

ANNUAL REPORT 2018



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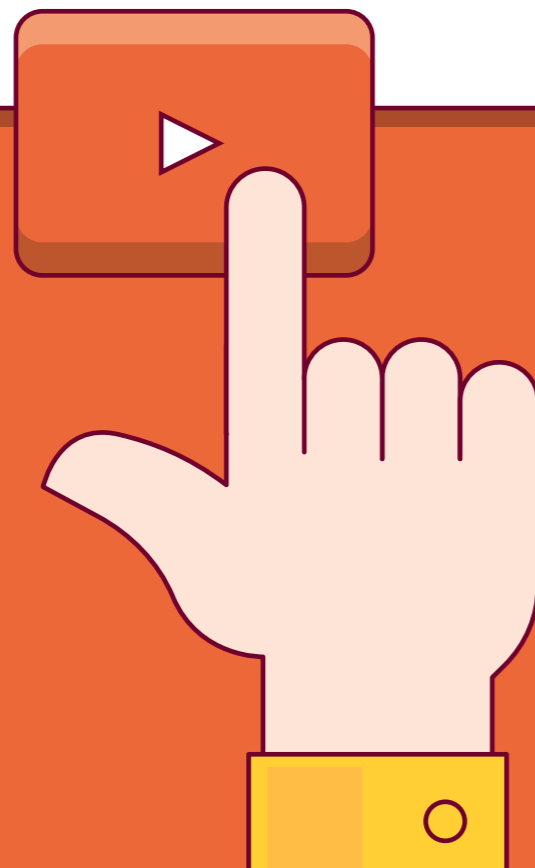
PART 1 INTRODUCTION

Blood saves and improves thousands of lives every year. For example, through the use of blood plasma derived medicines. Or when donor blood rushed to hospitals to save someone involved in a serious accident. It can also significantly improve the life of a terminally ill patient. Or even help in curing patients.

Behind all these applications of blood are real people. We reached out to those people to hear their stories.

All these stories have been collected on the annual report's website. In this paper annual report we offer you a taste of the stories of Lonneke, Matthijs, Esther, Werner and Jaap told via a collage of film stills.

www.jaarverslagsanquin.nl



"2018 was a great year for us, with significant successes"

DIRK JAN VAN DEN BERG
Chair of the Executive Board

FOREWORD

Twenty years of Sanquin!

Last year we celebrated our twentieth anniversary at Sanquin Blood Supply Foundation. It was a wonderful opportunity to look back and celebrate all that we've achieved in twenty years. Sanquin has grown into an organization that provides blood supply throughout the Netherlands in a very safe and high-quality manner. It has become a world-renowned knowledge institute in the field of blood. We celebrated this in April with a reception for all employees, and for a full week in November with our donors at the Donor Centers.

Besides the anniversary celebrations, 2018 was a great year for us, with significant successes. Financially, Sanquin Reagents and especially Sanquin Plasma Products (SPP) have achieved exceptionally good results. It is good to see that the culture program in SPP - begun a few years ago to stimulate greater focus and a greater sense of responsibility for results - is actually bearing fruit.

The Blood Bank has recruited many new, young donors with the help of an original campaign within the League of Legends' gaming community. The campaign has also generated greater publicity for the importance of blood donation.

The quality of our researchers at Sanquin Research was once again underscored by the appointment of Jaap van Buul as a professor and the acceptance of two prestigious grants from the European Research Council.

Sanquin Diagnostic Services has set up a unit to enter the commercial pharmaceutical and biotech markets. This development looks very promising.

Our support services have also seen successes over the past year. I am particularly pleased with the work that has been done to enable the roll out of Sanquin's digital personnel system at the beginning of 2019.

A new Sanquinovate staff member energetically paved the way in setting up a process to develop innovative ideas from employees and others. Sanquinovate is a logical point of contact for parties, companies or financiers who wish to collaborate with Sanquin. Our innovation department emphasizes an important core value of Sanquin, which is crucial for our future-proofing: innovation.

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But Sanquin wouldn't be Sanquin if we simply rested on our laurels. It wouldn't fit with another of our important core values: responsibility. We have a responsibility to keep our organization in good shape, and so we have to continue looking ahead and anticipating all new developments. What will the next twenty years look like for us?

There's plenty in the pipeline. It's why we are working hard on how we can collect more plasma to meet the growing demand for plasma-derived medicines. The Netherlands is aiming to be strategically independent in this respect. Another major challenge is to absorb the reduction in contract production at SPP in the coming years. We want to ensure the continuity of SPP by entering into a strategic partnership. Working together helps achieve better access to new markets, a broader product portfolio and synergy in production.

Partnership is an essential ingredient for the future of Sanquin as a whole, not just for SPP. This stems from our third core value: connectivity. We have always worked closely with patient organizations, donors, hospitals and other organizations. We'd like to further develop this. We are considering creating a Sanquin campus on our premises where health care and life sciences organizations can establish themselves and develop their knowledge and ideas, together with ours, into great innovations. This does, indeed, fit in with our mission statement: Together with the donor, we ensure a better life for patients. We will continue to do this with all our heart and soul for the next twenty years. •

**DIRK JAN
VAN DEN BERG**
Chair of the
Executive Board



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WATCH THE VIDEO ON WWW.JAARVERSLAGSANQUIN.NL, AFDELING AFNAME

DONATE BLOOD FOR THE FIRST TIME

Why does Matthijs dare to do it now?

You choose to live in a way that contributes as much as possible to a sustainable planet, to pass it on in a healthy state to the next generation. But if you want to give something very personal back to others and actually save lives, then donating blood is the most direct way. Only, you've got cold feet.

Follow the first experience of a new blood donor.

I've liked society better since I've had kids.
And I also want to help make it better.

I want to do something personal.
Something I really have to do myself.
Blood donation could be a way for me.



I imagine I'll come here at regular intervals.
And I think it would be nice to be able to
explain this to my children.

WATCH THE VIDEO ON WWW.JAARVERSLAGSANQUIN.NL, AFDELING SCREENING

WHAT HAPPENS WHEN YOU MAKE ANTIBODIES THAT ATTACK YOUR OWN CHILD

When your baby needs new blood right away.

When Lonneke heard that she was having a rhesus baby (where the mother makes antibodies that attack her child's blood) she had no idea what this meant. The risk that things could go badly for her child without immediate intervention only became clear to her later on. Now she's helping other mothers who've been through the same thing.

If you want to know how you can help others by donating your plasma, watch the video on the website.

When I was pregnant with my first daughter, tests revealed her to be a rhesus baby.

Pregnancy makes me produce antibodies. And now I'm donating plasma, where the antibodies are removed to help other mothers with rhesus babies.

We didn't realize it could be that serious.

I think every healthy person should donate. If they ever needed it themselves, they wouldn't refuse it to others.

WATCH THE VIDEO ON WWW.JAARVERSLAGSANQUIN.NL, AFDELING BLOEDTRANSPORT

URGENT BOOD DELIVERY TO THE HOSPITAL

Video diary of medical driver Werner.

You're on edge, because your phone could ring at any time. And when it does, your sole task is to collect donor blood from Sanquin as soon as possible and take it to the patient in the hospital. But it's a very important task.

Sit alongside driver Werner on one such emergency journey.

Driving with flashing lights,
I should be at the blood bank in 15 minutes.

As a driver, you don't get to hear
whom the blood is meant for,
which protects you from reckless driving.

All you know is that you
have to rush to the hospital.

When you arrive,
the doctors are very
happy to see you.
I think it's a wonderful job.

WATCH THE VIDEO ON WWW.JAARVERSLAGSANQUIN.NL, AFDELING PATIËNT/ZIEKENHUIS

GRIPPING VIDEO ABOUT THE YOUNG LIFE OF DAAN

Mother Esther on the importance of blood.

As a new mother you are riding a pink cloud and then suddenly everything turns black: your newborn baby turns out to be seriously ill. Immediately you end up on a medical merry-go-round and your child spends more than 300 nights in hospital. But thanks to the blood supplied by others, Daan could still be a bundle of energy.

View the story of Esther and Daan online.

Daan was born a big and beautiful eight-pound boy.

But after three months he became increasingly tired. He didn't roll over on his belly anymore.

If Daan hadn't received blood, he would have died straight away.

Daan

Now he's had a nice life. And we were able to enjoy precious time together as a family.

WATCH THE VIDEO ON WWW.JAARVERSLAGSANQUIN.NL, AFDELING RESEARCH & LABSERVICES

HOW TO PROGRAM CELLS TO ATTACK A TUMOR

Vascular researcher Jaap talks about his voyage of discovery.

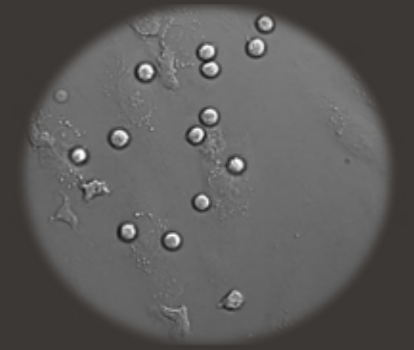
Jaap van Buul is researching the functioning of the blood vessels and cells for Sanquin. He feels driven to understand things that are still elusive and is working with other researchers to find new and better solutions for tackling, for example, tumors.

Discover in this video the wonderful world of blood.

I am a vascular cell biologist and I want to know how the blood vessels in the human body work.

We make cells in the lab and program them to attack a tumor.

What you don't see with the naked eye comes to life under the microscope.



I'm kind of an explorer in the scientific field.

SANQUIN IN BRIEF

About Sanquin

Sanquin is a knowledge-driven not-for-profit organization that supplies life-saving products, focusing on the needs of the care sector. Through scientific research, we find new solutions to medical problems in the fields of transfusion medicine, hematology and immunology. Where necessary, we enter partnerships with external parties to translate these ideas into concrete products for patients. We are always aware of our responsibility to handle the donors' gift carefully, responsibly and effectively, and to put the patients' safety and welfare first.

Our mission

Together with the donor, we ensure a better life for patients.

Our vision

People want affordable and safe care of the highest standard. We save 25,000 lives a year and with our products, services, knowledge and technology we contribute to the quality of people's lives.

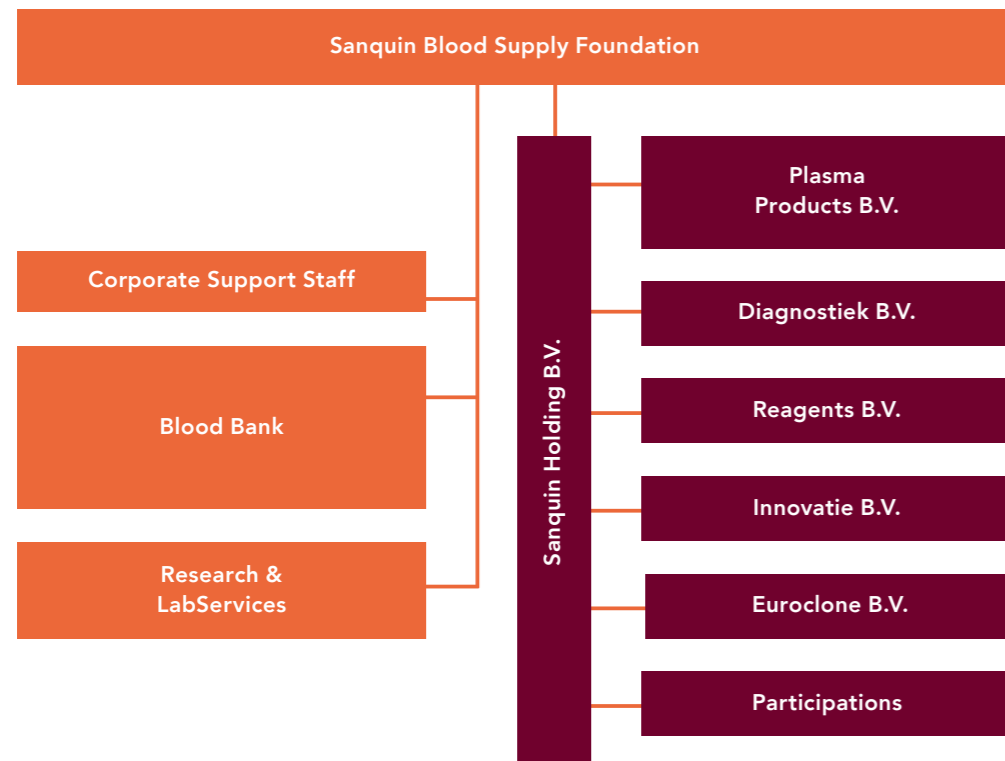
Our core values

Responsibility. Connectivity. Innovation.

Our organization

Sanquin comprises the following organizational units: the Blood Bank, Plasma Products, Diagnostic Services, Research & Lab Services, Reagents, Tissues & Cells (discontinued 1 February 2019) and Sanquininnovate. The Corporate Support Staff supports these organizational units and advises the Executive Board.

New legal structure



The **Blood Bank** collects blood and plasma from donors and supplies blood components to hospitals. In addition, the Blood Bank advises on these blood products and the division is involved in clinical scientific research.

Plasma Products processes plasma into medicines. These plasma-derived medicines help people including those with immune diseases and patients with coagulation problems.

Diagnostic Services performs assays in the fields of blood transfusion and immunology, and genetic testing, including blood group testing. This division can undertake all blood-related lab tests for hospitals, blood banks, obstetrician's practices, insurance organizations, pharmaceutical companies and other institutes.

Research & Lab Services carries out fundamental and applied research in the fields of transfusion medicine, hematology and immunology. In each case it does so in partnership - primarily with academic research centers in the Netherlands and abroad.

Reagents develops a wide range of blood group reagents and immune 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. The products are available throughout the world.

Tissues & Cells provides donated human cell and tissue products for humans. It focuses on cell therapy (including stem cell therapy) and tissue transplantation. This unit was discontinued on 1 February 2019.

Sanquininnovate is a nursery for ideas, for new products and services, in line with the medical needs we focus on. Within Sanquininnovate, the ideas are taken up across the division and further developed as a business case, if necessary, with external partners.

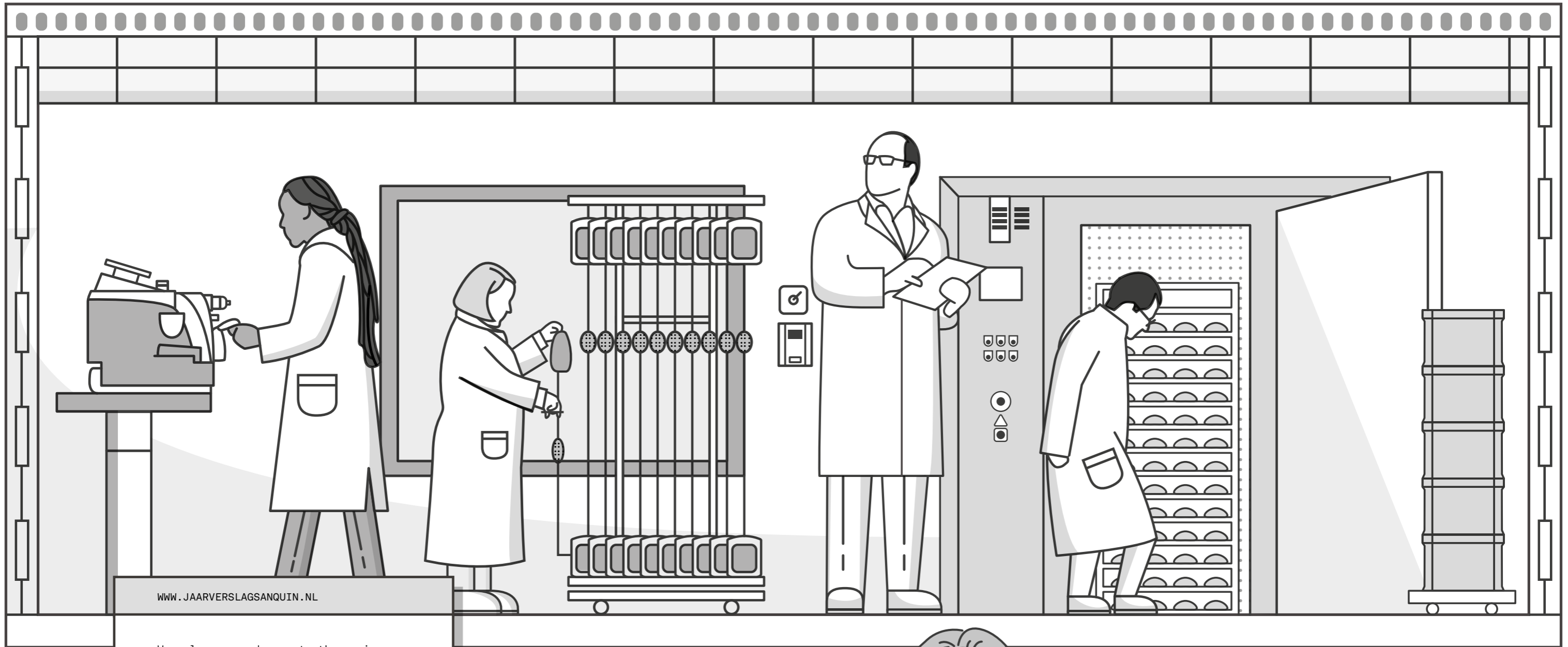
PIBe - Plasma Industries Belgium - processes plasma in Belgium into intermediate products that Plasma Products and other pharmaceutical companies further process into plasma-derived medicines.

Sanquin Oy is responsible for the marketing and sales of Plasma Products' plasma products in Finland.

**Together with the
donor, we ensure
a better life for
patients**

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PART 2 MANAGEMENT REPORT



WWW.JAARVERSLAGSANQUIN.NL

We welcome our donors to the various locations where they are able to give blood or plasma voluntarily and without payment. We test blood donations for various infectious diseases at our headquarters in Amsterdam.

1. BLOOD BANK



DAPHNE THIJSSSEN
Member of the Executive Board,
Director of the Blood Bank and
Managing Director of Tissues &
Cells (until 1 February 2019)

"A new strategy for the Blood Bank"

"The increasing pressure to reduce health care costs, the ever-increasing demand for plasma and the declining demand for red blood cells, a younger donor population with an ever-increasing proportion of women and the changing (digital) expectations of the donor; these are all developments we deal with at the Blood Bank. It is therefore not surprising that in the past year we have reviewed and redefined our strategy for the coming years. In doing so, we took a close look at society's desires and the needs within our own organization. We organized two vision workshops attended by both Sanquin employees and external participants, including from the Ministry of Health, Welfare and Sport, the Donor Advisory Board and various hospital laboratories. During the workshops we focused on the central question: what role do you see for the Blood Bank in 2025 and what needs to be done in order to fulfill this role adequately? The answers gave us a good idea of the desires and needs, which we have developed into Bloedbank+, a strategy for 2019-2024. Central to our new strategy are three major themes:



1. 1. Bloedbank+ has an appropriate donor population

We need more donors. In recent years, the donor population has gradually declined and has become unbalanced; there are not enough male donors. A healthy donor population is necessary to guarantee an adequate supply of blood products, which is why we would like 80,000 new donors in our database. The recruitment and guidance of donors will therefore have our full attention. In 2018, we embarked on a creative new path, with a successful recruitment campaign among young, mainly male, gamers.

We have also begun looking for a Donor Center solely for plasma donors, to meet the increasing demand for plasma. The InPlace project was set up to investigate the best ways of recruiting and rewarding plasma donors. For me, one of last year's highlights was that we were able to raise the maximum donor age from 69 to 79 years. I am very pleased that this will allow us to meet the wishes of donors who are still fit enough to continue to donate.

2. 2. Bloedbank+ delivers excellent quality at a good price

The Blood Bank delivers excellent quality and will continue to guarantee that quality. We must do this as cost-effectively as possible, while maintaining the stability of the price of blood products. By optimizing our supply chain we can make profits, which is why we hired a supply chain manager last year. It helps us to think more chain-oriented; managing the entire chain, rather than just the individual components.

KPI (Key Performance Indicator) dashboards have been introduced in all management teams; teams are all now managed in the same way, with the KPIs providing information and facilitating rapid responses. The Day Starts, short sessions in which different disciplines come together and discuss the objectives of that day, are also new. This working method is part of the 'lean on the shop floor' program, a method to stimulate the creation and realization of as many improvements as possible from the shop floor.

3. 3. Bloedbank+ is an international leader in research and innovation

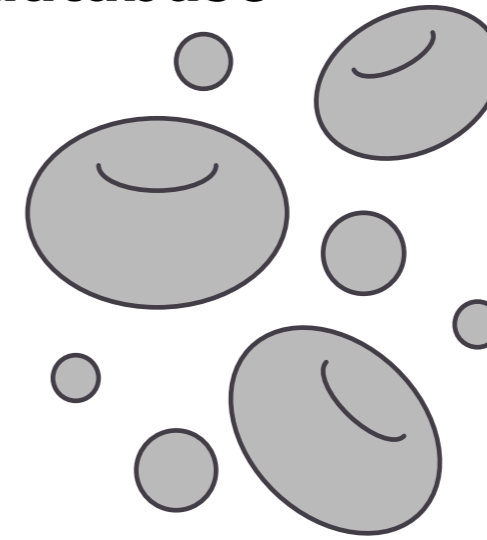
To carry out our public task (the blood supply) properly, we will pour a great deal of research into themes where the safety and welfare of donors and patients come first. This could include new products, improvements to existing products and their applications, and new or improved services. The improvement and standardization of the additive solution for blood platelets last year was a great first step. In terms of innovation, I am very proud of our new product, serum eye drops, for patients with extremely dry eyes. In 2018 we recruited the first donors and prepared to launch this product in 2019.

Innovation also involves the digitization of all processes. This process is not happening as quickly as we had hoped, so some departments still do a lot manually. Donor Service Center employees in particular, experience a considerable workload and are overburdened. We expect the digitization process to speed up considerably in 2019. Donor Centraal was founded in September 2018. This new team, working according to the agile scrum technique, works closely with the ICT department on the digitization process.

MijnSanquin is the name of the online platform where plasma donors can create and manage appointments and change their name and address details. In February 2019 MijnSanquin went live for the first batch of plasma donors. We will phase in the expansion of possibilities in the web portal. In later phases, whole blood donors and first-time donors will also be able to make their appointments via MijnSanquin.

All in all, there is a great deal of enthusiasm within the Blood Bank for the implementation of the new strategy. I've noticed that everyone is enjoying the increased uniformity in the working method and that people are also much better able to perform their own responsibilities. This provides a great deal of energy for us all." •

"We would like 80,000 new donors in our database"



Donor Advice Council

Donors are the heart of the Dutch blood supply. We therefore attach great importance to donors' input, discussion, and advice on donor-related matters. The Donor Advisory Council ('Donor Advies Raad' - DAR) has been setup as a consultative body and meets several times a year to discuss donor's interests with Sanquin.

The DAR comprises a group of donors who together form the best representation of the donor population. They live in places across the country, vary in age, represent both men and women, and represent both blood and plasma donors. 2018 was Eldrid Bringmann's final year as chairman of the DAR, and on 1 January 2019, Mariska Kleemans took over the reins. We said goodbye to three members whose terms of office had expired: Elwienke Zoetman, Jeanne Hagen, and Stefan Kruithof. In addition, we also welcomed six new members. Inge Rikkink, Arend Schut, Irene Scheperboer, Sophie Louise Klijnstra, Tom Bröring, and Wesley Wagner have each been appointed for the next four years to help develop the best possible donor service.

Age limit for donations raised to 79 years

Our donors are very enthusiastic and regularly asked us to raise the maximum donor age. Previously, one could donate blood, plasma and platelets until the age of 69. This was frustrating for many donors who wished to continue to donate. On 3 April 2018, we raised the maximum age to 79 years, a change that applies to all blood, plasma, and thrombocyte donors.

Until then, the age limit was set at 69 years. After this age it was assumed that the risk of undesirable effects in a donation would be too high. However, after a literature review and an exchange of experiences with blood banks in other Western countries with a higher age limit, we concluded that donating blood, plasma, or platelets after the age of 69 years is still safe and responsible for the donor. That people nowadays stay fitter as they age has also contributed to our new policy. Naturally, donors are also free to stop earlier.

InPlace: plasma collection only

The demand for plasma is rising worldwide. This is partly because of the larger number of diseases that can be treated with plasma-derived medicines. Growing prosperity means that more countries can also afford these medicines. The Netherlands is striving for self-sufficiency in plasma-derived medicines, and Sanquin is responding to the increasing demand. In 2017, we launched the REPLACE project to explore the possibilities for large-scale and cost-efficient plasma collection. This project completed in March 2018, with the

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conclusion that *plasma-only* centers should be set up. These are donor centers where only plasma will be collected.

In the follow-up project, InPlace, Sanquin Blood Bank is investigating whether the efficiency benefits in a plasma-only center are actually being achieved. The most suitable location for the pilot center is one that is easily accessible by public transportation and by car, with sufficient parking space and businesses nearby. In this pilot donor center, we will learn and gain experience with new ways of recruiting donors, plasma donation-specific questionnaires and greater digitization. The aim is to open the pilot center by the end of 2019.

#myfirstblood

How do you attract young, male donors?

By seeking them in their natural habitat.

Last year Sanquin launched an original, new recruitment campaign called #myfirstblood with League of Legends (computer game) players. Players who signed up as donors were rewarded with a 'skin' (a particular virtual game character appearance) from our partner Riot Games. The campaign was very successful; besides a great deal of media attention, it resulted in approximately 2,500 first-time donors.

Sanquin would like to expand the donor base with more young, male donors to better guarantee the continuity of the blood supply. Men may give blood more often than women (up to five times a year compared to three for women) and are also less likely to be rejected due to low iron levels in their blood. In addition, a larger influx of young people will counteract the current aging of the donor base.

MSM donors

Men who have sex with men (MSM) are excluded from blood donation for twelve months after their last MSM contact to prevent the transmission of diseases including HIV and the hepatitis B virus to recipients of transfusions. This policy contributes to safe blood transfusions, but is discriminatory and frustrating for sexually active gay men who still want to donate blood. Sanquin's MSM policy is always based on epidemiological data and scientific research, with the premise that the safety of the blood supply (and therefore

of patients) comes first. However, we are constantly looking for ways to adjust our selection policy. In 2018, we completed a study with a group of MSM's, who had to assess the risks of their own sexual behavior. For the study we partnered with Amsterdam's Municipal Health Service (GGD Amsterdam). Results showed that MSM's with relatively low-risk behavior may be just as suitable as blood donors as heterosexual donors.

The study was too small-scale (and therefore not representative of the Netherlands) to implement changes in donor selection at this stage; further research is still required. Sanquin will shorten the waiting period after behavior with an increased risk of a blood-borne infection from twelve months to four months. This is possible due to recent scientific research and practical information available from national and international sources. The shorter waiting period applies not only after MSM contact but also after piercings and tattooing and after paid sexual contact. This helps reduce discrimination as much as possible and maintains patient safety. Once the necessary preparations are completed, the policy change will be submitted to the Minister of Health, Welfare, and Sport for approval. We expect to implement the revised policy in July 2019.

Serum eye drops donations

In 2016 Sanquin began developing serum eye drops from donor blood, a new blood product for patients who suffer from extremely dry eyes and who no longer benefit from standard treatments. Recruiting donors specifically for the preparation of this new product began in January 2018, after different research projects,

The first stock of serum has been released for the production of serum eye drops

the development of a micro-dropper, and much preparation by all involved departments was completed. This donor group comprises male donors. With female donors, the possibility exists that antibodies may be present in the blood because of past pregnancies, and it is not yet known whether this could lead to a reaction in patients.

A letter was sent to a selected group of donors inviting them to donate blood for serum three times a year. The reactions were overwhelming. Approximately 20 percent of the donors approached said they wanted to donate serum. At the end of January, the first enthusiastic donors arrived at the Donor Centers. Over the course of 2018, this donor group was gradually expanded and by the end of the year 150 donors had been recruited specifically for serum eye drops. With one blood donation, Sanquin can make approximately 1,500 micro-droplet doses. The first stock of serum has been released for the production of serum eye drops. This production is being used for a clinical trial that began in December 2018. So far, 15 patients have started with the serum eye drops. The study will be completed by the end of 2019, with 54 patients having been treated with the new product.

New additive solution

The Blood Bank produces approximately 52,000 units of composite platelets each year. These are derived from five different donations and were previously stored in plasma or in PAS-III fluid. However, the production of platelets in two different additive solutions resulted

in wastage in production and logistics. And so, starting on 4 April 2018, Sanquin switched to a single, new, 'state-of-the-art' additive solution: PAS-E. As a result, the production process of platelets has been optimized and, logistically, only one product now needs to be managed and transported. In addition, more plasma is left over to be processed into plasma-derived medicines.

The transition has been coordinated with the hospitals, the Medical Advisory Council, the National Council of Users and others.

7.9 from satisfied customers

Every three years Sanquin Blood Bank, in consultation with the National Council of Users, conducts a survey among customers to assess their satisfaction with our services. In September 2018, we asked the hospitals to which we supply blood products again to provide their opinion.

Overall customer satisfaction was rated at 7.9; an increase compared to the previous measurement in 2015, when we received a 7.5. The response rate was lower however - 48% compared to 62% on the previous occasion - though still significantly higher than the average for customer satisfaction surveys. The usability of the HWBO (Hospital Web Based Ordering system) and the timely delivery via A1 (emergency) transports (with flashing lights and sirens) were highly rated.

One area requiring attention is that users experience difficulty when searching for specific information on our website, sanquin.org. In 2019 we will optimize the website accordingly. The study also showed that employees in academic hospitals were more critical of our services than employees in regional and top clinical hospitals. In 2019 we are organizing a meeting for academic hospitals to determine the exact criticisms and how we can solve bottlenecks.

Donor Centraal - a Blood Bank that knows what the donor wants

'Donor Centraal', a new team in line with the new Bloedbank+ strategy, was launched in 2018 to contribute to:

1. ensuring a stable donor base;
2. making donations easy and fun for the donor;
3. targeted recruitment of first-time donors. >>

To implement both major and minor improvements, Donor Centraal works within a new methodology called agile scrum. This methodology is already used in many organizations and is valued for being action-orientated and its many adjustment moments.

Donor Centraal therefore contributes to the strategic objectives of the Blood Bank, but emphatically from the perspective of the donor's interests. The current *donor journey* (the 'journey' that a donor takes from registration to donation) is the starting point. The team mapped out the desired version of this trip and substantiated it with qualitative insights and quantitative data. This resulted in a list of major and minor improvements that are already achieving great results. Digitization is essential here. Examples include

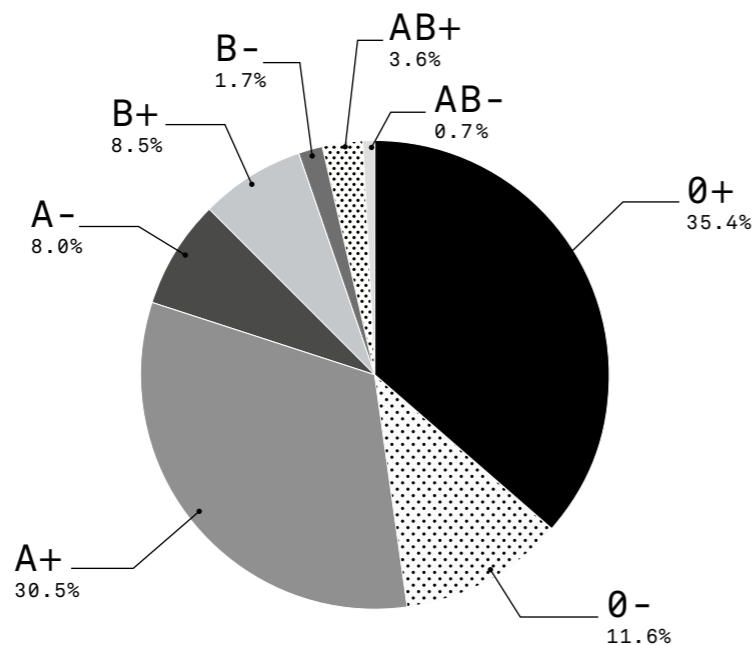
digital calls for donations and an online environment for the donor. Donor Centraal works together with ICT, the lines of communication are short and immediate steps can be taken.

Infections in blood donors

As a standard, Sanquin routinely and thoroughly tests blood products. In this way, we prevent infectious blood products from being administered to patients. See bottom table on page 27.

Overall customer satisfaction was rated at 7.9

WHOLE BLOOD DONORS PER BLOOD GROUP



* Excluding donors who are registered but who have not yet donated

* Loyal/known donors are not screened for HTLV-I/II

KEY FIGURES FOR BLOOD SUPPLY IN THE NETHERLANDS

Donor population

	2018	2017	2016	2015
Number of registered donors	341,509	331,472	342,600	343,158
Number of recorded donors*	331,699	324,748	331,588	330,895
Donor frequency whole blood donors per year	1.51	1.50	1.50	1.60
Donor frequency plasmapheresis donors per year	5.29	5.40	5.20	5.10
Donors per 1000 residents	19.88	19.40	20.18	20.30

Number of donations

	2018	2017	2016	2015
Total number of donations	724,002	721,203	726,565	720,251
Number of whole blood donations	412,682	410,616	420,163	435,405
Number of aphereses	311,320	310,587	306,402	284,846

Use

	2018	2017	2016	2015
Use of red blood cell concentrates	403,900	406,938	418,384	427,685
Number of platelets (from whole blood in donor units)	247,625	249,870	252,775	251,625
Number of units fresh frozen plasma	1,875	1,499	2,491	7,221
Total kilos of plasma (incl. aphereses) delivered to Sanquin Plasma Products B.V.	323,910	316,662	315,817	310,404

Relationship between donors and supplies of red blood cells

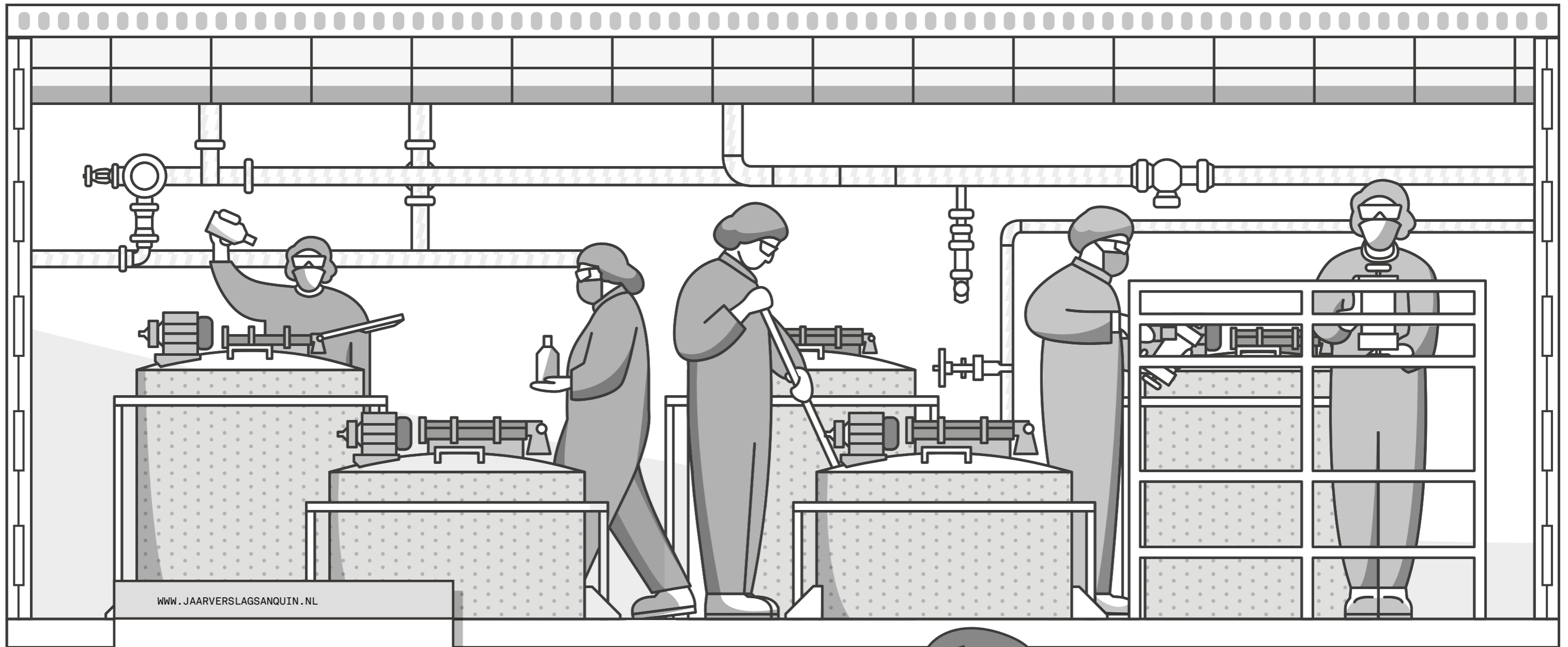
	2018	2017	2016	2015
Whole blood donors	273,282	266,875	275,877	276,981
Supplied erythrocytes	403,900	406,938	418,384	427,685

Whole blood logistics (in donor units)

	2018	2017	2016	2015
Whole blood donations	412,682	410,616	420,163	435,405
Red blood cells to hospitals	403,910	404,678	418,384	427,685

Infections in blood donors

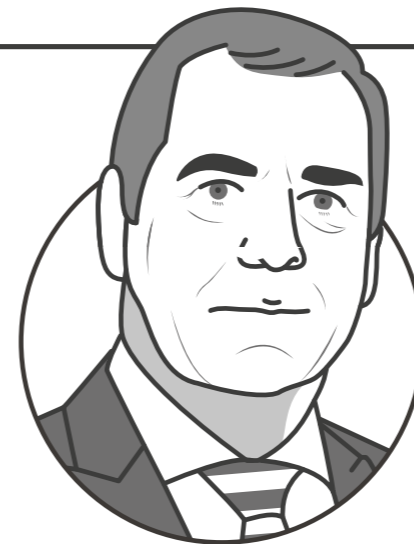
	Number of new blood donors with confirmed positive test results in 2018	Number of loyal/known blood donors with confirmed positive test results in 2018
Hepatitis B virus	11	1
Hepatitis C virus	9	0
HIV-1/2	1	1
HTLV-I/II	2	- *
Lues	8	6



WWW.JAARVERSLAGSANQUIN.NL

In our plasma factory we extract proteins from donated plasma to make 12 different medicines for as many as 100 diseases. This is an extremely complicated process involving high-tech equipment under the strictest hygiene standards.

2. SANQUIN PLASMA PRODUCTS B.V.



PIETER DE GEUS
Member of the Executive Board,
Director of Sanquin Plasma
Products B.V.

"A year with two sides"

"We've had an extreme year, with two very different sides. The positive side shows how smartly SPP has recovered in 2018, after the production disruptions in the fall of 2017. Throughout the year, we have run an excellent production and on the three key performance indicators, *delivery reliability, compliance and financially sound*, improvements were made, with a record profit in 2018.

This merely emphasizes the disappointment of having to deal with external difficulties which caused us to end the year on a different note. The news that one of our major CMO partners is reducing its demand has had a significant impact on our organization. To cope with the approaching decline in production, we need to implement changes in our organizational structure and the number of functions. Beginning in June 2018, we have shared this with all SPP employees in Town Hall meetings and via other means of communication. In the fall, we started the Luna reorganization process to achieve a reduction in the number of jobs.



This is never fun to implement, and it has also caused a lot of unrest within the organization. That said, I was pleasantly surprised by how strong and resilient SPP employees have shown themselves. We've had good consultations with SPP's Works Council, which took a constructive, critical and cooperative stance. With the reorganization, the members of the Works Council have had a lot of work to do and they certainly deserve to be complimented for their efforts. I also notice that many employees are highly motivated to help the company through the reorganization. That tangible energy and commitment has done me well.

It also confirms to me that the values of our Culture Program, which we began in 2016, are now truly rooted in the organization. In 2016 and 2017, we actively promoted the culture program. This included workshops for all employees to create a greater sense of responsibility for the results, greater focus and more awareness. In 2018, we allowed the culture program to sink in and it was less visible. I am convinced, however, that the good performance this year is partly because of the improvement in our culture.

At the management level we worked hard on a business plan for the long-term development of SPP. We have looked ahead ten years and determined the range of measures needed for SPP to continue to operate successfully. In addition to the cost-saving reorganization of Luna, these measures include investments in our current processes, in new markets and in product improvement and innovation. We are also looking for new plasma sources which is very important because of the ever growing worldwide demand for plasma products.

We are also looking for a strategic partnership. While the specific form of cooperation is open for discussion, the basis of the conversation is that SPP will continue to supply the plasma-derived medicines for the Netherlands, whereby the close collaboration with the rest of Sanquin is precious and important. Exploratory talks have been ongoing with possible future partners since the end of 2018. Whether the search for a partnership is successful is expected to become clear in 2019." •

"SPP has smartly recovered in 2018"



Plasma supply

Sanquin produces various medicines based on immunoglobulins, human proteins that can be used against various diseases. As the demand for immunoglobulins increases, so does the worldwide demand for plasma. It is quite a challenge for SPP to get sufficient plasma as a raw material for our production. SPP works closely with the Sanquin Blood Bank for this purpose.

Another option is to buy plasma externally. To this end, SPP has set up a *plasma sourcing unit* that searches for plasma donors from other EU countries. In 2018, this led to a cooperation agreement with a Hungarian partner, which is proceeding well. The Hungarian plasma is now in the registration phase. We expect to start processing the Hungarian plasma for our plasma products in the first quarter of 2019.

Good financial result

The 2018-budgeted operating result was 23 million euros, but we were able to achieve an operating result of 43 million euros. Firstly, we owe this to good sales of our main products. Secondly, the robustness program within the Production department has borne fruit: more robust processes have resulted in less downtime and, as a result, higher production. Thirdly, in 2018 we were able to significantly reduce release times (the time to release a batch). Unfortunately, expectations for 2019 have been sharply revised downwards because of the decline in demand for Contract Manufacturing production.

Major reorganization begun at the end of 2018

Although the market for plasma-derived medicines is developing positively in the medium- and long-term, SPP has had to begin a major reorganization to compensate for the financial decline caused by a sharp reduction in demand from one of our largest CMO customers. The reorganization aims at an eventual FTE reduction (in phases) of about 25% of the workforce compared to the 2018 baseline.

Since October 2018, employees have been regularly informed about developments and the necessary reorganization. For the reorganization, the Ongoing Redundancy Plan is in force, which was agreed to in 2015 in consultation with the trade unions for all reorganizations within Sanquin.

IVIg 10% Launch

Last year SPP introduced a version of intravenous immunoglobulin (IVIg) to the market, with a higher concentration: 10% instead of 5%. The new IVIg 10%, with double the concentration, offers additional possibilities for patient treatment. One of these is the shortening of infusion times.

The product was first marketed in Finland in 2018. There are other companies on the Finnish market with a 10% IVIg. In addition, the need for this product on the Finnish market is reasonably manageable and allows the production of the 10% product to start in doses. Over the course of 2019, IVIg 10% will also be introduced in the Netherlands.

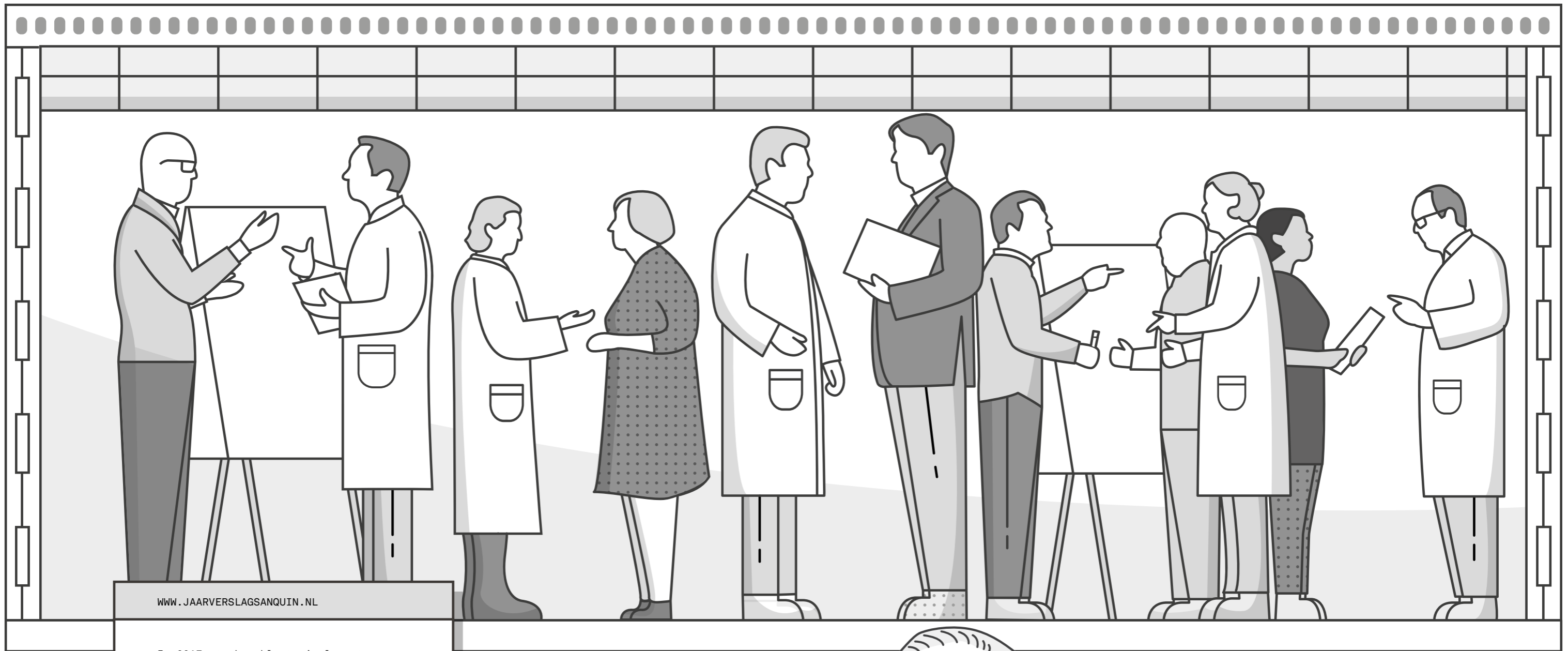
Greater priority for safety

SPP strives for 0 reports resulting in absenteeism, a number that has not yet been achieved. That is why we refined the focus on the *environment, health, and safety performance* last year and added safety to SPP's objectives. Safety is now standard on the MT's agenda and is also part of the Gemba-walks - daily walks by managers on the shop floor - which SPP started in 2018. In 2018 we also worked hard to update the Code of Conduct; rules of conduct on how employees relate to each other in order to raise awareness of all safety aspects.

Successful inspections

Last year there were two major inspections at SPP and both finished with good results.

- The U.S. **Food and Drug Administration (FDA)** visited for two weeks in March 2018 to monitor the SPP processes. SPP was prepared for the FDA visit, and both the guidance and follow-up went well. There were no observations from previous inspections found and the new observations were not unexpected. These were mostly subjects on which we were already working towards improvement or for which the plans were ready. The inspectors were satisfied with the progress made and concluded the inspection positively. At the end of July 2018 our response was assessed as adequate and we are on track to complete the remaining committed actions.
- The **Health and Youth Care Inspectorate (IGJ)** visited for four days in November 2018 to carry out an inspection regarding Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP). In addition to SPP, Diagnostic Services, the Blood Bank, and the Cell Therapy Laboratory also received visits. The IGJ inspectors saw progress at SPP, with the only important shortcoming being the long lead-time for the implementation and delivery of quality improvements and trend reports. On the basis of an action plan approved by the IGJ, the GMP certificate was extended. •



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In 2017, to be able to implement innovative ideas, we created Sanquinnovate. A testing ground where we translate promising research ideas into new products and services.

3. SANQUINNOVATE



ROEL MELSSERT
Director of Sanquinnovate

“Creative nursery with promising agenda”

“Innovation is vital to Sanquin’s future success. Sanquin is a knowledge institute but still exploits too few opportunities to convert this knowledge into concrete services and products for the health care sector. At the end of 2017, Sanquin launched a separate company to turn promising research ideas in to the development of concrete products or services. That company - Sanquin Innovation B.V. - operates under the name of Sanquinnovate. Sanquinnovate is a creative nursery where ideas are taken up across the divisions and developed further into business cases, and where necessary, with external partners.



We got off to a flying start; in 2018 the core team grew from one to six members, who energetically set to work on business development, project management, and an innovation step-by-step plan. There are also about thirty Sanquin Research project employees working with us. We launched Innovation Call 2019, an innovation process to test and select research ideas for product development for Sanquin's other companies: Sanquin Plasma Products, Diagnostic Services and Reagents. This Innovation Call will result in new research projects starting in 2019. Sanquininnovate also supports the Blood Bank, which has defined innovation as one of its strategic priorities for the coming years.

In addition, Sanquininnovate is the contact point for several external parties, companies and financiers who wish to work with Sanquin. The agenda looks promising and also gives Sanquin a face in the innovation landscape in Amsterdam and the province of North Holland."

"We got off to a flying start, with a new innovation process"

Innovation Fund North Holland

The Innovation Fund North Holland (IFNH) was launched in July 2018. The aim of the new fund is to stimulate and support innovative projects in small- and medium-sized enterprises (SMEs) within the province of North Holland. This fund is an initiative of the province of North Holland, the holding companies of the University of Amsterdam, the Academic Medical Center, the Amsterdam University of Applied Sciences, and Sanquininnovate. Sanquin fulfills an important role as a knowledge institute in the field of blood and sees it as a societal duty to stimulate innovations in health care. Sanquininnovate selects promising ideas for new products and sees these through to product development. By taking part in the fund, Sanquininnovate helps support entrepreneurs in a very important phase of their product development.

The fund can provide convertible loans to SME entrepreneurs and startups (under five years old) that arise from the knowledge institutes. Loans can be granted for the so-called Proof-of-Concept phase (PoC) in the development of a sustainable and innovative product or process. In this phase a detailed idea on paper has yet to be put into practice through the building of a prototype, for example. The loan is a minimum €50,000 and a maximum €300,000. Applications will be evaluated by an independent committee and will be handled in order of receipt as long as funds are available.

Participating interests

New products and services can be further developed within Sanquin, but also externally in collaboration with or by external partners. This can be done in spin-off companies or through cooperation with or by taking part in existing companies that are active in the field of therapeutics, medical devices or *in vitro diagnostics* (diagnostics occurring outside of the body, in a test tube). In 2018, Sanquininnovate became a shareholder in the following companies:

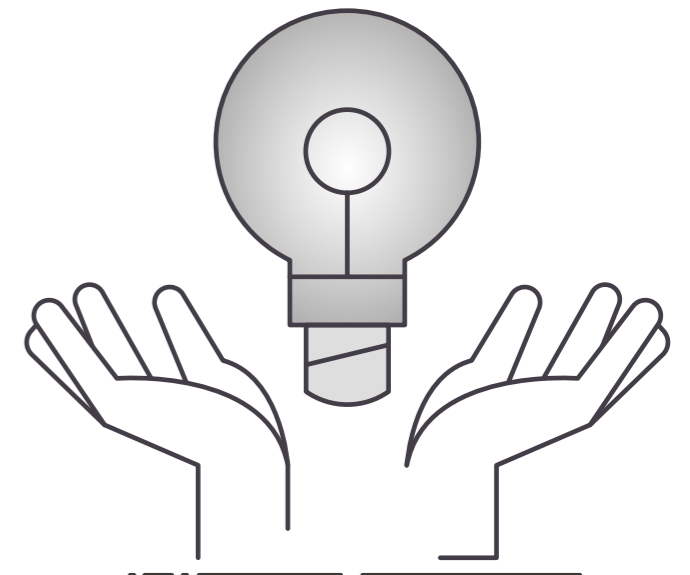
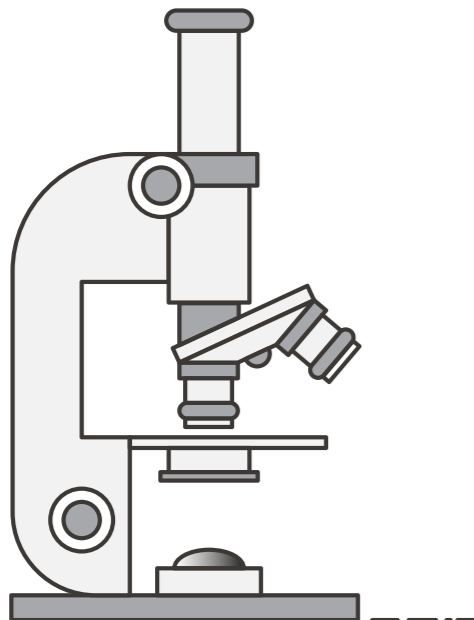
1. *SanSepsis b.v.*: a spin-off company that Sanquin founded together with NLC B.V. in Amsterdam (Healthtech Venture Builder). Sanquin has devised an innovative technology which uses a filter to remove bacteria that are bound to red cells in the blood. This can be very important in the treatment of patients with sepsis (blood poisoning). In the Netherlands, approximately 3,500 patients die of sepsis every year and it is a major worldwide medical problem. An apheresis protocol was developed in 2018 and will be used in clinical trials planned for 2019.

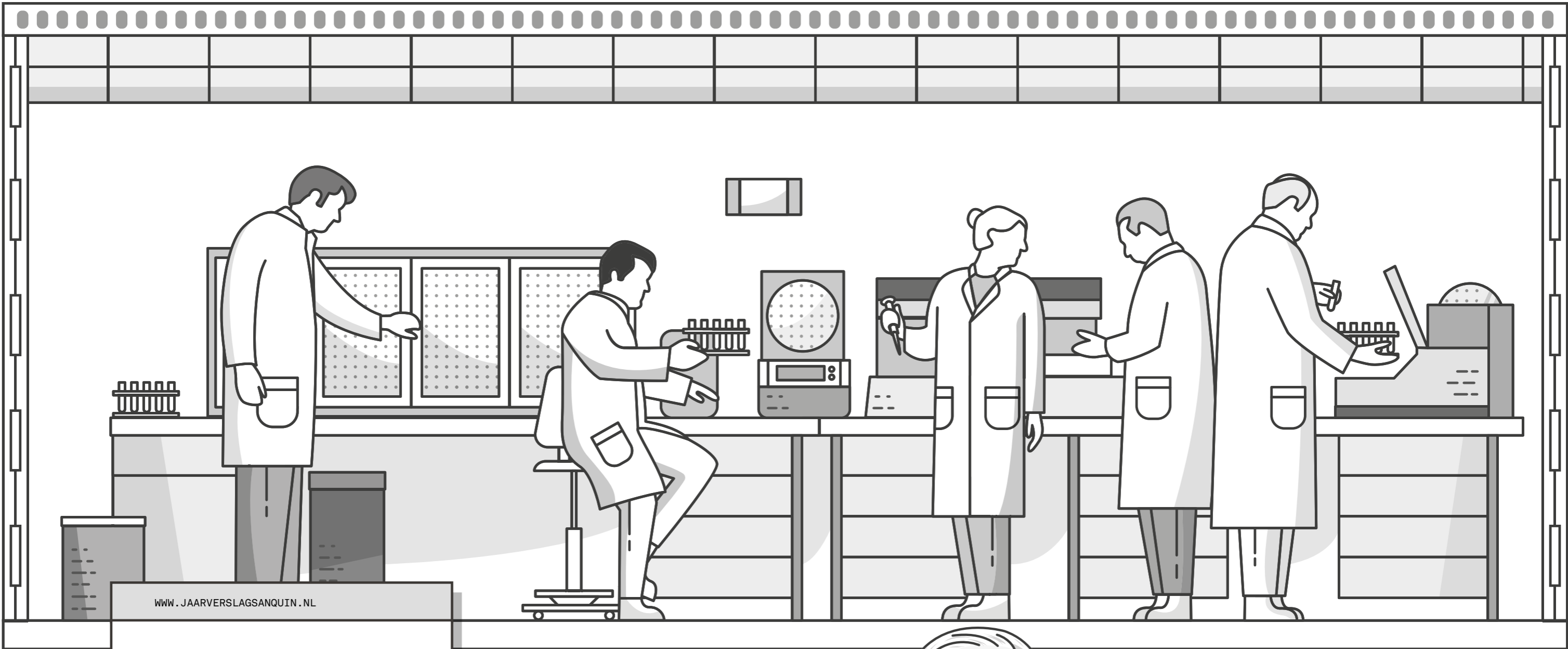
2. *Xenikos b.v.*: another milestone for Sanquininnovate is in the next phase of Sanquin's long-standing collaboration with Xenikos. This Radboudumc spin-off developed a drug for leukemia patients with acute graft-versus-host disease. This disease causes serious, usually fatal, side effects after a stem cell transplant for which there is no adequate treatment. The development of the drug gained momentum once the FDA opened the way for relatively quick approval in 2018. Xenikos has been one of Sanquin's strategic partners for many years and Sanquininnovate is one of Xenikos' shareholders. Two major shareholders have recently become involved in Xenikos. Phase 3 studies for Xenikos' product T-Guard® will begin in 2019.

3. *Mu-Drop b.v.*: mu-Drop has a patented technology with a specially developed applicator to apply micro drops to the eyes. Sanquin Blood Bank and mu-Drop work together to develop and produce serum eye drops for the micro applicator and distributes them in the Netherlands, for use in patients with extremely dry eyes. Mu-Drop's micro drop applicator technology also lends itself to the development of other applications, such as the administration of eye medicines for patients with glaucoma.

Field Labs

In the Sanquin Field Labs, people from different divisions, with different areas of expertise, come together in working groups to temporarily look at all kinds of issues that arise in the organization. They are Sanquin's 'think tanks', stimulating knowledge-sharing and building an informal network throughout the organization on innovative subjects. The benefits were seen when Sanquin received a visit last year from the Health and Youth Care Inspectorate (IGJ). Thanks to the Field Labs, the involved employees were able to come together and centrally prepare, instead of each preparing individually. Since October 2018, the Field Labs have had online communities on the Connections platform, making it even easier for employees to find each other to share knowledge and expertise. This will continue to be fleshed out in 2019. •





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We conduct specialist laboratory research for hospitals, insurance organizations, and pharmaceutical companies, etc. Thanks to the close collaboration between diagnostics and research within Sanquin we use the latest scientific knowledge to develop new diagnostic tests.

4. DIAGNOSTIC SERVICES



NICO VREESWIJK
Director of Sanquin Diagnostic Services B.V.

“We grow along with our field of work”

“If you focus on results, you will never change. If you focus on change, you will get results. It was with these words of wisdom in mind, that we entered 2018. The word ‘change’ applies to Sanquin Diagnostic Services. We are dealing with many new developments in the health care sector. The number of hospital laboratories in the Netherlands is decreasing sharply due to mergers and acquisitions. The new, large central labs will carry out many more tests within their own control. Hospitals and diagnostic centers are becoming increasingly specialized and preventive medicine and precision medicine are on the rise.



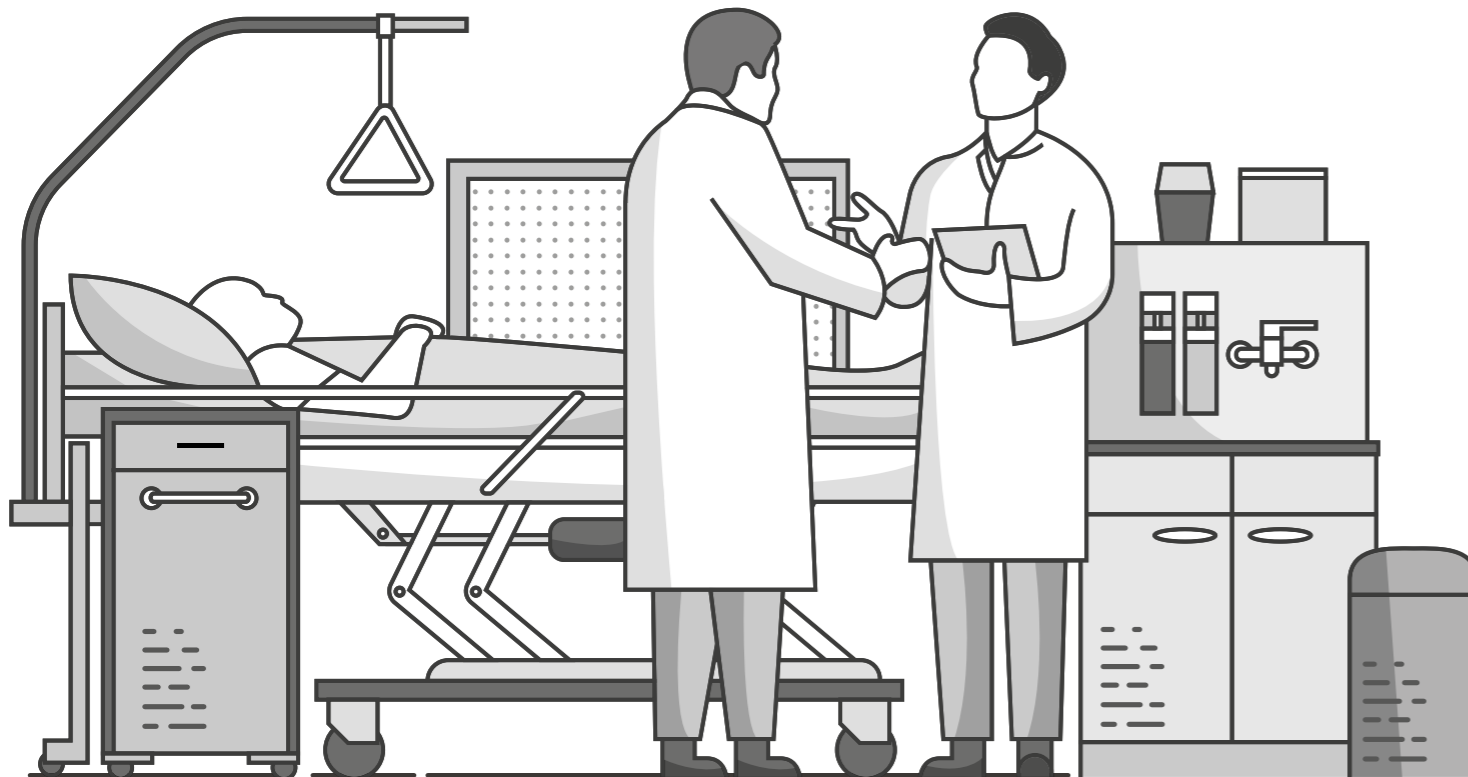
We can respond by working as efficiently as possible and showing our added value by using our innovation, service, and expertise, by further developing our position as the leading diagnostic center for blood, and by developing new diagnostic tests.

In short, if we want to grow along with our field of work in a sustainable way, we will have to change: change how we organize our work, in the way we work and in which areas we use our expertise. Together with the Diagnostic Services employees, a new strategic plan has been drawn to plot the desired course up to 2023.

An important change in our strategy was the choice for a new internal structure with two units: Health care and Pharma & Biotech Services. Besides our societal services, which will always remain very important, we also want to become more active in the commercial diagnostic market. In the past we mainly traded based on our own offerings, and now we are paying more attention to what the market requires from us. Where is the need? This different approach is already starting to pay dividends; pharmaceutical and biotechnology companies can more easily find us.

Innovation is the recurring word in all areas of Sanquin, including Sanquin Diagnostic Services. We work closely with Sanquin researchers to develop new tests and new forms of diagnostics. One such development is Next Generation Sequencing, an advanced technique for DNA research, which we implemented in Sanquin's Molecular Platform in 2018. By combining knowledge and expertise on diagnostic platforms, we continue to ensure innovation. This also increases the field of work of our employees, a priority in our Human Resources policy.

2019 will bring a continued intensification in the cooperation with our partner OLVG Lab BV and the Amsterdam UMC. The quality systems in our laboratories are in peak condition, we completed several audits and inspections in 2018, and also ended the year with a positive financial result. Customers in the health care sector and in pharma and biotech appreciate our innovative strength and service and know where to find us: that creates new opportunities for the future."



“Pharmaceutical and biotechnology companies can more easily find us”

Two units

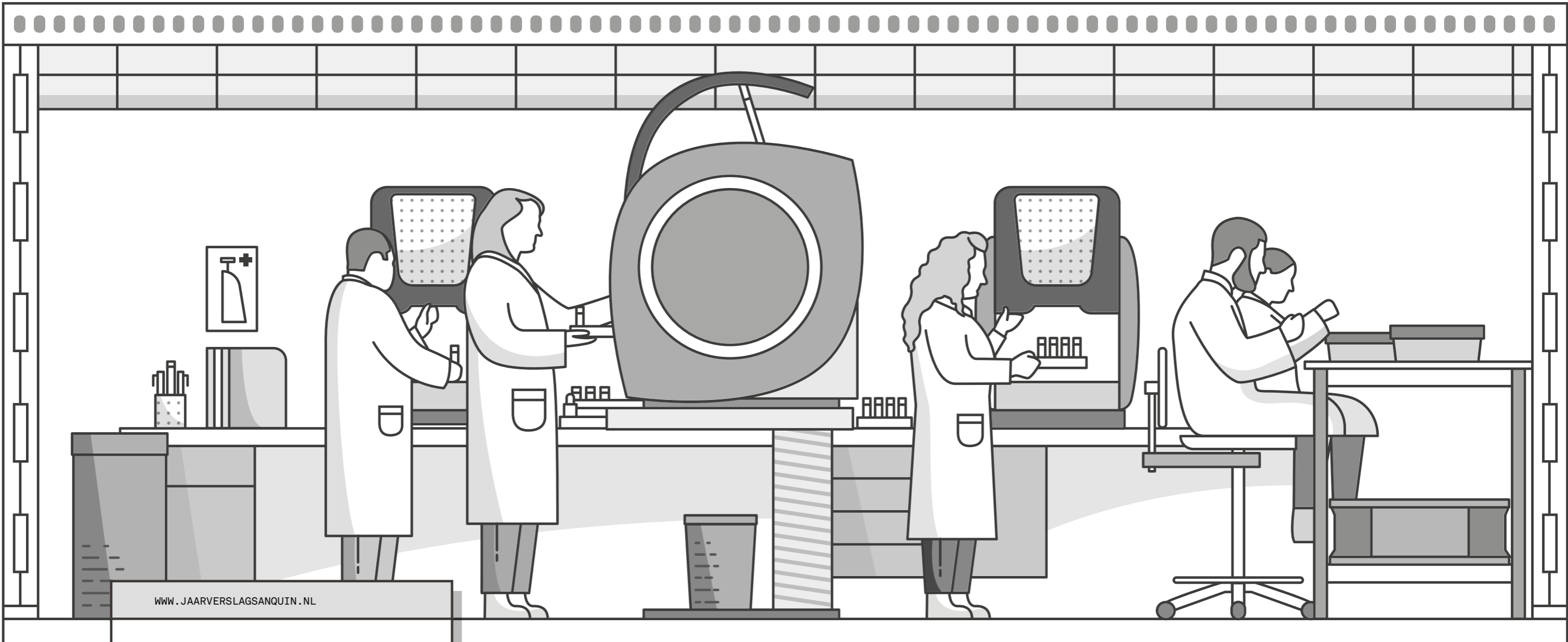
Our customers see the contributions of Sanquin Diagnostic Services in the health care sector. We have extensive knowledge, experience, and state-of-the-art equipment, which is also very interesting for the biotech and pharmaceutical markets. Together with our Sanquin family members, the Blood Bank, Research, and Reagents, we can develop and use new tests for pharmaceutical and biotechnological research queries. Our studies show that growth in this market is absolutely possible. In order to operate faster and better in this market, we have adapted our internal structure and set up two different units: a Health Care unit and a Pharma & Biotech Services unit.

The *Health Care unit* focuses on hospitals, medical laboratories, and government institutions. In this market we are already at the center of knowledge and expertise in immunohematological diagnostics. Several new developments in health care offer good opportunities to expand our work, including genetic diagnostics that make precision medicine possible and screening for preventive medicine.

The *Pharma & Biotech Services unit* focuses on pharmaceutical and biotechnology companies throughout the world. We can assist these companies with the testing of new medicines and the execution of contract diagnostics.

Employee development

A changing organization also requires changes from its employees. By offering training and development opportunities we help everyone grow as much as possible with the new Diagnostic Services. Internally we looked at how we can best use the training and knowledge-sharing within Diagnostic Services, and with employee input, have developed a plan which makes use of our own Sanquin Academy. The plan will be implemented from the start of 2019. •



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To screen blood you need a reagent: a substance that reacts with another substance to thereby indicate, for example, a blood group or the presence of a virus. We produce various reagents which contribute to patient diagnostics and fundamental & clinical research.

5. REAGENTS



HARRY BOS
Director Sanquin Reagents B.V.

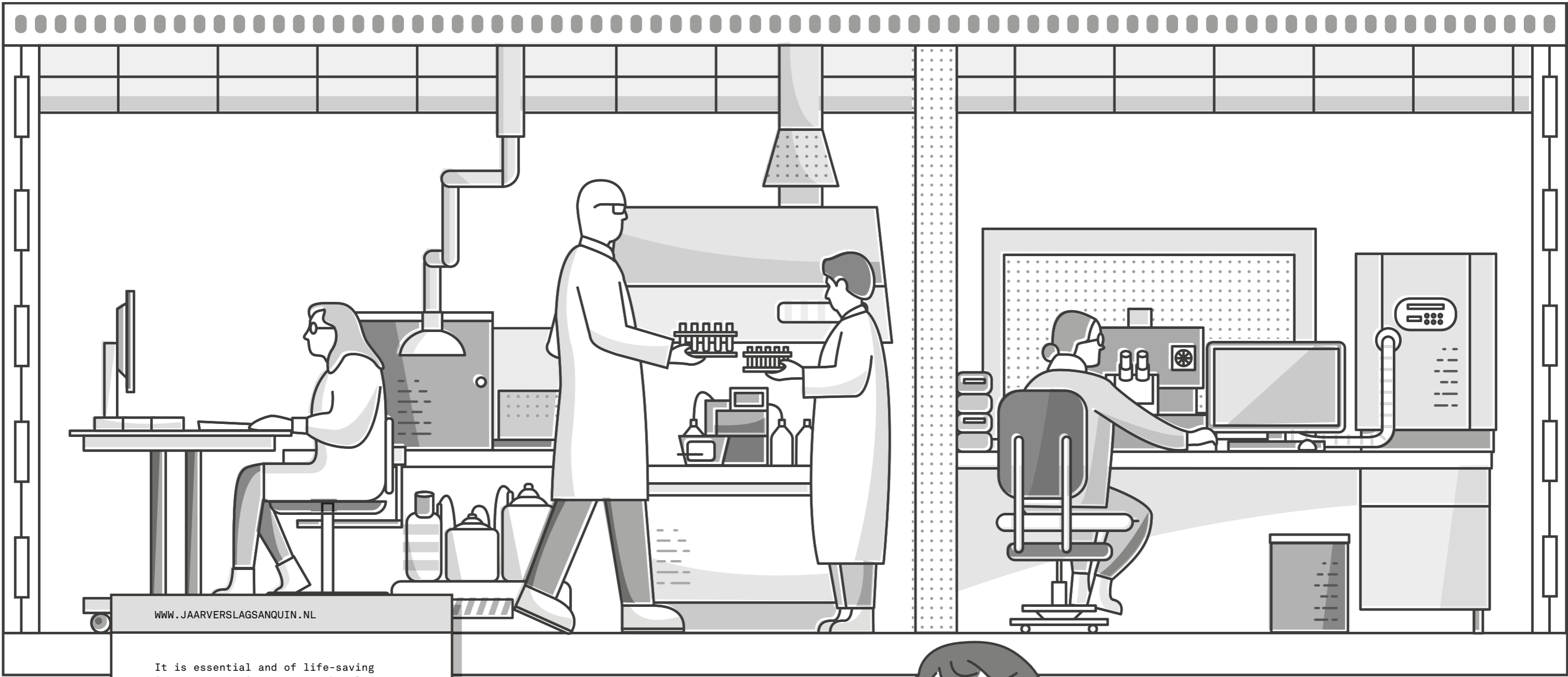
"We expect to grow"

"Reagents is the strongest growing organizational department within Sanquin Holding. In 2018, the company achieved a turnover of 19 million euros, an increase of 12 percent over 2017 (17 million euros). The reason for this is the increased demand for almost all our products, with the demand for immune reagents standing out above the rest. Continued growth is expected in the coming years. We receive ever more test orders and the number of customers is increasing, including some large customers. Our immune reagents are validated on the new generation of equipment and therefore we expect to continue to supply in the future. Prices are under pressure due to increasing competition. Additionally, we have successfully taken our quality management system to the next level. This system is set up according to ISO 13485:2016 and has been evaluated and approved by DEKRA. The ISO 13485:2016 certification is a good basis for further growth in Reagents B.V."

Preparation for new guidelines

2018 was all about preparing all units within Reagents for future growth and new regulations. The In Vitro Diagnostic Regulation (IVDR) promulgated by the European Commission has a major impact on the way diagnostic organizations work.

In connection with the implementation of the new IVDR, we reviewed our product portfolio and discontinued a large number of products with low turnovers and margins. This guideline has no negative impact on growth at this stage. •



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It is essential and of life-saving importance to increase our knowledge about the workings of blood, the immune system and disease through fundamental and applied research. Over 100 scientists are involved in this on a daily basis.

6. RESEARCH & LABSERVICES



RENÉ VAN LIER
Member of the Executive Board,
Director of Sanquin
Research & LabServices

“We stand strong as a knowledge institute”

“Last year, Sanquin Research once again proved to be an active player in the academic world. We were very pleased with ‘our’ Jaap van Buul’s appointment as a professor in the Faculty of Science at the University of Amsterdam. This has created an important link between Sanquin and the University of Amsterdam’s Faculty of Science, thereby strengthening our position as a research institute.



Sanquin is increasingly seeking links with other knowledge institutes to create as much synergy as possible and to convert research results into concrete practical applications. It was for this reason we created our own innovation center, Sanquinnovate. The Innovation Exchange Amsterdam (IXA) network was set up to help Amsterdam researchers bring their scientific ideas to the market. I have been director of the IXA since October 2018 and I hope to better orient Sanquin and Sanquinnovate to that function as well. At least the current culture is on our side; we work in a dynamic environment, where scientists look at each other's successes and 'entrepreneurship' is no longer a dirty word. In the end, there is no greater satisfaction for a researcher than that their research gets put into practice.

It is unfortunate we had to abandon our ideal of a broad tissue supply in the Netherlands with the Tissues & Cells business unit once and for all. The Stem Cell Laboratory in Groningen was transferred to the UMC Groningen in 2018. A logical step, since the laboratory already worked solely with patients in this hospital. In addition, we reduced the growth program for the Cord Blood Bank and moved all activities from Leiden to the Cell Therapy Laboratory of the Research Division in Amsterdam. That was difficult for employees, who had worked with heart and soul on the growth program. But the reasons were clear to everyone: a decreased demand for cord stem cells made it too expensive to maintain the facilities on a large scale.

To do the research we do in the Research division, we have always relied on the revenues of the other organizational units to a large extent. Sanquin is, however, subject to considerable changes; for example, Sanquin Plasma Products B.V. is looking for a strategic partner to strengthen its position. These changes also impact the Research division. In 2019 we will take a close look at our own household, and in terms of organization, at our staff size and support. We will also investigate how we can best shape our division to continue to contribute to Sanquin's mission. In July 2019, we will invite

several external experts to review our research program in accordance with the standard evaluation protocol of the Royal Netherlands Academy of Arts and Sciences. It is very helpful to receive insight into the following questions from a fresh perspective: "Are we doing good things?" and "Are we doing things well?"

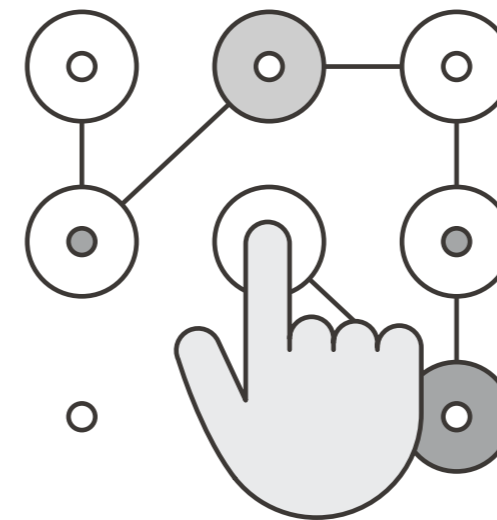
We have become increasingly aware that external fundraising for our research is extremely important. For the past year and a half, we have had a staff member who helps researchers apply for and implement European research grants. Because we pay a great deal of attention internally to European funding sources, we are also becoming ever better at obtaining these grants. It also helps enormously that we have superb scientists in-house. Last year we won no less than two ERC grants with our relatively small research division; a top achievement! We've also received more great news that the Landsteiner Foundation for Blood Transfusion Research (LSBR) has awarded us a five-year grant. With this grant we are setting up a bioinformatics group that will help us deal constructively with all the data we collect."

"Sanquin is increasingly seeking links with other knowledge institutes"

The knowledge institute for blood

Sanquin is a research-driven organization with many researchers involved in all aspects of blood. This yielded the following figures for 2018:

- 16 dissertations were written.
- 2 employees obtained their PhD, graduating cum laude: Fiamma Salerno (with the research project *Walking the wire: Post-transcriptional regulation of T cell effector functions in health and disease*) and Richard Pouw (with the research project *Setting the scale: The balance between complement factor H and its related proteins in health and disease*).
- 253 scientific papers were published.
- One employee became a professor. Jaap van Buul (head of the Molecular Cell Biology Laboratory) was appointed Professor by special appointment of Molecular Cell Biology of Cell Migration in the Faculty of Science at the University of Amsterdam (UvA). As a professor by special appointment, Van Buul is involved in implementing advanced microscopy techniques in functional cell biological processes.
- Previously appointed professors Sander Meijer (Professor of Pharmaceutical Plasma Proteins at Utrecht University) and Timo van den Berg (Professor by special appointment of Immunotherapy at the Free University) gave their inaugural lectures in 2018.



Sanquin researchers also received various prestigious subsidies to continue their important work. Among them:

- NWO/Veni (Talent Scheme): Lisanne Huis in 't Veld - for research into how a computer game with a heat camera can prevent blood donors from getting dizzy or fainting while donating.
- European Research Council/starting grant: Eva-Maria Merz - for research into when, and under which circumstances, people become and remain blood donors.
- European Research Council/consolidator grant: Monika Wolkers - for research into the role of RNA-binding proteins in T cells. T cells are a specific type of immune cell that are important in the fight against cancer cells.

Sanquin Research also received a very important award from the Landsteiner Foundation for Blood Transfusion Research (LSBR). For a period of five years, we will receive an annual program grant of 1.5 million euros to strengthen our research infrastructure and to build a bioinformatics group. Bioinformatics is becoming increasingly relevant in research work; advanced equipment is generating such a large amount of data that IT experts are needed who can properly process the data stream while maintaining a good relationship with the researchers in terms of content.

Successful cooperation with third parties

Sanquin collaborates with (academic) hospitals and the pharmaceutical and biotechnology industry, thus contributing to the development of new and/or improved therapeutic treatments for patients.

- In 2017, we began working with an American biotech company to develop therapeutic antibodies for several rare diseases. In 2018, after a year of successful collaboration, the research contract was extended for another year. The company's clinical development focuses primarily on the diseases Atypical Hemolytic Uremic Syndrome (aHUS, accelerated red blood cell degradation, platelet deficiency, and acute renal failure) and *age-related macular degeneration* (AMD). Sanquin is involved particularly in pre-clinical research into the biological mechanisms surrounding these therapeutic antibodies in relation to these disorders.

- The collaboration with an international biopharmaceutical company was also extended in 2018. This company focuses on molecular agents to treat cancer and autoimmune diseases. Sanquin makes knowledge, antibodies, and intellectual property available to them for the development of innovative immune therapies against cancer.

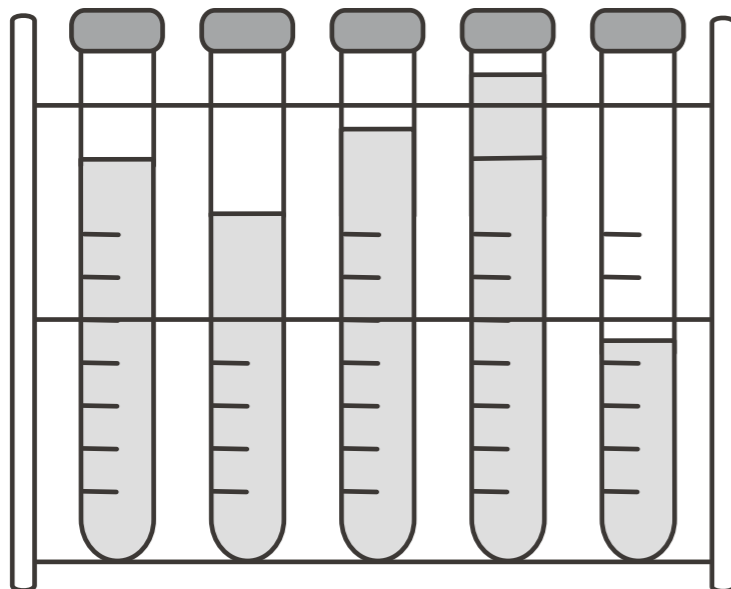
European Congress of Immunology (ECI)

The four-day European Congress of Immunology was held at the RAI in Amsterdam at the beginning of September 2018. Some 3,500 immunologists from all over the world came together to share their knowledge of the human immune system and various immunotherapies. The Dutch Society for Immunology (NVVI) organized the congress, and Sanquin played a leading role. The congress chairman was Marieke van Ham, Head of Immunopathology at Sanquin and Professor of Biological Immunology at the University of Amsterdam. Dozens of Sanquin researchers attended with presentations and posters about their research.

On the occasion of the conference, the NVVI published a magazine in the series *Cahiers van Biowetenschap en Maatschappij (Life Science and Society Workbooks)*, called *Ons afweersysteem (Our Immune System)*. This magazine describes

in layman's terms how the immune system functions and was sponsored by Sanquin. It contains contributions from different employees and stories from patients who have immune system diseases. Doctors and scientists share about possible treatments and research. *Our Immune System* (only available in Dutch) can be read online and is distributed in GP waiting rooms and in secondary schools.

“External fundraising is extremely important for our research”



Groundbreaking research into premature babies

On 2 November 2018, *the New England Journal of Medicine* published the results of the groundbreaking research project MATISSE (*MAnaging Thrombocyte transfusion In a Special Subgroup: nEonates*). Sanquin researchers also contributed. This international research focused on the critical limit for the administration of blood platelets to premature (very premature) babies.

With the knowledge and approval of their parents, 660 premature babies from the Netherlands, Great Britain, and Ireland took part in the study. The MATISSE study shows that reluctance to administer transfusions is better for sick premature babies. The results are reason enough to adapt the transfusion strategy for these babies. Neonatologists and hematologists are pleased that there is now a thorough study that supports a choice for restraint. Karin Fijnvandraat, Sanquin researcher and Professor of Pediatric Hematology at the Amsterdam UMC; Professor Enrico Lopriore of the Department of Neonatology at Leiden University Medical Center; and Professor Anske van der Bom of Sanquin's Center for Clinical Transfusion Research in Leiden led the Dutch part of the research.

Tissues & Cells

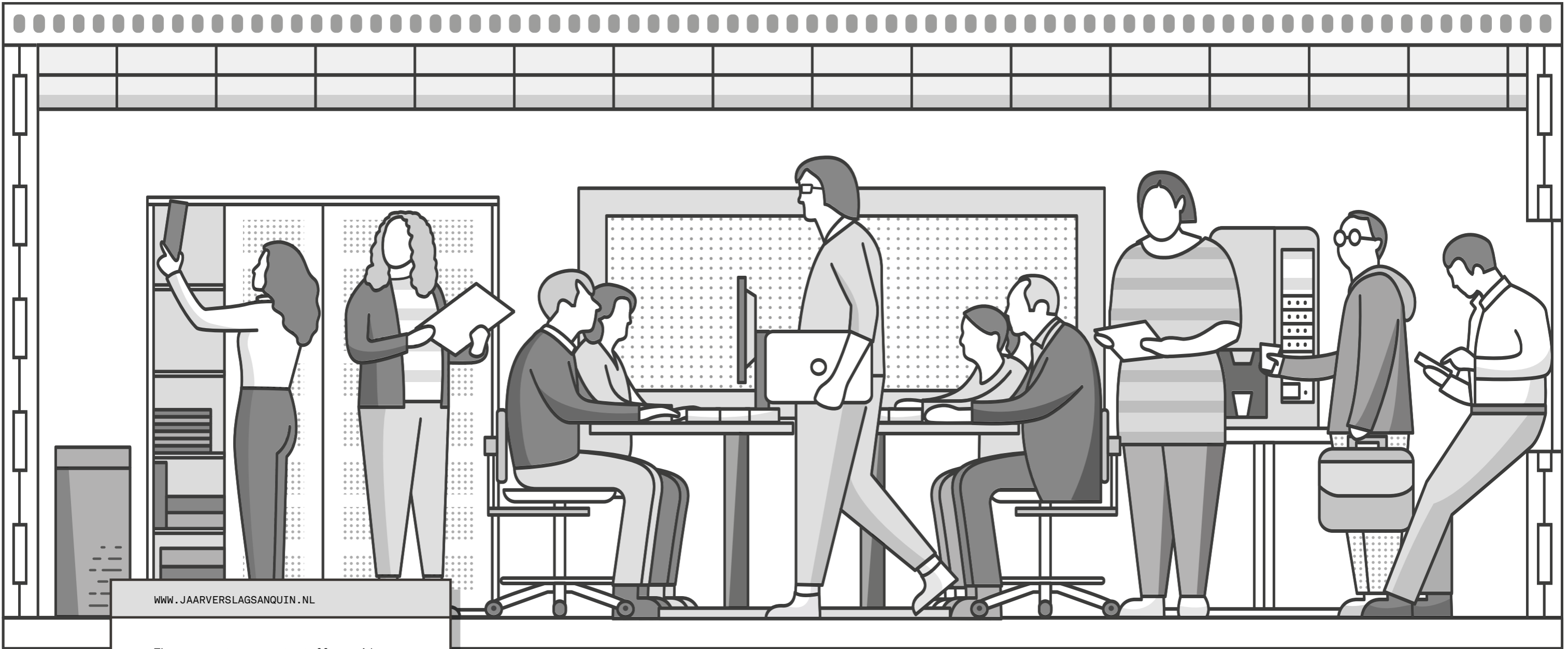
In 2015 Sanquin set up the Tissues & Cells (T&C) business unit to centralize tissue activities in the Netherlands. This would lead to efficiencies which would allow for a more effective offering of tissue activities. However, this centralization within Sanquin proved unfeasible, and in 2017 it was decided to phase out T&C's tissue activities. The T&C business unit was closed down on 1 February 2019. The dissolution was only a formality as the business units and employees had already been relocated.

- On 1 June 2018, the activities at the Sanquin Stem Cell Laboratory in Groningen were transferred to the Hematology Department of the UMC Groningen. The UMCG and Sanquin had already been working together for some time in the acquisition, processing, preservation, storage, distribution, and thawing of stem cell products. Both boards carefully prepared for the transition and all employees made use of the offer for this transition.
- In 2017, the bone bank was transferred to the ETB-BISLIFE tissue bank in Leiden.

- The Cord Blood Bank will continue to exist in a slimmed-down form; the original plans for growth have been adjusted because they no longer appeared realistic after market changes. Cord blood transplants are still needed and desired in the Netherlands, but the demand for them is decreasing. In October 2018, the activities of the Cord Blood Bank, including three thousand stem cell transplants, were transferred to the Cell Therapy Laboratory in Amsterdam. The combination of activities in a broad Cell Therapy facility leads to synergy in activities, cost savings, and the pooling of stem cell transplant knowledge.

Personal Development Program

Studying for a PhD can be a difficult process, and as a researcher-in-training it is sometimes difficult to maintain an overview. In conversations that MT members held last year with all PhD students at Sanquin Research, several common needs emerged. The PhD students indicated that they would like to develop skills that contribute to their performance and goals as a researcher, such as effective communication, time management, and career planning. An external training agency has therefore created a tailor-made training course based on concrete learning objectives, drawn up by the researchers themselves. From 2019 onwards, Sanquin Research will offer all PhD students the Personal Development Program. In each year of their PhD they follow a 1-day workshop in one of these four subjects: personal efficiency & communication; effective communication & project management; personal development; the last step & what then? •



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The corporate support staff provides support in the areas of Communications, Human Resources, Legal Affairs, ICT, Financial Affairs and Facility Management.

7. CORPORATE SUPPORT STAFF

7.1 Communication

Jubilee Year

Sanquin celebrated its twentieth anniversary in 2018, and this called for a big party. We kicked off the anniversary year with a festive New Year's reception for all employees where we showed a film about the past twenty years. A special jubilee logo was used throughout the year in different ways.

On 7 April we held a large Sanquin+-festival for employees in the Werkspoorkathedraal in Utrecht. 'Together' was the key word at the party, where the theme was about the connection between employees. Over sixteen hundred employees celebrated our anniversary together. "Because employees have really earned it," said Dirk Jan van den Berg, chairman of the Executive Board, in his speech. "We can be proud of the work we do together for society. And we remain committed to it!"

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We also included the donors in the anniversary celebrations. During the week of November 26 - 30, we hung up flags and rolled out the red carpet at all open Donor Centers. Donors were treated to cake and could order a special 'Bloedmooi' T-shirt. We combined the celebration with the launch of the Bloedmooi campaign, the first-time donors-recruiting-donors recruitment campaign. Donors could (and still can) order the new Bloedmooi recruitment package via the website which includes stickers, registration cards, and a poster. 'Twenty years at Sanquin' was also a good stepping stone for other recruitment activities. For example, the #myfirstblood campaign, to recruit gamers, was linked to our anniversary and the importance of blood donation.

Sanquin+ still in motion

Sanquin+ is an internal modernization program that Sanquin set in motion in 2017 to enable both the organization and its employees to shift with the changing world around us. The core of the program is a change in the internal culture. It's about employees who feel proud as Sanquin's ambassadors and look for greater cooperation between all the organizational units.

Several modernization projects within the organization have been given a ++-label to ensure coherence and clarify the importance for everyone, these include: tools to work digitally, HR programs to keep fit, workshops, and lectures. We've also worked on the internal means of communication. The intranet has started to play a much more prominent role in the modernized Sanquin. In February 2018, the SQN+ magazine appeared for the first time. It's a brand new staff magazine, in paper form, developed by the Corporate Communications department, together with ambassadors from all over the organization. The magazine is now also available to external target groups (such as journalists, politicians, or job applicants). The magazine places a greater emphasis on Sanquin's role in society. We are less internally focused and increasingly involve the external world in our actions. For example, the magazine provides insight into strategic issues such as the growing demand for plasma and future prospects, such as the arrival of artificial blood.

New websites

Our website sanquin.nl needed a facelift. This was true not only for the 'front-end' (the design and navigation) but especially for the back-end system. On 24 October 2018 the updated sanquin.nl went live. Besides a new design, changes include making the site more responsive so the site adapts depending on how you access it - with your smartphone, tablet, or PC. We've simplified the navigation and increased the opportunities for branding and profiling the Sanquin brand. The result is a better brand experience, easier recruitment of first-time donors, better service for current donors, and good information for potential donors and general stakeholders.

Our 'werkenbijsanquin' website has also been updated. werkenbijsanquin.org went live at the beginning of 2019, and is for those interested in working with our organization. We've updated the design and added new videos for the vacancies in each discipline, starring Sanquin colleagues. We've linked our new recruitment system to the 'werkenbij' website. This means that our vacancies can be more quickly posted and updated. A big advantage for applicants is that they can now follow their application journey via their own account. This system also saves a lot of administration time, because recruiters and hiring managers now gain a complete overview.

"We can be proud of the work we do together for society"

7.2 HR

bijSanquin

Sanquin has rolled out 'bijSanquin', a new digital personnel system meant to facilitate new ways of working - more independent of place, time, and means. With bijSanquin every employee can change their own contact information, apply for leave, submit claims and view their own personnel file. For both managers and HR, bijSanquin is the starting point for HR processes, such as the submission of personnel changes and sick and recovery reports. With bijSanquin, Sanquin has taken a big step towards becoming a digital organization.

Enriching development

Every employee has an Individual Training Budget (IOB) of €1,500 per three years, for development and self-fulfillment.

- Miranda van Leeuwen, senior technician at the Erythrocyte Laboratory, used her IOB to study foot reflexology part-time at college. *"I wanted to learn something new again. After an introductory foot reflexology course, I was immediately hooked. I'm a doer and I like to have contact with people. I also really enjoy getting to know the human body better.*

The training is quite expensive, and though my IOB isn't enough, it's great I can use my Sanquin budget towards the costs. I'm in my third year, and I'll finish in June 2019. I already have a practice at home and that, combined with three days per week at Sanquin's lab is great. As an analyst you are mainly concerned with checking facts, as a reflexologist you work more intuitively with people. I find that variety enriching."

- Marianne George, senior technician at the Erythrocyte Serology, used her IOB for an instructor-training course in spin cycling. *"I've been attending spin classes for ten years to work on my fitness and to relieve stress. When my favorite instructor retired, someone said to me, "Why don't you take over? A Sanquin colleague pointed out to me I was allowed to use my IOB to train as an instructor. I have now reached Instructor Level 1 and teach spin classes two hours a week. That number of hours will quickly increase as there is a great shortage of instructors at gyms. I will also be taking additional e-learning modules, such as setting up training schedules and working with heart rate monitors. I really like it! It also benefits my work at Sanquin. The workload*

in our department is very high, and I was on the verge of becoming sick. But being an instructor gives me so much positive energy; I've benefited enormously from it."

Collective Bargaining Agreement 2017-2019

In April 2018, Sanquin and the FNV and CNV trade unions reached an agreement on Sanquin's collective bargaining agreement for 2017-2019. It stipulates that the salary scales and salaries will be (retroactively) increased by 1.75% dating back to 1 July 2017, with a further 2% increase beginning on 1 July 2018. In May and September, all employees also received a one-off payment of €200 gross (based on full-time employment). Furthermore, the vacation allowance has been structurally increased from 8 percent to 8.33 percent. On 1 January 2019, we switched from a salary model with periodic increases to a salary model where the salary increase is tied to the position on the salary scale. The new remuneration system has a more logical scale growth and has a stronger salary growth at the bottom of the scale. In addition, in the long-term, employee appraisals can be linked to salary growth.

7.3 Facility Services

2000 kilowatts

The existing emergency power generators could no longer cope with Sanquin's demand for power, and so two of the three generators have been replaced with new versions. The new emergency power units are more powerful, providing 2000 kilowatts instead of 1000 kilowatts. At the same time, we replaced the entire power supply infrastructure. The generators have been placed in another building and are now supplying the high-voltage grid instead of the low-voltage grid. As a result, Sanquin's emergency power supply has become much more robust and can better meet the power demands.

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Sanquin campus & new accommodation

Sanquin wants to make its buildings future-proof and sustainable. Several buildings are obsolete and in need of replacement or improvement. Additionally, extra space is needed to meet our long-term space requirements. In 2017 we started drawing up a long-term strategic accommodation plan for the Plesmanlaan site.

In 2018, the idea of a Sanquin campus was added to the accommodation plan. Sanquin aims to apply its knowledge and facilities as widely as possible. We are looking to collaborate with partners in health care and life sciences to create synergy in knowledge, to realize innovations and to share financial risks. Sanquininnovate has taught us that innovations come about more quickly through substantive cooperation with partners, and a campus will allow us to ensure physical proximity with these partners. Doing this would make our knowledge institute accessible to other parties and enable us to learn from new residents. A campus also meets the workplace needs of the future, where cooperation, facility sharing, and entrepreneurship are key.

Several recent developments make the conditions for a campus very favorable. Besides the European Medicines Agency, other valuable organizations are also moving to Amsterdam - partly because of Brexit. We ourselves have already realized the first spin-offs from Sanquininnovate. The main goal is for the Sanquin campus to become an 'innovation hub', where various organizations work closely together to

develop new products and services. Several parties have shown interest and the municipality of Amsterdam is also very interested in the idea of a campus.

In 2019 we will further investigate the development of a campus model for Sanquin. Campus development will be at the forefront of any further implementation of the strategic accommodation plan. As soon as the Sanquin campus has been given a more concrete shape, we will adapt the plan, demolish old buildings and build new facilities. Livability, flexibility, and sustainability are the main focus for the new plan and will allow us to move forward with our real estate plans for the very long term.

Several parties are interested in the Sanquin campus

In 2018 Sanquin staff had, on average, been employed for a slightly shorter time than in 2017: 12.61 years (2017: 12.91 years).

Years of service 2018

Years of service	Number			
	Males	Females	Total	Total 2018
≤ 1	175	280	455	495
2 — 3	148	163	311	362
4 — 5	153	121	274	195
6 — 9	149	149	298	354
10 — 14	108	188	296	334
15 — 19	123	315	438	423
20 — 24	71	167	238	235
25 — 29	54	143	197	208
30 — 34	51	103	154	142
≥ 35	52	80	132	143
Total	1,084	1,709	2,793	2,891

Staff turnover 2018

Reasons for leaving	2018		2017	
	Number	%	Number	%
Found job elsewhere	152	36.6	87	33.3
Personal circumstances	15	3.6	6	2.3
Labor factors	1	0.2	2	0.8
Unsuitability	6	1.4	4	1.5
Absenteeism without good reason	1	0.2	—	—
"Compelling reason"	6	1.4	4	1.5
Reorganization	5	1.2	—	—
Obu / flex / top	42	10.1	38	14.7
End of temporary contract	62	14.9	52	19.9
Occupational disability	6	1.4	9	3.4
Death	4	1	2	0.8
Other*	115	27.7	57	21.8
Total	415	99.7	261	100

* incl. reassignment within Sanquin and dismissal within trial period

Number of staff as at 31-12-2018*

		IN PERMANENT EMPLOYMENT				IN TEMPORARY EMPLOYMENT				TOTAL				TOTAL	
		Full-time		Part-time		Full-time		Part-time		Full-time		Part-time		General	
		Number	Fte	Number	Fte	Number	Fte	Number	Fte	Number	Fte	Number	Fte	Number	Fte
Males	2018	613	613.00	338	311.12	81	81.00	52	46.80	694	694.00	390	357.92	1,084	1,051.92
	2017	649	649.00	332	301.26	94	94.00	67	62.22	743	743.00	399	363.48	1,142	1,106.48
Females	2018	326	326.00	1,135	752.53	101	101.00	147	91.16	427	427.00	1,282	843.69	1,709	1,270.69
	2017	335	335.00	1,158	757.81	104	104.00	152	99.47	439	439.00	1,310	857.28	1,749	1,296.28
Total	2018	939	939.00	1,473	1,063.65	182	182.00	199	137.96	1,121	1,121.00	1,672	1,201.61	2,793	2,322.61
	2017	984	984.00	1,490	1,059.06	198	198.00	219	161.69	1,182	1,182.00	1,709	1,220.75	2,891	2,402.75

* excluding temporary workers and additional hours worked by own staff

Age structure 2018

Age bracket	Number			
	Males	Females	Total 2018	Total 2017
≤ 23	11	16	27	35
24 — 33	167	232	399	423
34 — 43	250	347	597	641
44 — 53	310	505	815	862
54 — 59	170	295	465	446
≥ 59	176	314	490	484
Total	1,084	1,709	2,793	2,891
Average age			46.98	46.61

The average age of a Sanquin staff member has risen slightly. The average age for females is slightly higher compared to 2017 (2018: 47.3 years; 2017: 47.2 years). The average age for males has increased compared to 2017 (2018: 46.2 years; 2017: 45.8 years).

The differences are significantly more, such that the average age throughout Sanquin has increased compared to 2017 (2018: 46.9 years; 2017: 46.6 years).

Absenteeism due to illness – including and excluding maternity leave – in percentages

	Males	Females		Total	
		Inclusive	Exclusive	Inclusive	Exclusive
2018	5.73	6.54	5.82	6.17	5.78
2017	4.45	5.85	5.19	4.85	5.2

7.4 ICT

Everyone connected

In 2018 we began rolling out Connections within Sanquin. Within two years, this digital collaborative platform will connect employees digitally in a large Sanquin knowledge network. In open, and closed communities, we work together, share and manage documents, write blogs, provide comments and much more. We do this alone or together in multi-disciplinary teams.

Last year the first 400 employees were trained in various groups to work with Connections. The goal is to connect some 900 employees to the platform by the end of 2019, while the rest of the organization will be connected by 2020.

Culture Program Trust

The culture program, Trust, begun by the IT department in 2017, to achieve the desired culture change within the team continued in 2018. Trust emphasizes the elements of trust and rest; trust in one's own abilities, colleagues, and management, and rest more often to find the right solution for the customer's concerns.

Surveys conducted last year among employees showed that the workload was felt to be too high and that the priorities were not always clear. Together we have developed a new work schedule. From now on, we will work quarterly with all teams to coordinate schedules with each other. New surveys will be conducted throughout 2019 to assess what progress is being made.

7.5 Legal Affairs/Finance

Privacy/data security

On 25 May 2018, the General Data Protection Regulation entered into force. To ensure that personal data is handled carefully and correctly within Sanquin, we started in the previous year to create awareness among Sanquin employees and to inventorize the necessary follow up actions. We have built on this in 2018 with more tailored privacy advice, attention to the implementation of the privacy policy and awareness training for specific Sanquin departments. In addition, the registers for the processing of personal data have been revised. Sanquin strives for an integrated approach towards privacy and security and for the careful use of personal data of donors, patients, employees and other stakeholders.

Risk segregation

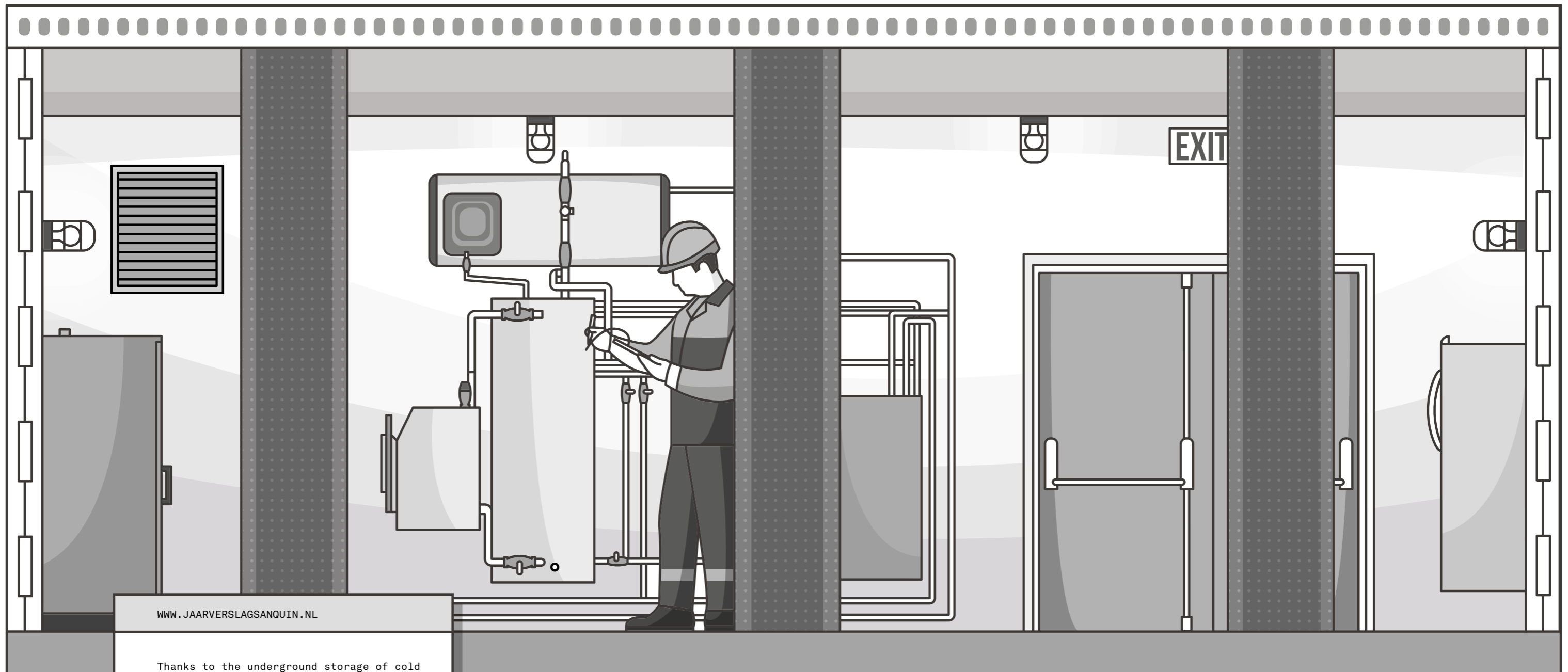
The amendment to the Blood Supply Act, submitted in 2017, was adopted by the Dutch Parliament's Upper House in April 2018. The amendments relate to the risk separation initiated in 2015/2016. This resulted in a legal restructuring which has placed Sanquin's more market-related activities into a separate entity under the Sanquin Foundation. The amendment of the law and the related policy have given further substance to Sanquin's risk separation. The amendment to the law came into force on 1 January 2019.

Governance

In view of the changes to Sanquin's company structure in 2016 we have reconsidered Sanquin's governance in 2017/2018. As a result, Sanquin's Governance Code has been updated, based on both the Dutch Corporate Governance Code and the underlying principles of the Governance Code for Health care. The regulations of the Executive Board of Sanquin Foundation, Sanquin Holding B.V. and the Supervisory Board have also been revised. The renewed governance documents are expected to come into effect in the second half of 2019.

More control over spending

Every year Sanquin processes some 45,000 invoices with an expenditure of around € 300 million. In 2018, we launched the Purchase-to-Pay (P2P) project to automate the entire process from procurement to payment. This gives us more control over our expenditures and enables us to organize the process from ordering to payment more efficiently. In the first phase, we mapped out all the different ordering processes within Sanquin. In the second phase, we implemented *quick wins* in the processes. Phase 3, started at the beginning of 2019, is the development of the software system, so that the new processes can be rolled out in the second quarter of 2019. Ultimately, the goal is that a purchase order is created in the system for almost all expenditures. •



WWW.JAARVERSLAGSANQUIN.NL

Thanks to the underground storage of cold water and the heat exchange via the district heating pipeline, we are significantly reducing CO2 emissions and saving energy.

8. CORPORATE SOCIAL RESPONSIBILITY

Sustainable personnel policy

Sanquin considers the permanent deployability of its employees to be very important; it is one of the top priorities in our HR policy. In 2017, we launched several initiatives to encourage employees to remain deployable for as long as possible and to enjoy their work. It's why we have started working with a new occupational health and safety service, Arbobutler, and a vision on absenteeism that focuses more on prevention and our own management of absenteeism. To work within this vision, we have introduced the House of Work Capacity, a new model that will enable us to shift our focus from Absenteeism to Work Capacity. In 2018, these initiatives became further rooted in the organization and new elements were added.

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Last year's '100 Days Challenge' challenged employees to adopt a healthier and more balanced lifestyle over the course of one hundred days. The Generatiebeleid (Generational Policy) Project Group has made several recommendations on how Sanquin can support employees in different age categories. One of these recommendations became policy on 1 January 2019. Employees 60 years and older have the opportunity to work fewer hours when needed. Further recommendations will be worked on in 2019.

500 kilometers of running and cycling

On the 2018 Pentecost weekend, the annual Roparun took place once again. The Roparun is a non-stop relay race of over 500 kilometers from Paris and Hamburg to Rotterdam. The participating teams raise money through sponsorships for palliative care for cancer patients. This is an objective that Sanquin wholeheartedly supports; with our blood products we contribute to the care of people with cancer. A Sanquin team took part in the Roparun for the second time, and our sporty colleagues ran and cycled to collect a sum of more than €21,000. In 2019, Sanquin will again participate in Roparun with its own team.

Sanquin Consulting Services

Sanquin Consulting Services provides technical advice and assistance to blood supply organizations and/or governments of *low and medium income* countries. The aim is to contribute to the development of safe and effective blood supplies and quality management in those countries through knowledge transfer.

In terms of acquisitions, we worked hard in 2018 on both maintaining our network and tendering for new projects. Martin Smid, director, was also elected chairman of the Working Party Global Blood Safety, one of the international working groups of the International Society of Blood Transfusion (ISBT). A fine recognition for Sanquin's involvement and an opportunity to further strengthen our network.

Some good news to share: we have been awarded an ISO 9001-2015 certificate. It is important to demonstrate that we are certified because Sanquin Consulting Services carries out projects abroad and provides quality training. In 2018 we actively worked in cooperation with blood supply organizations from Nepal, Curacao, China, and Sweden.

In the Netherlands we have worked with the University of Groningen (RUG) to develop a two-year part-time executive Master's degree in Management of Transfusion Medicine (MTM) for managers of foreign blood banks, particularly in *low and medium income* countries. The training consists of distance eD learning modules in the first year and two internships at Sanquin in the second year. Much progress has been made in the past year. Training and administrative support have been fully integrated into the UMC Groningen's Graduate School of Medical Sciences. We have also prepared the RUG's formal accreditation application, which we expect to be completed in 2019.

As in 2017, four students started the course in 2018. Two students are expected to come to the Netherlands in 2019 for their first internship at Sanquin. •

Sanquin wholeheartedly supports the goals of the Roparun

9. RISKS AND RISK MANAGEMENT

Sanquin Group's Risk Profile and Risk Appetite

Sanquin Group's risk profile is based on our mission 'Together with the donor, for a better life for the patient'. This mission has two main components:

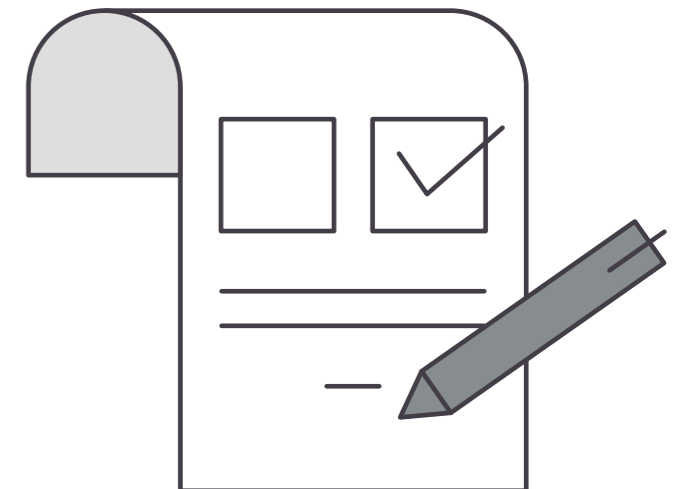
- 1. A better life for the patient** - therefore we place a strong focus on reducing risks to the quality and safety of blood products.
- 2. Together with the donor** - that's why we avoid negative effects for both individual donors and the general donor population. We seize opportunities to improve the individual donor experience and to align the donor population with the need for blood and blood components.

Of course, we can only continue to achieve our mission if it has a healthy (financial) business operation and sustainable entrepreneurship. In these areas in particular, the risk profiles of the different parts of Sanquin differ. For the entire Sanquin Group the risk profile is average; we avoid threats to statutory (public) tasks and take few risks regarding possible threats and opportunities for the Blood Bank. We take more risk with our non-legal (arm's length) activities. Healthy business operations and sustainable entrepreneurship also mean that within the risk considerations, attention is always paid to the positive and negative impacts on people (both employees and other stakeholders) and the environment.

Managing risks

The Executive Board is responsible for setting up and maintaining the risk management system. The GRC Coordinator (Governance, Risk, and Compliance) is responsible for the practical implementation. This system helps us to deal responsibly with all risks - both opportunities and threats - while achieving our objectives.

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The risks are described in three categories:

1. Strategic risks: these involve major choices that Sanquin must or can make. When making these choices, finding the right balance between *risk* and *reward* is important. Each year, the GRC Coordinator supports and advises the Executive Board as they draw up the document 'Risk profile and strategic risks'. This document describes the strategic direction in which Sanquin is moving and contains an assessment of strategic risks (the risk profile) and the associated risk attitude of the Executive Board.
2. External risks: where Sanquin cannot influence the probability of occurrence, but for which the organization can prepare itself. Line managers and staff specialists monitor relevant external risks. They therefore monitor developments in their field and name possible risks in their reports, so that the organization can prepare for them. The GRC Coordinator compiles the identified external risks and advises the Executive Board as to the approach.
3. Operational risks: these are where it is possible to influence the probability of occurrence. Regarding operational risks, a distinction is made between risks associated with the actions taken in annual plans, risks for processes and products, and risks associated with projects. Identification, analysis, and minimization of operational risks is in principle the responsibility of line management, except with Sanquin-wide areas. The employees responsible for these areas have been designated as 'risk owners'. Line managers and risk owners report on their top 5 risks and on the design and operation of the minimizing measures. On the basis of these reports, the GRC Coordinator draws up a consolidated risk report for the Executive Board, including changes in the risks and developments in the measures. They advise on how to improve the identification and management of risks.

To ensure an effective functioning risk management system, we use the so-called 'three lines of defense' model, which distinguishes between implementation (first line), control (second line) and oversight (third line).

In addition, the organization has various rules of conduct, such as authority to sign, a code of conduct for employees, and a whistleblower's regulation. This includes regulations for respectful treatment of colleagues, ethical conduct, bribery/corruption, and the use of alcohol and drugs.

Sanquin voluntarily applies the FEDERA (the Federation of Medical Scientific Associations) code of conduct for the further use of human biological materials for scientific research. This is in accordance with good practise in hospitals, research institutes, and universities.

If a code of conduct is violated, we take action. There were no cases of bribery or corruption detected in 2017 or 2018. We regularly carry out risk inventories and evaluations in the context of the health & safety and environmental policies and we have taken out insurance policies to cover product liability and other business risks. The quality assurance policy has been drawn up, and there are Standing Operating Procedures and provisions for IT infrastructure security and back-up provisions in the event of technical breakdowns.

For the Sanquin Group as a whole, the risk profile is average

Risks relating to financial reporting and legislation and regulations mainly lie in non-compliance with reporting requirements or legislation and regulations. To manage the risks, the company uses the services of the Corporate Support Staff Finance & Control and Legal Affairs department of Sanquin Blood Supply Foundation. External advice from accountancy firms, financial expertise firms, and notary and law firms is sought when internal expertise is lacking.

Risk development in 2018

Changing demand for blood products

The use of blood products in hospitals has stabilized as compared to 2017. Sanquin will continue to monitor this use so we can adapt the organization and/or working method in good time if necessary. The demand for Sanquin Plasma Products' own products is growing steadily. To meet the increasing demand for our own plasma products, we are looking for several plasma sources, including external sources. Increasing pressure on production requires good assurance of the reliability of the entire value chain, which is why we have made investments in efficiency, in product intensification, and in supply chain management.

In 2018, there was a high demand for contract manufacturing of plasma-derived medicines. We also noted in 2018, that this demand will experience future declines because a large Contract Manufacturing partner has indicated that it will reduce its demand for the production of medicines by Sanquin Plasma Products.

IT

IT support was further professionalized in 2018. Through scrum and agile methods we have improved the service on critical operational processes. Risk analysis was used to identify potentially vulnerable processes and applications and, in consultation with the Privacy Officer and the Chief Information Security Officer, measures were put in place for data security and GDPR compliance.

Reservoirs of Untaken Leave

In accordance with the agreements in the new CAO, we have introduced measures to further reduce the reservoirs of untaken leave.

Treasury

The Corporate Support Staff Finance & Control department manages financial risks based on the treasury policy which was established by the Executive Board. Where possible, purchasing is centralized and long-term price agreements in euros are made as much as possible for both sales and procurement. 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 Sanquin therefore does not make use of financial instruments available to it. Sanquin's financial position in terms of solvency and liquidity is healthy and was further strengthened in 2018. We also comply with the bank's financing covenants. Setbacks in the quality of operational processes may cause a slowdown or complete discontinuation of the manufacturing, and therefore the sale, of products. This could affect Sanquin's financial position. However, we reduce this risk by strictly adhering to the guidelines and procedures, and paying close attention to the required employee training and the company culture to promote compliance with legislation. Sanquin Blood Supply Foundation maintains the level of equity capital required for guaranteeing continuity of the blood supply.

Quality assurance policy

Each Sanquin department has set up quality systems that are suitable for its own product and its own market. To ensure coordination between the various systems, regular consultations occur with the persons responsible for these systems. The various business units are regularly inspected by national and international regulators for their products and markets.

Internal audits

Internal audits occur periodically. Besides reports from the organization in the planning and control cycle, these audits also form part of the monitoring of the Risk and Compliance Management systems. •

10. FINANCIAL RESULTS

The Sanquin group's net profit increased in 2018 by €+37.9 million compared to 2017. This is caused by higher income (€+30.3 million), reinforced by lower costs of raw materials and consumables (€-17.8 million), lower other operating expenses (€-0.5 million), lower depreciation (€-0.2 million), lower financial income and expenses (€-0.8 million) and higher results of participating interests (€+0.1 million), partly offset by higher staffing expenses (€+2.6 million). As a result of the higher result, taxes were €+9.2 million higher.

Total income was €+30.3 million higher than last year. Higher product turnover of €+14.9 million and higher other income of €+25.8

million in 2018 have been partly offset by lower coverage of costs resulting from production of €-10.4 million.

Product turnover increased largely due to growth of the contract manufacturing activities of Plasma Products and the increased speed of releasing batches of plasma products (€+11.9 million). The turnover of the Blood Bank increased by €+2.3 million due to the full year effect of the increase in prices as at 1 July 2017. The turnover of Reagents grew by 5%, €+0.8 million.

The higher other income is largely explained by one-off income from product development, sales of distribution rights and the waiver of a CMO loan. The lower contribution margin resulting from the production is explained by the non-recurring nature of €+14.5 million of income in 2017. The normalized change in contribution margin resulting from production is €+4.1 million compared to 2017.

Procurement costs fell by €-17.8 million compared to 2017. This was primarily due to a partial release of the 2017 inventory provision and lower rejection costs at SPP. Adjusted for incidental costs in 2017 and 2018, the procurement costs in 2018 are €-11.3 million lower compared to 2017.

Staffing expenses rose by €+2.6 million compared to 2017 as a result of increases in the collective bargaining agreement, an increase in the employer's contribution for employed personnel and the costs of a one-off payment based on the accomplished results. Adjusted for non-recurring costs in 2017 and 2018, staffing expenses in 2018 are €+1.9 million higher compared to 2017.

The other operating expenses fell by €-0.5 million compared to last year. This is caused by lower costs for external services, publicity and IT expenses, partly offset by higher project costs. Adjusted for non-recurring costs in 2017 and 2018, other operating expenses are €-3.1 million lower compared to 2017.

At € 60.9 million, the operating result is €+46.2 million higher compared to last year. Adjusted for non-recurring income and expenses, the normalized operating result of € 40.9 million is €+34.6 million higher compared to 2017. This is primarily due to higher income and lower costs of raw materials and consumables.

Net profit for 2018 rose to € 48.7 million (2017: € 10.8 million). The normalized result rose by €+20.9 million from €+4.5 million in 2017 to €+25.4 million in 2018.

The forecast issued last year was that 2018 would be dominated by economies of scale, efficiency gains, and innovation. This forecast was partly realized in 2018. In 2018, efficiency improvements meant that the stock supply at Sanquin Plasma Products could be adjusted downwards and batches of plasma products could be released more quickly. In addition, Sanquin Innovation BV has entered various strategic partnerships to market innovative ideas.

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In abbreviated form, the profit and loss account (total and normalized for non-recurring items) is:

	2018			2017			Change	
	total	incidentals	normalized	total	incidentals	normalized	normalized result	
(x € million)	€	€	€	€	€	€	€	%
Revenue	493.6	22.4	471.2	452.9	-	452.9	18.3	4.0%
Changes in inventory	6.8	-	6.8	17.2	14.5	2.7	4.1	153.1%
Revenue	500.4	22.4	478.0	470.1	14.5	455.6	22.4	4.9%
Costs of raw materials and consumables	-78.5	3.0	-81.5	-96.3	-3.5	-92.8	11.3	-12.2%
Staffing expenses	-203.3	-0.7	-202.6	-200.7	-	-200.7	-1.9	1.0%
Other operating expenses	-129.1	-5.2	-123.9	-129.6	-2.6	-127.0	3.1	-2.4%
Depreciation	-28.6	0.5	-29.1	-28.8	-	-28.8	-0.3	0.9%
Total costs	-439.5	-2.4	-437.1	-455.4	-6.1	-449.3	12.2	-2.7%
Operating result	60.9	20.0	40.9	14.7	8.4	6.3	34.6	551.5%
Financial income and expenditure	-0.1	0.4	-0.5	-0.9	-	-0.9	0.4	-44.7%
Taxes	-12.2	2.9	-15.1	-3.0	-2.1	-0.9	-14.2	1577.3%
Result from participating interests	0.1	-	0.1	-	-	-	0.1	0.0%
Net profit	48.7	23.3	25.4	10.8	6.3	4.5	20.9	468.4%

Significant financial developments in 2018

Income

Total income rose in 2018 by €+30.3 million to € 500.4 million (2017: € 470.1 million). Product turnover increased by €+14.9 million (from € 433.2 million in 2017 to € 448.1 million in 2018).

The turnover of the Blood Bank increased by €+2.3 million. This is mainly due to the full year effect of a price increase introduced on 1 July 2017.

With a limited increase of €+0.3 million, the revenue of Diagnostic Services and Research remains at a level comparable to that of 2017. Reagents' revenue increased by €+0.8 million, mainly as a result of an increase in the revenue from blood group reagents.

Other income rose by €+25.8 million. This includes the proceeds from product development, one-off sales of distribution rights and write-off of the CMO loan. In addition, there are one-off incomes from VAT supplements relating to the settlement of VAT returns from years prior to 2018, on which an agreement has been reached with the Dutch Tax Authorities.

Product turnover can be itemized as follows:

	2018	2017	Delta	
	(x € million)	€	€	%
Per product				
Blood Bank Turnover	128.1	125.8	2.3	2%
Plasma Products Turnover	276.1	264.2	11.9	5%
Diagnostics Turnover	21.5	21.2	0.3	1%
Reagents Turnover	16.0	15.2	0.8	5%
Research Turnover	6.4	6.1	0.3	5%
Other Activities Turnover	0.0	0.7	-0.7	-110%
Totaal	448.1	433.2		

Costs

Total costs fell by €-15.9 million in 2018 to € 439.5 million (2017: € 455.4 million).

Procurement costs fell by €-17.8 million compared to last year. This is due to a partial release of the stock provisions from 2017 and lower costs for outsourced contract work and auxiliary materials. Adjusted for incidental costs in 2017 and 2018, the costs of raw materials and consumables in 2018 are €-11.3 million lower than in 2017.

Staffing expenses increased by €+2.6 million. Normalized staffing expenses rose by €+1.9 million in 2018 as a result of increases in collective bargaining agreements and an increase in the employer's costs for salaried personnel, while the average number of employees fell slightly by -4 FTEs to 2,702 (2017: 2,706).

Other operating expenses fell by €-0.5 million. Higher transport costs, project costs, and other staffing expenses were offset by a decrease in the costs of external services, publicity, and IT. Adjusted for non-recurring costs

in 2017 and 2018, other operating expenses are €-3.1 million lower than in 2017.

Depreciation decreased by €-0.2 million compared to 2017 due to a correction of depreciation costs from old years at Plasma Industries Belgium CVBA, partly compensated by catch-up depreciation of the tangible fixed assets. Adjusted for non-recurring costs in 2017 and 2018, depreciation is €+0.3 million higher than in 2017.

Net profit

Due to the increase of income by €+30.3 million and the decrease of the costs by €-15.9 million, the operating result improved to € 60.9 million (2017: € 14.7 million). Adjusted for non-recurring income and expenses in

2017 and 2018, the operating result in 2018, at € 40.9 million, is €+34.6 million higher compared to 2017 (€ 6.3 million).

Financial charges, including the result of participating interests, totaling € 0 million were € 0.9 million higher than in 2017 due to the write-down of an interest rate debt at Euroclone and a decrease in ABN AMRO interest due to redemptions.

In 2018, tax expenses recognized amounted to €-12.2 million. These expenses were calculated over the total taxable result, including incidental income and expenses.

All income and expenses mentioned resulted in a net profit for the financial year 2018 of € 48.7 million (2017: € 10.8 million). Normalized net profit for the 2018 financial year was € 25.4 million (2017: € 4.5 million).

Balance sheet

The summary balance sheet of Sanquin is as follows:

	2018	2017
	(x € million)	€
Fixed assets	152.8	165.0
Inventory	169.3	160.3
Accounts receivable	85.6	80.9
Cash and cash equivalents	86.8	58.3
Total assets	494.5	464.5
Provisions	10.1	9.2
Long-term liabilities	12.2	14.3
Current liabilities	92.4	109.9
Group equity	379.8	331.1
Total liabilities	494.5	464.5

>>

The balance sheet total is € 494.5 million, an increase of 6.4% compared to 2017 (€ 464.5 million).

The total operating capital amounted to € 249.3 million (2017: € 189.6 million). Within operating capital, the inventory increased by €+8.9 million (+5.6%). Accounts receivable showed an increase of €+4.7 million. Current liabilities showed a decrease of €-17.5 million.

Cash and cash equivalents increased by €+28.5 million to € 86.8 million (2017: € 58.3 million). In relation to income, operating capital (exclusive of cash and cash equivalents) amounted to 32.9% (2017: 29.0%).

At € 406.4 million, capital employed is €+47.2 million higher than in 2017 (€ 359.2 million) as a result of higher current receivables and lower current liabilities.

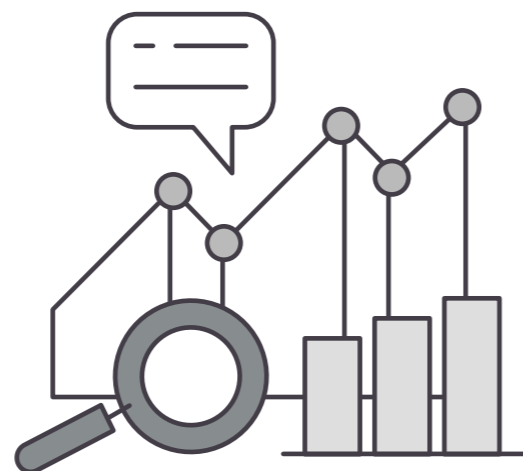
The return on capital employed at year-end, based on operating result, was 15.0% (2017: 4.1%). The increase in the bank balance is mainly due to the positive result.

Total equity as at year-end amounted to € 379.8 million (2017: € 331.1 million)

Solvency as at year-end was 76.8% (2017: 71.3%). With this ratio, the bank's solvency requirements are easily met.

Net cash flow from operational activities amounted to € 49.1 million (2017: € 21.9 million). The €+27.3 million increase is mainly due to a higher operating result, partly offset by a higher fluctuation in operating capital.

Net cash flow amounted to €+28.5 million (2017: €+0.1 million). Cash flow from operating activities is higher than the cash flow from investments and financing activities, mainly due to the high operating result in 2018 combined with a limited level of investment. •



Sanquin's summary cash flow statement is as follows:

	2018	2017
	(x € million) €	€
Operating result	60.9	14.7
Depreciation and changes in provisions	32.1	29.1
Changes in operating capital (inventory, accounts receivable and current liabilities)	-42.4	-12.2
Cash flow from operations	50.6	31.6
Other operational changes	-1.5	-9.7
Cash flow from operations	49.1	21.9
Cash flow from investments in intangible assets	-0.9	-
Cash flow from investments in tangible fixed assets	-17.4	-18.9
Cash flow from investments in financial fixed assets	-0.2	0.4
Cash flow from financing activities	-2.1	-3.3
Net cash flow	28.5	0.1

11. PROSPECTS FOR 2019

2019 will be dominated by the search for a strategic partner for SPP, the implementation of a major reorganization at SPP and the further development of the Sanquin campus. Sanquin wants to apply its knowledge and facilities as widely as possible and wants to cooperate more with partners in the fields of health care and life sciences, to create knowledge synergy, to realize innovations, and to share the financial risks.

In 2019, the departments within Sanquin Blood Supply Foundation will focus primarily on efficiency, quality, and innovation. In the coming years, the **Blood Bank** will have to deal with a decline in the number of erythrocytes. The expectation is -1.5% to -2% per year. The Blood Bank and the Corporate Support Staff will put measures in place to improve efficiency in order to keep price increases as low as possible.

In addition to efficiency, quality, and innovation, the Blood Bank will focus on the collection of higher volumes of plasma, by starting up a plasma-only donor center. It will also focus on further digitization to make donating easier, which will ultimately result in more first-time donors and a lower turnover of blood donors.

In 2019, **Research** will continue to focus on scientific research that supports and guides the activities of Sanquin's companies and divisions. Important for Research is the reduction of overheads to ensure that the research can continue to be financed by both external and internal parties.

The (international pharmaceutical) market in which **SPP B.V.** operates requires continual investments in economies of scale and product innovation, partly because of the pressure on health care costs and the resulting demand for more efficient and cheaper medicines.

This is a long-term challenge for a relatively small player in a globally consolidating market. This is exacerbated by the start of a decline in income from contract production. SPP's long-term business plan provides for this by seeking cooperation with one or more strategic partners. As of yet, no concrete results of discussions with potential strategic partners have been achieved. Nevertheless, SPP's management has started to implement the first steps of the long-term plan which include several measures to reduce cash-out, and targeted investments in product and process optimization for its own products. As in 2018, SPP will work on changing the organizational structure and the number of functions to compensate for the approaching decline in income from contract production. A major reorganization will be implemented in 2019, to reduce the number of FTEs (in phases) by approximately 25% of the workforce compared to baseline 2018. SPP aims to increase its own production, with the associated economies of scale and a better spread of risks in the product portfolio. Based on discussions with potential strategic partners, we are working to attract the additional structural funding needed to make investments in our robustness programs and production-efficiency enhancing projects. The starting point for this is that the plasma-derived medicine supply for the Netherlands will be continued.

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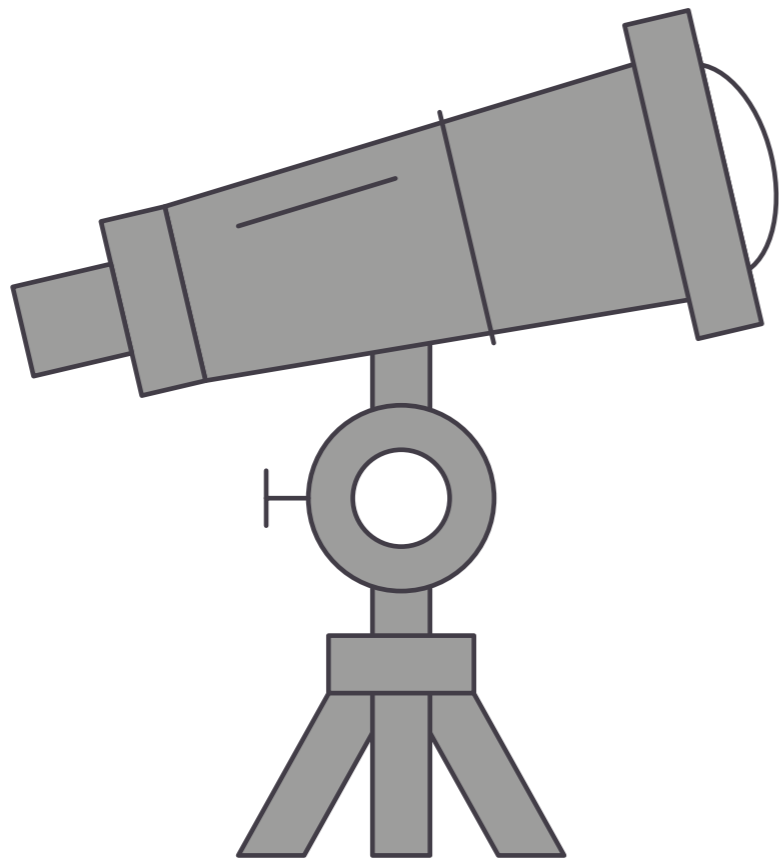
Diagnostic Services B.V. will show a slight growth in income in the coming years, particularly in the pharmaceutical/biotech market. With a tight control on costs, the operating result will double in the next 5 years.

Reagents B.V. expects to double its income over the next five years, but will have to make considerable investments to do so. Implementing the IVDR (The In Vitro Diagnostic Regulation) announced by the European Commission is one example. We expect the strongest growth in the area of immune reagents.

Sanquin **Innovatie B.V.** will continue to invest in business development in the coming years, whereby, in the future, further valorization of knowledge will lead to cost-covering exploitation.

The development of income and profitability in 2019 will depend on the sales of erythrocytes at the Blood Bank, the decline in CMO production at SPP, the growth in income at Reagents and Diagnostic Services and the measures to improve efficiency at the Blood Bank, SPP, Research, and the Corporate Support Staff. The workforce will decrease because of the approaching decline in CMO production.

Cash and cash equivalents increased by € 28.5 million in 2018. The expectation for 2019 is that, due to the drop in CMO production and the costs of changing the organizational structure, the bank balance will decrease slightly, but that no additional financing will be required. •



THE EXECUTIVE BOARD

Composition

In 2018, the Executive Board comprised:

- Mr. Dirk Jan (DJ) van den Berg (chair of Executive Board)
- Prof René (RAW) van Lier MD PhD (vice chair)
- Mr. Pieter (P) de Geus MD PhD (member)
- Ms. Daphne (DC) Thijssen-Timmer PhD (member)
- Mr. O. Dijkstra (secretary Executive Board) until 1 June 2018
- Ms. M. Mulder from 1 June 2018 (secretary Executive Board)

Meetings

In 2018, the Executive Board held 50 meetings. At the request of the Board, members of the management team and the Corporate Support Staff are invited to the meetings. All resolutions adopted are recorded in a list of resolutions and in minutes. [and shared with the Central Works Council]. In its activities, the Executive Board abides by the Sanquin Corporate Governance Code, the Articles of Association and the regulations with regard to the Executive Board and the Supervisory Board, containing rules and standards for good governance, effective supervision, and transparent accountability. Sanquin transparently accounts for its public activities and responsibilities. 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 organization.

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 if the side activity can result in a more than minimal workload or can otherwise be in conflict with Sanquin's interests.



Mr. DJ. van den Berg (1953)

Main position:

Chair Executive Board of Sanquin Blood Supply

Side activities:

- Board member of Stichting IDTM
- Chair Atlantic Committee
- Member Board of the CDA Scientific Institute
- Member European Integration Committee for the International Issues Advisory Board
- Member Supervisory Board of the N.V. Nederlandse Gasunie
- Chair Supervisory Board of the European Institute of Innovation and Technology (EIT)
- Member Supervisory Board of FMO (Dutch Development Bank)
- Member Central Planning Committee (CPC)
- Chair Board of Tradesparant B.V.
- Chair Friends of the Orchestra of the Eighteenth Century Foundation



Prof. R.A.W. van Lier (1956)

Main position

Vice chair and member Executive Board of Sanquin Blood Supply
Director of Sanquin Research & LabServices

Side activities:

- Professor experimental immunology - UvA
- Member Executive Board of PIBe
- Member Supervisory Board of ETB/BISLIFE
- Chair EFIS (European Federation of Immunological Societies)
- Member of the Council of the IUIS (International Union of Immunological Societies)
- Member Council of the IUIS (International Union of Immunological Societies)
- Chair Research Scientific Advisory Council for MS
- Chair Scientific Advisory Council on Rheumatism in the Netherlands
- Member Scientific Advisory Council of the Lung Foundation Netherlands
- Member WUON Supervisory Board (Stichting Weefsel Uitname Organisatie Nederland)

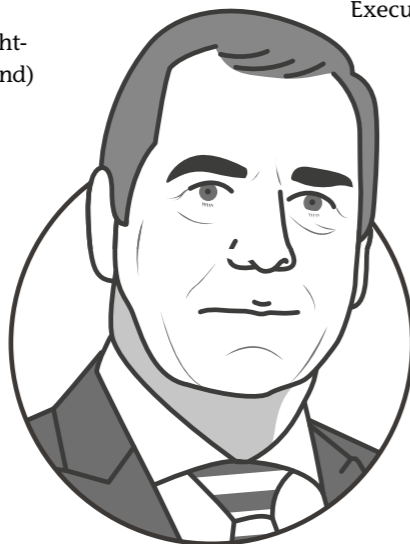
Mr. P. de Geus (1957)

Main position

Member Executive Board Sanquin Blood Supply
Director Sanquin Plasma Products B.V.

Side activities:

- Chair Executive Board Sanquin Oy
- Chair Executive Board PIBe



Ms. D.C. Thijssen-Timmer (1975)

Main position

Member Executive Board Sanquin Blood Supply
Director of the Blood Bank

Side activities:

- Member Advisory Board of TRIP Foundation
- Member Committee of Experts on Blood Transfusion of the EDQM (European Directorate on the Quality of Medicines) of the Council of Europe
- Member TS 093 Plasma Supply Management working party of the EDQM of the Council of Europe
- Member of the Executive Council of the European Blood Alliance

Amsterdam, May 2019
Executive Board

REPORT OF THE SUPERVISORY BOARD

Composition

In 2018, the Supervisory Board comprised:

- Prof. FC Breedveld PhD (chair)
- Ms. K. Bergstein MSc MBA (vice chair and audit committee chair)
- Mr. M.J.W. Bontje (quality committee chair)
- Prof. C.G. Figdor PhD
- Mr. A.K. Lahr MSc (member audit committee)
- Mr. D.E. de Vreeze MSc (quality committee member)
- Mr. O. Dijkstra (secretary) until 1 October 2018
- Ms. M. Mulder from 1 October 2018

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 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 nine times in 2018, of which five times in person and four times by telephone. Additional meetings were held on strategic dossiers. In addition, members of the Supervisory Board have individual contact with members of the Executive Board and Sanquin employees. On 22 November 2018, a representative of the Council spoke to Sanquin's Participation Council about the general course of affairs within the organization.

In the presence of the external accountant, financial statements, the 2017 annual report, the 2017 annual accounts and the auditor's

certificate were discussed and adopted. The Supervisory Board approved the policy plan, the budget for 2019 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 2018. In 2018, extra attention was also given to the implementation of the General Data Protection Regulation, and the further development of a good risk management system and IT security risk management in particular.

The quality committee, comprising members Bontje and De Vreeze, which supervises the operation of the internal quality improvements, met once in 2018. The quality reports have been discussed with the Corporate Support Staff Quality Officer.

Composition

In 2018, the Supervisory Board comprised six members, of whom five were male and one female. The members have various backgrounds and, in terms of diversity, are in keeping with Sanquin's various activities. The chairman, Mr. Breedveld, retired at the end of 2018 and will be succeeded by Ms. Bergstein. The Board also welcomed Mr. Pols who will join the Board as of March 2019. With Mr. Pols' background, the Supervisory Board secures its medical knowledge, connecting with the Blood Bank's most important customers, hospitals. The Board strives for a balanced mix between private and public background, so there is a good representation in keeping with Sanquin's hybrid character.

Currently, 20% of Sanquin's executive management comprises women. We aim for a percentage of at least 30%. >>

New developments

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

• Strategy

The Executive Board and the most important business managers discussed Sanquin's strategy during an off-site meeting in the summer. Partly because of the strategic choice to explore the possibility of finding a partner for the plasma activities, extensive consideration has been given to the new campus vision. The Supervisory Board is pleased that together with a broad delegation from the company, it has taken time to consider strategy formation. The subject has regularly been on the agenda at subsequent meetings.

As part of the de-risking program, the private departments were reviewed and the Supervisory Board agreed to look for a strategic partner for the Plasma activities. The Supervisory Board notes that the risks associated with the private entities have been identified, including the dependence on a number of large clients.

• Finance

The financial performance of all Sanquin Blood Supply Foundation entities have been discussed at length. The positive results from 2018 mean that a financial buffer has been built up. However, the one-off nature of some components of the result means that changes are needed for the future. The Supervisory Board is pleased with the initiative to achieve additional savings and will monitor progress in 2019.

The budget and strategic developments at Sanquin Plasma Products and Plasma Industries Belgium were also regularly discussed in connection with significant changes in the relationship with one of its major customers. These changes have a significant financial impact on both plasma entities and on Sanquin as a whole.

• Risks

Both in the Audit Committee and in the Supervisory Board meetings extensive consideration was given to the risks relevant to Sanquin. In addition to strategic risk (dependence on a limited number of large customers), an analysis of the most important risks was presented, and management provided an estimate and mitigating measures.

• Governance

Because of changes to Sanquin's legal structure, changes to various governance documents, including the Sanquin Governance Code and the Regulations of Sanquin's Executive Board and Supervisory Board, were discussed in 2018. The Supervisory Board expects the new versions of the governance documents to be finalized in early 2019.

• Privacy

On 25 May 2018, the General Data Protection Regulation entered into force. In this context, the Supervisory Board discussed the need for an adequate level of security and privacy measures within Sanquin.

• Innovation BV ("Sanquinnovate")

The Supervisory Board has agreed to several collaborations and participations set up by Sanquinnovate in 2018. The participation involves connecting with local subsidy and innovation initiatives, where the collaborations often focused on attracting complementary knowledge in order to develop or exploit certain Sanquin knowledge.

At the meeting, several innovation initiatives were presented, including serum eye drops. The Supervisory Board stimulates innovation and encourages a closer scrutiny of the knowledge transfer of the activities of the research division.

• Food and Drug Administration (FDA)

In mid-2018, the Supervisory Board was informed of a positive outcome of the regular FDA inspection carried out in early 2018. Both the plants in the Netherlands and Belgium passed the FDA inspection, indicating great performance.

• Reappointment of members of the Supervisory Board

Mr. Breedveld's second term of office expired on 31 December 2018, and he was not eligible for reappointment.

Prospects

- The Supervisory Board has asked the Executive Board to further develop the scenario for SPP without a new strategic partner.
- Discussions with potential strategic partners will continue in 2019. In its considerations, the Supervisory Board will place the future of Sanquin's public function of national blood supply at the center of its considerations.

Evaluation

The Supervisory Board has evaluated its own functioning and concluded 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 Supervisory Board has considered the maturities of the various members and will come forward with a proposal to ensure continuity in 2019.

The commitment and efforts made by donors have again enabled the quality, safety and, availability of blood products in 2018. The Supervisory Board is very grateful to all donors and Sanquin employees for their commitment in 2018 and the way in which they have jointly realized Sanquin's objectives.

Amsterdam, May 2019
Supervisory Board

Side activities of the members of the Supervisory Board

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



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:

- Chairman Medical Delta
- Chair Supervisory Board Nij Smellinghe Hospital
- Chair Board of Xenia (Youth Hospice)
- Member Supervisory Board of Spaarne Gasthuis
- Member Supervisory Board of the Dutch Primate Center
- Member Board of the Bontius Foundation



M.J.W. Bontje (1954)

Appointed on 1 June 2013, retiring on 1 June 2021, not eligible for reappointment.

Main position:

Owner Bontje Advice and Management

Side activities:

- Chair InEen
- Chair Supervisory Board of Breburg
- Chair Supervisory Board of Rivas
- Member Supervisory Board Excen
- Chair St. Pand Hospice Nieuwegein

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 Executive Board of ASR Nederland N.V. (until 1 February 2019)

Side activities:

- Member Supervisory Board of Utrecht University
- Member Supervisory Board a.s.r. Bank N.V.



Prof. C.G. Figdor (1953)

Appointed on 1 June 2013, retiring on 1 June 2021, not eligible for reappointment.

Main position:

Professor of Immunology, Radboud University Medical Center, Nijmegen

Side activities:

- Member Health Council of the Netherlands
- Member Scientific Council of Kika
- Member NKI Advisory Board
- Initiator of "Wetenschapsknooppunt Radboud Universiteit"
- Group leader Oncode Institute



Mr. D. de Vreeze (1967)

Appointed on 13 October 2016, retiring on 13 October 2020, eligible for reappointment

Main position:

Member of the Executive Board of Royal DSM N.V.

Side activities:

- Chair Supervisory Board of DSM Netherlands
- Board member CEFIC (European Chemical Industry Council), Chair Sustainability Advisory Forum
- Board member "Fund for the top sport" (NOC*NSF)
- Board member ChemicaInvest
- Member Advisory Board of ECP (Electronic Commerce Platform Netherlands)
- Board member Young Captain Netherlands Foundation
- Board member DSM Sinochem Pharmaceuticals (DSP) until 1 November 2018

Mr. A.K. Lahr (1968)

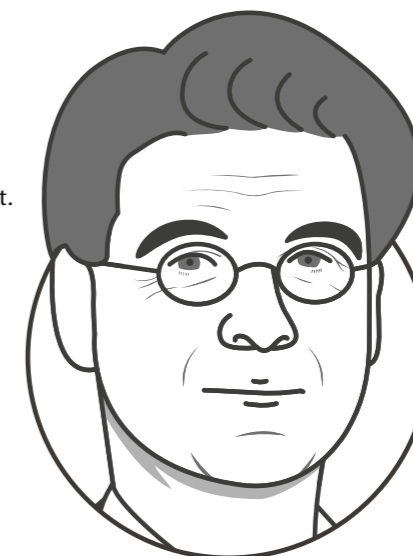
Appointed on 1 July 2013, retiring on 1 July 2021, not eligible for reappointment.

Main position:

CEO of Kiadis Pharma

Side activities:

None



**2018:
a year with good
financial results**

ANNUAL REPORT 2018

PART 3 ANNUAL ACCOUNTS

CONSOLIDATED ANNUAL ACCOUNTS

Consolidated balance sheet as at 31 December 2018 (before appropriation of result)

		31 December 2018		31 December 2017		
		(x € 1,000)	Ref.	€	€	€
ASSETS						
Fixed assets						
Intangible fixed assets	6	894		-		
Tangible fixed assets	7	151,609		162,706		
Financial fixed assets	8	231		2,250		
			152,734		164,956	
Current assets						
Inventory	9	169,267		160,330		
Accounts receivable	10	85,625		80,934		
Cash and cash equivalents	11	86,826		58,283		
			341,718		299,547	
			494,452		464,503	
LIABILITIES						
Group equity						
	13	379,762		331,051		
			379,762		331,051	
Provisions						
	14		10,132		9,271	
Long-term liabilities						
	15		12,180		14,286	
Current liabilities						
	16		92,378		109,895	
			494,452		464,503	

Consolidated profit and loss account for 2018

		2018		2017		
		(x € 1,000)	Ref.	€	€	€
Net turnover	20	448,066		433,192		
Changes in inventory of finished product and work in progress		6,824		17,196		
Other operating income	21	45,526		19,683		
Total operating income			500,416		470,071	
Costs of raw materials and consumables						
		78,464		96,304		
Salaries and wages	22	165,773		165,019		
Social security contributions, including pensions	22	37,537		35,722		
Depreciation charges	26	28,551		28,755		
Other operating expenses	27	129,136		129,599		
Total operating expenses			439,461		455,399	
Operating result			60,955		14,672	
Interest income						
	29		528		167	
Interest expenses						
	29		-626		-698	
Results from financial fixed assets						
	29		-		-333	
Results before taxes			60,857		13,808	
Taxes						
	31		-12,196		-2,992	
Result from participating interests						
	32		50		-	
RESULT AFTER TAXES			48,711		10,816	

Consolidated cash flow statement for 2018

		2018		2017	
	(x € 1,000)	Ref.	€	€	€
CASH FLOW FROM OPERATIONS					
Operating result			60,955		14,672
<i>Adjustments for:</i>					
Depreciation and amortization			28,626		28,626
Book profit/(loss) sale of tangible fixed assets			-62		-27
Changes in provisions			3,591		556
			32,108		29,155
<i>Change in working capital:</i>					
Increase/decrease in inventory			-8,937		-8,134
Increase/decrease in receivables			-25,066		13,901
Increase/decrease in current liabilities			-8,387		-18,002
			-42,390		-12,235
Cash flow from operations			50,673		31,592
Other changes in the consolidation			-		-333
Interest received			39		167
Corporate income tax			-942		-8,866
Interest and bank interest paid			-626		-698
Result from participating interests			50		-
			-1,479		-9,730
Cash flow from operations			49,194		21,862
CASH FLOW FROM INVESTMENTS					
Investments in intangible fixed assets			-894		-19,065
Investments in tangible fixed assets			-17,501		-19,065
Disposals of tangible fixed assets			81		156
Investments in financial fixed assets			-231		375
Cash flow from investments			-18,545		-18,534
			30,649		3,328
CASH FLOW FROM FINANCING					
Transfer to long-term liabilities			750		-
Repayment of long-term liabilities			-2,856		-3,251
Cash flow from financing			-2,106		-3,251
Net cash flow			28,543		77
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	11		28,543		77

The flow of funds is as follows:

		2018		2017	
	(x € 1,000)		€	€	€
As at 1 January			58,283		58,206
Change in financial year			28,543		77
BALANCE AS AT 31 DECEMBER			86,826		58,283

Notes to the consolidated balance sheet and profit and loss account

1. General explanation

1.1 Activities

Sanquin's activities concern the manufacture and supply of long and short shelf-life blood products in the Netherlands, the EU and the United States of America as well as blood testing on behalf of third parties. Sanquin also carries out subsidized 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.

Sanquin Blood Supply Foundation has its registered office and principal place of business 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 Sanquin Blood Supply Foundation 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 of the Dutch Civil Code is required, the notes to the relevant items explain the nature of these opinions and estimates, including the associated assumptions.

1.4. Consolidation

The consolidation contains the financial data regarding Sanquin Blood Supply Foundation, 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 Sanquin Blood Supply Foundation can exercise dominant control, either directly or indirectly, as it has the majority of the voting rights in 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 data is also taken into account.

Sanquin Blood Supply Foundation 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 third-party stakes in the group equity and in the group result are mentioned separately.

Where it has a participating interest in a joint venture, the interest concerned is consolidated proportionally. A joint venture is deemed to exist when, as a result of a joint venture agreement, control is exercised jointly by the participants.

Intragroup transactions, intragroup results and intragroup receivables and debts owed between group companies and other entities included in the consolidation are eliminated. Unrealized losses on intragroup transactions are also eliminated unless there is an impairment. Where necessary, accounting policies 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:

- Sanquin Blood Supply Foundation, Amsterdam, the Netherlands
- Sanquin Holding BV, Amsterdam, the Netherlands (100%)
- Sanquin Plasma Products BV, Amsterdam, the Netherlands (100%)
- Sanquin Reagents BV, Amsterdam, the Netherlands (100%)
- Sanquin Diagnostiek BV, Amsterdam, the Netherlands (100%)
- Sanquin Innovatie 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%)
- SanSepsis BV, Amsterdam, the Netherlands (50%)

On 19 June 2018, SanSepsis BV was incorporated; Sanquin Innovatie BV holds a 50% participating interest in it. Consequently, as from financial year 2018, 50% of the financial data of SanSepsis BV is included in the consolidation.

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1.5. Application of Section 402 of Book 2 of the Dutch Civil Code

Since the profit and loss account for 2018 of Sanquin Blood Supply Foundation has been included in the consolidated annual accounts, limited notes to the balance sheet and profit and loss account will suffice in the corporate annual accounts. In order to promote transparency for the user of the annual accounts, a full income statement is presented in the corporate annual accounts.

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 also 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 capitalized 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. Where the amount of 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; deconsolidation will take 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 and cash equivalents. 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 recognized 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 of the Dutch Civil Code and the firm statements of the Annual Reporting Guidelines, published by the Dutch Accounting Standards Board. The annual accounts have 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 references refer to the notes.

2.2 Comparison with the preceding year

The accounting policies have not changed since last year.

2.3 Foreign currencies

2.3.1 Functional currency

The items included in the annual accounts of the group companies are valued having regard to the currency of the economic environment in which that group company is primarily active (the functional currency). The consolidated annual accounts have been drawn in euros – being 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 recognized 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

Sanquin Blood Supply Foundation 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 recognized as operational leasing. Liabilities arising from operational leasing are recognized 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

Intangible fixed assets are recognized at acquisition price less amortization. Impairments are taken into account; this is the case if the net book value of the asset (or of the cash-flow generating entity to which the asset belongs) is higher than its realizable value.

To determine whether an intangible asset is impaired, 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 disposals of group companies are capitalized and amortized on a straight-line basis for their estimated useful lives.

Negative goodwill is released to the profit and loss account when expenses and losses occur, if these have been taken into account in the accounting of the acquisition and these expenses and losses can be measured reliably. If expected expenses or losses are not taken into account, the negative goodwill is released in accordance with the weighted average of the remaining life of the amortizable assets acquired. Where the negative goodwill exceeds the fair value of the identified non-monetary assets, the excess will be recognized directly 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.

Tangible fixed assets under construction 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 to tangible fixed assets, reference is made to paragraph 3.4.

Other fixed assets are valued at acquisition or manufacturing price plus directly attributable costs, less linear depreciations during the expected future life. The manufacturing cost 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 recognized directly 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 voting rights 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 in so far as Sanquin Blood Supply Foundation in this situation guarantees all or part of the debts of the participating interest, or has the firm intention to enable the participating interest to pay its debts, 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 at this lower value; depreciation will be taken to the profit and loss account.

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3.3.2 Accounts receivable

The accounts receivable recognized under financial fixed assets are initially valued at fair value, less transaction costs (if significant). Accounts receivable are subsequently valued at amortized realizable value. Impairment is directly recognized 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 realizable value of the asset will be established. If it is not possible to establish the realizable value of an individual asset, the realizable 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 its realizable value; the realizable is the realizable value or the value in use, whichever is the higher. Loss due to impairment is recognized directly as an expense in the profit or loss account while simultaneously decreasing the book value of the asset in question.

The realizable value is initially derived from a binding sale contract; in the absence of this, the realizable value is calculated on the basis of the active market, whereby it is usual for the current offer price to be taken as the market price. To calculate the value in use, an estimate is made of future net cash flows on the basis of continued use of the asset / cash-flow generating entity; these cash flows are then discounted at a discount rate of 2% (2017: 2%). The discount rate does not reflect risks that have already been taken into account in the future cash flows.

If it is established that an impairment that was recognized in the past no longer exists or has decreased, then the increased book value of the assets will not be set any higher than the book value that would be set if no impairment of the asset had been recognized.

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

In the case of financial assets valued at amortized cost, the amount of the impairment will be calculated as the difference between the asset's book value and the best estimate of future cash flows discounted at its

effective interest rate as determined at the time of initial recognition of the instrument. The impairment previously recognized will be reversed if the decrease in value relates to an objective event occurring after the impairment was recognized.

The reversal will be limited to the amount needed to value the asset at amortized cost price at the time of reversal, if no impairment would have occurred. The reversal of the loss is taken to the profit and loss account.

3.5 Inventory

3.5.1 Raw materials, consumables and semi-finished products

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 costs, or the market value, if lower. Obsolete inventory is valued at nil, where necessary.

The market value is the estimated sales price less directly attributable sales expenses. In determining the market value, obsolescence of inventory is taken into account.

3.5.2 Finished goods and goods for resale

The finished products 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 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 subjected to fractionation or the semi-finished products for any contract manufacturing work in progress is supplied by the contracting party and remains property of the contracting 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 recognized 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 amortized 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 accounts 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 recognized under debts to credit institutions, under current liabilities. Cash and cash equivalents are valued at nominal value.

3.8 Provisions

3.8.1 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.

3.8.2 Employee provisions

The employee provisions consist of obligations with regard to reorganizations, one-off performance bonuses, anniversary bonuses, continued salary payment for employees who have a long-term illness, and other employee claims.

3.8.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for temporary differences between the value of the assets and liabilities according to tax rules 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 already determined by law.

Deferred tax assets under deductible differences and available loss carried forward are recognized 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 recognized 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.

3.9 Liabilities

Liabilities are valued at fair value when first recognized. 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 amortized cost. The portion of the long-term liabilities that is redeemed in the coming financial year will be recognized under current liabilities.

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4. Principles for the determination of results

4.1 General

The result is determined as the difference between the net realizable value of the goods provided / services rendered and the costs and other expenses during the year. The result of transactions is recognized in the year in which it is realized; losses can be realized as soon as they are foreseeable. Costs are allocated to the year to which they relate.

4.2 Revenue recognition

4.2.1 Sale of goods

The revenues from the sale of goods are recognized 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 from rendered services are recognized 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 from 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 Other operating income

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

4.5 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 market value and any provisions made for obsolete inventory.

4.6 Payments to staff

4.6.1 General

Payments to staff (wages, salaries, social insurance contributions, etc.) are recognized in the profit and loss account. For further details, please refer to the relevant notes.

4.6.2 Remunerations payable regularly

Wages, salaries, social insurance contributions and pension contributions payable pursuant to the terms and conditions of employment, are recognized in the profit and loss account insofar as they are due to the employees or the tax authority.

4.6.3 Pensions

In the Netherlands, Sanquin Blood Supply Foundation uses the services of Pensioenfonds Zorg & Welzijn for its pension scheme. The employees eligible to join this scheme will be entitled, at retirement 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 born 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 2018, the policy funding ratio of the pension fund was 97.5% (source: website, dated 11 March 2019). The pension fund should have a policy funding ratio of at least 104.3% to avoid the implementation of exceptional increases in contributions. Sanquin has a defined benefit scheme and therefore 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 has only recognized the contributions due until the end of the financial year as an expense in the profit and loss account.

Pre-paid contributions will be recognized as prepayments and accrued income if this results in a repayment or in a reduction of future payments. Any unpaid contributions shall be recognized as a liability in the balance sheet. The pension schemes of foreign subsidiaries that are comparable in organization and function to the Dutch pension system are also recognized 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 actuarial valuation method that is generally accepted in the Netherlands.

4.7 Amortization of intangible assets

Intangible assets are amortized over their estimated useful lives. If there is a change in the estimate of the useful life, the future amortization is adjusted. Book profits and losses from the incidental sale of intangible assets are included in depreciation and amortization.

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. There is no depreciation in respect of land and buildings and tangible fixed assets under construction. If the estimate of their economic life changes, the future depreciation is adjusted accordingly. Book profits and losses on any non-recurrent sale of tangible fixed assets are recognized under depreciation.

4.9 Government grants

Operating subsidies are recognized as income in the profit and loss account in the year in which the subsidized costs are incurred or income is lost, or when a subsidized operating deficit has occurred. Income is recognized when it is likely to be received.

4.10 Financial income and expenditure

4.10.1 Interest income and interest payable

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. Recognition of the interest payable takes account of the recognized transaction costs relating to loans received.

4.10.2 Exchange differences

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

4.10.3 Dividend

Dividend to be received from participating interests and securities not valued at net asset value are recognized as soon as Sanquin has acquired the right to them.

4.11 Taxes

Taxes on the result are calculated on the results before taxes in the profit and loss account, taking into account available, tax-compensatable losses from previous financial years (insofar as not included in deferred tax assets), exempt profit elements, tax investment facilities, and after addition of non-deductible costs. Changes to deferred tax assets and deferred tax liabilities by virtue of changes to the applied tax rate are also taken into account.

4.12 Result from participating interests (valued at net asset value)

The result is the amount by which the book value of the participating interest has changed since the previous annual accounts, as a consequence of the result achieved by the participating interest, insofar as this is attributed to the company.

5. Financial instruments and risk management

5.1 Market risks

5.1.1 General

Sanquin Blood Supply Foundation is exposed to various financial risks: price risk (including currency risk, market risk and interest and cash flow risk), 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

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

5.1.3 Currency risk

Sanquin Blood Supply Foundation is primarily active in the European Union and the United States of America. If significant long-term supply obligations are assumed, price agreements are in principle made in euros, even if a product is supplied to countries outside the European Union.

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

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5.1.4 Interest and cash flow risk

Sanquin Blood Supply Foundation 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

Sanquin Blood Supply Foundation does not have any significant concentrations of credit risk. Short shelf-life blood products are sold to Dutch hospitals. Long-life blood products are only sold to buyers that meet Sanquin's credit rating requirements. Sanquin Plasma Products realizes a large part of its contract manufacturing turnover in a limited circle of business contacts. Credit ratings for these business contacts do not give any cause for hedging this credit risk with financial instruments. The other companies in the Sanquin group do not have any significant concentrations of credit risk either. Products are sold primarily to Dutch hospitals or to buyers that meet Sanquin's credit rating requirements. 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 pre-payments and guarantees, or credit insurance policies are taken out.

5.3 Liquidity risk

Sanquin Blood Supply Foundation 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 credit facilities made available. Since 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 21 December 2018, Sanquin Innovatie BV acquired 25% of the shares of mu-Drop BV for an amount of € 1.0 million. The difference between the acquisition price and the net asset value of mu-Drop BV was recognized as goodwill on the balance sheet in 2018 and will be amortized on a straight-line basis over a period of 10 years as of financial year 2019.

The changes in intangible fixed assets are as follows:

	Goodwill
(x € 1,000)	€
Balance as at 1 January 2018	-
Purchase of shares in mu-Drop BV	894
Amortization of goodwill for the current financial year	-
BALANCE AS AT 31 DECEMBER 2018	894

7. Tangible fixed assets

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 2018					
Acquisition prices or manufacturing costs	134,689	253,686	5,719	13,894	407,988
Cumulative depreciations	-59,756	-180,707	-4,819	-	-245,282
Net book value	74,933	72,979	900	13,894	162,706
CHANGES					
Investments	5,303	10,395	41	1,095	16,834
Reclassification of investments	41	8,863	-	-8,904	-
Disposals	-603	-2,678	-337	-	-3,618
Reclassification of depreciation	-	667	-	-	667
Depreciation	-7,009	-21,144	-370	-	-28,523
Depreciation of sales	-	-28	-	-	-28
Depreciation of disposals	556	2,678	337	-	3,571
Balance	-1,712	-1,247	-329	-7,809	-11,097
BALANCE AS AT 31 DECEMBER 2018					
Acquisition prices or manufacturing costs	139,430	270,266	5,423	6,085	421,204
Cumulative depreciation	-66,209	-198,534	-4,852	-	-269,595
NET BOOK VALUE	73,221	71,732	571	6,085	151,609
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 recognized as 'Land and buildings', 'Plant and equipment' or 'Other tangible fixed assets'. The associated write-off of 'Tangible fixed assets under construction' is visible as a negative amount under 'Reclassification of investments'.

In financial year 2018, the depreciation costs on buildings were positively influenced by € 2.0 million thanks to a correction to the depreciation costs from previous years at Plasma Industries Belgium CVBA. The correction results from the conversion of the valuation of

tangible fixed assets under Belgian GAAP to the valuation based on the legal provisions of Title 9 of Book 2 of the Dutch Civil Code as applied in the consolidated figures.

The assets are at Sanquin's free disposal.

The current value of the tangible fixed assets does not deviate significantly from the net asset value.

In 2018, the investments in tangible fixed assets exceeding € 1.0 million were:

	Investments in tangible fixed assets
(x € 1,000)	€
Emergency power supply	2,790
Temporary accommodation at Plesmanlaan 125, building ZK	1,626
Purchase of building at De Tyraslaan 75	2,985

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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 1 January 2018	-	2,250	2,250
Investments	231	-	231
Result from participating interests	-	-	-
Addition of unrecovered repayments and interest	-	480	480
Provisions	-	-2,730	-2,730
BALANCE AS AT 31 DECEMBER 2018	231	-	231

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 (GVHD).

Sanquin's shareholding fell from 34.05% to 18.54% as a result of the issue of extra shares. As a result of this reduction in the shareholding, the legal presumption of a participating interest has lapsed. However, as of July 2018, Sanquin has been represented on the board of Xenikos BV, on the basis of which there is significant actual control. Consequently, Xenikos BV is regarded as a participating interest in the annual accounts.

Due to the negative equity of Xenikos as at 31 December 2018, Sanquin's shareholding was written down completely. The diluted profits resulting from the new share issue do not lead to positive results for participating interests due to the write-down. The suretyship of € 3.3 million provided by Sanquin Holding BV for the obligations of Xenikos under an innovation credit in favor of Xenikos lost its effect on 20 June 2018.

On 21 December 2018, Sanquin Innovatie BV acquired 25% of the shares of mu-Drop BV. mu-Drop BV has a patented technology to put microdrops in the eye with an applicator developed for that purpose. Sanquin Blood Bank has started working together with mu-Drop to develop, manufacture and distribute serum eye drops in the Netherlands for use in patients with extremely dry eyes. mu-Drop BV is valued as a participating interest according to the net asset value in Sanquin's annual accounts.

On 4 July 2018, Sanquin Innovatie BV acquired 6.25% of the shares in Innovatiefonds Noord-Holland BV. The objective of this innovation fund is to make funding

available to small and medium-sized enterprises in order to stimulate (innovative) projects. In addition to the paid-up share capital, Sanquin has the obligation to make available another € 0.4 million. The participating interest in Innovatiefonds Noord-Holland BV is valued at acquisition price in Sanquin's annual accounts.

Loans provided

The financial fixed assets include a loan of € 3.75 million that was extended to Stichting Medisch Centrum Slotervaart (MCS) in 2014. 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%. As of December 2017, the loan has been subordinated to the bank loan taken out in 2018 by MCS.

Because the Slotervaartziekenhuis went bankrupt in 2018, the income of MCS has been structurally reduced. MCS has informed us that is no longer able to meet its obligations under its bank covenant and therefore will not be able to meet its obligation to repay the loan and interest in 2018. In view of the subordinated status of the loan and the great uncertainty in the operation, coupled with MCS's obligations under the bank covenant, Sanquin believes there is a high risk that the loan will not be repaid. As a result, a provision was created for the entire loan amount outstanding at year-end 2018.

9. Inventory

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Raw materials, consumables and semi-finished products	104,002	106,578
Work in progress under contract manufacturing	25,855	28,124
Finished goods and goods for resale	39,410	25,628
	169,267	160,330

In the context of obsolete inventory, the value of the inventory was adjusted downward by € 15.5 million (2017: € 26.6 million) and the value of finished goods and semi-finished products was adjusted downward by € 0.7 million (2017: € 0.6 million) as a result of changes in raw materials prices. The downward adjustment for obsolete inventory is based on the actual rejection of products in 2018, that is projected to inventory at year-end, and includes the actual blocked inventory at the end of 2018. The downward adjustments are deducted from inventory value at the balance sheet date.

The inventory valued at a lower realizable value has a book value at the balance sheet date of € 5.6 million (2017: € 3.2 million).

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 plasma that requires a fractionation process or the semi-finished products. 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 recognized as work in progress.

10. Accounts receivable

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Trade accounts receivable	58,757	66,617
Taxes and social security contributions	11,182	7,216
Other receivables, prepayments and accrued income	15,686	7,101
	85,625	80,934

The fair value of the accounts receivable approximates to 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

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Trade accounts receivable	59,705	67,264
Provision for doubtful debts	-948	-647
	58,757	66,617

Taxes and social insurance contributions

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Turnover tax	11,182	7,062
Corporate income tax	-	154
	11,182	7,216

Other receivables, prepayments and accrued income

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Security deposits	182	155
Prepaid expenses	2,312	1,829
Repayment obligations 2019	-	375
Income yet to be received	13,192	4,742
	15,686	7,101

The increase in the balance of 'Accrued income' is mainly explained by an opposite decrease in the balance of 'Trade accounts receivable'.

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 is comprised as follows:

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Cash	36	49
Bank balances	62,281	53,747
Deposits	24,483	4,487
Other	26	-
	86,826	58,283

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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 2018. 'Investments in financial fixed assets' recognizes the investments in Innovatiefonds Noord-Holland BV and mu-Drop BV.

The funding raised by PIBe in 2018 is recognized under 'Addition to long-term liabilities'. The annual repayment on the long-term loan with ABN AMRO Bank NV is included under 'Repayment of long-term liabilities'.

13. Group equity

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

14. Provisions

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Deferred taxes	4,258	4,618
Employee provisions	5,291	4,185
Other provisions	583	468
	10,132	9,271

Changes in the provisions are as follows:

	Deferred taxes	Employee provisions	Other provisions	Total
(x € 1,000)	€	€	€	€
Balance as at 1 January 2018	4,618	4,185	468	9,271
Additions	-	2,739	125	2,864
Withdrawal	-360	-1,633	-10	-2,003
BALANCE AS AT 31 DECEMBER 2018	4,258	5,291	583	10,132

The provisions qualify for € 4.3 million (2017: € 2.9 million) as current (under one year) and € 5.8 million (2017: € 6.4 million) as long-term (over one year) liabilities.

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 (over one year) provision.

Employee provisions

As at 31 December 2018, employee provisions consist of obligations relating to reorganizations, one-off performance bonuses, anniversary bonuses, continued salary payment to employees with a long-term illness and other employee claims.

The addition of € 2.7 million to the employee provisions includes € 0.4 million from the reorganization provision in the context of the Luna reorganization process at Sanquin Plasma Products. The Continuous Social Plan, drawn up in consultation with the trade unions and in force for all reorganizations within Sanquin since 2015, applies to this reorganization.

Other provisions

The other provisions have been created for pending claims and legal disputes and can be regarded as current (under one year) provision.

15. Long-term liabilities

	Liabilities to credit institutions	Gothia Estate NV
(x € 1,000)	€	€
Balance as at 1 January 2018	14,286	-
Addition for the current financial year	-	1,750
Repayment obligation for the next financial year	-2,856	-1,000
BALANCE AS AT 31 DECEMBER 2018	11,430	750

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 by quarterly instalments. In respect of this loan, Sanquin has furnished security in the form of rights of mortgage and pledged receivables. In addition to Sanquin Blood Supply Foundation, its group companies (Sanquin Holding BV, Sanquin Plasma Products BV, Sanquin Reagents BV, Sanquin Diagnostiek BV, Sanquin Innovatie BV and Euroclone BV) are jointly and severally liable for this loan. Sanquin meets all covenants associated with the loan.

In 2018, PIBe raised financing of € 1.8 million from Gothia Estate NV for the purchase of an office building. This loan has a 2-year term and the interest payable is 1.16%. The loan will be repaid in two instalments, € 1.0 million in 2019 and € 0.8 million in 2020. PIBe provided security for this loan in the form of a mortgage right.

In addition to the existing loans, Sanquin agreed on a credit facility of € 8 million maximum with a lending institution. This facility was not used in 2018.

	Balance as at 31 December 2018	Repayment obligation 2019	Remaining term > 1 year	Remaining term > 5 years
(x € 1,000)	€	€	€	€
Other	1,750	1,000	750	-
Liabilities to credit institutions	14,286	2,856	11,430	-
BALANCE AS AT 31 DECEMBER 2018	16,036	3,856	12,180	-

Repayment obligations within 12 months of the close of the financial year as explained above are recognized under 'current liabilities'.

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

16. Current liabilities

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Repayment obligations	3,856	2,857
Trade creditors	21,717	18,099
Taxes and social security contributions	19,641	8,094
Pension contributions	738	2,541
Salaries and holiday allowance	26,931	26,150
CMO partners	-	25,914
Research funds received in advance	2,486	4,112
Other liabilities and accrued expenses	17,009	22,128
	92,378	109,895

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

Taxes and social insurance contributions

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Social security contributions	124	421
Payroll tax	7,701	7,673
Corporate income tax	11,816	-
	19,641	8,094

CMO partners

This item recognizes the current liability element of the long-term CMO loan. The CMO loan is settled in full in 2018.

Other liabilities, accruals and accrued expenses

The decrease in other liabilities and accrued expenses is chiefly explained by a parallel increase in the Trade creditors.

17. Off-balance sheet assets and liabilities

Investment obligations

As at the balance sheet date, Sanquin and its group companies have assumed investment obligations amounting to € 10.1 million. These are investments in accommodation, process equipment for the manufacturing of plasma products and laboratory equipment. The investment obligations have a term of less than one year.

Operational leasing

Sanquin leases donor centers in many different locations. The annual liability under these leases amounts to € 4.4 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 obligation amounting to € 1.2 million. Leases have a maximum term of 6 years.

The obligations from operational leasing at the end of the financial year can be specified as follows:

	31-12-2018
(x € 1,000)	€
To pay within one year	5,598
To pay between one and five years	12,709
To pay after five years	5,866
	24,173

The total of the expected future minimum sub-lease revenue to be received in respect of sub-leases that cannot be terminated early amount to € 0.1 million.

During the year under review, the following amounts were recognized in the profit and loss account:

	31-12-2018
(x € 1,000)	€
Minimum lease payments	6,237
Minimum lease payments including other components	1,504
Sub-lease receipts	-25
	7,716

If the reported lease payments include payments relating to other components of the agreement, the payments including these other components are reported separately.

Ground-lease obligations

For the use of the land at Plesmanlaan 125, Sanquin Blood Supply Foundation and Sanquin Holding have entered into ground leases for a term ending at the end of 2031. The total minimum obligation under these ground leases is € 0.2 million, of which € 0 million is payable within one year, € 0.1 million between one and five years and € 0.1 million after five years.

For the use of the land at De Tyraslaan 75 and De Tyraslaan 109, PIBe has entered into ground leases for terms ending at the end of 2032 and 2052 respectively. The total minimum obligation under these ground leases is € 5.4 million, of which € 0.2 million is payable within one year, € 0.7 million between one and five years and € 4.5 million after five years.

Bank guarantees and suretyships

Bank guarantees worth € 2.3 million were furnished to various contracting parties.

18. Off-balance-sheet schemes

Notice of liability

For its wholly-owned subsidiaries Sanquin Reagents BV, Sanquin Diagnostiek BV and Euroclone BV, Sanquin Holding issued a notice of liability as referred to in Book 2 Article 403 of the Dutch Civil Code.

Support Letter

For its subsidiary PIBe, Sanquin Holding issued a support letter by which it undertook to provide financial support to the development of activities and the operations of PIBe as a going concern. This support letter remains valid up to the general meeting of shareholders, at which the annual accounts for 2019 will be tabled for approval.

Liability of a tax entity

As of 1 January 2017, Sanquin Holding BV and its wholly-owned Dutch subsidiaries have been a tax entity for the purposes of corporate income tax. Sanquin Holding BV passes on corporate income tax on the basis of the corporate fiscal result, with due observance of an allocation of the benefits of the tax entity to the various entities that form part of it. The Foundation forms a tax entity with its wholly-owned Dutch subsidiaries, with the exception of Euroclone BV, for the purposes of turnover tax (VAT). The entities within the tax entity are each jointly and severally liable for the tax payable by the tax entity.

19. Post-balance sheet events

On 4 March 2019 Sanquin Innovatie BV, together with a research partner, incorporated Alveron Pharma BV, in which Sanquin Innovatie BV holds a 50% participating interest. The object of this new entity is to research and develop pharmaceutical products for treating hemorrhages related to the use of anticoagulants. On 27 March 2019 and 15 May 2019, new shares were issued to attract new investors in Alveron Pharma BV, as a result of which the participating interest of Sanquin Innovatie BV fell from 50% to 24% and 19.05% respectively.

There are no other post-balance sheet events.

Notes to the profit and loss account

20. Net turnover

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

	2018	2017
(x € 1,000)	€	€
The Netherlands	219,820	219,472
Outside the Netherlands	228,246	213,720
	448,066	433,192

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

	2018	2017
(x € 1,000)	€	€
Blood Bank Turnover	128,068	125,833
Plasma products Turnover	276,092	264,148
Diagnostics Turnover	21,461	21,157
Reagents Turnover	16,009	15,250
Research Turnover	6,403	6,144
Other activities Turnover	33	660
	448,066	433,192

21. Other income

	2018	2017
(x € 1,000)	€	€
CMO partners' contribution to compliance costs	583	4,426
Licensing and product development income	16,817	10,038
Reimbursement of VAT paid in excess in previous years	7,762	-
Other operating income	20,364	5,219
	45,526	19,683

The decrease in the contribution of CMO partners is thanks to one-off projects co-financed with partners having been completed.

The proceeds relating to reimbursement of VAT concern a settlement made with the Dutch Tax Authorities, relating to VAT returns predating financial year 2018.

The increase in other income is chiefly explained by the non-recurring income of € 7.5 million from the sale of distribution rights for and the cancellation of part of the CMO loan amounting to € 4.9 million.

22. Salaries and wages

	2018	2017
(x € 1,000)	€	€
Salaries and wages	165,773	165,019
Social security contributions	25,896	24,639
Pension costs	11,641	11,083
	203,310	200,741

23. Average number of employees

An average of 2,702 employees were in service during 2018 based on a full-time employment relationship (2017: 2,706). Of this number, 316 were employed abroad (2017: 330).

	2018	2017
Blood Bank Division	769	762
Research Division	242	264
Support staff	391	385
Tissues & Cells Business Unit	7	12
Total Sanquin Blood Supply Foundation	1,409	1,423
Sanquin Plasma Products BV	710	709
Sanquin Diagnostiek BV	181	181
Sanquin Reagents BV	72	63
Sanquin Innovatie BV	14	-
Plasma Industries Belgium CVBA	307	321
Sanquin Oy	9	9
SanSepsis BV	-	-
	2,702	2,706

24. Remuneration of the Executive Board

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

25. Remuneration of the Supervisory Board

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

26. Depreciation charges

	2018	2017
(x € 1,000)	€	€
Intangible fixed assets	-	-
Tangible fixed assets	28,551	28,755
	28,551	28,755

In financial year 2018, the depreciation costs on buildings were positively influenced by € 2.0 million thanks to a correction to the depreciation costs from previous years at Plasma Industries Belgium CVBA. The correction results from the conversion of the valuation of tangible fixed assets under Belgian GAAP to the valuation based on the legal provisions of Title 9 of Book 2 of the Dutch Civil Code as applied in the consolidated annual accounts.

27. Other operating expenses

	2018	2017
(x € 1,000)	€	€
Other employee costs	14,249	13,314
Accommodation costs	19,121	19,727
Donor costs	3,685	3,281
Transport costs	7,388	6,340
General costs	84,693	86,937
	129,136	129,599

The other employee and general costs contain an amount of € 0.3 million (2017: € 0.2 million) and € 0.2 million (2017: € 0.2 million) respectively as WBSO grants, which were received for research and development as a contribution to various research projects.

General costs

	2018	2017
(x € 1,000)	€	€
Maintenance costs	16,892	16,218
Information, publicity and sales costs	2,469	4,580
Travel, hotel and entertainment representation costs	3,483	3,219
Office costs	1,005	935
Communication costs	4,062	3,896
IT costs	15,999	17,911
Consultancy/auditor's fee	8,401	9,564
External services costs	7,014	10,835
Project costs	15,258	13,106
Insurance and taxes	2,638	2,516
Currency revaluation costs	54	-199
WBSO grants	-245	-212
Other costs	7,663	4,568
	84,693	86,937

28. Audit fees

The following audit fees have been charged to the result:

	PricewaterhouseCoopers Accountants N.V.	Other PricewaterhouseCoopers Accountants N.V. network	Total PricewaterhouseCoopers Accountants N.V. network
(x € 1,000)	€	€	€
2018			
Auditing the financial statements	340	62	402
Other audit services	150	100	250
Tax consultancy	-	-	-
Other non-audit services	1	-	1
	491	162	653
2017			
Auditing the financial statements	355	82	437
Other audit services	3	-	3
Tax consultancy	-	-	-
Other non-audit services	61	-	61
	419	82	501

The above fees solely relate to work carried out at the company and the group companies included in the consolidation by audit firms and external independent auditors as referred to in Section 1(1) of the Dutch (Supervision of) Audit Firms Act (*Wet toezicht accountantsorganisaties*). These fees relate to invoices received during the year under review.

29. Financial income and expenditure

	2018	2017
(x € 1,000)	€	€
Interest income	528	167
Interest expenses	-626	-698
Income from financial fixed assets	-	-333
	-98	-864

30. Research and development costs

The research and development costs taken as an expense to the result for 2018 amount to € 34.0 million (2017: € 35.6 million).

31. Taxes

As a result of the legal restructuring of the Sanquin group, the commercial activities are carried out only by Sanquin Holding BV and its subsidiaries. The public activities fall under Sanquin Blood Supply Foundation. The Foundation is therefore fully exempt from corporate income tax.

	2018	2017
(x € 1,000)	€	€
Corporate income tax for this financial year	-15,087	-4,311
Corporate income tax for prior financial years	2,530	440
Deferred corporate income tax	361	879
	-12,196	-2,992

Application of the rules determining corporate income tax leads to an expected tax burden for Sanquin Holding BV and its subsidiaries of 25% (2017: 25%) of the result before tax in the profit and loss account. In 2018, the effective tax rate is 20% (2017: 22%). The main cause of the variation is a release of deferred corporate income tax at PIBe, the settlement of corporate income tax returns from previous years and the identification of non-deductible costs from the result before taxes.

32. Result from participating interests

	2018	2017
(x € 1,000)	€	€
mu-Drop BV	-	-
Innovatiefonds Noord-Holland BV	-	-
Xenikos BV	-	-
SanSepsis BV	50	-
	50	-

The result of SanSepsis BV that remains as the result from participating interests after consolidation concerns the positive diluted profit as a consequence of a share premium paid on all shares in the capital of SanSepsis BV by the other shareholder that has a 50% participating interest in the capital. •

CORPORATE ANNUAL ACCOUNTS

Balance sheet as at 31 December 2018 (before appropriation of result)

		31 December 2018		31 December 2017	
(x € 1,000)	Ref.	€	€	€	€
ASSETS					
Fixed assets					
Tangible fixed assets	34	45,302		46,206	
Financial fixed assets	35	305,869		282,644	
			351,171		328,850
Current assets					
Inventory	36	4,101		3,953	
Accounts receivable	37	30,028		30,572	
Cash and cash equivalents	38	50,826		30,781	
			84,955		65,306
			436,126		394,156
LIABILITIES					
Equity					
Foundation capital		1,957		1,957	
Special-purpose reserve	41	7,976		7,976	
Other reserves		321,118		310,302	
Result for the financial year		48,711		10,816	
			379,762		331,051
Provisions					
	42		1,561		2,394
Long-term liabilities					
	43		11,430		14,286
Current liabilities					
	44		43,373		46,425
			436,126		394,156

Profit and loss account for 2018

		2018		2017	
(x € 1,000)	Ref.	€	€	€	€
Net turnover		170,949		169,223	
Changes in inventory of finished product and work in progress		275		-128	
Other operating income		4,309		4,044	
Total operating income			175,533		173,139
Operating expenses					
Costs of raw materials and consumables		27,048		27,040	
Salaries and wages		85,745		84,639	
Social security contributions including pensions		17,828		17,536	
Depreciation of tangible fixed assets		7,099		7,153	
Other operating expenses		40,489		39,779	
Total operating expenses			178,209		176,147
Operating result			-2,676		-3,008
Other income and expenses					
Interest income	46		1,136		2,229
Interest expenses	46		-594		-1,464
Results before taxes			-2,134		-2,243
Taxes					
Taxes			421		440
Result from participating interests	47		50,424		12,619
RESULT AFTER TAXES			48,711		10,816

Cash flow statement for 2018

		2018		2017	
	(x € 1,000)	Ref.	€	€	€
CASH FLOW FROM OPERATIONS					
Operating result			-2,676		-3,008
<i>Adjustments for:</i>					
Depreciation			7,085		7,044
Book profit/(loss) sale of tangible fixed assets			47		-32
Changes in provisions			1,897		425
			9,029		7,437
<i>Change in working capital:</i>					
Increase/decrease in inventory			-148		118
Increase/decrease in receivables			169		-7,716
Increase/decrease in current liabilities			-4,138		9,966
			-4,117		2,368
Cash flow from operations			2,236		6,797
Interest received			1,031		2,229
Corporate income tax			1,506		-1,394
Interest paid			-594		-1,464
Result from participating interests			-		-
			1,943		-629
Cash flow from operations			4,179		6,168
CASH FLOW FROM INVESTMENTS					
Investments in tangible fixed assets			-6,195		-8,036
Disposals of tangible fixed assets			-33		141
Investments in financial fixed assets			24,950		10,776
Cash flow from investments			18,722		2,881
			22,901		9,049
CASH FLOW FROM FINANCING					
Repayment of long-term liabilities			-2,856		-2,857
Cash flow from financing			-2,856		-2,857
Net cash flow			20,045		6,192
INCREASE/DECREASE IN CASH	38		20,045		6,192

Changes in cash and cash equivalents are as follows:

		2018	2017
	(x € 1,000)	€	€
As at 1 January		30,781	24,589
Change in financial year		20,045	6,192
BALANCE AS AT 31 DECEMBER		50,826	30,781

Notes to the balance sheet and profit and loss account

33. General

The company annual accounts were drawn up in accordance with the statutory provisions of Title 9 of Book 2 of the Dutch Civil Code and the firm statements of the Annual Reporting Guidelines, published by the Dutch Accounting Standards Board. The company annual accounts contain only the statutory annual accounts of Sanquin Blood Supply Foundation. Compared with 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.

34. 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 2018					
Acquisition prices or manufacturing costs	53,514	45,375	4,064	5,003	107,956
Cumulative depreciations	-20,409	-37,852	-3,489	-	-61,750
Net book value	33,105	7,523	575	5,003	46,206
CHANGES					
Investments	61	5,123	15	1,178	6,377
Reclassification of investments	-	4,434	-	-4,860	-426
Depreciation	-2,401	-4,441	-243	-	-7,085
Depreciation of sales	-	-14	-	-	-14
Disposals	-532	-2,059	-317	-	-2,908
Depreciation of disposals	532	2,059	317	-	2,908
Reclassification of depreciation	-	244	-	-	244
Balance	-2,340	5,346	-228	-3,682	-904
BALANCE AS AT 31 DECEMBER 2018					
Acquisition prices or manufacturing costs	53,043	52,873	3,762	1,321	110,999
Cumulative depreciations	-22,278	-40,004	-3,415	-	-65,697
NET BOOK VALUE	30,765	12,869	347	1,321	45,302
Depreciation rates	0%-10%	10%-20%	20%-33%	0%	

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

The assets are at Sanquin's free disposal. The current value of the fixed assets does not deviate significantly from the book value.

In 2018, the investments in tangible fixed assets exceeding € 1.0 million were:

Investments in tangible fixed assets	
(x € 1,000)	€
Emergency power supply	2,790

35. 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 1 January 2018	255,445	27,199	282,644
Investments	-	-	-
Disposals	-	-24,949	-24,949
Result from participating interests	50,424	-	50,424
Allocation of unrecovered repayment and interest	-	480	480
Provisions	-	-2,730	-2,730
BALANCE AS AT 31 DECEMBER 2018	305,869	-	305,869

List of participating interests

The participating interest held directly by Sanquin Blood Supply Foundation and recognized in full in the consolidated annual accounts is:

	Share in issued capital
as a %	
Sanquin Holding BV, Amsterdam	100.00

The (international pharmaceutical) market in which SPP operates requires continuous investment in economies of scale and product innovation, partly because of the pressure on healthcare costs and the resulting demand for more efficient and cheaper medicines. This is a long-term challenge for a relatively small player in a globally consolidating market. This is exacerbated by the start of a decline in income from contract manufacturing. SPP's long-term business plan provides for this by seeking cooperation with one or more strategic partners. Discussions with potential strategic partners have not been achieved yet.

In light of the above, the Executive Board of Sanquin Holding BV formed an opinion on the valuation of SPP and concluded that there are not enough indications for a lasting reduction in the value of the participating interest in SPP. The Executive Board of Sanquin Blood Supply Foundation subsequently formed an opinion, in accordance with paragraph 1.3, about its valuation of the shareholding in Sanquin Holding, since an important part of the valuation is based on the shareholding of Sanquin Holding in SPP. Taking into account all aspects relevant to the valuation, the Executive Board comes to the conclusion that there are not enough indications for an impairment of Sanquin Holding. As a result, no impairment was implemented at the end of the financial year in respect of Sanquin Holding's participating interest. However, the Executive Board realizes that the results of the search for one or more strategic partners for SPP in the future could lead to an adjusted valuation of the 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 and the associated provision are further explained in the notes to the balance sheet in the consolidated annual accounts.

The loan which the company had extended to Sanquin Plasma Products BV as of 24 April 2015 as bridging finance for its activities was fully repaid in financial year 2018 (outstanding liability as at 31 December 2017 was € 24.9 million).

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

36. Inventory

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Raw materials, consumables and semi-finished products	3,120	3,166
Finished goods and goods for resale	981	787
	4,101	3,953

In the context of obsolete inventory, the inventory has been written down by € 0.2 million (2017: € 0.1 million) but there has been no write down of the value of finished products and semi-finished products (2017: € 0) as a result of raw materials price increases.

The inventory is at the free disposal of Sanquin.

37. Accounts receivable

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Trade accounts receivable	16,133	20,500
Taxes and social security contributions	95	5,084
Pension contributions	-	700
Amounts due from group companies	10,325	1,153
Repayment obligations	-	375
Other receivables, prepayments and accrued income	3,475	2,760
	30,028	30,572

The fair value of the accounts receivable approximates to 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

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Current account in the name of Sanquin Holding BV	9,731	1,406
Current account in the name of Euroclone BV	-	-1
Current account in the name of Plasma Industries Belgium CVBA	594	-252
	10,325	1,153

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.

38. Cash and cash equivalents

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Cash	36	49
Bank balances	26,281	26,245
Deposits	24,483	4,487
Debit cards	26	-
	50,826	30,781

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

39. Notes to the cash flow statement

'Investment in tangible fixed assets' only includes investments for which funds were sacrificed in 2018. The repayment of the loan extended to Sanquin Plasma Products is recognized under 'Investments in financial fixed assets'.

The annual repayment of the long-term loan at ABN AMRO Bank NV is recognized under 'Repayment of long-term liabilities'.

40. Equity *Table 4*

Sanquin Blood Supply Foundation maintains the equity capital required for guaranteeing continuity of the blood supply.

Proposed appropriation of result

The Executive Board has resolved to credit the result after taxes, amounting to € 48.7 million, to the general reserve. This has not been recognized in the annual accounts.

41. Special-purpose reserve

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

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Table 4

	Foundation capital	Special-purpose reserve	Other reserves	Result for the financial year	Total
(x € 1,000)	€	€	€	€	€
Balance as at 1 January 2018	1,957	7,976	310,302	10,816	331,051
Changes					
Result for the current financial year	-	-	-	48,711	48,711
Result appropriation	-	-	10,816	-10,816	-
Other changes in reserves	-	-	-	-	-
BALANCE AS AT 31 DECEMBER 2018	1,957	7,976	321,118	48,711	379,762

The Research Reserve was originally created from the positive operating balance of the former research foundation, Stichting 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 for such purpose. This reserve is intended to carry out projects to bolster blood bank organizations in developing countries.

42. Provisions

	Employee provisions
(x € 1,000)	€
Balance as at 1 January 2018	2,394
Additions	115
Withdrawal	-948
BALANCE AS AT 31 DECEMBER 2018	1,561

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

The provisions qualify for € 0.7 million (2017: € 1.4 million) as current (under one year) and € 0.9 million (2017: € 1.0 million) as long-term (over one year) liabilities.

Table 5

	Balance as at 31 December 2018	Repayment obligations 2019	Remaining term > 1 year	Remaining term > 5 years
(x € 1,000)	€	€	€	€
Liabilities to credit institutions	14,286	2,856	11,430	-
BALANCE AS AT 31 DECEMBER	14,286	2,856	11,430	-

43. Long-term liabilities

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Balance as at 1 January	14,286	17,143
Repayment obligations for the next year	-2,856	-2,857
BALANCE AS AT 31 DECEMBER	11,430	14,286

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. *Table 5*

44. Current liabilities

	31-12-2018	31-12-2017
(x € 1,000)	€	€
Repayment obligations	2,856	2,857
Trade creditors	9,812	9,409
Taxes and social security contributions	5,184	5,077
Pension contributions	350	-
Salaries and holiday allowance	14,351	14,354
Research funds received in advance	2,486	4,112
Other liabilities and accrued expenses	8,334	10,616
	43,373	46,425

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

45. Average number of employees

An average of 1,409 employees were in service during 2018, based on a full-time employment (2017: 1,423). None of them is working abroad (2017: 0).

	2018	2017
Blood Bank Division	769	762
Research Division	242	264
Support staff	391	385
Tissues & Cells Business Unit	7	12
	1,409	1,423

46. Interest income and expenses

	2018	2017
(x € 1,000)	€	€
Interest income group companies	1,030	2,084
Interest income other	106	145
Interest expenses	-594	-1,464
	542	765

47. Result from participating interests

	2018	2017
(x € 1,000)	€	€
Sanquin Holding BV	50,424	12,619
	50,424	12,619

48. Related parties

The transactions between Sanquin Blood Supply Foundation and its related parties (Sanquin Holding BV, Sanquin Plasma Products BV, Sanquin Reagents BV, Sanquin Diagnostiek BV, Sanquin Innovatie BV, Euroclone BV, Sanquin Oy, Plasma Industries Belgium CVBA and Stichting MCS) relate in particular to the supply of blood products by Sanquin Blood Supply Foundation to SPP and the rendering of administrative services (as a holding company) by Sanquin Blood Supply Foundation to its related parties. The prices passed on in that respect are competitive. Transactions with the other related parties, being Xenikos BV, SanSepsis BV, Innovatiefonds Noord-Holland BV and mu-Drop BV, mainly concern (indirect) investments in participating interests. •

Public and Semi-Public Sector Senior Officials (Standard Remuneration) Act ('WNT')

The Public and Semi-Public Sector Senior Officials (Standard Remuneration) Act ('WNT') requires that the remuneration of senior officials of Sanquin must be accounted for. Only the members of Sanquin's Executive Board and Supervisory Board are considered senior officials within the definition of the WNT.

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

Applicable remuneration standards

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, € 179,000 in 2016, € 181,000 in 2017 and € 189,000 in 2018.

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 (yet) apply to Sanquin in 2015.

On 1 January 2016, a new ministerial 2016 Care Scheme (Regeling Zorg 2016) came into force. Sanquin falls under Class V of the 2016 Care Scheme with a remuneration maximum of € 179,000. The 2016 Care Scheme also applied in 2017 and 2018, on the basis that the amounts have been indexed for these years. The remuneration maximum in Class V was € 181,000 in 2017 and € 189,000 in 2018.

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 € 27,150 in 2017 and € 28,350 in 2018. A standard amount of 10% of the remuneration maximum applies to the other members of the Supervisory Board; for Sanquin, the amount was € 18,100 for 2017 and € 18,900 for 2018.

Remuneration of the members of the Executive Board

	2018	2017
NAME: D.J. V.D. BERG		
Position: Chair of the Executive Board		
Term of office	1 January to 31 December	1 January to 31 December
Contract in FTE	1.0	1.0
(Notional) employment relationship	yes	yes
Remuneration €	207,261	206,589
Taxable fixed and variable allowances	6,000	6,000
Provisions for remunerations payable in due course	11,591	11,219
Total remuneration as defined in the WNT	224,852	223,808
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	189,000	181,000
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard		

Justification for exceeding the remuneration standard: The employment contract and the remuneration agreement with Mr. Van den Berg had been concluded before the WNT-2/2016 Care Scheme 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/2016 Care Scheme. The transitional law means that in the case of Mr. Van den Berg the remuneration will be respected in full for the year 2018.

	2018	2017
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 in FTE	1.0	1.0
(Notional) employment relationship	yes	yes
Remuneration €	205,147	205,420
Taxable fixed and variable allowances	11,953	12,035
Provisions for remunerations payable in due course	11,535	11,180
Total remuneration as defined in the WNT	228,635	228,635
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	189,000	181,000
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard		

Justification for exceeding the remuneration standard: The employment contract and the remuneration agreed with Mr. Van Lier had been concluded before the WNT (1 January 2013) came into effect. The remuneration applicable at the time falls under the transitional law of the WNT. In the case of Mr. Van Lier, the transitional law means that the remuneration will be respected for 4 years and will be reduced as from financial year 2017 to the remuneration maximum of € 229,043 under the WNT-1/2014 Care Scheme. Given that the remuneration of Mr. Van Lier had already been (voluntarily) reduced to a level under this remuneration maximum in financial year 2016, a remuneration maximum of € 228,635 applies for 2017, 2018 and 2019.

The remuneration received by Mr. Van Lier in 2017 was € 229,043, in accordance with the remuneration maximum under the WNT-1/2014 Care Scheme. The audit revealed that this remuneration was € 408.00 too high as a result of the (voluntary) reduction in 2016 to below the remuneration maximum. The undue payment of € 408.00 was therefore returned in 2019 by Mr. Van Lier to Sanquin. >>

	2018	2017
NAME: P. DE GEUS Position: Board Member		
Term of office	1 January to 31 December	1 January to 31 December
Contract in FTE	1.0	1.0
(Notional) employment relationship	yes	yes
Remuneration €	200,00	199,564
Taxable fixed and variable allowances	17,416	18,234
Provisions for remunerations payable in due course	11,625	11,245
Total remuneration as defined in the WNT	229,041	229,043
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	189,000	181,000
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard		

Justification for exceeding the remuneration standard: The employment contract and the remuneration agreed with Mr. De Geus had been concluded before the WNT-2/2016 Care Scheme came into effect. The remuneration is in line with the 2014 Care Scheme (which also applied to 2015) and falls under the transitional law of the WNT/2016 Care Scheme. In the case of Mr. De Geus, the transitional law means for 2018 that the remuneration will be respected in full.

	2018	2017
NAME: D.C. THIJSSSEN-TIMMER Position: Board Member		
Term of office	1 January to 31 December	1 January to 31 December
Contract in FTE	1.0	1.0
(Notional) employment relationship	ja	ja
Remuneration €	164,349	159,175
Taxable fixed and variable allowances	172	176
Provisions for remunerations payable in due course	11,421	11,070
Total remuneration as defined in the WNT	175,942	170,421
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	189,000	181,000
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard	n/a	n/a

Mrs. Thijssen-Timmer's remuneration is in line with the remuneration standard under the WNT-2 and the 2016/2017/2018 Care Scheme.

Remuneration of the members of the Supervisory Board

	2018	2017
NAME: F.C. BREEDVELD Position: Chair of the Supervisory Board		
Term of office	1 January to 31 December	1 January to 31 December
Total remuneration as defined in the WNT	27,150	22,660
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	28,350	27,150
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard	n/a	n/a

	2018	2017
NAME: K.T.V. BERGSTEIN Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Total remuneration as defined in the WNT*	–	–
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	18,900	18,100
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard	n/a	n/a

*) In 2017 and 2018, Ms. Bergstein waived her remuneration.

	2018	2017
NAME: C.G. FIGDOR Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Total remuneration as defined in the WNT*	–	–
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	18,900	18,100
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard	n/a	n/a

*) In 2017 and 2018, Mr. Figdor waived his remuneration.

	2018	2017
NAME: A.K. LAHR Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Total remuneration as defined in the WNT*	18,100	14,283
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	18,900	18,100
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard	n/a	n/a

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	2018	2017
NAME: M.J.W. BONTJE		
Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Total remuneration as defined in the WNT	18,100	14,367
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	18,900	18,100
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard	n/a	n/a

	2018	2017
NAME: D. DE VREEZE		
Position: Supervisory Director		
Term of office	1 January to 31 December	1 January to 31 December
Total remuneration as defined in the WNT	18,100	14,283
Amounts unduly paid and not yet received	n/a	n/a
Individual remuneration standard	18,900	18,100
Notes to the claim for undue payment	n/a	n/a
Justification for exceeding the remuneration standard	n/a	n/a

Remuneration of the other employees

	2018	2017
Position: Managing Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract in FTE	1.0	1.0
Remuneration €	196,545	201,695
Taxable fixed and variable allowances	–	–
Provisions for remunerations payable in due course	11,446	11,109
Total remuneration as defined in the WNT	207,991	212,804
Individual remuneration standard	189,000	181,000
Justification for exceeding the remuneration standard		

Justification for exceeding the remuneration standard: in order to be able to attract and retain qualified board members, this employee is paid a salary that exceeds the remuneration standard under the WNT-2 and the 2016/2017/2018 Care Scheme.

	2018	2017
Position: Managing Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract in FTE	1.0	1.0
Remuneration €	192,864	187,113
Taxable fixed and variable allowances	–	–
Provisions for remunerations payable in due course	11,540	11,174
Total remuneration as defined in the WNT	204,404	198,287
Individual remuneration standard	189,000	181,000

Justification for exceeding the remuneration standard: in order to be able to attract and retain qualified board members, this employee is paid a salary that exceeds the remuneration standard under the WNT-2 and the 2016/2017/2018 Care Scheme.

	2018	2017
Position: Managing Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract in FTE	1.0	1.0
Remuneration €	191,983	184,450
Taxable fixed and variable allowances	225	–
Provisions for remunerations payable in due course	11,560	11,139
Total remuneration as defined in the WNT	203,768	195,589
Individual remuneration standard	189,000	181,000
Justification for exceeding the remuneration standard		

Justification for exceeding the remuneration standard: in order to be able to attract and retain qualified board members, this employee is paid a salary that exceeds the remuneration standard under the WNT-2 and the 2016/2017/2018 Care Scheme.

	2018	2017
Position: Managing Director		
Term of office	1 January to 31 December	1 January to 31 December
Contract in FTE	1.0	1.0
Remuneration €	180,373	172,866
Taxable fixed and variable allowances	–	–
Provisions for remunerations payable in due course	11,413	11,082
Total remuneration as defined in the WNT	191,786	183,948
Individual remuneration standard	189,000	181,000
Justification for exceeding the remuneration standard		

Justification for exceeding the remuneration standard: in order to be able to attract and retain qualified board members, this employee is paid a salary that exceeds the remuneration standard under the WNT-2 and the 2016/2017/2018 Care Scheme.

	2018
Position: Managing Director	
Term of office	1 January to 31 December
Contract in FTE	1.0
Remuneration €	187,624
Taxable fixed and variable allowances	–
Provisions for remunerations payable in due course	11,399
Total remuneration as defined in the WNT	199,023
Individual remuneration standard	189,000
Justification for exceeding the remuneration standard	

Justification for exceeding the remuneration standard: in order to be able to attract and retain qualified board members, this employee is paid a salary that exceeds the remuneration standard under the WNT-2 and the 2016/2017/2018 Care Scheme.

Amsterdam, May 2019

Sanquin Blood Supply Foundation

Executive Board

Drs. D.J. v.d. Berg (chair)
Prof. dr. R.A.W. van Lier
Dr. P. de Geus
Dr. D.C. Thijssen-Timmer

Supervisory Board

Drs. K.T.V. Bergstein, MBA (chair as of 1 January 2019)
M.J.W. Bontje
Prof. dr. C.G. Figdor
Ir. A.K. Lahr
Drs. D. de Vreeze
Prof. dr. H.A.P. Pols

OTHER INFORMATION

Statutory rules governing the appropriation of result

The Articles of Association of Sanquin Blood Supply Foundation do not contain any result appropriation.

Independent auditor's report

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

Report on the financial statements 2018

Our opinion

In our opinion, Stichting Sanquin Bloedvoorziening's financial statements give a true and fair view of the financial position of the Foundation and the Group as at 31 December 2018, 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 Act (WNT).

What we have audited

We have audited the accompanying financial statements 2018 of Stichting Sanquin Bloedvoorziening, Amsterdam ('the Foundation'). The financial statements include the consolidated financial statements of Stichting Sanquin Bloedvoorziening together with its subsidiaries ('the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2018;
- the consolidated and company profit and loss account for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework 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 2018. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Stichting Sanquin Bloedvoorziening in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Compliance with anti-accumulation provisions WNT not audited

In accordance with the Audit protocol WNT 2018 we have not audited the anti-accumulation provisions of article 1.6a WNT and article 5, paragraph 1 (j) Uitvoeringsregeling WNT. This means we have not audited whether or not there is a breach of anti-accumulation remuneration standards resulting from remuneration for a possible employment as a high-ranking official of other WNT-entities, nor have we audited if any related disclosure requirement are correct and complete.

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 foreword by the chair of the executive board;
- the management report;
- the report of the supervisory board;
- 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 the 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 board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors 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 board of directors 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 board of directors is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The board of directors 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 it possible 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, 29 May 2019

PricewaterhouseCoopers Accountants N.V.

Original has been signed by Th.A.J.C. Snepvangers RA

Appendix to our auditor's report on the financial statements 2018 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 responsibilities 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 2018, 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 Foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or 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 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. •

Colophon

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