

QIAGEN N.V. Remuneration Report 2019



Remuneration Report 2019

Letter from the Chair of the Compensation Committee

We are pleased to present our Remuneration Report for the financial year 2019.

This report builds on the Remuneration Policy which was adopted by the Annual General Meeting of Shareholders in 2014 (the “Remuneration Policy”). The changes incorporated in 2014 were designed to further optimize the alignment of the remuneration of the Managing Board with long-term shareholder interests and to reflect changes to market trends, best practices and benchmarks.

During the Annual General Meeting in June 2020, a revised version of the Remuneration Policy will be submitted for approval by the Company's shareholders. The proposed revised Remuneration Policy incorporates additional adjustments to further maximize the commitment of the Managing Board members in QIAGEN. The revised Remuneration Policy also contains changes to align the policy with the requirements of the EU Shareholder's Rights Directive II and Dutch provisions implementing such, which requirements have been reviewed by the Committee during 2019 and 2020. This Remuneration Report describes the Remuneration Policy as it was in place during 2019.

In addition, changes have been made to reflect the fact that QIAGEN's former CEO, Peer M. Schatz, decided to step down as Chief Executive Officer and Chairman of the Management Board effective September 30, 2019. Thierry Bernard, Senior Vice President, Head of Molecular Diagnostics Business Area, was appointed in October 2019 as Interim CEO and worked in tandem with Roland Sackers, Chief Financial Officer and acting Member of the Management Board. However, Mr. Bernard's remuneration was not governed by the Remuneration Policy and will not be described herein. On March 19, 2020, the Supervisory Board and the Managing Board resolved in the Joint Meeting to propose Mr. Bernard for election as Chief Executive Officer and a Managing Director at the Annual General Meeting in June 2020.

This Remuneration Report provides an overview of the application of the Remuneration Policy and the components of the remuneration of the Managing Board and the Supervisory Board during 2019. This Remuneration Report is drafted in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code.

Elizabeth E. Tallett
Chair of the Compensation Committee
April 2020

QIAGEN's Performance in 2019

QIAGEN's performance for 2019 delivered on the outlook set for sales growth, and exceeded the targets set for adjusted earnings. Total net sales grew 2% at actual rates to \$1.526 billion in 2019 compared to \$1.502 billion in 2018 and rose 4% at a constant exchange rate as currency movements against the U.S. dollar had a negative impact of two percentage points. The acquisition of N-of-One provided revenues of about \$5 million for full-year 2019.

During 2019, we decided to suspend development of NGS-related instrument systems and in order to align our business with this new strategy, we began restructuring initiatives to target resource allocation to growth opportunities in our Sample to Insight portfolio.

Adjusted net income for 2019 was \$332.8 million, or \$1.43 per diluted share (\$1.46, or a 9% increase at constant exchange rates), compared to \$311.9 million, or \$1.34 per diluted share, in 2018.

Remuneration Policy

The objective of the Remuneration Policy is to ensure a fair compensation in line with market conditions for the most talented, qualified leaders and thereby to enable QIAGEN to achieve its strategic initiatives and operational excellence. The Remuneration Policy aligns remuneration to reward individual performance as well as the overall performance of QIAGEN, and to foster sustainable growth and value creation.

The Remuneration Policy is based on a group of guiding principles as summarized in the table below:

Guiding Principles:	Which are reflected through:
<ul style="list-style-type: none"> • Aligned with business strategy and stakeholder interests; • Measured against specific corporate performance metrics; • Supported by a "pay for performance" culture that rewards sustainable results; • Competitive in comparison to remuneration offered by relevant peers; • Consistent, fair and transparent; • Tailored to QIAGEN's risk profile; • Ensures social responsibility; and 	<ul style="list-style-type: none"> • Variable remuneration is granted in equity; Mandatory shareholdings; • Financial and strategic targets in line with the Company's strategy; • A major part of QIAGEN's remuneration is variable, claw back right enforces sustainable results; • Regular review of remuneration based on benchmark against peer group; • Regular compensation review ensures a fair compensation; Performance goals apply to executives and the wider workforce; • Both short-term and long-term performance are considered; • Clear company metrics for Diversity in 2019 and beginning in 2020 for Environment Health and Safety included into Team Goals;

- Compliant with regulatory standards and legal requirements as well as customs
- QIAGEN’s practices generally derive from the provisions of the Dutch Civil Code and the Dutch Corporate Governance

Market Competitiveness

The Remuneration Policy and overall remuneration levels offered by QIAGEN are benchmarked regularly against a select peer group of companies in key markets in which QIAGEN operates to ensure overall competitiveness. QIAGEN participates in various compensation benchmarking surveys in which companies provide information on the level, as well as the structure, of compensation awarded for a broad range of positions around the world.

QIAGEN has established a peer group of companies for its own benchmarking. These companies have been selected based on their market capitalization, direct competition for talent, similar complexity and international activities, and presence in similar industries. This peer group consists of both European and U.S.-based companies due to QIAGEN’s international scope as a Dutch stock corporation with listings at the Frankfurt Stock Exchange and the New York Stock Exchange, its strong presence in the U.S., its large percentage of U.S. citizens in the Supervisory Board and its significant U.S. shareholder base, providing a balanced mix in the Life Sciences, Diagnostic and Pharmaceutical industries.

Remuneration Reference Group		
EUROPE	UNITED STATES	
Akermes plc	Abbott Laboratories	Integra LifeSciences Holdings Corporation
BioMerieux SA	Agilent Technologies, Inc.	Laboratory Corp of America Holdings
Diasorin S.p.A.	Becton, Dickinson and Company	Meridian Bioscience, Inc.
Idorsia Ltd.	Bio-Rad Laboratories, Inc.	Myriad Genetics, Inc.
LivaNova PLC	Bio-Techne Corporation	PerkinElmer, Inc.
Merck KgaA	Bruker Corporation	Quest Diagnostics Incorporated
Mettler Toledo	Charles River Laboratories International, Inc.	Quidel Corporation
MorphoSys AG	Genomic Health, Inc.	Thermo Fisher Scientific Inc.
Novozymes A/S	Hologic, Inc.	Waters Corporation
Sartorius AG	IDEXX Laboratories, Inc.	West Pharmaceutical Services, Inc.
Stratec SE	Illumina, Inc.	

QIAGEN aims for total direct compensation levels to be at the market median levels for comparable positions in the relevant markets, and as benchmarked against the peer group.

In 2019, the independent compensation consulting firm Radford (an AON Hewitt Company), as retained by the Compensation Committee, has reviewed and benchmarked compensation levels of the Managing Board against relevant markets and peer group companies and provided recommendations to the Compensation Committee.

Supervisory Board Evaluation

The Supervisory Board annually reviews the Company's remuneration practices to ensure they remain aligned with business demands, shareholder interests and developments among peer companies.

On an annual basis, the Supervisory Board sets the performance targets for the members of the Managing Board, reviews their performance against these predetermined targets and determines the remuneration and benefits in line with contractual terms. In such determination, the Supervisory Board considers the market conditions in which QIAGEN operates, the financial performance and the strategy of the Company.

The Supervisory Board ensures that the remuneration of the Managing Board members incentivizes the right behaviors desired for the sustainable success of QIAGEN while also providing the members with fair and attractive remuneration packages. Furthermore, the Supervisory Board performs an analysis of the possible outcomes of the variable remuneration components and how they may affect remuneration of the Managing Board members. Through its statutory power, the Supervisory Board has the discretionary right to adjust the variable compensation of the members of the Managing Board if such compensation would conflict with principles of reasonableness and fairness.

The Compensation Committee advises the Supervisory Board and prepares resolutions with respect to the review and execution of the Remuneration Policy. In case of policy changes, the Supervisory Board submits the proposals to the General Meeting of Shareholders for adoption.

Managing Board Remuneration

Remuneration of Managing Board members consists of a combination of base salary, short-term variable cash award and elements of long-term incentives. In addition, the members of the Managing Board can receive pension arrangements and other benefits in line with market practices. The total target remuneration package of the Managing Board members is appropriately set with consideration of a variety of factors that include external benchmarks and the individual's experience as well as the complexity of the position, scope and areas of responsibilities.

The structure of the remuneration package for the Managing Board members is designed to balance incentives for short-term operational performance with incentives for long-term sustainable value creation while considering the interests of shareholders and other stakeholders. This means that a significant portion of total remuneration consists of variable awards, which can differ substantially from year to year and depend on the achievement of corporate goals as well as individual performance.

The Remuneration Policy for the Managing Board is generally aligned and consistent with the framework for remuneration of other senior managers of QIAGEN. The various elements of the remuneration package are set out in more detail below.

Overview of Remuneration Elements for the financial year 2019

Fixed compensation	Base salary
Short-term incentive	Bonus <ul style="list-style-type: none"> • Performance goals: <ul style="list-style-type: none"> • 50% Corporate financial goals • 25% Team Goals • 25% Personal goals • Measurement over one year against budgeted targets
Long-term incentive	Performance Stock Unit Plan <ul style="list-style-type: none"> • Performance goals: <ul style="list-style-type: none"> • 90% absolute financial performance • 10% relative share price performance • Vesting period of five years: 40% after three years and 60% after five years • Cap on achieved number of shares of 120% • Net share settlement

Base Salary

QIAGEN aims to provide a base salary at market median level to members of its Managing Board. Base salary levels are reviewed annually based on a benchmark from the selected group of companies and overall market trends. Adjustments can also be made by the Supervisory Board to compensate for inflation as well as changes in roles and responsibilities. In general, the salary increases of the Managing Board are expected to be in line with the general workforce.

Variable Remuneration

To ensure that remuneration is linked to performance, a significant portion of remuneration to the members of the Managing Board is variable and contingent upon the performance of the individual and the Company. These goals are set annually at ambitious levels to motivate and drive performance, with a focus on achieving both long-term strategic initiatives as well as short-term objectives based on annual operational plans.

The performance assessment of the Managing Board can extend beyond the date that variable remuneration awards are made and can continue as part of a multi-year framework as noted in the section below detailing the QIAGEN Commitment Program which is based on a 3-year time horizon. In this way, a longer-term horizon is established to ensure that variable remuneration continues to remain “at risk” and that Managing Board members remain fully aligned with the interest of shareholders and other stakeholders. In addition, scenario analyses of the possible outcomes of the variable remuneration components and their effect on the remuneration of the Managing Board are conducted.

Short-Term Incentives

Short-term incentives consist of an annual variable cash bonus award that is based upon the achievement of predetermined annual targets. This award has three components: (a) corporate financial goals (weighted at 50%); (b) defined operational or strategic milestones (called “Team Goals” weighted at 25% and capped at 115%); and (c) the individual’s performance (weighted at 25% and capped at 100%) which based on personal goals as set by the Supervisory Board on an annual basis. The corporate financial goals and team goals are shared by all employees. The corporate financial goals include elements related to short-term financial results that include net sales, operating income and free cash flow as follows:

Corporate financial goals 50%	Minimum: 25%	Target: 100%	Maximum: 200%	Actual 2019
Net sales (40%)	10%	40%	80%	33.2%
Operating income, adjusted (40%)	10%	40%	80%	39.6%
Free cash flow, adjusted (20%)	5%	20%	40%	18.8%
Total weighted at 50%	25%	100%	200%	91.6%

The weighted performance spread for the corporate financial goals is 0% for less than 25% goal achievement, 100% at target and capped at 200%.

The Team Goals are a set of annual cross-functional goals aimed at achieving QIAGEN’s strategy focused on innovation and sustainable value creation with an emphasis on increasing growth, efficiency, engagement and improving customer experience.

Team Goals 25%
<ul style="list-style-type: none"> Accelerate organic growth / exceed 5-year plan targets Accelerate efficiency and effectiveness Actively enhance growth through acquisitions and integration Increase value of QIAGEN as employer of choice Enhance customer experiences

Long-Term Incentives

Pursuant to our Remuneration Policy, long-term equity-based compensation (also referred to as “Long Term Incentives” or “LTIs”) granted to members of the Managing Board under the 2014 Stock Plan shall primarily consist of an award of performance stock units (“PSUs”), i.e. long-term incentive awards that are subject to performance criteria. Stock options and restricted stock units (“RSUs”), i.e. long-term incentive awards that are subject to time vesting, shall be reserved for use as special incentive rewards in certain situations only. Stock options have not been utilized since 2013 and no RSUs have been granted to the Managing Board since 2016.

The number of PSUs to be granted as annual equity-based remuneration to the members of the Managing Board will be determined on an individual basis by the Supervisory Board, taking into account a variety of factors that include the Managing Director’s performance and experience, external benchmarks, as well as the complexity of the position and the scope and areas of his or her responsibility, consistent with the framework for remuneration of other senior managers of the Company and in alignment with the intended long-term retention of our top management. As per the current Remuneration Policy which was approved by our shareholders in 2014, the value of the regular annual long-term incentive awards (depreciated due to factors such as risk of forfeiture, the Company’s failure to achieve its long-term

initiatives, and the length of the vesting terms) shall not be greater than 300% of the value of the annual fixed salary for each Managing Board member. Granted PSUs are subject to a performance period and a vesting period: The final number of earned PSUs will be determined upon completion of the fiscal year in which the grant was made subject to the achievement of challenging performance goals: 90% of each award shall be based on absolute financial performance measures and 10% of each award shall be based on relative performance targets. An overachievement of a performance goal will result in an increase in the number of PSUs earned on a scale that is capped at 120% of the total award. Conversely, an underachievement will result in a decrease in the number of PSUs earned. No PSUs will be earned if the Company's adjusted EBIT is negative for the year of the grant.

Absolute performance measures consist of the following key financial indicators:

Performance measure / key financial indicator	Contribution to the annual PSU award
Net Sales	40%
Adjusted Operating Income	40%
Adjusted Free Cash Flow	10%
Share Price	10%

The absolute figures of these key financial indicators will each be derived from the Company's annual budget and aligned with the annual bonus plan. PSUs granted beginning in 2018 are subject to a vesting period over five years, whereby 40% of the earned PSUs vest over three years and 60% five years after the grant. PSUs and RSUs granted before 2018 are subject to a vesting period over 10 years, whereby 40% of the earned PSUs or RSUs vest over three years, 50% five years after the grant, and 10% 10 years after the grant.

The Supervisory Board shall be authorized to set other comparable key financial indicators with a different weight to reflect changes from the current strategy and goals of the Company. If less than 100% of one of the above stated key financial indicators is achieved, the corresponding number of PSUs will be reduced accordingly.

For further alignment with shareholder's interest and long-term value creation, the relative performance target shall be the share price performance of the Company, measured at the end of each calendar year against the share price performance of an index developed from a selected peer group representing a balanced mix of U.S. and European companies in the industries in which we operate. The selected peer group for 2019 is shown in Market Competitiveness above.

QIAGEN Commitment Program

Members of the Managing Board and a selected group of senior managers can be eligible for PSU grants where the performance measurement is based on certain financial targets at the end of the third year of QIAGEN's five-year business plan. Equity instruments were granted in 2018 that have specific vesting requirements related to these goals, but the program is in fact a long-term performance-based compensation system for the years 2019-2021. The QIAGEN Commitment Program combines grants of long-term incentives linked to achievement of financial goals as defined in QIAGEN's 5-year business plan with a mandatory minimum share ownership program. This program has been typically done every three years based on approval of the Supervisory Board and enhances long-term equity orientation.

The program's PSU instruments ("Commitment PSUs") are directly linked to the achievement of financial milestones as defined in QIAGEN's 5-year business plan and based on plans targets after the third calendar year. The respective hurdles for vesting are approved by the Supervisory Board and include *Net Sales*, Earnings Before Interest and Taxes (*EBIT*) and *QIAGEN Value Added* targets. QIAGEN Value Added is QIAGEN's profit measurement defined as net operating income profit after tax less a capital charge. Commitment PSUs vest over three (40%) and five (60%) years.

Included in QIAGEN's Commitment Program, and as a condition of eligibility for the Commitment PSU awards, is a mandatory minimum shareholding requirement. Failure to maintain mandatory holding of QIAGEN shares will result in immediate cancellation of the Commitment PSUs and may result in reduction of other long-term incentive awards.

QIAGEN's practice has been increasingly focused on granting a major part of variable remuneration in equity-based compensation instruments. This ensures that Managing Board members have interests strongly aligned with long-term shareholders.

Pensions

Members of the Managing Board participate in a defined contribution benefit plan. The target retirement age under the plan is age 65. The participant and employer both contribute to the plan. The participant is entitled to a one-time pension payment upon retirement. If the Managing Director's service should be terminated prior to age 65, the employee-financed portion of the pension expectancy will fall to the employee while the employer-financed portion will be due to the employee only if the termination occurs after the fifth anniversary of participation in the plan.

Loans

Members of the Managing Board are not eligible for any loans per internal policy.

Other Benefits

In addition to the remuneration described above, other benefits may be provided to members of the Management Board. These include customary benefits such as insurance coverage, company vehicles, and legal and tax assistance.

Employment Contracts

The employment contracts of the members of the Managing Board are determined by the Supervisory Board and are built to comply with the framework of the Remuneration Policy. The employment contracts are set in accordance with Dutch law. Due to the holding company nature of the legal entity QIAGEN N.V., the members of the Managing Board may in addition be employed by foreign QIAGEN affiliates. The Dutch employment agreements are the basis for the "comply or explain" comparisons to the provisions of the Dutch Corporate Governance Code (hereinafter the "Code"), which includes several non-mandatory principles and provisions. To the extent these principles and provisions do not apply, the Company explains and gives reasons for their non-application. QIAGEN is concordant with almost all the Code principles and provisions and intends to always adhere to the highest standards.

Term of Employment

The employment contracts with QIAGEN N.V. of existing members of the Managing Board have been entered into for an indefinite period of time. Members of the Managing Board are appointed annually by the General Meeting of Shareholders.

Notice Period and Severance

The employment contracts of Managing Board members end by notice of either party. The notice period by a Managing Board member is subject to a term of three months. The notice period by the Company is subject to a six-month term. The members of the Managing Board have additional employment agreements with other QIAGEN affiliates in jurisdictions outside the Netherlands that have notice periods deviating from terms in the employment agreements with QIAGEN N.V. In case of termination of an agreement without serious cause as defined by the applicable law, the respective affiliate would remain obliged to compensate the Managing Board member for the remaining term of the employment agreement with the respective affiliate.

Change in Control

In the event of the sale or the transfer of all or substantially all of the Company's assets or business to an acquirer in one or several transactions, including a merger, consolidation or a transfer of shares to a third party (a "Transaction"), Mr. Sackers is entitled to a change of control payment commensurate to a multiple of three times annual salary (fixed payment plus annual bonus, includes salaries and bonuses set forth in employment agreements with other QIAGEN affiliates). Mr. Schatz is entitled to such change of control payment commensurate to a multiple of five times annual salary due to continuing long standing obligations of the Company from Mr. Schatz' former employment agreement through to June 30, 2021. Further, RSUs and PSUs that were granted to the members of the Managing Board, would be subject to an accelerated vesting in case of a Transaction.

Clawback Provisions

The Supervisory Board has the right to recover variable remuneration from members of the Managing Board based on its statutory powers. During 2019, no circumstances have been identified by the Supervisory Board that result in the application of claw back provisions.

Remuneration of Managing Board in 2019

The remuneration of the Managing Board in 2019 is based upon and complies with the Remuneration Policy as described above and includes all remuneration, including any remuneration granted by a consolidated subsidiary. The total remuneration of each Managing Board member aligns with the Remuneration Policy and its goal to ensure a fair compensation in line with market conditions for the most talented, qualified leaders and thereby to enable QIAGEN to achieve its strategic initiatives and operational excellence. The salaries of the Managing Board are set in euros (€). Thus, comparison of base salaries with prior reports should consider fluctuation of exchange rates.

The remuneration of the Managing Board based on incurred accounting expenses in 2019 was as follows:

in \$ '000s	Fixed Remuneration		Variable Remuneration				Proportion of fixed and variable remuneration including share-based award expense
	Managing Board Member	Fixed Salary	Defined Contribution Benefit Plan	Variable Cash Bonus ⁽²⁾	Other ⁽³⁾	Separation Payment	
Peer M. Schatz Chief Executive Officer ¹	910	65	-	5	6,566	7,546	0.02 / 0.98
Roland Sackers Chief Financial Officer	560	76	249	40	-	925	0.11 / 0.89
Total Managing Board	1,470	141	249	45	6,566	8,471	0.03 / 0.97

- (1) Mr. Schatz's contract as Managing Director and Chief Executive Officer terminated effective September 30, 2019 and he has a contract as a Senior Advisor until June 30, 2021. The separation payment includes his annual regular bonus.
- (2) The performance of the Managing Board was assessed by the Compensation Committee against the defined objective and measurable corporate financial goals, operational or strategic Team Goals and pre-defined individual performance goals. The assessment resulted in an annual variable cash award of 92.75% for the Chief Financial Officer.
- (3) Amounts include, among others, car lease and reimbursed personal expenses such as tax consulting. We also occasionally reimburse our Managing Directors' personal expenses related to attending out-of-town meetings but not directly related to their attendance. Amounts do not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN, other reimbursements or payments that in total did not exceed \$10,000 or tax amounts paid by the Company to tax authorities to avoid double-taxation under multi-tax jurisdiction employment agreements. Compensation for Mr. Schatz for 2019 is excluding €0.7 million to account for the tax levy payable to the Dutch tax authorities by the Company on termination benefits pursuant to Article 32bb of the Dutch wage tax act.

The total recognized compensation expense in accordance with IFRS 2 "Share-based Payments" for share-based compensation in the year December 31, 2019 for long-term compensation of stock units amounted to \$37.4 million for Mr. Schatz and \$4.7 million for Mr. Sackers. Based on such valuations and including the tax levy on termination benefits, the total compensation including share-based compensation expenses in the year 2019 for members of the Managing Board was \$51.3 million and amounts to \$45.8 million for Mr. Schatz and \$5.6 million for Mr. Sackers.

Base Salary

In 2019, the base salary of the Managing Board, which is set in euros (€), was increased in line with the salary increase of the wider workforce by 0% for Mr. Schatz and 2.7% for Mr. Sackers.

Pensions

For 2019, approximately \$141,000 was accrued by QIAGEN to provide pension benefits to the members of the Managing Board.

Severance payments

Mr. Schatz received separation payments due upon the conclusion of his employment agreements totaling \$6,566,000 (including his regular annual bonus for 2019). These payments reflect continuing long standing obligations of the Company from Mr. Schatz' former employment agreement through to June 30, 2021.

Other benefits

The members of the Managing Board received other emoluments equivalent to a total sum of \$45,000 in addition to the compensation and pension benefit. These may include costs related to insurance, company vehicles, tax assistance, travel and relocation costs.

Long-Term Incentives

In connection with Mr. Schatz' resignation as Managing Board member 1,995,138 LTIs (RSUs and PSUs) which were earned as of the separation date September 30, 2019 were released to Mr. Schatz and settled in shares. Further, 496,437 LTI's, including 476,113 PSUs and 20,324 RSUs, remain unvested as of the separation date. They will remain outstanding and are subject to the change of control mechanism explained above until June 30, 2021. The following tables sets forth the grant details of the long-term incentives of Mr. Schatz as of December 31, 2019:

Peer M. Schatz								
Performance Stock Units		in 2019						
Year of grant	Outstanding at December 31, 2018	Granted	Performance adjustment	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date	
2019	–	430,982	–	(254,757)	176,225	\$ 36.30	\$ 32.97	
2018 ⁽¹⁾	307,000	–	–	(186,526)	120,474	\$ 36.30	\$ 32.97	
2018	364,942	–	–	(279,788)	85,154	\$ 33.70	\$ 32.97	
2017	334,650	–	–	(293,376)	41,274	\$ 29.26	\$ 32.97	
2016 ⁽¹⁾	487,833	–	–	(461,816)	26,017	\$ 24.38	\$ 32.97	
2016	273,574	–	–	(260,806)	12,768	\$ 21.11	\$ 35.06	
2015	193,194	–	–	(181,388)	11,806	\$ 25.26	\$ 32.97	
2013	55,226	–	–	(52,831)	2,395	\$ 23.16	\$ 35.81	
	<u>2,016,419</u>	<u>430,982</u>	<u>–</u>	<u>(1,971,288)</u>	<u>476,113</u>			

(1) Commitment Performance Stock Units can be achieved at minimum performance of 25% up to 200% based on the achievement of targets. If targets do not achieve the 25% minimum performance, then grant is forfeit.

Peer M. Schatz Restricted Stock Units		in 2019			Outstanding at December 31, 2019	Share price on grant date	Share price on release date
Year of grant	Outstanding at December 31, 2018	Granted	Released				
2014	230,082	–	(219,856)	10,226	\$ 22.25	\$ 37.73	
2013	41,972	–	(34,976)	6,996	\$ 21.44	\$ 32.97	
2012	46,519	–	(43,417)	3,102	\$ 15.28	\$ 32.97	
2011	38,843	–	(38,843)	0	\$ 20.63	\$ 32.97	
2010	33,947	–	(33,947)	0	\$ 21.81	\$ 32.97	
2009	39,385	–	(39,385)	0	\$ 16.02	\$ 38.60	
	430,748	–	(410,424)	20,324			

Peer M. Schatz Stock Options		in 2019			Outstanding at December 31, 2019	Average share price at exercise	Exercise price	Expiry
Year of grant	Outstanding at December 31, 2018	Vested	Exercised					
2013	137,859	–	–	137,859	–	21.87	2/28/2023	
2012	134,109	–	–	134,109	–	15.59	2/28/2022	
2011	112,653	–	–	112,653	–	21.04	2/28/2021	
2010	120,903	–	–	120,903	–	22.25	2/26/2020	
	505,524	0	-	505,524				

The following tables sets forth the long-term incentives of Mr. Sackers as of December 31, 2019:

Roland Sackers Performance Stock Units		in 2019			Outstanding at December 31, 2019	Share price on grant date	Share price on release date
Year of grant	Outstanding at December 31, 2018	Granted	Performance adjustment	Released			
2019	–	141,131	(14,114)	–	127,017	\$ 36.30	–
2018 ⁽¹⁾	97,000	–	–	–	97,000	\$ 36.30	–
2018	103,000	–	–	–	103,000	\$ 33.70	–
2017	83,491	–	–	–	83,491	\$ 30.38	–
2016 ⁽¹⁾	153,496	–	–	(61,398)	92,098	\$ 24.38	\$ 29.81
2016	21,076	–	–	(8,430)	12,646	\$ 27.71	\$ 38.41
2016	47,043	–	–	(18,817)	28,226	\$ 21.11	\$ 39.25
2015	53,883	–	–	–	53,883	\$ 25.26	–
2013	17,376	–	–	(14,480)	2,896	\$ 23.16	\$ 38.64
	576,365	141,131	(14,114)	(103,125)	600,257		

(1) Commitment Performance Stock Units can be achieved at minimum performance of 25% up to 200% based on the achievement of targets. If targets do not achieve the 25% minimum performance, then grant is forfeit.

Roland Sackers							
Restricted Stock Units		in 2019					
Year of grant	Outstanding at December 31, 2018	Granted	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date	
2014	69,807	–	(58,172)	11,635	\$ 22.25	\$ 38.43	
2013	13,207	–	–	13,207	\$ 21.44	–	
2012	15,591	–	–	15,591	\$ 15.28	–	
2011	13,039	–	–	13,039	\$ 20.63	–	
2010	10,617	–	–	10,617	\$ 21.81	–	
2009	25,789	–	(25,789)	–	\$ 16.02	\$ 38.60	
	148,050	–	(83,961)	64,089			

Roland Sackers								
Stock Options		in 2019						
Year of grant	Outstanding at December 31, 2018	Vested	Exercised	Outstanding at December 31, 2019	Average share price at exercise	Exercise price	Expiry	
2013	43,378	–	–	43,378	–	21.87	2/28/2023	
2012	14,982	–	–	14,982	–	15.59	2/28/2022	
2011	37,815	–	–	37,815	–	21.04	2/28/2021	
2010	39,564	–	–	39,564	–	22.25	2/26/2021	
	135,739	–	-	135,739				

Pay Ratio

Under the Dutch Corporate Governance Code, we are required to report the ratio between the remuneration of the members of the Managing Board and that of a representative reference group within the company and its affiliated enterprise. QIAGEN's internal pay ratio is determined as the ratio between the average pay of the Managing Board as disclosed in the Corporate Governance Report in our 2019 Annual Report and the average pay of total global employees. The combined pay ratio for the Managing Board¹ is 65:1 (2018: 93:1).

The Corporate Governance Code does not provide precise guidance and therefore the comparability across companies may not be given. The pay ratio may also be incomparable year over year since the Managing Board has a higher variable remuneration component than the other employees and accordingly together with the variable compensation the pay ratio will vary.

QIAGEN is a globally operating company with sites in 30+ countries with different pay structures. QIAGEN's broad footprint in countries all over the world, particularly for distribution of its products where other companies typically sell through third parties, distorts the comparability of the pay ratio. In addition, QIAGEN has a significant number of employees in countries which have not only different pay structures, but also different pay levels compared to the Netherlands, for example our shared service centers in Poland and the Philippines. Calculating the pay ratio with a reference group in which the relevant

¹ Does not include the remuneration of Mr. Schatz due to his resignation in 2019

employees in these countries are excluded, the pay ratio for the Managing Board¹ is 47:1 (2018: 71:1). The average remuneration of all employees was calculated using the average number of payroll employees. This ratio is prepared in accordance with the Dutch Corporate Governance Code and has not been prepared to comply with the Pay Ratio Disclosure requirements under U.S. Securities and Exchange Commission regulations.

Information on the Change of Remuneration and Company Performance

The following table shows the annual change of remuneration, performance of entity and average remuneration of other employees of entity over the last five financial years.

Annual change	2015 vs. 2014	2016 vs. 2015	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018	Information for 2019 in US\$ millions
Director's remuneration						
Peer M. Schatz	-41%	41%	19%	9%	234%	45.8
Roland Sackers	-41%	31%	21%	5%	30%	5.6
Company performance						
Net sales (CER) ²	3%	6%	6%	6%	4%	1565.5
Operating income, adjusted	1%	2%	14%	9%	5%	421.8
Free cash flow, adjusted	9%	22%	-26%	27%	-15%	212.9
Average remuneration on a full-time basis of employees						
Employees of the group	-13.0%	7.4%	-3.7%	3.6%	-3.9%	0.1

² Constant exchange rates

¹ Does not include the remuneration of Mr. Schatz due to his resignation in 2019

Remuneration of Supervisory Board in 2019

The Supervisory Board remuneration is aligned to the applicable market standards, considering peer companies of similar size and complexity in similar industries, including biotechnology, life science supplies, diagnostics and pharmaceuticals, to reflect our nexus to the European Markets as a Dutch company as well as our U.S. focus as a NYSE listed company subject to U.S. regulations and the fact that several of the Supervisory Board members are residing in the United States.

The Supervisory Board compensation for 2019 consists of fixed retainer compensation and additional retainer amounts for Chairman and Vice Chairman. Annual remuneration of the Supervisory Board members is as follows:

Fee payable to the Chairman of the Supervisory Board	\$150,000
Fee payable to each member of the Supervisory Board	\$57,500
Additional compensation payable to members holding the following positions:	
Chairman of the Audit Committee	\$25,000
Chairman of the Compensation Committee	\$18,000
Chairman of the Selection and Appointment Committee and other board committees	\$12,000
Fee payable to each member of the Audit Committee	\$15,000
Fee payable to each member of the Compensation Committee	\$11,000
Fee payable to each member of the Selection and Appointment Committee and other board committees	\$6,000

Further, the Supervisory Board members will be reimbursed for tax consulting costs incurred in connection with the preparation of their tax returns up to an amount of €5,000 per person per fiscal year.

Supervisory board members also receive a variable component, in the form of share-based compensation. The Supervisory Board members receive grant of restricted stock unit awards (RSUs) pursuant to the terms of the 2014 Stock Plan. RSUs represent rights to receive Common Shares at future dates if the individual continues to provide service to the Company. 40% of each award vest three years from the grant date and the remaining 60% vest five years from the grant date. The number of RSUs subject to each annual grant shall be reduced by 0.25% per each 1% increase in the Company's share price and increased by 0.25% per each 1% decrease in the Company's share price, whereby the share price shall be determined as the average trading price of the Company's Common Shares from July 1 through December 31 of each year preceding the grant.

One of the best practice provisions of the Dutch Corporate Governance Code states that a Supervisory Board member should not be granted any shares and/or rights to purchase shares by way of remuneration. It is not uncommon for internationally oriented companies however to grant equity-based compensation to members of their Supervisory Boards. For that reason, and in order to attract and retain highly skilled and experienced international candidates with the required expert knowledge, the Company wishes to continue granting equity-based remuneration to members of the Supervisory Board.

We did not pay any agency or advisory service fees to members of the Supervisory Board. Supervisory Directors are reimbursed for travel costs and for any value-added tax to be paid on their remuneration. These reimbursements are excluded from the table below.

The remuneration of the Supervisory Board based on incurred accounting expenses in 2019 was as follows (in \$ thousands):

The total recognized compensation expense in accordance with IFRS 2 for share-based compensation in the year 2019 for long-term compensation of restricted stock units amounted to \$1.9 million and includes \$321.3 thousand for Mr. Bancel, \$150.8 thousand for Mr. Björklund, \$327.6 thousand for Mr. Colpan, \$235.8 thousand for Mr. Levine, \$315.7 thousand for Ms. Mardis, \$321.3 thousand for Mr. Rosen and \$229.0 thousand for Ms. Tallett.

The total recognized compensation expense, including share-based compensation expenses, for members of the Supervisory Board in 2019 totaled \$2.5 million and includes amounts of \$410.8 thousand for Mr. Bancel, \$323.8 thousand for Mr. Björklund, \$403.1 thousand for Mr. Colpan, \$299.3 thousand for Mr. Levine, \$379.2 thousand for Ms. Mardis, \$403.8 thousand for Mr. Rosen, and \$325.5 thousand for Ms. Tallett.

Long-Term Incentives

The Supervisory Board members receive grant of restricted stock unit awards (RSUs) pursuant to the terms of the 2014 Stock Plan for grants made beginning in 2015 and the 2005 Stock Plan for grants made before 2014. 40% of each award vest three years from the grant date and the remaining 60% vest five years from the grant date. Granted awards will fully vest in case of a change of control.

The following tables sets forth the RSUs of the Supervisory Board members:

Stephane Bancel						
Restricted Stock Units						
	in 2019					
Year of grant	Outstanding at December 31, 2018	Granted	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date
2019	–	9,331	–	9,331	\$ 38.43	–
2018	9,866	–	–	9,866	\$ 33.70	–
2017	10,732	–	–	10,732	\$ 28.46	–
2016	10,742	–	(4,296)	6,446	\$ 21.11	\$ 39.26
2015	6,745	–	–	6,745	\$ 25.26	–
2014	6,000	–	(6,000)	–	\$ 22.25	\$ 38.43
	<u>44,085</u>	<u>9,331</u>	<u>(10,296)</u>	<u>43,120</u>		

Dr. Håkan Björklund						
Restricted Stock Units						
	in 2019					
Year of grant	Outstanding at December 31, 2018	Granted	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date
2019	–	9,331	–	9,331	\$ 38.43	–
2018	9,866	–	–	9,866	\$ 33.70	–
	<u>9,866</u>	<u>9,331</u>	<u>–</u>	<u>19,197</u>		

Dr. Metin Colpan						
Restricted Stock Units						
in 2019						
Year of grant	Outstanding at December 31, 2018	Granted	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date
2019	–	9,331	–	9,331	\$ 38.43	–
2018	9,866	–	–	9,866	\$ 33.70	–
2017	10,732	–	–	10,732	\$ 28.46	–
2016	10,742	–	(4,296)	6,446	\$ 21.11	\$ 39.26
2015	6,745	–	–	6,745	\$ 25.26	–
2014	6,000	–	(6,000)	–	\$ 22.25	\$ 38.43
2012	457	–	–	457	\$ 17.45	–
2012	544	–	–	544	\$ 15.28	–
2011	468	–	–	468	\$ 20.63	–
2010	442	–	–	442	\$ 21.81	–
2009	537	–	(537)	–	\$ 16.02	\$ 38.60
	<u>46,533</u>	<u>9,331</u>	<u>(10,833)</u>	<u>45,031</u>		

Dr. Ross L. Levine						
Restricted Stock Units						
in 2019						
Year of grant	Outstanding at December 31, 2018	Granted	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date
2019	–	9,331	–	9,331	\$ 38.43	–
2018	9,866	–	–	9,866	\$ 33.70	–
2017	10,732	–	–	10,732	\$ 28.46	–
	<u>20,598</u>	<u>9,331</u>	<u>–</u>	<u>29,929</u>		

Dr. Elaine Mardis						
Restricted Stock Units						
in 2019						
Year of grant	Outstanding at December 31, 2018	Granted	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date
2019	–	9,331	–	9,331	\$ 38.43	–
2018	9,866	–	–	9,866	\$ 33.70	–
2017	10,732	–	–	10,732	\$ 28.46	–
2016	10,742	–	(4,296)	6,446	\$ 21.11	\$ 39.26
2015	6,745	–	–	6,745	\$ 25.26	–
	<u>38,085</u>	<u>9,331</u>	<u>(4,296)</u>	<u>43,120</u>		

Lawrence A. Rosen						
Restricted Stock Units						
in 2019						
Year of grant	Outstanding at December 31, 2018	Granted	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date
2019	–	9,331	–	9,331	\$ 38.43	–
2018	9,866	–	–	9,866	\$ 33.70	–
2017	10,732	–	–	10,732	\$ 28.46	–
2016	10,742	–	(4,296)	6,446	\$ 21.11	\$ 39.26
2015	6,745	–	–	6,745	\$ 25.26	–
2014	6,000	–	(6,000)	–	\$ 22.25	\$ 38.43
	44,085	9,331	(10,296)	43,120		

Elizabeth E. Tallett						
Restricted Stock Units						
in 2019						
Year of grant	Outstanding at December 31, 2018	Granted	Released	Outstanding at December 31, 2019	Share price on grant date	Share price on release date
2019	–	9,331	–	9,331	\$ 38.43	–
2018	9,866	–	–	9,866	\$ 33.70	–
2017	10,732	–	–	10,732	\$ 28.46	–
2016	10,742	–	(4,296)	6,446	\$ 21.11	\$ 39.26
2015	6,745	–	–	6,745	\$ 25.26	–
2014	6,000	–	(6,000)	–	\$ 22.25	\$ 38.43
2012	457	–	–	457	\$ 17.45	–
2012	544	–	–	544	\$ 15.28	–
	45,086	9,331	(10,296)	44,121		

Up until 2012, the Supervisory Board members received stock option grants. All stock options are fully vested. The following tables sets forth the stock options of the Supervisory Board members:

Metin Colpan							
Stock Options							
in 2019							
Year of grant	Outstanding at December 31, 2018	Vested	Exercised	Outstanding at December 31, 2019	Average share price at exercise	Exercise price	Expiry
2012	1,563	–	–	1,563	–	15.59	2/28/2022
2011	1,355	–	–	1,355	–	21.04	2/28/2021
2010	1,649	–	–	1,649	–	22.25	2/28/2021
2009	1,937	–	(1,937)	–	38.63	16.34	–
2008	1,389	–	(1,389)	–	39.84	22.43	–
	7,893	–	(3,326)	4,567			

Elizabeth Tallett Stock Options		in 2019			Outstanding at December 31, 2019	Average share price at exercise	Exercise price	Expiry
Year of grant	Outstanding at December 31, 2018	Vested	Exercised					
2012	1,563	–	–	1,563	–	15.59	2/28/2022	
	1,563	–	-	1,563				

Future development of the Remuneration of Supervisory Directors

At the Annual General Meeting in June 2020, a Remuneration Policy for the Supervisory Board will be proposed to the General Meeting. This is a new requirement pursuant to the Dutch implementation of the Shareholder Rights Directive II.

Share-based remuneration to employees

Pursuant to the 2014 Stock Plan, stock rights, which include options to purchase our Common Shares, stock grants and stock-based awards, may be granted to employees of QIAGEN and its subsidiaries. Generally, the non-qualified stock options have terms up to ten years and stock-based awards have terms of up to five years, subject to earlier termination in the event of death, disability or other termination of employment. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control, as defined in the agreements under the 2014 Plan. We issue Treasury Shares to satisfy option exercises and award releases.

The Plan is administered by the Compensation Committee of the Supervisory Board, which selects participants from among eligible employees and determines the number of shares subject to the stock-based award, the length of time the award will remain outstanding, the manner and time of the award's vesting, the price per share subject to the award and other terms and conditions of the award consistent with the Plan.

Details with respect to stock options outstanding are set out in the following tables:

Stock Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years
Outstanding and Exercisable 12/31/2018	247,578	\$19.39	
Exercised	(100,640)	\$19.99	
Expired	(1,884)	\$17.51	
Outstanding and Exercisable 12/31/2019	145,054	\$19.00	2.08

Since 2014, stock options are no longer granted to employees.

Range of Exercise Prices		Number of Options Outstanding and Exercisable as of 12/31/19	Weighted Average Remaining Contractual Term	Weighted Average Exercise Price
\$14.91	\$14.91	1,667	1.92	\$14.91
\$16.00	\$16.00	31,616	2.33	\$16.00
\$17.61	\$18.29	9,150	1.21	\$18.16
\$18.68	\$18.68	32,696	3.28	\$18.68
\$19.45	\$21.87	69,925	1.53	\$20.71
\$14.91	\$21.87	145,054	2.08	\$19.00

Details with respect to PSUs outstanding are set out below:

Performance Stock Units	Shares	Weighted Average Purchase Price	Weighted Average Remaining Contractual Term	Weighted Average Grant Date Fair Value
Outstanding 12/31/2018	3,843,410	\$0.00		\$29.53
Awarded	923,198	\$0.00		\$37.20
Released	(545,666)	\$0.00		\$25.04
Forfeited	(894,125)	\$0.00		\$29.37
Outstanding 12/31/2019	3,326,933	\$0.00	2.39	\$32.43
Vested and expected to vest	2,759,883	\$0.00	2.25	\$32.06
Exercisable 12/31/2019	0	\$0.00	0.00	\$0.00

Details with respect to RSUs outstanding are set out below:

Restricted Stock Units	Shares	Weighted Average Purchase Price	Weighted Average Remaining Contractual Term	Weighted Average Grant Date Fair Value
Outstanding 12/31/2018	733,590	\$0.00		\$22.56
Awarded	73,421	\$0.00		\$33.80
Released	(355,743)	\$0.00		\$22.22
Forfeited	(72,534)	\$0.00		\$25.11
Outstanding 12/31/2019	378,734	\$0.00	2.14	\$24.57
Vested and expected to vest	313,331	\$0.00	1.99	\$24.13
Exercisable 12/31/2019	0	\$0.00	0.00	\$0.00