

MANAGEMENT REPORT

Non-Financial Statement

Our approach to sustainability

QIAGEN integrates sustainability throughout our business. We aim to save energy and reduce environmental impacts of our operations, drive long-term economic success with healthy, high-performance workplaces, and make improvements in life possible as a good corporate citizen.

These three dimensions of sustainability are interlinked, reinforcing each other. We pledge to continually evaluate the potential environmental impact of our business, its economic influence and our corporate citizenship around the world. Our commitment to sustainability does not stop with formal regulations. As a market and innovation leader in life sciences and molecular diagnostics, we strive to go above and beyond simply following requirements of environmental and labor laws. There is much room for innovation in driving sustainable development in our industry, and we are resolved to continue to move forward. Please find information about our business model, organizational structure, products, customers, business strategy as well as main trends and factors in our Management Report.

We recognize that ongoing success for QIAGEN also depends on the sustainability of society's resources, as well as continuous reduction of any negative impact from our business. By engaging in intensive discussions with our various stakeholders – employees, customers, patients, suppliers, shareholders, NGOs and communities –, we gain a better understanding of our operating environments, including market developments and cultural dynamics. Depending on the subject matter, we use different approaches ranging from standardized questionnaires to one to one conversations.

Material non-financial information

For guidance on materiality and non-financial disclosures, we base our non-financial reporting on the international standards of the Global Reporting Initiative (GRI Standards, 2016) as well as on the sustainability accounting standards for Medical Equipment and Supplies and Biotechnology of the Sustainability Accounting Standards Board (SASB).

To identify the relevant information, we have conducted a systematic materiality analysis in 2016. For each thematic aspect (environmental, social and employee matters, respect for human rights, anti-corruption and bribery) we identified a series of topics that possess high business relevance, highly influence the decisions of our stakeholders and where QIAGEN's activities have significant impact on the thematic aspects. In a joint workshop with representatives from our different departments, the various perspectives had been assessed and discussed. The final list had been validated by our senior management and resulted in twelve material topics:

- › **Environmental matters:** energy consumption, emissions
- › **Employee matters:** training, diversity, employee satisfaction, employee retention
- › **Social matters:** quality and product safety, customer satisfaction, access to medicine

- › **Respect for human rights:** conflict minerals
- › **Anti-corruption and bribery matters:** anti-trust, anti-corruption

Environmental matters

Protecting the environment, health and safety has always been a hallmark of QIAGEN. As a pioneer in the effort to eliminate harmful substances and waste products in laboratories throughout the world, we strive to reduce energy and water consumption, and set limits on packaging, waste, and transport. With these efforts, we aim to operate in the most cost efficient and environmentally friendly way possible. As effects and concerns over climate change and dwindling natural resources continue to impact pricing, we will be exposed to fluctuations in costs of these key inputs. By being able to improve our manufacturing efficiencies and limit our dependence on finite resources, we are engaging in active risk management and enhancing the value of our company.

For QIAGEN, commitment to safe, environmentally sound practices comes with a culture of operational excellence – reinforced by training, decision-making and standard procedures. Operations employ a concept called QIAzen, derived from the Japanese word KAIZEN, which means “continuous improvement.” Key employees in Operations have received QIAzen training to identify and prioritize avenues to improve our manufacturing organization, initiate projects, and monitor implementation with cross-functional teams. By constantly optimizing workflows in manufacturing and production, QIAGEN reduces transportation, saves electricity and minimizes other impacts on natural resources.

Energy Consumption and Emissions

QIAGEN regards climate change as one of the most pressing global challenges. To increase transparency regarding our own global energy consumption and greenhouse gas emissions, QIAGEN recently introduced a systematic approach to sustainability data management. Energy consumption and other parameters are gathered worldwide at all significant sites and monitored at our Hilden headquarters. Currently, our reporting covers direct emissions from combustion of fossil fuels on our own premises as well as indirect emissions from procured electricity and heat.

QIAGEN sites use about the same amount of energy from electricity and heat, as well as a smaller fraction of fuel for our own vehicle fleet. A total of 35.3 GWh of energy has been used by QIAGEN around the globe in 2017.

When it comes to greenhouse gas emissions, QIAGEN emits approximately 30% - or 3.6 kilotons CO₂ equivalents (ktCO₂e) - directly through natural gas heating and other fossil fuel use. The remaining 70% - about 8.9 ktCO₂e - are indirect emissions originating from external generation of electricity for our operations. The total energy use causes greenhouse gas emissions of 12.5 ktCO₂e. We calculate greenhouse gas emissions from grid-bound energy sources such as electricity using emission factors for regional production mixes. This method ensures good comparability between different carbon footprints and is also referred to as the “location-based” method.

QIAGEN is committed to reduce its energy consumption and respective CO₂-emissions in the long-term and to increase its energy efficiency in a continuous improvement process. To this end, an energy management system has been introduced at our operational headquarter in Hilden, Germany and been certified according to EN ISO 50001:2011 in 2017. We have set ourselves the goal to reduce our energy consumption from electricity and gas by 10% by 2020 compared to 2017.

To meet our goals and limit the footprint of our business on the environment, we have introduced a broad panel of activities and programs. We run simulations to reduce energy consumption and have installed energy recovery and control systems to provide only the minimum of power required for operations. Improvements encompass energy extraction from co-generators, better insulation, heat recovery and installation of intelligent building systems.

In 2011, we opened Europe's first "green" laboratory complex at our site in Hilden. This state-of-the-art research and production facility has been awarded gold-level certification for sustainable construction by the internationally recognized US quality system LEED. In addition, our German facility in Stockach is certified according to DIN EN 16247, a European norm defining quality standards for energy audits.

As a significant part of the energy consumption associated with our business occurs beyond our own premises, transportation of people and cargo is an additional focus. At QIAGEN's headquarters, discounted train and bus tickets encourage employees to use public transportation, and we have installed charging stations for electric cars and bikes. The pool of company cars has been changed to ecological and CO₂-efficient models in a continuous adjustment process. Low emissions play a critical role in the decision process for new company cars. At most sites, video conferencing systems have been installed to encourage virtual team meetings and reduce travel between sites.

Employee matters

The exceptional talent, skill and passion of our people are key to our long-term success and growth. We are convinced that a focus on human capital drives our economic performance and sustainability. The development of our employees at all levels is viewed as an integral factor in creating lasting value for our customers, patients, colleagues, partners and shareholders. It is a central element of our initiatives for growth and effectiveness to expand, develop and strengthen QIAGEN's leadership and talent base.

Being the industry's employer of choice by attracting and developing top talents is one of our global goals. To achieve that, QIAGEN creates a work environment that empowers and involves employees at all levels.

Employee training

As a fast-growing technology and knowledge-based company, we consider high-quality training and career development as an integral part of our success. As part of our talent and succession management, we have established transparent career paths with the QIAGEN Profile Navigator (QPN). It defines jobs, core competencies and approaches to advancement across the global organization. QIAGEN's global Performance Enhancement System (PES) creates a clear framework of regular, one-on-one review sessions for each employee and their manager to discuss career development. These include discussions of goals and achievement levels, assessment of relevant competencies, as well as training needs and career planning steps. Professional Training & Development at QIAGEN is an ongoing process, cycling from PES discussion to training participation and learning transfer, and back to PES.

In 2016 we introduced the QIAGEN Academy: It provides the possibility to either take part in e-learning sessions globally or to participate in in-person trainings. The focus is on job-specific skills, competencies and leadership development. In 2017, 3,772 employees took part in a respective internal training, totaling to 7,309 training hours.

We place great importance on transparent and responsible leadership. Our future leaders are trained in entrepreneurial and leadership competencies such as strategic thinking and acting, decision making, risk taking, change management, performance management and employee development. Every year our employees are invited to evaluate their superiors with a standardized questionnaire within our QIALead evaluation process. The summarized and anonymized results are provided to the executive managers.

QIAGEN has implemented a pilot program to identify and develop the most promising specialists and managers to prepare for senior positions. In cooperation with the University of Würzburg, Germany, we offer the opportunity to participate in the QIAGEN Executive MBA Business Integration Program. Participants benefit not only from a curriculum providing them with a wide range of management skills and knowledge. They also experience an international environment, learning with colleagues from around the world. A total of 75 QIAGEN employees had completed the MBA program by the end of 2017, with a new class enrolled in 2016.

We are currently working on different digital solutions to further enhance our development programs. In 2017, we have updated the QIAGEN Academy Interface (3.0) while further extending the range of available trainings and simplifying the enrollment process. We have also launched new leadership insight tools on and e-learning soundbites and rolled-out a talent management suite, which has been already used to conduct our annual personnel enhancement and salary review processes and will see further functional enhancements in 2018.

Diversity

We are committed to create an environment where all individuals have the opportunity to grow and contribute to our progress, regardless of their age, educational background, gender, nationality, physical abilities, race and ethical background, religion, or sexual orientation. Strategic consideration of diversity not only makes QIAGEN a better place to work. We consider it to be a key success factor on the path to achieving our mission and goals. Individuals and teams alike understand the diverse needs of our customers, identify and realize cross-functional opportunities for our business areas, can quickly adapt to a fast-changing environment. Further information about the diversity policy for the composition of the management board and the supervisory board can be found in the corporate governance report.

In 2017, our multicultural workforce was composed of 71 nationalities with an average age of 40.3. With 49.2% women we are well balanced in terms of gender on an aggregate level. We also have significantly increased the diversity of our senior leadership team and will continue to do so in the future. In 2017, almost 31% of our management positions in the four leadership levels below the Executive Committee were held by women. To further improve diversity on a senior level, we have started different initiatives in 2017 to raise awareness for the value of diversity and leverage diverse talents towards management positions. They focus on team discussions around the subject, champion diverse talents and the development of a global recruiting standard to promote diversity in executive positions. Concrete actions in the reporting period included the establishment of diversity forums, manager training tools on the intranet, mandatory unconscious bias trainings within the QIAGEN Academy for all managers, mentorship programs and more significant access for our top talents to our senior management. All initiatives are designed to engage the organization and follow best practices for developing active inclusion. Our goal is to leverage diversity as a great opportunity for QIAGEN to positively impact our business performance through diverse team contributions.

Employee satisfaction and retention

Various measures to enhance career development and diversity within QIAGEN are important factors to maintain the satisfaction of our employees and their dedication for our company. Alongside this, QIAGEN has implemented frameworks for performance-based compensation, equity-based compensation and incentive programs for new ideas and innovation. They aim to ensure fair and attractive compensation and to encourage each employee to work for the company's long-term benefit. With our new compensation plan, we are planning to gradually roll-out starting in late 2018, we intend to have our salary structures based on the QIAGEN Profile Navigator: Each described role is graded into the QIAGEN Job Matrix which comprises three career paths and twelve grades. All three career paths, Specialist, Project Management and Leadership are basically equivalent. Lateral moves between roles in the different career path are possible. This allows us to compare our pay grades with market averages and to ensure our attractiveness as an employer. In early 2018 we plan to complete the adaption in our pilot countries, United Kingdom and China, and we will evaluate the results.

Equally important to us is our employees' work-life balance. We provide services to help employees balance their personal lives with the company's dynamic work environment, including in-house corporate child care, sabbatical programs and flexible work hours. Beyond that, QIAGEN offers a wide range of measures for a good workplace health: from "health days" with free counselling, screening and medical check-ups to opportunities to get exercise like in-house gyms, on-site soccer-fields and beach volleyball courts.

At QIAGEN we believe that good leadership performance is key to our success and employee satisfaction. The results of our annual QIALead survey, which provides a comprehensive view on the performance of all line managers at QIAGEN, are hence an important indicator for the development of our corporate culture and employee satisfaction are the. For 2017, employees rated their managers with an average total score of 4.2 out of 5.0 points. QIAGEN's efforts to become an employer of choice are also reflected by the high number of applications for open positions, which exceeded 37.700 applications in 2017. At the same time, the average voluntary annual turnover rate remained largely unchanged, increasing by 0.28 percent points compared to 2016. Going forward, QIAGEN has set a goal to reduce the voluntary turnover rate to ensure business continuity, while still allowing for a healthy influx of fresh talent.

Social matters

QIAGEN's mission is to make improvements in life possible by enabling our customers to achieve outstanding success and breakthroughs in life sciences, applied testing, pharma and molecular diagnostics. We are committed to customers and patients to deliver innovative solutions that unlock new insights for scientific research, forensics, food safety or better treatment decisions.

To leverage our leadership in Sample to Insight technologies and create value for our company and stakeholders, it is imperative to understand and target the diverse needs and expectations of our global customers. Only then can we develop ever more innovative and improved solutions. We understand and live up to our responsibility to customers and patients who depend on us for reliable, efficient workflows that enable molecular testing and help to unlock valuable insights.

Customer Satisfaction

Customer satisfaction is an integral part of the QIAGEN mission of "Making improvements in life possible" which is therefore under direct authority of the Chief Executive Officer. Our customers have high expectations on reliability, safety and ecological manufacturing of our products. We rely on close contact with our customers and incorporate their feedback into our product development process and service offers.

It is our commitment to customers to constantly improve customer experience acknowledging ever evolving customer requirements and expectations. QIAGEN has therefore established a global systematic approach to measure customer experience culminating in an aggregated Customer Experience Indicator. Performance of this indicator is embedded in our annual goal setting process and results are communicated to all employees on a monthly basis with the goal of ensuring a seamless and perfect customer experience to every customer, for all products and services along the workflows. With an average Customer Experience Indicator (CEI) of 1,467 of possible 2,000 points in 2017, we have managed to further maintain our strong performance, also exceeding our internal target for the year.

The CEI is measured on a monthly basis through a set of internal KPIs (product and delivery performance, phone support, etc.) that are directly linked to customer experience in transactional interactions and a customer feedback survey program we are able to identify quickly and systematically areas for improvement while staying closely connected with our customers.

Quality and Product Safety

QIAGEN stands for quality. Since QIAGEN's founding 30 years ago we are committed to ultimate quality and always strive to exceed our customers' expectations. QIAGEN's reputation as quality supplier is best in class in our industry and the foundation of our loyal global customer base. To achieve and maintain QIAGEN quality we established Total Quality Management systems in all our manufacturing facilities around the globe. These quality systems assure constant high quality as well as safe and effective medical devices. QIAGEN's quality systems are certified according ISO 9001, ISO 13485, ISO 18385 as well as 21 CFR 820 and all other applicable medical device standards around the globe (see section "Government Regulations" in the Management Report).

QIAGEN like other companies is exposed to the financial implications of recalls and other adverse events. Equipment failures, manufacturing defects, design flaws, or inadequate disclosure of product-related risks can lead to significant product liability claims. With a systematic quality and product safety management, QIAGEN meets the highest standards to protect shareholder value. In the period under review, there were no major recalls.

Access to medicine

QIAGEN is aware of the importance to provide access to healthcare and research products around the world. In developing countries with scarce resources, new ways are needed to ensure access to affordable diagnostics to help prevent and treat diseases. Especially infectious diseases and various malignancies require an early and precise detection to interrupt the infection chain and enable targeted treatment, yet many emerging countries lack educated personnel and technical infrastructures to employ latest, cutting-edge molecular testing technologies. For low-income countries in particular, early disease detection can significantly lower therapeutic costs and stop further dissemination more effectively.

For QIAGEN, a strategic approach to access to novel diagnostic technologies can yield opportunities for growth, innovation, and unique partnerships. We focus on developing products and pricing frameworks that account for different levels of economic development and health care needs. By targeting widespread diseases such as cervical cancer or tuberculosis, we can provide the means to fight infectious and potentially fatal diseases.

To support our growth strategy in emerging markets, we are constantly expanding our presence in these markets and adapting our products to local needs, if required. An example is the development of careHPV tests for high-risk human papillomavirus (HPV), the primary cause of cervical cancer. In corporation with the NGO PATH and support from the Bill & Melinda Gates Foundation, we developed a dedicated testing system for use in regions with limited healthcare-resources, such as Africa, Asia and Latin America. The main advantages of decentralized HPV testing are:

- › immediate analysis at the point of care
- › instant treatment decisions
- › higher compliance of patients

Our careHPV tests are already directly available in 19 countries worldwide. In the reporting period over 680,000 tests were distributed in total.

Another example is our effort to advance diagnostics for tuberculosis (TB) in low income countries. Already in 2015, we have signed five-year memorandum of understanding with the NGO FIND to develop innovative and affordable tests to detect those patients with latent TB who are at risk of active TB. In 2017, our overall revenue share for the emerging markets rose by 13% to over \$237 million.

We are furthermore providing financial support to a number of organizations and initiatives focusing on global health projects. In 2017, we continued to work with organizations such as the International Agency for Research on Cancer in Tanzania, Basic Health International in El Salvador or the Pink Ribbon Red Ribbon initiative in different countries.

Respect for human rights

We believe that respect for human rights is an essential component of promoting sustainability in our global business. Our vision is to transition QIAGEN's procurement towards leading practices by implementing global best-in-class procurement methods and standards in terms of processes and governance. This includes to ensure

compliance with our mission “Making improvements in life possible” from which we derive our commitment towards sustainable practices and good corporate citizenship.

We expect our employees as well as our business partner to comply with national regulations and with the specifications of our compliance manual that includes provisions with regard to human rights issues. Responsibility for implementing and overseeing these issues is assumed by HR department and Procurement. Respect for human rights is part of our supplier code of conduct which contains binding rules for all suppliers. As part of our supplier selection process, we assess the suppliers’ policy with regard to human rights issues. In addition, first-tier suppliers have to confirm REACH, RoHS and SEC compliance as appropriate. Violations against human rights in our supply chain inherits reputational as well as legal risks for QIAGEN. Supplier audits are conducted if non-compliance is suspected. To our knowledge, there were no violations with regard to human rights in the reporting period.

Conflict minerals

Certain minerals (known as “conflict minerals”) have been linked with human rights abuses in the Democratic Republic of Congo and other conflict zones. QIAGEN has performed an extensive inquiry into the company’s supply chain to ensure that no conflict minerals from the Democratic Republic of Congo or adjoining countries are used in the company’s laboratory instruments.

Our products consist of sample and assay kits, known as consumables, and automated instrumentation systems. We do not believe that any Conflict Minerals are necessary to the production or functionality of any of our consumable products. We conduct due diligence measures annually to determine the presence of Conflict Minerals in our instrumentation products and the source of any such Conflict Minerals. Because we do not purchase Conflict Minerals directly from smelters or refineries, we rely on our suppliers to specify to us their Conflict Minerals sources and declare their Conflict Minerals status. We disclosed our Conflict Minerals findings to the SEC for the calendar year ending December 31, 2016 on Form SD on April 24, 2017 and will provide updated disclosure to the SEC annually.

Anti-corruption and bribery matters

Unethical behavior and non-compliance with laws and regulations has the potential to seriously harm our business. QIAGEN has established a comprehensive Compliance Program which translates legal and regulatory requirements as well as our fundamental values into clear, precise and understandable guidelines as our Corporate Code of Conduct and Ethics and supplementing specific policies for our employees.

Antitrust and Anti-corruption

Special attention is paid to infringements of antitrust and anticorruption law because these can cause substantial financial or reputational damage (see section “Opportunities and Risks” in the Management Report) Our specific Antitrust and Anti-Corruption Policies set forth our commitment to ensure that QIAGEN and its subsidiaries abide by the antitrust and anti-corruption laws of the countries in which we operate.

All our policies are provided to all employees worldwide. Online training reaches all employees in local language, supported by multiple communication resources. All new employees are required to take online training on our Corporate Code of Conduct and Ethics at a minimum. Additional trainings which are customized to the specific area of responsibility are mandatory. All employees in Sales and Marketing as well as Upper Management are required to take training on corruption and anti-trust laws. Such basic trainings are followed by refresher courses on a regular basis.

We have established a hotline for reporting accounting-related concerns on an anonymous basis in good faith. We also offer a direct email and telephone hotline for employees to address questions or make suggestions for our

Compliance Program. In the reporting period no cases with regard to antitrust or corruption had been reported.

Our Compliance Program is overseen by the Compliance Committee under the leadership of the Head of Legal Affairs and Compliance, that coordinates our efforts, consisting of managers from Legal, Internal Audit, HR, Commercial Operations, Trade Compliance and Regulatory functions. The Compliance Program is overseen by the Audit Committee of the Supervisory Board.

The Head of Legal and Compliance coordinates investigations and enforcement as necessary and gives regular updates to the Executive Committee. In the reporting period QIAGEN had no legal actions pending or completed with regard to antitrust or corruption.

More information about QIAGEN's activities and the progress we are making is available online at <https://corporate.qiagen.com/about-us/Sustainability/overview>.