strategic partners of Sanquin in Amsterdam and of its subsidiary, Plasma Industries Belgium in Belgium. A Site Master Plan set out the various scenarios outlining how Sanquin can meet the current and future demand for plasma-based medicine.

- **Diagnostics alliance**
  The Supervisory Board was informed of the possibilities for a joint diagnostics lab, in which Sanquin could participate with Amsterdam-based hospitals.

- **Bislife**
  The Supervisory Board agreed to the collaboration between the boards of Sanquin and BisLife in order to further develop Sanquin's tissue-related activities.

- **Serum eye drops**
  The Supervisory Board was informed of the possibilities for allogeneic eye drops based on human serum and agreed to the proposed partnership with a third party to develop and manufacture this new product.

Evaluation

The Supervisory Board evaluated its own functioning and found that its members were sufficiently independent. The decision-making process within the Supervisory Board was set up in such a way that it prevents conflicts of interests.

The commitment and efforts made by donors enabled the quality, safety and availability of blood products in 2016 too. The Supervisory Board is very grateful to them and all Sanquin employees for their commitment in 2016 and the way in which they realised Sanquin's objectives together.

Amsterdam, May 2017
Supervisory Board

Side activities of the members of the Executive Board

The following lists the main side activities of the members of Sanquin's Supervisory Board

Prof. F.C. Breedveld

PROF F.C. BREEDVELD (1950)
Chair of the Supervisory Board as of July 2013, first appointed in September 2010, retiring in September 2018, not eligible for reappointment.

Main position:
none
Side activities
- chair of Medical Delta
- chair of Supervisory Board of Nij Smellinghe hospital
- chair of Supervisory Board of Ipse de Bruggen (care institute for mentally handicapped)
- chair of board of Wenia (youth hospice)
- member of Supervisory Board of Spaarne Gasthuis
- member of Supervisory Board of Dutch Primate Centre
- member of board of Bontiusstichting

Mrs K.T.V. Bergstein, MBA

MRS K.T.V. BERGSTEIN, MBA (1967)
First appointed on 1 September 2012, retiring on 1 September 2020, not eligible for reappointment.

Main position:
member of the Board of Management of ASR Nederland N.V.
Side activities
- member of Supervisory Board of Universiteit Utrecht
- member of the Supervisory Board of Human Total Care

M.J.W. Bontje

MR M.J.W. BONTJE (1954)
Appointed on 1 June 2013, retiring on 1 June 2017, eligible for reappointment.

Main position: owner of Bontje Advies en Management
Side activities:
- chair of InEen
- chair of Supervisory Board of Breburg
- chair of Supervisory Board of Rivas
- chair of Supervisory Board of Oogheelkundig Medisch Centrum Zaandam
- member of the Supervisory Board of Excen
- board member of Stichting Wie beter eet wordt Sneller Beter
- chair of Stichting Pand Hospice Nieuwegein

Prof.
C.G. Figdor

PROF C.G. FIGDOR (1953)
Appointed on 1 June 2013, retiring on 1 June 2017, eligible for reappointment.

Main position:
professor in Immunology Radboud Universitair Medisch Centrum Nijmegen

Side activities:
- member of the Dutch Health Council
- member of the KiKa Scientific Committee Kika
- member of the NKI Advisory Board
- Initiator of 'Wetenschapsknooppunt Radboud Universiteit'

Mr A.K. Lahr

MR A.K. LAHR (1968)
Appointed on 1 July 2013, retiring on 1 July 2017, eligible for reappointment.

Main position:
- COO of Kiadis Pharma (until 1 April 2016)
- CEO of Kiadis Pharma (as of 1 April 2016)

Side act:vities
none

Mr D.
de Vreeze

MR D. DE VREEZE (1967)
Appointed on 13 October 2016, retiring on 13 October 2020, eligible for reappointment

Main position:
member of the Mangement Board of Koninklijke DSM N.V.
Side activities:
- board member of Fonds voor de Topsporter (NOC*NSF)
- member of Advisory Board of ECP (Electronic Commerce Platform Netherlands)
- board member of Stichting Young Captain Nederland
- board member of Cefic (European Chemical Industry Council)
- member of Global Future Council on Advanced Materials for the term 2016-2018 (World Economic Forum)

ANNUAL ACCOUNTS

2016

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016 (BEFORE APPROPRIATION OF RESULT)

		31 December 2016		31 December 2015	
(x € 1,000)	Ref.	€	€	€	€
ASSETS					
Fixed assets					
Intangible fixed assets	6	-		656	
Tangible fixed assets	7	172,396		194,572	
Financial fixed assets	8	2,625		3,000	
			175,021		**198,228**
Current assets					
Inventory	9	152,196		183,070	
Accounts receivable	10	94,835		102,765	
Cash and cash equivalents	11	58,206		32,742	
			305,237		**318,577**
			480,258		**516,805**
LIABILITIES					
Group equity					
Equity	13	320,235		306,033	
			320,235		**306,033**
Provisions	14		**8,715**		**8,154**
Long-term liabilities	15		**42,467**		**55,529**
Current liabilities	16		**108,841**		**147,089**
			480,258		**516,805**

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2016

			2016		2015
(x € 1,000)	Ref.	€	€	€	€
Net turnover	20	388,656		430,400	
Changes in inventory of finished product and work in progress		30,075		20,888	
Other operating income	21	58,206		36,407	
Total operating income			**476,937**		**487,695**
Costs of raw materials and consumables		99,127		123,508	
Salaries and wages	22	158,807		152,206	
Social security contributions, including pensions	22	33,385		30,916	
Depreciation charges	26	31,732		31,259	
Other operating expenses	27	130,552		138,302	
Total operating expenses			**453,603**		**476,191**
Operating result			**23,334**		**11,504**
Interest income	29		151		174
Interest expenses	29		-1,162		-1,395
Results from financial fixed assets	29		-310		-586
Other financial income and expenditure	29		-1,170		-
Result from ordinary activities before tax			**20,843**		**9,697**
Taxes on profit from ordinary activities	31		-6,543		-3,207
Result from participating interests	32		-98		-
Share of minority interests	33		-		75
RESULT AFTER TAXES			**14,202**		**6,565**

CONSOLIDATED CASH FLOW STATEMENT FOR 2016

			2016		2015
(x € 1,000)	Ref.	€	€	€	€
CASH FLOW FROM OPERATIONS					
Operating result			23,334		11,504
Adjustments for					
Depreciation	26	31,732		31,259	
Changes in provisions	14	561		-5,658	
			32,293		**25,601**
Change in working capital:					
Increase/decrease in inventory	9	30,874		-22,125	
Increase/decrease in receivables	10	7,930		-12,426	
Increase/decrease in current liabilities	16	-38,248		20,993	
			556		**-13,558**
Cash flow from operations			**56,183**		**23,547**
Change in share of minority interests	33	-		75	
Other changes in the consolidation	29	-310		-585	
Interest received	29	151		174	
Corporation tax	31	-6,543		-3,207	
Interest and bank interest paid	29	-2,332		-1,395	
Result from participating interests	32	-98		-	
			-9,132		**-4,938**
Cash flow from operations			**47,051**		**18,609**
CASH FLOW FROM INVESTMENTS					
Investments in intangible fixed assets	6	-		-616	
Investments in tangible fixed assets	7	-8,900		-20,935	
Investments in financial fixed assets	8	375		750	
Change in share of minority interests		-		-18,372	
Cash flow from investments			**-8,525**		**-39,173**
			38,526		**-20,564**
CASH FLOW FROM FINANCING					
Receipts from long-term liabilities	15	-		20,000	
Repayment of long-term liabilities	15	-13,062		-2,479	
Cash flow from financing			**-13,062**		**17,521**
Net cash flow			**25,464**		**-3,043**
INCREASE/DECREASE IN CASH	**11**		**25,464**		**-3,043**

The flow of funds is as follows:

		2016	2015
(x € 1,000)		€	€
As at 1 January		32,742	35,785
Change in financial year		25,464	-3,043
BALANCE AS AT 31 DECEMBER		**58,206**	**32,742**

NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. General notes

1.1 Activities

Sanquin's activities concern the manufacturing and supply of long and short shelf-life blood products in the Netherlands, the other EU Member States and the United States of America as well as blood testing commissioned by third parties. Sanquin also carries out subsidised and contract research and gives lectures in collaboration with the University of Amsterdam. In Belgium, its subsidiary, Plasma Industries Belgium CVBA (PIBe) manufactures and supplies long shelf-life blood products. In Finland, Sanquin Oy markets long shelf-life blood products for the local market.

Stichting Sanquin Bloedvoorziening has its registered office and its principal place of business in Amsterdam at Plesmanlaan 125 (1066 CX Amsterdam) and is listed in the Commercial Register of the Chamber of Commerce for Amsterdam under number 41217565.

1.2 Place of business

Sanquin has its place of business at Plesmanlaan 125, 1066 CX Amsterdam.

1.3 Estimates

The Executive Board of Stichting Sanquin Bloedvoorziening needs to form an opinion on various matters and make estimates that may be essential to the amounts included in the annual accounts in order to be able to apply the principles and rules on preparing those annual accounts. Where the understanding referred to in Section 362(1) of Book 2 Dutch Civil Code is required, the notes to the relevant items explain the nature of these opinions and estimates, including the associated presumptions.

1.4 Consolidation

The consolidation contains the financial data regarding Stichting Sanquin Bloedvoorziening, its group companies and other legal entities on which it can exercise dominant control or for which it is responsible for its central management. Group companies are legal entities on which Stichting Sanquin Bloedvoorziening can exercise dominant control, either directly or indirectly, as it has the majority of the voting rights or any other way can control the financial and operational activities. In doing so, potential voting right that can be exercised directly on the balance sheet date is also taken into account.

Stichting Sanquin Bloedvoorziening is at the top of the Sanquin group. The group companies and other legal entities on which it can exercise dominant control or for which it is responsible for its central management are consolidated 100%. The shares in minority interests in the group equity and in the group result are mentioned separately.

Intragroup transactions, intragroup results and intragroup receivables and liabilities owed between group companies and other entities included in the consolidation are eliminated. Unrealised losses on intragroup transactions are also eliminated, unless there is an impairment. Where necessary, accounting principles of group companies and other legal entities included in the consolidation are adjusted in order to be in line with the group's applicable accounting principles.

The companies included in the consolidation are:

- Stichting Sanquin Bloedvoorziening, Amsterdam, the Netherlands
- Sanquin Holding BV, Amsterdam, the Netherlands (100%)
- Sanquin Plasma Products BV, Amsterdam, the Netherlands (100%)
- Euroclone BV, Amsterdam, the Netherlands (100%)
- Plasma Industries Belgium CVBA, Neder-Over-Heembeek, Belgium (100%)
- Sanquin Oy, Helsinki, Finland (100%)

On 13 June 2016, the marketing and sales activities of CAF-DCF CVBA were transferred to group company CAF-DCF M&S BVBA via a legal demerger. At that time, CAF-DCF CVBA was given a new name: Plasma Industries Belgium CVBA, and CAF-DCF M&S BVBA was renamed to CAF-DCF BVBA at that time too. On 1 July 2016, all shares of CAF-DCF BVBA were sold to a third party, as a result of which this company is no longer included in the consolidation in 2016.

1.5 Application of Section 402 of Book 2 Dutch Civil Code

As Stichting Sanquin Bloedvoorziening's profit and loss account for 2016 is recognised in the consolidated annual accounts, the company annual accounts merely have limited notes to the balance sheet and profit and loss account.

1.6 Related parties

Any legal entity on which dominant control, joint control or significant control can be exercised is regarded as a related party. Legal entities that can exercise dominant control are also regarded as related parties. The board members according to the Articles of Association, other key officers in Sanquin management positions and close relatives are related parties. Significant transactions with related parties are explained in the notes, insofar as they have not been entered into at arm's length. The nature and scope of the transaction and any other information necessary to obtain an understanding are specified in the notes.

1.7 Acquisitions and divestments of group companies

As of the takeover date, the results and identifiable assets and liabilities of the company acquired are included in the consolidated annual accounts. The takeover date is the moment at which dominant control can be exercised on the company in question.

The acquisition price includes the amount of money or its equivalent in kind that has been agreed for the acquisition of the business acquired, plus any directly attributable costs. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess will be capitalised as goodwill under the intangible fixed assets. If the acquisition price is less than the net amount of the fair value of the identifiable assets and liabilities, the difference (negative goodwill) will be entered under accrued liabilities and deferred income (see paragraph 3.1.1). Where the amount of the positive and negative goodwill set off results in an asset, this amount will be presented and explained under intangible fixed assets. The companies involved in the consolidation will remain included in the consolidation until they are sold; the consolidation takes place at the moment that dominant control is transferred.

1.8 Cash flow statement

The cash flow statement was drawn up using the indirect method. The cash in the cash flow statement consists of cash, bank balances and immediately callable deposits with a maturity of less than a year. Cash flows in foreign currencies are converted at average rates of exchange. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statement. Income and expenditure relating to interest, dividend received and tax on profits are accounted for in the cash flow from operations. The acquisition price of any group company acquired is included in the cash flow from investments insofar as payment was made in cash. Transactions not involving any incoming or outgoing cash flow are not recognised in the cash flow statement.

2. General principles

2.1 General

The consolidated annual accounts were drawn up in accordance with the statutory provisions of Title 9 of Book 2 Dutch Civil Code and the firm statements of the Annual Reporting Guidelines, published by the Dutch Accounting Standards Board. The annual accounts has been drawn up using euros.

Assets and liabilities are in general valued at acquisition or manufacturing price. Unless a specific valuation principle is mentioned, valuation is at acquisition price. Reference numbers are included in the balance sheet, the profit and loss account and the cash flow statement. These numbers refer to the notes.

2.2 Comparison with the preceding year.

The accounting principles have not changed since last year.

2.3 Foreign currencies

2.3.1 Functional currency

The items in the annual accounts of the group companies are valued with due observance of the currency of the economic environment in which that group company is primarily active (the functional currency). The consolidated annual accounts have been drawn up using euros; this is both the functional and the presentation currency of Sanquin.

2.3.2 Transactions, accounts receivable and liabilities

Transactions in a foreign currency during the period under review are recognised in the annual accounts at the exchange rate applicable at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the exchange rates applicable at the balance sheet date. The exchange differences resulting from settlement and conversion are credited or debited

to the profit and loss account.
Non-monetary assets that are valued on the basis of the acquisition price in a foreign currency are converted at the exchange rate applicable at the transaction date.

2.4 Leasing
Stichting Sanquin Bloedvoorziening may have concluded leases under the terms of which a large part of the ownership-associated advantages and disadvantages is not vested in the Foundation. These leases are recognised as operational leasing. Liabilities arising from operational leasing are recognised on a straight-line basis in the profit and loss account for the term of the contract, taking into account any payment received from the lessor.

3. Asset and liability accounting principles
3.1 Intangible fixed assets
The intangible fixed assets are valued at acquisition cost net of amortisation. Impairment is taken into account; this is the case if the book value of an asset (or of the cash flow generating entity to which such asset belongs) exceeds its realisable value.

In order to determine whether there is impairment for an intangible fixed asset, reference is made to the relevant paragraph.

3.1.1 Goodwill
Positive goodwill arising from acquisitions and calculated in accordance with paragraph 1.7 *Acquisitions and divestments of group companies* is capitalised and amortised on a straight-line basis during the estimated economic life.

Negative goodwill is released in the profit and loss account insofar as charges and losses occur, if this has been taken into account when recognising the acquisition, and these charges and losses can be reliably measured. If expected charges or losses have not been taken into account, the negative goodwill will be released in accordance with the weighted average of the remaining life of the amortisable asset acquired. Insofar as the negative goodwill exceeds the fair value of the identified non-monetary assets, the excess will be directly recognised in the profit and loss account.

3.2 Tangible fixed assets
Land and buildings are valued at acquisition price plus additional expenses or manufacturing price less linear depreciations during the estimated economic life. Land is not depreciated.

Fixed operating assets are not depreciated until they are being used.

Impairment expected on the balance sheet date is taken into account. In order to determine whether an impairment is applicable for a tangible fixed asset, reference is made to paragraph 3.4.

Other fixed assets are valued at acquisition price or manufacturing price plus directly attributable costs, less linear depreciations during the expected future life or value in use, whichever is the lower. The acquisition price consists of the purchase price of raw materials and consumables that can be directly attributed to the manufacturing, including installation costs. The cost of implementing software is taken directly to the result.

There is no obligation to repair the asset once it is no longer used. No maintenance reserve has been created for major maintenance of the buildings. The cost thereof is directly recognised in the result.

3.3 Financial fixed assets
3.3.1 Participating interests
Participating interests in group companies and other participating interests on which significant control can be exercised, will be valued in accordance with the net asset value method. Where 20% or more of the votes can be exercised, one may assume that there is significant control.

The net asset value is calculated according to the principles applicable to these annual accounts.

If the valuation of any participating interest according to the net asset value is negative, it will be valued at nil. If and insofar as Stichting Sanquin Bloedvoorziening in this situation guarantees all or part of the liabilities of the participating interest, or has the firm intention to enable the participating interest to pay its liabilities, a provision will be made.

Initial valuation of participating interests acquired is based on the fair value of the identifiable assets and liabilities at the time of acquisition. The principles applicable to these annual accounts apply to any subsequent valuation, based on the values arrived at during initial valuation.

Participating interests on which no significant control can be exercised are valued at acquisition price. If there is a permanent downward value adjustment, valuation will take place at this lower value; depreciation will be taken to the profit and loss account.

3.3.2 Accounts receivable
The accounts receivable recognised under financial fixed assets are initially valued at fair value, less transaction costs (if significant). Accounts receivable are subsequently valued at amortised realisable value. Impairment is directly recognised in the profit and loss account.

3.3.3 Securities
Any securities recognised under financial fixed assets that are intended to serve the business in its operations, are valued at acquisition price or market value, whichever is the lower. Impairment of these securities is recognised as an expense in the profit and loss account.

3.4 Impairment of fixed assets
At every balance sheet date, the Foundation assesses whether there are any indications for assuming that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset will be established. If it is not possible to establish the realisable value of an individual asset, the realisable value of the cash-flow generating entity to which the asset belongs will be determined. An impairment is recognized if the book value of an asset exceeds the realisable value; the realisable value is the realisable value or the value in use, whichever is the higher. Loss due to impairment is recognised directly as an expense in the profit and loss account while simultaneously decreasing the book value of the asset in question.

At every balance sheet date, the Foundation will also assess for financial instruments whether there is any objective indication for impairment of a financial asset or a group of financial assets. Where there are objective indications for impairment, the company will determine the scope of the loss as a result of impairment, and will recognise this directly as an expense in the profit and loss account.

3.5 Inventory
3.5.1 Raw materials and semi-finished products
The raw materials are plasma and consumables. This inventory is valued at (average) cost or market value, if lower. Changes to the average cost are translated into an adjusted value of the inventory by entering a revaluation result.
Obsolete inventory is valued at nil, where necessary.

The semi-finished products, including any work in progress on the balance sheet date, are valued at directly spent cost plus a surcharge for direct manufacturing cost, or the market value, if lower. Obsolete inventory is valued at nil, where necessary.

3.5.2 Finished goods and goods for resale
The finished goods inventory is valued at raw material cost plus the directly attributable manufacturing cost, or their market value, if lower. Obsolete inventory is valued at nil, where necessary.

Goods for resale are valued at acquisition price or lower market value. Changes to the recent acquisition prices are translated into an adjusted value of the inventory by entering a revaluation result. Obsolete inventory is valued at nil, where necessary.

3.5.3 Contract manufacturing work in progress
The plasma to be fractioned or the semi-finished products for any contract manufacturing work in progress is supplied by the contracting party in question and remains property of that party during the entire manufacturing process. Therefore, these are not valued by Sanquin. The value added by Sanquin as at the balance sheet date is recognised as work in progress.

3.6 Accounts receivable
Accounts receivable are valued at fair value of the goods/services provided at initial recognition. Trade receivables are subsequently valued at amortised cost. If payment of the receivable is deferred as a result of an extended payment period agreed upon, the fair value will be determined on the basis of the cash value of the amounts expected to be received, and taken as interest income to the profit and loss account on the basis of the effective interest rate. Provisions for doubtful debts are taken from the book value of the account receivable.

3.7 Cash and cash equivalents

Cash and cash equivalents consist of cash, bank balances and immediately callable deposits with a maturity of less than a year. Current account liabilities at banks are recognised under liabilities to credit institutions, under current liabilities. Cash and cash equivalents are valued at nominal value.

3.8 Share of minority interests

The share of minority interests as part of the group equity is valued at the amount of the net interest in the relevant group company.

3.9 Provisions

3.9.1 General

Provisions are created for obligations enforceable at law or actual obligations existing at the balance sheet date, which are likely to require resources to be spent and the scope of which can be estimated reliably.

The provisions are valued against the best estimate of the cash value of the amounts that are necessary to settle the liabilities on the balance sheet date. The provisions are valued at nominal value of the expenses that are expected to be necessary to meet the obligations, unless otherwise stated.

3.9.2 Employee provisions

The employee provisions consist of obligations with regard to irregular hours allowances, anniversary bonuses and continued salary payment for employees who have a long-term illness.

3.9.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences between the value of the assets and liabilities according to tax regulations and the book values used in these annual accounts. The deferred tax assets and liabilities are calculated at the tax rates applicable at the end of the year under review, or at the rates applicable in the next few years, insofar as determined by law.

Deferred tax assets under deductible differences and available loss carried forward are recognised insofar as it is likely that there will be future tax profit with which losses can be carried forward and deduction possibilities can be used.
Deferred taxes are recognised for temporary differences with regard to group companies, participating interests and joint ventures, unless Sanquin can determine the end of the temporary difference and the temporary difference is not likely to end in the foreseeable future.

Deferred taxes are valued at nominal value.

3.10 Liabilities

Liabilities are valued at fair value when first recognised. Transaction costs that can be imputed to the acquisition of the liabilities are directly taken to the profit and loss account. Liabilities are subsequently valued at amortised cost. The portion of the long-term liabilities that is redeemed in the coming financial year will be recognised under current liabilities.

4. Principles for the determination of results

4.1 General

The result is determined as the difference between the realisable value of the goods supplied/services rendered and the cost and other expenses during the year. The result of transactions is recognised in the year in which it is realised; losses can be realised as soon as they are
foreseeable.

4.2 Revenue recognition

4.2.1 Sale of goods

The revenues of the sale of goods are recognised as soon as all significant rights and risks with regard to the ownership of the goods have passed to the buyer.

4.2.2 Sale of services

The revenues of rendering services are recognised if and insofar as the relevant services have actually been rendered.

4.2.3 Exchange differences

Exchange differences arising from the settlement of monetary items are taken to the profit and loss account in the period in which they arise.

4.3 Net turnover

Net turnover comprises the revenues of supplying goods and rendering services less rebates and the like, and less taxes levied on turnover, and after elimination of intra-group transactions.

4.4 Costs of raw materials and consumables

The raw materials and consumables are the raw materials used that can be directly imputed to the net turnover, and manufacturing cost at cost, or the direct cost where it concerns goods for resale. This also includes, where appropriate, the downward adjustment of inventory to a lower lower market value and any provisions made for obsolete inventory.

4.5 Other operating income

Other operating income includes income from licences and product development for third parties, and costs passed on to third parties.

4.6 Payments to staff

4.6.1 Remunerations payable regularly

Wages, salaries, social security contributions and pension contributions payable pursuant to the terms and conditions of employment, are recognised in the profit and loss account insofar as they are due to the employees.

4.6.2 Pensions

In the Netherlands, Stichting Sanquin Bloedvoorziening uses the services of Pensioenfonds Zorg & Welzijn for its pension scheme. The employees eligible to join this scheme will be entitled, at the pensionable age, to a pension based on the average wage earned, calculated over the years that the employee built up pension via Pensioenfonds Zorg & Welzijn.

The liabilities arising from the employees' rights are placed with Pensioenfonds Zorg & Welzijn. Sanquin pays pension contributions for this, half of it borne by the employer and the other half by the employee. The pension entitlements are indexed annually, if permitted by the pension fund's funding ratio (the equity of the pension fund divided by its future financial obligations).

Based on the situation as at 31 December 2016, the policy funding ratio of the pension fund is 90.1% (source: website www.pfzw.nl dated 1 March 2017). The pension fund must have a current funding ratio of at least 87% in order to prevent extra contributions from having to be made by the institutions that joined the fund, or from special contribution increases having to be implemented. Sanquin has no obligation to pay additional contributions in the event the pension fund has a deficit, other than the effect of higher future pension contributions. Therefore, Sanquin only recognised the contributions due until the end of the financial year as an expense in the profit and loss account. Pension schemes in place at foreign subsidiaries, that are comparable to the way in which the Dutch pension system is organised and functions, are also recognised in
accordance with this approach. Where foreign pension schemes are not similar, a best estimate will be made of the liabilities as at the balance sheet date, on the basis of an actual valuation method that is generally accepted in the Netherlands.

4.7 Amortisation of intangible fixed assets

Intangible fixed assets are amortised during the expected future useful life. If the estimate of their economic life changes, the future amortisation is adjusted accordingly. Book profits and losses on any non-recurrent sale of intangible fixed assets are recognised under 'depreciation'.

4.8 Depreciation of tangible fixed assets

Tangible fixed assets are depreciated in a straight line as of the moment of first use based on the expected future useful life. Land is not depreciated. If the estimate of their economic life changes, the future amortisation is adjusted accordingly. Book profits and losses on any non-recurrent sale of tangible fixed assets are recognised under 'depreciation'.

4.9 Financial income and expenditure

Interest income and interest payable are recognized on a time-weighted basis, taking into account the effective interest rate of the relevant assets and liabilities.

4.10 Taxes on profit from ordinary activities

Taxes on the result are calculated on the result before taxes recognised in the profit and loss account, taking into account the tax-free profit components, investment and other tax incentives.

5. Financial instruments and risk management

5.1 Market risks

5.1.1 General

Stichting Sanquin Bloedvoorziening is exposed to various financial risks: price risk (including currency risk, market risk and interest and cash flow risks), credit risk and liquidity risk. The scope of these risks in the day-to-day operations does not require financial instruments to hedge them. The financial risks are managed centrally by the Finance & Control department on the basis of a policy adopted by the Executive Board.

5.1.2 Price risk

Stichting Sanquin Bloedvoorziening is exposed to risks relating the raw materials and energy prices. This risk is managed by being as little dependent on particular suppliers, by centralising procurement where possible and by making long-term price agreements with suppliers where possible. When entering into procurement relationships, the starting point is aiming at price increases that fall within the margins of the government rules for price compensation for health care budgets.

5.1.3 Currency risk

Stichting Sanquin Bloedvoorziening is primarily active within the European Union and the United States of America. If significant long-term supply obligations are assumed, such as for the supply of Cinryze to the American market, price agreements are in principle made in euros, even if a product is supplied to countries outside the EU.

The rest of the transactions in foreign currencies both in terms of procurement and sales is comparatively small, and any risk resulting from it is therefore not hedged.

5.1.4 Interest and cash flow risk

Stichting Sanquin Bloedvoorziening runs an interest risk on the interest-bearing accounts receivable (in particular under financial fixed assets and cash and cash equivalents) and interest-bearing long-term and current liabilities (including liabilities to credit institutions).

As for assets and liabilities with variable interest agreements, Sanquin runs a risk in respect of future cash flows; as for assets and liabilities with a fixed interest rate, Sanquin runs risks in respect of their market value.

As for these assets and liabilities, no contracts for financial derivatives have been concluded with respect to interest risks.

5.2 Credit risk

Stichting Sanquin Bloedvoorziening does not have any significant concentration of credit risk. Short shelf-life blood products are sold to Dutch hospitals. Long shelf-life blood products are only sold to buyers that meet Sanquin's credit rating. The sale is done on the basis of a credit term varying from 14 to 60 days. For major orders, additional security may be requested, including prepayments and guarantees, or credit insurance policies are taken out.

Sanquin Plasma Products realises a large part of its contract manufacturing turnover in a limited circle of business contacts. Credit ratings for these business contracts do not give any cause for hedging this credit risk with financial instruments.

5.3 Liquidity risk

Stichting Sanquin Bloedvoorziening uses the services of several banks in order to have several credit facilities at its disposal. Where necessary, further security is furnished to the bank for the credit facilities made available. As of August 2015, Sanquin has been bound by a bank covenant (see for more information paragraph 15: *Long-term liabilities*).

NOTES TO THE BALANCE SHEET

6. Intangible fixed assets

On 15 May 2015, Sanquin Holding BV acquired 24.99% of the shares in the capital of CAF-DCF CVBA, at a price of € 6.9 million. The amount of the purchase value was determined on the basis of the net asset value according to CAF-DCF's accounting principles (being Belgian GAAP). This valuation is lower than the net asset value according to the accounting principles used in these annual accounts, being Dutch GAAP. The difference in valuation is mainly due to temporary differences, and therefore a negative goodwill was created in 2015.

On 24 August 2015, Euroclone BV acquired 24.99% of the shares in the capital of CAF-DCF CVBA, at a price of € 12 million. The difference between the purchase value and the net asset value of CAF-DCF CVBA according to Dutch GAAP, was recognised in the balance sheet for 2015 as goodwill.

On 13 June 2016, the marketing and sales activities of CAF-DCF CVBA were transferred to group company CAF-DCF M&S BVBA via a legal demerger. At that time, CAF-DCF CVBA was given a new name: Plasma Industries Belgium CVBA (PIBe). The economic demerger took place as at 1 January 2016. As a result of the hive-off, the anticipated future cash flows of PIBe have changed so much that an impairment test regarding the goodwill and a review of the negative goodwill have resulted in both the goodwill and the negative goodwill have been written down completely.

Changes in intangible fixed assets are as follows:

	Goodwill	Negative goodwill	Total
(x € 1,000)	€	€	€
Balance as at 1 January 2016	2,806	-2,150	656
Impairment of goodwill PIBe CVBA	-2,806	-	-2,806
Amortisation of negative goodwill of PIBe CVBA	-	2,150	2,150
BALANCE AS AT 31 DECEMBER 2016	-	-	-

7. Tangible fixed assets

The changes in tangible fixed assets are as follows:

	Land and buildings	Plant and equipment	Other tangible fixed assets	Tangible fixed assets under construction	Total
(x € 1,000)	€	€	€	€	€
BALANCE AS AT 1 JANUARY 2016					
Acquisition prices or manufacturing costs	136,128	222,253	19,576	12,317	390,274
Cumulative depreciations	-48,825	-132,203	-14,674	-	-195,702
Net book value	**87,303**	**90,050**	**4,902**	**12,317**	**194,572**
MUTATIONS					
Investments	3,169	7,041	1,186	2,630	14,026
Mutations	2,524	5,127	311	-7,962	-
Disposals	-8,012	-2,545	-2,212	-	-12,769
Depreciation	-7,311	-21,756	-2,009	-	-31,076
Depreciation of sales	-4,647	-	-479	-	-5,126
Depreciation of divestments	8,010	2,545	2,214	-	12,769
Balance	**-6,267**	**-9,588**	**-989**	**-5,332**	**-22,176**
BALANCE AS AT 31 DECEMBER 2016					
Acquisition prices or manufacturing costs	133,809	231,876	18,861	6,985	391,531
Cumulative depreciations	-52,773	-151,414	-14,948	-	-219,135
NET BOOK VALUE	**81,036**	**80,462**	**3,913**	**6,985**	**172,396**
Depreciation rates	0%-10%	10%-20%	20%-33%	0%	

Investments in projects that are still in progress at the balance sheet date are recognised under 'Tangible fixed assets under construction'. Upon completion, these projects will be recognised under 'Land and buildings', 'Plant and equipment' or 'Other operating fixed assets'. The associated write-off of 'Tangible fixed assets under construction' is visible as a negative item under 'Changes'.

Part of the tangible fixed assets is funded with loans for which collateral was provided (see also paragraph 15: *Long-term liabilities*).

The assets are at the free disposal of Sanquin, except for the manufacturing facilities which were funded with the loan extended by a CMO partner (see for more information paragraph 15:*Long-term liabilities*).

The actual value of the fixed assets does not significantly differ from the net asset value.

In 2016, the investments in tangible fixed assets exceeding € 1.0 million were:

	Investments in tangible fixed assets
(x € 1,000)	€
New furniture for Maroastraat warehouse	1,300

8. Financial fixed assets

The changes in financial fixed assets can be specified as follows:

	Participating interests	Loans provided	Total
(x € 1,000)	€	€	€
Balance as at 01 January 2016	**-**	**3,000**	**3,000**
Investments	310	-	310
Result from participating interests	-98	-	-98
Disposals	-212	-	-212
Repayment obligation 2017	-	-375	-375
BALANCE AS AT 31 DECEMBER 2016	**-**	**2,625**	**2,625**

Participating interests

In 2012, Sanquin acquired a financial participating interest in Xenikos BV, based in Nijmegen. Xenikos is a biotechnology company that develops an experimental drug, T-Guard®. T-Guard® is a pharmaceutical product used for treating serious rejection reactions in patients after they had blood stem cell from a donor transplanted: graft-versus-host disease.
Sanquin's shareholding fell, as a result of the issue of extra shares in May and July 2016 from 37.44% to 35.8% and 34.16% respectively. In 2016, Sanquin made an additional € 0.3 million investment in the share capital of Xenikos.

On 23 August 2016, the Foundation transferred its shares in Xenikos by way of a share premium payment to Sanquin Holding BV. Due to the negative equity of Xenikos at that moment, the Foundation's shareholding was written down completely prior to the share premium payment. The contract of suretyship issued by the Foundation for Xenikos' liability under an innovation credit facility granted to Xenikos also passed to Sanquin Holding BV when the shares were contributed. The contract of surety issued amounts to € 3.3 million.

On 13 June 2016, the marketing and sales activities of CAF-DCF CVBA were transferred to group company CAF-DCF M&S BVBA via a legal demerger. At that time, CAF-DCF CVBA was given a new name: Plasma Industries Belgium CVBA, and CAF-DCF M&S BVBA was renamed to CAF-DCF BVBA at that time too. On 1 July 2016, Sanquin sold its entire shareholding in CAF-DCF BVBA to a party that is not part of the Sanquin group. The stake of the Sanquin group of € 1.4 million in the 2016 result of CAF-DCF BVBA was recognised together with the negative sales proceeds of € 1.5 million as a loss on participating interests in the profit and loss account.

Loans provided

The financial fixed assets include a loan of € 3.75 million that was extended in 2014 to Stichting Medisch Centrum Slotervaart (MCS). MCS is a partnership between Sanquin, NKI-AVL, Slotervaartziekenhuis and Cordaan's Verpleeghuis Slotervaart, within which the joint access roads and parking facilities are operated. The loan was extended for building a new car park for personnel and visitors of the four institutions, which was completed in 2014. The loan has a 10-year term, will be repaid in a straight line over 10 years and has an interest rate of 4%. For this loan, no collaterals have been provided. The valuation of the amounts due at repayment value approximates their amortised value.

The repayment obligations within 12 months of expiry of the financial year are recognised under 'other receivables'.

9. Inventory

	31-12-2016	31-12- 2015
(x € 1,000)	€	€
Costs of raw materials and semi-finished products	86,919	113,918
Contract manufacturing work in progress	21,678	19,847
Finished goods and goods for resale	43,599	49,305
	152,196	**183,070**

In the context of obsolete inventory, the value of the inventory was adjusted downward by € 28.0 million (2015: € 18.7 million) and the value of finished products and semi-finished products was adjusted downward by € 0.3 million (2015: € 7.1 million revaluation) as a result of changes in raw materials prices.

The inventory is at the free disposal of Sanquin. An exception to this is the work in progress relating to contract manufacturing for third parties. Under those contracts, the contracting party supplies Sanquin with the semi-finished products or the plasma that requires a fractionation process. This plasma and the semi-finished and final products based on it remain the property of the contracting party during the entire manufacturing process. The value added by Sanquin as at the balance sheet date is recognised as work in progress.

10. Accounts receivable

	31-12- 2016	31-12-2015
(x € 1,000)	€	€
Trade accounts receivable	76,981	82,342
Taxes and social security contributions	9,029	9,515
Other receivables, prepayments and accrued income	8,825	10,908
	94,835	**102,765**

The fair value of the accounts receivable approximates the book value, given the short-term nature of the accounts receivable and the fact that a doubtful debt provision has been created, where necessary. All accounts receivable will mature within one year.

Trade accounts receivable

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Trade accounts receivable	77,391	82,920
Provision for doubtful debts	-410	-578
	76,981	**82,342**

Taxes and social security contributions

	31-12-2016	31-12-2015
(x € 1000)	€	€
TURNOVER TAX	**9,029**	**9,515**

Other receivables, prepayments and accrued income

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Security deposits	99	148
Prepaid expenses	2,223	4,290
Repayment obligations 2016	375	375
Income and cheques to be received	6,128	6,095
	8,825	**10,908**

No security has been furnished to other parties in respect of the accounts receivable.

11. Cash and cash equivalents

The item 'Cash' in the cash flow statement has the following composition:

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Cash	15	78
Bank balances	53,707	26,488
Deposits	4,484	6,176
	58,206	**32,742**

All cash and cash equivalents are at the company's free disposal. The deposits will all mature within one year.

12. Notes to the cash flow statement

'Investment in tangible fixed assets' only includes investments for which funds were sacrificed in 2016. 'Investments in financial fixed assets' recognises the annual repayment on the loan to MCS received.

The full repayment of the loan taken out by PIBe at Belfius Bank NV was recognised under 'Repayment of long-term liabilities'. The lump-sum payment made is included under 'Other financial income and expenditure'.

13. Group equity

The equity is further explained in the notes to the balance sheet in the company annual accounts.

14. Provisions

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Deferred tax liability	5,501	6,075
Employee provisions	2,859	2,061
Other provisions	355	18
	8,715	**8,154**

The changes in the provisions are as follows:

	Deferred taxes	Employee provisions	Other provisions	Total
(x € 1,000)	€	€	€	€
As at 01 January 2016	6,075	2,061	18	8,154
Additions	-	964	337	1,301
Withdrawal	-574	-166	-	-740
BALANCE AS AT 31 DECEMBER 2016	**5,501**	**2,859**	**355**	**8,715**

In respect of the provisions, € 1.5 million (2015: € 0.7 million) qualifies as short-term (within one year) and € 7.2 million (2015: € 7.5 million) as long-term (over one year) provisions.

Deferred taxes

For the differences between the valuation of items on the PIBe balance sheet for tax purposes and for corporate purposes, that result in future liabilities to pay corporate income tax, a deferred taxes provision has been created. The provision can be regarded as a long-term provision (over one year).

Employee provisions

As at 31 December 2016, the employee provisions consisted of obligations with regard to irregular hours allowances, anniversary bonuses and continued salary payment for employees who have a long-term illness.

Other provisions

The other provisions have been created for pending claims and legal disputes.

15. Long-term liabilities

	31-12-2016	31-12-2015
(x € 1,000)	€	€
CMO loan	25,324	24,843
ABN AMRO Bank NV	17,143	20,000
Belfius Bank NV	-	10,686
	42,467	**55,529**

The CMO loan extended by a contract manufacturing partner was taken out to fund the process installations for the manufacturing activities for this partner. The loan will expire in 2024, and no interest is due on the outstanding amount. For these loans, security has been furnished with regard to the specific processing installations that have been installed for the contract manufacturing activities. The loan will be repaid by way of a rebate on the contract manufacturing rate agreed.

In 2015, a loan of € 20 million was taken out at ABN AMRO Bank NV. The loan has an 8-year term and the interest payable is 3.32%. As of 1 January 2017, this loan will be repaid with quarterly instalments. In respect of this loan, Sanquin has furnished security in the form of rights of mortgage and pledged receivables. Moreover, besides Stichting Sanquin Bloedvoorziening, its group companies Sanquin Holding BV, Sanquin Plasma Products BV and Euroclone BV are jointly and severally liable for this loan. Sanquin meets all covenants associated to the loan.

The loans taken out by PIBe at Belfius Bank NV for investments in the Belgian manufacturing facilities were repaid in full prior to the legal demerger dated 13 June 2016.

	As at 31-12-2016	Repayment obligations 2017	Remaining term > 1 year	Remaining term > 5 years
(x € 1,000)	€	€	€	€
Loans	25,324	-	11,232	14,092
Liabilities to credit institutions	20,000	2,857	11,427	5,716
BALANCE AS AT 31 DECEMBER	**45,324**	**2,857**	**22,659**	**19,808**

In addition to the existing loans, Sanquin agreed on a credit facility of € 20 million maximum with a lending institution. This facility was not used in 2016.

The repayment obligations within 12 months of expiry of the financial year as expained above are recognised under 'current liabilities'.

The valuation of the long-term liabilities at repayment value approximates their amortized cost.

16. Current liabilities

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Repayment obligations	2,857	2,328
Trade creditors	42,593	44,967
Taxes and social security contributions	12,064	7,831
Pension contributions	1,606	1,618
Salaries and holiday allowance	23,146	20,907
CMO partners	6,484	12,110
Research funds received in advance	5,204	8,085
Other liabilities and accrued expenses	14,887	49,243
	108,841	**147,089**

The fair value of the current liabilities approximates the book value because of their short-term nature. The current liabilities all will mature within one year.

Taxes and social security contributions

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Social security contributions	405	40
Payroll tax	6,777	7,434
Corporation tax	4,882	357
	12,064	**7,831**

Other liabilities and accrued expenses

The drop in other liabilities and accrued expenses is mainly caused by the settlement of the purchase of an inventory of raw materials for which invoices were not yet received in 2015 (€ 27.3 million).

17. Off-balance sheet assets and liabilities

As at the balance sheet date, Sanquin and Sanquin Plasma Products have assumed investment obligations amounting to € 19.4 million. This concerns investments for accommodating Sanquin Plasma Products, Research and Support Staff, processing equipment for preparing plasma-based products and laboratory equipment. The investment obligations will all mature within one year.

In December 2016, SPP agreed in a term sheet with a CMO partner to renegotiate the existing Manufacturing Service Agreement. To that end, SPP has to pay the CMO partner a fee of € 4 million. € 2 million has been paid, and has been recognised in the result in 2016. The balance (€ 2 million) will be paid and recognised once the final Manufacturing Service Agreement is signed.
Sanquin leases donor centres in many different locations. The annual liability under these leases amounts to € 4.2 million. The various leases have terms between 1 and 5 years.

In particular with regard to the fleet, leases were concluded with an annual financial payment obligation amounting to € 0.8 million. Leases have a maximum term of 7.5 years.

Bank guarantees worth € 1.9 million were furnished to various contracting parties. Moreover, Sanquin Holding issued a contract of suretyship for Xenikos' liability under an innovation credit facility of € 3.3 million granted.

18. Off-balance-sheet schemes

Notice of liability

For its wholly-owned subsidiaries Plasma Products and Euroclone, Sanquin Holding issued a notice of liability as referred to in Section 403 of Book 2 Dutch Civil Code.

Liability of a tax entity

The Foundation constitutes a tax entity for VAT purposes together with Sanquin Holding and Sanquin Plasma Products; it is the head of this entity. Based on the Dutch Collection of State Taxes Act (Invorderingswet), the Foundation and its subsidiaries are each jointly and severally liable for the taxes due by all of them. The taxes are settled via the current account relationship between the Foundation and its subsidiaries.

19. Post-balance sheet events

On 1 January 2017, Sanquin Diagnostiek BV was incorporated. The assets and liabilities regarding patient diagnostics have been transferred to that end from Stichting Sanquin to this company. 100% of the shares in this company are held by Sanquin Holding BV.

On 1 January 2017, Sanquin Reagents BV was incorporated. The assets and liabilities regarding the manufacturing and sale of test reagents have been transferred to that end from Stichting Sanquin to this company. 100% of the shares in this company are held by Sanquin Holding BV.

On 13 February 2017, Plasma Industries Belgium CVBA issued additional shares for an amount of € 10 million to Sanquin Holding BV. The stake of the Sanquin group in this participating interest does not change, and is still 100%.

In the context of the legal restructuring, the Foundation's real estate used for commercial operations of the Sanquin group was transferred to Sanquin Holding BV. To that end, the leasehold of the Foundation's plot of land (being Plesmanlaan 125) was split into two rights of leasehold by way of a vertical division on 3 April 2017. Subsequently, the real estate used for the commercial operations was transferred to Sanquin Vastgoed BV by way of a share premium payment. This company was specifically incorporated for this purpose. This Sanquin Vastgoed BV (a wholly-owned subsidiary of the Foundation) will merge in the course of 2017 with Sanquin Holding BV.

No other material events took place after the balance sheet date.

NOTES TO THE PROFIT AND LOSS ACCOUNT

20. Net turnover

The net turnover can be classified as follows on the basis of geographical areas:

	2016	2015
(x € 1,000)	€	€
The Netherlands	219,238	217,092
Outside the Netherlands	169,418	213,308
	388,656	**430,400**

Net turnover for the Netherlands included in 2015 an amount of € 1.3 million under the WBSO grant, for the purpose of research and development as a contribution to the various research projects. In 2016, this income was recognised as a reduction in staffing and other expenses.

Net turnover can also be classified on the basis of the following main categories:

	2016	2015
(x € 1,000)	€	€
Blood Bank Turnover	124,130	126,331
Plasma Products Turnover	221,833	263,778
Diagnostics Turnover	21,152	19,693
Reagents Turnover	14,121	11,841
Research Turnover	6,135	7,821
Other activities Turnover	1,285	936
	388,656	**430,400**

21. Other operating income

	2016	2015
(x € 1,000)	€	€
CMO partners' contribution to compliance costs	29,422	15,691
Licencing and product development income	12,679	14,488
Other operating income	16,105	6,228
	58,206	**36,407**

The increase in other operating income is explained by a release of € 8.4 million for the current liabilities recognised in 2015 with regard to the purchase of raw materials.

22. Salaries and wages

	2016	2015
(x € 1,000)	€	€
Salaries and wages	158,807	152,206
Social security contributions	22,981	20,747
Pension contributions	10,404	10,169
	192,192	**183,122**

23. Average number of employees

During 2016, the company employed on average 2,611 people under a full-time contract (2015: 2,559), of whom 307 were stationed abroad (2015: 271).

	2016	2015
Blood Bank Division	753	771
Diagnostics Division	222	236
Reagents Division	61	61
Research Division	230	236
Support staff	376	349
Tissues & Cells Business Unit	16	17
Total Stichting Sanquin Bloedvoorziening	**1,658**	**1,670**
Sanquin Plasma Products B.V.	646	618
Plasma Industries Belgium CVBA	298	262
Sanquin Oy	9	9
	2,611	**2,559**

24. Remuneration Executive Board

The total remuneration, including pension contributions, of the Executive Board amounts to € 942,000 (2015: € 734.000). Of this amount, € 352,000 relates to the operations of the Blood Bank and € 478,000 to Sanquin's private operations.

The itemisation is as follows:

	Remuneration	Pension contributions
(x € 1,000)	€	€
2016		
D.J. v.d. Berg	209	11
R.A.W. van Lier	218	11
P. de Geus	215	11
D.C. Thijssen-Timmer (as of 31-12-2016)	-	-
H.J.C. de Wit	256	11
2015		
D.J. v.d. Berg (as of 1-9-2015)	67	4
H.J.C. de Wit	256	11
R.A.W. van Lier	215	11
P. de Geus (as of 1-9-2015)	68	4
H.M. le Clercq (until 31-8-2015)	98	-

A justification of the remuneration paid to the members of the Executive Board under the Dutch Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (Wet Normering bezoldiging Topfunctionarissen publieke en semipublieke sector (WNT)) can be found in the Remuneration of Senior Officials annex to these annual accounts.

25. Remuneration Supervisory Board

Payments to the Supervisory Board amounted to € 42,755 (2015: € 29,242) and can be itemised as follows:

	2016	2015
(x € 1,000)	€	€
F.C. Breedveld	19	15
K.T.V. Bergstein	-	-
M.J.W. Bontje	11	7
C.G. Figdor	-	-
A.K. Lahr	11	7
D. de Vreeze	2	-

A justification of the remuneration paid to the members of the Supervisory Board under the Dutch Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act can be found in the Remuneration of Senior Officials annex to these annual accounts.

26. Depreciation charges

	2016	2015
(x € 1,000)	€	€
Intangible fixed assets	656	-40
Tangible fixed assets	31,076	31,299
	31,732	**31,259**

The depreciation charges for intangible fixed assets in 2016 concerned the amortisation charges for the (negative) goodwill. See also paragraph 6: *Intangible fixed assets.*

27. Other operating expenses

	2016	2015
(x € 1,000)	€	€
Other employee costs	10,895	10,444
Accommodation costs	19,958	20,383
Donor costs	3,054	2,909
Transport costs	7,132	6,424
General costs	89,513	98,142
	130,552	**138,302**

The other staffing and general costs contain an amount of € 0.7 million and of € 1.5 million respectively as WBSO grants, which were received for research and development as a contribution to various research projects. In 2015, this income was recognised in the net turnover for the Netherlands.

General costs

	2016	2015
(x € 1,000)	€	€
Maintenance costs	14,428	13,659
Information, publicity and sales costs	8,371	7,887
Travel, hotel and representation costs	3,003	3,223
Office costs	992	919
Communication costs	4,124	3,691
IT costs	15,722	18,987
Consultancy/auditor's fee	13,735	15,065
External services costs	15,780	19,304
Insurance and taxes	3,180	3,192
Other costs	10,178	12,215
	89,513	**98,142**

28. Auditor´s fees

The following amounts paid as auditor's fees have been taken as an expense to the result:

	2016	2015
(x € 1,000)	€	€
Auditing the annual accounts	413	395
Other auditing work	20	2
Tax consultancy	450	512
	883	**909**

The above fees only concern work carried out at the company and the group companies involved in the consolidation by accountancy firms and external independent auditors as referred to in Section 1(1) Dutch audit Firms (Supervision) Act (Wet toezicht accountantsorganisaties or Wta). These fees relate to invoices received during the financial year.

29. Financial income and expenditure

	2016	2015
(x € 1,000)	€	€
Interest income	151	174
Interest expenses	-1,162	-1,395
Income from financial fixed assets	-310	-586
Other financial income and expenditure	-1,170	-
	-2,491	**-1,807**

Other financial income and expenditure relate to an early redemption penalty paid to Belfius Bank NV in connection with the early repayment of long-term loans.

30. Research and development costs

The research and development costs taken as an expense to the result for 2016 amount to € 30.3 million (2015: €30.9 million).

31. Taxes on profit from ordinary activities

Stichting Sanquin Bloedvoorziening is a not-for-profit organisation. As for the Foundation's competitive activities, a deal applicable until the end of 2012 was made with the tax authorities on the determination of the taxable amount and the corporation tax due. As of 2013, the regular corporate tax regime has been applicable to Sanquin. In the consolidation, the tax rate applicable to the result for all companies involved is therefore 25% (2015: 25%) on the result before tax in the profit and loss account. For 2015 and 2016 the effective tax burden varied between 30% and 35%. The difference is mainly caused by the loss realised by PIBe for which no tax claim is included to be on the safe side, and by the non-deductible costs from the result before taxes. As the scope of the corporate income tax levy for Stichting Sanquin Bloedvoorziening is not certain yet, the actual tax burden for 2013, 2014, 2015 and 2016 may differ from the tax burden stated in the annual accounts.

	2016	2015
(x € 1,000)	€	€
Corporation tax for this financial year	-6,543	-2,785
Corporate income tax for prior financial years	-	-422
	-6,543	**-3,207**

32. Result from participating interests

	2016	2015
(x € 1000)	€	€
Result CAF-DCF BVBA (formerly CAF-DCF M&S)	1,357	-
Proceeds sale CAF-DCF BVBA (formerly CAF M&S)	-1,455	-
	-98	**-**

On 1 July 2016, Sanquin Holding, Sanquin Plasma Products and Euroclone sold their entire shareholdings in CAF-DCF BVBA (formerly CAF-DCF M&S BVBA) to a party that is not part of the Sanquin group. The stake of the Sanquin group of € 1.357 million in the 2016 result of CAF-DCF BVBA was therefore recognised together with the negative sales proceeds of € 1.455 million as a loss on participating interests in the profit and loss account.

33. Contributions by third parties

	2016	2015
(x € 1,000)	€	€
Resul Plasma Industries Belgium CVBA	-	75
	-	**75**

COMPANY ANNUAL ACCOUNTS

BALANCE SHEET AS AT 31 DECEMBER 2016 (BEFORE APPROPRIATION OF RESULT)

		31 December 2016		31 December 2015	
(x € 1,000)	Ref.	€	€	€	€
ASSETS					
Fixed assets					
Tangible fixed assets	35	80,454		89,587	
Financial fixed assets	36	241,008		233,120	
			321,462		**322,707**
Current assets					
Inventory	37	5,651		5,758	
Accounts receivable	38	44,401		37,856	
Cash and cash equivalents	39	24,589		15,393	
			74,641		**59,007**
			396,103		**381,714**
LIABILITIES					
Equity	41				
Foundation capital		1,957		1,957	
Special-purpose reserve	42	7,976		7,976	
Other reserves		296,100		289,535	
Result for the financial year		14,202		6,565	
			320,235		**306,033**
Provisions	43		**2,256**		**1,576**
Long-term liabilities	44		**17,143**		**20,000**
Current liabilities	45		**56,469**		**54,105**
			396,103		**381,714**

PROFIT AND LOSS ACCOUNT FOR 2016

		2016		2015	
(x € 1,000)	Ref.	€	€	€	€
Net turnover		201,180		193,923	
Changes in inventory of finished product and work in progress		-681		-688	
Other operating income		4,856		5,943	
Total operating income			**205,355**		**199,178**
Costs of raw materials and consumables		33,657		31,136	
Salaries and wages		92,042		93,143	
Social security contributions, including pensions		20,363		19,188	
Depreciation of tangible fixed assets		9,781		14,045	
Other operating expenses		40,712		40,308	
Total operating expenses			**196,555**		**197,820**
Operating result			**8,800**		**1,358**
Interest income	47		1,463		1,874
Interest expenses	47		-719		-911
Result from ordinary activities before tax			**9,544**		**2,321**
Taxes on profit from ordinary activities			-2,376		-683
Result from participating interests	48		7,034		4,927
RESULT AFTER TAXES			**14,202**		**6,565**

CASH FLOW STATEMENT FOR 2016

		2016		2015	
(x € 1,000)	Ref.	€	€	€	€
CASH FLOW FROM OPERATIONS					
Operating result			8,800		1,358
Adjustments for					
Depreciation		9,781		14,045	
Changes in provisions		680		-5,601	
			10,461		**8,444**
Change in working capital:					
Increase/decrease in inventory	37	107		373	
Increase/decrease in receivables	38	-6,545		-10,270	
Increase/decrease in current liabilities	45	2,364		9,466	
			-4,074		-431
Cash flow from operations			**15,187**		**9,371**
Interest received	47	1,463		1,874	
Corporation tax		-2,376		-683	
Interest paid	47	-719		-911	
Result from participating interests	48	7,034		4,927	
			5,402		5,207
Cash flow from operations			**20,589**		**14,578**
CASH FLOW FROM INVESTMENTS					
Investments in tangible fixed assets	35	-648		-9,312	
Investments in financial fixed assets	36	-7,888		-39,959	
Cash flow from investments			**-8,536**		**-49,271**
			12,053		**-34,693**
CASH FLOW FROM FINANCING					
Receipts from long-term liabilities	44	-		20,000	
Repayment of long-term liabilities		-2,857		-	
Cash flow from financing			**-2,857**		**20,000**
Net cash flow			**9,196**		**-14,693**
INCREASE/DECREASE IN CASH	**39**		**9,196**		**-14,693**

The flow of funds is as follows:

	2016	2015
(x € 1,000)	€	€
As at 1 January	15,393	30,086
Change in financial year	9,196	-14,693
BALANCE AS AT 31 DECEMBER	**24,589**	**15,393**

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

34. General

The company annual accounts were drawn up in accordance with the statutory provisions of Title 9 of Book 2 Dutch Civil Code and the firm statements of the Annual Reporting Guidelines, published by the Dutch Accounting Standards Board. The company annual accounts only contain the statutory annual accounts of Stichting Sanquin Bloedvoorziening. Compared to the consolidated annual accounts, the income and expenditure of the majority participating interests in these annual accounts are not recognized in the profit and loss account, but the result of the participating interests is recognized as a separate item in the profit and loss account.

The accounting principles for the company annual accounts and the consolidated annual accounts are the same. Participating interests in group companies are valued according to the net asset value in accordance with paragraph 3.3.1 of the consolidated annual accounts.

For the accounting principles relating to assets and liabilities, please see the notes to the consolidated balance sheet and profit and loss account.

35. Tangible fixed assets

The changes in tangible fixed assets are as follows:

	Land and buildings	Plant and equipment	Other operating fixed assets	Tangible fixed assets under construction	Total
(x € 1,000)	€	€	€	€	€
BALANCE AS AT 1 JANUARY 2016					
Acquisition prices or manufacturing costs	98,550	64,031	6,274	4,594	173,449
Cumulative depreciations	-34,242	-45,048	-4,572	-	-83,862
Net book value	**64,308**	**18,983**	**1,702**	**4,594**	**89,587**
CHANGES					
Investments	2,019	1,651	37	2,056	5,763
Changes	1,532	2,734	298	-4,356	208
Divestments	-8,010	-1,969	-2,214	-	-12,193
Depreciation	-2,957	-6,242	-582	-	-9,781
Depreciation of sales	-4,647	-	-479	-	-5,126
Depreciation of changes	-	-197	-	-	-197
Depreciation of divestments	8,010	1,969	2,214	-	12,193
Balance	**-4,053**	**-2,054**	**-726**	**-2,300**	**-9,133**
BALANCE AS AT 31 DECEMBER 2016					
Acquisition prices or manufacturing costs	94,091	66,447	4,395	2,294	167,227
Cumulative depreciations	-33,836	-49,518	-3,419	-	-86,773
NET BOOK VALUE	**60,255**	**16,929**	**976**	**2,294**	**80,454**
Depreciation rates	0%-10%	10%-20%	20%-33%	0%	

Investments in projects that are still in progress at the balance sheet date are recognized under 'Tangible fixed assets under construction'. Upon completion, these projects will be recognised under 'Land and buildings', 'Plant and equipment' or 'Other operating fixed assets'. The associated write-off of 'Tangible fixed assets under construction' is visible as a negative item under 'Changes'.

The assets are at the free disposal of Sanquin. The actual value of the fixed assets does not significantly differ from the net asset value.

In 2016, the investments in tangible fixed assets exceeding € 1.0 million were:

	Investments in tangible fixed assets
(x € 1,000)	€
New furniture for Maroastraat warehouse	1,300

36. Financial fixed assets

The changes in financial fixed assets can be specified as follows:

	Partici-pating interests	Loans provided	Total
(x € 1,000)	€	€	€
Balance as at 1 January 2016	202,014	31,106	233,120
Investments	-	20,180	20,180
Divestments	-18,951	-	-18,951
Result from participating interests	7,344	-	7,344
Write-offs	-310	-	-310
Repayment obligation 2017	-	-375	-375
BALANCE AS AT 31 DECEMBER 2016	**190,097**	**50,911**	**241,008**

List of participating interests

The participating interest held directly by Stichting Sanquin Bloedvoorziening and recognized in full in the consolidated annual accounts is:

	Share in issued capital
in %	
Sanquin Holding BV, Amsterdam	100

On 11 February 2016, the Stichting sold its shareholding in the capital of CAF-DCF CVBA (later renamed into PIBe) to Sanquin Plasma Products.

On 23 August 2016, the Foundation transferred its shares in Xenikos by way of a share premium payment to Sanquin Holding BV. In the notes to the balance sheet in the consolidated annual accounts, these and the preceding transactions are further explained.
On 5 October 2016, the Stichting legally transferred its shares in Sanquin Plasma Products and Euclone by way of a share premium payment to Sanquin Holding. The transfer of economic ownership of the shares took place on 31 December 2016, as a result of which the Stichting recognizes the result of all of 2016 of Sanquin Plasma Product and Euroclone in its company annual accounts as result from participating interest.

Loans provided

The financial fixed assets include a loan of € 3.75 million that was extended in 2014 to Stichting Medisch Centrum Slotervaart (MCS). This loan is further explained in the notes to the balance sheet in the consolidated annual accounts.

In addition, the company also extended a loan as of 24 April 2015 amounting to a maximum of € 60.3 million to Sanquin Plasma Products BV as bridging finance for its operations. The loan will expire in 2035, and 4.5% interest is due on the outstanding amount. No security was provided for this loan; in addition, it is subordinated to other existing and future loans extended to Sanquin Plasma Products by banks or other lenders. The outstanding loans at 31 December 2016 amounted to € 48.3 million (2015: € 28.1 million).

The repayment obligations within 12 months of expiry of the financial year are recognized under 'other receivables'. The valuation of the amounts due at repayment value approximates their amortized value.

37. Inventory

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Costs of raw materials and semi-finished products	3,818	3,404
Finished goods and goods for resale	1,833	2,354
	5,651	**5,758**

In the context of obsolete inventory, the inventory has been written down by € 0.1 million (2015: € 0.1 million) and the finished product and semi-finished product value by € 0.2 million (2015: € 0.2 million) as a result of raw materials price increases.
The inventory is at the free disposal of Sanquin.

38. Accounts receivable

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Trade accounts receivable	27,943	26,156
Taxes and social security contributions	3,904	5,817
Amounts due from group companies	8,870	214
Repayment obligations	375	375
Other receivables, prepayments and accrued income	3,309	5,294
	44,401	**37,856**

The fair value of the accounts receivable approximates the book value, given the short-term nature of the accounts receivable and the fact that a doubtful debt provision has been created, where necessary. All accounts receivable will mature within one year.

Amounts due from group companies

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Current account in the name of Sanquin Holding BV	8,662	11
Current account in the name of Euroclone BV	208	203
	8,870	**214**

On the outstanding current account balance, an interest rate of the average Euribor 1-month rate plus 3% is calculated. For these accounts receivable, no collaterals have been provided.

39. Cash and cash equivalents

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Cash	15	78
Bank balances	20,090	10,840
Deposits	4,484	4,475
	24,589	**15,393**

All cash and cash equivalents are at the company's free disposal. The deposits will all mature within one year.

40. Notes to the cash flow statement

'Investment in tangible fixed assets' only includes investments for which funds were sacrificed in 2016.

41. Equity *(figure 1)*

Stichting Sanquin Bloedvoorziening maintains the equity capital required for guaranteeing continuity of the blood supply.

Proposed result appropriation

The Executive Board has resolved to credit the result after taxes, amounting to € 14.2 million to the general reserve.

Figure 1

	Foundation capital	Special-purpose reserve	Other reserves	Result for financial year	Total
(x € 1,000)	€	€	€	€	€
Balance as at 1 January 2016	1,957	7,976	289,535	6,565	306,033
Changes					
Result for the current financial year	-	-	-	14,202	14,202
Result appropriation	-	-	6,565	-6,565	-
Other changes in reserves	-	-	-	-	-
BALANCE AS AT 31 DECEMBER 2016	**1,957**	**7,976**	**296,100**	**14,202**	**320,235**

42. Special-purpose reserve

The special-purpose reserve concerns a Research Reserve of € 6.6 million and an International Collaboration Reserve of € 1.4 million.

The Research Reserve was originally created from the positive operating balance of the former research foundation dr. Karl Landsteiner, which became part of Sanquin as a result of a merger. The reserve is intended for necessary research projects and expenses that cannot be paid for from regular operations.

In 2013, the International Collaboration Reserve (a special-purpose reserve) was created from funds received to that end. This reserve is intended to carry out projects to bolster blood bank organisations in developing countries.

43. Provisions

	31-12-2016	31-12-2015
(x € 1,000)	€	€
EMPLOYEE PROVISIONS	**2,256**	**1,576**

The employee provisions consist of obligations with regard to irregular hours allowances, anniversary bonuses and continued salary payment for employees who have a long-term illness.

The provisions for this amounting to € 1.2 million (2015: € 0.6 million) are for short-term (within one year) and € 1.1 million (2015: € 1.0 million) for long-term (over one year) liabilities.

44. Long-term liabilities

The long-term loan extended by ABN AMRO Bank BV is further explained in the consolidated annual accounts in the notes to the balance sheet.

	Balance as at 31-12-2016	Repayment obligation 2017	Remaining term > 1 year	Remaining term > 5 years
(x € 1,000)	€	€	€	€
Amounts owed to lenders	20,000	2,857	11,427	5,716
BALANCE AS AT 31 DECEMBER	**20,000**	**2,857**	**11,427**	**5,716**

45. Current liabilities

	31-12-2016	31-12-2015
(x € 1,000)	€	€
Repayment obligations	2,857	-
Trade creditors	18,814	18,287
Taxes and social security contributions	6,150	6,478
Pension contributions	1,094	1,266
Salaries and holiday allowance	15,886	14,585
Research funds received in advance	5,204	8,085
Other liabilities and accruals	6,464	5,404
	56,469	**54,105**

The fair value of the current liabilities approximates the book value because of their short-term nature. The current liabilities all will mature within one year.

46. Average number of employees

During the year 2016, the company had an average of 1,658 employees based on a full-time employment relationship (2015: 1,670). None of them is working abroad (2015: 0).

	2016	2015
Blood Bank Division	753	771
Diagnostics Division	222	236
Reagents Division	61	61
Research Division	230	236
Support staff	376	349
Tissues & Cells Business Unit	16	17
	1,658	**1,670**

47. Interest income and expenses

	2016	2015
(x € 1,000)	€	€
Interest income group companies	1,312	1,704
Interest income other	151	170
Interest expenses	-719	-911
	744	**963**

48. Result from participating interests

	2016	2015
(x € 1,000)	€	€
Sanquin Holding BV	6,019	553
Sanquin Plasma Products BV	-3,361	3,829
Euroclone BV	4,686	264
Plasma Industries Belgium CVBA (formerly CAF-DCF)	-	864
Xenikos BV	-310	-583
	7,034	**4,927**

49. Related parties

The transactions between Stichting Sanquin Bloedvoorziening and its related parties, being Sanquin Plasma Products BV, Sanquin Holding BV, Euroclone BV, Sanquin Oy and Plasma Industries Belgium CVBA concerns in particular the supply of blood products by Stichting Sanquin Bloedvoorziening to SPP and the rendering of administrative services (as a holding company) by Stichting Sanquin Bloedvoorziening to its related parties. The prices passed on in that respect are competitive.

Amsterdam, 8 June 2017
Stichting Sanquin Bloedvoorziening

Executive Board
Mr D.J. v.d. Berg (chair)
Prof. R.A.W. van Lier
Dr. P. de Geus
Mrs D.C. Thijssen-Timmer

Supervisory Board
Prof. F.C. Breedveld (chair)
Mrs K.T.V. Bergstein, MBA
Mr M.J.W. Bontje
Prof. C.G. Figdor
Mr A.K. Lahr
Mr D. de Vreeze

OTHER INFORMATION

Result appropriation according to the Articles of Association

The Articles of Association of Stichting Sanquin Bloedvoorziening do not provide for the appropriation of result.

Semi-Public Sector (Standards for Remuneration) Act (WNT)

Pursuant to the Wet Normering bezoldiging Topfunctionarissen publieke en semipublieke sector (WNT), the remuneration of senior officials is rendered account for. Only the members of Sanquin's Executive Board and Supervisory Board are considered senior officials within the meaning of WNT.

This section contains the remuneration data relating to current and former members of the Executive Board and those relating to the current members of the Supervisory Board and those of the employees that must be disclosed pursuant to the WNT.

Individual remuneration standard

The WNT came into force on 1 January 2013. The remuneration maximum applicable in 2013 was € 228,599 and in 2014 € 230,474. On 1 January 2015, the WNT-2 came into force, with the remuneration maximum being € 178,000 in 2015 and € 179,000 in 2016.

As of 1 January 2014, the rules under the ministerial 2014 Care Scheme (Regeling Zorg 2014) applied. In 2014, Sanquin came under the highest category of this 2014 Care Scheme, which has a remuneration maximum of € 229,043. The 2014 Care Scheme was not adjusted for 2015, thus the same amounts continued to apply. As a result, the remuneration maximum set out in the WNT-2 did not apply to Sanquin in 2015. A standard amount of 15% of the remuneration maximum for a senior official of the institution applies to the chair of the Supervisory Board; for Sanquin, the amount was € 34,356 in 2015 and € 26,850 in 2016. A standard amount of 10% of the remuneration maximum applies for the other members of the Supervisory Board; for Sanquin, the amount was € 22,904 in 2015 and € 17,900 in 2016.

Remuneration of the members of the Executive Board

	2016	2015
NAME: D.J. V.D. BERG Position: Chairman Executive Board		
Term of office	1 January to 31 December	1 September to 31 December
Contract	36 hours	36 hours
Remuneration €	203,074	65,700
Taxable fixed and variable allowances	6,000	2,000
Provisions for remunerations payable in due course	10,933	3,596
Total remuneration as defined in the WNT	220,007	71,296
Individual remuneration standard	179,000	76,557
Justification for exceeding the remuneration standard		n/a

Justification for exceeding the remuneration standard: The employment contract and the remuneration agreed with Mr Van den Berg had been concluded before the WNT-2 came into effect. The remuneration is in line with the 2014 Care Scheme (which also applied for 2015) and comes under the transitional law of the WNT. The transitional law means in the case of Mr Van den Berg for the year 2016 that the remuneration will be respected in full.

	2016	2015
NAME: H.J.C. DE WIT Position: Vice-chair of the Executive Board		
Term of office	1 January to 31 December	1 January to 31 December
Contract	36 hours	36 hours
Remuneration €	234,452	234,933
Taxable fixed and variable allowances	21,086	20,750
Provisions for remunerations payable in due course	10,978	10,833
Total remuneration as defined in the WNT	266,516	266,516
Individual remuneration standard	179,000	229,043

Justification for exceeding the remuneration standard: The employment contract and the remuneration agreed with Mr De Wit had been concluded before the WNT came into effect (1 January 2013). The remuneration applicable at the time comes under the transitional law of WNT. The transitional law means in the case of Mr De Wit for the year 2016 that the remuneration will be respected in full.

Mr De Wit resigned from the position of vice chair of the Executive Board as at 1 August 2016. However, the employment contract with Mr De Wit did not expire in 2016; as of 1 August 2016, he took part of his built-up and unused days' holiday/leave. The other days' holiday/leave accrued but not used will be used in 2017 and any days not used will be paid out to him in the context of the final settlement. The payment of any remaining days' holiday/leave not used may result in a higher remuneration for 2016 (and possibly preceding years), because the payment of any days' holiday/leave not used is considered a remuneration within the meaning of the WNT and must be imputed accordingly to the year in which they were accrued. In that case, account will be rendered for this in the 2017 annual report. The starting point for this will be that the relevant (higher) remuneration for 2016 (and possibly previous years) also came under the transitional law.

	2016	2015
NAME: R.A.W. VAN LIER Position: Vice-chair of the Executive Board		
Term of office	1 January to 31 December	1 January to 31 December
Contract	36 hours	36 hours
Remuneration €	205,233	202,660
Taxable fixed and variable allowances	12,500	12,500
Provisions for remunerations payable in due course	10,902	10,757
Total remuneration as defined in the WNT	228,635	225,917
Individual remuneration standard	179,000	229,043
Justification for exceeding the remuneration standard		n/a

Justification for exceeding the remuneration standard: The employment contract and the remuneration agreed with Mr Van Lier had been concluded before WNT came into effect (1 January 2013). The remuneration applicable at the time comes under the transitional law of WNT.
The transitional law means in the case of Mr Van Lier for the year 2016 that the remuneration will be respected in full. Until 1 August 2016, Mr Van Lier was a member of the Executive Board. On 1 Augustus 2016, Mr Van Lier succeeded Mr De Wit in the position of vice chair.

	2016	2015
NAME: P. DE GEUS Position: Board Member		
Term of office	1 January to 31 December	1 September to 31 December
Contract	36 hours	36 hours
Remuneration €	196,417	62,092
Taxable fixed and variable allowances	18,234	6,078
Provisions for remunerations payable in due course	10,953	3,603
Total remuneration as defined in the WNT	225,604	71,773
Individual remuneration standard	179,000	76,557
Justification for exceeding the remuneration standard		n/a

Justification for exceeding the remuneration standard: The employment contract and the remuneration agreed with Mr De Geus had been concluded before WNT-2 came into effect. The remuneration is in line with the 2014 Care Scheme (Regeling Zorg 2014) (which also applied for 2015) and comes under the transitional law of WNT. The transitional law means in the case of Mr De Geus for the year 2016 that the remuneration will be respected in full.

	2016	2015
NAME: D.C. THIJSSEN-TIMMER Position: Board Member		
Term of office	31 December to 31 December	n/a
Contract	36 hours	
Remuneration €	348	-
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	29	-
Total remuneration as defined in the WNT	377	-
Individual remuneration standard	490	n/a
Justification for exceeding the remuneration standard	n/a	n/a

The remuneration of Mrs Thijssen-Timmer is in line with the WNT-2 standard.

Remuneration of the members of the Supervisory Board

	2016	2015
NAME: F.C. BREEDVELD Position: Chairperson Supervisory Board		
Term of office	1 January to 31 December	1 January to 31 December
Contract	n/a	n/a
Remuneration € *	18,589	14,521
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	-	-
Total remuneration as defined in the WNT	18,589	14,521
Individual remuneration standard	26,850	34,356
Justification for exceeding the remuneration standard	n/a	n/a

**) The remuneration for Mr Breedveld for 1 January to 30 April 2015 was transferred to his then employer.*

	2016	2015
NAME: K.T.V. BERGSTEIN Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract	n/a	n/a
Remuneration € *	-	7,260
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	-	-
Total remuneration as defined in the WNT	-	7,260
Individual remuneration standard	17,900	22,904
Justification for exceeding the remuneration standard	n/a	n/a

*) The payment for 2015 was donated to a charity. In 2016, Mrs Bergstein waived her remuneration.

	2016	2015
NAME: C.G. FIGDOR Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract	n/a	n/a
Remuneration € *	-	7,260
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	-	-
Total remuneration as defined in the WNT	-	7,260
Individual remuneration standard	17,900	22,904
Justification for exceeding the remuneration standard	n/a	n/a

**) The payment for 2015 was donated to a charity. In 2016, Mr Figdor waived his remuneration.*

	2016	2015
NAME: A.K. LAHR Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract	n/a	n/a
Remuneration €	10,772	7,260
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	-	-
Total remuneration as defined in the WNT	10,772	7,260
Individual remuneration standard	17,900	22,904
Justification for exceeding the remuneration standard	n/a	n/a

	2016	2015
NAME: M.J.W. BONTJE Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract	n/a	n/a
Remuneration €	10,891	7,260
Taxable fixed and variable allowances	149	200
Provisions for remunerations payable in due course	-	-
Total remuneration as defined in the WNT	11,040	7,460
Individual remuneration standard	17,900	22,904
Justification for exceeding the remuneration standard	n/a	n/a

	2016	2015
NAME: D. DE VREEZE Position: Supervisory Director		
Term of office	13 October to 31 December	n/a
Contract	n/a	n/a
Remuneration €	2,354	-
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	-	-
Total remuneration as defined in the WNT	2,354	-
Individual remuneration standard	3,923	n/a
Justification for exceeding the remuneration standard	n/a	n/a

Remuneration of others employees

	2016	2015
Position: Managing Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract	40 hours	40 hours
Remuneration €	167,693	206,526
Taxable fixed and variable allowances	336	-
Provisions for remunerations payable in due course	10,822	10,661
Total remuneration as defined in the WNT	178,851	217,187
Individual remuneration standard	179,000	178,000
Justification for exceeding the remuneration standard	n/a	

Justification for exceeding the remuneration standard: In 2016, the remuneration standard was not exceeded. For the purpose of comparison, these notes contain both the remuneration paid in 2016 and 2015.

	2016	2015
Position: Managing Director		
Term of office	1 January to 31 December	1 June to 31 December
Contract	40 hours	40 hours
Remuneration €	176,739	92,062
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	10,841	6,237
Total remuneration as defined in the WNT	187,580	98,299
Individual remuneration standard	179,000	178,000
Justification for exceeding the remuneration standard		n/a

Justification for exceeding the remuneration standard: In order to be able to attract and retain qualified Managing Directors, this employee is paid a salary that exceeds the WNT (2) remuneration standard.

	2016	2015
Position: Managing Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract	40 hours	40 hours
Remuneration €	183,781	181,087
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	10,893	10,745
Total remuneration as defined in the WNT	194,674	191,832
Individual remuneration standard	179,000	178,000

Justification for exceeding the remuneration standard: In order to be able to attract and retain qualified Managing Directors, this employee is paid a salary that exceeds the WNT (2) remuneration standard. In 2015, the salary of this employee was also above the remuneration standard, but due to an administrative omission, this employee erroneously was not included in the notes relating to WNT for 2015. Reassessment of the remuneration paid in 2015 on the basis of the standard applicable to that year does not result in any undue payment.

	2016	2015
Position: Managing Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract	40 hours	40 hours
Remuneration €	172,172	157,862
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	10,820	10,668
Total remuneration as defined in the WNT	182,992	168,530
Individual remuneration standard	179,000	178,000
Justification for exceeding the remuneration standard		n/a

Justification for exceeding the remuneration standard: In order to be able to attract and retain qualified Managing Directors, this employee is paid a salary that exceeds the WNT (2) remuneration standard.

	2016	2015
Position: Managing Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract	40 hours	40 hours
Remuneration €	171,174	163,755
Taxable fixed and variable allowances	-	-
Provisions for remunerations payable in due course	10,817	10,665
Total remuneration as defined in the WNT	181,991	174,420
Individual remuneration standard	179,000	178,000
Justification for exceeding the remuneration standard		n/a

Justification for exceeding the remuneration standard: In order to be able to attract and retain qualified Managing Directors, this employee is paid a salary that exceeds the WNT (2) remuneration standard.

	2016
Position: Manager	
Term of office	n/a
Payment in 2016 for termination of employment in 2015 €	397,572

Justification for exceeding the remuneration standard: In 2016, the employee received severance pay as the employment contract was terminated further to the restructuring of Blood Bank activities on the basis of the then applicable redundancy package of Sanquin. The employee left the company on 31 December 2015.

INDEPENDENT AUDITOR'S REPORT

To: the management board and supervisory board of Stichting Sanquin Bloedvoorziening

Report on the financial statements 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Sanquin Bloedvoorziening as at 31 December 2016, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT).

What we have audited

We have audited the accompanying financial statements 2016 of Stichting Sanquin Bloedvoorziening, Amsterdam ('the foundation'). The financial statements include the consolidated financial statements of Stichting Sanquin Bloedvoorziening and its subsidiaries (together: _the Group') and the company financial statements.
The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2016;
- the consolidated and company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the WNT.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Audit protocol WNT 2016. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of Stichting Sanquin Bloedvoorziening in accordance with the _Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisorg board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the WNT; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the foundations ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the foundation's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes itpossible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 8 June 2017
PricewaterhouseCoopers Accountants N.V.

Th.A.J.C. Snepvangers RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2016 OF STICHTING SANQUIN BLOEDVOORZIENING

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibih.h`es for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, the Audit protocol WNT 2016, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundations internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events andlor conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the foundation to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company s consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CREDITS

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CONCEPT & DESIGN
das Studio (www.das-studio.nl)

TEXTS
Elke Content, Amstelveen and
Stichting Sanquin Bloedvoorziening

TRANSLATION
AVANTI Language Services bv

PHOTOGRAPHY
Martin Dijkstra

PRINTING
Print Consult

Sanquin

39

different nationalities were employed in 2016

254 published scientific papers

15

Sanquin staff members defended their PhD thesis in 2016




254


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Sanquin

Blood and Beyond