FRESENIUS

2021

ANNUAL REPORT

FRESENIUS

FRESENIUS MEDICAL CARE

FRESENIUS KABI

FRESENIUS HELIOS

FRESENIUS VAMED

Fresenius is a global health care Group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities worldwide. More than 300,000 employees have dedicated themselves to the service of health in over 100 countries worldwide.

Play Image Film

GROUP IN FIGURES

€ in millions	2021	2020	2019[1]	2018	2017
Sales and earnings					
Sales	**37,520**	36,277	35,409	33,530	33,886
EBITDA[2]	**6,854**	7,132	7,104	6,055	6,267
EBIT[2]	**4,252**	4,612	4,688	4,561	4,830
Net income[3]	**1,867**	1,796	1,879	1,871	1,816
Depreciation and amortization[2]	**2,602**	2,520	2,416	1,430	1,437
Earnings per share in €[3]	**3.35**	3.22	3.37	3.37	3.28
Cash flow and balance sheet					
Operating cash flow	**5,078**	6,549	4,263	3,742	3,937
Operating cash flow as % of sales	**13.5**	18.1%	12.0%	11.2%	11.6%
Total assets	**71,962**	66,646	67,006	56,703	53,133
Non-current assets	**54,501**	50,874	51,742	41,913	40,529
Equity[4]	**29,288**	26,023	26,580	25,008	21,720
Equity ratio[4]	**41%**	39%	40%	44%	41%
Net debt	**24,391**	24,076	25,604	16,275	17,406
Net debt/EBITDA[5,6]	**3.51**	3.44	3.61	2.71	2.84
Investments[7]	**3,117**	3,300	5,086	3,249	8,680
Profitability					
EBIT margin[2]	**11.3%**	12.7%	13.2%	13.6%	14.3%
Return on equity after taxes (ROE)[3]	**9.8%**	10.6%	11.2%	12.1%	13.3%
Return on operating assets (ROOA)[5]	**6.5%**	7.3%	7.6%	9.0%	9.4%
Return on invested capital (ROIC)[5]	**5.9%**	6.5%	6.7%	8.3%	8.0%
Dividend per share in €	**0.92**[8]	0.88	0.84	0.80	0.75
Employees (December 31)	**316,078**	311,269	294,134	276,750	273,249

[1] Including IFRS 16 effect
[2] Before special items
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items
[4] Including noncontrolling interests
[5] Before special items; 2017, 2018, 2019, 2020, 2021 pro forma acquisitions
[6] At average exchange rates for both net debt and EBITDA
[7] Investments in property, plant and equipment, and intangible assets, acquisitions
[8] Proposal

For a detailed overview of special items please see the reconciliation tables on pages 74 to 76.

View our interactive tool

TARGETS, RESULTS, AND OUTLOOK

	TARGETS 2021[1]	RESULTS 2021	OUTLOOK 2022[2]
Fresenius Group			
Sales growth (in constant currency)	Mid single-digit percentage growth	5%	Mid single-digit percentage growth
Net income[3] growth (in constant currency)	Around the top-end of low single-digit percentage growth	5%	Low single-digit percentage growth
Investments in property, plant and equipment	~6% of sales	5% of sales	~6% of sales
Liquidity and capital management			
Cash flow margin	10% to 12%	13.5%	10% to 12%
Net debt/EBITDA	Around the top-end of the self-imposed target corridor of 3.0×to3.5×[4]	3.51×	Without further acquisitions, we project an improvement into the self-imposed target corridor

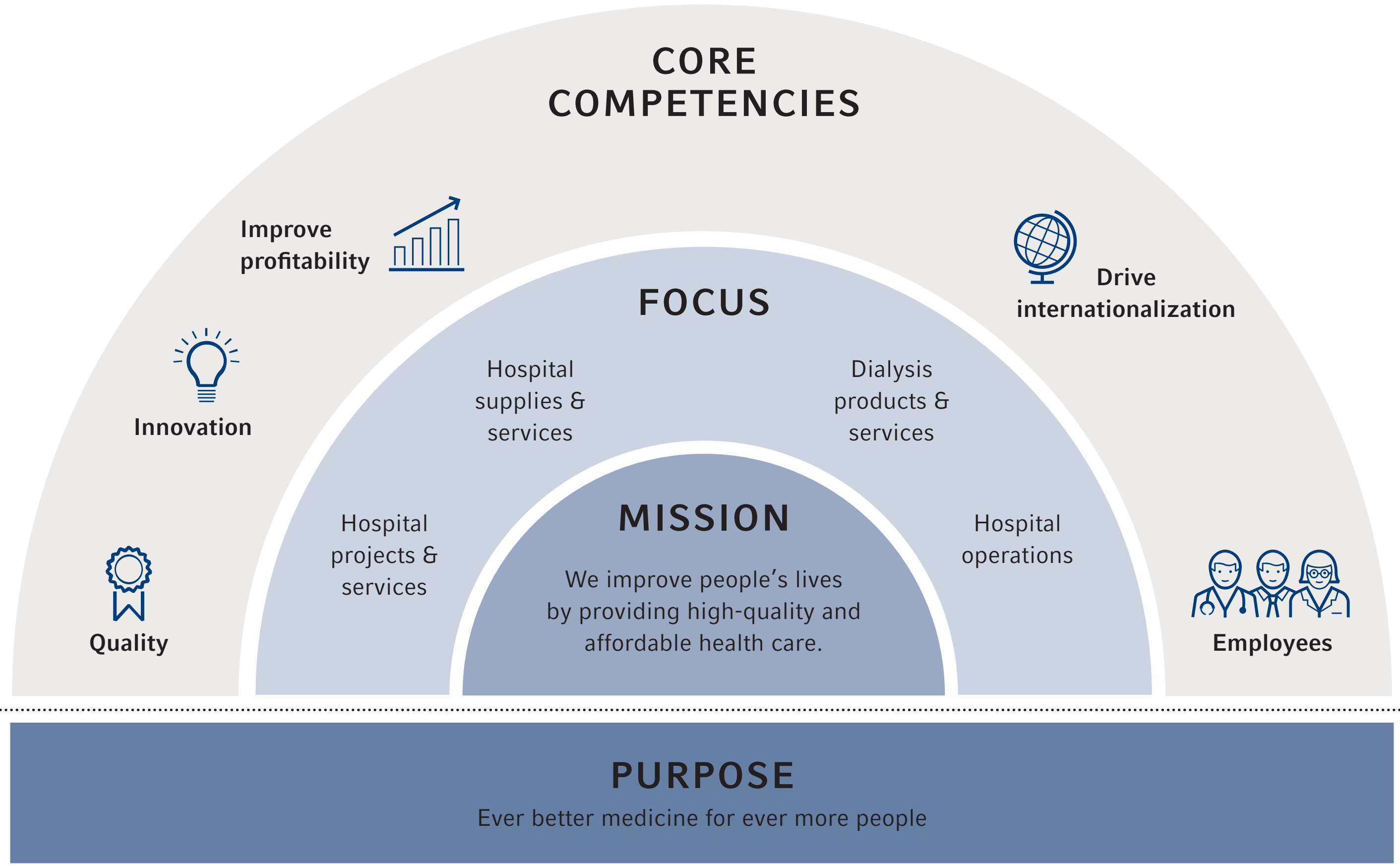
[1] Before special items; including expected COVID-19 effects (updated in November 2021; more information within table of achieved Group targets on p. 68)
[2] Before special items, including expected COVID-19 effects
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] At average expected exchange rates for both net debt and EBITDA; excluding further potential acquisitions; before special items

TARGETS, RESULTS, AND OUTLOOK

	TARGETS 2021[1]	RESULTS 2021	OUTLOOK 2022[2]
Business segments			
Fresenius Medical Care[3]			
Sales growth (in constant currency)	Expecting to be at the lower end of the guidance range of low-to-mid single-digit percentage growth	2%	Low-to-mid single-digit percentage growth
Net income[4] growth (in constant currency)	Expecting to be at the lower end of the guidance range of high-teens to mid-twenties percentage decline	-23%	Low-to-mid single-digit percentage growth
Fresenius Kabi			
Sales growth (organic)	Low-to-mid single-digit percentage growth	4%	Low single-digit percentage growth
EBIT growth (in constant currency)	Around the top end of the low single-digit percentage guidance range	7%	Decline in high single- to low double-digit percentage range
Fresenius Helios			
Sales growth (organic)	Mid single-digit percentage growth	7%	Low-to-mid single-digit percentage growth
EBIT growth (in constant currency)	High single-digit percentage growth	10%	Mid single-digit percentage growth
Fresenius Vamed			
Sales growth (organic)	Mid-to-high single-digit percentage growth	11%	High single- to low double-digit percentage growth
EBIT	High double-digit € million amount	€ 101 million	Returning to absolute pre-COVID levels (2019: € 134 million)

[1] Before special items, including estimated COVID-19 effects (updated in November 2021, more information within table of achieved Group targets on p. 68)
[2] Before special items, including estimated COVID-19 effects
[3] These targets are based on the 2021 results excluding the costs related to FME25 of € 49 million (for Net Income). They are based on the outlined assumptions, in constant currency and exclude special items. Special items include further costs related to FME25 and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance.
[4] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

FRESENIUS STRATEGY



FRESENIUS MEDICAL CARE.

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases. We aim to create a future worth living for chronically and critically ill patients – worldwide and every day.

COMPREHENSIVE DIALYSIS PRODUCTS AND SERVICES

When the kidney function of patients fails, dialysis takes over the vital task of cleansing the blood of toxins and surplus water. We offer products and services along the entire dialysis value chain. In addition to dialysis machines, dialyzers, and related disposables, we operate our own dialysis clinics worldwide. As part of our strategy 2025, we will concentrate on three key areas in which we want to leverage our core competencies – innovation of products, operating outpatient facilities, standardizing medical procedures, and efficiently coordinating patients:

Renal care continuum
By applying digital technologies such as artificial intelligence, we work on new forms of renal therapy to foster personalized medicine and holistic home care, among other things. Our value-based care models will push forward the transition from fee-for-service to pay-for-performance models to offer even better and affordable care. We are expanding these models to the treatment of chronic kidney disease and plan to include kidney transplant patients as well.

Critical care solutions
In addition to acute dialysis, we will therefore increasingly rely on our expertise in intensive care. In this area, we can draw in particular on our experience in extracorporeal blood treatment and cardiopulmonary support in acute kidney failure.

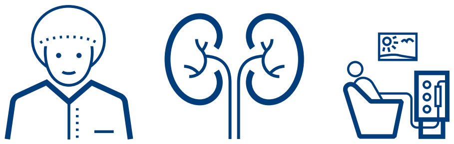
Complementary assets
To create an additional basis for future growth, we are further expanding our network of complementary assets through partnerships, investments, and acquisitions. This will help us to create additional medical value while cutting costs.

OUR SUCCESS FACTORS

- Sustainable business based on high-quality products and services
- Strong global footprint
- Leading market positions
- Highly qualified employees
- High level of vertical integration

OUR GROWTH DRIVERS

- Aging population and increasing number of patients with chronic diseases
- Increasing presence in emerging markets
- Standardizing medical procedures
- Increasing demand for home hemodialysis
- Providing integrated solutions for patients and health care systems
- Developing and enhancing value-based care



MARKET DYNAMICS

Increase in worldwide demand

~1.6 million

patients worlwide,
who will need continuous renal replacement therapy to treat acute kidney failure in 2030

Home dialysis

By 2025, the Company aims to perform

25 %

of all treatments in the U.S. in a home setting

Global market for dialysis products and services

~€ 79 bn

Quality in dialysis treatments enables saving in the U.S. market

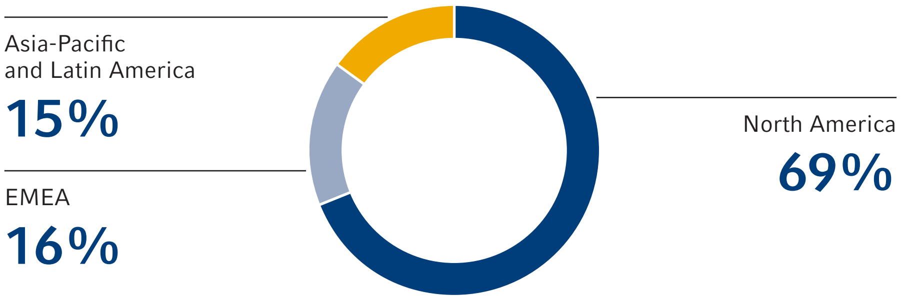
US$ 4.9 bn savings
created by all dialysis providers for Medicare and taxpayers since QIP (quality incentive program) was enacted

Big Data is driving new treatment models

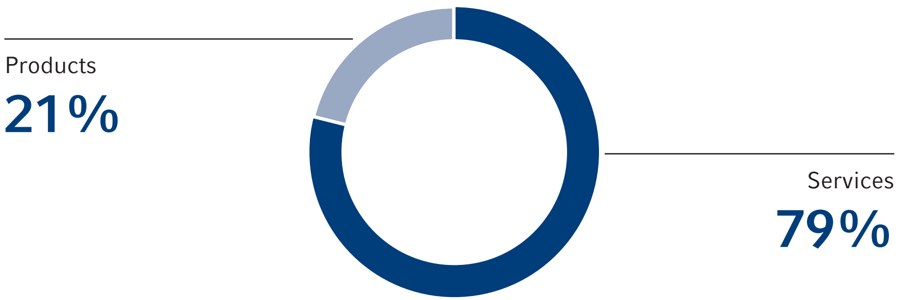
~53 million

dialysis treatments in 2021
providing sound data basis to further standardize medical setups at Fresenius Medical Care

SALES BY REGION



SALES BY SERVICES AND PRODUCTS



Source information can be found on page 402.

MAJOR EVENTS

▶ Realignment of the operating model expands production as part of the FME25 program.

In the future, the simplified structure will comprise only two global segments: in the Care Enablement segment, Fresenius Medical Care consolidates its previously decentralized product business under one global medical technology umbrella. The global health care services business will be combined in the Care Delivery segment. In this way, the company aims to become more agile, make better use of existing know-how, accelerate innovations, and deploy its capital in a more targeted and thus more efficient manner. With the implementation of the new global operating model, Fresenius Medical Care expects to reduce its annual costs by € 500 million by 2025.

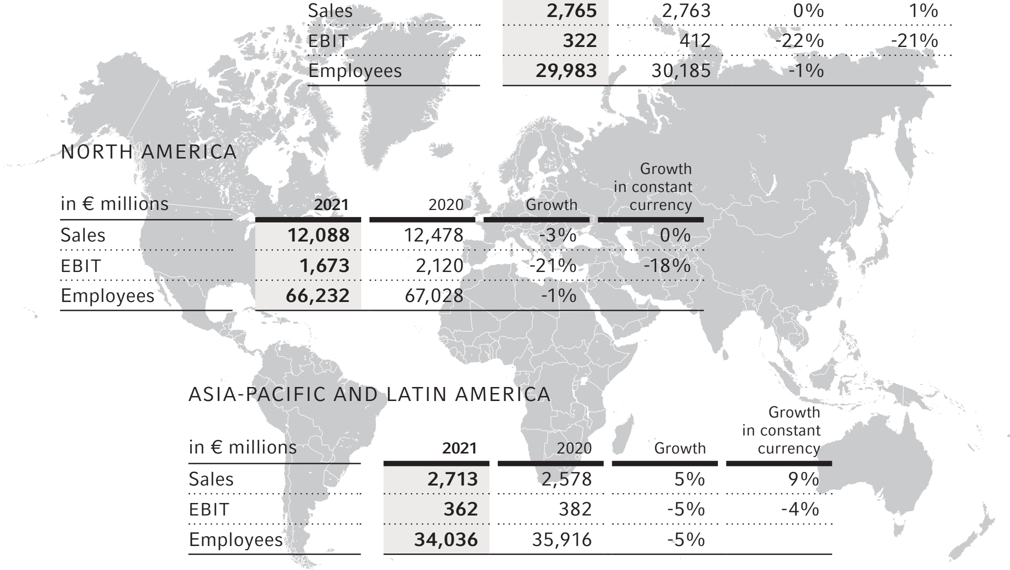
▶ Fresenius Medical Care trains patients with virtual reality technology for the home dialysis.

The VR training helps patients learn how to use the *stay•safe* system for Continuous Ambulatory Peritoneal Dialysis correctly. It appeals to several senses and makes it particularly easy to learn new procedures and consolidate conventional training. Patients can adjust the learning pace individually and repeat the learning units as often as necessary until they are confident in their use.

▶ Fresenius Medical Care improves clinical care performance through continuous digital quality improvement.

Following the introduction of the Medical Patient Review Continuous Quality Improvement (MPR-CQI) program in 20 countries in the EMEA region, an improvement in medical performance indicators was observed, which was associated with a significant reduction in mortality risk of about 30%. This was confirmed by a study. For the development of the MPR-CQI program, the company used therapy data from more than 70,000 patients from its own NephroCare network.

SALES AND EARNINGS DEVELOPMENT



EMEA

in € millions	2021	2020	Growth	Growth in constant currency
Sales	**2,765**	2,763	0%	1%
EBIT	**322**	412	-22%	-21%
Employees	**29,983**	30,185	-1%	

NORTH AMERICA

in € millions	2021	2020	Growth	Growth in constant currency
Sales	**12,088**	12,478	-3%	0%
EBIT	**1,673**	2,120	-21%	-18%
Employees	**66,232**	67,028	-1%	

ASIA-PACIFIC AND LATIN AMERICA

in € millions	2021	2020	Growth	Growth in constant currency
Sales	**2,713**	2,578	5%	9%
EBIT	**362**	382	-5%	-4%
Employees	**34,036**	35,916	-5%	

FRESENIUS KABI.

Fresenius Kabi is a global health care company that specializes in lifesaving medicines and technologies. Our daily work has a major impact on patients' quality of life. Our goal is to meet the needs of patients and health care professionals while driving forward the topic of sustainability in health care.

COMPREHENSIVE PRODUCT PORTFOLIO

IV drugs

Intravenously administered generic drugs (IV) across a wide array of therapeutic categories: oncology, anesthetics, analgesics, anti-infectives, and critical care. This type of administration is used in cases of emergency, since the drug reaches the entire human body directly through the bloodstream and can be effective within a few seconds. IV drugs are also administered in intensive care and during surgery.

Clinical nutrition

Parenteral nutrition (administered intravenously) and enteral nutrition (administered as sip or tube feed via the gastro-intestinal tract). Both serve to help patients who cannot eat any, or sufficient, normal food.

Infusion therapy

Infusion solutions and blood volume substitutes.

Biosimilars

A biosimilar is a biological medicine highly similar to another already-approved biological medicine (the "reference medicine"). Fresenius Kabi's focus is on autoimmune diseases and oncology.

Medical devices

Devices and disposables used to administer IV generic drugs, infusion therapies, and clinical nutrition products.

Transfusion technology

Products for collection of blood components and extra-corporeal therapies.

OUR SUCCESS FACTORS

- Improve the quality of life of our patients
- Affordable high-quality products
- Supply reliability
- Highly qualified employees
- Strong global footprint
- Leading market positions
- Innovation in products, processes, and systems

OUR GROWTH DRIVERS

- Organic growth through geographic product rollouts and product launches
- Development of qualified and talented employees
- Strong product pipeline
- Development and rollout of biosimilars
- Increasing presence in emerging markets
- Selective small and mid-sized acquisitions

MARKET DYNAMICS

Continuing growth of generics and biopharmaceuticals in 2022 expected

high single-digit % range
for generic IV drugs
(in sales/€)

4–6%
for biopharmaceuticals
(in volume)

Global addressable market 2021

~€ 114 bn

Increase of population older than 60 years to

1.4 bn
in 2030 (2020: 1 bn)

Rising cost consciousness in health care spending – significant savings from generics

~US$ 313 bn
savings p.a.
in the United States

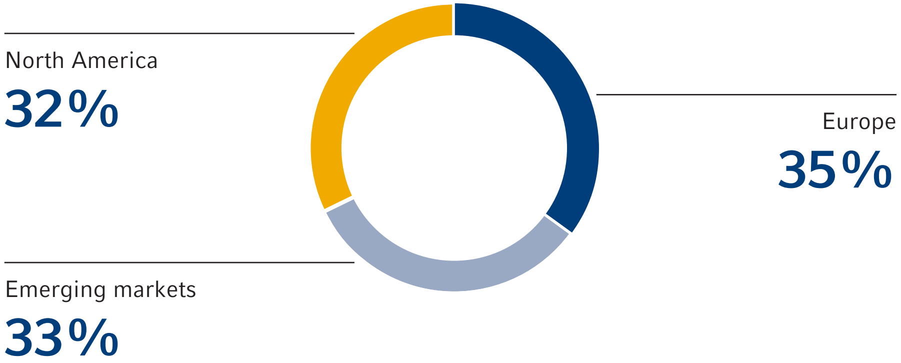
Expected market growth of biosimilars 2021 to 2028

+27%
average growth p.a.
in the United States

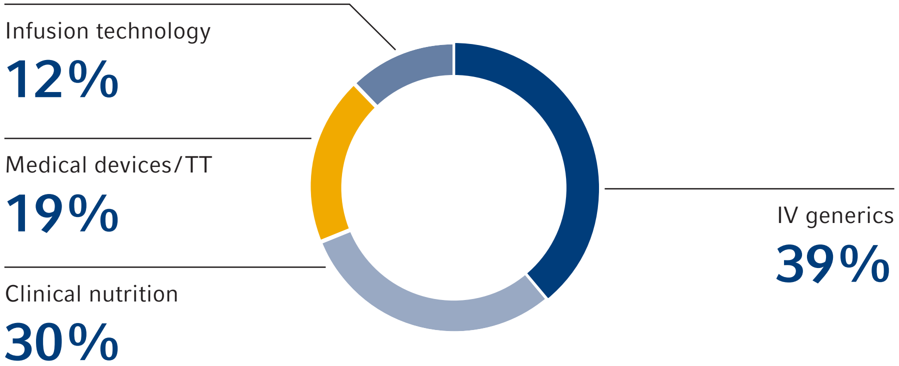
Growing health care spending in emerging markets

+6.3%
growth p.a.
over the next decade

SALES BY REGION



SALES BY PRODUCT SEGMENT



Source information can be found on page 402.

MAJOR EVENTS

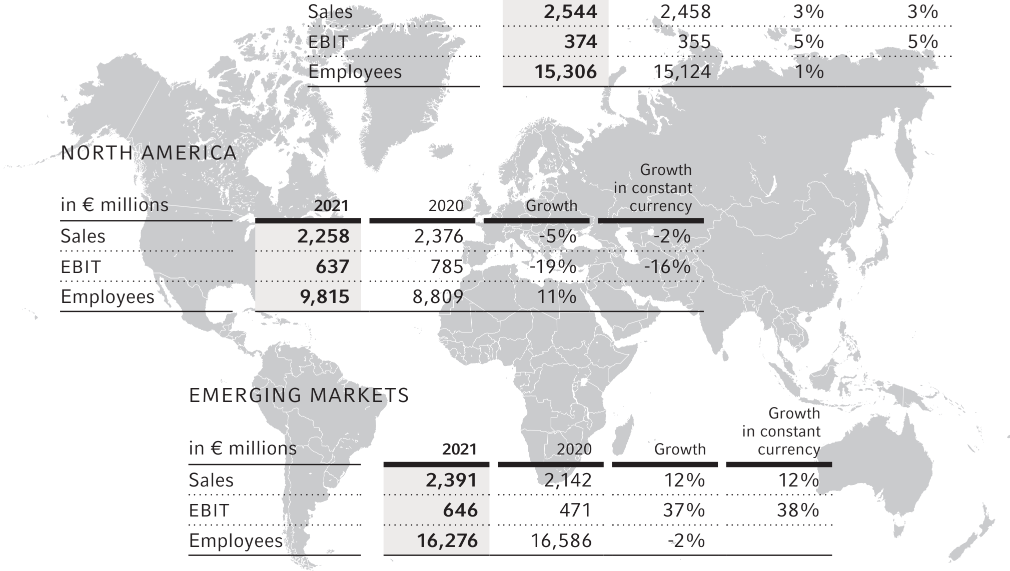
▸ **Vision 2026** defined and launched.
Vision 2026 is the framework to transform Fresenius Kabi for the next decade and defines a sustainable growth path. Fresenius Kabi will focus on three growth vectors in the future: broadening our biopharmaceutical offering; further introducing clinical nutrition products; expanding in MedTech. In the volume-driven IV business, we will continue to build our resilience.

▸ Adjustment of **organizational structure.**
As part of Vision 2026, we want to improve our global competitiveness and the effectiveness of our organization. A first step in this process is the introduction of a business-oriented instead of a regional organization. In the new organizational structure, more responsibility will be assigned to the business segments and regions to support Fresenius Kabi's growth targets, and the number of interfaces in the company will be reduced.

▸ Important **milestone** towards approval of another **biosimilar.** Positive news for our goal of improving treatment options for patients. MSB11456, a tocilizumab biosimilar candidate, successfully met primary and secondary endpoints in two consecutive clinical trials. New products serve a key role in the implementation of our strategic agenda for sustainable growth.

▸ **Collaboration** to improve supply of key medicines to U.S. patients. Together with the non-profit Phlow Corporation, we will improve access to affordable intravenous medicines for U.S. pediatric hospital patients. This is in line with our commitment to provide ever more people with state-of-the-art therapies and medicines.

SALES AND EARNINGS DEVELOPMENT



EUROPE

in € millions	2021	2020	Growth	Growth in constant currency
Sales	**2,544**	2,458	3%	3%
EBIT	**374**	355	5%	5%
Employees	**15,306**	15,124	1%	

NORTH AMERICA

in € millions	2021	2020	Growth	Growth in constant currency
Sales	**2,258**	2,376	-5%	-2%
EBIT	**637**	785	-19%	-16%
Employees	**9,815**	8,809	11%	

EMERGING MARKETS

in € millions	2021	2020	Growth	Growth in constant currency
Sales	**2,391**	2,142	12%	12%
EBIT	**646**	471	37%	38%
Employees	**16,276**	16,586	-2%	

FRESENIUS HELIOS.

Fresenius Helios is Europe’s largest private hospital operator, offering expertise in all areas and at all levels of inpatient and outpatient care as well as in telemedicine. Moreover, the company is active in the field of fertility treatments. Fresenius Helios treats over 22 million patients who undergo medical treatment with it every year.

COMPREHENSIVE INPATIENT AND OUTPATIENT CARE

Fresenius Helios comprises Helios Germany and Helios Spain (Quirónsalud) as well as Eugin Group and Curalie; all are part of the holding company Helios Health.

Our extensive expertise and know-how in ensuring high-quality, efficient, and patient-focused health care are exchanged across borders. This mutual knowledge transfer aims to continuously optimize the care of our patients.

Helios Germany operates 90 hospitals, around 130 outpatient clinics, and 6 prevention centers. It is the largest provider of inpatient and outpatient care in Germany.

Quirónsalud operates 49 hospitals as well as 88 outpatient centers, and around 300 occupational risk prevention centers. It is the largest private hospital operator in Spain. The company offers comprehensive health care that encompasses all medical specialties. In addition, the company is active in Latin America with 7 hospitals and as a provider of medical diagnostics.

Eugin Group’s network comprises 33 clinics and additional 39 sites across 10 countries on 3 continents. The company offers a wide spectrum of state-of-the-art services in the field of fertility treatments.

The platform **Curalie** bundles the digital offerings such as digital screening, diagnosis, treatment and aftercare programs of Fresenius Helios.

OUR SUCCESS FACTORS

- Focus on patients’ safety and satisfaction
- Leading market positions
- Achieving measurable, high-quality standards of medicine
- Future-oriented workplace
- Strong hospital network and development of centers of excellence
- Digital support tools for patient treatment

OUR GROWTH DRIVERS

- Organic growth through growing patient admissions and increasing prices for hospital services
- Growth opportunities in the outpatient sector and development of new patient care models
- Expanding fertility services
- Increasing digital connectivity with patients
- Carrying out greenfield projects
- Providing development opportunities for doctors and nurses
- Selective inorganic growth

MARKET DYNAMICS

Inpatient treatments could be performed in outpatient settings in

25%

of cases.

An increased focus on ambulatory care offers opportunities for hospital operators.

Hospital market in Germany

~€111bn

Downloads of e-health apps in Germany increased in 2020 to

2 million.

As a result of the COVID-19 pandemic, they doubled compared to the previous year.

Average increase of private health insurance policies in Spain of

~2.5% p.a.

Private hospital market in Spain

~€16bn

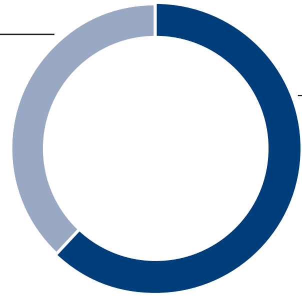
The most common positive benefit with e-health applications is improved health status, for

~75%.

Higher cost efficiency and time savings are next, some distance behind.

SALES BY REGION

Spain, Latin America and other regions
38%



Germany
62%

KEY HOSPITAL INDICATORS

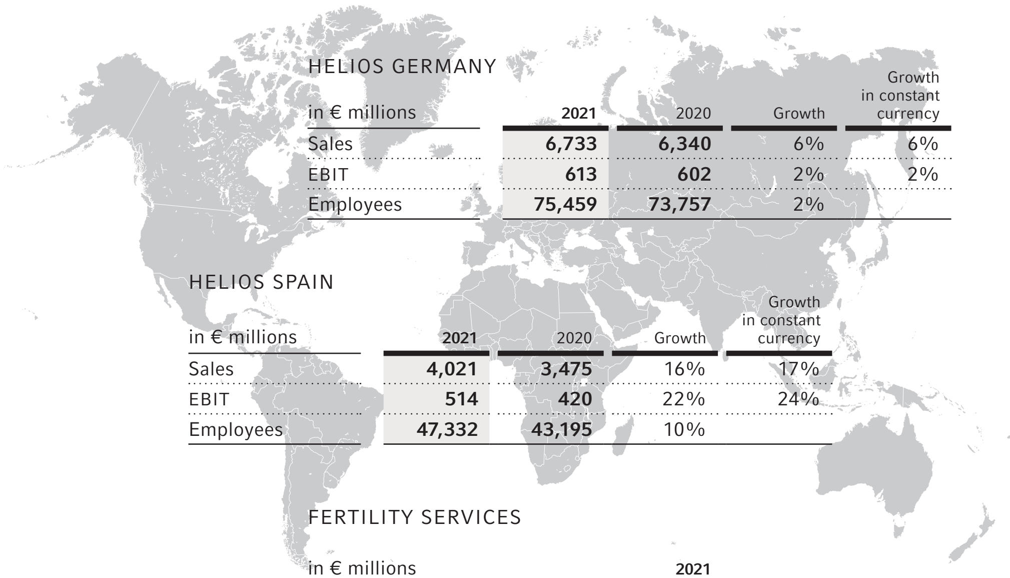
	2021	2020	Change
Acute clinics Germany	87	86	1%
Beds	29,955	29,451	2%
Acute clinics Spain and Latin America	56	52	8%
Beds	8,174	7,936	3%
Patient numbers Germany	5,444,546	5,151,717	6%
Patients treated in hospital	1,048,946	1,044,959	0%
Patients treated as outpatients	4,390,553	4,101,716	7%
Patient numbers Spain and Latin America	17,122,592	15,037,804	14%
Patients treated in hospital	982,204	927,414	6%
Patients treated as outpatients	16,140,388	14,110,390	14%

Source information can be found on page 402.

MAJOR EVENTS

- **Positive development in case numbers over the course of the year.** In view of the trend towards digital and outpatient services, as well as increasing COVID-19 cases once again towards the end of the year, the overall number of cases in Germany was 2% below pre-pandemic levels. We recorded sustained high demand for treatments as well as for services for occupational risk prevention (ORP) in Spain, in addition to good contributions from our hospitals in Latin America.
- **Cluster strategy driven forward with the acquisition of two hospitals in northern Hesse.** Together with the existing Helios site in Warburg in North Rhine-Westphalia, the aim is to form and expand a regional network over the next few years.
- **Hospital in Volkach sold.** The transaction is a first result of the ongoing strategic review and optimization of Helios' hospital portfolio in Germany.
- **Digital services expanded.** Important health parameters of cardiology patients can be tracked via our platform Curalie. Digital offerings in the area of prevention or in the diagnosis of minor ailments have been introduced, e.g. a digital "symptom check". We have also expanded the scope of our telemedicine offerings, both regionally and to additional indications. In Spain, we performed more than one million digital consultations with our doctors in 2021.
- **Growth opportunities in the field of fertility treatments exploited.** We have acquired leading reproductive clinics and centers in the United States and Canada, and opened a new reproductive medicine facility in Vicenza, Italy.

SALES AND EARNINGS DEVELOPMENT



HELIOS GERMANY

in € millions	2021	2020	Growth	Growth in constant currency
Sales	6,733	6,340	6%	6%
EBIT	613	602	2%	2%
Employees	75,459	73,757	2%	

HELIOS SPAIN

in € millions	2021	2020	Growth	Growth in constant currency
Sales	4,021	3,475	16%	17%
EBIT	514	420	22%	24%
Employees	47,332	43,195	10%	

FERTILITY SERVICES

in € millions	2021
Sales	133
EBIT	19
Employees	1,629

FRESENIUS VAMED.

Fresenius Vamed is a leading global provider of services for hospitals and other health care facilities. Its portfolio ranges from project development and planning to the total operational management of health care facilities and providing services to patients. Our services are aimed at various areas of health care, ranging from prevention to acute care, rehabilitation, and nursing.

COMPREHENSIVE PRODUCT PORTFOLIO

Service business

High-end services

Fresenius Vamed's range of services covers all areas of technical, commercial, and infrastructural facility management as well as the highly specialized areas of medical technology management, sterile services, operational technology, and IT development. In 2021, we provided technical facility management services for 840 health care facilities with 227,000 beds worldwide.

Total operational management

Fresenius Vamed is responsible for the total operational management of health care facilities, is a leading provider of rehabilitation and care in Central Europe, and builds a bridge between preventive medicine and health tourism with its spa and health resorts.

Project business

Fresenius Vamed's project business comprises consulting on projects, project development, planning, turnkey construction, and financing management of projects. Fresenius Vamed responds flexibly to the local needs of clients, providing custom-tailored solutions all from a single source to put the project on the right track in functional, technical, and financial terms. Fresenius Vamed is a pioneer in the field of public-private partnerships (PPP) for hospitals and other health care facilities and is currently implementing the largest PPP project in the German health care sector.

OUR SUCCESS FACTORS

- Unique range of services
- Extensive competencies in all health care areas
- Leading position in the area of PPP models
- Long-term life cycle models
- Providing access to health care services
- Worldwide education and training programs

OUR GROWTH DRIVERS

- Expansion of health care infrastructure in emerging markets
- Outsourcing of non-medical services to private operators
- Post-acute care business as platform for further international growth
- Selective small and mid-sized acquisitions
- Expanding positions in preventive medicine such as health tourism

MARKET DYNAMICS

Telemedicine market in Europe is estimated to grow

19.1% p.a.
from 2020 to 2026.

Global preventive health care is estimated to grow

9.5% p.a.
till 2025.

The share of the EU population older than 80 years is projected to increase from 5.9% to

14.6%
between 2020 and 2100.

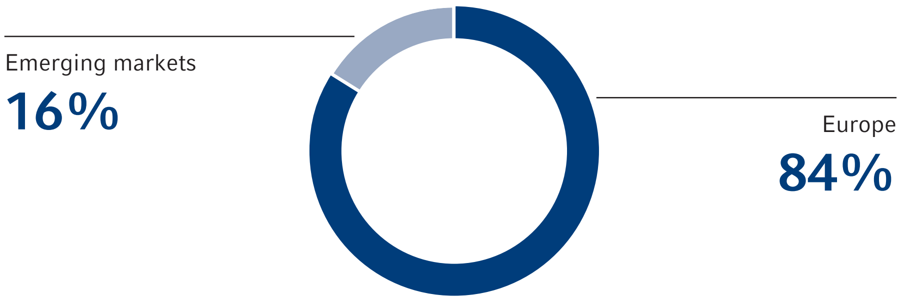
Outsourcing of non-medical services provided by public institutions to private providers grew in Germany by around

40%
from 2014 to 2019.

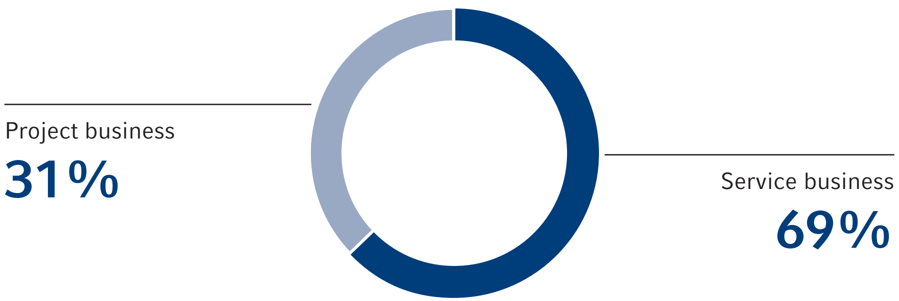
Emerging markets' share of global health expenditure will grow to

33%
by 2022.

SALES BY REGION



SALES BY SERVICE AND PROJECT BUSINESS



Source information can be found on page 402.

MAJOR EVENTS

▸ **The order backlog reached € 3,473 million.**
Fresenius Vamed was awarded the total turnkey contract for the Wiener Neustadt regional hospital in 2021.

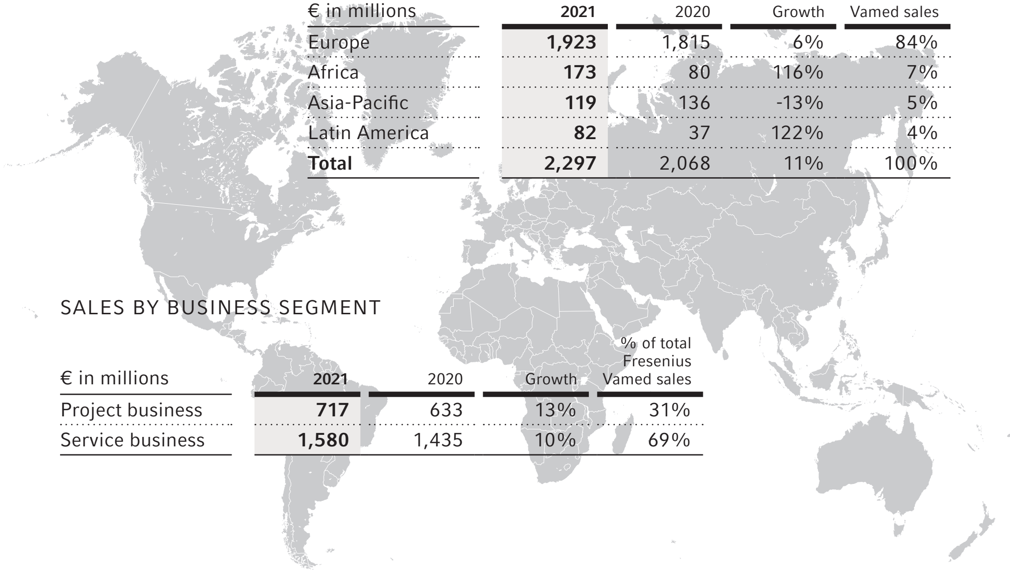
In addition, Fresenius Vamed received orders for the construction of three turnkey general hospitals in Angola, a general hospital in Papua New Guinea, and other major orders from Austria, Germany, the United Arab Emirates, Kenya, Turkmenistan, and Guyana.

▸ **Crisis helper in overcoming the global pandemic.**
Worldwide, Fresenius Vamed's employees again demonstrated outstanding commitment in the second year of the pandemic. In the service business, Fresenius Vamed ensured uninterrupted operation of the health care facilities supported in technical management and reliable quality in high-end services. With great care in the acute, rehabilitation, nursing, and health tourism facilities, the recovery, recuperation, and safety of patients and guests was ensured. In the project business, Fresenius Vamed successfully met the COVID-19- related challenges with competence and experience and thanks to long-standing project partnerships.

▸ **Expansion of outpatient rehabilitation and creation of a new fully integrated health care facility.** Fresenius Vamed developed a special post-acute rehabilitation program for the follow-up treatment of COVID-19 patients. To meet the growing demand for rehabilitation, sites were expanded, and two further outpatient rehabilitation centers were opened in Austria.

The Oberlaa site was upgraded to create Fresenius Vamed's first fully integrated health care facility – from prevention and acute care to rehabilitation and nursing, as well as telemedicine service.

BUSINESS DEVELOPMENT



SALES BY REGION

€ in millions	2021	2020	Growth	% of total Fresenius Vamed sales
Europe	1,923	1,815	6%	84%
Africa	173	80	116%	7%
Asia-Pacific	119	136	-13%	5%
Latin America	82	37	122%	4%
Total	2,297	2,068	11%	100%

SALES BY BUSINESS SEGMENT

€ in millions	2021	2020	Growth	% of total Fresenius Vamed sales
Project business	717	633	13%	31%
Service business	1,580	1,435	10%	69%

ORDER INTAKE AND ORDER BACKLOG FOR PROJECTS

€ in millions	2021	2020	Growth
Order intake	1,290	1,010	28%
Order backlog	3,473	3,055	14%

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LETTER TO OUR SHAREHOLDERS

Stephan Sturm
Chairman of the Management Board

Dear shareholders,

Fresenius is a healthcare group. Our task is to protect people's health as best we can. Rarely have we been as challenged as during the coronavirus pandemic. However, we have done our part. We have lived up to our responsibility – also in the year gone by.

In 2021 we treated more than 42,000 COVID-19 patients and vaccinated well over one million people against the virus. Once again, we did all we could to maintain our ability to deliver crucial medicines and medical products, even as demand in some cases rose substantially. And to provide follow-up treatment, we developed a special post-covid rehabilitation program at Fresenius Vamed.

Notwithstanding that, the pandemic continues to impose a heavy burden on all of us, as well as on our business. An important and very sad aspect is the excess mortality among our dialysis patients due to COVID-19 infections. This is a human tragedy, and it affects our business – with reduced treatment volumes resulting in lower sales as costs continue to rise. In our hospitals, also, treatments were again down significantly compared with prior to the pandemic – this applies to Fresenius Helios' acute care hospitals and to Fresenius Vamed's rehabilitation facilities. At the same time, we had higher expenses for additional hygiene measures. And fewer treatments and operations also translate into less demand for various Fresenius Kabi products. Finally, Fresenius Vamed's project business continued to suffer from travel restrictions and a COVID-19-related hesitation on the part of many clients.

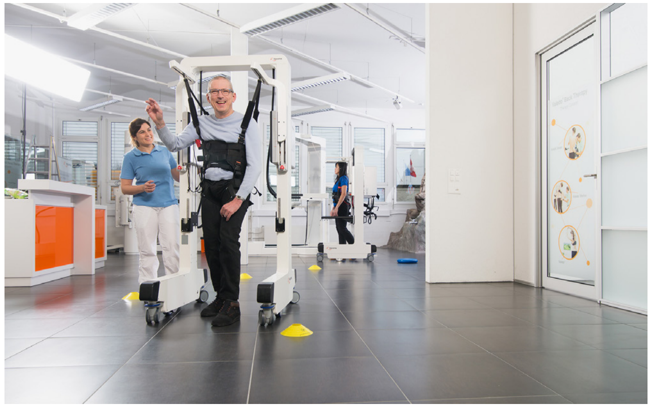
» Our task is to protect people's health as best we can. Rarely have we been as challenged as during the coronavirus pandemic. However, we have done our part. We have lived up to our responsibility. «

Nevertheless, we achieved a lot in 2021 and set a decisive course. A milestone was the FME25 transformation program. The simplified corporate structure will in future comprise only two global segments: In the Care Enablement segment, Fresenius Medical Care is consolidating its previously decentralized product business under a global medical technology umbrella. The global healthcare services business will be combined in the Care Delivery segment. This will make the company more agile, enable better use of existing know-how, accelerate innovation and deploy capital in an even more efficient manner.

Providing people with the best possible care, and a deep commitment to improving patients' quality of life every day: That is what drives us. Our employees have shown tremendous dedication in ensuring the care of our patients during the COVID-19 pandemic.

At Fresenius Kabi, we have also defined a new strategy: Vision 2026. It is the guideline to transforming the company for the next decade. Going forward, Fresenius Kabi will focus on three growth paths: broadening our biopharmaceutical offering, more launches of clinical nutrition products and an expansion in the medical technology field. The cornerstone is our volume-driven IV business, i.e. infusions and liquid medications. Here we aim to increase our resilience. We have put this into a handy formula: 3 + 1.

Another milestone: A new record order backlog at Fresenius Vamed, despite the pandemic. And at Fresenius Helios, we made further attractive acquisitions. In Germany, we acquired the two hospitals of DRK (German Red Cross) Kliniken Nordhessen in Kassel. Together with the Helios hospital in nearby Warburg, we will form a regional medical network and expand it over the next few years, in line with our cluster strategy. We also acquired an oncological center and an ophthalmic clinic in Colombia and, at the beginning of this year, a majority stake in an additional fertility center in the United States.



Fresenius Vamed developed a special post-covid rehabilitation program for the follow-up treatment of COVID-19 patients.

» We met all our communicated targets for 2021, even after twice raising our outlook during the year. «

Under the circumstances, 2021 was also a decent year for us in business terms. We were able to increase sales by 5 percent in constant currency. EBIT, unfortunately, declined 6 percent in constant currency – due mainly to negative COVID-19 effects at Fresenius Medical Care. Nonetheless, we were again able to increase net income – by 5 percent in constant currency, in line with sales growth. Not least due to a strong fourth quarter, I can state: We met all our communicated targets for 2021, even after twice raising our outlook during the year. You can see that we continue to work on rebuilding capital market confidence in us as a reliable, high-growth company.

For that matter, we want you, dear shareholders, to participate in our success also this year. We are therefore proposing a 5 percent dividend increase, to 92 cents per share. This would be our 29th consecutive dividend increase! For the first time we would like to offer a scrip dividend. You should have the choice of receiving your dividend in cash, as before, or in the form of new shares. The latter is a very

The Eugin Group, part of Fresenius Helios, acquired a majority stake in the Delaware Institute for Reproductive Medicine. This renowned reproductive medicine center in the U.S. state of Delaware has been established for 35 years.

simple, convenient way of reinvesting the dividend directly back into your company.

In another first for us, we have set a climate target for the Fresenius Group. We want to reduce our direct and indirect CO_2 emissions by half by 2030, starting from around 1.5 million metric tons of emitted greenhouse gas in 2020. By 2040 at the latest, we want to be climate neutral. We are guided by the scientifically based targets of the Paris Agreement to limit global warming to 1.5 degrees Celsius.

How do we intend to achieve this ambitious goal? The key for the first few years will be to switch our global electricity consumption to renewable energy. Alongside this, we will continue to work on making our hospitals, clinics and production sites ever more energy efficient. We will look at every investment also from a "green" perspective and – wherever economically and ecologically feasible – we will also install more renewable energy generation capacity at our sites.

» We aim at optimizing Fresenius and have set the course for accelerated profitable growth in the coming years. «

To continue peering into the future – this time our 2022 financial guidance and medium-term targets. We must assume the COVID-19 pandemic will continue to have a noticeable impact on our business this year. Just how much depends, among other things, on the progress of vaccination in our important markets and the possible emergence of other dangerous variants of the virus. Despite that, we expect to increase sales by a mid-single-digit percentage on a currency-adjusted basis, and for net income to increase by a low single-digit percentage on a constant-currency basis.

We also confirm the medium-term targets that we set in 2019, so before the onset of the pandemic: for the period 2020 to 2023, annual average organic growth in sales of 4 to 7 percent and 5 to 9 percent in net income. Concurrently, we are specifying our expectations: for sales growth, we expect to reach the bottom to middle of the range; for net income growth, we will probably end up at the lower end. To achieve this, we will have to meaningfully accelerate our earnings growth in 2023. We are confident of achieving this. Our medium-term growth strategy, as defined last year, will help us noticeably.

A year ago, we started down the path to becoming an even stronger healthcare group. We aim at optimizing Fresenius and have set the course for accelerated profitable growth in the coming years. We have, among other things, started an ambitious cost-cutting and efficiency program. We are making good progress – even faster than originally thought. This is why we substantially increased our sustainable cost savings target for 2023 to more than € 150 million after taxes and minority interests. And following that, we are aiming for even higher sustainable earnings contributions.

Ambitious target: By 2025, Fresenius Medical Care aims to perform 25% of all its treatments in the United States in the patient's home.

We have also put our Group structure to the test – open-ended and without taboos. We have analyzed very carefully: Where are the best growth opportunities? How do we want to seize them? And finance them?

First of all, our broad-based Group structure has proven its value, especially in difficult times such as these. It has made possible the growth of past decades, and today it offers us many advantages: Stability through diversification and size.

Economies of scale. Synergies from the cooperation between business segments. Tax advantages. And even more important: Attractive financing conditions, especially when it comes to borrowing. And low borrowing costs are also a big advantage for you, dear shareholders.

Another important result of our analysis: We see continued excellent growth opportunities for all four business segments. All four have strong market positions – either we are among the leaders in the business segment's respective field or, for example in dialysis, we are clearly the number one. And for all four business segments we have identified very promising strategic growth areas.

We want to exploit this potential. We want to promote and actively drive this growth. Organic growth was, is, and will remain the basis for us. But we also want to take strategic growth steps in the future. Make significant investments, for example in digital transformation, or in realizing large acquisitions. Just as we have repeatedly and successfully done in the past.

For this reason, we will have to tap new sources of capital and distribute the available capital wisely. To this end, we have analyzed our current setup – i.e., our four business segments – very closely and have developed a strategy for optimal capital allocation within the Group. In this way, we aim to combine more dynamic growth with the advantages of a broad, diversified structure in an optimal fashion.

» We see continued excellent growth opportunities for all four business segments. All four have strong market positions. «

The top priority for capital allocation within the Fresenius Group will be Fresenius Kabi. Why? First, in a comparison of all four business segments, we see Fresenius Kabi as having the best overall growth prospects and the best return profile. Vision 2026 will make a significant contribution here. Secondly, unlike Fresenius Medical Care and Fresenius Vamed, we are the sole owner. Thirdly, whilst we have primarily expanded the services business over the past three decades, we now intend to again strengthen Fresenius' products side. And fourthly, Fresenius Kabi's pharmaceutical business is the nucleus of our company: drugs, infusions – that's where we come from.

As a listed company, Fresenius Medical Care already largely finances its growth independently. Through its FME25 transformation program, Fresenius Medical Care will strengthen its long-term profitable growth and create additional value; of course, this also relates to our share in the company. Fresenius Helios and Fresenius Vamed will

Biosimilars from Fresenius Kabi are playing a key role as we implement our strategy for accelerated, sustainable growth.

continue to be able to finance smaller acquisitions from Fresenius Group funds. For larger growth steps by these two business segments, we will now consider bringing suitable equity investors on board – not with Fresenius SE & Co. KGaA, but at the level of these business segments.

» We are in eventful times. We have some challenges to overcome, no question, but we have a clear course. «

These decisions will enable accelerated growth of the individual business segments, and thus for the entire Group. We are moving Fresenius ahead at speed, with a measured and well-managed transformation of our company. Fresenius remains a diversified healthcare group, with a sharper profile, that will be active in wide-ranging and very exciting areas of medicine.

As you can see, we are in eventful times. We have some challenges to overcome, no question, but we have a clear course. We have defined a strategic path to achieve profitable growth at an even faster pace. Our goal is, and remains, to create value and benefit for all our stakeholders by doing what we have done best for more than 110 years: providing high-quality medicine at affordable prices, tailored to the needs of more and more people in the world who need medical care. In short: Ever better medicine for ever more people. We will continue to move forward boldly and steadily along this path. Come with us!

Sincerely yours,

Stephan Sturm
Chairman of the Management Board

P.S.: As I write these lines, a cruel war has been raging in Ukraine for a few weeks – a war of aggression provoked by the Russian leadership, and one we strongly condemn. At present, we can only speculate about the future course of the war and its impact on the world and our company. Our greatest concern and special commitment at present are the protection of our employees in Ukraine and care for our patients, who remain in urgent need of our medical assistance. Our responsibility as a healthcare company also includes not leaving alone our patients in Russia – to also continue providing them with medical care. We hope the Russian leadership will come to its senses, and we sincerely wish for an end to the violence and the return of peace to the region.

''Ever better medicine for ever more people'' is our purpose at Fresenius.

MANAGEMENT BOARD

Stephan Sturm
Chairman of the Management Board

Rachel Empey
Chief Financial Officer

Dr. Sebastian Biedenkopf
Responsible for Human Resources (Labor Relations Director), Risk Management and Legal

Rice Powell
Business Segment
Fresenius Medical Care

Michael Sen
Business Segment
Fresenius Kabi
(since April 2021)

Dr. Francesco De Meo
Business Segment
Fresenius Helios

Dr. Ernst Wastler
Business Segment
Fresenius Vamed

REPORT OF THE SUPERVISORY BOARD

Wolfgang Kirsch
Chairman of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

In the reporting year, the Supervisory Board of Fresenius SE & Co. KGaA fulfilled its obligations in accordance with the provisions of the law, the articles of association, and the rules of procedure. It regularly advised the Management Board of the general partner, Fresenius Management SE, regarding the management of the Company and has supervised the management in accordance with its Supervisory Board responsibilities.

COOPERATION BETWEEN THE MANAGEMENT AND THE SUPERVISORY BOARD

Carrying out its monitoring and advisory activities, the Supervisory Board was regularly kept informed by the management in a timely and comprehensive oral and written manner about, among other things:

- all important matters relating to business policy
- the course of business
- profitability
- the situation of the Company and of the Group
- corporate strategy and planning
- the risk situation
- risk management and compliance, and
- important transactions.

Based on the reports provided by the Management Board of the general partner, the Supervisory Board discussed all significant business transactions in the Audit Committee and in its plenary meetings, depending on their areas of responsibility. The Management Board of the general partner discussed the Company's strategic direction with the Supervisory Board. The Supervisory Board passed resolutions within its legal and Company statutory authority.

The Supervisory Board of Fresenius SE & Co. KGaA convened for four regular meetings in 2021, in March, May, October, and December, as well as two extraordinary meetings in February and June. Before the meetings, the Management Board of the general partner sent detailed reports and comprehensive approval documents to the members of the Supervisory Board. At the meetings, the Supervisory Board discussed with them in detail the business development and any important matters based on the reports from the general partner's Management Board.

All matters requiring Supervisory Board approval were submitted with sufficient time for proper scrutiny. After reviewing the related approval documents and following detailed consultation with the Management Board of the general partner, the Supervisory Board approved all matters submitted to it.

The Supervisory Board was also informed about any important transactions occurring between meetings. In addition, the Chairman of the general partner's Management Board regularly informed the Chairman of the Supervisory Board in separate meetings about the latest development of the business and forthcoming decisions and discussed them with him.

MEETING PARTICIPATION

Prof. D. Michael Albrecht did not attend the meeting of the Supervisory Board on March 16, 2021. Otherwise, all meetings of the Supervisory Board and its committees in 2021 were attended by all sitting members of the Supervisory Board of Fresenius SE & Co. KGaA or of the respective committee.

Participation in meetings of the Supervisory Board and its committees is reported individually for each member on the Company's website. Information on this can be found in the Supervisory Board section.

MAIN FOCUS OF THE SUPERVISORY BOARD'S ACTIVITIES

In 2021, once again, the Supervisory Board mostly focused its monitoring and consulting activities on supporting business operations and investments carried out by the business segments. The Supervisory Board thoroughly reviewed and discussed all business activities of significance to the Company with the Management Board of the general partner. The Supervisory Board also dealt with the following items:

- Budget
- Medium-term planning of the Fresenius Group
- Cost-cutting and efficiency-enhancing measures
- Strategic orientation of the Fresenius Group and its business segments
- Further development of the risk management and internal control system

At its meetings and within the Audit Committee, the Management Board of the general partner also regularly informed the Supervisory Board about the Group's risk situation and risk management activities as well as compliance.

At the meeting on February 19, 2021, the Supervisory Board approved the Supervisory Board remuneration system.

At its meeting on March 16, 2021, the Supervisory Board dealt in detail with the audit and approval of the financial statements and the consolidated financial statements (IFRS), as well as the management report and the Group management report of Fresenius SE & Co. KGaA. The results for 2020 were discussed on the basis of a detailed report provided by the Chairman of the Audit Committee and statements by the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. At the same meeting, a resolution was passed on profit distribution proposed by the general partner, Fresenius Management SE, and the separate Group Non-financial Report for 2020. In addition, the business segments reported in detail on the course of business in the first two months of the fiscal year. Another topic of discussion was the Annual General Meeting of Fresenius SE & Co. KGaA, which was again held virtually due to the ongoing COVID-19 pandemic.

At its meeting on May 21, 2021, following the immediately preceding election of shareholder representatives at the Annual General Meeting, the Supervisory Board reconstituted itself. The Chairman and the two Deputy Chairmen of the Supervisory Board as well as the respective members and chairmen of the Audit Committee and the Nomination Committee were elected. The rules of procedure of the Supervisory Board were also amended. In addition, the Management Board reported to the general partner on business performance for the months January through April 2021.

The meeting of the Supervisory Board on June 17, 2021 focused on cost-cutting and efficiency-enhancing measures. In addition, at this meeting, the Supervisory Board conducted a self-assessment in accordance with Recommendation D.13 of the German Corporate Governance Code.

At the Supervisory Board meeting on October 14, 2021, the members of the Supervisory Board were informed in detail about business performance from January through September 2021. In addition, the progress of the planned cost-cutting and efficiency-enhancing measures, the observations on the strategic orientation of the Fresenius Group and its business segments, and the further development of risk management were reported on. The Supervisory Board also discussed the declaration of conformity with the German Corporate Governance Code.

At the meeting of the Supervisory Board on December 7, 2021, the Management Board reported to the general partner on the further progress of the planned cost-cutting and efficiency-enhancing measures. A further key topic of the meeting was the progress report on the strategic orientation of the Fresenius Group and its business segments. Furthermore, information was provided on plans for the years 2022 to 2024 for the Group and separately for all four business segments. The Management Board of the general partner reported on the business performance from January to October 2021. The Chairman of the Audit Committee reported in detail on the status of preparation of the financial statements. Furthermore, a resolution was passed on the declaration of conformity with the German Corporate Governance Code.

CORPORATE GOVERNANCE

On December 20, 2021, the Supervisory Board of Fresenius SE & Co. KGaA and the Management Board of the general partner issued the declaration of conformity with the German Corporate Governance Code in accordance with Article 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders on the Company's website. In March and October 2021, the Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA decided to update the previous declaration of conformity from December 2020.

In 2021, the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA was ready, to the extent permitted by law and in close consultation with the Management Board of the general partner, to hold discussions with investors on topics specific to the Supervisory Board. In October

2021, the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA participated in a Corporate Governance Roadshow.

The Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA have a duty to act in the best interests of the Company. In performing their activities, they do not pursue personal interests or bestow unjustified benefits on others. Any secondary activities or dealings with the Company by members of the corporate bodies must immediately be reported to, and approved by, the Supervisory Board.

There were no conflicts of interest of Supervisory Board members in the past fiscal year.

There are regular separate preliminary meetings of the employee representatives and consultations among the shareholder representatives.

The members of the Supervisory Board independently undertake necessary training and further education measures required for their tasks. They keep themselves regularly informed, through internal and external sources, about the latest requirements with regard to their supervisory activities. The Supervisory Board at all times ensures that its members are suitably qualified, keep their professional knowledge up to date, and further develop their judgment and expertise. They are supported appropriately by the Company in accordance with the Code. External experts as well as experts from the Company provide information about important developments, for example about relevant new laws and precedents or changes in the IFRS accounting and auditing standards. In addition, the Company holds an onboarding event for new members of the Supervisory Board.

For more information on corporate governance at Fresenius, please see the Corporate Governance Declaration on pages 219 to 232 of the Annual Report. Fresenius has disclosed the information on related parties on page 380 of the Annual Report.

SEPARATE GROUP NON-FINANCIAL REPORT

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the separate Group Non-financial Report for 2021.

The separate Group Non-financial Report and the audit report of the appointed auditor were made available to each member of the Supervisory Board of the Company in good time. At their meetings on March 16 and 17, 2022, the Audit Committee and then the Supervisory Board discussed all the documents in detail.

The auditor delivered a detailed report on the results of the audit at each of these meetings. The Audit Committee and the Supervisory Board approved the auditor's findings. The Audit Committee's and the Supervisory Board's own review also found no objections to the separate Group Non-financial Report. At its meeting on March 17, 2022, the Supervisory Board approved the separate Group Non-financial Report presented by the general partner.

The separate Group Non-financial Report is published on pages 114 to 216 of the Annual Report and the auditor's findings are published on page 217f. of the Annual Report.

WORK OF THE COMMITTEES

In order to perform its duties efficiently, the Supervisory Board has formed various committees, which prepare the consultations and resolutions in the plenary session or can pass resolutions themselves. The committees of the Supervisory Board consist of an Audit Committee, a Nomination Committee, and a Joint Committee.

The **Audit Committee** held four meetings and four conference calls in the reporting year. The main focus of its monitoring activities was the preliminary audit of the annual financial statements and consolidated financial statement for 2020 and discussions with the auditor about their reports and the terms of reference of the audit. Another matter dealt with by the Audit Committee was its recommendation to the Supervisory Board regarding which auditing firm to propose as auditor for the annual financial statements and consolidated financial statements for 2021. Following the recommendation of the Audit Committee, the Supervisory Board proposed to the 2021 Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be elected as auditors of the annual financial statements and auditors of the consolidated financial statements for 2021 and as auditors for any review of interim financial information within the meaning of Section 115 (7) of the German Securities Trading Act (WpHG) that is prepared before the 2021 Annual General Meeting.

The Audit Committee also dealt with the following items in detail:

- the 2021 quarterly reports,
- assessment of the quality of the audit,
- monitoring reports on progress of acquisitions,
- compliance and internal audit,
- review of the risk management system, the internal control system, and the internal auditing system, and
- approval of non-audit services by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main.

The Chairman of the Audit Committee reported regularly in each subsequent Supervisory Board meeting on the work of the committee.

Represented by the Chairman of the Audit Committee, there is a regular dialog between the Supervisory Board and the Audit Committee, on the one hand, and the auditor, on the other, even outside of meetings.

The Company's **Nomination Committee** met three times in 2021. It dealt in particular with preparations for the election of the Supervisory Board in May 2021.

The **Joint Committee** is responsible for approving certain important transactions of Fresenius SE & Co. KGaA and certain legal transactions between the Company and the Else Kröner-Fresenius-Stiftung. In 2021, no transactions were carried out that required its approval. Accordingly, the Joint Committee did not meet in 2021.

There is no **Mediation Committee** because the Supervisory Board of Fresenius SE & Co. KGaA does not appoint the Management Board members of Fresenius Management SE.

For more information about the committees, their composition, and their work methods, please refer to the Corporate Governance Declaration on pages 219 and 230 and page 394 of the Annual Report.

PERSONNEL

With the Annual General Meeting of Fresenius SE & Co. KGaA on May 21, 2021, the term of office of all members of the Company's Supervisory Board ended.

The six shareholder representatives were re-elected at the Annual General Meeting on May 21, 2021. Mr. Wolfgang Kirsch was elected to the 12-member committee for the first time. Prof. D. Michael Albrecht, Mr. Michael Diekmann, Prof. Iris Löw-Friedrich, Mr. Klaus-Peter Müller, and Ms. Hauke Stars were all re-elected. Ms. Stephanie Balling, Mr. Bernd Behlert, Ms. Grit Genster, Ms. Frauke Lehmann, Mr. Konrad Kölbl, and Mr. Oscar Romero de Paco, all of whom had previously been members of the Supervisory Board, were elected as employee representatives on the European Works Council.

At its constituent meeting on May 21, 2021, the Supervisory Board elected Mr. Wolfgang Kirsch as Chairman of the Supervisory Board of Fresenius SE & Co. KGaA. Mr Kirsch succeeds Dr. Gerd Krick, who did not stand for re-election at the end of the election period and therefore retired from the Supervisory Board of Fresenius SE & Co. KGaA at the end of the Annual General Meeting on May 21, 2021. At the proposal of the shareholder representatives, Mr. Michael Diekmann, and at the proposal of the employee representatives, Ms. Grit Genster, were elected as Deputy Chairpersons of the Supervisory Board. At the same meeting, Ms. Grit Genster, Ms. Hauke Stars, Mr. Wolfgang Kirsch, Mr. Konrad Kölbl, and Mr. Klaus-Peter Müller were elected as members of the Audit Committee. Mr. Klaus-Peter Müller was elected Chairman of the Audit Committee. Furthermore, at the Supervisory Board meeting on May 21, 2021, Mr. Michael Diekmann, Mr. Wolfgang Kirsch, and Mr. Klaus-Peter Müller were elected as members of the Nomination Committee and Mr. Wolfgang Kirsch as its Chairman. By resolution of the Annual General Meeting of May 21, 2021, Ms. Hauke Stars and Mr. Michael Diekmann were appointed members of the Supervisory Board of the Company in the Joint Committee. The general partner Fresenius Management SE delegated Mr. Wolfgang Kirsch and Dr. Dieter Schenk as members of the Joint Committee and appointed Dr. Dieter Schenk as Chairman of the Joint Committee. In appreciation and recognition of his decades of meritorious service to Fresenius, Dr. Gerd Krick was appointed Honorary Chairman of the Supervisory Board of Fresenius SE & Co. KGaA.

The composition of the Management Board of the general partner Fresenius Management SE also changed in the past financial year. As of April 12, 2021, Mr. Michael Sen was appointed as a member of the Management Board of Fresenius Management SE for the business segment Fresenius Kabi. He follows Mr. Mats Henriksson, who left the Company on March 16, 2021.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the annual financial statements and the management report as well as the consolidated financial statements and the Group management report of the Company for 2021. The firm was elected as auditor in accordance with a resolution passed at the Annual General Meeting of Fresenius SE & Co. KGaA on May 21, 2021, and was subsequently commissioned by the Supervisory Board. The auditor attended all meetings of the Supervisory Board and all meetings and conference calls of the Audit Committee.

The annual financial statement, management report, and Group management report of the Company were prepared in accordance with the accounting regulations of the German Commercial Code (HGB), and the consolidated financial statements of the Company were prepared in accordance with IFRS, as applicable in the EU, and the supplementary provisions of commercial law applicable in accordance with Article 315e of the HGB. The auditors issued their unqualified audit opinion for these statements.

The financial statements, the consolidated financial statements, the management reports, and the auditor's reports were submitted to each member of the Company's Supervisory Board within the required time. The auditor reported on the main results of their audits at the meetings on March 16 and 17, 2022. The auditor found no weaknesses in the risk management system or the internal control system with regard to the accounting process. At these meetings, first the Audit Committee and then the Supervisory Board discussed in detail all the documents submitted and the results of the audit presented by the auditors.

The Audit Committee and the Supervisory Board approved the auditor's findings. Independent reviews by the Audit Committee and the Supervisory Board raised no objections to the Company's financial statements and management report or the consolidated financial statements and the Group management report. At its meeting on March 17, 2022, the Supervisory Board approved the financial statements and management reports presented by the general partner and the statements contained therein with respect to future development.

The Supervisory Board concurs with the general partner's proposal on the 2021 profit distribution, according to which the shareholders may choose to receive the dividend, which has been increased to €0.92, either in cash or partly in the form of shares of the Company.

The Supervisory Board would like to thank the members of the Management Board of the general partner and all employees for their achievements over the past financial year.

Bad Homburg v. d. H., March 17, 2022

The Supervisory Board of Fresenius SE & Co. KGaA

Wolfgang Kirsch
Chairman

FRESENIUS SHARE. In 2021, the Fresenius share price continued to be impacted by the effects of the COVID-19 pandemic. Despite the challenges faced during the year, we propose the 29th consecutive dividend increase.

STOCK MARKETS AND DEVELOPMENT OF THE FRESENIUS SHARE

The COVID-19 pandemic continued to negatively impact the global economy in 2021. Although it largely recovered during the year, supply shortages, rising inflation, and the spread of further variants of COVID-19 are affecting short-term growth prospects. Capital markets and global investment levels remained broadly stable, benefiting from government stimulus measures and favorable financing conditions. Vaccination progress is expected to reduce the impact of the pandemic, but uncertainties remain regarding the global economic development.

The DAX, Germany's most important stock market barometer, increased by 16%. The Dow Jones STOXX© Europe 600 ended the year with an increase of 22%. In this index, the health care sector (Dow Jones STOXX© Europe 600 Health Care) increased by 23%. The leading U.S. indices performed as follows: the S & P 500 and the Dow Jones Industrial Average both increased, by 27% and 20%, respectively.

The closing price for the Fresenius share on December 31, 2021, was €35.40 and thus 6% below the closing price of 2020. During the course of the year, the lowest price was recorded on December 3 at €33.45, and the highest on August 18 at €47.44. At https://www.fresenius.com/share-price-center you can find an interactive chart tool for graphical display and further analysis of the shares. You can also find out how the Fresenius share has performed compared to the shares of competitors.

The market capitalization of Fresenius was €19.8 billion as of December 31, 2021. The average daily trading volume on Xetra decreased by 33% to 1,405,536 Fresenius shares compared to the previous year (2020: 2,085,926). In the United States, Fresenius has a Sponsored Level I American Depositary Receipt (ADR) program. In this program, four Fresenius ADRs correspond to one Fresenius share.

CAPITAL STRUCTURE

The total number of issued shares at the end of 2021 was 558,502,143 (December 31, 2020: 557,540,909 shares). The increase is due to the exercise of options in accordance with stock option plans. Information on stock option plans can be found on pages 369 to 380 of the Notes to this Annual Report.

INVESTOR RELATIONS

Our investor relations are in accordance with the transparency rules of the German Corporate Governance Code. We communicate comprehensively, promptly, and openly with private and institutional investors, as well as financial analysts. The equal treatment of all market actors is very important to us.

We also maintained our intense dialog with the capital markets in 2021. Since the beginning of the COVID-19 pandemic and the worldwide travel restrictions, Fresenius has presented itself in major financial markets exclusively virtually, via telephone and video conferences.

We continued our contacts with institutional investors and analysts at 30 international investor conferences, 7 roadshows, and in numerous one-on-one meetings. We also organized CEO calls and virtual field trips with banks, giving investors and analysts the opportunity to discuss matters with the Management Board. We continued to communicate with private investors, in particular via the Internet. In addition, we participated in three virtual private shareholder events in 2021.

At www.fresenius.com/events-and-presentations our private shareholders can follow live webcasts of the conference calls and can make use of the continuously increasing range of information offered on our website and social media channels on Twitter and LinkedIn.

The Fresenius investor relations team was recognized in the results of the 2021 All-Europe Executive Team Survey, a broad survey conducted by the Institutional Investor magazine, which asked more than 1,500 investors and analysts as well as over 600 financial services companies about various aspects of good investor relations. On this occasion, the Fresenius investor relations team was honored, once again, as the best in the MedTech & Services sector in Europe.

RELATIVE SHARE PRICE PERFORMANCE 2017 – 2021

FRESENIUS SHARE VS. DAX

ABSOLUTE SHARE PRICE PERFORMANCE 2021

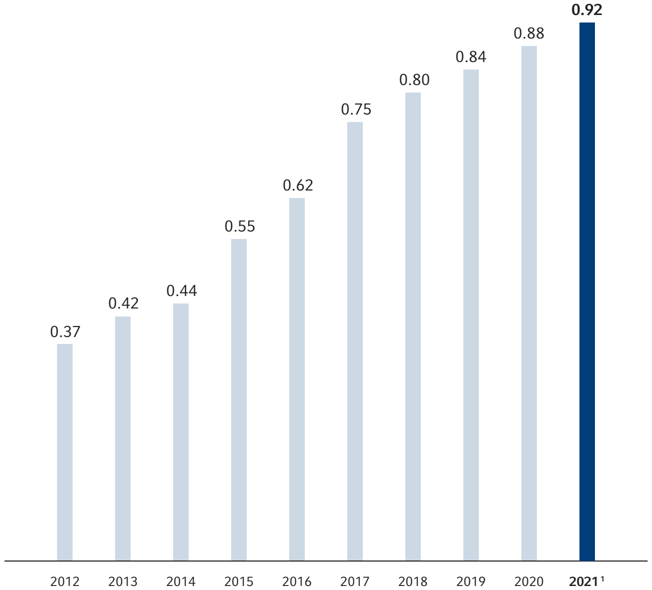
FRESENIUS SHARE IN €

KEY DATA OF THE FRESENIUS SHARE

	2021	2020	2019	2018	2017
Number of shares	**558,502,143**	557,540,909	557,379,979	556,225,154	554,710,473
Stock exchange quotation[1] in €					
High	**47.44**	50.32	52.42	70.94	79.65
Low	**33.45**	25.66	40.74	38.99	60.58
Year-end quotation	**35.40**	37.84	50.18	42.38	65.07
Market capitalization[2] in million €	**19,771**	21,097	27,969	23,573	36,095
Total dividend distribution in million €	**513.8**[3]	490.6	468.0	445.0	416.0
Dividend per share in €	**0.92**[3]	0.88	0.84	0.80	0.75
Earnings per share in €[4]	**3.35**	3.22	3.37	3.37	3.28

[1] Xetra closing price on the Frankfurt Stock Exchange
[2] Total number of ordinary shares multiplied by the respective Xetra year-end quotation on the Frankfurt Stock Exchange
[3] Proposal
[4] Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

DEVELOPMENT OF DIVIDENDS IN €



[1] Proposal

In addition, the Fresenius investor relations team won the special prize for the best digital communication in the DAX at this year's Investors' Darling initiative from Manager Magazin.

If you would like to contact us or find out about our 2022 financial calendar, please take a look at the last page of this Annual Report. For additional information visit us at www.fresenius.com/investors.

DIVIDEND

Despite COVID-19, Fresenius' business developed well overall in 2021. For the 29th consecutive year, we are proposing to our shareholders to increase the dividend – by 5% per share, to €0.92 (2020: €0.88). For the first time, we are offering the possibility of claiming a scrip dividend. The proposed dividend distribution to the shareholders of Fresenius SE & Co. KGaA will be €514 million, equivalent to 28% of Group net income. Based on the proposed dividend and the closing price at the end of 2021, the dividend yield is 2.6%.

SHAREHOLDER STRUCTURE

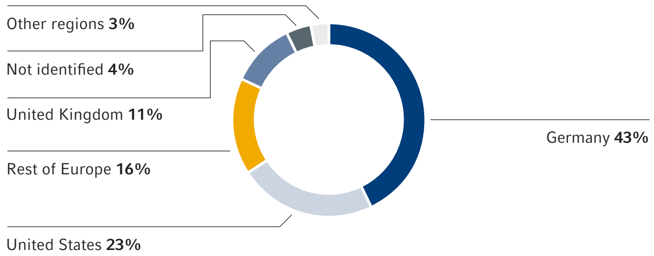
The Else Kröner-Fresenius-Stiftung was the largest shareholder of Fresenius SE & Co. KGaA, with 26.6% of the shares. According to notifications pursuant to the German Securities Trading Act (WpHG), BlackRock, Inc. held below 5% and Harris Associates L.P. above 3% of the shares. For further information on notifications, please visit www.fresenius.com/shareholder-structure.

As of December 31, 2021, a shareholder survey identified the ownership of about 96% of our subscribed capital. A total of over 600 institutional investors held about 330 million shares or 61% (2020: 60%) of the subscribed capital; 48.1 million (2020: 46.1 million) shares were identified as retail holdings. Unchanged from the previous year, the 10 largest investors held about 20% of the share capital. Our shares were mostly held by investors in Germany, the United States, and the United Kingdom.

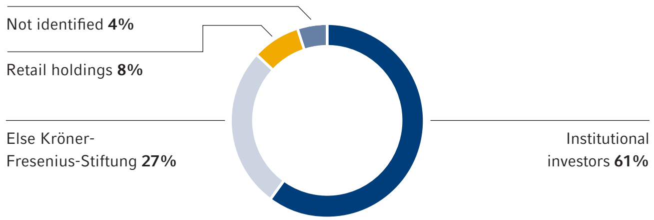
ANALYST RECOMMENDATIONS

The recommendations published by financial analysts are an important guide for institutional and private investors when making investment decisions. According to our survey, as of February 18, 2021, we were rated with 10 "buy" and 8 "hold" recommendations.

SHAREHOLDER STRUCTURE BY REGION



SHAREHOLDER STRUCTURE BY INVESTORS



ANALYST RECOMMENDATIONS

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GROUP MANAGEMENT REPORT. Fresenius makes important contributions to high-quality and affordable medical care worldwide. In this way, we are living up to our social responsibility. Despite the challenges posed by the COVID-19 pandemic, Fresenius has proven to be economically resilient. We met our targets, which improved in the course of the year.

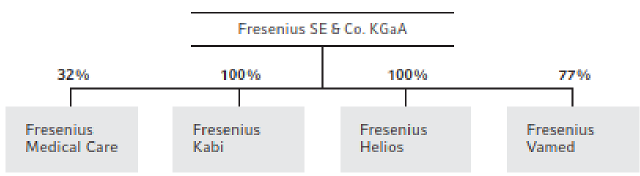
FUNDAMENTAL INFORMATION ABOUT THE GROUP

THE GROUP'S BUSINESS MODEL

Fresenius is a global health care Group in the legal form of an SE & Co. KGaA (a partnership limited by shares). We offer products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities worldwide.

The operating business comprises four business segments, all of which are legally independent entities and have a decentralized structure, managed by the operating parent company Fresenius SE & Co. KGaA.

GROUP STRUCTURE



There were no changes to the Group's business model in 2021.

- **Fresenius Medical Care** offers services and products for patients with chronic kidney failure. As of December 31, 2021, Fresenius Medical Care treated 345,425 patients at 4,171 dialysis clinics. Dialyzers and dialysis machines are among the most important product lines. In addition, Fresenius Medical Care offers dialysis-related services.
- **Fresenius Kabi** specializes in products for the therapy and care of critically and chronically ill patients. The portfolio includes intravenously administered generic drugs (IV drugs), biosimilar products with a focus on oncology and autoimmune diseases, clinical nutrition, and infusion therapies. In addition, the company is also a supplier of medical devices and products for transfusion technology.

- **Fresenius Helios** is Europe's leading private hospital operator. Under the holding Helios Health, the company includes Helios Germany, Helios Spain (Quirónsalud) and the Eugin Group. At the end of 2021, Helios Germany operated a total of 90 hospitals, around 130 outpatient clinics, and 6 prevention centers. In Spain, Quirónsalud operated 49 hospitals, 88 outpatient centers, and around 300 occupational risk prevention centers at the end of 2021. In addition, Helios Spain is active in Latin America with 7 hospitals as well as a provider of medical diagnostics. The Eugin Group's network comprises 33 clinics and an additional 39 sites across 10 countries on 3 continents. Eugin offers a wide spectrum of state-of-the-art services in the field of fertility treatments.
- **Fresenius Vamed** manages projects and provides services for hospitals as well as other health care facilities worldwide and is a leading post-acute care provider in Central Europe. The portfolio ranges along the entire value chain from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management. The services are aimed at various areas of health care, ranging from prevention and acute care to rehabilitation and nursing.

Fresenius has an international sales network and maintains more than 90 production sites. Large production sites are located in the United States, China, Japan, Germany, and Sweden.

IMPORTANT MARKETS AND COMPETITIVE POSITION

Fresenius operates in more than 90 countries through its subsidiaries. The main markets are Europe with 45% and North America with 38% of sales, respectively.

Fresenius Medical Care holds the leading position worldwide in dialysis care as it serves about 9% of all dialysis patients, as well as in dialysis products, with a market share of about 36%.

Fresenius Kabi aims to make a significant contribution to therapy and care of critically and chronically ill patients with products and services. In this area of care in particular, the need for high-quality, modern, and affordable therapies is growing as the proportion of chronic diseases continues to increase.

Fresenius Kabi is one of the leading companies in Europe for large parts of its product portfolio and has significant market shares in the growth markets of Asia-Pacific and Latin America. Furthermore, Fresenius Kabi is one of the leading companies in the field of generic IV drugs both in the U.S. market and in Europe. We intend to further strengthen and expand these market positions in the future. Further information on the market position of Fresenius Kabi can be found in the market description on page 61 f.

Fresenius Helios is Europe's leading private hospital operator. Helios Germany and Helios Spain are the largest private hospital operators in their respective home markets. The Eugin Group is a leading international provider in the field of fertility services.

Fresenius Vamed is a global company with no direct competitors covering a comparably comprehensive portfolio of projects, services, and total operational management over the entire life cycle of health care facilities. In Central Europe, the company is one of the leading private providers of rehabilitation services. As a result, Fresenius Vamed has a unique selling proposition of its own. Depending on the business segment, the company competes with international companies and consortia, as well as with local providers.

EXTERNAL FACTORS

The COVID-19 pandemic has a significant impact on the economic environment of the Fresenius Group. We demonstrated our special responsibility as part of the health care system even under the difficult circumstances of the COVID-19 pandemic. With our products, services, and therapies, we have made many important contributions to high-quality and affordable health care worldwide during the COVID-19 pandemic. Despite partial government compensation, COVID-19 had an overall strong negative effect on the 2021 financial figures in many of the Group's important markets.

Despite the challenges posed by the COVID-19 pandemic, Fresenius has shown economic resilience. Our company's business development has proven to be comparatively stable and largely independent of economic cycles. Our diversification into four business segments and our global focus give the Group additional stability. For detailed information on our markets, please see pages 59 ff. We report on the impact of the COVID-19 pandemic on our business performance and on changes in reimbursement practices in the hospital business, respectively, on pages 62 ff.

The legal framework for the operating business of the Fresenius Group remained essentially unchanged in 2021.

Fluctuating exchange rates, particularly between the U.S. dollar and the euro, have an effect on the income statement and the balance sheet. In 2021, the average annual exchange rate between the U.S. dollar and the euro of 1.18 was above the 2020 rate of 1.14, and therefore had a negative currency translation effect on the income statement. Details of this can be found in the statement of comprehensive income on page 277.

Furthermore, there were negative currency translation effects in fiscal year 2021 from the appreciation of Latin American currencies, in particular the Argentine peso and the Brazilian real, against the euro.

While the balance sheet total increased by 8 %, the increase in constant currency was only 4 %, inn particular due to the exchange rate changes (from 1.23 U.S. dollars on December 31, 2020, to 1.13 U.S. dollars on December 31, 2021)

In 2021, the Fresenius Group was involved in various legal disputes resulting from business operations. Although it is not possible to predict the outcome of these disputes, none is expected to have a significant adverse impact on the assets and liabilities, financial position, and results of operations of the Group. Further information regarding legal matters can be found on pages 342 to 347 of the Notes.

We carefully monitor and evaluate country-specific political, legal, and financial conditions. This also applies to the potential impact on our business that could result from inflation risks.

MANAGEMENT AND CONTROL

In the legal form of a KGaA, the Company's corporate bodies are the Annual General Meeting, the Supervisory Board, and the general partner, Fresenius Management SE. Fresenius Management SE is wholly owned by Else Kröner-Fresenius-Stiftung. The KGaA has a **two-tier management system** – management and control are strictly separated.

The **general partner**, represented by its **Management Board**, conducts the business and represents the Company in dealings with third parties. The Management Board generally has seven members. According to the Management Board's rules of procedure, each member is accountable for his or her own area of responsibility. However, the members have joint responsibility for the management of the Group. In addition to the Supervisory Board of Fresenius SE & Co. KGaA, Fresenius Management SE has its own Supervisory Board. The Management Board is required to report to the Supervisory Board of Fresenius Management SE regularly, in particular on its corporate policy and strategies. In addition, the Management Board reports on business profitability, current operations, and any other matters that could be of significance for the Company's profitability and liquidity. The Supervisory Board of Fresenius Management SE also advises and supervises the Management Board in its management of the Company. It is prohibited from managing the Company directly. However, the Management Board's rules of procedure require it to obtain the approval of the Supervisory Board of Fresenius Management SE for specific activities.

The members of the Management Board are appointed and dismissed by the Supervisory Board of Fresenius Management SE. Appointment and dismissal is in accordance with Article 39 of the SE Regulation[1]. The articles of association of Fresenius Management SE also provide that deputy members of the Management Board may be appointed.

The **Supervisory Board of Fresenius SE & Co. KGaA** advises and supervises the management of the Company's business by the general partner, reviews and approves the annual financial statements and the consolidated financial statements, and performs the other functions assigned to it by law and the Company's articles of association. It is involved in corporate planning and strategy, and in all matters of fundamental importance for the Company. The Supervisory Board of Fresenius SE & Co. KGaA has six shareholder representatives and six employee representatives. A Nomination Committee of the Supervisory Board of Fresenius SE & Co. KGaA has been instituted for election proposals for the shareholder representatives. Its activities are aligned with the provisions of law and the Corporate Governance Code. The shareholder representatives are elected by the **Annual General Meeting of Fresenius SE & Co. KGaA.** The European works council elects the employee representatives to the Supervisory Board of Fresenius SE & Co. KGaA.

The Supervisory Board must meet at least twice per calendar half-year. The Supervisory Board of Fresenius SE & Co. KGaA has two permanent **committees:** the Audit Committee, consisting of five members, and the Nomination Committee, consisting of three members. The members of the committees are listed on page 394 of this Annual Report. The Company's annual corporate governance declaration pursuant to Section 315d and Section 289f of the German Commercial Code (HGB) describes the procedures of the Supervisory Board's committees on page 225 f. The declaration can also be found on the website www.fresenius.com/corporate-governance.

The description of both the **compensation system** and individual amounts paid to the Management Board and Supervisory Board of Fresenius Management SE, and the Supervisory Board of Fresenius SE & Co. KGaA, are included in the Compensation Report on pages 234 ff. of this Annual Report.

[1] Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company (SE) (SE Regulation - SE-Reg)

CAPITAL, SHAREHOLDERS, ARTICLES OF ASSOCIATION

The subscribed capital of Fresenius SE & Co. KGaA amounted to 558,502,143 ordinary shares as of December 31, 2021 (December 31, 2020: 557,540,909).

The shares of Fresenius SE & Co. KGaA are non-par-value bearer shares. Each share represents €1.00 of the capital stock. Shareholders' rights are regulated by the German Stock Corporation Act (AktG – Aktiengesetz).

Fresenius Management SE, as general partner, is authorized, subject to the consent of the Supervisory Board of Fresenius SE & Co. KGaA: to increase the subscribed capital of Fresenius SE & Co. KGaA by a total amount of up to €125 million, until May 17, 2023, through a single issuance or multiple issuance of new bearer ordinary shares against cash contributions and / or contributions in kind **(Authorized Capital I).** In principle, the shareholders shall be granted a subscription right. In certain cases, however, the right of subscription can be excluded.

In addition, there are the following **Conditional Capitals** according to the articles of association of May 21, 2021:

- The subscribed capital is conditionally increased by up to €4,735,083.00 through the issuance of new bearer ordinary shares **(Conditional Capital I)**. The conditional capital increase will only be executed to the extent that convertible bonds for ordinary shares have been issued under the 2003 Stock Option Plan and the holders of these convertible bonds exercise their conversion rights.
- The subscribed capital is conditionally increased by up to €3,452,937.00 through the issuance of new bearer ordinary shares **(Conditional Capital II)**. The conditional capital increase will only be executed to the extent that subscription rights have been issued under the 2008 Stock Option Plan, the holders of these subscription rights exercise their rights, and the Company does not use its own shares to service the subscription rights or does not exercise its right to make payment in cash.
- The general partner is authorized, with the approval of the Supervisory Board, until May 17, 2023, to issue option bearer bonds and / or convertible bearer bonds, once or several times, for a total nominal amount of up to €2.5 billion. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €48,971,202.00 through issuance of new bearer ordinary shares **(Conditional Capital III)**.

  The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash, or of warrants from option bonds issued for cash, exercise their conversion or option rights and as long as no other forms of settlement are used.
- The share capital is conditionally increased by up to €23,786,091.00 by the issuance of new ordinary bearer shares **(Conditional Capital IV)**. The conditional capital increase will only be implemented to the extent that subscription rights have been, or will be, issued in accordance with the Stock Option Program 2013 and the holders of subscription rights exercise their rights, and the Company does not grant its own shares to satisfy the subscription rights.

The Company is authorized, until May 17, 2023, to purchase and use its **own shares** up to a maximum amount of 10% of the subscribed capital. In addition, when purchasing its own shares, the Company is authorized to use equity derivatives with possible exclusion of any tender right. The Company had not utilized these authorizations as of December 31, 2021.

As the **largest shareholder**, Else Kröner-Fresenius-Stiftung, Bad Homburg, Germany, informed the Company on December 30, 2021, that it held 148,685,702 ordinary shares of Fresenius SE & Co. KGaA. This corresponds to an equity interest of 26.6% as of December 31, 2021.

Amendments to the articles of association are made in accordance with Section 278 (3) and Section 179 (2) of the German Stock Corporation Act (AktG) in conjunction with Article 17 (3) of the articles of association of Fresenius SE & Co. KGaA. Unless mandatory legal provisions require otherwise, amendments to the articles of association require a simple majority of the subscribed capital represented in the resolution. If the voting results in a tie, a motion is deemed rejected. Furthermore, in accordance with Section 285 (2) sentence 1 of the German Stock Corporation Act (AktG), amendments to the articles of association require the consent of the general partner, Fresenius Management SE. The Supervisory Board is entitled to make such amendments to the articles of association that only concern their wording without a resolution of the Annual General Meeting.

Under certain circumstances, a **change of control** would impact our major long-term financing agreements, which contain customary change of control provisions that grant creditors the right to request early repayments of outstanding amounts in case of a change of control. The majority of our financing arrangements, in particular our bonds placed in the capital markets, however, require that the change of control is followed by a decline or a withdrawal of the Company's rating or that of the respective financing instruments.

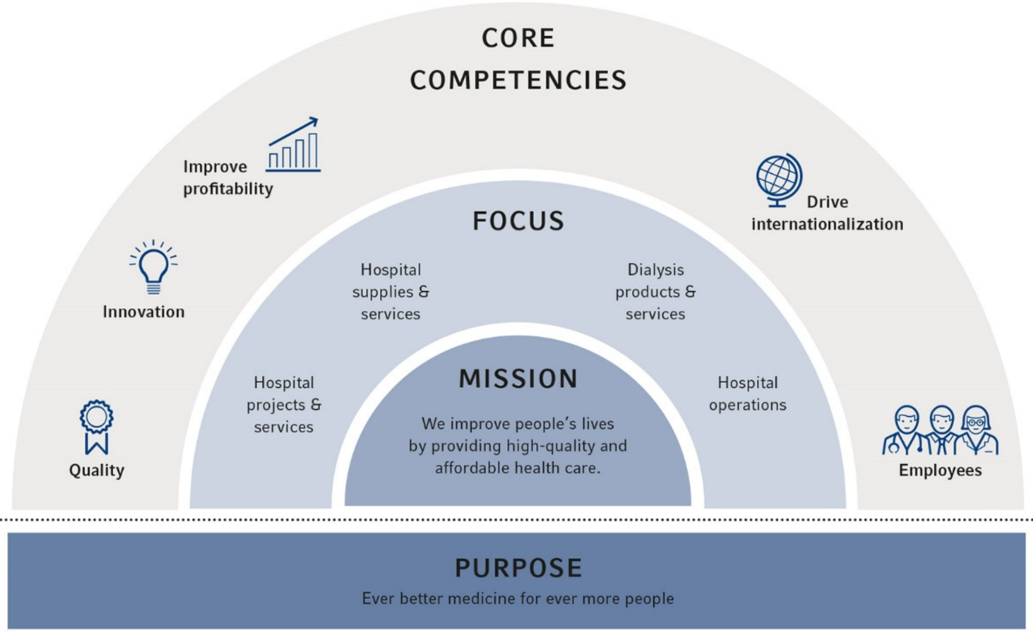
STRATEGY AND GOALS

Demographic change is posing fundamental challenges to societies worldwide. Not only are people living longer, but the pace of population aging is also increasing significantly. As a result, the social and health care systems of many countries are coming under increasing pressure. As the average age of the population increases, so does the number of chronically and critically ill patients.[1] This represents a major global challenge for the public health system. A longer life, however, also offers opportunities for individuals and societies. The extent to which these opportunities can be leveraged depends heavily on one factor: health.

Our purpose is to offer "Ever better medicine for ever more people". In line with this purpose, Fresenius develops innovative, affordable, and profitable medical solutions for the megatrends of health and demographics. What drives us to achieve top performance every day is our mission: we improve people's lives by providing high-quality and affordable health care. Consequently, Fresenius' business decisions are guided by this mission. Our goal is to expand Fresenius' position as a leading global provider of products, services, and therapies for critically and chronically ill people. At the same time, we want to grow profitably and use our capital efficiently.

We have set ourselves clear medium-term goals. The targets announced in February 2019 stated that based on the key financial figures for 2019, average annual organic sales growth (CAGR) for the period 2020 to 2023 is expected in the range of 4% to 7%. Net income[2, 3] is expected to grow organically at a CAGR in a range of 5% to 9% in the period 2020 to 2023.

FRESENIUS STRATEGY



We had expected small and mid-sized acquisitions to additionally increase the CAGR for both sales and net income by approximately 1%-point.

In February 2019, when we originally communicated our medium-term targets, no one has foreseen a global pandemic and the related knock-on effects such as increased inflationary pressure. Hence, we have to refine our expectations based on the financial results for fiscal years 2020 and 2021: we now expect to achieve a sales CAGR at the bottom to middle of the range and the bottom of the range for the net income CAGR.

Furthermore, we now expect that small and mid-sized acquisitions will add less than 1% point to both CAGRs.

For Fresenius, economic success is not an end in itself, but a means that enables us to continue investing in better medicine.

We have lived up to our special responsibility as part of the health care system, even under the difficult circumstances of the current COVID-19 pandemic. With our products, services, and therapies, we have made many important contributions worldwide.

[1] WHO 2021: "Ageing and health"
[2] Net income attributable to the shareholders of Fresenius SE & Co. KGaA
[3] Before special items

Our dialysis clinics and hospitals, for example, have taken extensive measures to ensure that patients continuously receive the best possible care. For essential drugs used for COVID-19 patients, we have committed ourselves to keeping prices stable – despite a significant increase in demand.

In our view, a significant adjustment of our strategy due to the COVID-19 pandemic is not necessary. On the contrary, our good economic development in 2021 confirms our strategy. COVID-19 will even accelerate the implementation of some strategic goals, such as the further expansion of digital services. Through various digital solutions, e.g., telemedicine services, we were able to address patients' concerns about becoming infected in hospital and provide them with targeted advice (see also separate Group Non-financial Report[1] p. 147 ff.).

OUR STRATEGIC FOCUS

Fresenius invests in and manages a diversified portfolio of health care businesses that create value. With our four business segments we focus on a defined number of health care areas. We continuously develop our business areas and strive to assume leading positions in the respective health care markets and segments. We have defined strategic priorities to strengthen our position as the leading global provider of products, services, and therapies for critically and chronically ill patients:

- **Profit from megatrends:** gearing businesses towards the megatrends health, demographic change, and digitalization in health care
- **Create value:** sustainable value creation by allocating capital to profitable growth areas
- **Act responsibly:** responsible and sustainable corporate governance as part of our corporate culture
- **Foster collaboration:** targeted fostering of intra-Group cooperation to leverage synergies

OUR CORE COMPETENCIES

QUALITY

All business segments make an overall contribution to increasing the quality and efficiency of health care.

Fresenius Medical Care ensures patient health and product safety by providing a safe environment in its clinics. Fresenius Medical Care considers the quality and safety of its products and services to be the foundation of its success.

Fresenius Kabi's corporate philosophy "caring for life" expresses the company's commitment to improving the quality of life of its patients. The quality and safety of its products and services is thus of paramount importance to Fresenius Kabi.

Fresenius Helios hospitals are characterized by high standards of treatment quality, hygiene standards, patient safety, and quality of care.

Fresenius Vamed bases its quality processes on clearly defined and generally established standards.

[1] The separate Group Non-financial Report is not part of the audited Group Management Report. This also applies to all other references in the Group Management Report.

INNOVATION

Fresenius' goal is to continue building on its strength in technology, its competence and quality in patient care, and its ability to manufacture cost-effectively. Developing products and systems that provide a high level of safety and user-friendliness and enable tailoring to individual patient needs is an inherent part of our strategy of sustainable and profitable growth. We will continue to develop ever more effective products and treatment methods for critically and chronically ill patients in order to offer best-in-class medical standards. Digitalization is playing an increasingly important role – whether it is in health care facilities or in production. It drives innovative technologies and treatment concepts and can contribute to solving numerous challenges in the health care system (see separate Group Non-financial Report p. 141 ff.).

Fresenius Medical Care will focus on creating the future of health care for chronically and critically ill patients across the renal care continuum and critical care solutions. Fresenius Medical Care also strives to identify new opportunities in value-added technologies and approaches on an ongoing basis, for example through the Fresenius Medical Care Ventures fund, which invests in start-ups and early-stage companies in the health care industry.

Fresenius Kabi focuses its research and development activities on products for the therapy and care of critically and chronically ill patients. With our products we want to support medical advancements in acute and post-acute care and improve patients' quality of life. We are also committed to providing access to high-quality, state-of-the-art therapies for an increasing number of people worldwide. Our development expertise covers all relevant components such as drug raw materials, pharmaceutical formulations, primary packaging, medical technologies for the application of drugs and infusions, as well as production technology. In the area of biosimilars, we have specialized in the development of products for the treatment of oncological and autoimmune diseases, making affordable treatments accessible for even more patients.

Fresenius Helios' goal is to foster knowledge sharing across its international hospital network and use innovation to develop ever better health care services and therapies for its patients. In order to comprehensively drive forward digitalization, the company is focusing on the further expansion of the IT infrastructure in the hospitals and the online patient portal, which accompanies our patients before, during, and after their stay in hospital. In Germany, Helios has set itself clear goals: by the end of 2022, additional medical data such as nursing care documentation and medication should be available in the digital patient file at all clinics. The Helios patient portal is also to be introduced at all clinics (see also separate Group Non-financial Report p. 147 f.). Moreover, Fresenius Helios is also focusing on health apps for the chronically ill. As a result of the COVID-19 pandemic, telemedical applications are increasingly in demand – more than 8,900 video consultations were booked by patients in 2021. The company will continue to expand this service in its health care facilities and offer it on a shared platform. Medical consultations are already being conducted via video. Numerous facilities already offer such video consultations on a regular basis (see separate Group Non-financial Report p. 147 f.). Moreover, Fresenius Helios is driving forward initiatives focused on occupational medicine for company employees, as well as prevention programs.

Fresenius Vamed's goal is to realize further projects in integrated health care services and to support health care systems more efficiently. In addition, state-of-the-art standards such as the use of Building Information Modeling (BIM) in the construction of health care facilities, new concepts for operational management through the application of innovative technologies, and digitalization measures contribute to the improvement of medical care as well as to the relief of medical professionals.

IMPROVE PROFITABILITY

Fresenius is committed to continuously improving Group profitability and capital efficiency. For example, our financial medium-term goals foresee that over the coming years we will increase net income[1, 2] more strongly than sales (see page 92).

To contain costs, we initiated a cost and efficiency program in 2021 and achieved initial cost savings. The measures to sustainably increase profitability and operational excellence are targeted to lead to cost savings of at least €150 million p.a. after taxes and minority interest in 2023, with some further potential to increase thereafter. Further information on the cost and efficiency program and the Fresenius Group's strategic roadmap can be found on page 46.

By focusing on our operating cash flow and employing efficient working capital management, we are expanding our scope for investment and improving our balance sheet ratios. We also aim to optimize our weighted average cost of capital (WACC). To this end, we are focusing on a balanced mix of equity and debt and striving to achieve a net debt / EBITDA[3] ratio within a range of 3.0× to 3.5×.

DRIVE INTERNATIONALIZATION

Fresenius' goal is to ensure and expand its long-term position as a leading international provider of products, services, and therapies in the health care industry. To this end, and to geographically expand our business, we plan to grow organically as well as through selective small to medium-sized acquisitions, complementing our existing portfolio. We are constantly seeking new above-average growth opportunities in developing as well as in emerging countries. Our aim is to strengthen our activities in these regions and successively introduce further products from our portfolio into these markets.

Fresenius Medical Care is the worldwide leader in dialysis, with a strong market position in the United States. Future opportunities in dialysis will arise from the further global expansion of dialysis services products.

Fresenius Kabi is the market leader in infusion therapy in Europe and Latin America.

In clinical nutrition therapy, Fresenius Kabi is market leader in Europe as well as in the key markets in Asia-Pacific (including China); in Latin America, Fresenius Kabi is one of the three leading providers of clinical nutrition.

In the area of IV generic drugs, Fresenius Kabi is one of the leading companies in the U.S. market. In the biosimilars product segment, Fresenius Kabi started with launches of its first biosimilar product, Idacio, in Europe in 2019. In 2021, the company continued to launch Idacio in several European countries and has received marketing authorization in selected countries in Latin America and Asia-Pacific, as well as in Israel and Canada. In addition, Fresenius Kabi is one of the leading suppliers in the field of transfusion technology and medical devices.

With 90 hospitals, Fresenius Helios operates in nearly all of Germany. Building on this, Fresenius Helios is now in a position to develop new patient care models. To benefit from the trend towards outpatient treatment, Helios Germany has been expanding outpatient service offerings. Helios Spain has attractive growth opportunities through the expansion and construction of hospitals, and potential for further consolidation in the highly fragmented private hospital market in Spain. Fresenius Helios will exploit upcoming opportunities for cross-border synergies in areas such as laboratory services and joint purchasing. The cross-border exchange of experience and knowledge is creating the economic prerequisites for the further internationalization of our hospital business. In the field of fertility services, the company intends to grow organically and through acquisitions.

Fresenius Vamed plans to further strengthen its position as a global specialist for projects and services for hospitals and other health care facilities. In Central Europe, Fresenius Vamed is one of the leading providers of rehabilitation services. Furthermore, the collaboration with Fresenius Helios has been further intensified. This applies, for example, to technical services and purchasing, where both companies are cooperating on selected products.

Statements on market position according to company research
[1] Net income attributable to the shareholders of Fresenius SE & Co. KGaA
[2] Before special items
[3] Both net debt and EBITDA calculated at LTM average exchange rates; before special items, pro forma closed acquisitions / divestitures. For pro forma acquisitions, the missing pro forma EBITDA for the full 12 months is included. For divestments, the EBITDA contribution of the last 12 months is deducted.

EMPLOYEES

The commitment of our more than 300,000 employees worldwide is key for the success and sustained growth of Fresenius. We firmly believe in a culture of diversity, as we are convinced that different perspectives, opinions, experiences, and values enable Fresenius to continue successfully growing as a global health care company. To tackle the upcoming challenges, attracting new employees is key for the growth of our company. We regularly participate in recruiting events and career fairs to attract new talent, and invite our management to meet future Fresenius employees at the "Meet the Board" career day. In the past two years, these events were held virtually or in compliance with special hygiene measures in accordance with the general conditions. Not only do we try to attract new talent, but also do everything we can to retain and develop our employees over the long term. We offer a variety of flexible working-time models and incentive programs to ensure that our long-term needs for highly qualified employees are met. Furthermore, we offer our employees opportunities to develop their careers in an international and dynamic environment.

PATH TO ACCELERATED GROWTH

Fresenius has defined a strategic path to pursue accelerated profitable growth and hence to strengthen the Group and each of its business segments by tapping new sources of capital and prioritizing segment capital allocation. All our stakeholders continue to benefit from the advantages of the Group's current structure, which offers stability through diversification as well as efficiency through economies of scale, access to attractive debt financing and tax savings.

All of Fresenius' business segments have excellent market positions and ample meaningful growth opportunities. Properly balancing the objectives of all our stakeholder groups requires an even more targeted approach to capital allocation. While Fresenius continues to believe in the virtues of vertical integration, The Company is keen to gradually re-balance the relative weights of its products and service businesses.

Primarily based on its superior profitability and excellent growth prospects, Fresenius Kabi is defined as top priority. With respect to Fresenius Medical Care, which has been particularly hard hit by the pandemic, the transformation program FME25 is expected to result in ever improving profitability and accelerated growth, driving improved valuation for Fresenius' controlling stake. For Fresenius Helios and Fresenius Vamed, smaller inorganic growth opportunities will continue to be financed from Fresenius Group funds. For larger growth opportunities, Fresenius is open to value-enhancing external equity investments the level of these business segments. An equity increase on Group level would then be redundant and is hence not foreseen.

By setting this course, Fresenius will accelerate the growth of each of our business segments for the benefit of all stakeholders.

COST AND EFFICIENCY PROGRAM

In 2021, Fresenius initiated a cost and efficiency program. First initiatives have already been successfully implemented. This has led to initial cost savings of ~€20 million[1] and one-time expenses of ~€80 million[1] in fiscal year 2021.

The program was initiated in early 2021 and aims to further safeguard the medium-term targets and sustainably enhance profitability.

Given the good progress, especially driven by the accelerated implementation of initiatives, Fresenius significantly increases its savings target and now expects cost savings of at least €150 million p.a. after tax and minority interest in 2023. Initially, more than €100 million p.a. after tax and minority interest were projected. For the years thereafter, a further significant increase in sustainable cost savings is expected. The savings will be achieved by all four business segments and the corporate center.

Fresenius anticipates that achieving these sustainable efficiency improvements will require up-front expenses of more than €200 million in 2022 and further expenses of around €100 million in 2023, in each case after taxes and minority interest. No further significant expenses are expected thereafter. In line with previous practice, these expenses are classified as special items (see also reconciliation tables on page 74 to 76).

[1] Refers to net income attributable to shareholders of Fresenius SE & Co. KGaA

FME25

Fresenius Medical Care announced details of the FME25 program on November 2, 2021. With a significantly simplified future structure of two global operating segments – Care Enablement and Care Delivery – the company orients its operating model along the relevant future value drivers.

Based on the implementation of the new global operating model, Fresenius Medical Care assumes to reduce its annual cost base by €500 million by the end of 2025.

Around 50% of these savings are expected to be realized by 2023. Around 80% of the anticipated one-time investments in FME25, amounting to approximately €450–500 million, are expected to be made by the end of 2023. The investments will be treated as a special item. The Company thus expects to reach positive net savings by the end of 2023.

VISION 2026

Fresenius Kabi has developed a strategic plan to transform the company for the next decade and to better capture new growth opportunities. Given the sustainable growth potential and the company's already strong market position, Fresenius Kabi will continue to focus on products and services for critically and chronically ill patients. Within this clear direction, Fresenius Kabi has defined three growth vectors:

- the broadening of our biopharmaceutical offering,
- further roll-out of clinical nutrition,
- expansion in the MedTech area.

The focus will be on further developing the portfolio to capitalize on key market and industry trends in order to capture future growth opportunities. In addition, the company will more actively go after growth opportunities in the various regions with increased focus, especially once the pandemic normalizes.

In parallel, Fresenius Kabi will continue to build resilience in its volume-driven IV business.
Furthermore, Fresenius Kabi will improve its global competitiveness and the effectiveness of its organization; a first step is the introduction of a business-oriented instead of a regional organization.

In the new organizational structure, the business units and the regions will be given more accountability to support Fresenius Kabi's growth targets. At the same time, the interfaces within the company will be streamlined to foster collaboration. The new organization was implemented as of January 2022.

NEW GLOBAL IT ORGANIZATION

Fresenius Digital Technology reached a milestone on the path to becoming a modern, global IT organization in 2021. With efficient processes and harmonized IT services, it will optimally support the business segments and their strategies. The aim of the comprehensive transformation process is to simplify the technology landscape, communication, and collaboration within the Group. At the same time, it will increase the efficiency of IT services and make them more cost-efficient.

SUSTAINABILITY PROGRAM

For Fresenius, sustainability is an integral part of its business model. The company is working to establish global sustainability standards and continuously improve its own sustainability performance. To this end, Fresenius continued to drive forward its ESG (Environment, Social, Governance) initiatives in the fiscal year.

Fresenius has set a climate target for the Group complementing its existing sustainability targets and programs. The company aims to be climate neutral by 2040 and to reduce 50 % of absolute scope 1 and scope 2 emissions by 2030 compared to 2020 levels. Fresenius will continuously assess scope 3 emission impacts for inclusion in our targets.

The Fresenius Group Sustainability Board (GSB) held six meetings to discuss the implementation of regulatory requirements, in particular the EU taxonomy and the Due Diligence Act, as well as Sustainable Finance. Furthermore, sustainability was introduced as a non-financial performance target in the Management Board compensation system in 2021. In July 2021, Fresenius took a further step toward integrating sustainability into all aspects of its business activities by launching its first sustainability-oriented financing instrument. In November 2021, we were again included in the Dow Jones Sustainability Index (DJSI Europe).

Further information on our sustainability program can be found in the separate Non-financial Group Report starting on page 114 and in the Compensation Report starting on page 234.

CORPORATE PERFORMANCE CRITERIA

The Management Board makes operational and strategic management decisions based on our Group-wide performance indicators for growth, profitability, liquidity, capital efficiency, and capital management. The most important financial performance indicators for us are explained below and a definition is provided in the glossary of financial terms on pages 399 to 401. There were no changes in the financial performance indicators compared to 2020. There were also no changes in the financial performance indicators of the Fresenius Group due to COVID-19.

The key figures for the financial performance indicators for 2022 of the Group and the business segments can be found in the outlook on pages 92 f.

FINANCIAL PERFORMANCE INDICATORS

Growth	Profitability	Liquidity	Capital efficiency	Capital management
Sales growth (in constant currency) **Sales growth** (organic)	**Operating income (EBIT)** +/- Financial result - Income taxes - Minority interests **= Net income** **EBIT growth** (in constant currency) **Net income growth** (in constant currency)	Operating cash flow ÷ Sales **= Cash flow margin**	EBIT - Income taxes = NOPAT ÷ Invested capital **= ROIC** EBIT ÷ Operating assets **= ROOA**	Net debt ÷ EBITDA **= Leverage ratio**

GROWTH

In line with our growth strategy, sales growth (in constant currency) of the Group and, in our business segments, organic sales growth in particular are of central importance. Fresenius has set itself medium-term growth targets. The targets announced in February 2019 stated that based on the key financial figures for 2019, average annual organic sales growth (CAGR) for the period 2020 to 2023 is expected in the range of 4% to 7%. We had expected small and mid-sized acquisitions to additionally increase the CAGR by approximately 1% point.

In February 2019, when we originally communicated our medium-term targets, no one has foreseen a global pandemic and the related knock-on effects such as increased inflationary pressure. Hence, we have to refine our expectations based on the financial results for fiscal years 2020 and 2021: we now expect to achieve a sales CAGR at the bottom to middle of the range. Furthermore, we now expect that small and mid-sized acquisitions will add less than 1% point to the sales CAGR (see outlook, page 92).

PROFITABILITY

We use earnings before interest and taxes (EBIT) and EBIT growth (in constant currency) to measure the profitability of the business segments. At Group level, we primarily use net income and its currency-adjusted growth. To facilitate comparison of operating performance across several periods, we adjust the earnings figures for special items where appropriate. Fresenius has set itself medium-term growth targets. The targets announced in February 2019 stated that based on the key financial figures for 2019, net income[1,2] is expected to grow organically at a CAGR in a range of 5% to 9% in the period 2020 to 2023. We had expected small and mid-sized acquisitions to additionally increase the CAGR by approximately 1% point.

In February 2019, when we originally communicated our medium-term targets, no one has foreseen a global pandemic and the related knock-on effects such as increased inflationary pressure. Hence, we have to refine our expectations based on the financial results for fiscal years 2020 and 2021: we now expect to achieve the bottom of the range for the net income CAGR. Furthermore, we now expect that small and mid-sized acquisitions will add less than 1% point to the net income CAGR. (see outlook, page 92).

[1] Net income attributable to the shareholders of Fresenius SE & Co. KGaA
[2] Before special items

LIQUIDITY

Within the Group, cash flow margin is used as the main liquidity indicator (see outlook, page 94). In order to further optimize the contributions of our business segments to operating cash flow, we also use the additional performance indicators DSO[1] (days sales outstanding) and SOI[1] (scope of inventory). These show the amount of receivables and inventories in relation to the sales and costs of the services rendered during the past reporting period.

Further information on our cash management system can be found in the Opportunities and Risk Report on pages 108 ff.

CAPITAL EFFICIENCY

We work as profitably and efficiently as possible with the capital provided to us by shareholders and lenders. In order to manage this, we primarily calculate the return on invested capital (ROIC)[2] and the return on operating assets (ROOA)[2] (see outlook, page 94). An overview of the return ratios by segment can be found in the Group Management Report on page 86.

CAPITAL MANAGEMENT

We use the ratio of net debt and EBITDA as the key parameter for managing the capital structure. This measure indicates the degree to which a company is able to meet its payment obligations. Our business segments usually hold leading positions in growing and mostly non-cyclical markets. Since the majority of our customers are of high credit quality, they generate mainly stable, predictable cash flows. According to the management assessment, the Group is therefore able to use debt to finance its growth to a greater extent than companies in other industries. Our self-imposed target corridor for the leverage ratio is 3.0× to 3.5×.

NON-FINANCIAL PERFORMANCE TARGETS

In 2021, sustainability was introduced as a non-financial performance target in the Management Board compensation system. The Supervisory Board of Fresenius Management SE has set three ESG targets for each of the five ESG focus areas of quality, employees, innovation, compliance, and the environment for the years 2021 and 2022. These are derived from the company's materiality analysis and are measured qualitatively using a proprietary ESG scoring methodology. With the ESG targets, the company creates a basis for ESG performance measurement by establishing the ESG target and strategy as well as transparent key performance indicators (KPIs) for performance management in future years. Further information on our sustainability program can be found in the separate Group Non-financial Report starting on page 114 and in the Compensation Report starting on page 234.

INVESTMENT AND ACQUISITION PROCESS

Our investments and acquisitions are carried out using a detailed coordination and evaluation process. As a first step, the Management Board sets the Group's investment targets and the budget based on investment proposals. In the next step, the respective business segments and the internal Acquisition & Investment Council (AIC) determine the proposed projects and measures, taking into account the overall strategy, the total investment budget, and the required and potential return on investment. We evaluate investment projects based on commonly used methods, such as internal rate of return (IRR) and net present value (NPV). Within the framework of the due diligence process, opportunities and risks associated with the potential acquisition target are analyzed and assessed. To this end, we review the business model, the key financial figures and tax issues, and the resulting company valuation. In addition, we comprehensively analyze the market and competitive environment, the regulatory framework and the legal aspects. The audit also covers various issues relating to compliance, production, research and development, quality, information technology, human resources, and the environment. Based on investment volume, a project is submitted for approval to the executive committees or respective managements of the business segments, to the Management Board of Fresenius Management SE, and / or its Supervisory Board.

You can find more details on our key performance indicators in our interactive tool[3] on our website at www.fresenius.com/interactive-tool.

[1] Does not reflect a core performance indicator
[2] For a detailed calculation of ROIC and ROOA please see page 401.
[3] Does not reflect a core performance indicator

GROUP[1]

	Targets 2021[2]	2021	2020	2019	2018	2017
Sales growth (in constant currency)	Mid single-digit percentage growth	5%	5%	6%	6%	16%
Net income[3] growth (in constant currency)	Around top-end of low single-digit percentage growth	5%	-3%	0%	7%	21%
Liquidity and capital management						
Cash flow margin	10% to 12%	13.5%	18.1%	12.0% / 9.9%[4]	11.2%	11.6 %
Net debt / EBITDA[5]	Around the top-end of 3.0× to 3.5×[6]	3.51x	3.44x	3.61× / 3.14×[4]	2.71×	2.84×
Capital efficiency						
Return on invested capital (ROIC)[7]	Decrease by 40 to 70 basis points compared to 2020 level	5.9%	6.5%	6.7% / 7.4%[4]	8.3%	8.0%
Return on operating assets (ROOA)[7]	Decrease by 50 to 100 basis points compared to 2020 level	6.5%	7.3%	7.6% / 8.2%[4]	9.0%	9.4%

BUSINESS SEGMENTS[1]

	Targets 2021[2]	2021	2020	2019	2018	2017
Fresenius Medical Care						
Sales growth (in constant currency)	Expecting to be at the lower end of the guidance range of low-to-mid single-digit percentage growth	2%	5%	5%	4%	9%
Net income growth[8, 9] (in constant currency)	Expecting to be at the lower end of the guidance range of high-teens to mid-twenties percentage decline	-23%	12%	-2%	4%	7%
Fresenius Kabi						
Sales growth (organic)	Low-to-mid single-digit percentage growth	4%	4%	4%	7%	7%
EBIT growth (in constant currency)	Around the top end of the low single-digit percentage guidance range	7%	-6%	3%	2%	8%
Fresenius Helios						
Sales growth (organic)	Mid single-digit percentage growth	7%	4%	5%	3%	4%
EBIT growth (in constant currency)	High single-digit percentage growth	10%	0%	-4%	0%	54%
Fresenius Vamed						
Sales growth (organic)	Mid-to-high single-digit percentage growth	11%	-8%	16%	16%	6%
EBIT growth (in constant currency)	High double-digit € million amount	€101 million	€29 million	19%	45%	10%

[1] Growth rates are based on the assumptions of the respective annual forecasts and are adjusted for special items and, if applicable, other effects affecting the underlying growth (adjustments to new accounting standards, acquisitions/divestments, acquisition costs, or cost-saving programs).
[2] Including expected COVID-19 effects (updated November 2021)
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] Excluding IFRS 16 effect
[5] Both net debt and EBITDA calculated at LTM average exchange rates; before special items, pro forma closed acquisitions / divestitures
[6] Around the top-end of the self-imposed target range of 3.0× to 3.5×; excluding further potential acquisitions
[7] Before special items, pro forma acquisitions
[8] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[9] Special items are effects (when consolidated at the Fresenius Group: special items), that are unusual in nature and were not foreseeable or not foreseeable in size or impact at the time of giving guidance.

RESEARCH AND DEVELOPMENT

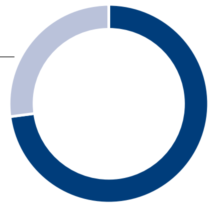
Product and process development and the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- Dialysis
- Generic IV drugs
- Biosimilars
- Infusion and nutrition therapies
- Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

Research services provided by third parties are mainly used by Fresenius Kabi, especially in the field of biosimilars. Detailed figures are provided on page 310.

R & D EXPENSES BY SEGMENT[1]



[1] Before expenses related to the Fresenius cost and efficiency program and revaluations of contingent biosimilars purchase price liabilities

As of December 31, 2021, there were 3,656 employees in research and development (2020: 3,565). Of that number, 1,236 were employed at Fresenius Medical Care (2020: 1,262) and 2,366 at Fresenius Kabi (2020: 2,288).

Our main research sites are in Europe, the United States, and India. Product-related development activities are also carried out in China.

Research and development **expenses**[1] were €818 million (2020: €748 million), approximately 7.5% of our product sales (2020: 7.2%).

KEY FIGURES RESEARCH AND DEVELOPMENT

	2021	2020	2019	2018	2017
R & D expenses, € in millions[1]	818	748	677	649	538
as % of product sales[1, 2]	7.5%	7.2%	6.8%	6.7%	5.7%
R & D employees	3,656	3,565	3,412	3,042	2,772

[1] 2021: Before expenses related to the Fresenius cost and efficiency program and revaluations of contingent biosimilars purchase price liabilities
2020, 2019, and 2018: Revaluations of biosimilars contingent purchase price liabilities

[2] 2021, 2019, and 2018 excluding impairment losses from capitalized in-process R & D activities

FRESENIUS MEDICAL CARE

Our aim is to continuously improve our patients' quality of life and their treatment. Our intention is therefore to drive the development of new products through to market launch and to expand our extensive portfolio of innovation projects. These focus on technologies in our core business as well as related areas of strategic interest.

We intend to deliver innovative, competitive products and further strengthen our focus on developing countries.

In addition to research and development activities within our company, we collaborate with external partners with the aim of building a comprehensive innovation and technology network. These partners include numerous academic institutions, such as research institutes at prestigious universities in the United States. Another is the Renal Research Institute (RRI) in New York. This subsidiary of Fresenius Medical Care North America is a renowned institution in the field of clinical research into all aspects of chronic kidney failure. Together, we are working on fundamental issues relating to renal therapies. We are also increasingly collaborating with start-ups and early-stage companies with the objective of promoting innovation and enabling access to the latest technologies.

The COVID-19 pandemic had no major influence on our R & D activities. In 2021, we continued with our research and development work.

[1] Before expenses related to the Fresenius cost and efficiency program and revaluations of contingent biosimilars purchase price liabilities

The new FX CorAL dialyzer was officially presented at the virtual ERA-EDTA Congress (European Renal Association-European Dialysis and Transplant Association Congress) in June 2021. The FX CorAL was developed with a focus on clinical performance and hemo-compatibility, both important factors in patient-oriented dialysis. The dialyzer is based on the innovative Helixone hydro® membrane, which forms a hydrous film on the inner membrane surface. This reduces protein adsorption, resulting in a weakened immune response and high selective permeability of the membrane. The aim here is to reduce the side effects of dialysis treatment. The multiFiltratePRO is a highly innovative platform for continuous renal replacement therapy. It offers advanced features such as renal replacement therapy incorporating proven regional Ci-Ca® citrate anticoagulation and therapeutic plasma exchange. The multiFiltrate-PRO has received emergency approval in the United States and was launched in China and several South American countries in 2020, so it now has a broad base in the market. In 2022, we aim to grow further and implement optimization measures based on the significant increase in the number of devices on the market and increased sales; the development of the corresponding measures was driven forward in 2021 and is now almost complete.

FRESENIUS KABI

Fresenius Kabi's research and development activities concentrate on products for the therapy and care of critically and chronically ill patients. Our products are used where the patient is most at risk: in emergency medicine, intensive care, special care, and in those who need to be treated in hospital or as an outpatient for a longer period of time. In these patient groups, every single step is essential for the success of the therapy. Products make a crucial contribution to the success of the treatment and the interaction between medicine and technology is highly important.

We consider it our task to develop products that help to support medical advancements in acute and post-acute care and improve patients' quality of life. At the same time, our products are intended to enable an increasing number of people worldwide to have access to high-quality, modern therapies.

Chronic diseases are on the increase worldwide; more and more people need access to high-quality therapies. In the care of critically ill patients, the requirements for successful treatment are becoming ever higher. The demand for effective therapies in conjunction with intelligent medical technology applications and devices will continue to rise in the future. We want to be the preferred point of contact for doctors and nursing staff in the care of critically and chronically ill patients. For this purpose, Fresenius Kabi Vision 2026 was developed during the reporting year and adopted in the fourth quarter of 2021. With Vision 2026, we have defined a clear direction for Fresenius Kabi with three growth paths: the broadening of our biopharmaceutical range, the further development and global introduction of our clinical nutrition products, and expansion in the area of MedTech. In the volume-driven IV business, we will continue to expand our resilience. Our future development work will be geared toward this.

Our **development expertise** includes all the related components, such as the drug raw material, the pharmaceutical formulation, the primary packaging, the medical device needed for application of drugs and infusions, and the production technology. In the area of biosimilars, we have specialized in the development of products in the areas of autoimmune diseases and oncology.

In the area of generic **IV drugs**, we are continuously working on the extension of our product portfolio. What matters most to us here is that we launch new generic drug formulations directly after the patents of the branded products expire. For example, in the reporting year, we launched the cancer drug pemetrexed 25 mg/ml concentrate for the preparation of an infusion solution in Europe on June 1, therefore bringing it onto the market two weeks before the patent expired, based on a patent agreement with the original manufacturer. We also introduced the foscarnet sodium injection in the United States; when it was launched in February 2021, our product was the only generic for the originator product Foscavir on the market. Foscarnet is mainly used to treat immunosuppressed patients. In addition, we are working on the continuous improvement of IV drugs already on the market. For example, we are developing IV drugs with new formulations and dosage forms, as well as improved primary packaging. In 2021, we had more than 100 active projects in the area of generics. We focus, among other things, on complex formulations such as active ingredients in liposomal[1] solutions and product improvements that bring added value to both medical staff and patients.

Thus, we develop ready-to-use products that are especially convenient and safe and help to prevent application errors in day-to-day medical care. These include ready-to-use solutions in our freeflex infusion bags, the cost-effective KabiPac infusion bottle and pre-filled syringes. Drugs with pre-filled syringes are simpler and safer to use than traditional applications. In the reporting year, for example, we introduced fentanyl in a pre-filled syringe in the United States.

[1] Liposomes are small vesicles consisting of a lipid bilayer and an aqueous core and are used to transport active substances in the body.

In the area of **biosimilars**, we have a pipeline of molecules at various stages of development focused on autoimmune diseases and oncology. A biosimilar is a biological product that is very similar to another approved biological product called a "reference product". The biosimilar product corresponds to the reference product in terms of efficacy and safety. Since the existence of biosimilars, more and more patients have been treated with biopharmaceutical drugs. For many, biopharmaceutical therapy means a completely new life. Not only are more people being treated with biopharmaceuticals, but waiting times for them have also been significantly reduced in recent years.

We apply the same high quality standards to our biosimilar products during development and preparation as are required for the reference product. With our biosimilars, we offer more patients worldwide access to affordable, high-quality medicines.

Our research and development center for biosimilars is based in Eysins, Switzerland, where new products for the treatment of autoimmune and oncological diseases are developed in state-of-the-art development and research laboratories.

Our first biosimilar is Idacio[1], an adalimumab biosimilar that can be used in chronic inflammatory diseases such as rheumatoid arthritis, Crohn's disease and psoriasis (skin disease). Since its introduction in 2019, we have launched the product in numerous countries within Europe, Latin America, and Asia-Pacific, as well as in Israel and Canada. In the reporting year, we worked on further marketing authorizations.

The clinical development of MSB 11455[2], a biosimilar candidate of pegfilgrastim, has been successfully completed and marketing authorization applications are currently being reviewed by the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA) to obtain approval for market launch. MSB 11455 is a molecule that stimulates the growth of certain white blood cells. These blood cells are essential for fighting infections, which are a common side effect in cancer patients receiving chemotherapy. Approval for U.S. market launch requires the FDA to conduct inspections at the European production sites for MSB 11455. In the reporting year, the FDA informed Fresenius Kabi that it was postponing the completion of its review process, as COVID-19-related restrictions are delaying FDA inspections across the world. As a result, the FDA has also postponed its authorization decision until the inspections can be carried out and completed.

MSB 11456[3] is a biosimilar candidate of tocilizumab used in various indications such as rheumatoid arthritis. The clinical trial for MSB 11456, conducted with healthy volunteers, reached its primary endpoint in 2019 and demonstrated bioequivalence for all pharmacokinetic parameters. In the reporting year, we were able to successfully complete our next development step for the market launch. Our biosimilar candidate MSB11456 showed positive results in two consecutive phase I studies and successfully achieved primary and secondary endpoints. In both studies, subcutaneous and intravenous formulations were used to cover the two different dosage forms. The bioequivalence, safety, and immunogenicity of the biosimilar candidate of tocilizumab compared to its reference product were examined.

The first phase I study, a randomized, double-blind, parallel-group study to determine the pharmacokinetics, pharmacodynamics, safety, tolerability, and immunogenicity of MSB11456 met all primary and secondary endpoints following a single subcutaneous injection in healthy volunteers. The pharmacokinetic equivalence of MSB11456 with the U.S. reference product[4] and the EU reference drug[5] was demonstrated successfully. The clinical study confirmed the similarity of MSB11456 with the U.S. reference product[4] and the EU reference drug[5] at the pharmacodynamic level. No significant differences in safety and immunogenicity were found between the three treatment groups (MSB11456, U.S. reference product[4], and EU reference drug[5]).

[1] Idacio is a biosimilar of Humira® and has not yet been approved by all relevant health authorities. Humira® (adalimumab) is a registered trademark of AbbVie Biotechnology Ltd.
[2] MSB 11455 is a biosimilar candidate of Neulasta® and has not yet been approved by the relevant health authorities. Neulasta® (pegfilgrastim) is a registered trademark of Amgen Inc.
[3] MSB 11456 is a tocilizumab biosimilar candidate of Actemra®/RoActemra® and has not yet been approved by the relevant health authorities. Actemra®/RoActemra® (tocilizumab) are registered trademarks of Chugai Seiyaku Kabushiki Kaisha.
[4] U.S. reference product Actemra®.
[5] EU reference product RoActemra®.

In the second phase I study, all primary and secondary endpoints were also achieved and the pharmacokinetic equivalence of MSB11456 and the U.S. reference product[1] was successfully demonstrated. This clinical study was also a randomized, double-blind, parallel-group study to investigate the pharmacokinetics, safety, immunogenicity, and tolerability of MSB11456 compared to its U.S. reference product[1] following a single intravenous infusion in healthy volunteers. No significant differences in safety and immunogenicity were found between the two treatment groups (MSB11456 and U.S. reference product[1]).

In 2020, we also launched a global phase III study to compare the efficacy, safety, tolerability, and immunogenicity of our biosimilar candidate of tocilizumab, MSB 11456, with the EU reference product in patients with moderately to severely active rheumatoid arthritis. The inclusion of patients from several European countries in this study was completed in 2021.

Clinical nutrition provides care for patients who cannot nourish themselves normally or sufficiently. This includes, for example, patients in intensive care and those who are seriously or chronically ill. Early and correct intervention can help prevent malnutrition and its consequences.

Malnutrition is a common indication in hospitalized patients: studies carried out in hospitals in Europe show that one in four patients in the hospital suffers from malnutrition or is at risk of malnutrition. The clinical significance of malnutrition results from a less favorable prognosis in terms of morbidity and mortality. Further consequences can be a longer stay in hospital and higher treatment costs.

In the parenteral nutrition product segment, we focus our research and development on products that make a significant contribution to improving clinical treatment and the nutritional condition of patients and on innovative containers such as our multi-chamber bags that are safer and more convenient in everyday use.

In the reporting year, we completed our EuroPN study and presented the first results to health care professionals at international scientific congresses. The study examined clinical nutritional practice in more than 1,000 critically ill patients in Europe. EuroPN is currently the largest longitudinal study conducted that examines the effects of nutritional targets on the success of treatment of critically ill patients who have been treated in an intensive care unit for more than five days. The results are due to be published in 2022.

In addition to our own development, Fresenius Kabi also supports external development projects that contribute to improving the nutritional care of critically ill patients and surgery patients. In 2019, we initiated the funding program "Jumpstart". With this program, we support the research work of young scientists and doctors in clinics in the area of parenteral nutrition. An independent jury, consisting of internationally renowned scientists in the area of clinical nutrition, is responsible for selecting the fellows and awarding the research prize.

In the reporting year, we continued the funding program and awarded another research prize at the ESPEN international congress on nutrition in September 2021.

In 2021, we also continued development work on parenteral products. We are concentrating on formulations that are tailored to the needs of individual patient groups. In addition to our global development projects, we are also working on parenteral nutrition products for specific markets such as the United States, China, and Europe.
One focus area is on the use of fish oil in parenteral nutrition. Parenteral nutrition containing fish oil has numerous beneficial effects on important biological functions, including the modulation of the immune and inflammatory response. The use of fish oil in parenteral nutrition products helps to improve clinical outcomes such as infection rates, sepsis rates, and the duration of stays in the ICU and in hospital in general.

In the area of enteral nutrition, we are focusing our research and development activities on product concepts that support therapeutic compliance and thus the success of therapy.

In particular, the flavor of enteral products is known to be a critical parameter in ensuring the acceptance of the products and compliance with the nutritional therapy. For years, we have been working continuously to develop products with a wide variety of flavors to offer the users variations and thus provide them with the best possible support to complete the necessary nutritional therapy. Another focus of our work is on the development of products with an increased calorie and protein concentration. This way, we

[1] U.S. reference product Actemra®.

make it easier for the user to take in the necessary amount of nutrients in small volumes. In addition to global product developments, we are continuing to work on product developments for specific market requirements. The main focus here is on products for markets with high growth potential, such as for Taiwan and Korea in Asia-Pacific and Brazil in Latin America.

In the area of **infusion solutions**, we are continuously working on new primary containers and containers that have already been introduced with the aim of increasing efficiency and safety in everyday hospital life and facilitating their use. In the reporting year, we began introducing our optimized freeflex+ infusion bag with needle-free injection port. The aim of this product is to help reduce the risk of potential injuries in daily hospital life. Furthermore, we are continuously working on expanding our product range, which we want to introduce globally. We are also developing products that will allow us to further tap into the U.S. market by means of local production.

In the area of **medical devices**, we focus on developing new products as well as on further developing our existing portfolio. This industry in particular is characterized by technological innovations. Digitalization is a more crucial factor here than in any of our other product segments. Devices not only have to be continuously developed in terms of their application, but they also have to increasingly be embedded in the IT system landscape of hospitals, blood donation centers, and plasma centers. In the future, we want to benefit from this trend and are already focusing on the continuous development of our software solutions to increase the efficiency and clinical outcome for our customers.

In the reporting year, we continued to develop the Vigilant Software Suite, a software solution for our Agilia family of infusion pumps in hospitals. As a comprehensive, server-based therapy information system, it combines the central monitoring of our pumps (Vigilant Sentinel), the central administration of the drug databases required for the patient (Vigilant Mastermed), comprehensive quality reporting (Vigilant Insight), and a standardized IT interface application (Vigilant Bridge). In addition to further development, we are also pushing ahead with the international market launch through further language versions, regulatory work, and support for the installation of the devices in hospitals.

We also continued the development work on a new infusion management system in the reporting year. This system features a modern operating system and will enable new therapy and treatment procedures in the intensive care unit and operating room.

With regard to disposable medical products, the focus was on developing components that increase the safety and simplicity of use of the products and enable therapy with new drugs.

In research and development in the area of **transfusion technology**, we are working intensively on products for use in cell therapy. Our focus is on product developments for the automated washing and concentration of cell concentrates. These products are used in CAR T-cell[1] and similar cell therapies. In 2021, we started preparations for the market launch of the CUE[1] cell processing system. This device has been specifically developed for smaller filling quantities and end-use applications in the area of cell therapy and will complement our LOVO[1] cell processing system, which is already available on the market. We will start the launch of CUE in 2022.

In the area of extracorporeal photopheresis (ECP), we continue to focus on the introduction of the Amicus Blue system and the associated Phelix light box in Europe, as well as on the further development of an ECP application method, which only requires one vascular access. In this therapy method, certain blood cells outside the body are treated with ultraviolet light (phototherapy). This method is used to treat various immunological diseases, including to kill malignant immune cells (lymphocytes) outside the body.

Another focus area is the continuous further development of our devices and the corresponding data management software. This includes the transfusion technology devices for plasma (Aurora Xi/optimized Nomogram Software), blood processing (Compoguard), and platelets (AmiCORE/COM tec advanced).

[1] For more information, see the glossary on page 397.

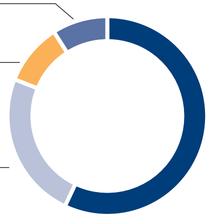
EMPLOYEES

The knowledge, experience, and commitment of our employees are critical to our success. For this reason, Fresenius values a culture of **diversity**. The interplay of a wide range of views, opinions, cultural backgrounds, experiences, and values enables us to successfully exploit our potential as a global company.

The **number of employees** increased by 2% to 316,078 employees at the end of 2021. Personnel expenses for the Fresenius Group were €15,610 million in 2021 (2020: €15,128 million), equivalent to 41.6% of sales (2020: 41.7%).

Personnel expenses are above the previous year's level. Personnel expenses per employee, based on the average number of employees, were €49.8 thousand (2020: €49.5 thousand) and €50.5 thousand in constant currency. In Germany, Fresenius companies have signed tariff agreements with IG BCE, Marburger Bund, and ver.di (labor union for services). There were no significant structural changes to compensation or employment agreements in 2021.

EMPLOYEES BY REGION



NUMBER OF EMPLOYEES

	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Change 2021 / 2020	% of total as of Dec. 31, 2021
Fresenius Medical Care	130,251	133,129	128,300	-2%	41%
Fresenius Kabi	41,397	40,519	39,627	2%	13%
Fresenius Helios	123,484	116,952	106,377	6%	39%
Fresenius Vamed	19,721	19,414	18,592	2%	6%
Corporate / Other	1,225	1,255	1,238	-2%	1%
Total	**316,078**	**311,269**	**294,134**	**2%**	**100%**

PERSONNEL EXPENDITURE

€ in millions	**2021**	2020	2019
Fresenius Medical Care	6,962	7,068	6,800
Fresenius Kabi	1,907	1,809	1,754
Fresenius Helios	5,707	5,270	4,878
Fresenius Vamed	866	815	774
Corporate / Others	168	166	149
Total	**15,610**	**15,128**	**14,355**

HUMAN RESOURCES MANAGEMENT

We are constantly adapting our human resources tools to meet new requirements arising from demographics, the transformation to a service economy, the shortage of skilled workers, and employees' desire to better balance family and career. For example, we offer flexible working hours.

Further information can be found in our separate Group Non-financial Report on pages 154 ff.

EMPLOYEE RECRUITMENT AND PERSONNEL DEVELOPMENT

In order to ensure that our long-term needs for highly qualified employees are met, and to recruit new employees, we make use of online personnel marketing, regularly participate in recruiting events and careers fairs, and organize our own recruiting events. In addition, we try to encourage long-term retention with attractive development programs.

The approaches and measures for employee recruitment and personnel development in the business segments are based on the market requirements of each segment. They are coordinated, developed, and realized independently for each business segment. At Fresenius, qualifications and experience are the only things that matter in the selection of personnel. Consequently, at Fresenius we have the aspiration that women and men with comparable qualifications will continue to have the same career opportunities. The proportion of female employees in the Fresenius Group increased slightly to 69% as at December 31, 2021 (Dec. 31, 2020: 68%). The proportion of females in services or care is traditionally higher than in the area of production. This is reflected in the proportion of female employees in our business segments: Our business segment Fresenius Helios has with 74% the highest proportion of female employees among the Group. The number of female participants in the Group-wide Long Term Incentive Plan (LTIP 2018) is a good indication of the share of women in management positions. According to this, the ratio of women among the more than 1,800 top executives increased to 32.6% as at December 31, 2021 (Dec. 31, 2020: 31.6% of 1,700 top executives).

You can visit our multiple-award-winning careers portal at www.career.fresenius.com. Further information on employment management can be found in our separate Group Non-financial Report on pages 154 ff.

CHANGE TO THE MANAGEMENT BOARD

Michael Sen (52) became the new Chief Executive Officer of Fresenius Kabi AG. The Supervisory Board of Fresenius Management SE unanimously appointed him to the Management Board of Fresenius as of April 12, 2021. He succeeded Mats Henriksson (53), who left the company due to different views on Fresenius Kabi's future direction.

CHANGES TO THE SUPERVISORY BOARD

Dr. Gerd Krick (82) left the Supervisory Boards of Fresenius Management SE and the listed Fresenius SE & Co. KGaA when his term ended at the close of the Annual General Meeting in May 2021.

Wolfgang Kirsch (65), a member of the Supervisory Board of Fresenius Management SE since January 1, 2020, took over from him as Chairman of both Supervisory Boards.

In recognition and deep appreciation of his long decades of accomplishment and invaluable work on behalf of Fresenius, Dr. Krick was named Honorary Chairman of both Supervisory Boards.

Klaus-Peter Müller (76) stepped down from the Supervisory Board of Fresenius Management SE at the end of his term in May 2021. At the listed Fresenius SE & Co. KGaA, Klaus-Peter Müller was reelected to the Supervisory Board at the Annual General Meeting in May. He is chairing the Audit Committee for a further year.

The Annual General Meeting of Fresenius Management SE elected Susanne Zeidler (60), Chief Financial Officer of Deutsche Beteiligungs AG (DBAG) since November 2012, and Dr. Frank Appel (59), Chief Executive Officer of Deutsche Post DHL Group since February 2008, to the Supervisory Board of Fresenius Management SE.

Hauke Stars resigned from her office as a member of the Supervisory Board with effect to the end of January 31, 2022, and therefore left the Supervisory Board of the Company before the regular end of her term of appointment. Susanne Zeidler succeeds Hauke Stars and was appointed as a member of the Supervisory Board by court order until the end of the Annual General Meeting in 2022.

The CVs of the members of the Supervisory Board and the Management Board can be found on our website at https://www.fresenius.com/Corporate-Management.

PROCUREMENT

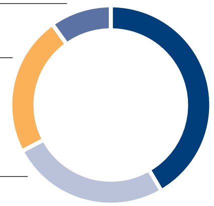
In 2021, the cost of raw materials and supplies and of purchased components and services was €8,820 million (2020: €8,804 million). An efficient value chain is important for our profitability. In an environment characterized by ongoing cost-containment pressure from health insurers, as well as price pressure, security and quality of supply play an important role. Within each business segment of the Fresenius Group, procurement processes are coordinated centrally, enabling us to bundle similar requirements, negotiate global framework agreements, constantly monitor market and price trends, and ensure the safety and quality of materials.

Further information on supply chain at Fresenius can be found in our Opportunities and Risk Report on page 106 f. and in our separate Group Non-financial Report on pages 197 ff. of our Annual Report.

COST OF MATERIALS AND SUPPLIES AND PURCHASED COMPONENTS

€ in millions	2021	2020
Cost of raw materials and supplies	7,629	7,342
Write-downs of raw materials, supplies, and purchased components	0	0
Cost of purchased components and services	1,191	1,462
Total	**8,820**	**8,804**

COST OF MATERIAL BY BUSINESS SEGMENT [1]



[1] Before consolidation

QUALITY MANAGEMENT

The quality of our products, services, and therapies is the basis for optimal medical care.

All processes are subject to the highest quality and safety standards, for the benefit of the patients and to protect our employees. Our quality management has the following three main objectives:

- to identify value-enhancing processes oriented toward efficiency and the needs of our customers
- to monitor and manage these processes on the basis of performance indicators
- to improve procedures

Further information on quality management at Fresenius can be found in our Opportunities and Risk Report on page 105 f. as well as our separate Group Non-financial Report on page 127 of our Annual Report.

SUSTAINABILITY

We orient our activities within the Fresenius Group to longterm goals, and thus ensure that our work is aligned to the needs of patients and employees, as well as shareholders and business partners, in a sustainable manner. Our **responsibility as a health care Group** goes beyond our business operations. It is our mission to constantly improve our performance in the areas of environmental protection, occupational health and technical safety, and product responsibility and logistics, and to comply with legal requirements.

Further information on our sustainability management can be found in our separate Group Non-financial Report on pages 114 ff. of our Annual Report.

ECONOMIC REPORT

HEALTH CARE INDUSTRY

The health care sector is one of the world's largest industries and we are convinced that it shows excellent growth opportunities.

The main **growth factors** are:

- rising medical needs deriving from aging populations,
- the growing number of chronically ill and multimorbid patients,
- stronger demand for innovative products and therapies,
- advances in medical technology,
- the growing health consciousness, which increases the demand for health care services and facilities, and
- the increasing demand for digital health services for patients.

In the **emerging countries**, additional drivers are:

- expanding availability and correspondingly greater demand for basic health care, and
- increasing national incomes and hence higher spending on health care.

At the same time, the **cost of health care** is rising and claiming an ever-increasing share of national income. Health care spending averaged 9.7% of GDP in the OECD countries in 2020 (2019: 8.8%)[1].

The United States had the highest per capita spending with US$10,949[2] (2018: US$10,528). Germany ranked fourth among the OECD countries with US$6,518[2] (2018: US$6,291). In Germany, 85% of **health spending** was funded by public sources in 2020, above the average of 76% in the OECD countries. Most of the OECD countries have enjoyed large gains in **life expectancy** over the past decades, thanks to improved living standards, public health interventions, and progress in medical care. In 2019, average life expectancy in the OECD countries was 81.0 years[2] (2018: 80.7).

Health care structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising **health care expenditures**. However, such measures cannot compensate for the cost pressure. Market-based elements are increasingly being introduced into the health care system to create incentives for cost- and qualityconscious behavior. Overall treatment costs will be reduced through improved quality standards.

In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

Our most important **markets** developed as follows:

HEALTH CARE SPENDING AS % OF GDP

in %	2020	2010	2000	1990	1980	1970
USA	16.8	16.3	12.5	11.2	8.2	6.2
France	12.4	11.2	9.6	8.0	6.8	5.2
Germany	12.5	11.1	9.9	8.0	8.1	5.7
Switzerland	11.3	9.9	9.1	7.6	6.4	4.8
Spain	9.0	9.1	6.8	6.1	5.0	3.1
China	5.1	4.4	4.5	–	–	–

Source: The latest available data from OECD Health Data refers to 2020, as no more recent data has been published; database for USA, Switzerland, and Spain 2019 and China 2018.

[1] OECD Health Data
[2] The latest available data from OECD Health Data refers to 2019, as no more recent data has been published.

THE DIALYSIS MARKET

In 2021, the **global dialysis market** (products and services) was worth approximately €79 billion.

Worldwide, approximately 4.7 million **patients with chronic renal failure** were treated in 2021. Of these patients, around 3.8 million received dialysis treatments and about 890,000 were living with a transplanted kidney. About 89% were treated with hemodialysis, 11% with peritoneal dialysis.

The major growth driver is the growing number of patients suffering from diabetes and high blood pressure, two diseases that often precede the onset of chronic kidney failure. The **number of dialysis patients** worldwide increased by around 2% in 2021.

Due to the COVID-19 pandemic, Fresenius Medical Care already reported increased mortality among patients in 2020. As a result of the global spread of the delta variant, COVID-19-related excess mortality increased again in the second half of 2021. This results in a total excess mortality of approximately 30,000 patients since the start of the pandemic.

The **prevalence rate**, which is the number of people with terminal kidney failure treated per million population, differs widely from region to region. The significant divergence in prevalence rates is due, on the one hand, to differences in age demographics, incidence of renal risk factors, genetic predisposition, and cultural habit, such as nutrition. On the other hand, access to dialysis treatment is still limited in many countries. A great many individuals with terminal kidney failure do not receive treatment and are therefore not included in the prevalence statistics.

Dialysis Services

In 2021, the **global dialysis care market** (including renal pharmaceuticals) was worth around €64 billion.

About 9% of worldwide dialysis patients were treated by Fresenius Medical Care. With 4,171 dialysis clinics and more than 345,000 dialysis patients in around 50 countries, Fresenius Medical Care operates by far the largest and most international network of clinics for the treatment of dialysis patients. In the United States, Fresenius Medical Care treated approximately 37% of dialysis patients in 2021. The market for dialysis care in the United States is already highly consolidated.

Outside the United States, the market for dialysis care is much more fragmented. Here, Fresenius Medical Care **competes** mainly with clinic chains, independent clinics, and with clinics that are affiliated with hospitals.

Dialysis reimbursement systems differ from country to country and often vary even within individual countries. The public health care programs, the Centers for Medicare & Medicaid Services (CMS), cover the medical services for the majority of all dialysis patients in the United States.

To be able to continue care for patients during the COVID-19 pandemic, Fresenius Medical Care implemented a number of measures, both operational and financial, to maintain an adequate workforce, protect patients and employees through expanded personal protective equipment protocols, and cover expenses related to surge capacity for dialysis patients suspected of having or confirmed to have COVID-19.

Dialysis products

In 2021, the **global dialysis products market** was worth around €15 billion.

Fresenius Medical Care is the leading provider of dialysis products in the world, with a **market share** of 36%.

Fresenius Medical Care is the leading supplier worldwide of hemodialysis products, with a market share of 42%, and has a market share of approximately 16% in the worldwide market of products for peritoneal dialysis.

Severe COVID-19 cases often cause acute kidney failure, which has significantly increased worldwide demand for dialysis solutions needed to conduct acute dialysis.

Renal care continuum, critical care solutions, and complementary assets

With our strategy 2025, we intend to achieve the next level and provide health care for chronically and critically ill patients across the entire **renal care continuum**. We aim to use our innovative, high-quality products and services to offer sustainable solutions at a reliable cost. To achieve this, we will concentrate on three key areas: the renal care continuum, critical care solutions, and complementary assets.

Fresenius Medical Care aims to implement new renal care models by applying state-of-the-art digital tools to give our business a major boost in terms of personalized dialysis and therapeutic innovations. Fresenius Medical Care also intends to treat more patients in their homes by offering holistic home care.

Market data on the dialysis market based on company's own surveys

In addition, Fresenius Medical Care's value-based care models create medical value while ensuring that care remains affordable and will incorporate kidney transplants in future. To achieve this, Fresenius Medical Care builds sustainable partnerships with payors worldwide to support the transition from a fee-for-service to a pay-for-performance system. In addition, Fresenius Medical Care Ventures GmbH therefore makes strategic investments in start-ups to gain access to new technologies in our core and complementary businesses, as well as new therapy approaches.

The number of patients requiring continuous renal replacement therapy to treat acute renal failure is set to rise to more than 1.6 million p.a. by 2030. Over the next few years, we will leverage our competence in the business of critical care solutions to address a variety of health challenges. We can also use our expertise in the area of extracorporeal blood treatment for acute renal failure to treat acute heart and lung failure. We are also planning innovative solutions for multi-organ support to benefit from the growing critical care market.

Creating additional medical value while cutting costs requires **complementary assets** and solutions. We have reached some important milestones and gained many insights into how to coordinate patients more efficiently. We will continue to leverage our core competencies through partnerships, investments, and acquisitions.

A reasonable estimate of the market volume of the renal care continuum, critical care solutions, and complementary assets is not possible due to the large number of different services. The spectrum of our value-based care services may vary across countries and regions, depending on the particular reimbursement system or market specifics.

THE MARKET FOR GENERIC IV DRUGS, BIOPHARMACEUTICALS, CLINICAL NUTRITION, INFUSION THERAPY, AND MEDICAL DEVICES / TRANSFUSION TECHNOLOGY[1]

The global market for **generic IV drugs**, biopharmaceuticals, nutrition and infusion therapies, and medical devices/transfusion technology was worth about €114 billion in 2021.

Of this amount, around €42 billion[2] was attributable to the global market for generic IV drugs. Fresenius Kabi was able to enter additional segments of the global addressable market due to targeted investments and the expansion of our product portfolio in the areas of complex formulations, liposomal solutions, and prefilled syringes, among others.

The global market for generic IV drugs generated low double-digit growth as it recovered from the 2020 market downturn as a result of the COVID-19 outbreak.

Competitors of Fresenius Kabi in the market for generic IV drugs include Pfizer, Sanofi, Sandoz, Viatris, and Hikma.

The market for **biopharmaceuticals** from the therapeutic areas of oncology and autoimmune diseases addressed by Fresenius Kabi grew by approximately 6% to around €51 billion in 2021. Today, more than one in three new drug approvals is a biopharmaceutical and significant growth of this global market, including biosimilars, is expected in the next few years and decades.

In 2021, the global market for **clinical nutrition** was worth about €10 billion. In Europe, this market grew by about 3%. Growth rates in emerging market regions were higher. In Latin America, the market for clinical nutrition grew by around 10%. Similarly strong growth of around 9% was realized in the Africa region. The market for clinical nutrition in Asia-Pacific increased by about 5%. There is growth potential in clinical nutrition worldwide, because nutrition therapies are often not yet sufficiently used in patient care, although studies have proven their medical and economic benefits. In cases of health- or age-induced nutritional deficiencies, for example, the administration of clinical nutrition can reduce hospital costs through shorter stays.

In the market for clinical nutrition, Fresenius Kabi is one of the leading suppliers worldwide. Fresenius Kabi is the global market leader in the parenteral nutrition product segment and intends to expand this position through products, offers, and services with high differentiation potential. In the enteral nutrition product segment, the company is a leader in Europe, Latin America, and China.

[1] Market data is based on company research and refers to the markets relevant for Fresenius Kabi. This is subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market, among other things.
[2] As in the previous year, the market definition also includes sales of off-patent products.

The company intends to focus its enteral nutrition offerings more strongly than before on the regions where its product and service offerings have not yet or hardly been represented and launch them there. With the existing range and newly developed products as well as the entry into new distribution channels, Fresenius Kabi will serve the patient needs of the future.

In parenteral nutrition, competitors include Baxter, B. Braun, JW Pharma, and Kelun Pharmaceuticals. In the market for enteral nutrition, Fresenius Kabi competes with, among other companies, Abbott, Nestlé, and Danone.

The market for **infusion therapies** was worth about €5 billion in 2021, growing by 5%. In 2021, there was an increased demand for standard solutions in Asia-Pacific. In Europe, the infusion therapies market grew slightly, while business in the United States remained stable. Fresenius Kabi is the market leader in infusion therapies in Europe and Latin America.

Competitors in the market for infusion therapies include B. Braun and Baxter.

The market for **medical devices** in 2021 was slightly above the previous year's level, at around €4 billion. In the medical devices market, the growth drivers are primarily IT-based solutions that focus on application safety and increased therapy efficiency. In the future, Fresenius Kabi will focus on the continuous further development of its product range and, in doing so, take into account the increasing proportion of software in the field of medical devices and its areas of application. In addition, the MedTech product range will be developed regionally and thus be available in more countries. In the medical devices segment, Fresenius Kabi ranks among the leading suppliers worldwide.

Competitors in the market for medical devices include Baxter, B. Braun, Becton Dickinson, and ICU Medical.

The market for **transfusion technology** grew by around 6% to 7% to around €3.5 billion compared with a weak previous year. Although blood and plasma donations recovered slightly compared to the previous year and demand for blood bags and plasma disposable products is on the rise again, they have not yet returned to the levels seen before the COVID-19 pandemic, even in 2021. The need for autotransfusion treatments has decreased further compared to the previous year due to operations still being postponed. The pandemic continued to have a slightly positive impact on the demand for convalescent plasma. A potential therapy option for some COVID-19 patients is based on the use of plasma (blood component) in patients who have recovered. This process is made possible by devices from our portfolio such as Alyx. In transfusion technology, Fresenius Kabi is one of the world's leading companies.

Competitors in the market for transfusion technology include Terumo, Haemonetics, and Macopharma.

THE HOSPITAL MARKET[1]

The market volume for acute care hospitals in Germany in 2019 was around €111 billion[2], as defined by total costs (gross). Personnel costs accounted for around 61% of this total and material costs for 37%, each of which increased by around 6%.

With a share of sales of around 6%[3], Helios Germany is the leading company in the German market for acute care hospitals. The company's hospitals compete primarily with individual hospitals or local and regional hospital associations. The main private competitors are Asklepios Kliniken, Sana Kliniken, and Rhön-Klinikum.

The COVID-19 pandemic had a significant impact on the number of **inpatient treatments** in German hospitals in 2020. A total of 16.4 million admissions were treated, around 13% fewer patients than in the previous year.

The **economic situation** of German hospitals overall improved in 2020 compared with the previous year. While the pandemic led to significantly fewer admissions, the hospitals received some financial support to partially compensate for the negative effects of COVID-19. Expectations for 2021, however, are significantly more negative: around 60% of hospitals expect to record losses in 2021. 23% project to break even and just 17% expect to be able to generate a profit for the year. The main reason for the worsening economic situation is the COVID-19-related revenue loss among hospitals.

[1] In each case, the most recent market data available refers to the year 2019 as no more recent data has been published: German Federal Statistical Office, 2019 data; German Hospital Institute (DKI), Krankenhaus Barometer 2021
[2] The market is defined by total costs of the German acute care hospitals (gross), less academic research and teaching.
[3] Measured by 2021 sales in relation to gross total costs of acute care hospitals minus scientific research and teaching in Germany (latest available data: Federal Statistical Office, 2019 data)

In addition to the often difficult economic and financial situation, there is an enormous **need for capital expenditure** due to medical and technological advances, higher quality requirements, and necessary building renovations, as well as investments in digitalization and increasing sustainability efforts[1]. Moreover, the federal states have in the past failed to meet their statutory obligation to provide sufficient financial resources. The German Hospital Institute (DKI) estimates that the annual investment requirement at German hospitals is over €6 billion. This is more than two times the investment funding currently being provided by the federal states.

What is known as the **change in value figure** is crucial for the increase in reimbursement for hospital treatments. It is used to compensate for rising costs in the hospital market, particularly with regard to personnel and material costs. The change in value figure is redetermined each year for the following year. For 2021, it was 2.53% (2020: 3.66%).

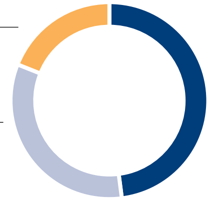
For the first phase of the **COVID-19 pandemic** until the end of September 2020, what was referred to as the German law to ease the financial burden on hospitals ("Krankenhaus Rettungsschirm") was passed as an instrument of economic support for hospitals. Among other things, the law provided for a compensation lump sum for each bed kept free per day of occupancy. In various follow-up regulations, the conditions for the financial assistance were adjusted until they expired mid of June 2021. In addition, a full-year offset was implemented to compensate for COVID-19-related revenue shortfalls (Corona compensation). The reference figure is the hospital-specific revenue from 2019. Due to the sharp rise in COVID-19 infection levels and hospital admissions in the fall of 2021, those hospitals that kept beds free for the treatment of COVID-19 patients or that were heavily burdened due to the interregional transfers of ICU patients within what was referred to as the "Kleeblatt-system" again received compensation payments starting in November.

KEY FIGURES FOR INPATIENT CARE IN GERMANY

	2019	2018	2017	2010	2000	Change 2019 / 2018
Hospitals	1,914	1,925	1,942	2,064	2,242	0%
Beds	494,326	498,192	497,182	502,749	559,651	-1%
Length of stay (days)	7.2	7.2	7.3	7.9	9.7	0%
Number of admissions (millions)	19.41	19.39	19.44	18.03	17.26	0%
Average costs per admission in €[1]	5,926	5,615	5,439	4,432	3,216	6%

[1] Total costs, gross
Source: German Federal Statistical Office, 2019 data

HOSPITAL BEDS BY OPERATOR



Digitalization in hospitals in Germany is to be driven forward with the Hospital Future Act ("Krankenhauszukunftsgesetz"). For example, nationwide standards will be introduced to better interlink the health care system and to further improve patient care. Funding is being provided for investments in modern emergency room capacities and digital infrastructure, e.g., patient portals, electronic documentation of nursing and treatment services, digital medication management, IT security measures, and cross-sector telemedical network structures.

In 2021, the electronic patient file (ePA) was introduced on a mandatory basis. This also creates an obligation for hospitals to become connected to the telematics infrastructure (TI), which is intended to standardize and simplify the exchange of data between players in the health care system. Hospitals must store patient-related data digitally or make it available via the ePA.

[1] Roland Berger, Krankenhausstudie 2021

In 2021, the **minimum level for nursing staff** in the care-intensive units introduced in 2019 was expanded to include internal medicine, general surgery, pediatrics, and pediatric intensive care. Previously, the minimum level for nursing staff already applied in the areas of geriatrics, intensive care, cardiology, trauma surgery, cardiac surgery, neurology, early neurological rehabilitation, and neurology / stroke unit wards.

Due to the regulations of the **Act to Strengthen Nursing Staff** ("Pflegepersonalstärkungsgesetz"), since 2020, nursing costs have been deducted from the standardized base rates and the costs for direct nursing patient care are instead fully reimbursed by the health insurance companies via separate care budgets at costs. In December 2020, the German Hospital Federation (DKG) and the German Association of Statutory Health Insurance Funds (GKV-SV) concluded a new agreement on the separation of nursing staff costs for 2021 ("Pflegepersonalabgrenzungsvereinbarung"). Following various amendment agreements, a narrower definition (interpretation) of nursing staff costs went into effect for the full year 2021. In July 2021, the legislator created the foundation for nursing budgets for 2020 to also be negotiated according to the new regulations ("Gesundheitsversorgungsweiterentwicklungsgesetz – GVWG"). Only those hospitals that had concluded a written agreement on the care budget before the GVWG came into force are exempt from the new regulations.

The **private hospital market in Spain** had a volume of around €16 billion[1] in 2020.

Helios Spain is the market leader with a market share of around 12% in the private hospital market in terms of sales. Helios Spain competes with a large number of stand alone private hospitals as well as with smaller hospital chains such as HM Hospitales, Hospiten, Vithas, Ribera Salud, Hospitales Sanitas, and HLA, among other chains.

After high infection rates and health care overload, especially in the first half of 2020, the **epidemiological situation** in Spain improved and almost approached pre-pandemic normality in 2021. In particular, high vaccination readiness and a well-organized vaccination structure with large vaccination centers allowed the country to achieve a vaccination rate close to 80%, one of the highest in Europe[2]. As a result, hospitals recorded significantly fewer severe COVID-19 cases and the number of COVID-19 intensive care patients decreased significantly. Hospital operations continued to return to normal with increased safety measures. Even the rising incidences at the end of the year did not lead to constraints in patient care, and very few elective treatments were canceled.

Reimbursement for COVID-19 patients in 2021 remained largely unchanged from 2020. The treatment is generally negotiated bilaterally according to existing contracts, tariffs, and regulations between the private hospital operators and the private health insurers or the relevant government authorities.

The COVID-19 crisis has also accelerated the use of **telemedicine** in Spain, leading to an increase in video consultations. This trend will continue as, among other things, medical care can be improved and greater efficiency created in the health care system in this way.

The global **market for fertility services** was worth about €9 billion in 2020. Market growth is driven by demographic and health trends as well as changing lifestyles. Notable scientific advances in this field have led to higher success rates and less strain for patients. The global market for fertility services is highly fragmented, representing an attractive opportunity for consolidation.

[1] Market data based on company research and refers to the addressable market of Quirónsalud. Market definition includes both inpatient and outpatient health care services. It includes neither public-private partnership (PPP) nor occupational risk prevention centers (ORP). The market definition may differ from the definition in other contexts (e.g., regulatory definitions).
[2] The Lancet, News, Volume 9, Issue 12, E120, December 2021

THE MARKET FOR PROJECTS AND SERVICES FOR HOSPITALS AND OTHER HEALTH CARE FACILITIES

The global market for projects and services for hospitals and other health care facilities was heavily impacted by the COVID-19 pandemic throughout 2021.

The general conditions for hospital planning and construction projects were again challenging and characterized by supply bottlenecks, extraordinary cost increases, and travel and quarantine restrictions. Due to long-standing project partnerships and a high level of competence and experience, Fresenius Vamed was able to meet these challenges.

The service business also faces challenges regarding the safety of employees and patients in the context of the COVID-19 pandemic. Capacity restrictions and lower demand for rehabilitation services due to postponed elective surgeries played a smaller role in 2021 than last year. Demand for reliable management of medical technology and high-end health care services remains robust.

The market for projects and services for hospitals and other health care facilities is very fragmented. Therefore, an overall market size cannot be determined. The market is country-specific and depends, to a large extent, on factors such as public health care policies, government regulation, and levels of privatization, as well as demographics and economic and political conditions. In markets with established health care systems and mounting cost pressure, the challenge for health care facilities is to increase their efficiency. Here, demand is especially high for sustainable planning and energy-efficient construction, optimized hospital processes, and the outsourcing of medical-technical support services to external specialists. This enables hospitals to concentrate on their core competency – treating patients.

In addition to offering services for health care facilities worldwide, Fresenius Vamed itself is active as a leading post-acute care provider in Central Europe, especially in Germany, Austria, Switzerland, and the Czech Republic. In emerging markets, the focus is on building and developing health care infrastructure and improving the level of health care.

Fresenius Vamed is a global company with no direct competitors covering a comparably comprehensive portfolio of projects, services, and total operational management over the entire life cycle of health care facilities. As a result, Fresenius Vamed has a unique selling proposition of its own. Depending on the business segment, the company competes with international companies and consortia, as well as with local providers.

OVERALL BUSINESS DEVELOPMENT

THE MANAGEMENT BOARD'S ASSESSMENT OF THE EFFECT OF GENERAL ECONOMIC DEVELOPMENTS AND THOSE IN THE HEALTH CARE SECTOR FOR FRESENIUS AS WELL AS BUSINESS RESULTS AND SIGNIFICANT FACTORS AFFECTING OPERATING PERFORMANCE

We have demonstrated our special responsibility as part of the health care system, even under the difficult circumstances of the current COVID-19 pandemic. With our products, services, and therapies, we have made many important contributions to high-quality and affordable medical care worldwide. In this way, we stand by the side of our patients – and live up to our social responsibility. For example, our dialysis clinics and hospitals took extensive measures to ensure that patients received the best possible care throughout. Despite partial government compensation, the COVID-19 pandemic had an overall negative effect on the 2021 fiscal year figures, in many of the Group's key markets.

The global economy had only an insignificant overall impact on our industry in 2021. Over the course of the year, we experienced increased cost inflation effects, including rising raw material and transport prices, higher energy costs, bottlenecks in the supply chains, and higher price levels for medical products to protect our employees and patients (e.g., protective clothing, medical masks).

The Management Board is of the opinion that Fresenius has proven to be stable and resilient in the face of the enormous challenges in 2021 and our significant contributions to the fight against and containment of the COVID-19 pandemic.

This has particularly benefited our patients, whom we have been able to continue to care for reliably despite the challenges posed by the pandemic. We achieved the Group's improved sales and earnings targets for the year 2021. Hence, the Management Board is of the opinion that 2021 was a successful year for the Fresenius Group from a financial perspective.

Fresenius Medical Care's sales decreased by 1% (increased by 2% in constant currency) to €17,619 million (2020: €17,859 million). Net income[1] attributable to shareholders of Fresenius Medical Care decreased by 25% (23% in constant currency) to €1,018 million (2020: €1,359 million).

Fresenius Kabi achieved organic sales growth of 4%. EBIT[1] increased by 5% (7% in constant currency) to €1,153 million (2020: €1,205 million).

The organic sales growth of Fresenius Helios was 7%. EBIT[1] increased by 10% (10% in constant currency) to €1,127 million (2020: €1,025 million).

The organic sales development of Fresenius Vamed was 11%. EBIT[1] increased to €101 million (2020: €29 million).

COMPARISON OF THE ACTUAL BUSINESS RESULTS WITH THE FORECASTS

Our assumption that demand for our products, services, and therapies would remain strong in 2021 was confirmed. However, the COVID-19 pandemic had impacts on individual product categories and services.

The overview on page 68 shows how the outlook for the Group and the business segments has developed in 2021.

Following a strong Q2/2021 and given the progress of the Group-wide cost and efficiency program, through which initial savings were already achieved in 2021, Fresenius raised its earnings outlook for 2021 in July 2021.

Negative COVID-19 effects then intensified in Q3/2021 compared to the previous quarter due to the significant increase in excess mortality among Fresenius Medical Care patients. Nevertheless, in November 2021, following good financial performance in Q3/2021 and given the progress made in the Group-wide cost and efficiency program, the outlook for Group sales was raised and the outlook for Group net income[1,2] improved.

We achieved our raised or improved guidance for **Group sales** and **net income**[1,2] including expected COVID-19 effects.

Sales in 2021 grew by 5% in constant currency, thus in line with expectations. Excluding estimated COVID-19 effects[3], the Fresenius Group would have achieved currency-adjusted sales growth of 5% to 6% in 2021.

Currency-adjusted net income[2] before special items increased by 5% in 2021, thus above our expectations. Excluding estimated COVID-19 effects[3], the Fresenius Group would have achieved a currency-adjusted net income[2] growth before special items of 6% to 10%.

Fresenius invested €2,032 million in **property, plant and equipment** (2020: €2,398 million). At 5.4%, the investments in property, plant and equipment are below the prior-year level of 6.6% and below the target of around 6% as a percentage of sales. Overall, the Fresenius Group was able to continue its investment programs, despite the pandemic, to a large extent.

Operating cash flow was €5,078 million and thus significantly below the previous year's figure due to substantial advance payments for Medicare patients under the CARES Act and tax deferrals in North America in 2020 (2020: €6,549 million). The cash flow margin was 13.5% (2020: 18.1%) and therefore above expectations. We had expected to achieve a cash flow margin between 10% and 12%.

[1] Before special items
[2] Net income attributable to the shareholders of Fresenius SE & Co. KGaA
[3] An overview on the effect of COVID-19 is provided on page 67.

For a detailed overview of special items please see the reconciliation tables on pages 74 – 76.

Group **net debt / EBITDA** was 3.51[1] (December 31, 2020: 3.44[4]), hence in line with our expectations. We had expected the leverage ratio at the end of 2021 to be around the upper end of the self-imposed target corridor of 3.0× to 3.5×. Due to negative COVID-19 effects on EBITDA, in particular the increased excess mortality of dialysis patients and the associated lower earnings contributions from Fresenius Medical Care the leverage ratio increased in comparison to prior year.

Group ROIC was 5.9%[2] (2020: 6.5%[2]), and Group ROOA was 6.5%[2] (2020: 7.3%[2]), thus both ratios were broadly in line with expectations. We had anticipated that ROIC would be 40 to 70 basis points and ROOA 50 to 100 basis points below the 2020 level. The change is mainly driven by by lower EBIT and NOPAT as well higher opating assets and slightly higher invested capital.

Estimated COVID-19 effects

The Fresenius Group was affected by the impact of the COVID-19 pandemic. In an environment with direct, but also many indirect effects of COVID-19, it is not possible to provide precise information on the financial impact on the consolidated income statement. This applies in particular to the impact of lost revenues and the associated reductions in profitability. Therefore, the table below shows management's best estimates.

ESTIMATED COVID-19 EFFECTS

	Reported growth rate in constant currency including COVID-19 effects		Estimated COVID-19 impact in constant currency		Estimated growth rate in constant currency excluding COVID-19 effects	
€ in millions	**2021**	2020	**2021**	2020	**2021**	2020
Sales	5%	5%	0% to -1%	-2% to -3%	5% to 6%	7% to 8%
Net income (before special items)[1]	5%	-3%	-1% to -5%	-5% to -9%	6% to 10%	2% to 6%

[1] Net income attributable to the shareholders of Fresenius SE & Co. KGaA

[1] Both net debt and EBITDA calculated at average exchange rates; before special items, pro forma closed acquisitions/divestitures
[2] Before special items

For a detailed overview of special items please see the reconciliation tables on pages 74 – 76.

ACHIEVED GROUP TARGETS 2021

	Guidance 2021, published February 2021	Guidance adjustment / update, published July 2021	Guidance adjustment / update, published November 2021	Achieved in 2021
Group[1]				
Sales (growth, in constant currency)	Low-to-mid single-digit percentage growth		Mid single-digit percentage growth	5%
Net income[2] (growth, in constant currency)	At least broadly stable	Low single-digit percentage growth	Around top-end of low single-digit perentage growth	5%
Fresenius Medical Care[3]				
Sales (growth, in constant currency)	Low-to-mid single-digit percentage growth		Confirmed; expected to be at the lower end of the guidance range	2%
Net income[4] (growth, in constant currency)	High-teens to mid-twenties percentage decline		Confirmed; expected to be at the lower end of the guidance range	-23%
Fresenius Kabi[1]				
Sales (growth, organic)	Low-to-mid single-digit percentage growth			4%
EBIT (growth, in constant currency)	Stable-to-low single-digit percentage growth	Low single-digit percentage growth	Around top end of low single-digit percentage guidance range	7%
Fresenius Helios[1]				
Sales (growth, organic)	Low-to-mid single-digit percentage growth	Mid single-digit percentage growth		7%
EBIT (growth, in constant currency)	Mid-to-high single-digit percentage growth	High single-digit percentage growth		10%
Fresenius Vamed[1]				
Sales (growth, organic)	Mid-to-high single-digit percentage growth			11%
EBIT	High double-digit € million amount			€101 million

[1] Before special items
[2] Net income attributable to the shareholders of Fresenius SE & Co. KGaA
[3] Targets are based on 2020 results excluding goodwill and brand name impairment in the Latin America segment of €195 million. The targets include the expected impact of COVID-19, are in constant currency and exclude special items. Special items include costs related to FME25 as well as other effects that are unusual in nature and were not foreseeable at the time the outlook was prepared, or whose magnitude or impact was not foreseeable.
[4] Net income attributable to the shareholders of Fresenius Medical Care AG & Co. KGaA

For a detailed overview of special items please see the reconciliation tables on pages 74 – 76.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

RESULTS OF OPERATIONS

Sales

Group sales increased by 3% (5% in constant currency) to €37,520 million (2020: €36,277 million). The impact of the COVID-19 pandemic had a negative effect[1] of an estimated 0 to -1 percentage points on currency-adjusted sales growth. Currency translation effects had a negative impact of 2%. These resulted in particular from the appreciation of the U.S. dollar and various Latin American currencies, mainly the Brazilian real and the Argentine peso, against the euro.

In detail, the sales performance of the business segments[2] was as follows:

- Sales of **Fresenius Medical Care** decreased by 1% (increased by 2% in constant currency) to €17,619 million (2020: €17,859 million). Organic sales growth was 1%. Currency translation effects lowered sales by 3%. The sales decline was mainly driven by negative exchange rate effects, partially offset by organic growth, which was achieved despite COVID-19 and a lower reimbursement for calcimimetics, as well as higher contributions from acquisitions. Higher sales of machines for chronic treatment, home hemodialysis products and renal pharmaceuticals were offset by a negative exchange rate effect and lower sales of products for acute care treatments.

SALES BY REGION

€ in millions	2021	2020	Growth	Currency translation effects	Constant currency growth	Organic sales growth	Acquisitions	Divestitures	% of total sales
North America	14,363	14,801	-3%	-3%	0%	-1%	1%	0%	38%
Europe	16,888	15,813	7%	0%	7%	5%	2%	0%	45%
Asia-Pacific	3,938	3,705	6%	0%	6%	6%	0%	0%	11%
Latin America	1,830	1,566	17%	-11%	28%	24%	4%	0%	5%
Africa	501	392	28%	3%	25%	25%	0%	0%	1%
Total	**37,520**	**36,277**	**3%**	**-2%**	**5%**	**4%**	**1%**	**0%**	**100%**

SALES BY BUSINESS SEGMENT[2]

€ in millions	2021	2020	Growth	Currency translation effects	Constant currency growth	Organic growth	Acquisitions	Divestitures	% of total sales
Fresenius Medical Care	17,619	17,859	-1%	-3%	2%	1%	1%	0%	47%
Fresenius Kabi	7,193	6,976	3%	-1%	4%	4%	0%	0%	19%
Fresenius Helios	10,891	9,818	11%	0%	11%	7%	4%	0%	29%
Fresenius Vamed	2,297	2,068	11%	0%	11%	11%	0%	0%	5%
Total	**37,520**	**36,277**	**3%**	**-2%**	**5%**	**4%**	**1%**	**0%**	**100%**

ORDER INTAKE AND ORDER BACKLOG FRESENIUS VAMED

€ in millions	2021	2020	2019	2018	2017
Order intake	1,290	1,010	1,314	1,227	1,096
Order backlog (December 31)	3,473	3,055	2,865	2,420	2,147

[1] An overview of the effect of COVID-19 is provided on page 67.
[2] The following description of sales relates to the respective external sales of the business segments. Consolidation effects and corporate entities are not taken into account. Therefore, aggregation to total Group sales is not possible.

- **Fresenius Kabi** increased sales by 3% (by 4%[1]) to €7,193 million (2020: €6,976 million). Organic sales growth was 4%. Negative currency translation effects (1%) were mainly related to the devaluation of the U.S. dollar, the Argentine peso, and the Brazilian real against the euro. We recorded continued demand for essential medicines and medical devices for the treatment of COVID-19 patients particularly in the United States and Europe, partially offset by fewer elective treatments. In North America, supply constraints for individual products due to temporary production delays as well as increased competitive pressure put an additional strain on sales. In Asia-Pacific, we recorded strong growth, mainly due to the continuing normalization of the number of elective treatments in China and a sustained recovery in other Asian markets. In the course of the year, growth in China slowed down due to initial negative price effects from successful participation in VBP (volume-based procurement) tenders.
- **Fresenius Helios** increased sales by 11% (11%[1]) to €10,891 million (2020: €9,818 million). Organic sales growth was 7%. Acquisitions contributed a total of 4% to sales growth. The Eugin Group contributed €133 million to sales in 2021, with first-time consolidation as of April 1, 2021. Fresenius Helios' sales in 2021 continued to be negatively impacted by a lower number of elective treatments due to COVID-19.

  Helios Germany's sales increased by 6% to €6,733 million (2020: €6,340 million). The acquisitions of the Malteser Hospitals and the DRK (German Red Cross) Kliniken Nordhessen contributed 4% to sales growth. Organic sales growth of 2% was positively influenced by regular price increases for flat rates per case (DRG) in Germany and a positive case mix. Overall, Helios Germany recorded a decline in case numbers of 2% on an annual basis. The follow-up regulation to the Act on Economic Relief for Hospitals, which was in force until the end of May 2021, was able to mitigate part of the negative effects.

  Helios Spain increased sales by 16% (17%[1]) to €4,021 million (2020: €3,475 million). Organic sales growth was 15%. The increase was driven by sustained high demand for treatment as well as for occupational health care services. Hospitals in Latin America performed well. They contributed 4% to sales growth in constant currency.
- **Fresenius Vamed** increased sales by 11% (11%[1]) to €2,297 million (2020: €2,068 million). Sales in the project business increased by 13% to €717 million (2020: €633 million). In the project business, there were delays due to travel restrictions, restricted supply chains, and interrupted project execution, which also impacted sales. Sales in the service business grew by 10% to €1,580 million (2020: €1,435 million).

  Fresenius Vamed's services business showed a positive development in high-end services and a recovery of case numbers in the rehabilitation business in 2021. The technical services business was robust. Order intake in the project business increased by 28% to €1,290 million (2020: €1,010 million). Fresenius Vamed increased its order backlog by 14% to €3,473 million (December 31, 2020: €3,055 million).

  Fresenius Vamed is the only business segment within the Fresenius Group whose business is also significantly influenced by order intake and order backlog.

[1] In constant currency

EARNINGS STRUCTURE

In 2021, **Group net income[1] before special items** increased by 4% (5% in constant currency) to €1,867 million (2020: €1,796 million). COVID-19 had an estimated effect of -1 to -5 percentage points on Group net income growth. In 2021, **earnings per share[1] before special items** increased by 4% (5% in constant currency) to €3.35 (2020: €3.22). The weighted average number of shares was 558.1 million.

Reported Group net income[1] increased by 7% (8% in constant currency) to €1,818 million (2020: €1,707 million). **Reported earnings per share[1]** increased by 7% (8% in constant currency) to €3.26 (2020: €3.06).

Group EBITDA before special items decreased by 4% (-2% in constant currency) to €6,854 million (2020: €7,132 million). **Group EBITDA reported** was €6,825 million (2020: €7,100 million).

Group EBIT before special items decreased by 8% (-6% in constant currency) to €4,252 million (2020: €4,612 million). **Group EBIT reported** decreased by 5% (-3% in constant currency) to €4,158 million (2020: €4,385 million).

[1] Net income attributable to the shareholders of Fresenius SE & Co. KGaA

For a detailed overview of special items please see the reconciliation tables on pages 74–76.

GROUP RETURN RATIOS

in %	2021	2020	2019	2018	2017
EBITDA margin[1]	18.3	19.7	20.1	18.1	18.5
EBIT margin[1]	11.3	12.7	13.2	13.6	14.3
Return on sales (before taxes and noncontrolling interests)[1]	10.0	10.9	11.2	11.9	12.3

[1] Before special items

STATEMENT OF INCOME (SUMMARY)

€ in millions	2021	2020	Growth
Sales	37,520	36,277	3%
Cost of goods sold	-27,209	-25,961	-5%
Gross profit	10,311	10,316	0%
Selling, general and administrative expenses	-5,453	-5,430	0%
Other operating income and expenses	105	250	-58%
Research and development expenses	-805	-751	-7%
Operating income (EBIT)	4,158	4,385	-5%
Financial result	-506	-659	23%
Income before income taxes	3,652	3,726	-2%
Income taxes	-833	-903	8%
Net income	2,819	2,823	0%
Noncontrolling interests	1,001	1,116	-10%
Net income attributable to Fresenius SE & Co. KGaA[1,2]	1,867	1,796	4%
Net income attributable to Fresenius SE & Co. KGaA[1]	1,818	1,707	7%
Earnings per ordinary share in €[1,2]	3.35	3.22	4%
Fully diluted earnings per ordinary share in €[1,2]	3.35	3.22	4%
Earnings per ordinary share in €[1]	3.26	3.06	7%
Fully diluted earnings per ordinary share in €[1]	3.26	3.06	7%
Average number of shares	558,061,878	557,451,759	0%
EBITDA[2]	6,854	7,132	-4%
Depreciation and amortization[2]	-2,602	-2,520	-3%
EBIT[2]	4,252	4,612	-8%
EBITDA margin[2]	18.3%	19.7%	
EBIT margin[2]	11.3%	12.7%	

[1] Net income attributable to the shareholders of Fresenius SE & Co. KGaA
[2] Before special items

EBIT development by business segment was as follows:

The presentation of the business segments' earnings development is provided before special items. The special items are reported in the Corporate / Other segment.

- **Fresenius Medical** Care's EBIT[1] decreased in constant currency by 21% to €1,915 million (2020: €2,499 million). This was mainly due to adverse COVID-19-related net effects, inflationary materials cost increases, higher personnel expense, and the remeasurement effect on the fair value of investments. These effects were slightly mitigated by an improved U.S. payor mix, in particular due to an increased number of patients with Medicare Advantage coverage. The EBIT margin[1] decreased to 10.9% (2020: 14.0%). EBIT reported decreased by 17% in constant currency to €1,852 million (2020: €2,304 million), and the EBIT margin was 10.5% (2020: 12.9%).
- **Fresenius Kabi's** EBIT[1] increased by 5% (7% in constant currency) to €1,153 million (2020[1]: €1,095 million). The increase in constant currency was driven primarily by emerging markets and the business in Europe. The increase in constant currency was supported by COVID-19-related demand and good peformances in the emerging markets and in Europe. The EBIT development was negatively impacted by competitive price pressure in North America and initial negative price effects following successful participation in the volume based procurement (VBP) tender process in China. The EBIT margin[1] was 16.0% (2020: 15.7%).
- The EBIT[1] of **Fresenius Helios** increased by 10% (10% in constant currency) to €1,127 million (2020: €1,025 million). The EBIT[1] margin was 10.3% (2020: 10.4%). The increase was mainly driven by a good development of elective treatments. This was partly offset by higher costs for personnel, personal protective equipment, and selected medical products. The Eugin Group contributed €19 million to operating earnings (EBIT) in fiscal year 2021, with first-time consolidation effective April 1, 2021.

  The EBIT[1] of Helios Germany increased by 2% to €613 million (2020: €602 million). The EBIT[1] margin was 9.1% (2020: 9.5%).

  The EBIT of Helios Spain increased by 22% (24% in constant currency) to €514 million (2020: €420 million). The EBIT margin was 12.8% (2020: 12.1%). Good organic sales growth led to improved fixed-cost coverage. The hospital acquisitions in Colombia also contributed to growth.
- The EBIT[1] of **Fresenius Vamed** increased by 248% (248% in constant currency) to €101 million (2020: €29 million). The EBIT margin[1] was 4.4% (2020: 1.4%). The increase was mainly the result of the weak prior-year basis, which was adversely affected by COVID-19 effects due to foregone or postponed elective treatments combined with higher costs for extensive measures to combat the pandemic.

Development of other major items in the statement of income

Group gross profit remained on the prior year's level at €10,311 million (2020: €10,316 million, increased by 2% in constant currency). The gross margin decreased to 27.5% (2020: 28.4%). The cost of sales increased by 5% to €27,209 million (2020: €25,961 million). Cost of sales as a percentage of Group sales increased to 72.5% (2020: 71.6%).

Selling, general, and administrative expenses consisted primarily of personnel costs, marketing and distribution costs, and depreciation and amortization. These expenses including other operating income and expenses, increased by 3% to -€5,348 million (2020: -€5,180 million), mainly due to the rise in personnel costs and acquisitions. Selling, general, and administrative expenses as a percentage of Group sales was 14.3% and remained on the prior year's level (2020: 14.3%). **R & D expenses** increased by 7% to €805 million (2020: €751 million). The increase resulted from higher expenses at Fresenius Medical Care and Fresenius Kabi.

Depreciation and amortization was €2,602 million[1] (2020: €2,520 million[1]). The ratio as a percentage of sales was 6.9%[1] (2020: 6.9%[1]). **Group personnel costs** increased to €15,610 million (2020: €15,128 million). The personnel cost ratio was 41.6% (2020: 41.7%).

[1] Before special items

For a detailed overview of special items please see the reconciliation tables on pages 74–76.

The Group financial result before special items improved to -€504 million (2020: -€654 million), mainly driven by successful refinancing activities and ongoing favorable market conditions. The **Group financial result reported** was -€506 million (2020: -€659 million).

The **Group tax rate before special items** was 22.6% (2020: 23.1%) and thus in line with expectations. The **Group tax rate reported** was 22.8% (2020: 24.2%).

Noncontrolling interests before special items were -€1,033 million (2020: -€1,248 million), of which 91% were attributable to the noncontrolling interests in Fresenius Medical Care.

RECONCILIATION FRESENIUS GROUP

To present the underlying operational business performance and in order to compare the results with the scope of the guidance provided for fiscal year 2021, key figures are presented before special items.

Net income 2021 includes special items from expenses related to the Group-wide cost and efficiency program, revaluations of contingent biosimilars purchase price liabilities and costs for the FME25 program at Fresenius Medical Care (FMC). Net income 2020 includes special items from goodwill impairment at Fresenius Medical Care in Latin America and revaluations of contingent biosimilars purchase price liabilities.

The special items shown within the reconciliation tables are reported in the Corporate segment.

Reconciliation Fresenius Group

€ in millions	2021	2020	Growth rate	Growth rate in constant currency
Sales reported	**37,520**	**36,277**	**3%**	**5%**
EBIT reported (after special items)	**4,158**	**4,385**	**-5%**	**-3%**
Revaluations of biosimilars contingent purchase price liabilities	-49	32		
Impairment of Goodwill at FMC Latin America	-	195		
Expenses associated with the Fresenius cost and efficiency program	143	-		
EBIT (before special items)	**4,252**	**4,612**	**-8%**	**-6%**
Net interest reported (after special items)	**-506**	**-659**	**23%**	**22%**
Revaluations of biosimilars contingent purchase price liabilities	2	5		
Net interest (before special items)	**-504**	**-654**	**23%**	**22%**
Income taxes reported (after special items)	**-833**	**-903**	**8%**	**6%**
Revaluations of biosimilars contingent purchase price liabilities	14	-11		
Expenses associated with the Fresenius cost and efficiency program	-29	-		
Income taxes (before special items)	**-848**	**-914**	**7%**	**6%**
Noncontrolling interests reported (after special items)	**-1,001**	**-1,116**	**10%**	**8%**
Impairment of Goodwill at FMC Latin America	-	-132		
Expenses associated with the Fresenius cost and efficiency program	-32	-		
Noncontrolling interests (before special items)	**-1,033**	**-1,248**	**17%**	**15%**
Net income reported (after special items)[1]	**1,818**	**1,707**	**7%**	**8%**
Revaluations of biosimilars contingent purchase price liabilities	-33	26		
Impairment of Goodwill at FMC Latin America	-	63		
Expenses associated with the Fresenius cost and efficiency program	82	-		
Net income (before special items)[1]	**1,867**	**1,796**	**4%**	**5%**

[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA

Reconciliation business segments

FRESENIUS MEDICAL CARE — RECONCILIATION ACCORDING TO FRESENIUS MEDICAL CARE

€ in millions	2021	2020	Growth rate	Growth rate in constant currency
Sales reported	**17,619**	**17,859**	**-1%**	**2%**
EBIT reported (after special items)	**1,852**	**2,304**	**-20%**	**-17%**
Impairment of Goodwill at FMC Latin America	-	195		
Costs related to FME25 program	63	-		
EBIT (before special items)	**1,915**	**2,499**	**-23%**	**-21%**
Net income reported (after special items)[1]	**969**	**1,164**	**-17%**	**-14%**
Impairment of Goodwill at FMC Latin America	-	195		
Costs related to FME25 program	49	-		
Net income (before special items)[1]	**1,018**	**1,359**	**-25%**	**-23%**

[1] Net income attributable to Fresenius Medical Care AG & Co. KGaA

Reconciliation business segments

FRESENIUS KABI

€ in millions	2021	2020	Growth rate	Growth rate in constant currency
Sales reported	**7,193**	**6,976**	**3%**	**4%**
Revaluations of biosimilars contingent purchase price liabilities	-49	32		
Expenses associated with the Fresenius cost and efficiency program	58	-		
EBIT (before special items)	**1,153**	**1,095**	**5%**	**7%**

FRESENIUS HELIOS

€ in millions	2021	2020	Growth rate	Growth rate in constant currency
Sales reported	10,891	9,818	11%	11%
Expenses associated with the Fresenius cost and efficiency program	10	-		
EBIT (before special items)	**1,127**	**1,025**	**10%**	**10%**

FRESENIUS VAMED

€ in millions	2021	2020	Growth rate	Growth rate in constant currency
Sales reported	**2,297**	**2,068**	**11%**	**11%**
Expenses associated with the Fresenius cost and efficiency program	0	-		
EBIT (before special items)	**101**	**29**	**--**	**--**

FINANCIAL POSITION

Financial management policies and goals

The financing strategy of the Fresenius Group has the following main objectives:

- Ensuring financial flexibility
- Limiting refinancing risks
- Optimizing the weighted average cost of capital

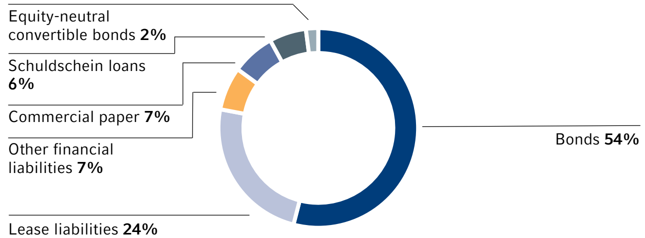
Assuring financial flexibility is key to the financing strategy of the Fresenius Group. An adequate liquidity headroom maintains our financial flexibility. Our refinancing risks are limited due to a balanced maturity profile that is characterized by a broad spread of maturities with a high proportion of medium- and long-term financing up to 2033. In the selection of **financing instruments** we take into account criteria such as market capacity, investor diversification, funding flexibility, credit conditions, cost of capital, and the existing **maturity profile**. We also take into account the currencies in which our income and cash flows are generated.

Our main medium- and long-term financing instruments are bonds, as shown in the adjacent chart. Bonds denominated in euros are issued under our €12.5-billion Debt Issuance Program. Fresenius Medical Care AG & Co. KGaA has a €10 billion Debt Issuance Program. Other important long-term financing instruments include Schuldschein loans, bilateral loans, and an equity-neutral convertible bond, as well as leases (according to IFRS 16).

Short-term financing requirements are covered by issuances under the commercial paper programs of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA of €1.5 billion each and by bilateral credit lines. The Fresenius Medical Care accounts receivable securitization program offers additional financing options. The syndicated credit facilities of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA signed in July 2021, each of €2 billion, serve as back-up lines and were undrawn as of December 31, 2021.

Another main objective of the Fresenius Group's financing strategy is to optimize the weighted average **cost of capital** by employing a balanced mix of equity and debt. Due to the Company's diversification within the health care sector and the strong market positions of the business segments in global, growing, and non-cyclical markets, predictable and sustainable cash flows are generated. These allow for a reasonable proportion of debt. Measures to strengthen the equity base may also be considered in exceptional cases to ensure long-term growth, for example to finance a major acquisition.

FINANCING MIX OF THE FRESENIUS GROUP[1]



Dec. 31, 2021: €27,155 million

[1] The syndicated revolving credit facility of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA in the amount of €2 billion each were undrawn as of December 31, 2021 and are therefore not included in the chart.

Overall, there was no significant change in our financing strategy in 2021. The average maturity of our majorfinancing instruments (excluding leasing) as of December 31, 2021 was 4.5 years and the average cost of interest was 1.6%. In line with the Group's structure, financing for Fresenius Medical Care and the rest of the Fresenius Group is conducted separately. There are no joint financing facilities and no mutual guarantees. The Fresenius Kabi, Fresenius Helios, and Fresenius Vamed business segments are financed primarily through Fresenius SE & Co. KGaA, in order to avoid any structural subordination.

Financing

Fresenius meets its financing needs through a combination of operating cash flows generated in the business segments and short-, mid-, and long-term debt. Important financing instruments include bonds, Schuldschein loans, bank loans, convertible bonds, commercial paper programs, and an accounts receivable securitization program. In addition, our financing mix includes lease liabilities in accordance with IFRS 16. Financing activities in the past fiscal year were mainly carried out to refinance existing financial liabilities and to optimize financing costs.

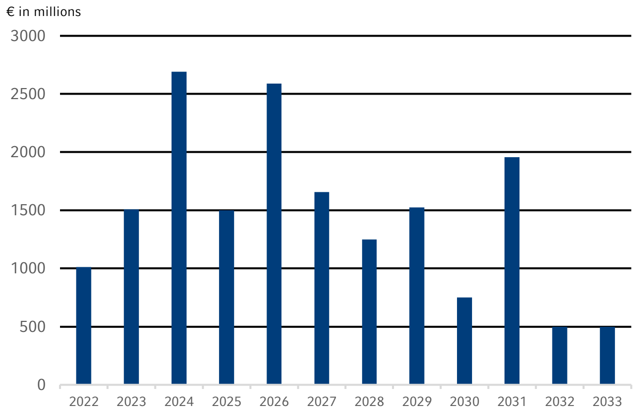
Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA have Debt Issuance Programs, under which bonds of up to €12.5 billion (Fresenius SE) and up to €10 billion (Fresenius Medical Care) can be issued in different currencies and maturities. The syndicated credit facilities serve as back-up lines and were undrawn as of December 31, 2021.

For short-term financing needs, Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA maintain bilateral credit lines and commercial paper programs. Under each of the commercial paper programs, short-term notes of up to €1.5 billion can be issued. As of December 31, 2021, €1,056 million of Fresenius SE & Co. KGaA's commercial paper program were utilized. The commercial paper program of Fresenius Medical Care AG & Co. KGaA was utilized in the amount of €715 million. In addition, both Groups can conclude short-term bilateral credit lines as needed.

The committed bilateral credit lines, that were entered into in 2020 in light of the COVID-19-related general uncertainties, have expired and have not been extended.

Detailed information on the Fresenius Group's financing can be found on pages 325 to 332 of the Notes. Further information on financing measures in 2022 is included in the Outlook section on page 94.

MATURITY PROFILE OF THE FRESENIUS GROUP FINANCING FACILITIES[1, 2]



[1] As of December 31, 2021, and based on utilization of major financing instruments, excl. Commercial Paper
[2] Fresenius' €372 million Schuldschein loan due in January 2022 and Fresenius Medical Care's US$700 million bonds also due in January 2022 were redeemed at maturity.

FINANCIAL POSITION – FIVE-YEAR OVERVIEW

in Mio. €	**2021**	2020	2019	2018	2017
Operating Cashflow	5,078	6,549	4,263	3,742	3,937
as % of sales	13.5	18.1	12.0	11.2	11.6
Working Capital[1]	8,690	8,104	8,812	7,721	7,771
as % of sales	23.2	22.3	24.9	23.0	22.9
Investments in property, plant and equipment, net	-2,017	2,366	2,433	2,077	1,705
Cash flow before acquisitions and dividends	3,061	4,183	1,830	1,665	2,232
as % of sales	8.2	11.5	5.2	5.0	6.6

Corporate rating

The credit quality of Fresenius is assessed and regularly reviewed by the leading rating agencies Moody's, Standard & Poor's, and Fitch. Fresenius is rated investment grade by all three rating agencies. There were no rating changes in 2021.

RATING OF FRESENIUS SE & CO. KGAA

	Dec. 31, 2021	Dec. 31, 2020
Standard & Poor's		
Corporate Credit Rating	**BBB**	BBB
Outlook	**stable**	stable
Moody's		
Corporate Credit Rating	**Baa3**	Baa3
Outlook	**stable**	stable
Fitch		
Corporate Credit Rating	**BBB-**	BBB-
Outlook	**stable**	stable

Effect of off-balance-sheet financing instruments on our financial position and liabilities

Fresenius is not involved in any off-balance-sheet transactions that are likely to have a significant impact on its financial position, results of operations, liquidity, investments, assets and liabilities, or capitalization at present or in the future.

Liquidity analysis

In general, key sources of liquidity are operating cash flows and cash inflow from financing activities including short-, mid-, and long-term debt. Cash flow from operations is influenced by the profitability of the business of Fresenius and by net working capital, especially accounts receivable. Cash inflow from financing activities is generated from the use of various short-term financing instruments. To this end, we issue commercial paper and draw on bilateral bank credit lines. Short-term liquidity requirements can also be covered by the Fresenius Medical Care accounts receivable securitization program. Medium- and long-term financing is provided mainly by bonds, Schuldschein loans, bilateral credit lines, an equity-neutral convertible bond, and leases. Fresenius is convinced that its existing credit facilities and inflows from further debt financing, as well as the operating cash flows and additional sources of short-term funding, are sufficient to meet the Group's foreseeable liquidity needs.

Dividend

The general partner and the Supervisory Board will propose a dividend increase to the Annual General Meeting for the 29th consecutive year. Despite the challenging year, this is intended to maintain dividend continuity.

For 2021, a dividend of €0.92 per share is proposed (2020: €0.88 per share). This is an increase of 5%. The total dividend distribution would then also increase by about 5% to €514 million (2020: €491 million).

The Management Board will propose a scrip dividend to the Supervisory Board. The Company wants to give its shareholders the opportunity to opt to receive a portion of the dividend ("Dividend Option Portion") in Company shares. The remaining portion of the dividend ("Dividend Base Portion") will always be paid in cash, to ensure that a shareholder does not have to raise any new cash in order to fulfill a possible tax liability with regard to the dividend. In doing so, Fresenius is giving its shareholders an easy and simple way of re-investing their dividend in the Company and strengthening the liquidity for the purpose of further growth financing.

Cash flow analysis

Operating cash flow decreased by 22% to €5,078 million (2020: €6,549 million), with a margin of 13.5% (2020: 18.1%). The cash flow development was mainly due to U.S. government assistance and prepayments under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) at Fresenius Medical Care in the United States.

Cash provided by operating activities exceeded financing needs from investment activities before acquisitions, with cash outflows for capital expenditures amounting to €2,047 million and cash inflows from disposals of noncurrent assets of €30 million (2020: €2,406 million and €40 million, respectively).

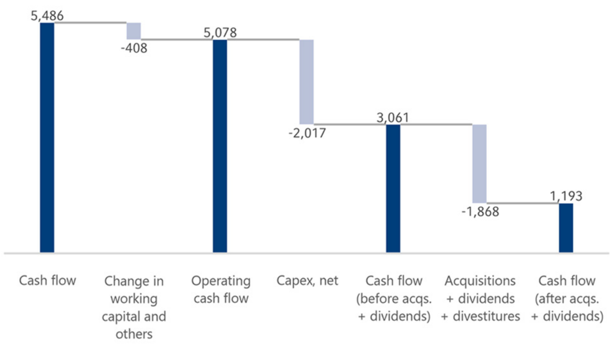
Cash flow before acquisitions and dividends was €3,061 million (2020: €4,183 million). This was sufficient to finance the Group dividends of €1,068 million.

Group dividends consisted of dividend payments of €491 million to the shareholders of Fresenius SE & Co. KGaA, payments of €392 million by Fresenius Medical Care to its shareholders, and dividends paid to third parties of €311 million (primarily relating to Fresenius Medical Care). These payments were partially offset by the dividend of €126 million that Fresenius SE & Co. KGaA received as a shareholder of Fresenius Medical Care.

The cash outflow for acquisitions was €800 million, mainly for acquisitions at Fresenius Medical Care and Fresenius Helios. **Cash flow after acquisitions and dividends** was €1,193 million (2020: €2,478 million). Overall, cash used for financing activities was €384 million, (2020 cash used for financing activities: €2,057 million). Cash and cash equivalents increased by €927 million to €2,764 million as of December 31, 2021 (December 31, 2020: €1,837 million). Cash and cash equivalents were positively influenced by currency translation effects of €118 million (2020: negative effect of €238 million).

Working capital increased by 7% to €8,690 million, mainly due due to advance payments received from Medi-Care at Fresenius Medical Care and tax deferrals in North America as a result of COVID-19.

CASH FLOW IN € MILLIONS



CASH FLOW STATEMENT (SUMMARY)

€ in millions	**2021**	2020	Growth	**Margin 2021**	Margin 2020
Net income	2,819	2,823	0%		
Depreciation and amortization	2,667	2,715	-2%		
Change in working capital and others	-408	1,011	-140%		
Operating cash flow	**5,078**	**6,549**	**-22%**	**13.5%**	**18.1%**
Capital expenditure, net	-2,017	-2,366	15%		
Cash flow before acquisitions and dividends	**3,061**	**4,183**	**-27%**	**8.2%**	**11.5%**
Cash used for acquisitions/proceeds from divestitures	-800	-645	-24%		
Dividends paid	-1,068	-1,060	-1%		
Free cash flow after acquisitions and dividends	**1,193**	**2,478**	**-52%**		
Cash provided by / used for financing activities	-384	-2,057	81%		
Effect of exchange rates on change in cash and cash equivalents	118	-238	150%		
Net change in cash and cash equivalents	**927**	**183**	--		

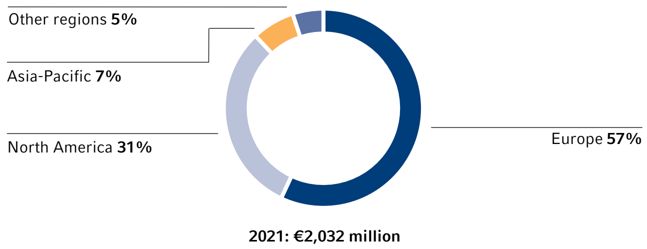
Investments and acquisitions

In 2021, the Fresenius Group provided €3,117 million (2020: €3,300 million) for investments and acquisitions. **Investments in property, plant and equipment** decreased to €2,032 million (2020: €2,398 million). At 5.4% of reported sales (2020: 6.6%), this was below the depreciation level[1] of €2,602 million. A total of €1,085 million was invested in **acquisitions** (2020: €902 million). Of the total capital expenditure in 2021, 65% was invested in property, plant and equipment and 35% was spent on acquisitions.

The cash outflow for acquisitions is primarily related to the following business segments:

- Fresenius Medical Care's acquisition spending was mainly related to the acquisition of dialysis clinics.
- Fresenius Kabi's acquisition spending was mainly for already-planned acquisition-related milestone payments relating to the acquisition of the biosimilars business from Merck KGaA.
- Fresenius Helios' acquisition spending was mainly for the acquisition of the Eugin Group. Further acquisition expenses related to subsequent purchase price payments for the Malteser-Klinik in Duisburg, Germany, and the acquisition of the DRK-Kliniken Nordhessen in Kassel, Germany.

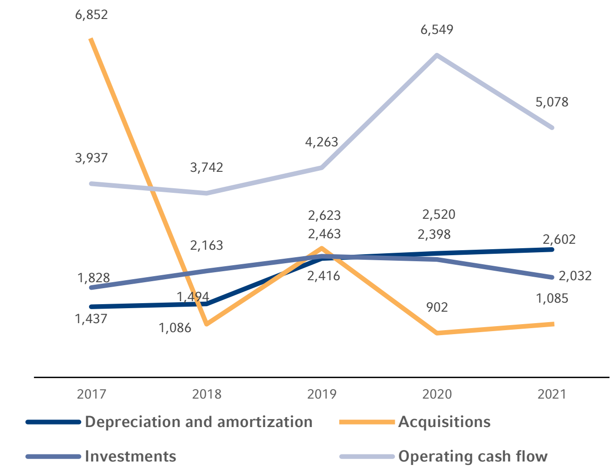
INVESTMENTS BY REGION



INVESTMENTS AND ACQUISITIONS

€ in millions	2021	2020	Change
Acquisitions	1,085	902	20%
Investment in property, plant and equipment	2,032	2,398	-15%
thereof maintenance	58%	49%	
thereof expansion	42%	51%	
Investment in property, plant and equipment as % of sales	5.4%	6.6%	
Total investments and acquisitions	**3,117**	**3,300**	**-6%**

INVESTMENTS, ACQUISITIONS, OPERATING CASH FLOW, DEPRECIATION AND AMORTIZATION IN € MILLIONS – FIVE-YEAR OVERVIEW[1]



INVESTMENTS / ACQUISITIONS BY BUSINESS SEGMENT

€ in millions	2021	2020	Thereof property, plant and equipment	Thereof acquisitions	Change	% of total
Fresenius Medical Care	1,482	1,459	854	628	2%	47%
Fresenius Kabi	533	718	532	1	-26%	17%
Fresenius Helios	1,021	1,000	568	453	2%	33%
Fresenius Vamed	81	101	80	1	-20%	3%
Corporate / Other	0	22	-2	2	-100%	0%
Total	**3,117**	**3,300**	**2,032**	**1,085**	**-6%**	**100%**

[1] Before special items

For a detailed overview of special items please see the reconciliation tables on pages 74 –76.

Acquisitions at Fresenius Helios

In December 2020, Fresenius Helios announced the acquisition of the Eugin Group, one of the leading international fertility Groups. The Eugin Group has been consolidated since April 1, 2021. The Eugin Group contributed €133 million to sales and €19 million to the operating income (EBIT) of the Fresenius Group in 2021, with the first-time consolidation as of April 1, 2021.

Eugin's network comprises 33 clinics and an additional 39 sites across 10 countries on 3 continents and offers a wide spectrum of state-of-the-art services in the field of fertility treatments. The United States, Spain, Brazil, Italy, and Sweden are the Eugin Group's largest markets. The company also operates clinics in Denmark, Argentina, Colombia, and Latvia.

With the acquisition of the Eugin Group, Fresenius Helios has become a leading player in this dynamic growing market and has established a strong basis for further expansion.

The purchase price is based on a valuation of €430 million, including non-controlling interests acquired and financial liabilities of around €80 million. The non-controlling interests are held by the respective senior physicians.

As of January 1, 2022, the Eugin Group will form a new, separate business and reporting unit within Fresenius Helios, Helios Fertility, alongside Helios Germany and Helios Spain.

On September 2, 2021, Fresenius Helios announced the acquisition of the **DRK (German Red Cross) Kliniken Nordhessen**. The clinics in Kassel with sites in Kassel-Wehlheiden and Kaufungen with a total of 433 beds as well as an associated outpatient center (MVZ) generated sales of around €87 million in 2020. The DRK-Schwesternschaft remains a co-partner. Together with the existing Helios hospital in Warburg, North Rhine-Westphalia, a regional medical cluster shall be formed and expanded over the next few years.

The acquisition was completed on September 27, 2021. DRK Kliniken Nordhessen has been consolidated since September 30, 2021. The purchase price amounts to €1 and also includes the assumption of debts and the securing of liquidity for current operations and for future investments.

On November 22, 2021, Quirónsalud, Spain's largest private hospital operator, owned by Fresenius Helios, announced the acquisition of the specialty hospitals **Centro Oncológico de Antioquia (COA)** and **Clínica Clofán**. The clinics, located in Colombia's second largest city, Medellín, will become part of Quirónsalud's existing health care network in the country, which already comprises 6 hospitals and 10 diagnostic centers.

COA is specialized in the diagnosis and treatment of cancer. It has 75 beds, 4 operating rooms, and specialized centers for nuclear medicine, radiotherapy, and bone marrow transplants.

Clínica Clofán is the second largest ophthalmic center in the city, with 10 operating rooms and further dedicated facilities for treating even severe ophthalmic diseases and performing complex procedures. Both clinics offer state-of-the-art medical standards and technology to their patients and are regarded as leading medical facilities with highly renowned physicians. Together, they generate sales of around €30 million.

The acquisition is another important step to strengthen Fresenius Helios' presence in the growing and consolidating health care services markets in Latin America.

The transaction is expected to close in the first quarter of 2022, pending anti-trust clearance from the Colombian authorities. Fresenius Helios expects the acquisition to be accretive to Fresenius' Group net income as early as fiscal year 2022.

The main **investments in property, plant and equipment** were as follows:

- modernization of existing, and equipping of new, dialysis clinics at Fresenius Medical Care.
- optimization and expansion of production facilities for Fresenius Medical Care and for Fresenius Kabi.
- new building and modernization of hospitals at Fresenius Helios. The most significant individual projects were, among other locations, hospitals in Wiesbaden, Duisburg, Wuppertal, Niederberg and investments in IT infrastructure.

Investments in property, plant and equipment of €277 million will be made in 2022, to continue with **major ongoing investment projects** on the reporting date. These are investment obligations mainly for investments to expand and optimize production facilities for Fresenius Medical Care and Fresenius Kabi. These projects will be financed from operating cash flow.

Investment program at Fresenius Kabi

Fresenius Kabi has a global network of production centers. We manufacture our products in our plants and, at some sites, we also produce pharmaceutical raw materials. With our investments we aim, among other things, to continuously modernize and automate as well as increase the competitiveness of the plants at a consistently high level of quality. At the same time, we are responding to the increased demand for our products, for example, by expanding our sites.

In the United States, Fresenius Kabi continued its extensive investment program at the manufacturing sites. In 2021, we made progress with our investment program and continued equipping our plants with the latest technologies for the production of pharmaceutical products. Fresenius Kabi will continue its investment program in the United States in the coming years.

Due to the demand for enteral products in China, we are expanding our production capacity there. In 2021, we continued work on a new production building on our campus in Wuxi. In the future, we will be producing enteral nutrition products there that have the status of Foods for Special Medical Purposes. Fresenius Kabi will also be expanding its research and development activities for enteral nutrition at the Wuxi site.

In Austria, we continued to expand our production and logistics site in Graz. With capital expenditure of around €110 million, we will continue to expand this site in the next few years.

The plant manufactures sterile drugs such as intravenously administered drugs and large-volume products for parenteral nutrition; the site also specializes in complex process requirements and innovative technologies. The focus is on freeze-drying and systems for filling and packaging glass bottles and prefilled syringes. The demand for prefilled syringes is increasing, as they offer significant advantages in everyday clinical life thanks to their fast and safe application.

In the manufacturing plant, the mobile preparatory area will be enlarged, freeze-drying (lyophilization) expanded, and new filling systems implemented. The completion of the expansion work is planned for 2023. In 2021, we inaugurated the new packaging building at our logistics site in Werndorf, near Graz.

In France, we began with the modernization of the plant at our Louviers production site. Over the next two years, a new building comprising an area of 3,300 square meters will be set up in the production facilities for freeflex infusion bags. This also allows the European production network to be optimized as a whole. In total, we will be investing €35 million in the modernization.

Our Haina plant in the Dominican Republic is the central manufacturing facility for disposable products in the field of apheresis and cell therapy. Driven by the high market demand for plasma products and cell therapies, we have gradually expanded the plant in recent years. In the plasma collection business, in addition to disposable products for our Aurora plasmapheresis system, the disposable products of the successor system, Aurora Xi, are also produced in Haina. We are also currently in the process of relocating the production of disposable products for autotransfusion to Haina.

In order to continue to meet the growing market demand for these disposable products, we will be expanding our manufacturing plant in the coming years with highly automated production facilities and clean-room capacities. In total, we will invest more than €65 million in the Haina plant by 2024.

ASSETS AND LIABILITIES

Asset and liability structure

The Group's **total assets** increased by 8% (4% in constant currency) to €71,962 million (Dec. 31, 2020: €66,646 million). The increase is mainly due to currency translation effects, acquisitons as well as the expansion of business activities. Inflation had no significant impact on the assets of Fresenius in 2021.

Current assets increased by 11% (8% in constant currency) to €17,461 million (Dec. 31, 2020: €15,772 million). Within current assets, trade accounts receivable and other receivables increased by 2% to €7,045 million (Dec. 31, 2020: €6,937 million). At 70 days, average days sales outstanding was below the previous year's level (71 days).

Inventories increased by 7% to €4,218 million (Dec. 31, 2020: €3,945 million). The scope of inventory in 2021 was 63 days (Dec. 31, 2020: 62 days). The ratio of inventories to total assets was 5.9% and remained on the prior year's level (Dec. 31, 2020: 5.9%).

Non-current assets increased by 7% (3% in constant currency) to €54,501 million (Dec. 31, 2020: €50,874 million). The increase due to acquisitions and new rights of use under leases was offset mainly by depreciation and amortization. The goodwill and intangible assets in the amount of €32,775 million (Dec. 31, 2020: €30,335 million) has proven sustainable. The increase is mainly due to currency translation effects as well as acquisitons at Fresenius Medical Care and Fresenius Helios. The addition to the goodwill from acquisitions was €1,065 million in fiscal year 2021.

BALANCE SHEET OVERVIEW

€ in millions	Dec. 31, 2021	Dec. 31, 2020	Growth
ASSETS			
Current assets	**17,461**	**15,772**	**11%**
thereof trade accounts receivables	7,045	6,937	2%
thereof inventories	4,218	3,945	7%
thereof cash and cash equivalents	2,764	1,837	50%
Non-current assets	**54,501**	**50,874**	**7%**
thereof property, plant and equipment	12,569	11,912	6%
thereof goodwill and other intangible assets	32,775	30,335	8%
thereof right-of-use-assets	6,014	5,691	6%
Total assets	**71,962**	**66,646**	**8%**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities	**42,674**	**40,623**	**5%**
thereof trade accounts payable	2,039	1,816	12%
thereof accruals and other short-term liabilities	10,594	9,913	7%
thereof debt	27,155	25,913	5%
thereof lease liabilities	*6,590*	*6,188*	*6%*
Noncontrolling interests	10,290	9,074	13%
Total Fresenius SE & Co. KGaA shareholders' equity	18,998	16,949	12%
Total shareholders' equity	**29,288**	**26,023**	**13%**
Total liabilities and shareholders' equity	**71,962**	**66,646**	**8%**

ASSETS AND LIABILITIES – FIVE-YEAR OVERVIEW

€ in millions	2021	2020	2019	2018	2017
Total assets	71,962	66,646	67,006	56,703	53,133
Shareholders' equity[1]	29,288	26,023	26,580	25,008	21,720
as % of total assets[1]	41%	39%	40%	44%	41%
Shareholders' equity[1] / non-current assets, in %	54%	51%	51%	60%	54%
Debt	27,155	25,913	27,258	18,984	19,042
as % of total assets	38%	39%	41%	33%	36%
Gearing[1] in %	83%	93%	96%	65%	80%

[1] Including noncontrolling interests

Shareholders' equity increased by 13% (7% in constant currency) to €29,288 million (Dec. 31, 2020: €26,023 million). The increase is due to currency translation effects as well as the good net income development. **Group net income** attributable to Fresenius SE & Co. KGaA increased shareholders' equity by €1,818 million. The equity ratio was 40.7% (Dec. 31, 2020: 39.0%).

The liabilities and equity side of the balance sheet shows a solid financing structure. Total shareholders' equity, including noncontrolling interests, covers 54% of non-current assets (Dec. 31, 2020: 51%). Shareholders' equity, noncontrolling interests, and long-term liabilities cover all non-current assets and 57% of inventories.

Long-term liabilities increased by 1% (decreased by 2% in constant currency) to €27,612 million (Dec. 31, 2020: €27,407 million). **Short-term liabilities** increased by 14% (11% in constant currency) to €15,062 million (Dec. 31, 2020: €13,216 million).

The Group has neither provisions nor accruals that are of major significance as individual items. Other provisions and accruals result mainly from provisions for self-insurance programs, for personnel expenses, for warranties and claims, and for litigation and other legal risks.

Group debt increased by 5% (2% in constant currency) to €27,155 million (Dec. 31, 2020: €25,913 million). Its relative weight in the balance sheet was 38% (Dec. 31, 2020: 39%). Approximately 31% of the Group's debt is denominated in U.S. dollars. Liabilities due in less than one year were €4,772 million (Dec. 31, 2020: €3,670 million), while liabilities due in more than one year were €22,383 million (Dec. 31, 2020: €22,243 million).

Group **net debt** increased by 1% (-1% in constant currency) to €24,391 million (Dec. 31, 2020: €24,076 million). The net debt to equity ratio including noncontrolling interests (gearing) is 83% (Dec. 31, 2020: 93%).
The **return on equity after taxes**[1] (equity attributable to shareholders of Fresenius SE & Co. KGaA) was 9.8% (Dec. 31, 2020: 10.6%). The return on total assets after taxes and before noncontrolling interests[1] was 4.0% (2020: 4.6%).

Group **ROIC** was 5.9%[2] (2020: 6.5% [2]). Group **ROOA** was 6.5%[2] (2020: 7.3%[2]). Estimated COVID-19 effects had a negative impact of 90 basis points on ROIC and 100 basis points on ROOA. Within the position invested capital, the goodwill of €28.9 billion had a significant effect on the calculation of ROIC.

It is important to take into account that approximately 64% of the goodwill is attributable to the strategically significant acquisitions of

- National Medical Care in 1996,
- Renal Care Group and HELIOS Kliniken in 2006,
- APP Pharmaceuticals in 2008,
- Liberty Dialysis Holdings in 2012,
- Hospitals of Rhön-Klinikum AG in 2014,
- Quirónsalud and the biosimilars business in 2017,
- NxStage in 2019, as well as
- Eugin Group in 2021.

Those have significantly strengthened the competitive position of the Fresenius Group.

In 2021, the Fresenius Group's return on invested capital (ROIC) exceeded our cost of capital. The WACC (weighted average cost of capital) of Fresenius Medical Care was 4.57%; the WACC of the other business segments was 5.43%.

[1] Before special items
[2] Before special items; pro forma acquisitions / divestitures

For a detailed overview of special items and adjustments please see the reconciliation tables on pages 74–76.

FIVE-YEAR OVERVIEW FINANCING KEY FIGURES[1,2]

	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Debt / EBITDA	4.0	3.6	3.8	3.2	3.1
Net debt / EBITDA[3]	3.5	3.4	3.6	2.7	2.8
Net debt / EBITDA[4]	3.6	3.4	3.6	2.7	2.8
EBITDA / financial result	13.6	10.9	9.9	10.6	9.6

[1] Before special items
[2] For pro forma acquisitions, the missing pro forma EBITDA for the full 12 months is included. For divestments, the EBITDA contribution of the last 12 months is deducted.
[3] At LTM average exchange rates for both net debt and EBITDA
[4] Net debt at year-end exchange rate; EBITDA at LTM average exchange rates

ROIC AND ROOA BY BUSINESS SEGMENTS

	ROIC		ROOA	
in %	2021	2020	2021	2020
Fresenius Medical Care[1,2]	5.2	6.6	6.2	8.2
Fresenius Kabi[1,2]	9.0	8.5	8.8	9.2
Fresenius Helios[1,2]	5.2	5.0	5.9	5.7
Fresenius Vamed[2]	4.5	1.4	4.3	1.3
Group[1,2]	**5.9**	**6.5**	**6.5**	**7.3**

[1] Pro forma acquisitions
[2] Before special items

Currency and interest risk contracts

The nominal value of all foreign currency hedging contracts was €2,917 million as of December 31, 2021. These contracts had a fair value of -€27 million. The nominal value of interest rate hedging contracts was €482 thousand. These contracts had a fair value of around -€12 thousand. Please see the Opportunities and Risk Report on page 108 f. and the Notes on pages 361 to 362 for further information.

OVERALL ASSESSMENT OF THE BUSINESS SITUATION

COVID-19 will continue to impact Fresenius' operations in 2022. The extent of the impact on the Group is partly dependent on the vaccination coverage in Fresenius' relevant markets and the potential evolution of new virus mutants.

Fresenius expects COVID-19 case numbers to decline from spring 2022 onwards and consequently, the number of elective treatments and staff availability to improve. These assumptions are subject to considerable uncertainty.

Fresenius closely monitors the development of COVID-19 case numbers and the associated various containment measures enacted in the Company's relevant markets. A possible significant deterioration of the situation associated with further containment measures that could have a significant and direct impact on the health care sector without any appropriate compensation is not reflected in the Group's FY/22 guidance.

Headwinds from cost inflation are reflected. However, Fresenius expects no significant acceleration of inflation effects and supply chain challenges versus current environment. In its FY/22 forecast, the Management Board assumes an unchanged corporate tax rate in the United States. Furthermore, the assumptions for Fresenius Medical Care's 2022 guidance are also fully applicable to the Fresenius Group's 2022 guidance.

Despite the challenges posed by the COVID-19 pandemic, the Management Board continues to assess the business outlook of the Fresenius Group as positive at the time of preparing the Group Management Report. We continue to see steadily growing demand for our products, services, and therapies worldwide.

OUTLOOK

This Group Management Report contains forward-looking statements, including statements on future sales, expenses, and investments, as well as potential changes in the health care sector, our competitive environment, and our financial situation. These statements were made on the basis of the expectations and assessments of the Management Board regarding events that could affect the Company in the future, and on the basis of our mid-term planning. Such forward-looking statements are subject, as a matter of course, to risks, uncertainties, assumptions, and other factors, so that the actual results, including the financial position and profitability of Fresenius, could therefore differ materially – positively or negatively – from those expressly or implicitly assumed or described in these statements. For further information, please see our Opportunities and Risk Report on pages 95 ff.

GENERAL AND MID-TERM OUTLOOK

Despite the challenges posed by the COVID-19 pandemic, the Management Board considers the Fresenius Group's prospects for the coming years to be positive due to the increasing global demand for our products, services, and therapies. Some trends, such as the digitalization of health care, will even be accelerated by the COVID-19 pandemic, and we believe that we are very well positioned as a Group to benefit from this in the coming years.

We are continuously striving to optimize our costs, to adjust our capacities, and to improve our product mix, as well as to expand our products and services business. (Further information on the cost and efficiency program is provided on page 46).

We also plan to expand our biosimilars product portfolio. We expect these efforts to increase our earnings in the coming years. In addition, good growth opportunities for Fresenius are, above all, presented by the following factors:

- **The sustained growth of the markets in which we operate:** Fresenius still sees very good opportunities to benefit from the growing health care needs arising from aging populations, with their growing demand for comprehensive care, and technical advances, but driven also by the still-insufficient access to health care in the developing and emerging countries. There are above average growth opportunities for us not only in the markets of Asia-Pacific and Latin America, but also in Africa. Efficient health care systems with appropriate reimbursement structures will evolve over time in these countries, as economic conditions improve. We will strengthen our activities in these regions and introduce further products from our portfolio into these markets successively.
- **The expansion of our regional presence:** Fresenius Medical Care expects excellent growth opportunities in the field of dialysis in the Asia-Pacific region.

The fast growing markets in Asia-Pacific, Latin America, and Africa especially offer further potential to strengthen our market position of Fresenius Kabi. They offer excellent mid-term growth opportunities in infusion and nutrition therapies, IV drugs, and medical devices. We plan to further roll out additional products and therapies from our existing portfolio in countries where we do not yet offer a comprehensive range or are not yet represented.

Fresenius Helios sees good opportunities for further international growth, including in Latin America. Here, Helios Spain is already represented in Colombia and Peru.

- **The broadening of our services business:** there are significant growth opportunities for Fresenius Medical Care in the field of dialysis treatment as soon as a country opens up to private dialysis providers or allows public and private providers to cooperate, for instance in public-private partnerships. Whether and in what form private companies can offer dialysis treatment depends on the health care system and the legal framework of the respective country.

  Fresenius Helios has an extensive nationwide hospital network in Germany and Spain. Based on this platform, Fresenius Helios aims to develop and offer innovative, integrated care offerings. In addition, Helios Germany is expanding outpatient services. Patient care should be further improved through the exchange of knowledge and experience (best practice) between Helios Germany and Helios Spain. Growth opportunities in Spain arise from expansion and construction of hospitals, and further consolidation potential in the highly fragmented Spanish private hospital market. The close integration of Helios Spain's facilities for occupational risk prevention within the Spanish hospital network offers additional growth opportunities. In addition, Fresenius Helios is seizing growth opportunities in Latin America through acquisitions to exploit potential in the private hospital market. Helios is also expanding its business in the field of fertility services, thus complementing its range of services.

  Fresenius Vamed is driving the expansion of high-end services such as the management of medical devices, sterile services, operational technology, and IT development.
- **The broadening of our products business:** at Fresenius Medical Care, we see the planned expansion of the core business with dialysis products as a growth driver.

  At Fresenius Kabi, we plan to expand our IV drugs product business. We develop generic drug formulations that are ready to launch at the time of market formation, directly after the patents of the branded products expire. We also develop new formulations for non-patented drugs. Furthermore, we develop ready-to-use products that are especially convenient and safe, including, for example, pre-filled syringes and ready-to-use solutions in our freeflex infusion bags. Furthermore, we plan to expand our biosimilars product portfolio.
- **Digitalization and the development of innovative products and therapies:** these will create the potential to further expand our market position in the regions.

  In addition to innovation, best-in-class quality, reliability, and the convenience of our products and therapies are key factors here. This will provide growth potential for Fresenius Medical Care.

  In addition, Fresenius Kabi is developing new dosage forms for its products. In the area of biosimilars, Fresenius Kabi specializes in the development of products for the treatment of autoimmune diseases and use in oncology and has a pipeline of molecules at various stages of development.

  Fresenius Helios is expanding its fertility services business segment to complement its range of innovative therapies.

  Helios Germany and Spain, as well as Fresenius Vamed are developing innovative business areas such as digital offerings. For example, health apps such as Curalie are being developed. Curalie is a platform and app for digital health programs according to scientific standards, e.g. for people with chronic diseases such as diabetes mellitus or heart failure. With Curalie, these patients can manage their illness digitally and receive important information and tips for a healthier life.
- **Selective acquisitions:** besides retaining organic sales growth as the basis for our business, we will continue to utilize opportunities to grow by making small and mid-sized acquisitions that expand our product portfolio and strengthen our regional presence.

We are also exploiting any opportunities within our operations for **cost management** and **efficiency enhancement** measures. These include plans for cost-efficient production and a further-optimized procurement process. Furthermore, we can use digital technologies to speed up central administrative processes and increase their efficiency.

The outlook takes account of all events known at the time the annual financial statements were prepared that could influence our operating performance in 2022 and beyond.

Significant risks are discussed in the Opportunities and Risk Report. As in the past, we will do our utmost to achieve and – if possible – exceed our targets.

FUTURE MARKETS

We expect the consolidation process to continue among competitors in our markets in Europe, Asia-Pacific, and Latin America. Consequently, we expect that there will be opportunities for us to penetrate new markets, both by expanding our regional presence and by extending our product portfolio.

New markets will open up as **Fresenius Medical Care** successively rolls out its product and services portfolio, especially in emerging countries. Value-based care models enable Fresenius Medical Care to create medical value while ensuring that care remains affordable. The aim is to build sustainable partnerships with payors worldwide to support the transition from a fee-for-service to a pay-for-performance system. Fresenius Medical Care is committed to aligning its business activities for further sustainable, profitable growth by investing in future growth markets in its product and service businesses. Based on its strategic business planning, Fresenius Medical Care has set a new ambitious target for the expansion of home dialysis: By 2025, the Company aims to perform 25% of all treatments in the U.S. at home.

Fresenius Kabi plans to introduce products already offered outside the United States into that country as well. It also aims to further roll out its product portfolio internationally, especially in the fast-growing markets of Asia-Pacific and Latin America. Market share is to be expanded further through the launch of new products in the field of IV drugs and medical devices for infusion therapy and clinical nutrition. In the biosimilars business, we are developing additional products focusing on autoimmune diseases and oncology, which will be introduced to the market over the next few years.

With its broad hospital network across Germany, **Fresenius Helios** is able to develop new patient care models. In addition, Helios Germany is expanding outpatient and digital services. The increasing number of privately insured patients is opening up opportunities for Helios Spain. Fresenius Helios also sees good opportunities for further international growth in Latin America, among other locations. Furthermore, the activities in the fertility services offer further growth opportunities.

Fresenius Vamed expects both the project and service business to continue to grow due to the need for life cycle and PPP projects. Furthermore, the company intends to expand its position through follow-up contracts with existing customers and to enter new target markets. In addition, Fresenius Vamed plans to further strengthen its leading position as a post-acute care provider in Central Europe.

HEALTH CARE SECTOR AND MARKETS

The health care sector is considered to be widely independent of economic cycles. The demand, especially for lifesaving and life-sustaining products and services, is expected to increase irrespective of the COVID-19 pandemic and mortality among dialysis patients, given that they are medically needed and the population is aging. Moreover, medical advances and the large number of diseases that are still difficult to cure – or are incurable – are expected to remain growth drivers.

In the emerging countries, the availability of basic health care and the demand for high-quality medical treatment are increasing. As per-capita income increases, individuals increasingly have to cope with the illnesses associated with lifestyle diseases.

On the other hand, experts estimate that further financial constraints in the public sector could result in more pricing pressure and a slowdown in revenue for companies in the health care industry. Some countries are experiencing significant financing problems in the health care sector due to the strained public finance situation. Especially in the industrialized countries, increased pressure to encourage saving can be expected as health care costs constitute a large portion of the budget.

It will be increasingly important for companies in the health care sector to increase patient benefit, to improve treatment quality, and to offer preventive therapies. In addition, especially those products and therapies that are not only medically but also economically advantageous will be of increasing importance.

THE DIALYSIS MARKET

The global dialysis market is expected to grow in a range of 2% to 7% at constant exchange rates in 2022.
The number of dialysis patients worldwide is expected to rise, depending on further developments of the global COVID-19 pandemic, by approximately 5% in 2022, although significant regional differences will remain. For the United States, Japan, and the countries of Central and Western Europe, where prevalence is already relatively high, we forecast below-average patient growth in the

region. In emerging markets, we expect growth rates to be even higher.

Excess mortality of dialysis patients due to the COVID-19 pandemic is continuing in 2022 and is expected to have a significant adverse effect on treatment volumes and additional COVID-19 related costs. The further development significantly depends on the adoption and speed of the roll-out of vaccinations to our worldwide patient population.

Overall, factors such as aging populations and the growing number of people suffering from diabetes and hypertension, which are ailments often preceding terminal kidney failure, are contributing toward continued growth of the dialysis markets. The life expectancy of dialysis patients is also rising thanks to ongoing advances in treatment quality and the rising standard of living, especially in the emerging countries.

Further information is provided on pages 60 ff. of the Group Management Report.

THE MARKET FOR GENERIC IV DRUGS, BIOPHARMACEUTICALS, NUTRITION AND INFUSION THERAPIES, MEDICAL DEVICES, AND TRANSFUSION TECHNOLOGY[1]

The market for **generic IV drugs** is expected to grow in the high single-digit range worldwide in 2022. The demand for generic IV drugs is likely to grow because of their significantly lower price in comparison to the price of originator drugs. The growth dynamic will continue to be driven by originator drugs going off-patent, as well as by original off-patent products that are offered at steady prices due to a unique selling proposition. The patent expiries of some high-revenue IV drugs in 2022 suggest extraordinary market growth for the year. A factor working in the opposite direction is the price erosion of original drugs now off-patent and generic drugs that are already on the market.

It is forecast that, in 2022, the market for **biopharmaceuticals** relevant for Fresenius Kabi will grow by 4% to 6% on the basis of units sold and by 3% to 5% on the basis of sales.

We expect the market for **clinical nutrition** to continue to grow at the same level as the previous year in 2022. Growth prospects are supported by increasing awareness of the need for early clinical nutrition, which is also reflected in the latest guidelines. In addition, the practice of mandatory screening for malnutrition[2] is on the rise. We see additional potential in the continuing high proportion of malnourished people who do not yet have access to nutrition therapies. Considerable potential continues to be projected in Latin America and Africa with growth rates of 5% to 7% in individual regions.

We expect the market for **infusion therapies** in Europe to be slightly above the level of the previous year in 2022. While the market for blood volume substitutes is expected to remain relatively stable, the standard solutions business is expected to grow slightly in Europe in 2022. Outside Europe, we expect the infusion therapies market to be around 1% to 3% above the previous year's level, with Latin America likely to grow at mid single-digit rates.

In 2022, the **medical devices** market should experience growth of 1% to 3%. In many countries, we continue to see strong demand in the infusion technology segment with more nationally resilient positions even after COVID-19. In addition, the infusion pumps already placed in recent years will increase the demand for dedicated infusion sets.

In transfusion technology, we expect to see growth of 5% to 6%. In the product segments, we expect plasma to grow by between 8% and 9%. In particular, the demand for plasma-derived products, such as intravenously administered immunoglobulins, is on the rise worldwide, driven by the fact that more and more people have access to high-quality health care and that plasma products are used more widely. In cell therapy, we expect to see growth of up to 15%. In this therapy, the patient's own immune cells are taken, processed in the laboratory, and returned to the patient via an infusion. Especially in cancer immune therapy, we are seeing an increase in the use of cell therapies.

[1] Market data refers to Fresenius Kabi's addressable markets. Those are subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market, among other things. Percentage increase based on market value (price × volume). Depending on the further development of the COVID-19 pandemic in 2021, the market growth of single product segments could change.

[2] Sources: New ESPEN guideline on clinical nutrition and hydration in geriatrics. Clin Nutr. 2019 38(1):10-47; by Volkert D, Beck AM, Cederholm T, Cruz-Jentoft A, Goisser S, Hooper L, et al.; latest implemented e.g., in Portugal: "National Policy for effective screening implementation", Directorate General of Health DGS

THE HOSPITAL MARKET[1]

We assume there will be a stagnation or decline in inpatient hospital admissions in the future, in particular as a result of the increasing number of outpatient treatments, as well as the increasing acceptance and use of digital health offerings.

What is known as the change in value figure is crucial for the increase in **reimbursement for hospital treatments** in Germany. For 2022, it was set at 2.32%. In addition, the hospital funding system provides for various increases and reductions for acute hospitals. For additional services agreed in advance with the health insurance companies, hospitals have to accept what is known as the fixed-cost degression discount of up to 35%. The exact amount of the discount is negotiated between the hospitals and the health insurance companies.

In order to factor medical outcomes into the remuneration, the Federal Joint Committee defines quality indicators. The specific financial terms and details are being worked out in a consistent overall fashion. However, we do not expect any adverse effects from this since the Helios Group is well prepared for quality-based remuneration thanks to its clear focus on quality and transparency of medical outcomes.

The future **expectations** for 2022 among German hospitals with respect to their economic situation are clearly negative: according to the Krankenhaus Barometer 2021 survey by the German Hospital Institute (DKI), only a fifth (21%) of hospitals expect their economic situation to improve in 2022, whereas 50% expect it to worsen.

Hospitals' **results of operations** could further worsen, as the COVID-19-related support measures are expected to be largely discontinued in 2022 and the fundamental challenges in the German hospital market remain unchanged. In addition to inadequate income from current business, the need for capital expenditure continues to grow, while government subsidies are decreasing. Hospitals can only close this gap to a limited extent on their own.

With regard to the financial support of hospitals in Germany, a surcharge for patients with COVID-19 has been introduced. The surcharge applies to patients who test positive for COVID-19 on admission and who are admitted in the period from November 1, 2021 to March 20, 2022. Furthermore, the legal amendment regulates an ordinance authorization for the Ministry of Health ("BMG"). The BMG can thus issue regulations on COVID-19-related revenue shortfalls by statutory order, i.e., without the approval of the parliament of federal state governments ("Bundesrat"). The full-year Corona compensation has been extended for 2022. Although the details have not yet been agreed, it is likely that the 2021 schemes will be continued.

Further measures to provide financial support to hospitals in Germany in 2022 are not planned. The renewed rapid increase in incidence rates, combined with a vaccination rate that is still insufficient, may make it necessary to extend the current regulation. It remains to be seen what concrete measures the new German government will take.

The Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI) forecasts that more hospitals will respond to economic pressures by joining together into networks and bundling their services. The affiliated hospitals benefit from synergy effects, including the possibility of generating cost savings, for example in purchasing. RWI expects the COVID-19 pandemic to further accelerate the trend towards more collaboration.

The agreement on the **separation of nursing staff costs** ("Pflegepersonalabgrenzungsvereinbarung"), which has been in force since 2021, will remain in force until further notice.

In addition, the regulations on the binding **minimum level for nursing staff** will apply again in 2022. These regulations apply to nursing staff in hospitals in the following areas: geriatrics, intensive care, cardiology, trauma surgery, cardiac surgery, neurology, neurology / stroke unit, and early neurological rehabilitation, as well as internal medicine, general surgery, pediatrics, and pediatric intensive care medicine. For the year 2022, the minimum level for nursing staff has been extended to the area of orthopedics, gynecology and obstetrics. Binding minimum levels for nursing staff could also be introduced in other areas of hospitals. However, there is currently no timetable for the implementation of these further regulations. In the coalition agreement, the new German government agreed to introduce a defined measurement of the staffing levels according to the hospitals' need (Pflegepersonalregelung 2.0 or PPR 2.0).

We expect the **private hospital market in Spain** to continue to grow by 2% to 3% in 2022. The continuing increase in the number of privately insured patients should also open up opportunities for private operators in the future.

Relevant indicators, for example nationwide health care spending and bed density, indicate the further market development potential in the Spanish health care system compared with other EU countries.

[1] In each case, most recent market data available refers to the year 2018 as no more recent data has been published: German Federal Statistical Office, 2018 data
Sources: Company research; German Hospital Institute (DKI), Krankenhaus Barometer 2020, Roland Berger Krankenhausstudie 2020, McKinsey & Company, eHealth Monitor 2020

This also provides opportunities for the establishment of new hospitals. In addition, the highly fragmented private Spanish hospital market offers further consolidation potential.

Key for the future viability of hospitals will increasingly be the degree of digitalization. Interconnectivity and the use of digital solutions open up new opportunities to make processes safer and more efficient, and thus to break new ground in patient care. The integration of telemedicine and digital health applications in the inpatient setting could also significantly expand hospital services in the future.

We expect the trend toward **digitalization** in health care to continue and generally increase in importance. The COVID-19 crisis has provided a decisive push, particularly with regard to interest in and use of telemedicine. Experts assume that as people become more accustomed to the new tools, acceptance of digital healthcare applications and services will increase on a broad scale and that the future of medical care will be a hybrid mix of digital and personal treatment.

The global market for fertility services is expected to grow between 10% and 15% in 2022, depending on the market, due to an anticipated pent-up demand brought about by COVID-19, as well as demographic and health trends and changing lifestyles.

THE MARKET FOR PROJECTS AND SERVICES FOR HOSPITALS AND OTHER HEALTH CARE FACILITIES

For 2022, we expect a slight increase in demand for projects and services for hospitals and other health care facilities worldwide, depending on the further course of the COVID-19 pandemic.

In the Central European markets with **established health care systems**, we expect solid growth and a continued rise in demand. This is due to demographic developments and an increasing need for investment and modernization in public health care facilities that has also become apparent as a result of the COVID-19 pandemic. Demand is particularly strong for services, i.e., the maintenance and repair of medical and hospital technology, facility management, technical or overall operational management, and the optimization of infrastructural processes – especially within the framework of public-private partnership models. Additional growth opportunities arise from the fact that public institutions are increasingly outsourcing non-medical services to private service providers due to increasing efficiency pressure. In addition, an expansion of the range of post-acute services in Europe is expected.

In the **emerging markets**, we anticipate an overall dynamic development. Growth in markets such as Africa, Latin America, and southeast Asia will initially be driven by the demand for efficient, needs-oriented medical care. In China and the Middle East, growth will be driven by the development of infrastructure and the creation of new care services, as well as research and training facilities.

Further opportunities arise from the progress of **digitalization**. It is important to systematically exploit the opportunities it offers, for example in the establishment and operation of "virtual hospitals". These can make a decisive contribution to making state-of-the-art technology and medical expertise available at adequate cost. This goes hand in hand with networking between health care systems at different levels of development in order to facilitate access to high-quality health care services for broad sections of the population.

GROUP SALES AND EARNINGS

Based on the anticipated positive contributions from the cost and efficiency program as well as the attractive growth opportunities across all business segments, Fresenius expects Group earnings growth to meaningfully accelerate until 2023. The company hence confirms its medium-term targets set in 2019 despite the ongoing challenges posed by COVID-19. At the same time, Fresenius specifies its expectations and now anticipates Group organic sales growth to reach the bottom to middle of the targeted 4% to 7% compounded annual growth rate (CAGR) and Group organic net income[1,2] growth to be at the bottom end of the 5% to 9% CAGR during 2020 to 2023. Due to the COVID-19 pandemic, Fresenius now expects small and medium-sized acquisitions to contribute an incremental CAGR of less than 1% to both sales and net income growth.

GROUP FINANCIAL MEDIUM-TERM TARGETS

	CAGR 2020 – 2023[1]
Organic sales growth	Bottom to middle of the range of 4% – 7%
Organic net income growth[2]	At the bottom of the range of 5% – 9%

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA

COVID-19 will continue to impact Fresenius' operations in 2022. The extent of the impact on the Group is to a large degree dependent on the vaccination coverage in Fresenius' relevant markets and the potential evolution of new virus mutants.

Fresenius closely monitors the development of COVID-19 case numbers and the associated various containment measures enacted in the Company's relevant markets. Fresenius expects COVID-19 case numbers to decline from spring 2022 onwards and consequently the number of elective treatments and staff availability to improve. A possible significant deterioration of the situation associated with further containment measures that could have a significant and direct impact on the health care sector without any appropriate compensation is not reflected in the Group's FY/22 guidance.

Headwinds from cost inflation are reflected. However, Fresenius expects no significant acceleration of inflation effects and supply chain challenges versus current environment. In its FY/22 forecast, the Management Board assumes an unchanged corporate tax rate in the United States.

Furthermore, the following assumptions for Fresenius Medical Care's FY/22 guidance are also fully applicable to the Fresenius Group's FY/22 guidance:

- COVID-19 related accumulated excess mortality is assumed to impact operating income (EBIT) by €100 million compared to the level of 2021
- COVID-19 related staff shortages are anticipated not to cause significant disruptions in production, distribution and dialysis operations
- Macro-economic inflation and supply chain costs to impact operating income (EBIT) by €50 million
- Labor costs for 2022 are expected to be around €100 million in excess of the 3% base wage inflation assumption
- Any potential further government support is assumed to be applied to manage the unprecedented labor market situation to manage cost in excess of the above labor costs assumption.
- FME25 savings are expected to contribute €40 to €70 million to operating income (EBIT)
- Remeasurement effects on the fair value of investments are expected to be volatile but neutral on a full year basis

All of these assumptions are subject to considerable uncertainty.

GROUP FINANCIAL TARGETS 2022

	Targets 2022[1]	Fiscal year 2021[2]
Sales growth (in constant currency)	Mid single-digit percentage growth	€37,520 m
Net income[3] growth (in constant currency)	Low single-digit percentage growth	€1,867 m
Dividend	Continue profit-driven dividend policy	Proposal + 5% per share

[1] Before special items, including expected COVID-19 effects
[2] Before special items, including COVID-19 effects
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA

SALES AND EARNINGS BY BUSINESS SEGMENT

In 2022, we expect sales and earnings development in our business segments as shown in the table below:

FINANCIAL TARGETS BY BUSINESS SEGMENT 2022

	Targets 2022[1]	Fiscal year 2021[2]
Fresenius Medical Care[3]		
Sales growth (in constant currency)	Low-to-mid single-digit percentage growth	€17,619 m
Net income[4] growth (in constant currency)	Low-to-mid single-digit percentage growth	€1,018 m
Fresenius Kabi		
Sales growth (organic)	Low single-digit percentage growth	€7,193 m
EBIT growth (in constant currency)	Decline in high single- to low double-digit percentage range	€1,153 m
Fresenius Helios		
Sales growth (organic)	Low-to-mid single-digit percentage growth	€10,891 m
EBIT growth (in constant currency)	Mid single-digit percentage growth	€1,127 m
Fresenius Vamed		
Sales growth (organic)	High single- to low double-digit percentage growth	€2,297 m
EBIT	Returning to absolute pre-COVID levels (2019: € 134 m)	€101 m

[1] Before special items, including expected COVID-19 effects
[2] Before special items, including COVID-19 effects
[3] These targets are based on the 2021 results excluding the costs related to FME25 of €49 million (for Net Income). They are based on the outlined assumptions, in constant currency and exclude special items. Special items include further costs related to FME25 and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance.
[4] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

EXPENSES

For 2022, we do not expect selling, general, and administrative expenses (before special items) as a percentage of consolidated net sales to change significantly compared to 2021 (2021: 14.1%).

COST AND EFFICIENCY PROGRAM

In 2021, Fresenius initiated a Group-wide cost and efficiency program to ensure that the medium-term targets set before the pandemic are achieved and to sustainably increase profitability. These initiatives are expected to consist of operational excellence and cost-saving measures, targeted strengthening of future growth areas, and portfolio optimizations.

Given the good progress, especially driven by the accelerated implementation of initiatives, Fresenius significantly increases its savings target and now expects cost savings of at least €150 million p.a. after tax and minority interest in 2023. Initially, more than €100 million p.a. after tax and minority interest were projected. For the years thereafter, a further significant increase in sustainable cost savings is expected. The savings will be achieved by all four business segments and the corporate center.

Fresenius anticipates that achieving these sustainable efficiency improvements will require up-front expenses of more than €200 million in 2022 and further expenses of around €100 million in 2023, in each case after taxes and minority interest. No further significant expenses are expected thereafter. In line with previous practice, these expenses are classified as special items.

LIQUIDITY AND CAPITAL MANAGEMENT

For 2022, we expect an operating cash flow margin in the range of 10% to 12%.

In addition, undrawn credit lines under syndicated or bilateral credit facilities from banks provide us with a sufficient financial headroom.

Financing activities in 2022 are largely geared to refinancing existing financial liabilities maturing in 2022 and 2023.

Without further acquisitions, Fresenius projects an improvement of the net debt/EBITDA[1] ratio (December 31, 2021: 3,51×) into the self-imposed target corridor of 3.0 × to 3.5 × by the end of 2022.

There are no significant changes in the financing strategy planned for 2022.

INVESTMENTS

In 2022, we expect to invest about 6% of sales in property, plant and equipment. About 45% of the capital expenditure planned will be invested at Fresenius Medical Care, about 23% at Fresenius Kabi, and around 27% at Fresenius Helios. At Fresenius Medical Care, investments will primarily be used for the expansion of production capacity, optimizing production costs, and the establishment of new dialysis clinics.

Fresenius Kabi will primarily invest in expanding and maintaining production facilities, as well as in introducing new manufacturing technologies.

At Fresenius Helios, we will primarily invest in the new buildings, and in the modernizing and equipping of existing hospitals, newly acquired hospitals, and outpatient centers.

Fresenius Vamed primarily invests in modernization as well as equipment for existing post-acute care facilities.

With a share of around 60%, Europe is the regional focus of investment in the planning period. Around 30% of the investments are planned for North America and around 10% for Asia-Pacific, Latin America, and Africa. About 30% of total funds will be invested in Germany.

For 2022, we assume that the return on operating assets (ROOA 2021: 6.5%) and the return on invested capital (ROIC 2021: 5.9%) will remain on prior year level.

CAPITAL STRUCTURE

For 2022, we do not expect the equity ratio to change significantly compared to 2021 (2021: 41%). Furthermore, we expect debt in relation to total assets to remain around the prior year s level (2021: 38%).

DIVIDEND

The dividend increases provided by Fresenius in the last 28 years show impressive continuity. Our dividend policy aims to align dividends with earnings-per-share growth (before special items). The payout ratio is expected to be in the range of approximately 20% to 25%. Fresenius intends to increase the dividend for 2022.

[1] At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures; excluding further potential acquisitions; before special items

OPPORTUNITIES AND RISK REPORT

We will continue to take advantage of the wide-ranging opportunities for sustainable growth and expansion that the health care market offers to the Fresenius Group.

At the same time, the Fresenius Group is exposed to a number of risks when undertaking these activities due to the complexity and the dynamics of its business. These risks are inevitable consequences of entrepreneurial activity, because opportunities can only be exploited when there is a willingness to take risks.

As a provider of products and services for the, to a large extent, severely and chronically ill, we are relatively independent of economic cycles. The diversification into four business segments, which operate in different segments of the health care market, and the global footprint further minimize the Group's risk profile. Our many years of experience, as well as our regularly leading market position, serve as a solid basis for achieving a realistic assessment of opportunities and risks.

OPPORTUNITIES MANAGEMENT

Managing opportunities is an ongoing, integral part of corporate activity. To be successful over the long term, we consolidate and improve on what we have already achieved and create new opportunities. The Fresenius Group and its business segments are organized and managed in a way that enables us to identify and analyze trends, requirements, and opportunities in our often fragmented markets, and to focus our actions accordingly. We maintain regular contact and dialog with research groups and scientific institutions to explore new prospects, and keep a close watch on markets and competitors in order to identify opportunities. Within the Group, opportunities and synergies can be exploited through continuous communication involving the exchange of information and know-how between the business segments. As part of our strategic and operational budgeting process, we identify and analyze short-, medium-, and long-term opportunities and risks. We discuss opportunities in the **Outlook** section starting on page 87.

RISK MANAGEMENT

FRESENIUS RISK MANAGEMENT SYSTEM

Risk management is a continuous process. The aim of risk management is to identify potential risks as early as possible in order to assess their impact on business and, if necessary, to take appropriate countermeasures. The ability to identify, assess, and manage risks that put the achievement of our business goals at risk is an important element of sound corporate governance. The Fresenius risk management and internal control system is therefore closely linked to its corporate strategy. It explicitly takes into account all types of risk, including non-financial risks associated with our business activities or our business relationships, products, and services. In the reporting period, for example, we analyzed potential non-financial risks in the areas of climate change and water shortages. In both areas we identified no risks threatening to our business model.

We consider short-, medium-, and long-term risks. For example, we consider a period of 10 years and beyond when analyzing product development, investment and acquisition decisions. Opportunities are not recorded in the risk management system.

Due to the constantly changing external and internal requirements and environment, our risk management and internal control system is being continuously developed. In the past fiscal year, for example, the risk management and internal control systems were linked even more closely. The completeness and validity of the risk information within our risk management approach was also strengthened by applying a newly defined concept for analyzing our risk-bearing capacity and our aggregated risk position.

The Management Board is responsible for the quality and effectiveness of our risk management and internal control system. It is regularly monitored by the Supervisory Board's Audit Committee as well as audited by the Internal Audit department. The findings from these audits are used to continuously advance our risk management and internal control system.

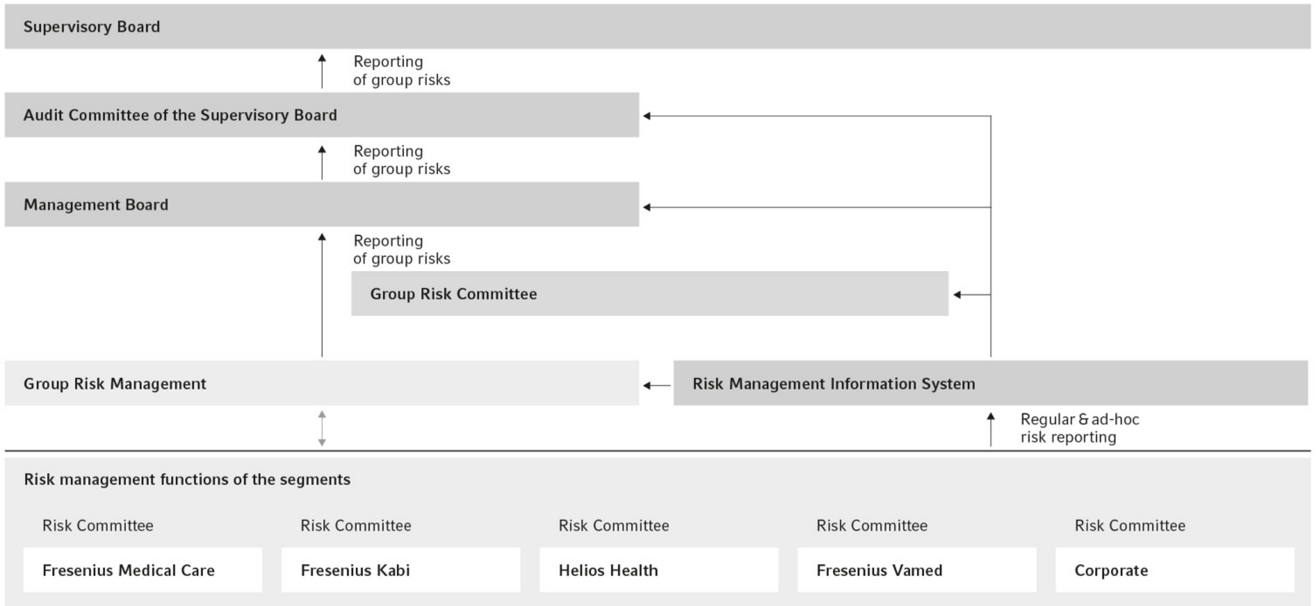
The structure of the Fresenius risk management and internal control system is based on the internationally recognized framework for corporate risk management, the "Enterprise Risk Management – Integrated Framework" from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the "Three Lines of Defense" model of the Institute of Internal Auditors (IAA). The "Three Lines of Defense" model distinguishes between three essential roles within the risk management and internal control system as well as within the general governance system: While the "First Line of Defense" acts as a direct, active participant in the risk management and internal control process, the "Second Line of Defense" at entity, segment, and Group level and the "Third Line of Defense" in the form of the Internal Audit function each represent an independent monitoring and quality assurance function in the Fresenius Group's governance system. The "Second Line of Defense" also sets guidelines and minimum requirements for the Group. On the basis of these guidelines, Group-wide standards are established and documented for the risk management and internal control system.

In addition, the core principles of the risk culture and of the risk strategy are defined and integrated into the business processes.

The organization and responsibilities of the risk management process and process control are defined as follows:

- The business segments and their operational business units are responsible for identifying, assessing, and managing risks.
- The managers of each organizational unit are required to report any relevant changes in the risk profile to the Management Board without delay.
- A dedicated Risk Management function at Group level defines standards valid for the entire Group and supports and monitors risk management and internal control system structures and processes. Specialized subdepartments have been set up within this Group function.
- The Group function is supplemented by risk management functions at segment or entity level. The tasks and responsibilities between the different organizational levels are clearly defined and documented.
- A Risk Steering Committee chaired by the Member of the Management Board for Human Resources (Labor Relations Director), Risk Management, and Legal is an advisory body that discusses internal and external developments regarding the risk management and internal control system. In addition, the Risk Steering Committee advises on significant risks and prepares decision proposals for the Fresenius Management Board. The Management Board of the Fresenius Group has the overall responsibility for effective risk management and regularly discusses the current risk situation. Within the Fresenius Group Management Board, the Member of the Management Board for Human Resources (Labor Relations Director), Risk Management, and Legal is responsible for the risk management and internal control system, as well as their organization.

ORGANIZATION OF THE RISK MANAGEMENT PROCESS



- The Supervisory Board's Audit Committee monitors the quality and effectiveness of the risk management and internal control system.

The risk situation is evaluated regularly and compared with specified requirements using standardized processes. If relevant changes to the risk profile or new risks arise between the regular reporting cycles, these are recorded and evaluated as part of ad hoc reporting process. Should negative trends arise, we can then take countermeasures at an early stage.

In addition to risk reporting, regular financial reporting to management is an important tool for managing and controlling risks. Detailed monthly and quarterly reports are used to identify and analyze deviations of actual versus planned business development. In addition, the risk management and internal control system includes organizational processes and safeguards, as well as internal controls and audits incorporated in our business processes, which help us to identify significant risks at an early stage and to counteract them.

RISK ASSESSMENT AND CAPACITY TO BEAR RISK

Fresenius uses standardized processes to assess risks. These include both quantitative and qualitative valuation methods. The assessment of a risk takes into account its likelihood of occurrence, its potential impact on our business, financial position, and operational result, and the time horizon. Fresenius assesses the potential impact on the results of operations on the basis of the key figure EBIT-at-risk. The risks are presented taking into account already initiated and implemented countermeasures (net assessment of risks). Risks are evaluated for a period of 12 months in order to assess the impact of the risk situation on the one-year forecast for the Fresenius Group. In addition, potential risks with an impact on the medium-term plan are analyzed and estimated.

Fresenius categorizes the likelihood of occurrence of a risk as follows:

Probability	Classification
Almost certain	≥ 90%
Probable	≥ 50 to < 90%
Possible	≥ 10 to < 50%
Unlikely	< 10%

The following overview shows how the potential impact on our business, financial position, and operational result is classified:

Potential impact	Classification
Severe	Significant negative impact
Significant	Considerable negative impact
Moderate	Moderate negative impact
Low	Low negative impact

As part of this process, the potential impact on our business, financial position, and operational result is usually assessed on a three-point basis, namely the impact in the best-case, the realistic, and the worst-case scenario.

The risk matrix on page 98 shows the significant risks that could lead to deviations from the expected business performance within the one-year forecast period. Since the past fiscal year, significant risks have been categorized within this four-tier risk matrix taking into account the likelihood of occurrence and the potential impact on our business, financial position, and operational result.

On the basis of the quantitative risk assessment, the overall risk position is determined at Group level by means of a Monte-Carlo Simulation. This involves taking correlations and dependencies between risks into account. The calculated overall risk position is compared to the Group's risk-bearing capacity. The risk-bearing capacity represents the maximum acceptable level of risks beyond which the continued existence of the Fresenius Group could be jeopardized. Fresenius determines its risk-bearing capacity on the basis of selected key balance sheet figures, such as the liquidity reserve, and rating-related key figures of the Group, such as the leverage ratio. The overall risk position is fully covered by the risk-bearing capacity of the Fresenius Group.

INTERNAL CONTROL SYSTEM AS PART OF THE RISK MANAGEMENT SYSTEM

The internal control system is an important part of Fresenius' risk management. In addition to internal controls with regard to the financial reporting, it includes control objectives for further critical processes, such as quality management and patient safety, cybersecurity and data protection, and sustainability. Fresenius has documented relevant critical control objectives in a Group-wide framework, integrating the various management systems into the internal control system in a holistic manner.

The risk management and internal control system is regularly reviewed by the Management Board, the Supervisory Board's Audit Committee, and the Internal Audit department. Moreover, the external auditor reviews whether the monitoring system set up by the Management Board is suitable for the early identification of risks that would jeopardize the continued existence of the Company.

Fresenius has ensured that the organizational structure and systems for identifying, assessing, and controlling risks, and for developing countermeasures, are designed appropriately and that they are properly functional. However, there can be no absolute certainty that this will enable us to fully identify and manage all risks.

Internal financial reporting controls

Fresenius employs numerous measures and internal controls to ensure that accounting processes are reliable and that financial reporting is correct, including the preparation of annual financial statements, consolidated financial statements, and management reports in compliance with applicable regulations and principles. Our **four-tier reporting process** especially promotes intensive discussion and ensures control of the financial results. At each reporting level, i.e.,

- the local entity,
- the region,
- the business segment, and
- the Group,

financial data and key figures are reported, discussed, and compared with the prior-year figures, budget, and latest forecast on a monthly basis.

In addition, all parameters, assumptions, and estimates that are of relevance for the externally reported Group and segment results are discussed intensively with the department responsible for preparing the Group's consolidated financial statements. These matters are also reviewed and discussed quarterly by the Supervisory Board's Audit Committee.

Control mechanisms, such as automated and manual reconciliation processes, are further precautions put in place to ensure that financial reporting is reliable and that transactions are correctly accounted for. All consolidated entities report according to Group-wide standards, which are determined at the head office. These are regularly adjusted to allow for changes made to the **accounting regulations**. The consolidation proposals are supported by the IT system. In this context, internal Group balances, among other things, are reconciled in a comprehensive manner. To prevent abuse, we take care to maintain a strict separation of functions. **Monitoring and assessments** carried out by management also help to ensure that risks with a direct impact on financial reporting are identified and that controls are in place to minimize them. Moreover, changes in accounting principles are closely monitored and employees involved in financial reporting are instructed regularly and comprehensively. External experts and specialists are engaged if necessary. The Treasury, Tax, Controlling, and Legal departments are involved in supporting the preparation of the financial statements. Finally, the information provided is verified once more by the department responsible for preparing the consolidated financial statements.

Fresenius Medical Care is also subject to the controls of Section 404 of the **Sarbanes-Oxley Act.**

ASSESSMENT OF THE OVERALL RISK SITUATION

The established risk management and internal control system is fundamental for assessing the overall risk position of the Fresenius Group. Potential risks for Fresenius include factors beyond our direct control. These also include the macroeconomic development, which we constantly monitor. They also include factors immediately within our control, such as operating risks, which we anticipate at as early a stage as possible and to which we react with appropriate countermeasures, as required.

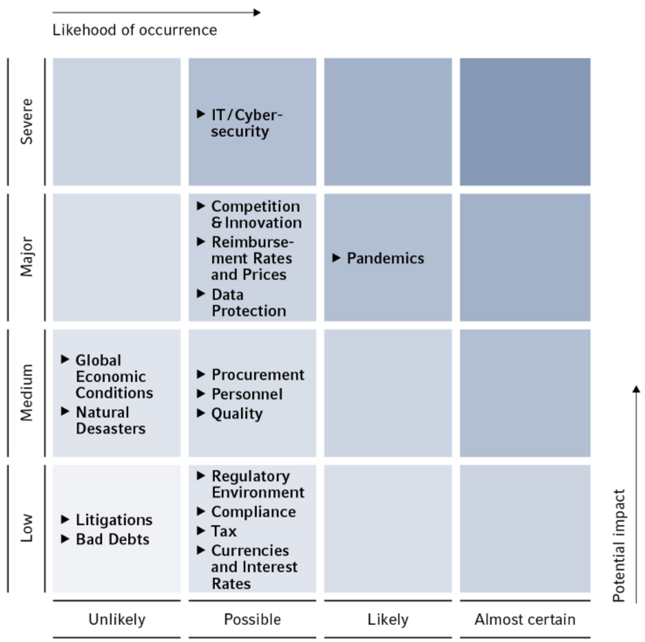
In synopsis, there are currently no recognizable risks that appear to present a long-term and significant threat to the Fresenius Group's business, financial position, and operational result.

We have created organizational structures that provide all the conditions needed to rapidly alert us to possible risk situations and enable us to take suitable countermeasures.

RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD

The chart besides shows the significant risks that could lead to deviations from the expected business performance within the one-year forecast period.

RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD



Compared with the previous year, the matrix was expanded to four instead of three dimensions for probability of occurrence and potential impact. Based on our quantitative analysis, risks relating to competition and innovation, as well as loss of receivables and data privacy, were newly included. In addition, the potential impact of IT and cybersecurity risks and procurement risks has been increased. The potential impact of compliance risks, risks relating to the regulatory environment, and currency and interest rate risks decreased.

RISKS WITH EFFECTS ON OUR MEDIUM-TERM GOALS

Fundamentally, all the risk areas and risks listed in the Risk Report could lead to us failing to achieve our medium-term goals. We believe the following will be of particular significance in this respect:

- Risks relating to the quality, safety, and effectiveness of our products and services (see Operating risks, page 104 ff.);
- Risks arising from the financing of health care systems and potential changes to reimbursement systems (see Risks in the health care sector, page 101 ff.);
- Risks arising from the regulatory environment and compliance with laws and regulations (see General economic risks and risks in the general operating framework, page 99 ff.);
- Risks arising from the medium- and long-term effects of the COVID-19 pandemic, such as changes in demand and cost base (see Risks related to the COVID-19 pandemic, page 99 ff.);
- Risks relating to information technology and cyber security (see Risks relating to information technology and cyber security, page 110 f.).

RISK AREAS

OVERALL ECONOMIC RISKS AND RISKS DUE TO THE OPERATING FRAMEWORK

At present, despite the COVID-19 pandemic, no trends in the global economy present a going-concern risk to the Fresenius Group. Depending on how the pandemic develops, we expect the global economy to continue to recover in the fiscal year 2022.

Moreover, Fresenius is affected only to a small extent by general economic fluctuations. We expect demand for our life-saving and life-sustaining products and services to continue to grow.

Furthermore, Fresenius is striving for balanced distribution of its business in the main global regions and between established and emerging markets. The risk situation for each business segment depends in particular on the development of their respective relevant markets. Country-specific political, legal, and financial conditions are therefore monitored and evaluated carefully, particularly in the current macroeconomic environment. This applies, for example, to countries with budget problems as a result of their debt burden, in particular with regard to our accounts receivable.

This also applies to any initiatives taken by governments with regard to potential changes to current health care programs.

And this holds true in particular for current developments related to the COVID-19 pandemic.

RISKS RELATED TO THE COVID-19 PANDEMIC

The rapid spread of the COVID-19 pandemic and the measures taken to contain it have led to a significant deterioration in economic conditions worldwide, and financial markets have been significantly impacted. This development also had a negative impact on our business, financial position, and operational results in the fiscal year 2021. We anticipate further negative effects on our business, financial position and operational results in 2022. The COVID-19 pandemic may also continue to have a negative impact on our financial position, liquidity, and the recoverability of our assets, including goodwill. The pandemic poses significant risks to the health of our patients, as well as to our supply chains, our production, the sale of our products, and the provision of our services.

Negative effects on our business could be caused, for example, by a continued or increasing higher excess mortality among our dialysis patients, and by restrictions on the business activities of our suppliers, customers, and ourselves, including our personnel, resulting from regulatory requirements, orders, and conditions at regional, national, or international level. The unavailability of critical staff, increased costs, for example from protective measures in our dialysis clinics, hospitals, and production sites, and a significant diversion of public health funding away from our products and services to address the COVID-19 pandemic could also negatively impact our business. Additionally, inflationary cost increases may have an unfavorable effect on our business, especially if the prices for our products and services remain unchanged or do not adequately track against cost increases.

In response to the COVID-19 pandemic, various governments in regions in which we operate have launched economic support programs to address the impact of the pandemic on businesses and to support health care providers and patients. For example, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed in the United States to mitigate the negative financial impacts of the COVID-19 pandemic, including on the health care sector. Additional funds provided under the CARES Act, as well as other COVID-19-related assistance funds, are providing some financial support to our businesses.

For example, the 2% cut in Medicare benefits was suspended several times from May 2020 to March 2022, Medicare reimbursements were paid more quickly and in advance, and grants were approved to cover costs and mitigate revenue losses related to the Covid 19 pandemic. In addition, companies in which we have less than 100% ownership received financial assistance from the U.S. Department of Health and Human Services in the fourth quarter of 2021 (Provider Relief Fund Phase 4).

However, these measures may not fully offset losses and increased costs. And while many of these measures are only in effect for the duration of the public health emergency, it is possible that some of these temporary measures could result in long-term changes that could affect, in particular, Fresenius Medical Care's business, financial position, and operational results in ways that cannot be quantified or predicted at this time.

Fresenius Medical Care experienced increased mortality rates among dialysis patients compared to the historical average, which could continue to have a material adverse effect on our operational result in 2022 and beyond. Dialysis patients typically have comorbidities, which has led and could continue to lead to an increased need for inpatient care for these patients. In addition, it appears that COVID-19 has led to an increase in individuals with acute renal failure. We expect to face continued staffing shortages as well as additional staffing costs to meet the increased demand for dialysis treatments and to provide equipment and our medical staff for emergency treatments, such as in hospitals.

The COVID-19 pandemic had a different impact on our hospitals in Germany, Spain, and Latin America, as well as on the Eugin fertility clinics.

The impact of the pandemic varied depending on the outbreak in the different regions and the respective virus variant. Helios Germany was severely affected in the first quarter of 2021 due to the pronounced third wave of COVID-19. Due to the high number of COVID-19 cases, elective treatments had to be postponed in some hospitals. As a result of the heavy COVID-19 burden, the rescue package for hospitals was extended by the German Federal Ministry of Health ("BMG") until June 15, 2021.

The "Ordinance on the Regulation of Further Measures for the Economic Safeguarding of Hospitals" enables a full-year compensation for hospitals, for which 98% of the revenues of the year 2019 were used as a benchmark. 85% of the hospitals' revenue shortfall was eventually refinanced in 2021. However, the negative impact of the pandemic could not be fully offset in some hospitals by the rescue package and reimbursements for COVID-19 in Germany. In Spain, the third wave was milder compared to the previous ones and opened up some opportunities such as coronavirus testing for the occupational health sector.

In addition, COVID-19 pandemic measures, such as the minimum distance of 1.5 meters between hospital beds for infection control, continued in 2021 and will remain in place in 2022.

In addition, travel restrictions had a significant negative impact on the number of international (private) patients in Germany and Spain. Overall, this may continue to have a negative impact on our net assets, financial position, and results of operations. We expect the negative effects of the COVID-19 pandemic to continue in the fiscal year 2022.

Fresenius Vamed also experienced and continues to experience significant delays and additional costs due to the COVID-19 pandemic in its project business as a result of travel restrictions, interrupted supply chains, delayed project execution, and imposed construction stops.

The extent of the impacts described on all business segments of the Fresenius Group depends on the progress of the vaccination campaigns as well as the duration of the COVID-19 pandemic and the measures required to contain it. In particular, the emerging variants of the virus increase uncertainty about how the pandemic will continue to develop.

We have continued to demonstrate our particular responsibility as part of the health care system during the challenging time of the current COVID-19 pandemic. For example, our dialysis clinics and hospitals have taken extensive measures to ensure that patients receive the most seamless care possible. Fresenius Kabi has responded to the significantly increased global demand for important drugs and infusion technology to treat COVID-19 patients, particularly for sedative drugs such as propofol, analgesics, and infusion pumps. We have thus maximized the supply using all the appropriate manufacturing capacities dedicated to these important products.

RISKS IN THE HEALTH CARE SECTOR

Risks related to changes in the health care market are of major importance to the Fresenius Group. The main risks are the financing of health care systems and the corresponding reimbursement systems, as well as the development of new products and therapies.

Financing of health care systems and reimbursement systems

In our extensively regulated business environment, **changes in the law** – also with respect to reimbursement of costs – can have a major impact on our business success.

National insurance systems are financed in very different ways. For example, health care systems in Europe and in the British Commonwealth countries are generally based on one of two financing models: Systems with a mandatory employer and employee contribution and systems predominantly financed through taxes.

In the Asia-Pacific region, universal health care (UHC) is at different stages of implementation, so reimbursement mechanisms can vary significantly from country to country (and even from province to province and city to city). In Latin America, health care systems are funded by public or private payers, or a combination of both. Due to the high percentage of Group sales that the U.S. market accounts for, changes to the state **reimbursement system,** such as reimbursements for dialysis treatments, can be particularly significant for our business. For example, in 2021, approximately 27% of Fresenius Medical Care's global sales were attributable to reimbursements from the U.S. federal health care benefit programs the **Centers of Medicare and Medicaid Services (CMS)**.

Changes in legislation or reimbursement practices, such as those relating to the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS), physician and clinical laboratory fee schedules, and the billing system for ambulatory surgical clinics, could affect both the level of Medicare and Medicaid reimbursement for services and the level of insurance coverage.

A reduction in reimbursement rates, reimbursed services or changes in standards, regulations and government funding in countries in which we operate could adversely affect our revenue and profitability and have a material adverse effect on our business, financial position and operational result.

Based on the "Budget Control Act" of 2011, reimbursement by Medicare for dialysis treatment is provided under a **prospective payment system (PPS),** which bundles particular products and services into one reimbursement rate. Due to pressure to reduce health care costs, increases in the reimbursement rate by the U.S. government have been limited.

As part of the PPS, our dialysis clinics in the United States participate in the **Quality Improvement Program (QIP)**. Medicare reimbursement benefits can be reduced by up to 2% based on the previous year's benefits if clinics do not meet the quality standards of the QIP. Underlying quality measures are reviewed, extended, and amended annually by the CMS. A material failure by Fresenius Medical Care to achieve the minimum client quality standards under the QIP could materially and adversely affect our business, financial condition, and results of operations.

Through value- and risk-based agreements and risk care programs, Fresenius Medical Care assumes the risk of both medical and administrative costs for certain patients in return for fixed periodic payments or set benchmark targets from governmental and commercial insurers:

- The CMS Comprehensive ESRD Care Model allows dialysis providers and physicians to form ESRD Seamless Care Organizations (ESCOs) that seek to deliver better health outcomes for ESRD patients with chronic kidney failure while lowering the CMS' costs. ESCOs that achieve the program's minimum quality requirements and generate reductions in treatment costs for the CMS above certain threshold values will receive a share of the cost savings. However, ESCOs are also obliged to share the risk of cost increases and to reimburse the CMS for some of these increases. This model ended March 31, 2021.
- The treatment choices model for patients with chronic kidney failure ("ESRD Treatment Choices Model" – ETC model) launched on January 1, 2021. This is a mandatory model that provides financial incentives for home dialysis treatments and transplants. This model is scheduled to be in place from January 2021 to June 2026. The ETC model consists of two partial reimbursement programs: first, it includes increases in the three-year reimbursement offset for home dialysis treatments, and second, it includes a performance-based reimbursement offset for all dialysis claims. The model applies both positive and negative payment adjustments to claims submitted by physicians and dialysis facilities for dialysis patients. It applies to dialysis facilities and physicians in certain randomly selected geographic regions. About 35% of Fresenius Medical Care's U.S. dialysis clinics are participating in the model.

- Voluntary Medicare reimbursement models, such as Comprehensive Kidney Care Contracting (CKCC), are designed to provide financial incentives for health care providers in the area of chronic kidney disease and transplants. Health care providers can take on financial risks to varying degrees by forming a Kidney Care Entity (KCE). This entity assumes responsibility for the overall cost and quality of care for Medicare patients with stage 4 and 5 chronic kidney failure and Medicare patients with end-stage renal disease. The implementation period for the CKCC model began on October 15, 2020, on a no-risk basis, and we began participation in the first performance year of the CKCC model on January 1, 2022, at which time each participating entity starts to assume financial risk. We do not yet know whether we and our partners will be able to deliver better health outcomes while lowering CMS' costs.
- In addition, Fresenius Medical Care has entered into per capita sub-capitations and risk-based and value-based agreements with certain insurers to provide health care to private and Medicare Advantage patients with end-stage renal disease. These agreements provide for the establishment of a basic amount per patient per month. If we provide complete care at costs below the basic amount, we retain the difference. However, if the costs of complete care exceed the basic amount, we may be obliged to pay the difference to the insurer.

Inadequate pricing of products or an unsuitable cost estimate for the service portfolio for beneficiaries and ineffective cost management may have a material adverse effect on our financial position, net assets, and operational results.
Fresenius Medical Care mitigated the impact of the PPS and the additional above-referenced reimbursement models by two broad measures:

- First, Fresenius Medical Care works with medical directors and treating physicians to generate options for efficiency increases consistent with QIP and good clinical practice and negotiates cost savings on the purchasing of pharmaceuticals.
- Second, Fresenius Medical Care introduces new initiatives in order to achieve efficiency increases and better patient outcomes by increasing care upon initiation of dialysis, increasing the percentage of patients using home dialysis, and generating additional cost reductions in its clinics.

The previous U.S. government had announced its intention to make significant changes to existing health care programs, including new remuneration models to promote earlier detection and treatment of kidney disease, as well as increasing home dialysis and transplants. Efforts to repeal or replace the "Affordable Care Act" (ACA) have not been successful and the current U.S. administration has announced its intention to continue and expand ACA. In addition, options to restructure the Medicare program in the direction of a defined-contribution, "premium support" model and to shift Medicaid funding to a block grant or per capita arrangement, with greater flexibility for the states, are also being considered.

In 2017, the U.S. administration announced its decision to end subsidies, known as cost-sharing reduction (CSR) payments, to health insurance companies to help pay out-of-pocket costs of low-income Americans. Some private insurers have stated that they will need much higher premiums and may withdraw from the insurance exchanges created under the Affordable Care Act if the subsidies were eliminated. It is not possible to predict the outcome of ongoing litigation on this matter. As a result, significant increases in insurance premiums and a reduction in the availability of insurance through such insurance exchanges established by the ACA could reduce the number of Fresenius Medical Care's privately insured patients and shift such patients to Medicare and Medicaid. Because Medicare and Medicaid reimbursement rates are generally lower than the reimbursement rates paid by private insurers, a shift of privately insured patients to Medicare and Medicaid could have a material adverse impact on the results of operations of Fresenius Medical Care.

Further requirements for dialysis clinics and changes in reimbursement from government and private insurers for our entire product and service portfolio in the United States could have a material adverse effect on our business and operating results. For example, the ballot initiatives introduced at the state level could result in further regulation of clinic staffing requirements, state inspection requirements, and a cap on private insurer margins. Such additional state regulations would increase the cost of operating dialysis clinics and create additional costs. This could have a material adverse effect on our business in the affected states.

A portion of dialysis treatments in the United States is reimbursed by **private insurance companies** and **managed care organizations**, with reimbursements generally higher than the reimbursements provided by the government health care program. As a result, payments from private health insurers contribute a significant portion to Fresenius Medical Care's profits. In 2021, approximately 40% of Fresenius Medical Care's sales from health care services in the North American segment were attributable to private health insurance companies. If these organizations in the United States manage to push through a reduction in the reimbursements, or the share of reimbursements by private health insurers decreases, it would significantly reduce the sales revenues and operating earnings for the products and services of Fresenius Medical Care. Beginning January 1, 2021, all ESRD patients will be eligible to enroll in Medicare Advantage plans for the first time. As a result, formerly privately insured patients may opt for Medi-care Advantage plans, which generally provide lower reimbursement payments than private payers.

A portion of Fresenius Medical Care's patients who are currently covered by private insurers may elect to transition to government-funded reimbursement programs that reimburse us at lower rates for our services if efforts to restrict or eliminate the charitable funding of patient insurance premiums are successful.

In addition, the health care insurance industry is experiencing continuing consolidation among insurers and pharmacy benefit managers, including increasing buyer power and impacts on referral streams. This may have an adverse impact on our ability to negotiate favorable coverage terms and commercially reasonable rates with such insurers. We monitor the relationships with private health insurance companies continuously and try to hedge the business through long-term contracts to maintain profitability. Changes in reimbursement from government and private insurers for our entire product and service portfolio in the United States could have a material adverse effect on our business and operating results.

The same applies to the hospital market in Germany, where the **DRG (Diagnosis-Related Groups) system** is intended to increase the efficiency of hospitals while reducing health care spending. Patients are largely assigned to hospitals by the public health and pension insurers. It is therefore important for Helios Germany that the contracts between its hospitals and the insurers and health care institutions are maintained. We not only monitor legislative changes intensively, but also work together with governmental health care institutions.

As part of the Nursing Staff Strengthening Act (PpSG), nursing costs were removed from the flat rates per case (DRG) from 2020 and the costs of patient-centered care were fully reimbursed by the health insurance funds via separate nursing budgets. As early as 2021, every additional or increased bedside nursing position was fully refinanced by the payers and the inclusion criteria of the nursing budget were changed.

As negotiations with the payers on the care budgets for 2020 and 2021 have largely not yet been concluded, this poses a potential risk to Fresenius Group's business, financial position, and result.

The allocation of nursing staff to the nursing budget was adjusted to the current definitions of "nursing specialist" and "nursing assistant" or "other professions" in the Nursing Staff Lower Limits Ordinance (PpUGV).

For the 2021 nursing budget, the personnel costs of the following occupational groups were fully included in the nursing budget: Nursing professionals and nursing assistants (nursing assistant, physician assistant, anesthesia technical assistant, emergency paramedic, or nursing and geriatric care assistant).

The digital or technical measures that reduce or support nursing activities were included in the nursing budget (4 es total nursing budget).

In the German market, Helios Germany sees a general trend towards outpatient treatment, which could lead to lower growth in the number of inpatient cases. In response to this trend, Helios Germany is expanding outpatient services offerings in a separate division. If Helios Germany does not succeed in sustainably adapting its business model through suitable measures, this could lead to a decline in the number of cases and have a material adverse effect on our business and results of operations.

Quirónsalud, our private chain of clinics in Spain, operates hospitals through **PPP** contracts (public-private partnership), among other methods. These are part of the public health system in Spain. The company has thus been given responsibility in certain areas of health care for the citizens of Spain with statutory health insurance. Quirónsalud receives compensation for its services in the form of a per capita lump sum or remuneration for the specific service rendered.

If Quirónsalud were to lose the concession to operate hospitals with PPP contracts or renegotiations with public or private insurance companies resulted in worse conditions for doing so, or if hospitals are not able to compensate for lower reimbursement rates by cutting costs, this could have a material adverse effect on our net assets, financial position, and results of operations.

Reductions in health care spending could also negatively affect the pricing of Fresenius Kabi products.

Changes in the law, the reimbursement method, and the health care programs could affect the scope of payments for services, as well as the scope of insurance coverage and the product business. This could have a significant adverse impact on our business operations as well as net assets, financial position, and results of operations. Generally, our aim is to counter such possible regulatory risks through enhanced performance and cost reductions.

Development of new products and therapies

The **introduction of new products and services,** or the development of advanced technologies by competitors, could render one or more of our products and services less competitive or even obsolete, and thus have a significant negative impact on future sales, the prices of products, and our range of services. This includes the introduction of generic or patented drugs by competitors, which may have an impact on sales and operational results. Cooperation with medical doctors and scientists allows us to identify and support relevant technological innovations. This means we are always able to keep abreast of current developments in alternative treatment methods so that we are able to evaluate and, if necessary, adjust our corporate strategy.

Operating risks

Our operational business around the world is exposed to a number of **risks** and extensive **government regulation**, which include, among others:

- The quality, safety, and efficacy of medical and pharmaceutical products, supplies, and therapies;
- The operation and licensing of hospitals, other health care facilities, manufacturing facilities, and laboratories;
- The planning, construction, equipping, and management of pharmaceutical and medical-technological production facilities;
- The planning, construction, equipping and management of health care facilities;
- Permits from public authorities and monitoring of clinical and non-clinical research and development activities;
- Product approvals and regulatory approvals for new products and product modifications;
- Audits and reviews by enforcement authorities of compliance with applicable pharmaceutical legislation;
- Compliance with due diligence obligations, warranty obligations, and product liability regulations;
- The accurate reporting of and billing for reimbursements by government and private insurers;
- Discounting reimbursable pharmaceutical and medical device products and reporting drug prices to government agencies;
- The labeling and designation of pharmaceutical products and their marketing;
- Attracting qualified personnel;
- Compensation of medical personnel and financial arrangements with physicians and establishments that arrange patient referrals;
- Access to collection, publication, use, and security of health-related information and other protected data;
- Limitation of our ability to make acquisitions or certain investments and the conditions for transactions of this nature.

If Fresenius fails to comply with laws or regulations, this may give rise to a number of consequences, including monetary penalties, increased compliance costs, exclusion from governmental reimbursement programs, or a complete or partial curtailment of our authorization to conduct business, any of which could have a material adverse effect on our business reputation, net assets, financial condition, or results of operations. Significant risks of operations for the Fresenius Group are described in the following sections.

Production, products, and services

Compliance with **product specifications and manufacturing regulations** is ensured by our quality management systems, which are structured in accordance with the internationally recognized **quality standards ISO 9001** and **ISO 13485** and take into account relevant international and national regulations. We implement them by means of internal standards such as quality and work procedure manuals. Regular internal and external audits are carried out at the Group's production sites, distribution companies, and dialysis clinics to check compliance. This covers all requirements and regulations, from management and administration to production and clinical services, right through to patient satisfaction.

Our production facilities comply with the Good Manufacturing Practice (GMP) requirements of the markets they supply. Our facilities are audited by local public health authorities such as the U.S. Food and Drug Administration (FDA) or the European Medicines Agency (EMA) and other authorities. If an authority identifies any deficiencies, Fresenius will immediately take comprehensive and appropriate rectifying measures.

Non-compliance with the requirements of these authorities in our production facilities or at our suppliers could lead to regulatory actions, such as warning letters, product recalls, production interruptions, monetary sanctions, or delays in new product approvals. Any of these regulatory actions could adversely affect our business reputation and our ability to generate sales and result in significant expenses.

Global safety officers react promptly as soon as Fresenius becomes aware of a quality-related issue. They initiate and coordinate necessary actions on a global level, such as product recalls. With its early warning system, Fresenius evaluates any quality-related information from various risk areas to identify risks at an early stage and take corrective and preventive actions. For this purpose, Fresenius Kabi uses databases in which complaints and side effects are logged, internal and external audits, and key performance indicators used for internal control purposes and the optimization of quality processes. In this way, safety profiles of the products can be created and evaluated worldwide. Product recalls, for example, are initiated as a risk-minimizing measure in cooperation with the responsible regulatory authority; at the same time, the cause of the recall is analyzed thoroughly. Corrective action may be taken to avoid the circumstances that led to the recall occurring again in the future.

In addition, changes made to requirements and regulations by regulatory authorities, such as those affecting our production processes, can lead to lower production volumes during any transitional period or jeopardize production.

Production could also be adversely affected by events such as natural disasters, infrastructure disruptions, regulatory rulings, supply disruptions, such as of raw materials, or technical failures. To minimize these risks, stocks are built up, for example to bridge any gaps in the event of short-term problems.

Potential risks arising from the start-up of new production sites or the introduction of new technologies are countered through careful planning, regular analysis, and continual progress reviews.

Providing medical services in our hospitals, rehabilitation clinics, and dialysis clinics is generally subject to inherent risks. For example, disruptions to processes, also due to causes such as natural disasters or technical failures, involve risks for patients and the clinic. In addition, there are operational risks, for example regarding hygiene. We counteract these risks with strict operating procedures, continual personnel training, and patient-oriented work procedures. At Fresenius Helios, for example, a structured hygiene management system is in place to ensure that infections within the hospital are avoided and their spread prevented as quickly as possible. Furthermore, we are constantly striving to improve the standard of patient treatment through our quality management systems.

Performance risks associated with Fresenius Vamed's project business are countered through professional project management and control and with a proven system tailored to each business activity for identifying, evaluating, and minimizing these risks. This system consists of organizational measures, such as standards for pricing in risks when preparing quotations. Risks are assessed even before accepting orders and are subsequently updated during regular project controlling. To avert the risk of default, the system also includes financial measures, such as checking creditworthiness and, as a rule, safeguarding through prepayments, letters of credit, and secured credits.

Further information about our quality management processes can be found in the separate Group Non-financial Report from page 127 onward.

Procurement

In the procurement sector, potential risks arise mainly from price increases or the lack of availability of raw materials and goods, as we saw in the wake of the COVID-19 pandemic in the 2021 fiscal year. We counter these risks by appropriately selecting and working together with our suppliers, through long-term framework agreements in certain purchasing segments, and by bundling volumes within the Group.

We counter the risk of poor-quality purchased raw materials, semi-finished products, and components mainly by requiring our suppliers to meet strict quality standards. This includes a structured qualification process, which comprises audits, document and advance sample inspections, as well as regular quality controls of deliveries. We only purchase high-quality products with proven safety and suitability from qualified suppliers that conform to our specifications and standards.

Evaluating our risks and our management measures, we also take into account new regulatory requirements and legal conditions, such as the Act on Corporate Due Diligence Obligations in Supply Chains, which will be effective in Germany in 2023.

Further information about our supply chains and our approach to the protection of human rights can be found in the separate Group Non-financial Report from page 194 onward.

Competition

We face numerous competitors in both our health care services business and dialysis products business, some of which may possess substantial financial, marketing or research and development resources. Competition from new and existing competitors and especially new competitive developments and innovations in technology, pharmaceuticals and care delivery models could materially adversely affect the future pricing and sale of our products and services.

Growing competition, among other things induced by the recovery of some notable competitors, in particular in the U.S. market for generic IV drugs after halts to production, may continue to materially affect the pricing and sale of our products and services. In addition, the introduction of generic or patented drugs by competitors may have an impact on the sales and operational results of our products.

Generally, the health care sector is characterized by pricing pressure (including from tenders), competition, and efforts to contain costs. These factors could result in lower sales and adversely affect our business, financial position, and operational results.

In the United States, almost all Fresenius Kabi injectable pharmaceutical products are sold to customers through arrangements with group purchasing organizations (GPOs) and distributors. The GPOs also have purchasing agreements with other manufacturers, and the bidding process for products is highly competitive. In the fourth quarter 2021, one of the largest GPOs in the United States issued a request-for-proposal for bids for a significant portion of their pharmaceutical contracts. These new contracts are expected to be effective in mid-2022.

If Fresenius Kabi is not successful in maintaining its existing contracts or if new contracts are concluded on less favorable terms, this could have an adverse effect on our operational results.

Similar developments with regard to price pressure in the tender business and increasing competition and price reductions are affecting our business in all major markets in Asia. In China, two Fresenius Kabi products were successful in winning National Volume based Procurement (NVBP) negotiations. As a result, there will be a significant decline in prices. Further expansion of NVBP and Provincial Volume based Procurement (PVBP) is expected with one or two rounds annually over the next three years. Based on the directive from the Chinese State Council, drug price reduction will continue to be one of the major measures to further contain health care costs in a market in which volumes are steadily growing. This development could have a negative impact on our sales, financial position, and operational results if Fresenius Kabi is not successful in offsetting these price reductions, for example through cost savings and efficiency gains in production.

To ensure our permanent competitiveness, we work closely together with physicians and scientists. Important technological and pharmaceutical innovations are intended to be quickly identified and further developed, if necessary also by adapting our business strategy. Moreover, we secure our competitiveness by ongoing analyzes of our market environment as well as the regulatory framework. The market activity, especially our competitors' products and newly launched dialysis-related products are thoroughly monitored. The cooperation between the various technical, medical and academic institutions within our company also ensures our competitiveness, which is finally further enhanced by our consequent conduction of programs devoted to cost saving and efficiency increase.

Referrals from doctors

Our hospitals, rehabilitation clinics, and dialysis clinics are dependent on patients selecting them for their medical treatment. To a large extent, patients rely on the recommendation of their attending physician. Physicians make their recommendations based on various factors, including the quality of the medical treatment and the competence of the hospital staff, as well as the distance to the hospital and the availability of appointments for treatment. If we are unable to meet these criteria, physicians may recommend fewer or no patients at all to our clinics. In addition, Fresenius Helios could receive fewer referrals from doctors' practices because they increasingly perceive Fresenius Helios' outpatient services as competition or because they no longer take rehabilitation clinics with a certain medical focus into account when making their choice. These factors could result in lower sales and adversely affect our business, financial position, and operational results.

Payment defaults

As a rule, we assess the creditworthiness of new customers in order to limit the risk of **late payment and defaults** by customers. We also conduct follow-up assessments and review credit lines on an ongoing basis. We monitor receivables outstanding from existing customers, and assess the risk of default. This particularly applies to countries with budgetary problems and countries exposed to political risks. In 2021, we again worked on the status of our receivables, by taking measures such as factoring.

Personnel

Fresenius addresses **potential shortages of qualified personnel** through appropriate employer branding measures, as well as recruitment, upskilling, and retention of qualified staff.

In order to increase the awareness and attractiveness of the Fresenius Group, our employer branding relies on a mix of marketing to universities, in-house events (such as the Fresenius Career Day "Meet the Board" involving our top management), and digital employer branding (such as by expanding our career website and our presence on social media channels).

To ensure a sustainable supply of qualified staff, we offer, for example, targeted programs for young academic talent with subsequent retention programs, as well as comprehensive apprenticeships for students who just graduated high school.

With more than 6,305 apprentices and dual students, Fresenius is one of the biggest training companies in Germany. Fresenius offers 42 apprenticeships and 29 study programs throughout Germany. The number of our apprenticeships and study program offerings was further expanded nationwide in 2021.

We provide information about our apprenticeship and study program offerings on our career website, as well as at our respective training locations through various marketing activities and vocational orientation offers (such as the career guidance app Aivy, vocational information days, and the Night of Apprenticeship). In June 2021, a virtual training fair was held for the second time, which is integrated into the careers website. We offer this fair format on a regular basis since 2020.

Furthermore, we offer young academic talent the opportunity to gain initial practical experience and to establish contacts within our company in the context of internships and working student positions before or during their studies or in the context of their final papers.

Depending on the customer and market structure, our business segments place very different demands on concepts and measures for personnel development. We strengthen employee loyalty to our company by offering our employees attractive development opportunities and fringe benefits and variable compensation and working-time models. In addition, we promote international and interdisciplinary cooperation.

By using target-group-specific measures, Fresenius addresses the overall shortage of specialized hospital personnel. We thereby aim to recruit qualified and dedicated personnel, thus ensuring our high standard of treatment quality.

Greater employee absenteeism and longer recruiting cycles as an effect from the COVID-19 pandemic further contribute to the experienced shortages in personnel. Additionally, evolving guidelines and requirements regarding vaccine mandates for our employees may have an impact on our ability to attract and retain qualified clinical personnel.

Since January 1, 2019, the German hospital market has also been subject to the Ordinance on the Minimum Requirements for Nursing Personnel in Hospitals (PpUGV).

This ordinance stipulates minimum staffing levels for nursing personnel in certain areas of the hospital. Further statutory regulations on minimum personnel levels in additional hospital departments with beds may further intensify competition for qualified nursing staff.

Helios Germany is therefore working intensively on additional measures to make it particularly attractive as an employer for nursing staff. These include the compatibility of family and career (e.g., through childcare facilities at hospital sites or the option of part-time work), attractive further and advanced training opportunities, occupational health management, and career opportunities.

At present, the Spanish hospital market is also experiencing a shortage of qualified nursing staff. As a result of the COVID-19 pandemic and the associated additional need for nursing staff, public hospitals have hired more nurses at more attractive terms than before. Quirónsalud is undertaking various measures such as online campaigns and other employer branding measures to attract new employees. In addition, long-term security in the workplace and attractive working conditions, for example, should help to retain existing employees.

Further information about our measures for recruiting, developing, and retaining qualified personnel can be found in our separate Group Non-financial Report from page 154 onward.

FINANCIAL RISKS

Currency and interest rate risks

The global focus of our operations exposes us to a variety of **currency risks**. In addition, the financing of the business can expose us to certain **interest rate risks.** We use derivative financial instruments, among other things, to minimize these risks. However, we limit ourselves to non-exchange-traded, marketable instruments, used exclusively to hedge our underlying transactions and not for trading or speculative purposes. Transactions are carried out within the limits approved by the Board of Management, which are set depending on the counterparty's rating. Further information about how the currency risk and interest rate risk are managed can be found in the Notes on page 361 onward.

Our **foreign exchange risk management** is based on a policy approved by the Management Board that defines the targets, organization, and handling of the risk management processes. In particular, the policy assigns responsibilities for the determination of currency risks, the execution of hedging transactions, and the regular risk management reporting. These responsibilities are coordinated with the decision-making structures in the residual business processes of the Group. Decisions on the use of derivative financial instruments in **interest rate management** are made in close consultation with the Management Board. Transactions using derivatives are carried out by the Group Treasury of the Fresenius Group – apart from a few exceptions in order to adhere to foreign currency regulations. These transactions are subject to stringent internal controls. This policy ensures that the Management Board is fully informed of all significant risks and current hedging activities.

The Fresenius Group is protected, to a large extent, against **currency risks and interest rate risks.** As of December 31, 2021, approximately 78% of the Fresenius Group’s debt was protected against increases in interest rates either by fixed-rate financing arrangements or by interest rate hedges; accordingly, around 22% is subject to an interest rate risk. A sensitivity analysis shows that a rise of 0.5 percentage points in the reference interest rates relevant for Fresenius would have an impact of approximately 0.8% on Group net income. As a global company, Fresenius is exposed to translation effects. The exchange rate of the U.S. dollar to the euro is of particular importance because of our extensive operations in the United States. Currency translation risks are not hedged. A sensitivity analysis shows that a one percent change in the exchange rate of the U.S. dollar to the euro would have an annualized effect of around €130 million on Group sales, around €20 million on EBIT, and around €6 million on Group net income.

As a globally active company, we have production facilities in all the main currency areas. In the service businesses, our revenue and cost base largely coincide. The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such **transaction risks** from foreign currencies. The foreign currency cash flows that are reasonably expected to occur within the following 12 months, less any hedges, form the basis for the analysis of the currency risk. As of December 31, 2021, the Fresenius Group cash flow at risk was €44 million, i.e., with a probability of 95%, a potential loss in relation to the forecast foreign exchange cash flows of the next 12 months will not be higher than €44 million.

Further information about financial risks can be found in the Notes on page 361 onward.

Recoverability of assets

Financial risks that could arise from acquisitions and investments in property, plant and equipment, and in intangible assets are assessed through careful and in-depth reviews assisted by external consulting firms. The intangible assets, including goodwill, product rights, trade names, and management contracts, contribute a considerable part to the total assets of the Fresenius Group.

Currency devaluations, adverse changes in general interest rates and deteriorating economic conditions, including inflationary price developments in various markets combined with deteriorating country credit ratings, increase the risk of goodwill impairment, which may lead to a partial or complete write-down of the goodwill or brand name of the affected cash-generating unit or negatively impact our investments and external partnerships.

Goodwill and other intangible assets with an indefinite useful life carried in the Group's consolidated balance sheet are tested for impairment each year. Further information can be found in the Notes on page 293 onward.

Taxes and duties

As a global corporation, Fresenius is subject to numerous tax laws and regulations. Risks arising therefrom are identified and evaluated on an ongoing basis. The Fresenius Group's companies are subject to regular tax audits. Any changes in tax regulations or adjustments resulting from tax audits and additional duties, import levies, and trade barriers could lead to higher taxes and duties.
Similarly, tax and trade law reforms, in particular the OECD initiatives for the reallocation of taxation rights and the introduction of a global minimum tax, as well as a potential U.S. tax reform, may increase our tax and duty burden.

Debt and liquidity

As of December 31, 2021, the Fresenius Group's financial liabilities including leases under IFRS 16 were €27,155 million. The debt could, among other things, limit the Company's ability to pay dividends, arrange refinancing of financial liabilities, or implement the corporate strategy. If Fresenius' credit rating or the conditions on the relevant financial markets deteriorate significantly, financing risks could arise for Fresenius. We reduce these risks through early refinancing as well as a high proportion of mid- and long-term funding with a balanced maturity profile.

Some of our financing agreements that were concluded before the year 2017 contain covenants requiring us to comply with certain financial ratios. These covenants are currently suspended due to the investment grade rating of the Fresenius Group. A deterioration of the rating may therefore also lead to the currently suspended covenants in some financing agreements becoming active again. Noncompliance with these covenants could then result in a default and acceleration of the debt under the respective agreements. We counteract this risk by taking the performance indicators relevant for our investment grade rating into account in our Group planning and continuously monitoring their development. This enables us to take countermeasures at an early stage.

Additional information about conditions and maturities can be found on page 325 of the Notes and on page 78 of the Group Management Report.

Inflation risks

As an international company, Fresenius is exposed to varying **inflation rates and price developments**. We also operate in high-inflation countries such as Argentina and Lebanon. Due to inflation in Argentina and Lebanon, our subsidiaries there apply IAS 29, Financial Reporting in Hyperinflationary Economies.

Inflation-related cost increases could have an adverse effect on our business, particularly if prices for our products and services remain unchanged or cannot be adjusted sufficiently to reflect increased costs.

RISKS ASSOCIATED WITH RESEARCH AND DEVELOPMENT AND PRODUCT APPROVAL

The **development of new products and therapies** always carries the risk that the ultimate goal might not be achieved, or it might take longer than planned. This is particularly true for our biosimilar products from Fresenius Kabi. The development of biosimilar products entails additional risks, such as significant development costs and the still-developing regulatory and approval processes. Regulatory approval of new products requires comprehensive, cost-intensive preclinical and clinical studies. Furthermore, there is a risk that regulatory authorities either do not grant, or delay, product approval, or withdraw an existing approval.

In addition, adverse effects of our products that may be discovered after regulatory approval or registration may lead to a partial or complete withdrawal from the market, due either to legal or regulatory actions or our voluntary decision to stop marketing a product.

For example, following feedback from the European Medicines Agency (EMA), risk mitigation measures for HES products from Fresenius Kabi (controlled dispensing of hydroxyethyl starch (HES) medicines to accredited hospitals, training and letters to health care professionals and warnings on packaging) were initiated in 2019. Based on the results of a study examining the routine use of HES in accredited clinics, the effectiveness of the interventions will be evaluated.

Follow-up studies as well as similar measures could also be taken by authorities in non-EU countries. For example, two regulatory studies are currently underway to evaluate the long-term safety and efficacy of our HES products in surgical and trauma patients. As soon as the results of these studies are available, they will be evaluated by the European authorities.

The Fresenius Group spreads its risk widely by conducting development activities in various product segments. We also counteract risks from research and development projects by regularly analyzing and assessing development trends and examining the progress of research projects. Furthermore, we strictly comply with the legal regulations for clinical and chemical-pharmaceutical research and development.

With IV drugs, it is also crucial that new products are continually brought to the market in a timely manner. Therefore, we monitor the development of new products on the basis of detailed project plans and focus on achieving specific milestones. In this way, we can take countermeasures if defined targets are called into question.

Both Fresenius Medical Care and Fresenius Kabi are exposed to typical patent-related risks. These include insufficient protection by patents of the technologies and products we develop, which could enable competitors to copy our products without having to bear comparable development costs.

RISKS FROM ACQUISITIONS

The acquisition and integration of companies carries risks that can adversely affect the net assets, financial position, and results of operations of Fresenius. Acquisition processes often include closing conditions, including but not limited to antitrust clearance, fulfillment of assurances and warranties, and adherence to laws and regulations. Noncompliance with such closing conditions by either party to an acquisition could lead to litigation between the parties or with others and thus claims against Fresenius.

Following an acquisition, the acquired company’s structure must be integrated while clarifying legal questions and contractual obligations. Marketing, patient services, and logistics must also be unified. During the integration phase, there is the risk that key managers will leave the company and that both the course of ongoing business processes and relationships with customers and employees will be harmed. In addition, change-of-control clauses may be claimed. The integration process may prove more difficult or require more time and resources than expected. Risks can arise from the operations of the newly acquired company that Fresenius regarded as insignificant or was unaware of. An acquisition may also prove to be less beneficial than initially expected. **Future acquisitions** may be a strain on the finances and management of our business. Moreover, as a consequence of an acquisition, Fresenius may become directly or indirectly liable towards third parties, or claims against third parties may turn out to be non-assertable. We counter risks from acquisitions by means of structured, detailed due diligence prior to deciding to go ahead with the acquisition and by means of detailed integration plans, as well as with a dedicated integration and project management process afterward so that countermeasures can be initiated in good time if there are deviations from the expected development.

INFORMATION TECHNOLOGY AND CYBERSECURITY RISKS

Technological innovations promise new therapeutic approaches in the treatment of diseases, not least because information technology (IT) applications and digital components offer the potential to relieve medical staff and make health care more efficient. Fresenius is also using digital product solutions to enter new markets. At the same time, we are taking into account the risks associated with digitalization.

The Company's processes are growing ever more complex as a result of the Fresenius Group’s steady growth and increasing internationalization. Correspondingly, the **dependence on information and communication technologies** and on the IT systems used to structure procedures and – increasingly – harmonize them internationally, is intensifying. A failure of these IT systems could temporarily lead to an interruption of other parts of our business and thus cause serious damage.

Due to the increased integration of IT systems, the integration of digital components and applications into medical technology products and services and the use of technologies, such as cloud computing, within our business processes, there is the possibility that **cyber incidents** may compromise the confidentiality, integrity, or availability of our information assets and systems. Risks to information security, cyber security, and the stability of IT systems also increase if we fail to keep our information assets and systems at the cutting edge of technology and security.

The disclosure of sensitive data or **non-compliance with data protection laws,** regulations, and standards could damage our competitive position, our reputation, and the entire company. In addition, Fresenius or one of the Group companies could be subject to a significant fine in the event of a data protection breach. To comply with all legal requirements, we have implemented comprehensive data protection management systems, which provide the appropriate technical and organizational measures and controls for the protection of personal data.

In 2017, the Management Board of Fresenius Management SE adopted the Cybersecurity Approach, Roadmap and Execution (CARE). Since 2018, CARE has served as a cybersecurity program that bundles cybersecurity initiatives and strengthens our resilience to protect and defend against cyber attacks. In 2020, the Management Board of Fresenius Management SE enacted a Group-wide Cybersecurity Policy. This policy defines the objectives as well as the organizational and operational structure for the management of cybersecurity in the Fresenius Group, integrated into CARE.

To sustainably protect the Group's added value, we have introduced tailored frameworks for our cybersecurity risk domains that define the security architectures, concepts and requirements. Further information about our cybersecurity strategy, organization, and measures is set out in our separate Group Non-financial Report on page 149 onward.

In addition, the Group Cybersecurity Office (GCSO) conducts a business-oriented assessment of strategic cybersecurity risks along the value chain in collaboration with the business units. The Group's cyber risks are related to the business activities of the respective business sectors: In the product business, they are closely linked to the disruption of production or logistics processes and the theft of intellectual property; in our health care facilities, they relate to patients and their health care information and operated medical devices.

The results of these semi-annual cyber risk assessments are presented to the Cybersecurity Board, which includes all cybersecurity officers from the business units. On this basis, the GCSO continuously derives risk-based measures to further mitigate cyber risks and enables the Group-wide exchange of knowledge and best practices. While our primary goal is to prevent the materialization of cyber risks, we have established monitoring mechanisms to detect and address cyber threats at an early stage in order to limit the impact of security incidents on business operations.

We are guided in this process by internationally recognized standards for information security such as the ISO/IEC 27000 series, ISO/IEC 62443, KRITIS, or the NIST Cybersecurity Framework. The central IT infrastructure, as well as critical infrastructures in the medical sector, among other things, have ISO/IEC 27001 certification.

We will continue to invest in cybersecurity and expand our capabilities to make us more resilient to the threat posed by cyberattacks on our systems and digital products and services.

COMPLIANCE AND LEGAL RISKS

COMPLIANCE RISKS

Fresenius is subject to comprehensive government regulation and control in nearly all countries. In addition, Fresenius must comply with general rules of law, which differ from country to country. There could be far-reaching legal repercussions or reputation damage should Fresenius fail to comply with these laws or regulations.

We must comply in particular with rules and regulations that monitor the safety and effectiveness of our medical products and services. Corruption is a core risk area across all business segments. Antitrust law, data protection, money laundering, sanctions, and the upholding of human rights are further significant risk areas. It is therefore of particular importance to us that our **compliance programs and guidelines** are strictly adhered to. Through compliance, we aim to meet our own expectations and those of our partners, and to orient our business activities to generally accepted standards and local laws and regulations.

At Fresenius, risk-oriented **compliance management systems** are implemented in each business segment. These systems take into account the markets in which the respective business segment operates and are tailored to the specific requirements of the business segment. Furthermore, we at Fresenius assess compliance risks using a standardized methodology.

Each business segment has appointed a Chief Compliance Officer to oversee the development, implementation, and monitoring of the compliance management system of the relevant business segment and to check progress made in this regard. In line with their organizational and business structure, the business segments have established compliance responsibilities at the respective organizational levels. The Corporate Compliance department of Fresenius SE & Co. KGaA supports the compliance officers in each business segment with standardized tools, processes, and methods, and reports to the Chief Compliance Officer of Fresenius SE & Co. KGaA.

Our compliance programs set binding rules of conduct for our employees. We believe that we have taken adequate measures to ensure that national and international rules are observed and complied with. Nevertheless, even when a comprehensive compliance program is in place, individual cases of misconduct by individual employees or contractual partners cannot be ruled out, which could cause damage to the Company.

Further information about our compliance management systems can be found in the Group Non-financial Report on page 182 onward.

Data protection

Fresenius' business activities are also subject to data protection regulatory requirements. This includes compliance with the General Data Protection Regulation (GDPR) as well as compliance with other country-specific data protection regulations. Breaches of these regulations or of the GDPR can result in substantial fines, damage to reputation, and loss of trust.

The core element of data protection is the secure and lawful processing of personal data in accordance with these regulatory requirements. In addition to patient data, this also includes the personal data of employees as well as that of contractual partners and other persons.

Risk areas include compliance with data protection principles, information obligations, data subjects' rights, risk analysis regulations, and the documentation of data processing activities, as well as ensuring secure data processing, including the establishment of an appropriate level of data protection in (inter)national data transfers.

To comply with legal requirements, Fresenius has implemented comprehensive data protection management systems, which provide the appropriate technical and organizational measures and controls for the protection of personal data. Fresenius SE & Co. KGaA and all business segments maintain data protection organizations in accordance with their organizational and business structures. This includes independent data protection officers reporting to the respective company's management. The dependence on data protection and IT security/cybersecurity resulting from increasing internationalization is also taken into account by the data protection organizations by ensuring collaboration with the respective departments is as close as possible.

The business segments have implemented processes and standards based on their organizational and business structures that also provide internal guidelines for processing personal data in a secure and appropriate manner.

In addition, the individual data protection management systems also include appropriate control measures in order to adequately check compliance with regulatory and internal requirements.

Further information about our data protection organizations and data protection management systems can be found in the Group Non-financial Report on page 188 onward.

Legal risks

Risks arising in connection with **litigation** or official proceedings are continuously identified, assessed, and – above a relevant set materiality threshold, where applicable – reported within the Group. Companies in the health care industry are regularly exposed to claims or actions for breach of their duties of due care, product liability, breach of warranty obligations, patent infringements, treatment errors, and other claims. This can result in high claims for damages and substantial costs for legal defense, regardless of whether a claim is actually justified. This applies in particular to disputes and proceedings in the United States, where legal defense costs and claims for damages can be exceptionally high. If legal matters or official proceedings are decided against Fresenius, it may also no longer be possible to insure risks of this kind in the future, or it may no longer be possible to insure such risks under appropriate conditions.

The Fresenius Group is involved in several legal matters and official proceedings arising from the ordinary course of its business. However, although the outcome cannot always be reliably predicted, we do not currently expect any significant adverse effect on our net assets, financial position, and results of operations arising from the legal matters and proceedings currently pending.
Such legal matters and administrative proceedings that may have a significant negative impact on the net assets, financial position, and results of operations of Fresenius are set out on pages 340 to 342 in the Notes.

OTHER RISKS

Our international orientation also gives rise to the following risks, which could have an adverse effect on our business and thus on our financial position and operational results:

- Political, social, or economic instability, especially in developing and emerging countries;
- Civil unrest, war, or the outbreak of diseases, such as pandemics, e.g. the coronavirus pandemic;
- Environmental risks;
- Natural disasters, terrorist attacks, and other unforeseen events;
- Different labor law conditions and difficulties in meeting the global demand for qualified personnel;
- Different and less stable regulations protecting intellectual property;
- Delays in the transport and delivery of our products.

More detailed information about environmental management at Fresenius and about assistance in the event of natural disasters and other crises can be found in the Group Non-financial Report from page 114 onward.

Insurance

In its risk management, Fresenius uses the option to transfer certain risks to external insurers. Fresenius Versicherungsvermittlungs-GmbH is the Fresenius Group's insurance department, which is organized as a captive insurance broker, and ensures appropriate insurance cover for large parts of the Group. Other sub-groups ensure adequate insurance coverage through their own departments. The aim is to protect the Company's employees and assets against possible hazards within the risk management process by procuring insurance coverage that is appropriate to the risks. To this end, we purchase adequate coverage, taking into account the cost-benefit ratio. For example, Fresenius has all-risk insurance against property damage and loss of earnings due to, for example, fire, storms, water, earthquakes, and other natural hazards, product liability insurance, insurance for volunteers and patients in clinical trials, hospital liability insurance, environmental liability insurance and environmental damage insurance, and directors' and officers' insurance.

SEPARATE GROUP NON-FINANCIAL REPORT

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SEPARATE GROUP NON-FINANCIAL REPORT.

We are committed to responsible and sustainable management as part of our corporate culture and day-to-day business practice. We place great importance on fulfilling our legal and ethical responsibility as a company. Only by doing so can we be perceived as a trustworthy and reliable partner in the health care sector.

STRATEGY AND MANAGEMENT

As a health care Group with more than 300,000 employees, Fresenius plays an important role in society. For more than 100 years, our mission has been to preserve life, promote health, and improve patients' quality of life – as defined in our company objective – ever better medicine for ever more people. The importance of modern and functional health care for society again became particularly clear in 2021. Our employees worldwide have continued to work tirelessly and under sometimes difficult pandemic conditions – in clinics, dialysis centers, factories, and logistics. In acute care, we have significantly increased the number of intensive care beds and ventilation stations. The dialysis centers also continued to provide safe treatments, even for kidney patients infected with COVID-19. We have consistently ensured the supply of our vital medicines, medical devices, and services for critically and chronically ill patients.

For Fresenius, economic success is not an end in itself, but a means of continuously contributing to medical progress. The patient's well-being always comes first. It is our point of reference for all business decisions. The common goal of all business segments is to improve health care quality and efficiency. We aim to provide innovative solutions and work proactively to enable a growing number of people to have access to high-quality, affordable medicine.

In our Code of Conduct, we commit to integrity in dealing with our business associates as well as to socially responsible behavior and transparent communication. The Fresenius Code of Conduct defines basic principles that apply to all employees and the management of the Fresenius Group. It also sets out the framework for the relevant regulations of the individual business segments, and defines our respective activity areas. Further information can be found in the Compliance and Integrity section on pages 182 ff.

- We take responsibility for our patients' well-being and are committed to the highest quality in our products, treatments, and services.
- We want to do the right thing and comply with all applicable rules and laws. In addition to legal requirements, we adhere to high ethical standards and rules of good corporate governance.
- We largely owe our success and growth to the commitment of our more than 300,000 employees worldwide. Our aim is therefore to be perceived as an attractive employer to acquire talent, retain employees, and allow them to further develop their skills.
- We think and act long-term in our business decisions. We protect nature as the basis of life and treat resources with care.
- We are committed to respecting human rights as defined by international standards, such as the Declaration of Human Rights of the United Nations.

We analyze the impact of our actions with the help of the United Nations' 17 Sustainable Development Goals (SDGs). A particular focus is on the goals of good health and well-being (SDG 3), high-quality education (SDG 4), and decent work and economic growth (SDG 8). We also align our sustainable actions closely to the United Nations Global Compact and the sustainability requirements of the capital market. Further information is available on our website.

THE BUSINESS MODEL

Fresenius is a global health care Group and one of the leaders in its respective markets. The Fresenius Group comprises four independently operating business segments managed by Fresenius SE & Co. KGaA: Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and the number of patients. Fresenius Kabi provides lifesaving medicines, medical devices, and services for the critically and chronically ill. Fresenius Helios is Europe's largest private hospital chain, with clinics in Germany, Spain, and Latin America. Fresenius Vamed specializes in health care facilities projects and service business. The Group Management Report on pages 38 ff. contains additional information on the Group's business model and ownership structures, on legal and economic factors, as well as key sales markets and competitive positions.

OUR VALUE CHAIN

Fresenius has an international distribution network and operates more than 90 production facilities. The largest of these are located in the United States, China, Germany, Japan, and Sweden. In the Fresenius Group, all purchasing processes are controlled by central coordination points in the business segments. Competence teams bundle the needs, conclude framework contracts, and continuously monitor current market and price trends. They also coordinate global procurement for individual production sites or clinics and initiate quality and safety controls for raw materials and procurement goods. Supply reliability and quality of care play an important role in an environment characterized by ongoing cost-saving efforts by health care providers and by price pressure in the markets. We therefore constantly optimize our purchasing processes, standardize procurement materials, identify new sources of supply, and negotiate the best possible price deals. Maintaining high flexibility while meeting our strict quality and safety standards is crucial. A broad portfolio of suppliers reduces potential procurement or raw material shortages in both the product and service business.

Additional information is included in the section Procurement on page 58 of the Group Management Report.

SUSTAINABILITY RISKS

The identification and assessment of potential sustainability risks (non-financial risks) initially takes place at both the Group level and in the four business segments via the existing risk management system. Sustainability risks are assessed that are already covered by the existing risk catalogs and risk reporting of the Fresenius Group. In an additional step, potential sustainability risks are discussed on a quarterly basis at Group level by the corporate functions Risk Management & Internal Control System, Business Integrity and Investor Relations & Sustainability of Fresenius SE & Co. KGaA, and supplemented if necessary. In the future, we intend to record and assess sustainability risks across the Group in a more harmonized approach together with financial, legal, and compliance risks. This will enable us to achieve an integrated view of our impact on the issues (inside-out perspective) on the one hand and the impact of the issues on Fresenius (outside-in) on the other. This allows us to assess their short-, medium- or long-term financial impacts as well as their impacts on society and the environment. In the area of human rights, we have already started to do this. Further details are provided in the Human rights chapter on pages 194 ff.

In the reporting period, we analyzed potential sustainability risks in the areas of climate change and water scarcity. We did not identify any material risks to our business model in either area. Overall, we did not identify any material non-financial risks, taking into account risk mitigating measures (net risk assessment), related to our own business activities, business relationships, products, or services that are very likely to have an adverse effect on the non-financial aspects mentioned above or on our business operations. The Group Management Report on pages 95 ff. contains further information on opportunities and risks as well as a detailed presentation of risk management.

OUR SUSTAINABILITY GOALS AND PROGRAMS

We pursue specific sustainability approaches at the level of the four business segments and Fresenius SE & Co. KGaA. The business segments build their own sustainability programs and regularly review how they can further develop and optimize them.

In May 2021, the Fresenius Annual General Meeting approved a new compensation system for the members of the Management Board of Fresenius Management SE. In the context of short-term variable compensation, ESG (Environmental, Social, and Governance) targets have an influence on compensation for the first time in this system, with a weighting of 15%. The focus of the ESG targets is on the key sustainability topics identified by Fresenius in the materiality analysis: quality/patient well-being, innovation and digital transformation, employees and diversity, environment, and compliance and integrity. With the identification of key performance indicators (KPIs) and the definition of comprehensive management concepts, the company will create a basis to make the sustainability performance of the business segments measurable. The identified key performance indicators are intended to facilitate target setting and measurement in the long term and also to be incorporated into the long-term variable compensation of the company's executives.

In the reporting year, the members of the Executive Board achieved the ESG targets. A detailed presentation can be found in the Compensation Report on pages 234 ff. The ESG methodology for determining target achievement is available on the website of Fresenius SE & Co. KGaA.

For Fresenius Medical Care, the target achievement of the company's Global Sustainability Program is used, which is also part of the compensation system for the members of the company's Management Board. Fresenius Medical Care's Global Sustainability Program reflects the increasing requirements for sustainability management as well as the company's commitment to continuously improving its performance. It defines global targets for eight focus areas in the period between 2020 and 2022. Fresenius Medical Care selected these areas based on the results of the company's materiality analysis, which identifies the most relevant sustainability topics for its business. The focus areas are the responsibility towards the patients as well as the employees, anti-bribery and anti-corruption, data protection and privacy, human and labor rights, sustainable supply, environment, and occupational health and safety. The program's objective is to establish common global standards, goals, responsibilities, and key performance indicators to monitor sustainability performance.

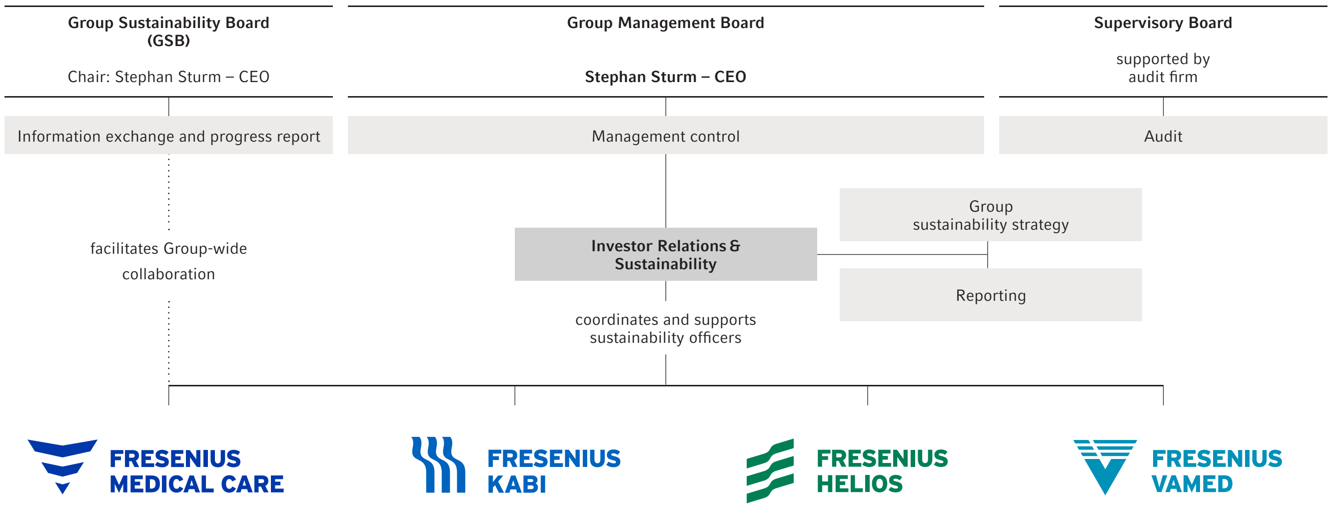
In February 2022, the Management Board of Fresenius Management SE has implemented a climate target, complementing the existing sustainability goals and programs for the Fresenius Group. Fresenius Group aims to achieve climate neutrality by 2040 and to reduce 50% of absolute scope 1 and scope 2 emissions by 2030 compared to 2020. We will continuously assess scope 3 emission impacts for inclusion in our targets. Further information on our environmental management and emissions within our business segments and the Group are provided on pages 199 ff. as well as pages 211 ff. of this Group Non-financial Report.

OUR SUSTAINABILITY ORGANIZATION

Sustainability at Fresenius is the responsibility of the CEO of Fresenius Management SE, as shown in the overview aside. Fresenius Management SE is the general partner of Fresenius SE & Co. KGaA. The Group Management Board is regularly informed about sustainability issues by the Investor Relations & Sustainability department of Fresenius SE & Co. KGaA. The Management Board and the Supervisory Board review the progress and the results of the sustainability management, which are then published in the separate Group Non-financial Report. The Supervisory Board is supported in this process by the auditor's limited assurance engagement. The Audit Committee has a special role in reviewing the Group Non-financial Report. The Supervisory Board as a whole is responsible for monitoring the Company's sustainability performance.

Investor Relations & Sustainability coordinates the implementation of sustainability guidelines and standards at operational level and is responsible for the non-financial reporting of the Fresenius Group. Business Integrity (formerly Corporate Compliance) is responsible for our Code of Conduct and manages issues relating to human rights, supply chain, and compliance. Data protection and Cybersecurity are independent areas of responsibility. The departments and functions at Fresenius SE & Co. KGaA level support the business segments in the development of guidelines and management concepts relating to these sustainability topics. The business segments have also defined departments and responsible persons – often in the form of sustainability officers who coordinate all sustainability issues within the business segment. Fresenius Medical Care is itself a stock-listed company and has therefore established its own sustainability governance structure. Sustainability is also an integral part of the Management Board there. The highest governing body for sustainability issues at Fresenius Medical Care is the Sustainability Decision Board. Headed by the CEO, it is responsible for integrating sustainability into the company's strategy and business. Together with the Sustainability Decision Board, the Management Board decides on strategic initiatives. In the reporting year, a member of the Supervisory Board was appointed to the position of Lead Independent Director. Her responsibilities include addressing matters relating to ESG aspects of the company.

FRESENIUS GROUP SUSTAINABILITY ORGANIZATION



THE GROUP SUSTAINABILITY BOARD

The Group Sustainability Board (GSB) is composed of those responsible for sustainability at Group level and in the business segments and is scheduled to meet every two months. The Board discusses the future sustainability strategy of the Fresenius Group. The overall goal of the GSB is to identify the most important sustainability issues for the Group and to strengthen intra-Group cooperation.

In 2021, six GSB meetings were held under the leadership of CEO Stephan Sturm. That year, the GSB focused on the implementation of the EU taxonomy, and the exchange of best practices, and the implementation of the ESG targets of the Management Board of Fresenius Management SE.

OUR MATERIALITY ANALYSIS

Since 2017, we have been identifying the material topics for the Fresenius Group in a comprehensive materiality analysis. This is carried out every two to three years, depending on possible changes in the corporate structure and the operating business performance. In addition, we review the material topics annually to ensure that they are up to date. Material are those aspects that are relevant for understanding Fresenius' business performance, results of operations, and position, as well as for understanding the effects of its business activities on the non-financial aspects.

MATERIAL CLUSTERS AND TOPICS IN ACCORDANCE WITH GERMAN COMMERCIAL CODE (HGB) SECT. 289C (3)

Social matters	Employee matters	Combating corruption and bribery	Human rights	Environmental matters
Well-being of the patient	**Employees**	**Compliance & Integrity**	**Diversity**	**Environment**
Access to health care and medicine	Working conditions, recruitment & employee participation	Compliance	Diversity and equal opportunities	Water management
Patient & Product safety	Employee development	Data protection	**Compliance & Integrity**	Waste and recycling management
Digital Transformation & Innovation	Occupational health and safety		Human Rights	Climate protection
Digitalization & Innovation				
Cybersecurity				
Supply Chain				

– Material aspects according to HGB ■ Material cluster ■ Material topic

We conducted our last comprehensive materiality analysis in the 2020 reporting year. The multi-stage analysis process in accordance with HGB and GRI is described in the Fresenius Sustainability Report 2020. In 2021, we checked the actuality of the analysis by means of an environment analysis.

MATERIALITY ANALYSIS RESULTS

The review of the materiality analysis in the reporting year did not indicate any changes in the 6 material non-financial topic clusters and 15 individual topics compared to the previous year.

However, the content of individual topics and topic clusters was further deepened in the reporting year, such as the topic Clinical Study Management. The structure of the chapters in this report reflects the main topic clusters. The various individual topics are assigned to the chapters according to their prioritization, and their management approach is described according to the requirements of GRI and the German Commercial Code (HGB).

STAKEHOLDERS AND PARTNERSHIPS

Fresenius is involved in a diverse network of stakeholder groups. We gain valuable insights from this exchange, which we use to continuously develop our quality and sustainability management as well as our reporting procedures. Our main stakeholders are:

- Patients
- Employees
- Providers
- Private shareholders, institutional investors, analysts, and rating agencies
- Political institutions and external organizations, e.g., in the fields of health care and patient care
- Suppliers or other business partners
- In their non-financial reports, Fresenius Medical Care, Helios Germany and Helios Spain also include lists of the stakeholder groups that are specific to their respective business activities: for example, Fresenius Medical Care includes representatives from academia, among others, while Fresenius Helios considers trade unions.

EU TAXONOMY

For the fiscal year 2021, we are reporting the EU Taxonomy-eligibility of our economic activities for the environmental objectives of climate change mitigation and adaptation for the first time. This is conducted in accordance with the mandatory disclosures required by Regulation (EU) 2020/852 of 18 June 2020 on establishing a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation). The application and results of the other conformity criteria and environmental objectives will be reported in future.

As a global health care group with products and services for dialysis, hospital and outpatient care, our core business activities are not covered by the Delegated Regulation EU 2021/2139 and Annex I (Substantial Contribution to Climate Change Mitigation) as well as Annex II (Substantial Contribution to Climate Change Adaptation) and are therefore not considered EU Taxonomy-eligible. This is reflected in the low EU Taxonomy-eligible share of our turnover. However, our investments in existing and new building infrastructure represent the EU Taxonomy-eligible Capex share. Our operating expenses (Opex) do not include any significant EU Taxonomy-eligible share.

EU TAXONOMY KPIS 2021

KPI	EU Taxonomy-eligible shares 2021	EU Taxonomy-non-eligible shares 2021
Turnover	1%	99%
Capex	49%	51%
Opex	0%	100%

In order to determine the EU Taxonomy-eligible components, we compared the descriptions of economic activities from Annex I and Annex II with our products and services, investment expenditures and expenses. For this purpose, further information on the three KPIs has been discussed, collected and consolidated at the business segment level in a multi-stage process. The determination of the EU Taxonomy KPIs was based on our financial reporting system to ensure a complete and unambiguous reconciliation to the corresponding items in the annual financial statements and to avoid double counting.

Turnover

Total turnover for the fiscal year 2021 forms the denominator of the turnover KPI and can be taken from the consolidated income statement on page 278 (equals our sales figure). The EU Taxonomy-eligible turnover in 2021 (1%) relates to external sales generated by Fresenius Vamed in the project business (according to IFRS 15), which are incurred in connection with the construction and renovation of new hospital buildings (Annex I: economic activity 7.1 and 7.2). For the reporting year 2021, no further economic activities are applicable.

Capex

The amounts used to calculate the Capex KPI (denominator) are based on the capital expenditures reported in the consolidated financial statements resulting from additions in the fiscal year to property, plant and equipment (IAS 16) and other intangible assets (IAS 38) excluding goodwill. In addition, the EU Taxonomy KPI takes into account right-of-use assets (IFRS 16) and additions from business combinations. This information can be found in the notes to the consolidated financial statements on pages 317, 319 and 349. For the identification of the EU taxonomy-eligible share (numerator), the above-mentioned line items were matched with the descriptions of economic activities from Annex I and Annex II. After analyzing the Capex definitions of the EU Taxonomy Regulation, we determined only the Capex associated with the purchase of products and services from a Taxonomy-eligible economic activity as applicable. This covers the main capital expenditure projects of the business segments. The EU Taxonomy-eligible Capex share 2021 (49%) relates to investments of all business segments in new construction and renovation of buildings, such as clinics or production facilities (Annex I: economic activities 7.1 and 7.2).

Opex

The amounts used to calculate the Opex KPI (denominator) are based on the direct costs of research and development reported in the consolidated financial statements (Notes page 310) and the costs of short-term leases (Notes page 349). In addition, the cost of maintenance and repair was analyzed for all business segments from the local ERP systems. For the identification of the EU Taxonomy-eligible share (numerator), the above-mentioned line items were matched with the descriptions of economic activities from Annex I and Annex II. After analyzing the Opex definitions of the EU Taxonomy Regulation, we determined only the Opex associated with the purchase of products and services from a taxonomy-eligible economic activity as applicable. We did not identify any significant Taxonomy-eligible components in our operating expenses that are directly attributable to relevant economic activities within the meaning of the EU Taxonomy. The main expenditures for the maintenance of our building infrastructure are capitalized and are thus reflected in the EU Taxonomy-eligible Capex share.

WELL-BEING OF THE PATIENT

Rising life expectancy and the growing global population make access to high-quality medical care increasingly important. Fresenius is committed to providing access to health care and medicine to as many people as possible worldwide.

ACCESS TO HEALTH CARE AND MEDICINE

Every year we assume responsibility for the well-being of millions of patients. We offer lifesaving and life-sustaining products and therapies. In their development, we take into account different social and regulatory requirements and adapt them to different health care systems. This enables us to meet the growing global demand for innovative, high-quality therapies. In 2021, we had more than 90 own production sites and operated in more than 90 countries with own subsidiaries. Numerous national and international research projects and studies are carried out in our business segments. In this way, we investigate and develop new treatment standards, improve current standards, for example by studying the side effects of pharmaceuticals by biological sex or age group, and facilitate best practice exchange of our health care professionals. Further, in our hospitals in Spain and Germany, various approval studies for pharmaceuticals are conducted. We report in detail on our clinical study management in the Digital transformation and innovation chapter, see pages 142 f. of this Group Non-financial Report.

Our products are often used to treat people who are suffering from serious or chronic diseases. Our task is to ensure the safety and quality of our products and services and to meet the highest safety and quality standards for all processes and therapies. Information on our health care markets can be found on pages 59 ff. of the Group Management Report 2021.

Our range of products and services includes a comprehensive network of hospitals, modern dialysis procedures and post-acute care – such as rehabilitation – and high-quality drugs and medical products. Our portfolio also includes digital health services, advanced therapies, and the expansion of primary care in emerging and developing countries. The main focus is on the quality of our products and of the medical care we provide our patients.

In 2021, access to health care and medicine was again hampered by the COVID-19 pandemic. In these challenging times, we have taken on our special responsibility as part of the healthcare system with extensive measures, which we already started in 2020. Further information can be found on pages 125 ff. of this report.

OUR APPROACH

Fresenius' long-term goal is to further develop the company's position as one of the leading international providers of health care products and services. In recent years, we have expanded our company along our value chain – increasing the global availability of our products and services.

The constant development of our products and services allows us to take advantage of growth opportunities. We guarantee our patients high-quality, comprehensive health care with our products and in our own facilities, allowing them to benefit from medical progress.

Our core business focuses on ensuring that as many people as possible worldwide are able to participate in this progress. We consider health equity in our efforts to increase access to care worldwide and to support the development of sustainable health care systems. This means striving to make treatment and health education available to those in need, irrespective of age, income distribution, race or ethnicity, or education.

This ambition is also reflected in our commitment to society.

Fresenius Medical Care

Fresenius Medical Care recognizes the importance of improving access to health care and is working to provide affordable treatment to a growing number of patients worldwide. The business segment's Global Medical Office leadership team frequently discusses how to best manage this topic as part of the medical strategy. The focus is on both improving access to care and level-of-care outcomes. Fresenius Medical Care considers, for example, barriers to access such as cost and ease of travel to the dialysis clinics, lack of education on kidney disease, and unsustainable health care systems in developing countries. The business segment aims to increase the number of patients on home dialysis and has improved the digital offering to make it easier for patients to access its services. Additionally, the development of renal care infrastructure is an important part of the company's strategy. This includes continuing to expand its network of dialysis clinics, for example. Fresenius Medical Care also has processes in place that allow patients' treatment to continue during crisis and emergency situations.

Home dialysis allows Fresenius Medical Care to expand the health care capacity, increasing the number of patients that can be treated by a dialysis clinic. In addition, by facilitating treatment for patients living in more remote regions, the business segment aims to widen its geographical reach and reduce patient travel.

Fresenius Kabi

Fresenius Kabi is committed to improving patients' quality of life. The business segment's product portfolio targets critically and chronically ill patients. It comprises a comprehensive range of I.V. generic drugs, infusion therapies and clinical nutrition products as well as the devices for administering these products. In the field of biosimilars, Fresenius Kabi focuses on autoimmune diseases and oncology. Within transfusion medicine and cell therapies, the business segment offers products for collection of blood components and extracorporeal therapies. With its comprehensive range of generics and biosimilars products, Fresenius Kabi provides access to modern, high-quality, and affordable therapies for patients. Generics and biosimilars are cost-effective alternatives to originator drugs. They help to lower the price of treatments and thus reduce the burden on healthcare systems, e.g., in the United States or in Europe. Further information is provided in the Group Management Report 2021 on pages 52 ff.

Fresenius Helios

Fresenius Helios' acute care hospitals, outpatient clinics and other health care facilities offer the full range of medical services. Our international hospital network enables Fresenius Helios to transfer knowledge between health care systems in Germany, Spain and Latin America with regard to affordable health care of high-quality, and with very high standards of service and patient experience. In 2021, this international network enabled an intensive knowledge exchange on the treatment of COVID-19 patients in order to improve treatment outcomes.

Fresenius Vamed

Fresenius Vamed is active worldwide in the planning and construction of healthcare buildings with the aim of serving patient health and improving access to healthcare services.

Fresenius Vamed also provides operational management services for acute and post-acute care facilities, prevention centers, and elderly care homes, as well as technical services with a focus on building, construction, and medical technology, sterile goods supply, information and communication technology, and infrastructure and business services. This enables Fresenius Vamed to provide access to high-quality medical care for a growing number of people.

Patient safety is directly dependent on the quality of the treatments, care, or products used and indirectly on the provision of operational management services. Fresenius Vamed's main goal is to give people around the world access to health care services at all levels of care.

PROGRESS AND MEASURES 2021

Product and service portfolio

There were no significant changes in the Fresenius Group's product and service portfolio in the reporting year 2021. Under the influence of the ongoing COVID-19 pandemic, the primary objective was to ensure patient care and access to our products, services and health care facilities.

Fresenius Medical Care

In 2021, Fresenius Medical Care provided home therapy to more than 54,000 peritoneal and hemodialysis patients globally. In 2017, the business segment set itself the goal of performing over 15% of treatments in the United States in a home setting by 2022. This goal was achieved in the third quarter of 2021 and the business segment set a new target in 2022. Globally, the number of its home dialysis patients increased by about 10,000. In the United States alone, Fresenius Medical Care educated more than 56,000 people living with chronic kidney disease or end-stage kidney disease about home dialysis options in 2021. The business segment did this with the support of more than 180 kidney care experts.

Fresenius Kabi

The business segment further adapted its activities to the requirements of the COVID-19 pandemic in the reporting year. Numerous elective or less time-critical treatments were again postponed in the hospital setting. Fresenius Kabi thus stepped up its efforts to secure the supply of healthcare facilities with drugs and medical devices for treatment of intensive care and COVID-19 patients. In addition, the business segment has adapted its activities, e.g., in distribution, to the respective specifications in place to control the spread of infection in the various countries. Through numerous webinars and online offerings, Fresenius Kabi has worked to educate healthcare professionals and patients with training and education on relevant topics such as inflammatory diseases, and clinical nutrition in the care of critically and chronically ill patients, cancer patients or chronic kidney disease patients.

Fresenius Kabi wants to be the preferred partner for physicians and caregivers responsible for the treatment of critically and chronically ill patients. To this end, the Fresenius Kabi Vision 2026 has been developed in the reporting year and adopted in the fourth quarter of 2021. Through Vision 2026 the business segment has defined an overarching direction for Fresenius Kabi with three well-defined growth vectors: broaden its biopharmaceutical offering, development and global roll out clinical nutrition, expand in MedTech, and build resilience in its volume-driven I.V. business. Information on Vision 2026 is provided on page 47 of the Group Management Report.

Fresenius Kabi is constantly expanding its product range to provide high-quality and affordable health care to more patients. The business segment is expanding product availability in established markets as well as in new and emerging markets and has launched new products in 2021.

Fresenius Helios

In 2021, Fresenius Helios closed the acquisition of the fertility service provider Eugin Group. Following closing of the acquisition, the company has been consolidated in the financial reporting since April 1, 2021, and will be integrated into the non-financial reporting as of 2022. Further information on Eugin Group is included in the Fresenius Group Annual Report on page 82. In 2021, the business segment conducted further strategic portfolio adjustments, which are also described in the Group Annual Report 2021, see page 82 of the Group Management Report.

The improvement of therapeutic measures based on clinical studies outcomes and the increasing use of telemedical services are explained in detail in the chapter Digital Transformation and Innovation on pages 141 ff. of this report.

Fresenius Vamed

Fresenius Vamed is one of the leading private providers of post-acute care in Central Europe, thus strengthening access to the relevant services, especially in the rehabilitation segment. In 2021, outpatient rehabilitation services were expanded. The outpatient offerings are easy to access and enable in-service utilization of medically necessary rehabilitation services. Existing facilities were expanded by therapeutic offers for additional indications. After numerous rehabilitation facilities were temporarily closed in 2020 due to the COVID-19 pandemic, business operations were largely uninterrupted in 2021. In order to ensure safe access to our health care services for our patients and employees in the wake of the COVID-19 pandemic, comprehensive prevention concepts were drawn up based on regulatory provisions, and measures were implemented and adapted in line with epidemiological developments. In addition, a Coronavirus Crisis Team, which meets regularly, has been installed to check the validity and application of existing preventive measures.

Patient support in crisis and emergency situations

As a health care Group, we have to be crisis-proof and respond flexibly in all areas: it is our task to enable unrestricted access to our services and seamless care for patients even under difficult conditions. To ensure this, we have established high-performance as well as resilient emergency systems and programs in our business segments.

Fresenius Medical Care

Fresenius Medical Care's goal is to continue to provide access to health care under difficult circumstances, for example in the case of a health crisis or natural disaster. The business segment has dialysis clinics in many regions of the world with diverse geographic, social, and economic conditions, serving a vulnerable population of patients who need regular dialysis treatment multiple times a week. To allow the business segment to continue treating its patients in extreme conditions, it has developed an emergency response system comprising regional disaster response teams. These teams seek to ensure that treatments continue under difficult circumstances. For example, in February 2021, a team assisted patients affected by extreme weather in Texas that caused a water shortage. More than 160 of the business segment's dialysis clinics were forced to temporarily close as a result, affecting about 5,000 patients. The disaster response teams brought in generators and water tankers to assist in getting clinics operational. Additionally, Fresenius Medical Care provided hospitals with dialysis equipment and supplies to help manage the surge of patients seeking treatment.

Furthermore, the business segment regularly tests the emergency response procedures to assess service safety and continues to donate funds, dialysis machines, and medical supplies to organizations that require support.

Fresenius Kabi

Fresenius Kabi has a crisis team for emergency situations which is summoned immediately after an event that could lead to a crisis occurs. The crisis team comprises members of the Management Board, key staff units, and other relevant functions of the business segment and initiates necessary measures, coordinates the company's activities, and monitors the measures initiated. Crisis situations are considered to be unforeseen events that may, e.g., have an impact on the company or the public. During the COVID-19 pandemic, the crisis team met to coordinate measures to ensure the supply of vital medicines to patients.

Fresenius Helios

In the hospital sector, there are legal requirements for how care is to be organized in the event of an emergency. Therefore, hospitals and health care facilities have dedicated emergency plans to respond immediately to incidents that might be critical for patients. These encompass, among others, evacuation plans, emergency systems in case of interruption of power or water supply, or plans to respond to impacts on local infrastructure, like flooding. Emergency power generators ensure that operations or vital therapies, such as artificial respiration, can continue even in the event of a power failure. In 2021, incidents occurred in Germany and Spain, such as extreme weather events, that impacted the respective local hospital infrastructure and patient care. Patients were not harmed by these events. Incidents were assessed, together with the local authorities, and necessary evacuation measures or remediation measures were implemented.

Fresenius Vamed

At Fresenius Vamed, a structured crisis management system takes immediate effect in critical situations. It comprises the Management Board, key staff units, and the management teams of the lead companies. The crisis team meets as soon as an incident becomes known and initiates all necessary measures. Like Fresenius Helios, Fresenius Vamed's facilities have emergency and outage concepts and crisis communication plans in place, which have been drawn up together with the local emergency units. Beyond that, Fresenius Vamed ensures all necessary prerequisites to ensure the safety of systems and infrastructure, not only for its own facilities but also for those hospitals, for which the company provides facility management services. These measures have increased the speed of response to individual COVID-19-related incidents and thus made it possible to provide facilities that were particularly affected with additional protective equipment. In 2021, the VAMED clinic Hagen-Ambrock was affected by the extreme weather situation in Germany. Our emergency plans were activated, and the local infrastructure was secured, for example by emergency power generators and submersible pumps. The care of our patients was thus ensured. In our other regions affected by extreme weather situations, no clinic operation was impacted.

Health care delivery during the COVID-19 pandemic

The COVID-19 pandemic again posed continued extraordinary challenges to the global health care system in 2021. For Fresenius as a health care Group and as a company with many employees and a great deal of patient contact, pandemic protection and prevention is essential. Emergency management plays a key role in this: it enables us to maintain the care of all patients in our health care facilities and ensure the supply of medicines. Based on the legal requirements and regulatory recommendations for the COVID-19 pandemic, our business segments implemented measures in response:

Fresenius Medical Care

In 2021, the fallout from the COVID-19 pandemic continued to present the business segment with extraordinary challenges. These were exacerbated by the fact that acute kidney injury is common in critically ill COVID-19 patients, and that patients have a high risk of complications should they contract the virus. Patients and staff entering dialysis clinics are screened for the virus and given personal protective equipment. Fresenius Medical Care also encouraged patients to get vaccinated. In addition, Fresenius Medical Care has set up isolation centers and treated more than 17,000 patients infected with COVID-19 in North America.

To broaden the contribution to the fight against COVID-19, the business segment donated € 250,000 to UNICEF to support its vaccination initiative in about 140 countries. UNICEF will put this money towards measures aimed at protecting teachers and medical workers against the COVID-19 virus. This in turn should support the care and education of children impacted by the pandemic. The business segment provided hundreds of acute dialysis devices and further supplies to hospitals for emergency treatment.

Despite the increased safety measures, it was able to continue producing and delivering life-saving products, even when operations and supply chains were hampered by global restrictions.

Fresenius Kabi

Demand for some of Fresenius Kabi's drugs and medical devices has increased significantly due to the COVID-19 pandemic. For example, the business segment saw an increased demand for its infusion pumps and respective disposables in 2021 and an ongoing high demand for clinical nutrition.

Fresenius Kabi reacted to this demand early, using all suitable capacities to increase production volume for these products. In addition, Fresenius Kabi's crisis team, which was set up at the beginning of the pandemic, is continuously coordinating the efficient manufacturing and supply of essential drugs needed for the management of critically ill COVID-19 patients. Fresenius Kabi continued its activities in response to the ongoing COVID-19 pandemic and adapted them to the changing environment. The focus in the reporting year, in view of the volatility of the procurement markets, was on supply capability in order to ensure the supply of vital medicines and medical devices for patients. The business segment closely monitored the availability of materials required for the manufacture of products to ensure the best possible availability, e.g., through increased inventories as applicable or higher safety stocks for selected raw materials essential for the production of products, as well as ongoing alternative supplier qualifications. In 2021, Fresenius Kabi was able to mitigate supply bottlenecks for sourced products and avoided significant effects on the supply of vital drugs and medical devices to patients.

Fresenius Helios

Measures taken at our Fresenius Helios' hospitals in 2021 were carried out in close, continuous consultation with the respective crisis team at Group level and the crisis teams or task forces of the clinics as well as the central and local hospital hygiene departments. As of March 2021, the numbers of intensively managed COVID-19 patients in the Helios hospitals dropped significantly and a return to normal operations was initiated. By mid-2021, elective procedures were suspended only in isolated cases, depending on the utilization of the respective intensive care unit by COVID-19 patients. In what was referred to as the fourth wave, the number of COVID-19 patients again increased noticeably from October 2021, with recognizable hotspots in the German states of Saxony and Bavaria. Here, elective operations had to be postponed again in isolated cases. Since June 2021, the number of COVID-19 patients in our German clinics has been published on the website of the business segment (German language). Further information is provided regarding the intensive care capacity and treatment of the patients.

In the reporting year, it was possible to draw on the experience gained in 2020 and adjust staffing and structural capacity depending on the pandemic situation. At Helios Germany, for example, the number of intensive care beds was increased again to over 1,300 at the start of the fourth wave in fall 2021, following a comparatively relaxed overall situation in the summer. Helios Germany cared for about 30,000 patients with a COVID-19 infection in 2021, more than 8,000 of whom required intensive care. About 5,000 patients died in our hospitals with or due to a COVID-19 infection.

At our hospitals in Spain and Latin America, more than 20,000 patients have been hospitalized in 2021. The mortality rate was 12% in 2021.

The use of social media to educate and inform about COVID-19 has been successful in Germany and Spain. For the German sites, Helios published messages on the pandemic, testing procedures and vaccinations, which were widely shared. Helios Spain uses its social media channel to provide written information or videos on the most urgent questions, like hygiene, vaccines, or even the impact on family life, as well as information regarding the impact on hospitals appointments and the availability of COVID-19 tests in our centers. Our dedicated hotlines were well received by the general public, and we again received a high number of calls.

Fresenius Vamed

For all managed and owned health care facilities, Fresenius Vamed created catalogs of measures in which the pandemic experiences in Austria, Germany, the Czech Republic, the United Kingdom, and Switzerland were collected; these catalogs are updated regularly. As a result, our health care facilities were able to remain open, subject to the respective regulatory requirements. The experience gained will continue to be incorporated into risk management in the future and will help Fresenius Vamed to continuously improve its processes and actions. Furthermore, a 24/7 information hotline as well as comprehensive and continuously updated information on the Fresenius Vamed intranet "Corona Infocenter" are available to Fresenius Vamed staff. In Germany and Austria, a small number of COVID-19 cases occurred in the nursing facilities, except for two facilities in Germany, where larger numbers of COVID-19 cases were reported.

The prevention measures, such as the 3G rule, testing offers for residents and employees, mandatory masks, access restrictions, etc., have been and are being implemented accordingly or adapted to the situation.

Please refer to the Notes to the Consolidated Financial Statements on pages 312 f. for further information on assistance programs provided by various governments in the form of reimbursement payments and funding in connection with the COVID-19 pandemic.

PATIENT AND PRODUCT SAFETY

OUR APPROACH

At Fresenius, our aspiration is: Ever better medicine for ever more people. In order to provide patients with the best possible care, we offer them medical treatments and products that meet our strict requirements for quality and safety. It is essential for the safety and well-being of our patients that we appropriately label our products, describe our services in a transparent manner, and provide all relevant information to patients or their relatives in our health care facilities. For health care professionals, relevant information on pharmaceutical products or medical equipment is provided through dedicated communication channels, for example websites, and trained experts from our business segments.

We have established sophisticated and efficient processes in all business segments that are fully geared toward the safety of our patients. In the area of quality management, we monitor, manage, and improve these processes with performance indicators. Each individual business segment adapts its **quality management system** and sets priorities according to its respective business model. Our quality management systems meet and are based on various standards or are adapted to them. International standards such as ISO (International Organization for Standardization) and GMP (Good Manufacturing Practice) are particularly important for our production facilities. Our hospitals and health care facilities measure the quality of patient care using various indicators. Each of the four business segments is subject to specific regulatory requirements and standards, depending on the business activity and the market.

We use different applications to check our quality management systems, depending on the business segment and business activity. We use externally provided IT systems as well as self-developed applications. All units are subject to regular external and internal audits. Peer reviews in hospitals are carried out if the internal quality targets are not met. We report on the evaluation and outcome of audits for each business segment.

Training courses for our employees, which are an essential part of guaranteeing the safety of our patients and products, are an important component of our quality management systems.

By offering regular training on a global, regional, and local level, **Fresenius Kabi** ensures that employees are aware of all aspects of the quality management system that are relevant for their daily work. For more information on quality management training at Fresenius Kabi, see the Employee Development section starting on page 168.

Helios Germany has three simulation and emergency facilities in Erfurt, Krefeld and Hildesheim. Among other things, surgical procedures or crisis scenarios in the operating room are trained here. In addition, such training courses take place in the clinics directly. In the fields of emergency medicine, anesthesia, intensive care medicine, and obstetrics, decisions on the content and number of participants in the mandatory training courses are based on resolutions of the respective specialist groups. **Helios Spain** continuously provides training on patient safety, on its quality management systems and on topics that are essential in hospital routine. In 2021, 14 sessions or courses were conducted in the hospital network. The exchange of knowledge among the hospital network has been promoted through inter-hospital clinical sessions that now cover several medical fields such as gynecology and obstetrics, pediatrics, and internal medicine. In addition, clinical sessions have been held on several patient safety topics: best patient safety practices in the surgical block, preventing adverse events in the insertion and management of venous access, patient falls prevention, medical record and informed consent completion requirements, transforming the patient safety culture of the hospital through the Joint Commission International accreditation process, and evidence-based safety improvement practices.

Fresenius Vamed's quality management officers also regularly conduct legally required training courses and quality management training courses. In addition, Fresenius Vamed plans and conducts in-person and online training courses on a wide range of topics.

Further information on employee training can be found in the Employee Development chapter on pages 165 ff.

Organization and responsibilities

All Fresenius employees must ensure that the applicable quality and safety regulations are always applied in their areas of responsibility. The employees in the production facilities, outpatient centers, and hospitals have a special obligation to exercise due care. The organizational structures are adapted to the requirements of the individual business segments.

Policies and regulations

All four business segments comply with the applicable laws within the framework of quality management. This includes the EU legislation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Restriction of Hazardous Substances (RoHS), the Medical Device Regulation (MDR), and the Code of Federal Regulations (CFR) of the U.S. Food and Drug Administration (FDA), among others.

In addition, the business segments have developed their own comprehensive guidelines. Furthermore, they have voluntarily committed to complying with a wide range of industry obligations and international standards.

Certifications and commitment

Our commitment to patients' health and well-being in the business segments is reviewed and certified by external partners or regulatory bodies. We are continuously expanding the number of sites certified to ISO 9001 standard, applicable international acknowledged care or hospital standards or quality standards provided for centers of expertise for certain areas of treatment. Not all locations have the same scope of certifications. However, at the very least they adhere to internal quality standards, which are subject to applicable regulatory provisions.

Quality principles or standards applied in addition to the internationally acknowledged ISO 9001 are, among others,

- the methodology of the Initiative for Quality Medicine (IQM), the model EFQM, the standards of the Joint Commission International (JCI), and the Spanish UNE, for health care facilities, and
- Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), Guideline on Good Pharmacovigilance Practices (GVP), Medical Device Regulation (MEDDEV; MDR), the Code of Federal Regulations (CFR) of the U.S. Food and Drug Administration (FDA), and the ISO 13485 quality management standard for medical devices in our production business of Fresenius Medical Care and Fresenius Kabi.

In 2021, further locations were added to ISO 9001. Due to the COVID-19 pandemic, certifications at Helios Spain planned for the 2020 reporting year were started in the first quarter of 2021 and successfully finalized in March 2021.

The Fresenius Group quality management approach is controlled by internal specialists or dedicated functions within the business segments. Relevant data is reviewed regularly, for example daily. If deviations occur, our specialists initiate root cause analyses or peer reviews; they evaluate deviations and, if necessary, determine corrective or preventive actions. Regular internal audits and self-inspections, at least annually, often at higher frequencies, support data verification and management approaches, for certified and non-certified entities. Thus, we ensure that patient health activities comply with internal guidelines and regulatory provisions. The overarching ambition is to improve the efficiency and coverage of our quality management systems and, ultimately, the credibility of the procedures and systems in place.

Following a risk-based approach, **Fresenius Medical Care** carries out internal audits at least once a year at each of its production sites. The business segment assesses its quality management systems against internal and regulatory standards. Internal quality audits at the local sites help the business segment determine the effectiveness of these systems. The consolidated quality management system is certified according to ISO 9001 and ISO 13485. Fresenius Medical Care also completed the Medical Device Single Audit Program (MDSAP) for this system. The production sites are subject to regular external quality audits and reviews in accordance with local requirements. Audits are carried out according to the Good Manufacturing Practice (GMP), the Current Good Manufacturing Practice (cGMP), ISO 9001, ISO 13485, or MDSAP. In 2021, 74% of the production sites managed by the Global Manufacturing, Quality, and Supply division were certified to ISO 9001/13485.

Fresenius Kabi's quality management system is organized in accordance with the ISO 9001 standard and is binding for all organizations of the business segment. Compliance with the standard is reviewed by TÜV Süd in annual audits at a global level and covers 102 Fresenius Kabi organizations through a matrix certification; further organizations hold local ISO 9001 certificates. In addition, numerous manufacturing plants are also certified according to ISO 13485 for medical devices as well as GMP.

Helios Germany applies the German Inpatient Quality Indicator (G-IQI) management system in all German clinics. Newly acquired entities are integrated into this management system from the start of the acquisition. Further certifications encompass the acknowledgment as centers of medical expertise, e.g., for oncology, diabetes, endoprosthetics, or others.

Helios Spain gears its quality management toward the requirements of recognized international quality standards. All hospitals and centers are certified according to ISO Standard 9001 and continued to be certified according to the Spanish Association for Standardization, UNE. New acquisitions conducted in 2021 will be included in the certification in 2022. 33% of the hospitals are additionally certified under the quality standard UNE 179003. In 2021, 4 further hospitals were awarded the international certification UNE 179003, a total of 16 hospitals for the reporting year (2020: 12; 24%). 11 hospitals are also already certified to UNE 179006, the standard for infection control (2020: 8). In addition, we have 12 assisted reproduction units certified with UNE 179007.

In 2021, two further hospitals were included in the JCI certification. In total, five hospitals (including clinics in Latin America) are accredited with JCI and four hospitals with the European Foundation for Quality Management (EFQM) standards. Fundación Jiménez Díaz was the first hospital in the world to receive the EFQM Global award. The hospital has obtained more than 750 points, which also gives it the EFQM 7 Stars seal, the highest score for this standard.

Fresenius Vamed aligns its internal processes to established quality standards such as ISO 9001, the sector-specific standard EN15224 for quality management in health care, and ISO 13485, as well as the EFQM standards. In addition, Fresenius Vamed has certified several health care facilities according to international standards such as JCI, ISO, or the German QMS-REHA (BAR). All inpatient rehabilitation facilities in Germany must be certified in accordance with a procedure recognized by the Federal Association for Rehabilitation (Bundesarbeitsgemeinschaft für Rehabilitation e.V. – BAR). All certifications form the basis for the continuous improvement of the processes at Fresenius Vamed.

Evaluation

With regard to patient health and safety in all business segments, breaches or violations that lead to deviations from internal management provisions have to be evaluated. Resulting corrective and preventive actions aim to ensure our patients' health and safety. Information on the identification of deviations and examples of possible deviations can be found in the following reporting on the business segments.

FRESENIUS MEDICAL CARE

Patient well-being is top priority. As part of the business segment's commitment to delivering safe, high-quality care to patients with chronic illnesses, it continually monitors the performance of its products and services. The focus is on quality, safety, accessibility, and patient experience. Fresenius Medical Care makes further improvements where necessary, keeping in mind the goal to expand access to high-quality health care. The business segment invests in innovations and new technologies, and leverage insights from scientific research and collaboration with partners.

Fresenius Medical Care develops, produces and delivers a broad range of products for treating kidney disease. With its network of production sites around the world, the company controls the procurement, production, distribution, and supply of renal and multi-organ therapy products. The business segment manages quality and safety in its product business over the entire product life cycle, from design and development, to operation and application.

Organization and responsibilities

The Global Medical Office drives the medical strategy and coordinates activities related to the advancement of medical science and patient care. It is part of the business segment's network that promotes scientific and medical progress worldwide. The Global Medical Office is led by the Global Chief Medical Officer who is also a member of the Management Board of Fresenius Medical Care. Key findings of the Global Medical Office are reviewed by dedicated committees. They are published on a regular basis and shared with the medical community.

The Global Research and Development and the Global Manufacturing, Quality, and Supply divisions are responsible for the product business of Fresenius Medical Care. The functions report directly to the Management Board of the company.

Internal rules of conduct and guidelines

Fresenius Medical Care's commitment to continuously improve the quality of care is included in their Code of Ethics and Business Conduct. The Global Patient Care Policy outlines the principles, responsibilities, and processes related to patient experience surveys and grievance mechanisms. In 2021, a chapter on medical strategy and quality management was included in this policy. Responsibility for integrating the policy into operations lies with senior medical leadership and the interdisciplinary patient care teams in each of the regions.

The Global Quality Policy outlines the company's commitment to product and service quality. The policy also covers the obligation to comply with relevant regulations, and maintain environmentally sound and efficient operations. It is the basis for regional quality manuals and further policies covering responsibilities, training, risk assessments, and audits. The Management Board is regularly informed about the global quality performance.

Over the past few years, Fresenius Medical Care has merged the quality management systems in Europe, Middle East, and Africa, Latin America, and Asia-Pacific.

Patient information

Fresenius Medical Care treats patients across the full spectrum of chronic kidney disease. The company believes listening to their therapy preferences is critical. The company aims to give patients an informed choice and provide treatment options that best fit their circumstances. Home dialysis provides patients with the opportunity for greater independence and control over their time and health outcomes.

Our ambitions

Fresenius Medical Care has set itself the goal of implementing a global quality management system by 2024. Additionally, the IT tool for audit management has already been harmonized globally, and the company plans to introduce a global electronic training system by 2024.

Fresenius Medical Care has defined its first global KPI for quality of care – the global hospitalization rate. It measures the length of time a patient spends in hospital.

Fresenius Medical Care is also planning to develop a quality index focusing on the most relevant quality indicators to reflect improvements and achievements related to global patient care.

Having recently achieved the internal NPS target, the business segment is now aiming for a NPS score of at least 70.

Progress and measures 2021

Fresenius Medical Care works with external organizations to facilitate scientific progress and explore new ways of improving quality of care. In 2021, the business segment was involved in more than 60 key partnerships with academia, research institutes, and peers. Focus areas included cardio-protection, personalized and precise medicine, public health, and the impact of COVID-19 on vulnerable patient populations.

Evaluation

During the COVID-19 pandemic, Fresenius Medical Care has worked to keep the clinical care environment as stable as possible and deliver a high quality of care. Further information is provided on the company's website, see the Sustainability section.

Quality analyses

Fresenius Medical Care continually measures and assesses the quality of care provided in its dialysis clinics based on generally recognized quality standards and international guidelines. These include those of the global nonprofit Kidney Disease: Improving Global Outcomes, the Kidney Disease Outcomes Quality Initiative, and European Renal Best Practice. The business segment also considers industry-specific clinical benchmarks and its own quality targets.

Additionally, Fresenius Medical Care evaluates a set of medical indicators on an ongoing basis to measure the quality of care provided in its dialysis clinics. The global hospitalization rate measures the length of time a patient spends in hospital. In 2021, the global hospitalization rate was 10.7 days per patient. This is an important indicator, given hospitalization has a significant impact on a patient's quality of life. It also reflects the business segment's impact on the respective health care system, which is especially relevant during the ongoing pandemic. Other quality of care KPIs are currently measured on a regional level as Fresenius Medical Care continues to harmonize these criteria.

Patient satisfaction

As part of the global patient experience program, Fresenius Medical Care aims to conduct patient experience surveys at least every two years. The business segment uses the information collected to evaluate the services provided by its dialysis clinics and implement global improvement processes. Fresenius Medical Care's goal is to establish measures that enable more personalized care and improve the quality of services. Based on the results of the 2020 survey, in 2021 the business segment sharpened its focus on improving patient education, individualized patient care, and service excellence. For example, the business segment developed patient education material to help clinic staff better inform their patients about health-related topics.

Fresenius Medical Care measures patient experience and customer loyalty using the Net Promoter Score (NPS). The NPS reflects patients' overall satisfaction with the services. In 2021, the NPS was 71, compared with 67 in 2020. The increase can be attributed to comprehensive local improvement measures, such as those mentioned in the paragraph above. In line with the mission to provide a future worth living for the patients, the business segment is continuously working toward improving patients' experience. As part of the NPS calculations, the percentage of patients is measured that would recommend Fresenius Medical Care. In the reporting year, 78% of the patients answered in the survey that they would highly recommend the services.

In addition to the NPS, Fresenius Medical Care also tracks survey coverage and response rates. In 2021, a global coverage rate of 91% was achieved, in line with the target of 75% or above. In 2021, the response rate was 75%.

Patient grievance processes

In addition to the experience survey, Fresenius Medical Care provides patients and their representatives with other feedback channels. They can use these to make any suggestions or raise concerns, anonymously if they wish. Channels include dedicated hotlines and email addresses, complaint and suggestion boxes, and a feedback form on the company website. The business segment is committed to resolving any issues in a timely manner.

In the reporting year, the company received 24,449 patient reports through local feedback channels.

The business segment's policies allow patients to report grievances without fear of reprisal or denial of services. In most regions, concerns that are dealt with on the spot are not considered grievances. Fresenius Medical Care provides training to support staff in following patient grievance guidelines.

Handling product complaints

Post-market surveillance is an integral part of quality management. It is essential that products and services are effective and reliable, and pose as low a risk as possible to patients. Standards for planning, conducting, and monitoring clinical studies help to enhance product quality and safety and improve patients' health. Should any issue arise concerning the safety of our products, Fresenius Medical Care takes corrective action. This could include publishing further information and data on the product after market introduction, or product recall.

Fresenius Medical Care strives to comply with legal and regulatory requirements in monitoring the adverse effects of drugs – also called pharmacovigilance – and medical devices. The business segment collects and reviews adverse events and product complaints. The company has incorporated the topic of reporting adverse events and product complaints in its Code of Ethics and Business Conduct.

Audits

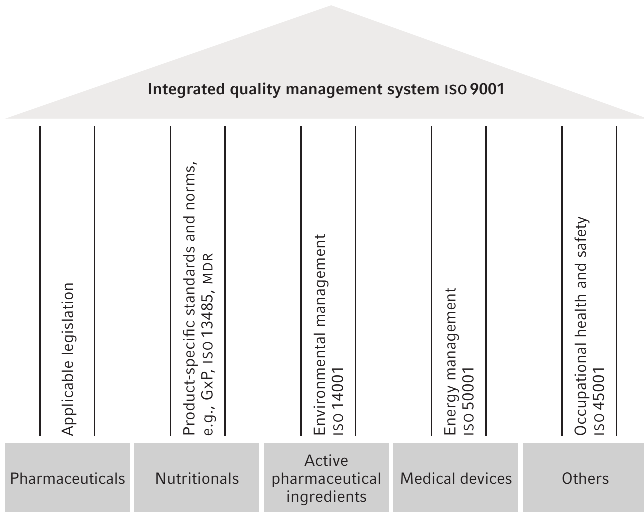
Fresenius Medical Care has defined key performance indicators to monitor its quality objectives and prevent adverse events. The company discloses the audit score, which indicates the ratio of major and critical findings to the number of external audits. In 2021, more than 50 certification audits were performed at productions sites that are managed by the Global Manufacturing, Quality, and Supply division. The audit score was 0.1 (2020: 0.2). Fresenius Medical Care targets an average global audit score not exceeding 1.0 to maintain the effectiveness of its quality management systems and certifications. All audit findings are documented and escalated depending on their criticality and are used to determine and implement appropriate corrective and preventive measures.

FRESENIUS KABI

Fresenius Kabi's corporate philosophy "caring for life" describes the company's commitment to improving the quality of life of its patients. The quality and safety of its products and services is therefore of paramount importance to the business segment. An important goal of the quality management at Fresenius Kabi is to monitor the applicability, efficacy, and safety of products and services, as well as the success of therapies, and their continuous improvement. To ensure this, the company has established an integrated quality management system, a monitoring and reporting system, and product risk management.

Fresenius Kabi has global standard operating procedures as well as a quality management manual that includes, among other things, the company's quality policy, which also applies to all sites. The business segment uses a global electronic quality management system, KabiTrack, based on the Trackwise® software, for event and change control of quality management processes. The system supports the local implementation of centrally defined processes as well as global oversight.

INTEGRATED QUALITY MANAGEMENT FRESENIUS KABI



Organization and responsibilities

At Fresenius Kabi, the globally responsible quality managers report directly to the respective member of the Management Board. The members of the Management Board are directly responsible for quality management. They attend quality oversight meetings and receive quality reports on a regular basis.

Policies and regulations

Fresenius Kabi has defined the following principles for its quality management:

- Clear assignment of responsibilities
- Qualification and continuous training of employees
- Monitoring of product and patient safety
- Transparent and documented processes and procedures
- Fulfillment of regulatory compliance
- Continuous improvement
- Checking of quality management effectiveness

Monitoring and reporting systems

Fresenius Kabi interacts with patients, users, and customers in the provision of products and services, and monitors the applicability, effectiveness and safety of its products on the market. Further, the business segment monitors and evaluates relevant information and feedback on the products, services, and therapies during their use. Fresenius Kabi has set up monitoring and reporting systems, e.g. a vigilance system, and a product risk management system covering all regions worldwide, in order to be informed and deal with product quality and patient safety issues in a timely manner. These early-warning systems are designed in such a way that trained complaints and safety officers worldwide record complaints and side effects in IT systems and forward the respective information to experts for review.

Product risk management

Global safety officers react promptly and appropriately to potential quality-related issues. They initiate and coordinate necessary actions, such as product recalls, on a global level. With its early-warning system, Fresenius Kabi evaluates any quality-related information from various risk areas to identify risks early and take corrective and preventive actions. Information is obtained from databases for complaints and side effects, internal and external audits, and from key performance indicators used for internal control and optimization of quality processes. With these systems, Fresenius Kabi can evaluate the safety profile of any of its products at a global level continuously.

Product recalls, for example, are initiated as a risk-minimizing measure in cooperation with the responsible regulatory authority. At the same time, the cause of the recall is analyzed. Where necessary, corrective measures are taken to prevent the cause of the recall in the future.

Labeling and product information

Fresenius Kabi's products are classified, e.g., as pharmaceuticals, nutritional products, active pharmaceutical ingredients, or medical devices, based on global and national regulations and standards. The marketing of these products is subject to various laws and regulations to ensure complete and fact-based product information. Fresenius Kabi has a global policy and global standard operating procedures for its product information to ensure that it is in accordance with applicable laws and regulations and that the product information is correct, accurate, and not misleading.

The products of Fresenius Kabi are also subject to certain labeling requirements. The labeling of the products is checked as part of the regular pharmacovigilance activities – e.g., compliance with laws relating to side effects of medicinal products – and updated if necessary. For example, product labeling is updated if competent authorities, e.g., the Pharmacovigilance Risk Assessment Committee (PRAC) of the European Medicines Agency (EMA), publish relevant information. The dedicated function at Fresenius Kabi uses an electronic management system for product labeling or any printed packaging material to manage the information necessary for labeling and to ensure correctness. The requirements of the European Falsified Medicines Directive or the U.S. Drug Supply Chain Security Act (DSCSA) lead the way in this context. Fresenius Kabi takes into account their specifications and has introduced appropriate processes for serialization, testing, and traceability for the relevant products. Further information on transparency in health care can be found on page 185 f. of this report, section Compliance.

With the help of its vigilance activities, Fresenius Kabi ensures that the patients' safety of its products is always guaranteed: In this way, the company can identify any changes in the benefit risk ratio of its products at an early stage and reacts in a timely manner. Fresenius Kabi's Corporate Safety Officer is responsible for the global vigilance system. This function ensures that the company can respond quickly to safety-relevant events. Fresenius Kabi promptly informs its customers and the public about matters concerning product and patient safety; this may be done directly or through appropriate public relations, if applicable.

The new requirements for medical devices as a result of the Medical Device Directive (MDR) issued by the EU in 2017 came into force on May 26, 2021. Thus, the focus on patient safety was significantly tightened for all medical devices on the European market, including the requirements for respective vigilance systems. Fresenius Kabi has adapted its processes in accordance with the new regulation. For example, Fresenius Kabi integrated the shortened reporting timelines to the responsible authorities into its internal processes.

Our ambitions

At Fresenius Kabi, the application of the highest possible quality and safety standards, the efficacy of products and services, and the adherence to regulatory assessment and compliance requirements, are essential conditions to support the business segment's goal: to ensure its long-term success. Fresenius Kabi continuously promotes a quality and safety culture and aims to ensure compliance with increasing regulatory requirements and expectations of regulatory bodies in an effective manner.

Progress and measures 2021

In the reporting year, the management approach and governance structure of Fresenius Kabi remained as reported in 2020. Progress focused on implementing the requirements of the EU Medical Devices Directive (MDR), which has been in force since 2021.

Evaluation

Fresenius Kabi assesses the health and safety impacts of all significant product and service categories. Further, Fresenius Kabi aims to assess products for improvement potential. Further information is provided in the R&D section in Group Management Report on pages 52 ff..

Vigilance system

The monitoring of adverse reactions or events (side effects) associated with the use of medicinal products is referred to as pharmacovigilance (drug safety). The statutory pharmacovigilance commitments relate to our medicinal products for human use. Similar regulations exist for medical devices. Fresenius Kabi has established various standard operating procedures for the continuous monitoring of the benefit-risk ratio of its own products and assesses their successful implementation based on specific indicators.

- Fresenius Kabi collects and assesses reports about individual side effects and reports them to health authorities worldwide in accordance with regulatory requirements. The business segment claims to submit all safety reports in accordance with the applicable regulations and therefore strives to report 100% of the Individualized Case Safety Reports (ICSRs) to the authorities in time. For 2021, the worldwide compliance rate was 99.6% (2020: 99.9%). In Europe, in 2021 99.6% (2020: 99.5%) of all adverse reactions were reported to the European Medicines Agency (EMA) in due time.
- In addition, Fresenius Kabi regularly evaluates the benefit risk ratio of its products based on safety-related information from various sources (e.g., adverse event reports, medical literature). The results of these analyses are submitted to authorities as periodic safety reports. Fresenius Kabi aims to submit all periodic safety reports worldwide to authorities in due time. For 2021, the compliance rate was 98.9% (2020: 99.6%). In Europe, 98.8% of all periodic safety reports were submitted in due time to the EMA in 2021 (2020: 98.6%).
- According to regulatory requirements, Fresenius Kabi, as a pharmaceutical company, is obliged to describe its vigilance system in a Pharmacovigilance System Master File (PSMF). Fresenius Kabi uses a global database to collect and evaluate vigilance data on a quarterly basis from all local marketing and sales units for the PSMF. The goal is to receive timely data from all marketing and sales units worldwide. This is documented in the company's vigilance system. For 2021, the compliance rate was 100% (2020: 100%).

In addition to the timely evaluation and reporting of single side effects to authorities, cumulative evaluations on side effects are carried out to guarantee the safety of our products (signal detection). These include important events, e.g., reports about side effects with a fatal outcome to evaluate if new information is available about a known side effect profile or a new side effect of a product leading to a changed risk profile. No such information became known in the reporting year about side effects of the business segment's products.

Audits and inspections

Fresenius Kabi regularly conducts internal quality audits to ensure the effectiveness of the quality management system and compliance with internal and external standards and requirements. The suppliers related to product manufacturing are subject to a qualification process based on the relevance of the delivered material or service. Also, the supplier's qualification and their recertification is regularly audited. Inspections by regulatory authorities and audits by independent organizations and customers are performed along the entire value chain at Fresenius Kabi. Fresenius Kabi promptly takes steps to deal with any weaknesses or deficiencies discovered during inspections.

The external audits and inspections in the reporting year comprised a total of 30 inspections (2020: 21) regarding Good Manufacturing Practices (GMP) by the U.S. Food and Drug Administration (FDA), the Australian Therapeutic Goods Administration (TGA), Canada Health, European regulatory authorities, and Quality System audits from TÜV Süd (notifying body for ISO 9001).

AUDITS AND INSPECTIONS

	2021	2020	2019
Internal audits	**58**	42	60
External audits and inspections	**94**	59	64

Based on the respective observations, an audit and inspection score is calculated. The score is calculated by addition of the number of critical and major observations identified during GMP inspections by the authorities mentioned above and the number of non-conformities identified during TÜV Süd ISO 9001 audits, divided by the overall number of inspections and audits; critical observations, if any, or certification status withdrawal are weighted with a multiplier compared to major observations. The audit and inspection score was 1.9 in 2021 (2020: 1.3)[1]. Observations have been and will be addressed by corrective and preventive actions (CAPAs) and effectiveness checks have been and will be defined. The observations neither impacted the GMP certification nor the ISO 9001 certificate.

In 2021, no events with a material adverse impact were recorded that conflict with our quality management goals.

FRESENIUS HELIOS

Helios Germany has developed a quality management system based on three pillars: Measure, Publish, Improve, used by around 500 hospitals in Germany and Switzerland. This quality management system is based on administrative data (routine data) from patient treatments: the hospitals document each treatment step for later billing with the health insurance companies. This routine data shows whether the healing process took longer than expected, and whether complications or even a death occurred. It also indicates whether a treatment took a normal course; if mistakes were made, they are reviewed in specific audit procedures (peer reviews). Defined **quality indicators** (German Inpatient Quality Indicators – G-IQI) are used to measure and monitor the quality of medical outcomes, which are published. This data allows patients to see, among other things, how often certain treatments are performed in Fresenius Helios hospitals. It also gives patients important information on the doctors' experience and routine and helps inform their own decisions about their treatment. Thanks to its quality and risk management, Helios Germany can continuously monitor key quality parameters and, if necessary, take countermeasures at an early stage.

In Spain, Fresenius Helios implemented the IQI methodology at the end of 2017 in all its hospitals. Since then, 45 indicators have been systematically monitored, first on a quarterly basis, and since 2021 on a monthly basis.

[1] For the calculation of the audit and inspection score, Fresenius Kabi takes into account all information on findings from audits and inspections received by the company before December 31, 2021.

Organization and responsibilities

At Fresenius Helios, the medical director has direct responsibility for patient and product safety and a Patient Safety Officer position has also been created. Helios Germany's central medical services and medical specialist groups help to implement appropriate measures. The leading physicians in various fields from all Fresenius Helios hospitals in Germany come together to form specialist groups. They ensure that the knowledge of their medical specialty is anchored in all hospitals and represent their respective medical fields internally and externally. They also advise and decide on the introduction of standard processes, sensible innovations, campaigns, and the introduction of medical products.

In Spain, the organization has been reinforced with the creation of a new Corporate Operations department, focused on improvements in the provision of therapies and health services and the design and marketing of new digital products in the ambulatory setting. The Corporate Risk unit has also been created in order to improve risk management in the company.

Helios Germany and Helios Spain's specialist groups exchange ideas and information on specific topics. For example, the German hospitals benefit from Helios Spain's close networking of outpatient and inpatient care – and can take advantage of these experiences.

Policies and regulations

Helios Germany has built on the numerous measures introduced in the past, to increase patient safety. Two checklists are mandatory for all surgeries in Fresenius Helios' clinics. The "PRÄ" checklist assesses the risks associated with the surgery before it takes place. The second checklist, "PERI", helps to avoid treatment errors immediately before, during, and immediately after the surgical procedure.

Since 2020, these measures have been supplemented by increased hygiene requirements due to the COVID-19 pandemic. For this purpose, the existing hygiene concepts have been adapted to the changed regulatory provisions.

In 2021, the Corporate Patient Safety Committee at Helios Spain continued to develop and implement clinical best practices. The committee consists of members from various hospitals, including clinics in Latin America. The committee has remained active throughout the pandemic, not only advising the hospitals on COVID-19 management, but also developing new strategic patient safety protocols and updating them in 2021. The existing Patient Safety Strategy developed by this committee will be updated in 2022. It is based on principles such as those of the World Health Organization (WHO) and the JCI.

Hygiene management in hospitals

The aim of Fresenius Helios' hygiene management system is to avoid infections within the hospital and to quickly prevent them from spreading when they do occur. Hygiene management focuses on close monitoring of infections and pathogens, regular hygiene training for hospital staff, for example on correct hand disinfection, monitoring antibiotic consumption, and training physicians as **antibiotic stewardship (ABS) specialists**. The implementation of and compliance with hospital hygiene measures in the clinics is accompanied and monitored by our specially trained staff – hygiene specialist nurses, hospital hygienists and hygiene officers. The Helios Group hygiene regulation is binding for all employees in all clinics. It is based on the evidence-based recommendations of the Robert Koch Institute (RKI) and prescribes, among other things, hand disinfection – especially before and after contact with patients – for physicians, nurses, medical staff, and other personnel, in accordance with the guidelines of the World Health Organization (WHO).

The clinics monitor their **hygiene status** continuously and transparently: every six months, Fresenius Helios publishes figures for each clinic on the occurrence of the three most important multi-resistant and infection-relevant pathogens. The reporting for 2021 is delayed to the first half of 2022 due to the impacts caused by COVID-19.

In 2020, Helios Spain started encouraging all hospitals to appoint a medical officer to manage infection control and prevention measures. In 2021, 50% of the hospitals had an epidemiologist to manage infection prevention and control within the hospital. Other hospitals had at least one professional specialized in infection control from other specialties (internal medicine, intensive care) who manages this area.

Patient information

Fresenius Helios provides information to its patients within its hospitals about the patient admission process with the help of the treatment contract, as well as special information documents and privacy statements. The therapeutic objective is discussed with patients during admission and discharge discussions with the treating physicians. Fresenius Helios communicates via an online magazine, social media, its website, and in its communication campaigns for the interested public. In addition, information events on specific medical topics are held in all hospitals (known as patient academies). Further details on transparency in health care can be found on pages 185 f. of this report, section "Compliance".

Our ambitions

Helios sets company goals to measure the quality of treatment in its hospitals, using the E-IQI methodology in Spain and the G-IQI methodology in Germany. Each hospital treatment (case) is evaluated by making use of comparative measurements, with the benchmark being the German national average as calculated by the Federal Statistical Office or comparable national benchmarks in Spain. The target is in each case to be better than the national average for the respective indication. Further quality targets in our hospitals in Spain relate to patient satisfaction and are measured via the NPS, among other methods.

Progress and measures 2021

In the reporting year, the management approach and the governance structure of Fresenius Helios remained mainly as reported in 2020.

The IQI methodology will be extended to the clinics in Latin America. In addition to the implemention of the necessary medical and patient data base, the medical documentation will be improved to gather the data relevant to calculate the IQI development.

As an additional tool for improving patient safety, the Corporate Committee on medical liability claims has been reorganized so that medical directors of the hospitals can now participate, in order to improve the healthcare risk management in the hospital network.

A specific policy to enhance the early diagnosis of sepsis was launched in 2021 at our Spanish hospitals. Also, to assist in its deployment, two training videos have been developed using real cases of patients with sepsis, to reinforce the key points that have to be taken into account in order to quickly identify this time-dependent pathology.

Evaluation

Fresenius Helios assesses the health and safety impacts of all significant treatment or service categories for improvement potential.

In order to ensure that all physicians working at a hospital in Spain perform clinical acts for which they have demonstrated competence, a model has been defined to validate these competencies and accredit the professional to perform the corresponding acts and procedures. This model has been included in a corporate policy that also defines the monitoring of physicians´ complication rates through the minimum basic dataset (MBDS).

Evaluation of the quality of outcomes

For Fresenius Helios, the quality of medical outcomes is key. Helios Germany has defined specific targets for 47 (2020: 45) key quality indicators, including, for example, the frequency of interventions and their results. Helios Germany's results are expected to be better than the German average. The year 2021 was as the previous year exceptional for hospitals and was dominated for long periods by the pandemic and the treatment of COVID-19 patients.

In Germany, Helios achieved a total of 43 of its 47 Group targets in 2021. This corresponds to a quality target achievement of 91% (2020: 89%). In 2021, there were around 17% less patients in the clinics than in the pre-COVID-19 year 2019. Many patients stayed at home at the beginning of 2021, because of the nationwide restrictions and the cancellation of surgeries in hospitals in spring. In the second quarter, the number of patients started to increase again at our German locations.

Helios Spain has introduced quality indicators that correspond to Germany's G-IQI. The results are also compared with the goals of the IQM network. Each hospital publishes its results quarterly, and since 2021 monthly, in a central IT system. This allows individual hospitals to check whether they deviate from the standards set.

The competence gained through the research into COVID-19 and the improved diagnostics related to the infection also led to an improvement in the overall treatment in our Spanish hospitals. Earlier diagnosis, better knowledge of its management and the impact of vaccination, have resulted in less virulence of the illness, less use of intensive care beds and a lower mortality rate. Thus, throughout 2021, the mortality rate of those hospitalized by COVID-19 in Spain has fallen to 11% compared to 15% in 2020, which reached 17% in the first wave in spring 2020.

Helios Germany uses reporting and learning systems for critical events and near-misses of patients in all hospitals (Critical Incident Reporting System – CIRS). In 2021, a total of 576 events were reported in Germany (2020: 458), which were evaluated at the respective clinic level. The central consolidation and analysis of the CIRS data was further rolled out in 2021. In this way, risks relevant for the overall business segment are identified and remediation measures implemented.

At Helios Spain the clinics report patient safety incidents including near misses. In 2021, a total of 8,480 incidents were reported in 2021 (2020: 4,897). At Helios Spain we actively encourage the reporting of incidents, including hazardous (or "unsafe") conditions and near misses, as a way of promoting patient safety.

In the interests of transparent error management, Fresenius Helios handles and settles its liability cases itself as far as possible instead of handing them over to an insurer. As a result, we analyze these cases intensively and learn from them. In addition, Helios Germany developed a tool for use in 2021 that automatically queries preventive measures, which, in the event of a confirmed treatment error, will initiate a central review of the usefulness of the respective preventive measures.

HELIOS QUALITY INDICATORS

Germany	2021	2020	2019	2018	2017
Key indicators, total	**> 1,500**	> 1,500	>1,500	>1,500	>1,500
G-IQI-targets	**47**	45	46	46	45
Targets achieved	**91%**	89%	96%	89%	98%
Peer reviews	**7**	8	60	55	69

Further information (German language only):https://www.helios-gesundheit.de/qualitaet/

Patient satisfaction measurement and grievance processes

The business segment uses the Helios Service Monitor to measure the satisfaction of inpatients in its German hospital locations once a week. Employees conduct short interviews on care and service. The information is collected anonymously. The management of the hospital and other authorized persons receive the monthly survey results. This makes it possible for necessary improvements to be introduced quickly. In addition, Helios Germany publishes the results of patient surveys, further data on medical treatment quality, and hygiene figures on its corporate website www.helios-gesundheit.de, see Qualität bei Helios (German language only).

In Spain, Fresenius Helios uses the net promoter score (NPS) to get specific feedback from patients who have been treated as inpatients, outpatients, or in emergencies. 48 hours after a hospital stay, an e-mail is sent to patients asking if they would recommend the hospital and its services. The results are analyzed centrally for Helios Spain and at a hospital level by type of treatment and treatment area. The goal is to continuously improve the NPS results. The global NPS score has increased over recent years. until the start of the pandemic

NET PROMOTER SCORE (NPS) SPAIN

	2021	2020	2019
Global NPS	**49.9**	54.1	54.6
Total reports	**534,930**	361,800	426,061

In 2021, Helios Spain identified high demand for outpatient consultation that is heavily penalizing NPS results, as the demand from patients is higher than the capacity for consultations and number of doctors in our clinics. The patients expressed their dissatisfaction through low results. The constraints were increased through the lack of professional staff, impacting the availability of services.

Further information can be found in the chapter Employees in the section "Evaluation" on pages 162 ff. of this report.

Peer reviews

Helios Germany analyzes the cases – including treatments and medical routines – in hospitals that fail to meet individual quality targets, in order to identify and implement improvements. Particularly important are the specific audit procedures in the medical and nursing sectors, and the peer reviews – expert discussions of cases. In Germany, specially trained physicians from the hospitals of Helios Germany and from the IQM network cooperate in the peer review, and question statistical abnormalities. Their insights are translated into concrete recommendations for action in the hospital with the aim of increasing patient safety. In 2021, Helios Germany conducted a total of 7 peer reviews (2020: 8), due to the impact of the COVID-19 pandemic and the resulting restrictions on hospital operations.

Due to the pandemic, Helios Spain was able to perform only 4 peer reviews online by the end of 2021 (2020: 2). Internally, ISO 9001 audits were conducted at all Helios clinics in Spain.

FRESENIUS VAMED

In post-acute care, elderly care and project management, all processes are regularly checked for their suitability and adapted, if necessary. In accordance with the Federal Association for Rehabilitation (BAR) guidelines, Fresenius Vamed implements all relevant measures to increase patient safety at its post-acute care facilities – including patient surveys, complaint management, and regular internal audits of all segments. The company receives feedback on the quality of the structure, process, and outcomes from the insurers, e.g., as part of the quality assurance of the German pension insurance or the statutory health insurance providers. In all Fresenius Vamed health care facilities, patients receive relevant information material and patient training to ensure long-term treatment success. Reporting systems for complaints are also available in some health care facilities. In Fresenius Vamed's project business, the lead companies establish guidelines for all subsidiaries, which are reviewed in annual audits.

10 fully inpatient facilities at 6 locations provide care for people in need of care in care grades 1 to 5. The range of care and support includes basic care and medical treatment care, social care, day-structuring measures, and additional care for people with a considerable need for general supervision and care (dementia patients), as well as specialized care for people with severe neurological illnesses, with psychiatric or geriatric psychiatric illnesses, and for people with addictive disorders. In addition to full inpatient long-term care, all nursing facilities also offer short-term and respite care.

Organization and responsibilities

In order to raise awareness of quality requirements among employees, Fresenius Vamed employs staff for quality and risk management. These employees report directly to management. Quality assurance officers carry out training courses in the various segments, thus integrating all employees in the quality management systems of their facilities. The quality assurance officers can thus ensure that employees comply with their obligation to exercise due care. Fresenius Vamed informs its employees about its understanding of quality early in the initial training and introductory events. Guidelines are communicated to and documented for the relevant areas and departments in writing (e.g. via work instructions from the respective management).

The VAMED International Medical Board (IMB) ensures the exchange of information between Fresenius Vamed physicians from Austria, Germany, the Czech Republic, Switzerland and the United Arab Emirates. Within Fresenius Vamed, medical specialist groups and executive conferences coordinate on quality and safety.

Policies and regulations

Fresenius Vamed sets ethical standards through its mission statement as well as through its Code of Conduct, the Clinical Code of Conduct, and the Code of Conduct for Business Partners. Fresenius Vamed's internal guidelines are based on regulatory requirements established throughout Europe, e.g. for rehabilitation. In elderly care, Fresenius Vamed follows the renowned salutogenesis methodological concept. In addition to the statutory requirements and the requirements of the insurers, Fresenius Vamed also adheres to international standards such as ISO and EFQM, expert standards, and medical guidelines. All internal guidelines are regularly reviewed and updated as necessary. Employees can obtain information on the guidelines via the intranet.

Hygiene management in rehabilitation and nursing care

One of Fresenius Vamed's tasks with regard to hygiene in rehabilitation clinics and nursing facilities is to ensure the highest possible protection for everyone – without restricting individual rehabilitation. Protecting patients from infectious diseases during their stay is a top priority. Newly established health care facilities follow systematic guidelines from day one to prevent infections breaking out or spreading. Clearly defined procedures are followed and compliance with hygiene regulations is strictly controlled.

Fresenius Vamed's hygiene standards in Germany are based on the recommendations of the RKI's KRINKO (Commission for Hospital Hygiene and Infection Prevention). These recommendations take into account all legal requirements for hygiene. In the German facilities, the central Head of Hygiene coordinates the hygiene specialists and establishes overarching standards, together with the Chief Medical Officer. One of the most important hygiene measures is hand disinfection. Fresenius Vamed follows the guidelines of the WHO in this regard. Hygiene specialists, doctors, and nurses with special hygiene responsibilities implement hospital hygiene measures. In Austria, the Federal Hospitals Act forms the basis for the management of hygiene plans, hygiene inspections, the use of hygiene specialists, and doctors with special hygiene responsibilities. In the course of the COVID-19 pandemic, hygiene inspections in the facilities were intensified. Hand hygiene and the correct wearing of protective equipment were continuously addressed.

Patient information

Fresenius Vamed provides information to its patients in different ways – for example, in the patient information folder or in the treatment contract, and via information brochures, privacy statements, the house rules, and the mission statement. Welcome lectures and training sessions are also offered. The website is available as a source of information before arrival. The goal of therapy is usually discussed and evaluated with patients during admission and discharge discussions.

Since Fresenius Vamed is also active as an accredited inspection body (ISO 17020) and as a manufacturer of medical gas supply systems (RL93/42 EEC), the business segment is subject to both a labeling obligation and an information obligation in accordance with RL93/42 EEC and MPG and/or ISO 13485. The accreditation authority uses external audits, for example, to check whether appropriate provisions exist and whether regulatory or normative requirements are complied with.

Our ambitions

Fresenius Vamed defines its quality goals annually with the aid of additional key performance indicators. The findings from complaint, case, and risk management are also incorporated. The goals are reviewed regularly.

Progress and measures 2021

In the reporting year, the management approach and the governance structure of Fresenius Vamed remained as reported in 2020. Progress was focused on the safeguarding and application of hygiene and safety protocols and on adapting those to regulatory provisions.

Evaluation

Fresenius Vamed assesses the health and safety impacts of all significant product, treatment, and service categories for improvement potential.

Personalized and individually tailored rehabilitation goals

Fresenius Vamed uses modern, resource-oriented approaches, such as the ICF concept (International Classification of Functioning, Disability and Health) or the computer-based evaluation system CHES (Computer-Based Health Evaluation System). This enables patients to achieve the best possible, evidence-based functional improvement to increase activity and participation in all areas of life, even after severe illness.

In addition, the findings on treatment quality are published, for example by Fresenius Vamed Germany on the website Qualitaetskliniken.de. This allows patients to find out about key quality parameters of the various clinics before they are admitted.

Measurement of patient satisfaction and grievance processes

Fresenius Vamed measures patient satisfaction in its health care facilities in a continuous and structured process. The evaluation is conducted on a weekly and a monthly basis. The company collects data, evaluates it internally, and implements appropriate measures, if necessary. Patient surveys are conducted while the patient is in the clinic, as well as after their rehabilitation; in some clinics both approaches are established. In this way, the clinics receive comprehensive feedback with regard to patient satisfaction.

Fresenius Vamed uses reporting systems for critical events and near-misses in its health care facilities, i. e., the electronic CIRS (Critical Incident Reporting System). Critical incidents can be reported anonymously there. The reports are processed by a dedicated committee. In addition, Fresenius Vamed uses systems for suggestions for improvement, material vigilance (material safety), and pharmacovigilance (drug safety). Thanks to these systems, a timely and appropriate response to potential sources of danger or complaints can be made, aligned with our internal quality standards.

Audits and recertification

To ensure adherence to quality standards, Fresenius Vamed also performs regular internal audits as well as external recertifications. This is done in the certified health care companies as well as in the other facilities of Fresenius Vamed. Quality management audits are carried out there once a year in accordance with the ISO regulations. Internal audits are carried out systematically and cover all business segments, and at a minimum, those topics that are required by the certified standards – i. e., all quality management processes. Besides ISO certifications, audits are conducted by the external regulatory bodies, listed on page 128 of this Group Non-financial Report.

DIGITAL TRANSFORMATION AND INNOVATION

DIGITALIZATION AND INNOVATION

Digitalization plays an increasingly important role for Fresenius – whether in health care facilities, in direct contact with patients, or in production. It is a driving force behind the implementation of innovative technologies and treatment concepts and can help us to find solutions to many challenges in the health care sector and help unlock trapped value. For us, the focus is on the opportunities offered by digital solutions. Through innovative, safe, and user-friendly products and systems, we can further improve the quality and efficiency of treatments.

Digitalization as an opportunity in health care

Fresenius has been pressing ahead with digitalization initiatives in its business segments for many years. On the one hand, these initiatives are aimed at getting closer to patients and better integrating them into preventive care and therapies. On the other hand, numerous applications help medical professionals to achieve even better treatment results even more efficiently and safely.

This is in line with the results of a representative poll conducted for Fresenius by the polling organization Allensbach Institut für Demoskopie in Germany, Spain, and the United States. According to a large part of the respondents, the increase in digitalization offers opportunities for the health care system. People associate digitalization with a whole range of positive effects, above all easier communication between doctors, easier access to health information, and improved diagnosis and treatment options. Furthermore, shorter waiting times, cost savings through improved efficiency, and an increase in the quality of health care are expected as positive effects of digitalization in medicine.

Important indicators for Fresenius' digital offering are the answers to the question of what people specifically want: the introduction of digital medical records, the expansion of telemedicine services, and the use of patient data for diagnosis are considered desirable by a large part of the population in Germany, Spain, and the United States. Around one-third of the population in each of these three countries also consider it desirable that more and more personal health data be recorded by means of apps, smartwatches, and fitness bracelets.

OUR APPROACH

Our markets are changing rapidly; this is particularly true with regard to digital trends in health care, which have been further accelerated by COVID-19. We are seeing increasing demand from patients, health insurance companies, and health care institutions for new digital services along the entire value chain. Patients want remote treatment and on-demand health care services. Data-driven decision-making is becoming increasingly important, for example in predictive maintenance of dialysis machines and analysis of patient data. At the same time, cybersecurity risks have made us aware of the need for standardized and resilient IT infrastructures.

In order to drive digitalization and innovation at Fresenius, we take different approaches in the four business segments – from independent R & D strategies to active innovation management, as described in the Group Management Report on pages 51 ff.. We also involve external partners such as research institutions and start-up companies in this work. One of our priorities is developing innovative products that not only meet stringent quality requirements, but also affordability requirements. In doing so, we are responding to the growing demand worldwide for high-quality yet cost-effective products and outcome-based services.

Many of our stakeholders, especially our patients and our employees, are directly affected by the changes resulting from the advance of digitalization. Our R & D activities are closely linked to digitalization and are an integral part of our growth strategy. Our aim here is to improve products and processes as well as to develop innovative therapies and integrated health care services; however, we do not conduct fundamental research.

Our products and therapies are designed to help promote human health. Benefits and risks must be carefully evaluated. Whether it is in clinical approval studies or in clinical research projects, the Fresenius Group wants to create opportunities to improve the quality of treatment, especially in the area of critical illnesses and chronic diseases.

All new or improved products and services are subject to internal quality requirements as well as external regulations and regulatory requirements. In the case of digital developments, we pay particular attention to the requirements of the European Union (EU)'s General Data Protection Regulation (GDPR); for more information see the “Data Protection“ section on page 188 of this report. We also observe European directives such as the EU Medical Devices Regulation (MDR) in the medical technology sector. We address possible risks such as hacker attacks on sensitive data and systems, by implementing comprehensive cybersecurity concepts, as described in the “Cybersecurity” section on pages 149 ff.

Group-wide IT transformation

In 2021, Fresenius began implementing a new, Group-wide IT program to strengthen cooperation in the IT area and increase value creation in the Group. All organizations of the Fresenius Group have participated in the development of the program and are accompanying the transformation process in the Global IT Board.

We want to further develop our IT in such a way that it supports existing business models and enables the development of new ones. Our vision is to digitally transform Fresenius for improved patient care and a successful future for our Group.

CLINICAL RESEARCH AND INNOVATIVE TREATMENT MANAGEMENT

Fresenius Medical Care

Fresenius Medical Care's Global Medical Office aims to enhance its patient-focused care delivery business model. This function, led by the Global Chief Medical Officer on Fresenius Medical Care's Management Board, aims to achieve the best clinical outcomes for patients, their families, and the payor community. This office is tasked with evaluating coordinated data from clinical science research and medical practice. This includes facilitating cooperation and knowledge transfer across the entire network of Fresenius Medical Care. More information can be found in the Annual Medical Report, which is available online.

The business segment continuously engages in the research and development of innovative products and enhanced therapies. For example, it facilitates clinical trials, which are a crucial step in developing new treatments. Fresenius Medical Care is also further exploring non-interventional methods by means of mathematic modeling and virtual clinical trial simulations. The research and development activities follow regulatory guidance for clinical research practices. Additionally, they are conducted in compliance with ethical standards. In a global statement, Fresenius Medical Care outlined the principles with which the business segment commits to advancing health care and managing related risk, as well as advocating for patient rights, patient well-being, and animal welfare. The business segment plans to make this publicly available in 2022. It is of importance, that research partners follow similar bioethics guidelines as the company itself.

The business segment's Frenova Renal Research division provides research services to third parties and has also started enrolling patients in a new initiative to develop the largest renal-focused genomic registry in the world. It aims to enroll over 100,000 patients by 2025. This new registry will contain genetic data from chronic kidney disease patients worldwide and help researchers improve their understanding of kidney disease.

Fresenius Kabi

At Fresenius Kabi, the knowledge and expertise from experts in clinical nutrition, pharmaceuticals, and medical devices are embedded in research and innovation projects with the goal of improving patients' health and quality of life. As a manufacturer of generic drugs, clinical nutrition products, and infusion and transfusion therapies, as well as biosimilars and medical devices used to administer these products, Fresenius Kabi conducts clinical studies by commissioning qualified external contract research organizations (CROs) and university scientific institutions to do so. For some products, clinical studies sponsored by Fresenius Kabi must meet regulatory approval requirements. In addition, further studies are conducted regarding patient safety, in order to gain new medical-scientific insights or comparative clinical studies with other products available on the market. The clinical studies sponsored by Fresenius Kabi are always carried out in accordance with strict legal requirements, including, for example, the guidelines of the International Council of Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH), of Good Clinical Practice (GCP), and of the relevant pharmaceutical regulatory authorities such as the U.S. Food and Drug Administration (FDA), the European Medicines Agency (EMA), the Declaration of Helsinki, and the EU General Data Protection Regulation. Fresenius Kabi sponsors studies for registration in close cooperation with various CROs, scientists, and physicians and supports investigator-initiated trials. These studies pursue the goal of generating new scientific knowledge that is significant for patient care using approved and new products.

Fresenius Kabi has a Chief Medical Officer and a **Global Trial Committee** that reviews, evaluates, and approves clinical trials before they begin. Responsibility for clinical study management is aligned with Fresenius Kabi's product groups and is anchored in the divisional organizations. Compliance with the applicable regulations and guidelines prior to, during, and after clinical studies is ensured by a risk-based auditing program. Here, safety of the study participants and validity of the study data are considered the most important criteria. No clinical trials are conducted without a positive vote by the responsible ethics committee and approval from the respective competent authority, where required.

When selecting study participants, Fresenius Kabi also takes diversity into account concerning the population group for which a product in question is intended. Fresenius Kabi does not conduct studies without a prior positive benefit/risk assessment. Furthermore, safety events occurring during a clinical study are constantly monitored and evaluated. Study participants are fully informed prior to the start of the study and are enrolled only with their consent. Internally, clinical studies are documented in a central database and the results are published in accordance with the applicable regulations.

Fresenius Helios

Fresenius Helios conducts clinical trials at many sites to promote innovation processes in clinical treatment, medication, and interdisciplinary exchange. The business segment's innovative strength in clinical study management strongly influences its future success in therapy and inpatient treatment. Among other things, studies are conducted to determine how effective and safe medicines are and whether medical devices are suitable for approval in accordance with internationally applicable ethical and scientific standards, such as Good Clinical Practice or the Declaration of Helsinki of the World Medical Association. In addition, the division encourages its employees to engage in scientific and technological research activities. The aim is for them to develop personally and use their findings to enhance the well-being of patients.

Projects funded by public grants are also being carried out at the German Helios hospitals – supported by the Innovation Fund of the Joint Federal Committee (G-BA), the German Federal Ministry of Education and Research (BMBF), or ministries of further German federal states, among others. These projects serve the benefit of both Helios' employees and patients; they mostly focus on the development of new therapies, care, and treatment pathways. In cooperation with manufacturers, the focus is also on testing specially designed patient rooms (e.g., for dementia patients) or assessing new technologies in the sterilization of medical equipment. Helios Germany provides data on severe acute respiratory infections (ICOSARI) to the Robert Koch Institute (RKI) in order to monitor the appearance of influenza virus and coronavirus in hospitals.

Clinical research projects

In Germany, the Helios Center for Research and Innovation (HCRI) is the point of contact for all employees of Helios clinics and its subsidiaries who want to conduct research – whether with patient data, by participating in clinical drug and medical device studies, or by developing new apps. Before a clinical research project takes place in a clinic, it is ensured, for the protection of the participating patients, that scientific, ethical, and legal requirements are met and that the project complies with Fresenius Helios' guidelines and quality standards. These requirements are listed in the **Helios Group Regulation Research and Science**. This Group regulation also specifies the framework conditions within which Helios specifically promotes research projects of its own employees that are expected to have a high level of benefit for patients.

A total of 48 hospitals or integrated health care facilities are involved in at least one research project. The respective Helios clinics or facilities in question employ what are referred to as investigators and study assistants – specially trained staff such as biologists, chemists, or natural scientists with doctorates, but also nurses. They determine on-site the costs associated with a study and the benefits to patients and to Fresenius Helios. In addition, the HCRI supports the research clinics of Helios Germany along with employees in studies initiated by the clinics themselves (known as investigator-initiated studies, IITs).

HCRI, as the central office with experts in regulatory principles and methodology and in contract management, is supported by the Central Data Protection Service and has been conducting the central study review since 2019. More information on data protection can be found in the respective section on pages 188 ff. of this Group Non-financial Report.

In the wake of the COVID-19 pandemic, Helios-wide analyses based on routine data were conducted several times; they substantiated, for example, the changed number of patients for various acute conditions (myocardial infarction, mental disorders, major tumor surgery) during the pandemic.

Progress and measures in 2021

Under the Horizon 2020 research program of the European Union, the Helios Leipzig Heart Institute is coordinating PROFID, a large international research project on prediction and prevention of sudden cardiac death after myocardial infarction. The project started in January 2020, is scheduled for five years, and brings together more than 20 top partners from 12 European countries including key academic institutions, the European Society of Cardiology, public health insurance bodies, health economic experts, and patient organizations. The Fresenius entities involved are the Helios Leipzig Heart Center and Helios Spain. The assessment of risk factors for sudden cardiac death is based on machine-learning approach using approximately one million patient datasets. The findings will be subsequently validated in two international clinical trials that are currently the largest clinical trials worldwide in the field of cardiac devices.

Evaluation

In 2021, a total of 424 studies were conducted in the Helios clinics in Germany, the majority of those with the goal to improve therapies for patients. For example, under the leadership of Helios ENDO-Klinik Hamburg, an international group of experts from over 40 countries developed guidelines and algorithms under which a safe return to normal operations and the performance of elective orthopedic surgery was possible. The study results were publicated in spring 2021.

Further, Helios Germany conducted 34 COVID-19-related studies in its clinics.

Fresenius Vamed

At Fresenius Vamed's Institute for Gender Medicine, all health issues that lead to an extension of the healthy years of life and to the improvement of quality of life are researched, with a particular focus on gender-specific aspects with regard to individualized medicine. These research activities encompass prevention, acute care, rehabilitation, and nursing.

DIGITALIZATION AND INNOVATION IN THE BUSINESS SEGMENTS

Fresenius Medical Care

Digitalization plays an important role for both health care services and products. The business segment continually develops products and digital services that improve access to health care, which has become more critical during the pandemic.

Fresenius Medical Care's Global Research and Development division manages the global research and development activities related to product engineering. The Global Medical Office is responsible for the clinical digitalization strategies and the use of digital clinical data for research and operations. The basis of this commitment to continuous innovation is articulated in the Code of Ethics and Business Conduct.

Progress and measures in 2021

- **Telehealth care**
  In North America, Fresenius Medical Care has established telehealth platforms aimed at giving extra support to patients on home dialysis. For example, the cloud-based solutions for home dialysis are designed to keep patients connected to their care teams, with better access to recent treatment data. By making this data more easily accessible to clinicians, care teams can resolve treatment issues earlier and reduce hospitalization. For the peritoneal dialysis patient education experience app, the business segment was awarded two Bronze Awards for Excellence in Technology by the research and analyst firm Brandon Hall Group.

- **Digital product innovations**
  The business segment has expanded its digital options to facilitate better access to information for the patients under its care. The digital platforms enable virtual contact, which has, for example, reduced the risk of infection for patients and staff during the pandemic. Keeping patients and care teams connected and giving them access to recent treatment data is vital for continuously improving medical outcomes, user experience, and the effectiveness of care. The business segment has two main platforms, that are provided via apps. One is used predominantly in North America and the other is accessible across more than 20 countries in Europe, Africa, Asia-Pacific, and Latin America. Combined, these apps had more than 26,000 active users in December 2021. The business segment use digital platforms in more than 20 countries to overcome the challenges presented by COVID-19. In the United States, Fresenius Medical Care recorded over 410,000 remote visits between patients, care teams, and physicians by the end of 2021.

Fresenius Kabi

As a global health care company that offers lifesaving medicines and technologies for infusion, transfusion, and clinical nutrition, digitalization and innovation are of great importance to Fresenius Kabi. The digitalization of processes is a cornerstone in the development of innovations and an important aspect in effective care for critically and chronically ill patients, as well as compliance with regulatory requirements. Fresenius Kabi develops devices and applications in various medical fields to support its customers' ongoing digitalization. Devices not only have to be optimized in their core functions but increasingly need to be embedded into the IT systems of hospitals, clinics, and plasma centers. Fresenius Kabi wants to benefit from this trend and will focus on the constant development of its portfolio, while acknowledging the increasing role of software in medical technology and its application area. This is part of the Fresenius Kabi Vision 2026, which was developed in 2021 and adopted in the fourth quarter.

In order to take even greater advantage of the opportunities of digital transformation and to develop digital business models, Fresenius Kabi has started to realign its IT organization as part of the Group-wide IT program. The digital transformation is thus to be driven forward and the value contribution of digital applications for the company and customers increased. The business segment is increasingly using intelligent automation and artificial intelligence to improve business processes in administrative functions. In production and quality management, Fresenius Kabi is using digital platforms to implement process control systems, monitor plant efficiency, and manage data and support workflows in laboratories. This also enables the business segment to access data to analyze and automate decision-making processes. Digital solutions are constantly being developed along the entire value chain to make internal work processes more efficient and simpler.

At Fresenius Kabi, responsibility for digitalization is anchored in the central, divisional, and regional organizations; steering responsibility lies with the Fresenius Kabi IT Executive Board, which is chaired by the responsible member of the Management Board and the head of the global IT department. Other relevant functions are also represented on this board.

Product innovation

In product development, Fresenius Kabi's expertise includes all related components, such as the raw material for drugs, the pharmaceutical formulation, the primary packaging, the devices needed for application of drugs and infusions, and the related production technology. In the field of biosimilars, Fresenius Kabi focuses on autoimmune diseases and oncology. More information on R&D can be found in the Group Management Report from page 51 onwards.

The business segment has standard operating procedures for the development and design of products and for the cybersecurity of its devices; for more information see the "Cybersecurity" section on pages 149 ff. The responsibility for innovation and development is anchored in the divisional organizations of the company. Fresenius Kabi constantly addresses the advancement of scientific findings. Employees work together in cross-organizational and cross-functional teams to develop innovative solutions for medical needs.

Progress and measures in 2021

- **Digital transformation**
  Fresenius Kabi started to implement the business segment's new governance structure as part of the Group-wide IT program for digital transformation in 2021. Fresenius Kabi has thus had an integrated IT organization for business-specific applications and IT services since October 2021 and in this way aligns them even more closely with the requirements of the business model and its customers and patients.
- **Digital product innovations and digital applications**
  Digital applications can help to ensure patient safety and regulatory compliance. For example, Fresenius Kabi introduced radio frequency identification (RFID) technology, known as smart labels, for drugs in the United States in 2020. The smart label enables hospitals to automatically identify, locate, and manage their inventories. Following the successful launch of the first RFID-labeled product in the United States, two more products with smart labels were launched there in 2021.

With digital technical services, Fresenius Kabi helps improve the efficiency of processes in hospitals and care facilities. Digital technical service applications accelerate maintenance and can reduce the downtime of medical devices due to maintenance work. In this context, Fresenius Kabi aims to offer its solutions to its customers in as many countries around the world as possible.

In compliance with data protection regulations, Fresenius Kabi is also working to use the data generated by the apps to improve patient care. For example, the aim is to identify potential risks for patients and improve the decisions made by patients or health care professionals.

Fresenius Helios

Digitalization is key for Fresenius Helios to ensure the sustainability of its hospitals and outpatient facilities, and to improve the quality of health care and the service provided to patients.

Since 2020, the business segment has used a newly developed process for managing digitalization projects in Germany via the Helios Digitalization Board (Helios DIGI) to manage and centrally evaluate proposals for digitalization projects. Proposals are collected in the clinics and outpatient facilities of Helios Germany and in the Fresenius Group and then rated. The Board decides on the approval of project proposals. All digitalization projects, including rejected project ideas, are published in the "Helios.Digital" project database via the intranet "myHelios".

Helios Spain's IT and process strategy aims to further improve digital patient interaction such as video conferencing and chats, where patients can present their medical history, protocols, and automated tests for specific diagnoses. To ensure that the IT strategy is gradually implemented, the business segment has introduced a competence model called Digital Stars at Spanish hospitals. This model is based on three pillars: Digital Customer (patients), Digital Professional (employees), and Digital Organization (administration). Each of the three pillars has key figures to indicate progress in digitalization and its acceptance, and collects data, for example on the number of patients making use of digital medical consultations, the number of electronic prescriptions issued by employees, and the number of invoices automatically generated. The data is evaluated on a monthly basis and enables comparison of the state of evolution of digitalization in the various hospitals in Spain.

The Helios patient portal

Fresenius Helios started introducing a patient portal at its clinics in 2019. Patients can now access treatment documents such as diagnoses, book appointments online, or attend video consultations at 50 German clinics, around the clock and from home. The portal can be accessed via the websites of the respective clinics. In 2021, the patient portal recorded 130,000 registered users, 300,000 documents exchanged via the portal and nearly 85,000 online appointments.

Many users already access Helios Spain's patient portal. Nearly all Spanish hospitals are connected. The hospitals benefit from a central data repository and improved data transmission and coordination. Via the digital portal, patients of Helios Spain can track the progress of their own clinical treatments and view recommended therapeutic measures. They have direct access to 3D radiological images and can contact their responsible specialists and interact via web formats. In addition, it is possible to digitally request an appointment for most of the examinations available and to read up on the risks associated with an examination. Prior to a procedure, patients can also sign a consent form electronically via the portal.

Electronic patient file (EPF)

A digital patient file with doctor's letters, findings, and complete clinical imaging is available at the majority of workstations in the clinics; this creates added value for both treatment providers and patients. By 2022, other medical data such as nursing documentation and medication will also be available in the digital patient file at Fresenius Helios. In about half of the Helios clinics, integrated software solutions already issue warnings of possible interactions with other drugs, which increases patient safety.

In general, this makes many processes more efficient and improves medical quality. The expansion of the Germany-wide telematics infrastructure, ordered by the government, into which the electronic patient file will be integrated in the future, focuses on improving the quality of care and the efficiency of care and administrative processes. This project aims to modernize the technical infrastructure in the German health care system up until 2025.

E-medication is one planned aspect of the telematics infrastructure. It will enable electronic prescriptions to be transmitted digitally to parties outside the hospital – e.g., medical practices and pharmacies – and to be uniquely assigned and tracked. Patients can make their own decisions on the distribution of information.

In Spain, the electronic patient file contains discharge papers, issued by medical or nursing staff, along with medication information and prescriptions. Thanks to this paperless process, patients can go directly to the pharmacy with their smartphone. Prior to an appointment at the hospital, they fill out a form online and then receive notifications and directions. At the clinic they are navigated directly to the treatment room via the app.

Fresenius Vamed

Fresenius Vamed has established digitalization as a strategic business area with the aim of implementing digitalization initiatives and projects, coordinating digitalization activities within the Vamed Group, driving digital innovation, and generating new digital solutions and services. Among other things, Fresenius Vamed is developing patient services for digital assistance systems that support ambient assisted living (AAL) and digital rehabilitation services. In the project business, Fresenius Vamed has long used complex virtual models (Building Information Modeling - BIM) in the planning and operation of health care facilities, which enable to simulate and optimize the entire life cycle (planning, design, construction, operation, and maintenance) of a health care facility. Additionally, Fresenius Vamed is also undertaking internal digitalization projects in the areas of project business, high-end services, and general operations management. The management of the digitalization strategic business unit regularly reports to the Management Board on progress.

Progress and measures in 2021

In 2021, the management approach and the governance structure of the digitalization strategic business unit of Fresenius Vamed remained as reported in 2020. Progress focused on various digitalization projects and initiatives in the areas of high-end services, overall operations management, and project management.

OUR AMBITIONS

The Fresenius Group diligently works on expanding its competencies and developing new areas of business in order to offer digital solutions to the challenges faced by the health care sector.

The four business segments take different, segment-specific, approaches to the area of digitalization and innovation. In the care of critically ill patients, the demands on treatment success are becoming ever higher. The demand for effective therapies together with intelligent medical applications and devices will rise steadily.

EVALUATION

All business segments have their own approach to digitalization and innovation and are currently developing key performance indicators (KPIs). As a material aspect, digitalization and innovation is also included in the variable remuneration of the Group Management Board. Further information is included on page 234 ff. of the Annual Report 2021, see the Compensation Report.

In 2021, **Fresenius Medical Care** started the process of further integrating specific environmental criteria in its research and development activities. The business segment is also working to include sustainability topics in the early stages of innovation projects.

Fresenius Kabi continuously reviews its progress in the area of digitalization. In 2021, the business segment reviewed the structure of its IT organization. Responsibility for business-specific IT applications and services for medical professionals and patients are thus anchored directly in the business segment and decisions are accelerated. In this regard, Fresenius Kabi intends to make even greater use of artificial intelligence applications and to exploit the possibilities of analyzing digital information for the benefit of the company and its customers.

In 2021, no critical events with a significant impact on the safety of study participants or compliance with the applicable requirements and standards became known.

In the hospital sector, **Helios Germany** measures the degree of digitalization using the EMRAM Score from the service provider HIMSS Analytics. EMRAM is an eight stage (0 – 7) model that provides transparency on a hospital's degree of digitalized processes. A fully digitalized hospital would reach stage 7, while a hospital at stage 0 would use paper-based documentation in all departments. The results for 2021 will be available in the first quarter of 2022.

Fresenius Vamed regularly reviews its management approach using standard controlling processes. In addition, the digitalization strategic business area collects data and regularly reports on the status of the respective initiatives and projects in the business segment. Fresenius Vamed uses common trend and innovation studies, e.g., Gartner Hype-Cycle, and in 2021 also the results of the Allensbach study, to formulate and evaluate strategies for digitalization in the health care market. Local publications and trend analyses are also taken into account. In 2021, the business segment increased the use of telehealth solutions and mobile apps.

Overall, the digitalization of processes was driven forward throughout the Fresenius Group in 2021.

CYBERSECURITY

OUR APPROACH

At the Fresenius Group, we pursue a holistic approach for the management of cybersecurity. We bring cybersecurity and business decision-makers in the Group together to develop a joint approach aligned with our strategic goals. We base our strategy on cyber-risk analyses and the security requirements of our four business segments. This approach is reflected in all Group security policies.

In 2017, the Management Board of Fresenius Management SE initiated the Cybersecurity Approach, Roadmap and Execution (CARE). Since 2018, CARE has represented the Group's cybersecurity program, which bundles initiatives to strengthen our resilience in preventing and defending against cyber attacks. In 2020, the Management Board of Fresenius Management SE enacted a Group-wide Cybersecurity Policy that defines the objectives, structure, and operational organization for cybersecurity governance across the Fresenius Group, embedded in CARE.

To manage Group-wide cybersecurity and associated risks, we have determined five risk domains. These are managed by the respective Risk Domain Managers – at corporate level and in the four business segments. Facilitated by the Group Cybersecurity Office (GCSO), the managers appoint Special Interest Groups (SIGs) that define cybersecurity requirements and coordinate risk management activities. The managers promote the use of best practices and the exchange of expertise and knowledge across all cybersecurity risk domains.

The CARE program is structured along these risk domains across four cybersecurity clusters to ensure that our digital environment stays robust and recovers quickly in case of an incident. Overall, eight sub-programs have been set up to meet the primary objectives of the respective clusters in all risk domains:

- **Critical Asset Protection:** Protection for the most critical assets that are of highest value to the Group
- **Baseline Security:** Defining and implementing minimum cybersecurity standards
- **Cyber Defense:** Detecting and responding to cybersecurity incidents in a timely manner to limit the business impact
- **Governance, and Risk & Organization:** Establishing a foundation for effective cybersecurity governance

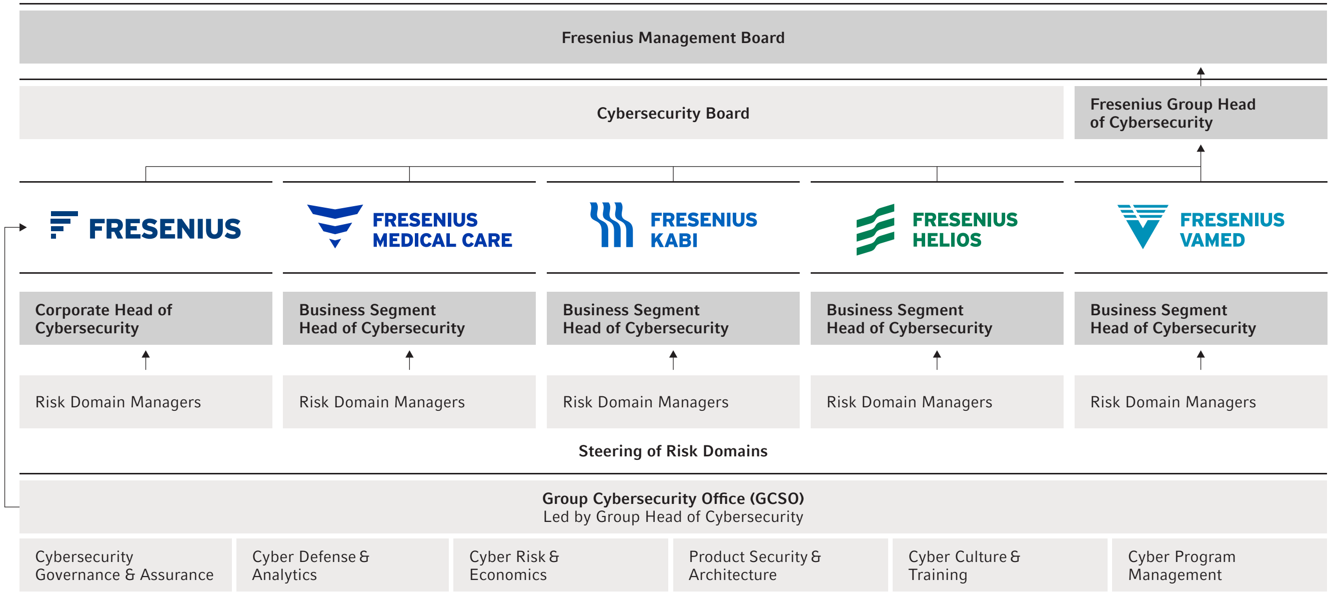
The Opportunities and Risk Report contains further information on cybersecurity at Fresenius in 2021, on page 110 f.

Certification and commitment

Cybersecurity insurance policies are in place at business segment level, where deemed suitable for risk transfer. In addition, there are certifications such as ISO/IEC 27001 at Group and business segment level. In addition, to complement the governance structure for risk minimization and to further hedge risks, the conclusion of a global cybersecurity insurance will continue to be evaluated at Group level.

Organization and responsibilities

CYBERSECURITY ORGANIZATION



The organizational structure

The CFO on the Fresenius Group Management Board oversees cybersecurity governance and receives direct reporting from the Group Head of Cybersecurity. The position of the Group Head of Cybersecurity, who acts as Group-wide Chief Information Security Officer (CISO), has overall responsibility for the governance of cybersecurity within the Fresenius Group and leads the Group Cybersecurity Office (GCSO). He defines the Group-wide cybersecurity strategy and coordinates this strategy with the respective cybersecurity heads in order to ensure an aligned approach across all business segments.

In the four business segments, the respective Business Segment Heads of Cybersecurity (Segment CISO) are responsible for the activities in the respective business segments. At Fresenius SE & Co. KGaA level, the Corporate Head of Cybersecurity is responsible for the individual corporate functions.

The GCSO enables and manages cybersecurity within the Fresenius Group. It ensures that relevant cybersecurity activities are organized and implemented at the business segment level, monitored, and coordinated from a Group perspective. Where necessary, the business segments are advised and supported in their activities.

The GCSO is divided into six functions: Cyber Governance & Assurance, Cyber Risk & Economics, Products Security & Architecture, Cyber Defense & Analytics, Cyber Culture & Training, and Cyber Program Management.

At the operational level, the four business segments are responsible for their cybersecurity management. The business segments establish and report on strategic objectives and strategies for addressing risks. The objectives are based on the Group-wide cybersecurity strategy and are autonomously defined by the Business Segment Heads of Cybersecurity, who are responsible for implementation.

In addition, the cross-divisional Cybersecurity Board meets on a bi-monthly basis. It consists of the Group Head of Cybersecurity, the Corporate Head of Cybersecurity, and all Business Segment Heads of Cybersecurity. It ensures the exchange of information on Group-wide cybersecurity matters between the business segments and Group functions, defines criteria for evaluating and monitoring the development of cybersecurity across the Group, and reviews the progress and results of cybersecurity measures and initiatives. The Cybersecurity Board also monitors the adoption and implementation of the Group-wide cybersecurity policies.

The individuals responsible for cybersecurity usually have many years of experience in cybersecurity management, extensive knowledge, and appropriate professional certifications.

The reporting structures

The CFO of the Fresenius Group, as a member of the Management Board of Fresenius Management SE, is informed about cybersecurity-related topics on a weekly basis by the Group Head of Cybersecurity, and as required. The Group Head of Cybersecurity reports quarterly to the Management Board of Fresenius Management SE and at least annually to the Supervisory Board. The Chief Financial Officers of the business segments, and for Fresenius Vamed the member of the Management Board responsible for the service business, meet on a quarterly basis in the CARE Steering Committee to organize regular reporting and to steer the cybersecurity initiatives across the business segments.

The Business Segment Heads of Cybersecurity inform the respective members of the CARE Steering Committee and additionally report on cybersecurity matters to their Management Boards at least on a bi-annual basis. The Risk Domain Managers report to their respective Heads of Cybersecurity. In addition, the Data Protection, Enterprise Risk Management, and Compliance departments regularly exchange information on matters relating to cybersecurity.

Guidelines and regulations

Our Cybersecurity Policy Framework consists of a set of policies, requirements, and procedures. It forms the foundation for cybersecurity in all business segments and Group functions. Within this framework, we define confidentiality, integrity, and availability as our key objectives for protecting digital information, technologies, and systems across our risk domains. It was approved by the Management Board of Fresenius Management SE and the management committees of the four business segments.

The Cybersecurity Policy is based on the Fresenius Code of Conduct and follows internationally recognized standards and best practices, such as the Charter of Trust. It defines the overarching policy and organizational structure for cybersecurity governance in the Fresenius Group. The underlying Risk Domain Policies specify the framework, processes, and roles and responsibilities for each risk domain to attain the overarching objectives of protecting the confidentiality, integrity, and availability of Fresenius' digital information in a holistic manner.

The four business segments also have specific minimum security standards, which take into account specific regulatory requirements or local legislation. Minimum security standards already established in the four business segments are leveraged as Group-wide standards where appropriate.

Our ambitions

The objective of our cybersecurity program CARE, which covers all risk domains, is to increase the maturity level of our cybersecurity capabilities, strengthen our resilience towards cyber attacks, and continuously reduce our cyber risks. We evaluate the ever-changing threat landscape, define minimum security standards for our cyber risk domains, and implement appropriate security measures in a targeted, risk-based, and cost-effective manner. The Cybersecurity Board annually develops Group-wide and business-unit-specific operational objectives and measures to safeguard the confidentiality, integrity, and availability of our digital information – and to continuously enhance the cybersecurity of our IT, manufacturing, and health facility environments ,as well as our medical devices. These are coordinated via the Group Head of Cybersecurity and are submitted to the CARE Steering Committee, which is established at Management Board level and meets on a quarterly basis.

PROGRESS AND MEASURES IN 2021

CARE Program

Throughout the reporting period, the various CARE sub-programs have been established to fulfil our ambition of increasing the maturity level of our cybersecurity capabilities, strengthening our resilience against cyber attacks, and constantly addressing our cyber risks. Selected progress in line with the CARE program structure is outlined below:

- **Cybersecurity Baseline Measure Implementation (CBMI):** implementation of enhanced cybersecurity baseline measures, such as endpoint detection and response (EDR) solutions, strengthened authentication mechanisms for critical areas

- **Cyber Training & Awareness (CTAP):** extending the reach of the Group-wide training and awareness platform; conducting various training and phishing campaigns; establishing the cybersecurity awareness brand ("Cyber Aware") and associated materials such as posters, videos, and merchandise articles
- **Cyber Defense:** aligning incident response procedures; implementing the "Fresenius Virtual Cyber Defense Center" and the "Fresenius Intelligence Office"; extending monitoring visibility to enable early detection and fast response
- **Governance, Risk & Organization:** implementing a cybersecurity governance structure; assessing cybersecurity capability maturities; defining a cybersecurity risk management framework; conducting several cyber risk insurance dialogs to evaluate cyber risk transfer

Risk analysis

In accordance with the newly established Group-wide Cybersecurity Risk Management Framework, the GCSO – together with the business segments – conducts a business-driven evaluation of the strategic cybersecurity risks along Fresenius' value chains. The cyber risks of the Group are attributed to the business activities of the respective business segments. While the cyber risks in the product business are closely related to interruptions to manufacturing or logistic processes, as well as theft of intellectual property, the risks in our health care facilities are related to patients, their health information, and the medical devices used.

We continuously derive our cybersecurity measures from the bi-annual cyber risk evaluations in order to effectively mitigate our risks.

We are currently in the process of designing a cybersecurity metrics system that will enhance transparency regarding the overall cyber risk situation of Fresenius. To this end, we defined an initial set of metrics (e.g., what we refer to as crown jewels with critical weak points, average phishing simulation click rate, mean time required to resolve incidents), which in future are to be collected across all the Group's cybersecurity environments. This will help us to understand how well prepared and resilient we are to prevent (stay robust) and recover (recover quickly) from a cyber attack. In the next step, the system design will be gradually rolled out to complement the existing cybersecurity governance structure.

Our Risk Report contains extensive information on the effects of cyber risks on risk management; see page 110 f. of our Annual Report 2021.

Security concept

To protect the Group's value generation, we have developed tailored frameworks for our five cybersecurity risk domains that define the security architectures, concepts, and requirements. We have been implementing the frameworks successively since 2021. The respective preventive, detective and corrective measures are prioritized and implemented through our CARE program to effectively reduce risk. While our main objective is to prevent cyber risks from materializing, we can detect cyber threats at an early stage through various monitoring solutions in order to respond in a timely manner and limit the actual business impact of security incidents. Recurring analyses and defense processes are automated in order to react even more efficiently. Incidents are thoroughly investigated to derive additional measures to improve our overall security.

Training

In 2019, we launched the Cybersecurity Training & Awareness Program (CTAP). The goal is to establish a cyber culture at Fresenius, enabling our employees to learn about cybersecurity risks and how to deal with them, and to develop the habits to protect themselves against cyber attacks. In addition to mandatory training on data protection and information security, CTAP offers various courses, games, videos, and other cybersecurity learning content, such as the digital CTAP learning platform. We regularly simulate phishing attacks to monitor the effectiveness of the training and to provide users with information on an appropriate response if phishing is suspected. We calculate a personal risk score for employees based on their behavior in phishing tests and the number of cybersecurity training sessions they have completed. All CTAP activities are tailored toward Fresenius' specific risks and are available in several languages. The success of the CTAP activities is measured using predefined success criteria.

In addition, we constantly inform our employees through various channels about current cyber risks and new types of cyber threats. We also organize a Cybersecurity Awareness Month in October each year. In October 2021, various webinars were conducted, with a focus on the cyber threats posed by the still high number of employees working from home. Further, webinars for employees' children were offered as "cyber junior training". We are convinced that children and young teenagers have a comparably high need for cyber awareness, especially in view of the increased use of remote learning during the COVID-19 pandemic.

The phishing tests conducted in 2020 and 2021 showed that the intensive training activities positively influenced our employees' security awareness. Therefore, the level of difficulty was raised. The phishing rate initially deteriorated and improved again in the course of the year, thanks to further training sessions. We inform the respective employees individually and directly about the results in their personal dashboard. Further information is provided at Group level on our intranet.

Reporting paths

If Fresenius employees suspect cyber threats, they can contact CERT@fresenius.com, CyberAware@fresenius.com, or any cybersecurity employee. To improve reporting efficiency, suspicious mails may be reported through the "Phish Alert Button", which performs an automated analysis and involves the Cyber Emergency Response Team (CERT), if required. Our CERT investigates possible threats and incidents in our IT, manufacturing, and health facility environments, as well as suspected violations. If a malicious phishing attempt is detected, the sender is blocked and the security protocols adapted accordingly.

EVALUATION

We established our Fresenius Group cybersecurity governance structure in 2020 and further improved it in 2021: part of the further development and improvement of our cybersecurity governance is the definition and reporting of KPIs, e.g., the total number of breaches, along with substantiated classification by severity. We are diligently working to further mature our KPI reporting system for the Fresenius Group. In the meantime, we abstain from reporting any KPIs externally, either in total or by risk domain. The increase in reporting transparency must always be in compliance with our risk prevention activities. Information from our external reporting must not lead to targeted attacks on our infrastructure.

Audits and monitoring

The Internal Audit departments carry out independent audits to improve the effectiveness of our risk management, internal control, and governance processes in all areas of the company. Cybersecurity aspects are taken into account in the risked-based annual planning and audit execution. The results of the audits are analyzed by the Cybersecurity Group function and are incorporated into the ongoing improvement of existing cybersecurity activities.

Furthermore, independent auditors conduct regular and comprehensive security assessments (e.g., penetration tests, security reviews of critical systems) and certification audits (e.g., ISO 27001, HDS). Results from audits or other monitoring activities are evaluated if internal processes have to be adjusted. Additionally, we work with management consultancies and auditing companies to review and improve our cybersecurity processes. For security reasons, we cannot make any statements about specific review processes.

EMPLOYEES

The commitment of our more than 300,000 employees worldwide forms the basis of our success. Their achievements, skills, and dedication help our business segments to hold leading positions in their respective markets.

Reporting in this chapter encompasses three categories that we deem essential:

- Working conditions, recruitment, and employee participation
- Employee development
- Occupational health and safety

Further, diversity has been identified as material to our company, and is therefore presented on pages 178 ff. of this report.

The importance we attach to personnel issues is also expressed in our structure: the Group Management Board member responsible for Human Resources (Labor Relations Director), Risk Management and Legal is responsible for the interests of employees. The business models of each of our four business segments set different operational requirements for the management of key matters. In the following section, we will therefore report on both Group-wide and segment-specific personnel concepts and measures.

WORKING CONDITIONS, RECRUITMENT, AND EMPLOYEE PARTICIPATION

OUR APPROACH

Working conditions

As an international health care Group, we create various incentives for employees, depending on the country and location. These include flexible working time models and the chance to participate in the company's success via variable compensation models. Benefits for full-time employees of the organization are also provided proportionally to part-time employees. In Germany, for example, benefits can be based on joint agreements between management and works councils. We describe our variable compensation models in detail on pages 369 ff. of the Notes.

The collaboration with unions and works councils in various countries globally is explained on pages 155 f. In the case of working time models, challenges remain with regard to an employee's function or the local markets. Further information is included in the business segments' reporting.

In recent years, we have established various dialog formats to strengthen communication between management and employees – both at Group level and in the individual business segments. This allows the Management Board to provide employees with information on important issues personally. In addition, we promote our feedback culture and constructive exchange of ideas.

Recruitment and candidate communication

In order to meet our future demand for qualified specialists, we use a variety of different tools to recruit staff. We monitor our working environment and competitive surroundings closely to identify potential. Furthermore, we use digital personnel marketing, organize our own recruitment events, and present the company at career fairs. In recent years, we have significantly broadened our range of personnel marketing activities and expanded our global careers website. In 2021, the market research institute Potentialpark named Fresenius the German company with the best online offering for applicants for the tenth consecutive year.

Employee retention

A variety of initiatives ensure that employees are retained effectively. Fresenius offers various benefit components on a corporate and business segment level. These encompass, for example, employee benefit programs, profit-sharing bonuses, pension plans, compensatory time accounts, and tariff-based future payments. Not all elements are implemented equally within the Fresenius Group, but can, however, be accompanied by local benefits depending on the market and employee requirements and regulatory provisions.

Employee participation

Exchange with employee representatives

Trust and cooperation between management, employees, and employee representatives is well established at Fresenius and is an integral part of our corporate culture. An open and ongoing dialog between management and employee representatives, as well as unions, is important to us.

Fresenius acts responsibly toward its employees. This is detailed in our commitment to respect the international standards mentioned in our Code of Conduct and our Human Rights Statement. Fresenius SE & Co. KGaA respects freedom of association and recognizes the right to collective bargaining. Employees have the right to join or not to join a union in accordance with local laws. We do not tolerate discrimination based on trade union membership and act accordingly. We are committed to an open and solution-oriented dialog between employees and their representatives, and our management within the relevant legal and operational frameworks. For more information, see pages 194 ff. in the chapter on Human Rights.

Employees liaise with their supervisors, but they can also turn to their human resources or compliance officers, as well as to the works council, their union representatives, or other employee representatives for assistance. In Europe, about 78% of our employees are covered by collective bargaining agreements. In some European countries, Fresenius is subject to industry-related collective agreements, e.g., in France, which are binding by law due to the industry to which we are affiliated. Where this is not the case, country-specific collective bargaining agreements can be negotiated with local trade unions or comparable social partners. On a global base, about 50% [1] of our employees are covered by collective bargaining agreements.

In European countries, workplace representation bodies are organized according to national law. The business segments have overall responsibility for dealing with local employee representatives and trade unions at country or site level. Our discussions with these representatives focus on local and regional circumstances. Together with the employee representatives, we aim to find tailored solutions to the challenges in the different locations. Further information is included in the business segment sections; see pages 156 ff.

Fresenius has reached an agreement with the European Works Council (EWC), making provisions for a structured dialog with the international trade union associations; meetings are subsequently held once a year between representatives of the four business segments, the employee representatives of the Supervisory Board, and representatives of the international trade union associations.

Dialog at European level

Fresenius SE & Co. KGaA has a European Works Council comprising 19 employee representatives from 12 countries as of December 31, 2021. These individuals come from the EU and EEA (European Economic Area) member states in which Fresenius employs personnel.

The EWC is responsible for the participation of Fresenius employees in cross-border measures, insofar as these have a significant impact on the interests of Fresenius personnel and affect at least two countries within their area of responsibility, such as the relocation or closure of companies or collective redundancies. For example, the management informs and consults with the EWC on the structure and economic and financial situation of the Group, its anticipated growth, employment situation, investments, organizational changes, and the introduction of new work and production processes. The EWC meets once a year, while its executive committee convenes three times a year, partially in hybrid form due to the COVID-19 pandemic. In 2021, the new elections and appointments to the EWC took place as planned. In preparation for the constituent EWC meeting, an extraordinary meeting of the executive committee (GFA) was held in hybrid form. The EWC was reconstituted in April 2021. The European trade union federations IndustriALL and the European Federation of Public Service Unions (EPSU) attend the meetings at the invitation of the EWC.

[1] Based on about 91% of Fresenius Group total employees.

The focus topics of the EWC in the past fiscal year were projects in the Group's business segments for reorganization, e.g., in the area of global human resources management, the digital transformation, the Group-wide cost and efficiency program, and compliance matters relating to the Group's human rights declaration. Another focus area was the impact of the COVID-19 pandemic on Fresenius' employees. To this end, an exchange of information took place on the situation in the individual countries. Against the backdrop of the COVID-19 pandemic, the prolongation of the agreement on the digital performance of tasks was reached with the EWC.

At its annual meeting, the EWC entered into a dialog with the Management Boards of Fresenius Vamed, Fresenius Kabi, and the management of Fresenius Digital Technology (formerly Fresenius Netcare).

The EWC elected six employee representatives to the Supervisory Board of Fresenius SE & Co. KGaA, including at least one representative of the trade unions.

Fresenius Medical Care

Fresenius Medical Care's employees have always been key to its success. It is important for the business segment to continuously hire and retain the best people for the job, inspire them to stay with Fresenius Medical Care long term, and support their development during their employment. This helps to create an attractive, fair, and trusting work environment for all employees.

Organization and responsibilities

The business segment uses its Global People Strategy as a framework for its activities. Fresenius Medical Care's global HR function – which is responsible for defining and implementing the Global People Strategy – reports to Fresenius Medical Care's CEO. This function provides and manages the relevant standards, policies, and processes in accordance with the evolving requirements of the employees and the business. The Global People Strategy has four priorities: (1) engage employees; (2) make the right capabilities available to support the business goals; (3) continuously advance the organization; and (4) foster excellent people practices.

In line with these priorities, the business segment continually develops and improves the Human Resources (HR) policies and guidelines that steer the global activities. In 2021, the business segment established new global employee guidelines on a broad range of topics such as employee engagement, talent management practices, and inclusion and diversity.

Fresenius Medical Care also regularly completes audits of its employee-related activities. In 2021, more than 20% of internal audits had an HR focus.

Employee retention

Fresenius Medical Care has an established organizational and talent review process, which identifies high-performing and high-potential talent among the top leaders of the business segment. This process allows identified employees to be assisted in building their readiness to tackle future challenges and take on more responsibility.

Recruitment

When it comes to hiring talented staff, Fresenius Medical Care faces increasingly strong competition. As a result, the business segment is working to continuously improve its employer brand. The company aims to remain an attractive employer and recruit, engage, and retain excellent employees. In 2021, Fresenius Medical Care started to set various internal targets to help itself achieve this aim. These relate to, for example, employee engagement, survey participation, and voluntary turnover.

Dialog and feedback formats

Fresenius Medical Care's primary objective of its employee engagement activities is, to give every employee the opportunity to provide feedback and engage with the company in an ongoing and open dialog. In doing so, the business segment hopes to create an attractive work environment, and to boost the employees' commitment and performance. Fresenius Medical Care wants to encourage them to contribute to the company mission and vision. The global employee engagement survey is a tool that helps the business segment do this. Fresenius Medical Care conducts one full employee engagement survey every two years and "pulse checks" in the years between. Through the survey, the company identifies strengths, as well as opportunities to improve the working environment. The results are used to initiate global and local measures, with the aim of increasing engagement levels in the long term. In 2021, Fresenius Medical Care conducted a global engagement survey. Almost 90,000 employees worldwide responded, reflecting a participation rate of 74% – up from 68% in the last full survey in 2019. The latest survey revealed that 56% of employees who participated are actively engaged – the same rate as in 2019. This was despite the challenging environment created by the COVID-19 pandemic. The employee engagement score is based on three aspects: how many employees would speak positively about Fresenius Medical Care, how many intend to stay at Fresenius Medical Care, and how many feel motivated to perform at Fresenius Medical Care. In 2021, the business segment trained about 10,000 managers on how to read and act upon the results from the global engagement survey.

Progress and measures in 2021

The COVID-19 pandemic continued to present the business segment with health care challenges throughout 2021. Fresenius Medical Care has introduced various measures to protect and support its employees during this health crisis. For example, Fresenius Medical Care increased employee opportunities for flexible working, created new opportunities for virtual learning, and continued to adapt the organization to the requirements of a virtual environment. In the United States, Fresenius Medical Care provided its employees with COVID-19-related pay and incentives, as well as other resources to help them overcome financial challenges and to support their overall well-being.

In 2021, Fresenius Medical Care continued to roll out its global HR compliance framework, which sets out its principles and defines how the business segment applies them in its HR processes. Employees received training on the framework, and the roll-out was accompanied by supporting materials to help employees understand what is expected of them.

In Germany, where the business segment is headquartered, Fresenius Medical Care concluded seven agreements with the works councils in 2021. These agreements covered topics such as mobile working, expense reimbursement, COVID-19-related issues, and the HR information system. Other agreements with local works councils related to site-specific workplace matters were finalized.

Fresenius Kabi

Fresenius Kabi aims to be perceived as an attractive employer around the world in order to attract qualified and motivated talent to the company. It is particularly important to understand regional and local characteristics of the markets and to take these into account when addressing talents based on job profiles. Fresenius Kabi is continuously developing its processes for recruiting employees further and fosters the collaboration between the human resources departments and the divisions. In 2021, Fresenius Kabi continued to carry out application and selection processes partially in virtual form due to the ongoing COVID-19 pandemic. In addition, Fresenius Kabi uses social networks to address potential candidates with the close involvement of the communications department. In the past fiscal year, Fresenius Kabi was able to fill vacancies as planned. The company continuously works to offer its employees a modern working environment.

Organization and responsibilities

Fresenius Kabi has a Center of Expertise for Talent, Leadership and Organizational Development (CoE TLO), including Talent Acquisition & Employer Branding and Diversity, Equity & Inclusion in the global human resources department, which reports directly to the head of global human resources. The CoE TLO aims to further develop talent acquisition, personnel and organizational development, and talent management, and to strengthen a company-wide learning culture and corresponding structures and offers for promoting talent at Fresenius Kabi.

Policies and regulations

As the basis for the shared understanding of collaboration, Fresenius Kabi has defined company values that have been introduced worldwide. These company values are anchored in both the Code of Conduct and the Quality Management Handbook. They are embodied in the corporate environment, and employees maintain a culture of cooperation across national borders, as well as functions and hierarchies.

Recruitment

Fresenius Kabi set up a Recruiting Center in 2021 to fill vacant or new positions in the central functions and the Transfusion and Cell Therapies division in Germany, which is part of the CoE TLO. The departments are supported throughout the process by the Recruiting Center's team of experts in the search for and selection of suitable candidates. In this way, Fresenius Kabi aims to define individual requirements for vacant positions to improve the recruiting process. The team of experts also draws on a network and talent pool of candidates, who are also given a central point of contact for all questions relating to the recruiting process.

In the region North America, the process of recruiting personnel and introducing new employees to the company can be carried out completely virtually, thanks to the adaption of existing IT systems.

Dialog and feedback formats

Fresenius Kabi attaches great importance to dialog with employees across hierarchical levels. Due to the pandemic, dialog and feedback formats could only be conducted online in 2021. To support dialog between management and employees, video messages from the CEO on relevant topics were published on the global intranet, for example. In addition, digital formats were used to foster the exchange between the CEO of Fresenius Kabi and top executives.

For the first time, Fresenius Kabi conducted a **global employee survey** in 2021. In order to achieve a high level of participation, the business segment decided to conduct an open survey accompanied by an internal communication campaign. The focus was on respectful leadership culture and collaboration, trust and integrity, and agility within the business segment. More than 70% of employees participated in the global employee survey. Initial significant insights were gained with important information for global human resources and the top management: the responses show differences both regionally and in the business units. Fresenius Kabi sees very high levels of positive feedback in Asia and South America as well as in the Transfusion and Cell Therapies division, for example. In addition, the close and cooperative collaboration within the company's own team was also emphasized, with a satisfaction rate of above 90%. The evaluation of the survey will be finalized in 2022.

Fresenius Kabi also uses regional employee surveys to sustainably increase employee satisfaction, gain valuable insights into business processes, and increase loyalty to the business segment. The business segment conducted a survey in Switzerland, in 2021, in which approximately 90% of employees participated. About 70% of employees took part in another employee survey in the United Kingdom. Fresenius Kabi is currently further evaluating the results to take them into account in the future development of employee-related cultural company initiatives. Once the evaluation has been concluded in 2022, further measures will be derived.

Progress and measures in 2021

In 2021, the newly established Recruiting Center focused on improving the recruitment of new employees in the central functions of Fresenius Kabi and the Transfusion and Cell Therapies division in Germany. Further progress focused on conducting the first global employee survey for Fresenius Kabi to gain important insights into employee satisfaction and retention.

Fresenius Kabi developed the Fresenius Kabi Vision 2026 in the reporting year and adopted it in the fourth quarter of 2021. Vision 2026 entails a cultural change. Fresenius Kabi wants to advance its company culture together with its employees – in relation to how employees work together, what values the company stands for, and how it makes decisions. Further information on Vision 2026 can be found on page 47 of the Group Management Report.

Fresenius Helios

Unlike many other industries, hospitals need to work around the clock, 365 days a year to ensure patients are cared for. Against this background, flexible working hours therefore pose certain challenges and require the revision of existing concepts and the introduction of new ones. Further, Helios offers its employees the opportunity to work part-time.

Helios Germany also has to deal with a specific challenge posed by Germany's Ordinance on the Minimum Requirements for Nursing Personnel in Hospitals (PpUGV), which has increased the need for nursing personnel, of whom there is a shortage on the labor market in some areas. The search for employees focuses on the following fields of action: training of qualified personnel internally, advertising for skilled workers, and searching the international labor market. Helios Germany participates in government-led campaigns to recruit personnel on the international labor market, as well as supporting people who have qualified as nurses abroad in their applications or in their searches for language schools. Many international nursing professionals have completed academic training at universities. These forms of vocational training are mainly aimed at complex medical activities and an often strongly cooperative collaboration in medical teams. The German vocational training system is a generalist training, which enables its participants to care for people of all ages. Specialization is possible during and after vocational training. Bringing together the strengths of both training systems is a great advantage and offers an opportunity to advance the overall quality of medical care in the hospitals.

In **Spain,** prospective nurses complete their training at a university. Later, they can specialize through a specific program – choosing between occupational health nursing, family and community health, obstetrics and gynecology, geriatrics, pediatrics, and mental health. Helios Spain has established partnerships with universities to provide classroom training for these professionals and to raise its attractiveness for potential candidates.

Helios Spain aims to further expand its position as a leading private provider of health care services in Spain. To do so, it needs to attract new employees, retain them, and develop them further. Along with this, the business segment participated in various online recruitment sites in 2021 and started to promote its main vacancies through social media campaigns. The quality of Helios Spain as an employer was confirmed by various external rankings in the course of 2021; the business segment is one of the 50 best companies to work for in Spain according to Forbes Magazine, for example.

Organization and responsibilities

At Helios Germany, the Central Service for Personnel Recruitment and Development is responsible for creating and implementing measures and strategies for the operating units within the clinics to attract, train and develop personnel. The Central Personnel Management and Collective Bargaining Service is responsible for structuring working conditions under collective agreements and improving the service for employees.

The central function People & Organization of Helios Spain is responsible for collective agreement management and negotiation as well as ensuring that wages are in compliance with applicable regulations. From Spain's headquarters, the function participates in all collective bargaining processes through the corporate labor relations department.

Helios Spain has a company-wide dashboard to manage, evaluate, and improve the most important personnel KPIs. The dashboard is available to all clinics and enables them to conduct benchmark comparisons. Thus, the company provides transparency for all clinics on the most relevant KPIs and enables best-practice sharing on how to improve personnel management in our Spanish hospitals.

Policies and regulations

All Fresenius Helios hospitals apply collective agreements, including those in Germany, which are linked to the Helios Group collective agreement, the collective agreement for public service (TVöD), or company-specific collective agreements. In Germany, all Fresenius Helios hospitals are subject to the current Working Time Act, which in some cases provides for wage reopener clauses for supplementary tariff regulations. The Works Constitution Act, which grants the works councils co-determination rights and control, also has a regulatory effect. The framework with regard to working hours for the individual companies is regularly agreed by the respective company parties onsite.

In its human resources policy, Fresenius Spain states that the company's success depends to a large extent on its employees. The guideline also defines the objectives of human resources work; these include transparent internal communication and the development of a program for the ongoing training of employees.

In Spain, all workers are covered by collective agreements set by law, which set out their basic rights, such as pay and working hours. The agreements thus ensure attractive working conditions and market-oriented remuneration for workers and are negotiated with their legal representatives. There are two different collective bargaining variants at the sites in Latin America: In Peru, there is only one collective agreement; it applies to all employees regardless of the union to which they belong. In Colombia, on the other hand, negotiations take place at the local level. In clinics with a collective agreement, it applies only to union members.

Flexible working conditions and digitalization

In 2021, Helios Germany further continued digitalization in the HR area and transferred about 28% of the companies' personnel files to the digital HR management system at the end of the year. All HR processes are to be digitalized by the end of 2022.

In addition, Helios Germany is developing new working time models, especially for the medical service, but also for nursing and administration. To this end, workshops and meetings of working groups with the aforementioned occupational groups took place in 2021. The working time models developed from the findings are presented to personnel and clinic managers so that they can test them and put them into practice in the facilities.

Working hours during the officially ordered lockdown periods, with no or only limited childcare, were also less fixed than before. Mobile working was also made possible in 2021 for employees whose work does not require direct contact with patients.

Induction of new employees

In the last few years, Helios Germany further developed and standardized the processes used for induction of new employees and new managers. The aim is to reduce early turnover to a minimum. In 2021, new measures were established in the first clinics, such as the appointment of an onboarding mentor, structured familiarization concepts, and feedback discussions during the probationary period. New managers participate in a three-stage program within two years of taking up their posts. A key component of this process is the integration of employees from abroad. This includes language courses and programs to familiarize them quickly with the day-to-day work processes in German hospitals, as well as supporting measures for social integration together with local employees.

Helios Spain uses digital onboarding. By doing so, the business segment ensures that standards set for the induction of new employees are uniform. For instance, the onboarding includes information on the company and its values as well as general and job-specific training. To ensure successful integration, a survey is conducted with new employees both in the first week and after three months. They can also sign up for a mentor program and receive individual support early in their careers.

Dialog and feedback formats

Helios Germany offers annual appraisal interviews to all employees. From these employee discussions, and from other dialog formats, it became evident how important it is for employees in the nursing division that well-functioning, integrated teams are maintained.

In order to better understand employee satisfaction, especially under the influence of the ongoing COVID-19 pandemic, an **employee survey** was conducted in Spain in January 2021. The participation rate was about 40% of the applicable employees. More than 21,000 were invited to respond to the survey. The participation rate was impacted by the high working intensity in our clinics due to COVID-19, as well as the high fluctuation rate in the first year of service among our employees in Spain. The results were announced to all employees. According to the results, the employees would like to strengthen mututal recognition promote the contribution of ideas, and cope better with difficult situations in the future. As a result, employees had the opportunity to submit suggestions for improvement in a competition. Helios Spain immediately began to implement the measures derived from the best ideas in regional action plans, which are to be continued into 2022.

Employees in Spain who decide to leave the company likewise have the opportunity to state reasons for their departure in a coordinated interview. These interviews are IT based, automatically conducted and documented.

Progress and measures in 2021

In 2021, the management approach and the governance structure of Fresenius Helios remained as reported in 2020. Progress focused on digitalization and creating flexible working models against the background of the pandemic, and on measures to retain employees.

In 2021, Helios Spain defined and implemented an internal mobility policy with the aim of publishing all vacancies in the employee portal on the intranet with the goal of retaining employees within the clinic Group. In doing so, the business unit highlights opportunities and career paths to professionals who want to develop further, while making an important contribution to retaining talent.

In addition, Helios Spain is planning a project on performance management and sustained feedback for middle management. The implementation is initially planned for specific centers and scheduled for the beginning of 2022.

Fresenius Vamed

Fair working conditions are part of Fresenius Vamed's mission statement. Fresenius Vamed's corporate culture is characterized by the diversity of unique people, open dialog, mutual appreciation, respect, caring, clear goals, and decisive leadership. The company values, strategies, and goals should manifest themselves through open, intensive, and direct communication. The Fresenius Vamed business model is very broad in nature, which places special demands on the recruitment of personnel. The recruiting process is tailored to the individual requirements of the individual positions.

Organization and responsibilities

Human resources work at Fresenius Vamed's entities is managed by the business segment's Human Resources division. Since the general conditions in the individual countries in which Fresenius Vamed is active are highly diverse, the division ensures that those responsible in the various countries are actively involved.

In Austria, the management of Fresenius Vamed and the human resources managers of the rehabilitation and care facilities actively participate in the respective collective bargaining negotiations in order to ensure the best justifiable conditions for the employees and the company.

Where collective agreements are applicable, these are overpaid in most locations. In addition, market-specific salaries are evaluated on a regularly basis.

Policies and regulations

Fresenius Vamed has put detailed guidelines and standards in place regarding working conditions and working hours. Compliance with these requirements is constantly monitored. In 2021, new regulations were adopted because of the COVID-19 pandemic, e.g., for working from home, for hygiene at the workplace, and for business trips.

Flexible working conditions and digitalization

Digitalization and flexibilization continued to accompany Fresenius Vamed in all areas of ongoing human resources work and communication in 2021. In the Czech Republic, for example, the business segment worked on the development of an app to make communication between the respective management and employees who do not work at the actual workplace faster and more direct. In order to be able to access information on the move in future, the Austrian parent companies have also developed an app for their employees. This can be used to access the contents of the intranet and, for example, certain training courses.

Dialog and feedback formats

Appraisal interviews are an essential part of Fresenius Vamed's management culture. In addition to essential insights and measures for further successful cooperation, the necessary training and further education requirements also result from the detailed discussions. These are summarized in a training plan, on the basis of which the corresponding training and continuing education program is drawn up. This ranges from specialist training in the health care sector and personality-building seminars to customized language training and IT seminars.

Progress and measures in 2021

In 2021, the management approach and the governance structure of Fresenius Vamed remained as reported in 2020. Progress focused on the design of working conditions in the context of the COVID-19 pandemic.

Our ambitions

The four business segments pursue segment-specific ambitions in the areas of working conditions, recruitment, and employee participation. We want to build on the position of our business segments as drivers of innovation in the health care sector. Our aim in doing so is to attract new employees who contribute to the company's success through their willingness to perform, their expertise, their experience, and their willingness to work together as a team.

EVALUATION

At the end of the 2021 fiscal year, the Fresenius Group had 316,078 employees. This was 4,809 or 2% more than in the previous year (December 31, 2020: 311,269). In terms of FTE (full-time equivalents), this also represented a 1% increase at the Fresenius Group. Acquisitions in the business segments Fresenius Medical Care and Fresenius Helios contributed 1% to the increase in employees, while the total number of employees decreased at Fresenius Medical Care.

The **regional distribution** is as follows: about 31% of employees are employed in Germany, 26% in the rest of Europe, and 24% in North America.

Our distribution of **employees by function** remained largely unchanged in 2021: About 14% of the workforce was employed in the production sector, and 71% in the services sector. Our personnel structure was thus stable in terms of development. The high proportion of service personnel is mainly due to the large number of nurses in our health care facilities.

The **rate of new hires**[1, 2] in relation to the overall number of employees in each business segment is evidence of our efforts within recruitment. The **length of service**[1] within the Group can vary with acquisitions in the business segments. In 2021, the average was 8.3 years and remained close to the previous year's level of 8.2 years.

In 2021, the proportion of **employees who voluntarily left**[1, 3] the company increased to 12.8% (2020: 9.8%). Main reasons for this development were the uncertainty in the labor market associated with the COVID-19 pandemic, stress-

EMPLOYEES (HEADCOUNT) BY BUSINESS SEGMENT

	2021	2020	2019	2018	2017
Fresenius Medical Care	**130,251**	133,129	128,300	120,328	121,245
Fresenius Kabi	**41,397**	40,519	39,627	37,843	36,380
Fresenius Helios	**123,484**	116,952	106,377	100,144	105,927
Fresenius Vamed	**19,721**	19,414	18,592	17,299	8,667
Corporate/Other	**1,225**	1,255	1,238	1,136	1,030
Total as of Dec. 31	**316,078**	311,269	294,134	276,250	273,249

EMPLOYEES (FTE) BY BUSINESS SEGMENT

	2021	2020	2019	2018	2017
Fresenius Medical Care	**122,909**	125,364	120,659	112,658	114,000
Fresenius Kabi	**39,579**	39,032	38,264	36,423	34,923
Fresenius Helios[1]	**101,652**	96,899	88,057	82,522	85,577
Fresenius Vamed	**15,730**	15,364	14,770	13,665	7,215
Corporate/Other	**1,141**	1,166	1,154	1,060	969
Total (FTE) as of Dec. 31	**281,011**	277,822	262,904	246,329	243,913

[1] FTE: For Helios Kliniken Germany, the number of employees converted to the full collectively agreed working time on monthly average (Vollkräfte)

EMPLOYEES (HEADCOUNT) BY REGION

	2021	2020	2019	2018	2017
Europe	**180,122**	174,835	165,862	158,939	154,172
thereof Germany	**98,754**	96,915	91,014	88,086	86,613
Europe excl. Germany	**81,368**	77,920	74,848	70,853	67,559
North America	**76,740**	75,837	74,894	72,672	75,083
Asia-Pacific	**27,145**	27,805	27,457	25,575	24,381
Latin America	**30,192**	30,871	23,998	17,610	17,709
Africa	**1,879**	1,921	1,923	1,954	1,904
Total as at Dec. 31	**316,078**	311,269	294,134	276,750	273,249

[1] Fresenius Medical Care's 2017 data reflects country data representing 96% of all employees. Helios Germany's data for 2017 includes the post-acute care business in Germany. Fresenius Vamed's data for 2017 also includes temporary staff and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed. The data from Helios Spain contains the hospitals in Latin America as of 2020. Data does not include the recently acquired company Eugin, yet.
[2] Calculated as the number of external hires in a business segment within the reporting period, relative to the number of employees at year-end.
[3] Calculated as the number of employees who left the organization voluntarily in relation to the number of employees at the end of the year.

ful labor conditions in the health care sector and thus an increase in early turnover as well as people leaving the industry. We explain this development in detail in our business segments and measures taken to correspond to this situation on pages 165 ff. of the Group Non-financial Report, section "employee development".

The **average age** of Group employees was 41.6 years (2020: 41.7 years). The majority (55%) of our employees are between 30 and 50 years of age. We aim to maintain a well-balanced age structure within our Group. The distribution reflects the demand for a high proportion of skilled and experienced employees in our business segments.

Fresenius Medical Care

After declining to 11.9% in 2020, Fresenius Medical Care's voluntary turnover rate rose to 16.5% in 2021. This increase reflects an increasingly competitive labor market, especially in clinics and the manufacturing business. To counteract this increase, the business segment implemented several measures. These include various measures to help managers and HR professionals to help improve employee retention. The average tenure of employees increased from 7.3 years in 2020 to 7.6 years in 2021.

NEW HIRES [1, 2]

in %	2021	2020	2019	2018	2017
Fresenius Medical Care	**23.7**	23.1	24.7	21.7	n. a.
Fresenius Kabi	**17.1**	13.5	17.1	16.9	19.8
Helios Germany	**18.8**	14.3	15.4	16.0	19.8
Helios Spain	**29.0**	25.5	20.1	27.6	n. a.
Fresenius Vamed	**18.4**	18.4	17.8	22.5	11.0
Corporate/Other	**11.0**	6.1	11.2	12.5	9.7

AVERAGE LENGTH OF SERVICE [1]

in years	2021	2020	2019	2018	2017
Fresenius Medical Care	**7.6**	7.3	6.8	7.1	7.0
Fresenius Kabi	**7.9**	7.9	8.6	7.5	7.4
Helios Germany	**10.3**	10.3	10.6	10.8	10.5
Helios Spain	**7.7**	8.0	8.4	8.2	n. a.
Fresenius Vamed	**7.8**	7.7	6.9	7.8	6.1
Corporate/Other	**7.8**	7.5	7.3	7.3	7.6
Total	**8.3**	8.2	8.1	8.2	8.1

VOLUNTARY TURNOVER [1, 3]

in %	2021	2020	2019	2018	2017
Fresenius Medical Care	**16.5**	11.9	14.3	13.2	12.2
Fresenius Kabi	**11.3**	7.1	9.2	9.4	11.3
Helios Germany	**9.5**	8.3	9.1	6.9	6.0
Helios Spain	**11.0**	9.8	7.6	3.8	n. a.
Fresenius Vamed	**9.3**	7.8	7.6	9.5	8.0
Corporate/Other	**3.5**	1.7	3.5	3.8	2.7
Total	**12.8**	9.8	11.0	9.8	9.9

[1] Fresenius Medical Care's 2017 data reflects country data representing 96% of all employees. Helios Germany's data for 2017 includes the post-acute care business in Germany. Fresenius Vamed's data for 2017 also includes temporary staff and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed. The data from Helios Spain contains the hospitals in Latin America as of 2020. Data does not include the recently acquired company Eugin, yet.
[2] Calculated as the number of external hires in a business segment within the reporting period, relative to the number of employees at year-end.
[3] Calculated as the number of employees who left the organization voluntarily in relation to the number of employees at the end of the year

Fresenius Kabi

Total employees at Fresenius Kabi increased slightly in the reporting year. The external hires as well as the voluntary turnover were marked by the constraints for personnel in the health care market, a development which we also experienced in the other business segments.

Fresenius Helios

The total number of employees increased in the reporting year at Fresenius Helios. Employee retention measures were initiated early and thus, we were able to respond to the impacts on the labor market, caused by the pandemic. The voluntary turnover only slightly increased to 10.3% (2020: 9.0%). At Helios Germany, the rate was at 9.5% below the rate at Helios Spain with 11.0%.

In view of the renewed decline in the number of cases by around 16% in the reporting year compared with the pre-COVID-19 year 2019, Helios Germany made moderate adjustments to positions in the medical service in 2021. These job adjustments amounted to around 3% and were carried out by not filling vacant positions or letting fixed-term employment contracts expire. The adjustments in the medical services were conducted without redundancies.

AVERAGE AGE [1]

	2021	2020	2019	2018	2017
Fresenius Medical Care	**42.1**	41.7	40.8	40.8	41.7
Fresenius Kabi	**39.2**	39.9	38.7	38.4	38.5
Helios Germany	**42.2**	42.2	42.5	42.6	42.7
Helios Spain	**40.4**	40.5	41.0	40.0	n. a.
Fresenius Vamed	**44.3**	44.0	41.2	43.6	43.0
Corporate/Other	**39.7**	39.3	39.1	38.9	39.2
Total	**41.6**	41.7	41.0	41.0	41.5

Fresenius Vamed

At Fresenius Vamed, the number of employees increased by 2%. The turnover was impacted by COVID-19 and the change in work-life-balance aspirations of employees in administrative functions. Further, employees in health care facilities faced increasing.

AGE STRUCTURE [1]

	2021			2020			2019			2018			2017		
Dec. 31	**Below 30**	**Between 30 und 50**	**Above 50**	Below 30	Between 30 and 50	Above 50	Below 30	Between 30 and 50	Above 50	Below 30	Between 30 and 50	Above 50	Below 30	Between 30 and 50	Above 50
Fresenius Medical Care	**16%**	**58%**	**26%**	17%	58%	25%	18%	56%	26%	16%	57%	27%	18%	56%	26%
Fresenius Kabi	**21%**	**60%**	**19%**	22%	61%	17%	23%	60%	17%	23%	60%	17%	25%	59%	16%
Helios Germany	**20%**	**47%**	**33%**	20%	48%	32%	19%	48%	33%	18%	49%	33%	19%	49%	32%
Helios Spain	**21%**	**59%**	**20%**	18%	60%	22%	17%	61%	22%	18%	62%	20%	n. a.	n. a.	n. a.
Fresenius Vamed	**16%**	**47%**	**37%**	15%	49%	36%	16%	50%	34%	15%	50%	35%	18%	54%	28%
Corporate/Other	**25%**	**51%**	**24%**	25%	53%	22%	24%	54%	22%	25%	54%	21%	24%	55%	21%
Total	**19%**	**55%**	**26%**	19%	55%	26%	19%	55%	26%	18%	55%	27%	19%	55%	26%

[1] Fresenius Medical Care's 2017 data reflects country data representing 96% of all employees. Helios Germany's data for 2017 includes the post-acute care business in Germany. Fresenius Vamed's data for 2017 also includes temporary staff and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed. The data from Helios Spain contains the hospitals in Latin America as of 2020. Data does not include the recently acquired company Eugin, yet.

EMPLOYEE DEVELOPMENT

OUR APPROACH

We offer our employees the opportunity to develop professionally in a dynamic international environment. Our four business segments use different concepts and measures for personnel development – depending on their own customer and market structures. They constantly adapt their approaches to current trends and requirements. In addition to Group-wide mandatory training courses on the respective Codes of Conduct, there are mandatory training courses on quality management, environmental management, and occupational health and safety in the business segments. Digitalization is also playing an increasingly important role in the daily work done by our employees, which we explain in the following. Segment-specific talent management and individual further training offerings for employees and managers are our other personnel development measures.

Vocational training

Vocational training is very important to us. This is why we offer applicants many opportunities to start their career pathways in our company. In 2021, more than 6,300 young people were doing dual vocational training and/or dual study at our locations in Germany. Across the Group, we offered more than 43 posts requiring formal training and 29 dual degree programs. Compared to the 2020 training year, the Group's range of training opportunities was expanded once again. The dual study program in General Industrial Engineering, Digital Transformation, and the training program for Digitalization Management were offered for the first time. The classic direct entry route aside, Fresenius also offers graduates trainee programs for further professional orientation.

Fresenius Training Compendium

The training compendium of Fresenius SE & Co. KGaA lists all of the training opportunities available to our employees. This includes programs for communication and presentation, self-management, and project management, as well as specific learning content depending on the job profile of the target group of employees.

Fresenius Learning Center

In addition to the training compendium, we offer training courses in the Fresenius Learning Center (FLC) learning management system. Depending on the subject, these training programs consist of one or more modules. Most of these involve some e-learning – for example webinars – as well as classroom training; reading materials are also offered to different target groups. Employees in Germany who do not have their own computer or laptop, or who do not have a quiet work environment, can take the training courses they need at specially set up learning locations. Fresenius Helios and Fresenius Vamed also offer needs-based e-learning and document the training activities in their own learning management systems.

Digitalization of the training offered

In the reporting year, we continued to advance the digitalization of Fresenius' development and training offerings. Numerous training measures as well as compulsory training took place as webinars or e-learning courses. Among other things, this enabled fast, up-to-date, precise training, especially in the area of hygiene, which is particularly important during the ongoing COVID-19 pandemic. The organization of digital learning opportunities took place mainly on the already existing or newly implemented learning platforms. Further information is provided in the following descriptions of the business segments.

FRESENIUS MEDICAL CARE

Fresenius Medical Care is committed to supporting the learning and development of employees around the world. In this context, the business segment provides learning opportunities to all employees irrespective of their location or position in the business segment. Learning platforms

TRAINEES AND TRAINING RATIO FOR GERMANY

	2021	2020	2019	2018	2017
Trainees [1]	**6,305**	5,985	4,952	4,354	4,019
Training ratio	**6.38**	6.18	5.44	4.94	4.64

[1] Includes vocational training and university students

allow employees to pursue their career goals and interests in a self-directed manner.

Organization and responsibilities

Individual learning needs are identified through development and career discussions that are often part of a performance management process. Since 2019, the business segment has intensified efforts to train managers and employees in how they can contribute to these career conversations. Online resources are provided such as webinars and virtual classroom trainings.

Progress and measures in 2021

The business segment expanded its digital learning platform globally in third-quarter 2021. Since then, more than 16,000 employees have participated in training via this platform. In addition, the company provided certain employee groups with specific training. The top 450 leaders were offered leadership resilience training via virtual classroom events, as well as training in employee engagement strategies. New leaders also received courses on employee development.

The global performance and development platform for leaders, which was introduced in 2020, was made available to all employees.

FRESENIUS KABI

Fresenius Kabi has global, regional, and local structures for training and developing employees. Employees are trained and qualified according to their functions and responsibilities. Mandatory global training for employees is carried out internally. This includes, for example, training on the Code of Conduct.

All employees who are directly involved in the manufacturing, testing, and distribution of our products, as well as employees who work in a supporting role (e.g., technical maintenance, IT) receive mandatory training in job-related good manufacturing, control, and distribution practice and in occupational health and safety and environmental protection.

In addition, occupational health and safety and environmental and energy management training is conducted at all certified sites. Further training supplements this and serves to support the introduction, further development, and improvement of the corresponding management systems and measures.

As part of talent management, postings to other countries are also used to promote professional and personal development. These comprise both long- and short-term postings, which also contribute to meeting specific staffing needs. In addition, Fresenius Kabi supports the development of digital competencies, for example in connection with making work more flexible, such as mobile work by its employees, through further training programs.

Organization and responsibilities

The CoE TLO reports directly to the head of the global Human Resources department. In 2021, it was assigned worldwide responsibility for managing Fresenius Kabi’s learning activities. In this way, the business segment aims to offer more individualized and extended training activities. Training is mainly offered decentrally, to provide training opportunities quickly and in accordance with the respective requirements. The personnel development measures are evaluated by the responsible organizations within Fresenius Kabi. Feedback from employees and executives is also taken into account.

Progress and measures in 2021

In 2021, numerous learning modules were rolled out, for example the module on the Code of Conduct, which was supplemented by a chapter on human rights, or a training module on “Fair Competition – Acting in Accordance with Antitrust Law”. Mandatory training was increasingly conducted online. The range of mandatory online modules was also expanded. Fresenius Kabi documented training activities in more than 50 countries, with more than 30,000 employees trained in 2021 in the most relevant internal learning management systems. The online training on background, behavior, and preventive measures relating to the pandemic was continued in 2021 in various languages.

FRESENIUS HELIOS

Employee training and development activities help Fresenius Helios achieve its four strategic business objectives: to offer the best service, to be a leader in medicine, to do sustainable business, and to expand on its market position. These will enable Fresenius Helios to further improve with regard to medical quality and to position itself as an attractive employer at the same time. Training budgets, along with regular employee and career interviews, are therefore firmly anchored in Fresenius Helios’ corporate culture.

However, Fresenius Helios has also been faced with increased competition in the human resources sector, also due to new regulatory requirements in line with the lower thresholds for nursing. The demand for skilled workers has continued to increase over the past few years, especially in the nursing sector in our relevant markets of Spain and Germany. For this reason, Fresenius Helios intends to acquire a large proportion of the necessary nursing personnel through in-company training at its 34 training centers in Germany.

In Spain, the business segment focuses on cooperations with universities. In contrast to Germany, where nurses receive vocational education and training, Spanish nurses are educated at universities, as described on page 159. The business segment is also tackling the continuing challenge posed by the shortage of skilled workers in the medical sector. One example is the structured talent pools of senior doctors that Helios Germany is building.

All professional groups at the hospital can learn, train, and further develop their expertise at the Helios Academy and the Fresenius Helios training centers in Germany, to develop professional and personal competencies. Fresenius Helios also offers its employees trainee and assistant programs, for example, and builds up competence profiles for clinic management.

In Spain, more than 5,000 students are trained annually by our experts; they acquire practical skills during their undergraduate and postgraduate training. We also have eight university hospitals where classroom-based content of a medical school is taught and more than 400 medical staff are fully trained each year. In our two nursing schools, we cover classroom and hands-on training as well as vocational training; for example, we qualify students as Imaging Technicians for Diagnosis and Nuclear Medicine and Technicians in Radiation Therapy and Dosimetry.

Fresenius Helios now uses digital work tools across the board in all areas of basic and advanced training and education. Learning content is organized using what is known as the Helios knowledge account – a digital education management system – and learning scenarios implemented via e-learning and online seminars.

Organization and responsibilities

In 2020, Helios Germany merged the two departments of Digital Knowledge Media and Academy/Talent Management under the new Central Service Recruitment and Development.

Helios Spain has created a central department that brings together different talent and employee areas: Talent Acquisition and Management, Internal Communications and Employer Brand, Apprenticeship, and the Universidad Corporativa, a corporate training academy. The aim is to attract the best professionals and create an optimized workplace. With the launch of the Universidad Corporativa, an advisory board was also established, which includes a number of company and divisional directors. It is responsible for aligning and promoting the training with the strategic goals of the company.

Progress and measures in 2021

Due to the pandemic, a large number of training courses were again switched to digital formats in 2021. This included training content for nurses, for example, as well as content from the career programs and wherever it was methodically and didactically appropriate. Helios Spain started the development of a new training platform in 2021. The goal is for more than 90% of Spanish training to be offered via e-learning.

Helios Spain is in the process of accrediting new university hospitals for medical degrees and nursing schools. The company also has its own master's degree programs based on the needs of our own nursing and medical professionals and of the professionals we need in order to seize opportunities in the health care markets. The master's degree in Emergency Care for Doctors, for example, was launched in 2021. This is aimed at professionalizing our emergency physicians and attracting external professionals.

In 2021, for the first time, the business segment partnered in Spain with the IESE Business School to run an advanced healthcare management program. Its aim is to provide training in modern and efficient hospital management and in leadership skills – and to transform care models and services as well as clinical research, for this purpose. In 2021, 60 professionals participated. Comprehensive assessments, including 360-degree feedback interviews and feedback sessions, were conducted with all participants to create individual development and training plans. A second in-depth assessment is planned for the first half of 2022 so that necessary improvement measures can be implemented.

FRESENIUS VAMED

The expertise and project experience of its employees plays an important role in the success of Fresenius Vamed in view of the heterogeneous nature of its activities in the high-end service business, overall operations management, and project management. It is therefore extremely important for the business segment to promote the further development of its employees in a targeted manner. Key for Fresenius Vamed's personnel management are individually adapted personnel development measures and a comprehensive, needs-oriented training offering, which is very diverse in nature due to the complex structure of the business segment. As part of its strategic personnel planning, Fresenius Vamed identifies young employees with particular potential and promotes their individual development. This is done via trainee programs and in the VAMED Human Capital Management (HCM) Program, which prepares employees with potential to take on leadership and specialist roles.

Fresenius Vamed is increasingly using digital elements such as e-learning to design new training offerings. Employees can access a pool of knowledge via various knowledge platforms. In addition, Fresenius Vamed has the option of developing and rolling out micro-learning modules independently. These short training modules are largely available online, and have enabled fast, up-to-date, precise training and education on applicable COVID-19 regulations, particularly in the area of hygiene. Fresenius Vamed has also digitalized essential and mandatory training and further education activities. The same applies for the monitoring of the participation within a defined period as well as e.g. successfully carried out exams which are digitally recorded and evaluated.

All employees are free to use their own Fresenius Vamed Academy. Their courses and training cover not only specific professional issues, but also topics such as personal development and leadership, interpersonal skills, and methodological expertise. Various knowledge platforms, such as the International Medical Board (IMB), also pool the know-how of about 1,200 health care professionals working for Fresenius Vamed. The content of the program has not changed significantly over the course of the COVID-19 pandemic, with a certain number of courses and events being digitalized and some classroom seminars postponed to later dates.

Organization and responsibilities

Fresenius Vamed's Human Resources management team, together with the responsible business segments and the Management Board, develop and implement measures to promote and train employees and new talents.

Progress and measures in 2021

In 2021, the management approach to training and development and the governance structure of Fresenius Vamed remained as reported in 2020. In the area of employee development, progress also focused on dealing with the challenges of the COVID-19 pandemic.

EVALUATION

Fresenius Medical Care

Fresenius Medical Care is in the process of assessing the industry standard for average training hours undertaken per employee annually, and plans to meet or achieve this standard, if it has not already done so, by the end of 2024.

Fresenius Kabi

For training of employees in production on quality management an average of almost 26 hours was spent per employee in 2021. The quality management training for employees from 2019 and 2020 has been renewed and additionally supplemented by quality trainings for new employees.

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE IN PRODUCTION[1] REGARDING QUALITY

	2021	2020
Production (training hours/average)	**25.93**	20.06
Number of employees included in the calculation (FTE)	**23,700**	21,800

[1] The production area comprises the following employee groups: operation/manufacturing, quality control, quality assurance, maintenance/technical support and warehouse.

The business segment uses an IT-based annual talent review for dialog and feedback on performance, competencies, and development potential for upper management levels and to strengthen the exchange between employees and their superiors on the individual development planning. On this basis, Fresenius Kabi identifies, evaluates, and develops executives and talents in all regions, divisions, and central functions worldwide. The Talent Review, which was conceptually revised in 2020, was implemented in 2021. It is now fully automated and supported by an IT system, to better assist managers and employees. Furthermore, evaluation and analysis of results have been made more efficient for the global Human Resources department.

Fresenius Helios

In the reporting year, Fresenius Helios again recorded, compared to the pre-pandemic times, significantly higher use of online conference tools and digital learning platforms in both Germany and Spain. Fresenius Helios utilizes annual feedback meetings to discuss topics relating to training and education. The business segment also analyzes the effectiveness of its digital offerings and programs for employees. It carries out qualitative evaluations and reviews the recorded usage statistics, results of outcome measurements (e.g., filling vacancies after development programs), and participation rates.

In 2021, Helios Germany held a total of 221 training sessions in the fields of emergency medicine, anesthesia, intensive care medicine, and obstetrics at its simulation and emergency facilities, thus training a total of 1,756 physicians and nurses.

Fresenius Helios had dedicated targets in Spain and Germany with regard to annual investments in the training and education of employees. In view of the ongoing digitalization and increased use of e-learning, whether this target must be adjusted is currently being examined. An adjustment will be made in fiscal year 2022 at the earliest.

Fresenius Helios continued the development of training portfolio management, the aim of which is to evaluate and market employee training and further education options and services more effectively – internally and externally.

Fresenius Vamed

Fresenius Vamed continually evaluates its own vocational training and development programs; where necessary, the business segment develops and implements adaptation or improvement measures.

Fresenius Vamed also continually optimizes its human resources development processes through additional digitalization.

OCCUPATIONAL HEALTH AND SAFETY

OUR APPROACH

Ensuring the health and safety of our employees is an essential part of our corporate responsibility. The Fresenius Code of Conduct states that we must take the necessary measures to protect our employees and to prevent work-related accidents. All four business segments focus on preventive measures and on the individual responsibility of employees when it comes to occupational health and safety. The occupational safety concepts are adapted to the specific business models of the four business segments. These focus on occupational health and safety within production, as well as occupational health management for health care facility or administrative employees. The aim of all the measures is not only to protect employees, but also to ensure the health and safety of patients. All Fresenius business segments continually record data on occupational health and safety in line with regulatory requirements.

During the ongoing COVID-19 pandemic in 2021, the safety and health of our employees, their families, and the communities in which we work were again the focus of our response activities. In early 2021, our clinics in Germany and Spain started with the implementation of a vaccination campaign which was expanded to our administrative offices. With regard to hygiene in particular, we had to take special measures. At times, our employees also had to face restrictions, e.g., by wearing personal protective equipment (PPE), or carry out additional work, for instance in the case of necessary admission controls. A major challenge for us in this regard was developing individual protection concepts, measures, and working regulations that allow us to continue all operational and administrative activities. Depending on the evolution of the incidence rates and changes in regulatory provisions, it was necessary to promptly adapt our protection concepts and guidelines and to communicate these to the employees. This also meant equipping our employees with suitable protective material.

In our **clinics**, we have intensified infection control practices that were already in place in order to protect both our patients and our staff.

In the **production facilities**, we introduced strict hygiene measures in 2020, such as disinfection and distancing.

Since March 2020, a large number of our employees in **administrative functions** have been working from home to avoid infection.

There has been continuous and direct communication with the employees of all sites and companies ever since the beginning of the pandemic. The specially established crisis teams communicated the hygiene and medical requirements as part of regular communication in the Group, taking into account the respective local official regulations and country-specific ordinances and laws.

Occupational Health and Safety (OHS) is decentrally organized within the Fresenius Group. The business segments have internal specialists and dedicated functions that ensure that the respective guidelines and requirements for the local entities are applied, and define specifications such as company-wide guidelines for the business segments. Relevant data is reported regularly, for example on a monthly or quarterly basis, to identify deviations. If deviations occur, our specialists initiate root cause analysis and evaluation, and corrective or preventive actions are implemented where necessary. Regular internal audits, partly annually, support the verification of data and management approaches, for entities both certified in accordance with ISO 45001 and without certification. Thus, we ensure that internal guidelines and regulatory provisions are complied with.

No Group results are available for occupational health and safety in fiscal year 2021. Although no effects can yet be reported at Group level, we report on the measures initiated in the reporting year and related progress in the business segments.

Certifications and commitment

Our commitment in the business segments regarding OHS is supported, monitored, and certified by external partners or regulatory bodies. The overarching ambition of the management system according to ISO 45001 – which replaces the OHSAS 18001 standard – is to improve occupational health and safety management and ensure the effectiveness of existing procedures and systems. To drive this forward, we are consistently expanding the number of entities certified with this management system standard. Audits performed by other external bodies are scheduled with the local management.

Fresenius Medical Care

Some of the production sites and dialysis clinics of Fresenius Medical Care are certified according to international health and safety standards. These include ISO 45001 in Europe, Middle East, and Africa, Latin America, and Asia-Pacific, and the Australian Council on Healthcare Standards (ACHS) in Asia-Pacific. In addition to external audits by relevant authorities, internal reviews and audits are conducted to monitor compliance with corresponding regulations, policies, and procedures. The business segment is working on harmonizing the management concepts for occupational health and safety as part of its Global Sustainability Program.

Fresenius Kabi

A global management system in accordance with the international ISO 45001 standard supports occupational health and safety at Fresenius Kabi. The global management handbook and standard operating procedures provide global management requirements for the certified organizations’ local management. The management system covers all employees as well as temporary workers at certified sites. The certified entities set local targets to enhance the occupational health and safety management. The local management reviews it at least once a year with regard to its continued suitability, appropriateness, effectiveness, and potential for improvement. Global internal audits ensure implementation of the management system. Furthermore, it is audited on an annual basis and certified by TÜV Rheinland.

At Fresenius Kabi, 30 organizations are certified according to the ISO 45001 standard[1]. The company is working on rolling out the certification globally according ISO 45001 to all manufacturing plants by 2023[2]. Fresenius Kabi aims to improve occupational health and safety processes and align them with internationally recognized standards. In 2021, nine additional manufacturing plants were included in the ISO 45001 certification of Fresenius Kabi.

Fresenius Helios

Helios Kliniken in **Germany** have local approaches to occupational safety and occupational medicine that comply with regulatory requirements.

Helios Spain works continuously to ensure the safety and health of its employees. With the implementation of SAP at all its hospitals in Spain, Helios Spain changed the management of occupational health and safety from local systems to a single company-wide system. Based on ISO 45001 (formerly OHSAS 18001) and Spanish regulatory provisions, all hospitals are required to report occupational health and safety incidents along with their cause, lost time, illnesses and absenteeism as well as other KPIs in a tool. The local management, which is responsible for ensuring that regulatory requirements for occupational health and safety are met, is guided by a handbook and standard operating procedures (SOPs). A central department for corporate ill-health prevention coordinates all activities and the reporting.

Reporting systems

All four business segments have notification systems for accidents at work.

At **Fresenius Medical Care** responsibility for occupational health and safety lies with regional and local management. This structure allows the company to comply with different regulatory and legal requirements, and to report incidents to authorities based on local specifications. Representatives at local level collect relevant data and report it to regional representatives. The management regularly reviews this information.

Fresenius Kabi organizations document all accidents worldwide – for both its own employees and temporary workers. Occupational accidents are categorized according to their severity and reported to the responsible central OHS function and other relevant functions of the business segment depending on their severity. For example, work-related accidents that result in at least one day of absence must be reported within two working days to the central OHS function; other, less severe accidents without or with less than one day of absence are reported on a quarterly basis. All reported accidents are investigated, and the results are documented in respective reports. Additionally, in 2021 Fresenius Kabi started to include first-aid cases and unsafe situations including near misses in the reporting of occupational accidents. These can be taken into account in the analysis of occupational health and safety.

Fresenius Helios uses a Critical Incident Reporting System (CIRS) for critical incidents and near misses at all hospitals. This is anonymous, can be used in all areas of a hospital site, and primarily serves the preventive protection of both patients and employees. The reporting system can be used to make preventive corrections in processes and workflows and thus eliminate risks from everyday work. Further information can be found on page 138 of this report.

If an accident occurs in a clinic, a defined process must be followed in order for the person affected to have recourse against the accident insurance organization: the person involved in the accident reports the event to the responsible function depending on the local organizational structure, e.g., the human resources department. The clinic must then file a report with the accident insurance organization within a specified period.

At all **Fresenius Vamed** sites, reporting procedures are in place to identify and prevent work-related injuries. In Austria these are, for example, the reporting of occupational accidents and near-accidents and preventive workplace evaluation. All work-related accidents and all events that almost lead to an accident are documented locally. In addition, the human resources department reports all accidents with lost days to the accident insurance, in accordance with country-specific requirements.

[1] The standard OHSAS 18001 has been replaced by the international standard ISO 45001. The business segment concluded the transition in 2021.
[2] The implementation will be concluded at all manufacturing plants of Fresenius Kabi in 2023. The certification issuance from the individual certification companies may extend into the following year.

Training

Fresenius SE & Co. KGaA and all four business segments conduct regular occupational health and safety training to prevent incidents in their fields of operation. In our **clinics**, employee health and safety training courses cover topics such as the safe use of sharps and disposables, and hand hygiene as well as infection control, and prevention of emergencies and their control. Health and safety training provided in our **production sites** focuses, for instance, on hand hygiene, the safe handling of work equipment, hazardous chemicals, and emergency prevention and response. Fresenius Kabi holds, for instance, monthly training sessions on work-related risks. For example, training sessions were held with occupational health and safety managers in 2021 on emergency preparedness, OHS committees according to ISO 45001, behavioral safety and general safety aspects in the handling and storing of chemicals. Fresenius Vamed offers employees in Austria a separate e-learning module on employee protection.

Our ambitions

Occupational health and safety is highly relevant for the Fresenius Group. The aim is to define a Group-wide KPI that will serve as a long-term performance indicator and be reported. Further details can be found in the Compensation Report on pages 234 ff. of the Annual Report 2021.

Our business segments manage their occupational health and safety measures in line with segment-specific ambitions.

Fresenius Medical Care plans to include further global indicators in the internal reporting from 2023 to reflect overall performance: the total recordable injury frequency rate and lost time injury frequency rate. In certain segments of the regional businesses, the business segments has already defined targets for incident rates, safety training, or the monitoring of occupational health and safety performance. The business segment plans to set global targets for occupational health and safety by 2023.

Fresenius Kabi wants to continue the improvement of its occupational health and safety management. The ambition of the business segment is to prevent all work-related accidents and improve workplace safety. To achieve this, Fresenius Kabi is developing appropriate occupational health and safety programs and measures with local managers.

The introduction of a system for the comprehensive recording of occupational accidents at all **German Helios hospitals** is planned for 2022. In future, key figures such as the lost time injury frequency rate (LTIFR) are also to be collected. To this end, Fresenius Helios is closely cooperating with the German accident insurance institutions and internal managers. In the future, Helios Germany will also collect data for preventive health and safety at work purposes.

Fresenius Vamed currently collects relevant key figures locally that may result from occupational accidents. In the future, changes in occupational health management will also be evaluated to an increasing extent.

FRESENIUS MEDICAL CARE

Fresenius Medical Care is committed to providing a safe and healthy work environment for its employees and contractors. In 2021, the company established a new global Occupational Health and Safety Policy, which outlines the key principles. The policy was approved by the Management Board of Fresenius Medical Care.

Fresenius Medical Care strives to prevent work-related accidents and hazards to protect employees and contractors. The business segment tracks and analyzes accidents and injuries at local and regional levels, identifies their root causes, and takes corrective action.

Training

To prevent incidents and increase awareness, Fresenius Medical Care provides health and safety training. Employee training courses in the dialysis clinics cover, for example, the safe use of sharps and disposables, hand hygiene, infection prevention, and emergency management. Training provided at the production sites focuses on, among other topics, the safe handling of work equipment and chemicals, and emergency prevention and response. In the United States alone, more than 48,000 employees completed health and safety training in 2021.

Progress and measures in 2021

As part of the Global Sustainability Program, Fresenius Medical Care began a global risk assessment in 2021. The company identified the biggest physical risks as injuries from needlesticks, slips, trips, and falls. The business segment is working to identify and prioritize high-risk areas and plans to develop specific risk mitigation measures in the coming years. It has also piloted an initiative in the production sites in Europe, Middle East, and Africa. This initiative aims to facilitate the sharing of information concerning significant accidents, near misses, and occupational health and safety best practices.

Fresenius Medical Care also offered COVID-19 vaccinations to its employees at various locations.

Evaluation

No work-related fatalities were reported between 2019 and 2021. In the reporting year, the business segment is reporting on work-related fatalities for the first time.

FRESENIUS KABI

The safety of employees at their workplace is Fresenius Kabi's central concern. The aim is to prevent all work-related accidents. Fresenius Kabi's occupational health and safety guidelines focus on the following principles:

- implementing the necessary measures to ensure the health and safety of employees,
- provision of appropriate information, training, and instruction to employees and all persons at our locations,
- ensuring and supporting continuous improvement,
- preventing work-related injuries, illnesses, and other incidents, e.g., implementing technical protection measures,
- performing hazard and risk assessments for all routine and non-routine activities,
- complying with applicable legal requirements and other occupational health and safety requirements,
- providing and ensuring the continuous safe operation of facilities, machinery, and equipment,
- safe handling, use, storage, and proper disposal of hazardous substances.

Experts in the central OHS function analyze and evaluate occupational health and safety programs, working procedures, risks, and objectives, and facilitate exchange of information about occupational health and safety throughout the company. Risk assessment is an important part of occupational health and safety management. Based on the outcomes of risk assessment, occupational health and safety measures are developed and implemented locally. This is supplemented by a notification system, in which work-related incidents and accidents are reported and analyzed. In addition, regular training on work-related risks, procedures, and precautionary measures is provided at all sites.

Responsibility for occupational health and safety management lies with the divisional and local organizations; global management responsibility lies with the central organization, which reports to the responsible member of Fresenius Kabi's Management Board.

Fresenius Kabi has implemented standard operating procedures (SOPs) and further instructions as well as guidelines to provide a global framework for occupational health and safety. A management handbook and additional SOPs provide a consistent framework for the local occupational health and safety management of ISO 45001-certified organizations.

Progress and measures in 2021

In 2021, the management approach and the governance structure of Fresenius Kabi remained as reported in 2020. Progress focused on the transition of sites certified according to OHSAS 18001 to the international standard ISO 45001, and implementation of the ISO 45001 management system at additional manufacturing plants to further improve occupational health and safety management. Furthermore, the exchange of occupational health and safety management practices has been facilitated internally.

Evaluation

Fresenius Kabi performs global internal audits at its organizations to confirm compliance with applicable requirements and identify potential improvements. As necessary, the company develops measures to exploit this potential together with local responsible persons. Due to the COVID-19 pandemic, most audits continued to be conducted digitally in 2021. Quarterly virtual meetings took place with representatives from the organizations to exchange learning points about work-related accidents and their future prevention.

Occupational accidents are categorized according to their severity and are investigated by means of a standard investigation template. Furthermore, local management assesses the investigation reports to decide whether technical improvements, additional working equipment or instructions, or further training are required to avoid reoccurrence in future and to improve occupational health and safety for employees.

Fresenius Kabi calculates the LTIFR[1] from the data it collects and uses this as an indicator to measure performance; the LTIFR deteriorated by about 4% compared to the previous year due to an incident at a production site in China. Fresenius Kabi also considers the lost time injury severity rate (LTISR)[2] in the analysis. Occupational health and safety reports are submitted to the Management Board and other relevant functions of Fresenius Kabi on a quarterly basis.

LOST TIME INJURY FREQUENCY RATE[1]

Fresenius Kabi	2021	2020	2019	2018
LTIFR	2.4	2.3	2.6	3.1

The occupational health and safety report provides information about, for example, LTIFR, LTISR, the severity of the occurred injuries, the type of accidents and the identified root causes.

In December 2021, a serious fire occurred at a production site in China, resulting in the deaths of five employees and one other person being hospitalized. An investigation of the incident and the cause of the fire was initiated immediately. The business segment will adopt measures to address the incident and its potential or actual consequences, and to prevent future occurrences, based on the review results by the business segment and local authorities.

In addition, the company recorded one serious work-related accident, which was attributable to insufficient risk assessment. This has prompted additional preventive measures at the respective site, e.g., training and reassessment of hazards and risks connected with the respective work activities. In 2021, Fresenius Kabi saw only a limited number of COVID-19 cases at its facilities, with no significant impact on production output. Precautionary and hygiene measures to protect employees and limit the impact of COVID-19 developed and implemented in 2020 have been continued to be monitored and stringently maintained in 2021. Furthermore, COVID-19 had no impact on the further roll-out of the ISO 45001 management system in 2021 and did not affect OHS performance of the business segment.

FRESENIUS HELIOS

Fresenius Helios hospitals have risk assessments for the individual workplaces and maintain lists of hazardous substances. As a preventive measure, Fresenius Helios conducts occupational health and safety inspections of areas of the hospitals to detect potential risks. The main risk areas are identified via accident reports or information from employees and undergo rigorous assessment. As part of a risk assessment, these are then analyzed.

In **Germany**, clinic experts use the S-T-O-P principle (substitution, technical, organizational, and personal measures). Fresenius Helios then reviews the implementation process and its effectiveness. The procedure used is the equivalent of a classic PDCA loop – plan, do, check, act – for continuous improvement. In coordination groups, for example for mental health risk assessments, specialized employees work together with managers to develop cross-functional measures. Similar procedures can be found for example in occupational health management and occupational reintegration management. The business segment is currently reviewing whether to introduce an integrated management system for occupational health and safety in Germany.

[1] LTIFR: Number of work-related accidents resulting in at least one day of absence from work in relation to 1,000,000 working hours.
[2] LTISR: Number of days absent due to work-related accidents in relation to 1,000,000 working hours.

Helios Spain strives to develop an exemplary culture within health care provision, in order to avoid occupational health risks and promote healthy habits among its workforce. This is also implemented in the company's policy on workplace safety, which is applicable at all company levels and locations. Helios Spain has standardized occupational health and safety across the Group's hospitals and companies and developed a company-wide training platform for specific workplace-related risks. Various KPIs, including absenteeism, occupational illness, and work-related injuries, are consolidated for all hospitals on a monthly basis in a single standardized system and are evaluated. Based on this, measures are then taken to reduce absenteeism and prevent accidents at work.

As a hospital operator, Fresenius Helios implements in Germany **occupational medicine measures** primarily with own medical personnel. At numerous locations, Helios Germany supplies occupational health services to external companies. The safety-related support of the clinics is ensured specifically by highly qualified personnel.

In Spain, the range of services encompasses about 300 institutions that provide **occupational health management**. Via these prevention centers, around five million employees are examined annually in cooperation with companies.

Helios Spain has a management system for health and safety at work that has been coordinated with the health and safety committees and approved by management. It has undergone the legally required audits in Spain, as well as internal audits and certifications. The implementation and monitoring of the OHS system is taken care of by specially authorized employees.

Since 2021, the OHS system has included a process for continuously identifying hazards and deficiencies, assessing risks for incidents, and determining measures for control, correction or mitigation, and prevention,and improvement. It complies with applicable legal requirements for risk assessment and the implementation of necessary controls. This process includes all employees who perform or have access to routine and non-routine activities in Helios Spain workplaces. All current and planned workplaces, procedures, (OHS) processes, and tasks located or performed at the centers, as well as their design, are assessed – as are human factors such as personal behavior. Also covered are (the design of) infrastructure, equipment, and materials in the workplace, whether provided by Helios Spain or by third parties. The process also includes hazards that arise in the immediate vicinity of the workplace from work-related activities under the control of the business unit, as well as those that exist outside the workplace but potentially affect the safety and health of its employees.

An integral part of Helios Spain's OHS management system is training in the prevention of occupational risks. For each of the professions practiced at Helios Spain, there is a special course dealing with the risks and associated preventive measures. Each year, the division also identifies additional training needs for risk prevention in the workplace. In addition, courses and exercises are held on emergency measures.

Organization and responsibilities

The senior management team of Fresenius Helios, the Helios Occupational Health business segment as well as the Helios segment Infrastructure have the task of coordinating occupational health and safety in Germany.

In terms of organization, the Helios Occupational Safety segment is assigned to the area of Authorized Officers & Environmental Management in the Infrastructure business segment. It was founded in 2019 and currently looks after about two-thirds of all the employees in the business segment, in addition to Fresenius Vamed and Xenios, a Fresenius Medical Care company.

Helios Occupational Safety within the segment Infrastructure and its engineers are responsible for almost all Helios clinics and their subsidiaries (e.g., cleaning, logistics, or catering). They look after all aspects of health and safety at work for Fresenius Helios' employees, as well as the employees of Fresenius Helios subsidiaries, ensuring coordination is carried out in close collaboration with the supervisory authorities on a daily basis.

The Helios Occupational Health business segment in Germany also has an Occupational and Organizational Psychology department.

At local level, the members of the Occupational Health and Safety Committee take a targeted approach to monitoring the various aspects of occupational safety and health promotion. The meetings held by the Occupational Health and Safety Committee meet the legal requirements set for composition and number of participants. In addition, specialist personnel and managers in special steering groups at the hospital sites work on dealing with specific areas, such as occupational health management.

At Helios Spain, the OHS system defines the functions, roles, and responsibilities for health and safety in the workplace.

Helios Germany follows the legal requirements and takes all necessary measures to comply with them. At local level, we work closely with the relevant accident insurance institutions in the interests of our employees. Preventive measures to maintain occupational health and safety standards are a priority.

The Fresenius Helios policy on workplace safety in Spain promotes safe behavior among its workforce; it applies at all levels of work and at all locations in Spain.

Progress and measures in 2021

Since 2021, Helios Germany has been involved in a project of the responsible professional German association Institution for Statutory Accident Insurance and Prevention in Health and Welfare Services (BGW). This initiative, launched in September 2021 at the Park Hospital in Leipzig, aims to develop and establish unified occupational medicine and occupational safety standards, and improve internal and external interface management. In addition, a pilot project was launched in October 2021 to expand the existing range of occupational health services to include digital services such as online consultations.

Evaluation

Qualified occupational health and safety specialists and occupational physicians examine whether the requirements for occupational health and safety are met at Fresenius Helios in Germany. In addition, the requirements are regularly reviewed by supervisors from the BGW. Various audits, sometimes internal, of Fresenius Helios in Germany enable consistent analysis of existing procedures, validation of processes, and effective optimization of the occupational health and safety management already in place. Experts from the field of occupational health and safety, and hygiene, monitor jointly the management of occupational health and safety based on regulatory provisions. They are constantly cooperating across segments and developing improvement processes.

Helios Germany documents accidents locally and assesses the potential for associated risk, with a specific assessment carried out on-site; this is then discussed and assessed together with the relevant supervisory authorities.

Time management reports, which document absences and absenteeism and their development are recorded and evaluated locally in hospitals. Further, accident figures are evaluated at each meeting of the local health and safety committee. Based on this, Fresenius Helios takes measures to reduce absenteeism and prevent occupational accidents. In addition to the figures resulting from accident reporting, on-site local audits in particular serve to monitor the effectiveness of risk evaluations and local occupational safety and health management approaches.

Helios Spain collects data for preventive occupational safety on a monthly basis. The division has defined key figures to document absenteeism and accident rates, as well as the status of compliance with important legal requirements at employee level. Each location in Spain reports on a monthly basis on the development of the key figures. At Helios Spain, there are dashboards for monthly monitoring of absenteeism, occupational accidents, and general illness. The development of the indicators is assessed, and in case of deviations, the business unit implements optimizing projects to reduce absenteeism.

In 2021, a fire occurred in a ward at a hospital site in Germany. The night services on duty in all departments evacuated patients in accordance with the emergency and fire protection plans. Three patient fatalities were reported in the context of the fire. No employees were harmed. The hospital management, the hospital pastoral care and the psychological service took care for patients and employees. The hospital staff is prepared for such crisis situations through annual mandatory training. The remediation work is still ongoing and will be completed in the course of spring 2022.

FRESENIUS VAMED

The health and safety of employees is firmly embedded in our company's culture and the Fresenius Vamed mission statement. All employees, and in most instances patients and customers too, are covered by the company's holistic approach to occupational health and safety. Due to the diverse range of services and the different responsibilities involved, the implementation process is organized in very different ways throughout the business segment – nationally and internationally. In the area of occupational health and safety, all locations are subject to the respective local laws and regulations. Compliance with these regulations is also ensured at local level.

Due to the decentralized organizational structure of Fresenius Vamed, a range of different legal and internal guidelines play a significant role in occupational health and safety. The Code of Conduct covers administration and the area of technical services, while the Clinical Code of Conduct regulates the area of health care and medical personnel. To prevent work-related injuries and occupational accidents, all new employees receive safety training at the very beginning of their employment.

Risk management is a fixed component in the area of occupational health and safety and has also been taken into account as such in the organizational structure. In Austria, for example, a certified risk manager and auditor was appointed to ensure competence in this area. Further, the respective workplace-specific risks were identified, analyzed, evaluated, and reduced to an acceptable level by means of targeted measures in the process organization; this was carried out in close coordination with the divisional managers. With regard to COVID-19, specific attention was paid to reducing risks relating to infection as well as the physical and mental stress involved in dealing with the overall situation. Corresponding documentation was provided in the safety and health protection documents.

In **Austria**, the safety center of VAMED Technical Services employs several safety specialists. This center is responsible for the safety-related support of Fresenius Vamed's operations. In order to maintain and further develop their competence, all safety specialists are subject to a focus-specific training program adapted to the respective needs of the organization. In addition, the manager of the safety center is certified as quality, safety, risk, and environmental manager and as lead auditor.

Switzerland has its own safety officers who are responsible for occupational safety and data protection. In addition, there is a dedicated CIRS Circle: this is a committee of representatives from different areas, who analyze critical and near-critical situations, in order to develop and implement solutions.

In the **Czech Republic**, there are not only safety officers, but also a legally required categorization of work into safety levels. This categorization is performed by in-house responsible persons. The categories determine what protective clothing the employer must provide for the respective workplace and the scope of occupational health examinations of the respective employee.

Progress and measures in 2021

In 2021, the management approach and the governance structure of Fresenius Vamed remained as reported in 2020. Progress focused on health protection during the COVID-19 pandemic.

Wherever logistically possible, COVID-19 testing was offered to employees free of charge on site, and vaccinations were provided centrally by the facilities. Masks, protective equipment, and adequate disinfection facilities were provided. Maintaining minimum distances in the office was supported by a rotation system and working from home.

In some facilities, more psychological support was offered and bonuses were paid to employees in direct contact with patients for the particular stress they experienced during the pandemic.

Evaluation

All Fresenius Vamed locations are subject to regular occupational health and safety inspections. At Fresenius Vamed, work-related incidents must not only be reported, but they also trigger an audit of existing work processes and of any proposed changes and the implementation thereof. Corresponding internal guidelines are available. The aim is to minimize risks and prevent the recurrence of hazards. Therefore, all incidents are subject to a structured evaluation by means of a root cause analysis including the corresponding improvement measures. These are prioritized in terms of technical, organizational and personnel criteria. The effectiveness of the measures is validated on site by the responsible local safety specialists. To ensure a holistically structured approach, a standard operating procedure has been implemented.

In 2021, an evaluation of mental stress in the workplace was carried out by an external provider. The lead companies at the headquarters participated in the evaluation, which set out to derive further findings for improved working conditions. The results are expected to be available at the beginning of 2022. Based on the results, measures will be developed going forward.

DIVERSITY

DIVERSITY AND EQUAL OPPORTUNITIES

OUR APPROACH

At Fresenius we support equal opportunities for all and consciously oppose discrimination of all kinds. No one may be discriminated against on the basis of skin color, ancestry, faith, political views, age, gender, ethnicity, nationality, cultural background, sexual orientation, physical condition, appearance, or other personal characteristics. We work in an atmosphere of mutual respect. Our dealings with each other are open, fair, and appreciative. We do not tolerate insults, humiliation, or harassment. Our managers have a special responsibility in this respect and act as role models. These values and our aspirations with regard to diversity are laid down in the Fresenius Code of Conduct, which is binding for all employees. This code makes our stance clear, i.e., to support equal opportunities for all. This lays the foundation of our cooperation and corporate culture. Further information on our approach to equal opportunities is provided in the "Human rights" section, see pages 194 ff. of the Group Non-financial Report.

Dealing with incidents of discrimination

Information about violations of the principles of the Fresenius Code of Conduct and other possible misconduct can be reported via various notification systems – anonymously, if necessary, as described in the Compliance chapter, on page 185, and on page 188 in this report. All information is carefully examined and appropriate action taken in accordance with the results of the investigation. Depending on the type and severity of misconduct, sanctions such as actions under employment, civil, or criminal law can be imposed. After finishing the investigation, measures that prevent future misconduct, or at least make it more difficult, are implemented. If business segments have implemented additional, specific reporting channels, these are described in this chapter.

Diversity lived in the business segments

Fresenius promotes international and interdisciplinary cooperation as well as diversity in our business segments and regions. The diversity of our markets and locations is also reflected in the workforce of the four business segments. In our home market in Germany, we have employees of around 140 nationalities. All business segments attach great importance to equal opportunities for all employees in the workplace as well as in the application, selection, and development procedures. In order to integrate equal opportunities in all processes and workflows, the business segments develop diversity concepts that are adapted to the requirements of their respective business models and regions.

Employees with disabilities

The Fresenius Group also employs people with disabilities, severe disabilities, and other limitations. The spectrum not only includes people in wheelchairs or with mental disabilities. Survival of cancer, or diabetes, rheumatism, depression, back problems, or cardiovascular disease can also be the cause of a disability or impairment.

Fresenius is committed to the inclusion of severely disabled people. We want to enable our employees to apply their knowledge and skills as fully as possible. In doing so, the respective local legal requirements must be implemented. As these differ significantly in some cases, management is decentralized and local. For example, severely disabled employees in Germany are entitled to a workplace suitable for the disabled, part-time work if the disability requires shorter working hours, special protection against dismissal, and additional leave.

Fresenius Medical Care

Fresenius Medical Care's commitment to inclusion and diversity is incorporated in its Code of Ethics and Business Conduct. The business segment introduced a guideline stipulating that the interview round for senior-level positions should, where possible, include at least one qualified candidate from an underrepresented group. The objective is to increase diversity levels in the company, taking global ambitions and local environments into account.

Various channels are available to employees, patients, and third parties to report potential violation of human or workplace rights, laws, or company policies. Based on an analysis of its grievance mechanisms in 2020, Fresenius Medical Care is working on improving the complaint handling practices and to establish globally consistent processes.

In 2021, Fresenius Medical Care built on its past efforts to foster a diverse and inclusive workplace, and to raise awareness of the benefits the company believes such an environment brings. The business segment further developed global inclusion and diversity initiatives. For instance, it held an inclusion workshop for the Management Board. In addition, an Asia-Pacific Women's Leadership Initiative was launched in 2021 as a catalyst to continue driving inclusion and diversity among the 13,000-strong workforce in the region.

Fresenius Medical Care also established a main contact for Diversity, Equity, and Inclusion (DE&I) in North America, who is focused on supporting the advancement of the key objectives in this area in alignment with the global inclusion and diversity work. She is supported by both the business segment's DE&I Executive Committee and its DE&I Council. Together these form a diverse group of employees who provide input on the business segment's continued efforts to build a more trusting and inclusive culture.

Fresenius Medical Care intends to further strengthen inclusion and diversity beyond gender diversity over the next few years. For example, the business segment plans to increase the focus on ethnic diversity in the future. To support these efforts, the company plans to help establish new employee resource groups (ERGs) across the regions. These groups refer to employees who meet based on shared common interests. In the United States alone, Fresenius Medical Care has 14 ERGs dedicated to different employee interests and aspects of diversity.

Fresenius Kabi

Fresenius Kabi emphasizes equal opportunities for all employees in their daily work as well as in recruiting, application, and development processes. Numerous projects are placed in an intercultural environment. Transnational teams are working on solutions to the manifold challenges in the health care sector. The company values of Fresenius Kabi – customer focus, quality, integrity, collaboration, creativity, passion and commitment – form the basis for the day-to-day actions of all Fresenius Kabi employees. The company values of Fresenius Kabi underline the importance of respectful collaboration between all employees and are part of its Code of Conduct.

Fresenius Kabi has a Center of Expertise Talent, Leadership, and Organizational Development (CoE TLO), which reports directly to the head of the Global Human Resources department. The CoE TLO is tasked with anchoring diversity and inclusion in the organization and supporting the regional and divisional human resources functions in their activities with a global framework.

Fresenius Kabi has guidelines and reporting systems for reports of potential violations of the principles defined in the Fresenius Kabi Code of Conduct. Employees can report possible violations of the principles to their supervisors, their human resources department, or the compliance department, for example via e-mail. An online platform also offers the possibility of anonymously reporting violations of corporate principles to the company in various languages.

In the reporting year, the management approach and the governance structure of Fresenius Kabi remained as reported in 2020. Progress focused on further embedding diversity management in the business segment. The COVID-19 pandemic had no impact on Fresenius Kabi's diversity management in 2021.

In 2021, Fresenius Kabi established a diversity, equity, and inclusion (DEI) department as well as a Steering Committee for the region North America. Activities there focused on building competencies for diversity- and equity-friendly and inclusive behavior and developing regional DEI concepts for Fresenius Kabi employees.

Fresenius Helios

At Fresenius Helios, the aspiration to be non-discriminatory and provide equal opportunities extends equally to employees, business partners, and patients. In Germany, it is also anchored in Helios' vision and mission, which were finalized in 2021, and in its six guiding principles: the guiding principle "Working together" emphasizes how valuable human diversity is – for example in nursing or medical teams at the clinics.

At **Helios Germany**, the Director of Human Resources has overall responsibility for diversity. A separate diversity working group was set up in 2021 to design and implement overarching measures. In the hospitals, the clinic management is responsible for implementing the diversity concepts.

In the fourth quarter of 2021, Helios Germany signed the Charter of Diversity (Charta der Vielfalt) – an employer initiative for diversity in the workplace. Underpinning this commitment, the business unit is developing tools to strengthen diversity in all dimensions. The Helios intranet makes information, internal and external networks, and examples of best practice transparently available to employees.

Incidents involving discrimination are processed via the clinic management in cooperation with the human resources managers and, depending on the severity of the incident, escalated to regional or central level. As a rule, in the event of incidents of discrimination, a crisis management team is deployed to advise on the specific procedure to be used on a case-by-case basis.

Helios Spain commits to a diverse corporate culture in its Code of Conduct. The management is committed to using gender equality tools – for example, through integrative language and training, or in procedures such as personnel selection processes and internal promotions, as well as in cases of sexual harassment or gender discrimination. Helios Spain is currently in the process of negotiating equality plans for all locations in the hospital group. This kind of equality plan respects the European directives and the national rules in Spain on equal opportunities and wage transparency between men and women, and also guarantees non-discrimination in the workplace. Negotiations with trade unions on these equality plans took place during 2020 and 2021.

Each clinic of Helios Spain employs an equal opportunities officer, who is specially trained and exercises an advisory function for the respective management. In addition, the equality plan is monitored by a central committee comprising members from the management and employee representatives, who report on the implementation and development status at the locations. Specific action plans are also drawn up to ensure inclusion and equal opportunities for all employees in our clinics and health care facilities.

At Helios Spain, incidents involving discrimination can be reported via the Human Resources department, the intranet and the employee portal. In addition, sexual and gender-based harassment can be recorded via a dedicated complaint protocol. Three reports were received in 2021. Those related to own employees were investigated internally by the labor relations department. Two reports were solved and not further substantiated. One report is still under investigation.

Integration of international nursing staff

To support its foreign employees, in particular foreign nurses, Helios Germany began to train staff as integration managers in 2020. In the course of the year, 40 integration managers who were either still undergoing or had already completed training supported nurses who had come to us from abroad when they arrived in Germany, helping them to deal with authorities and providing support in other situations. The aim here is to help with social and cultural integration, as well as aiding professional and linguistic integration. This is supported and complemented by local initiatives at each hospital location.

Fresenius Vamed

Fresenius Vamed focuses, among other things, on addressing diversity in the effective promotion of young talent and the management of succession planning. In the area of training and development in particular, the diversity of employees is taken into account and, for example, online training is offered in various languages.

At Fresenius Vamed, a diversity and gender representative oversees equality issues.

Suspected cases of discrimination or violations of diversity provisions are reported to and investigated by the Compliance Organization. Various reporting channels through which possible compliance cases can be reported are available to Fresenius Vamed employees for reporting suspected cases of discrimination, as explained on page 185, section "Reporting channels", of this Group Non-financial Report.

Fresenius Vamed has developed concepts for the integration of foreign nursing staff.

OUR AMBITIONS

Promoting diversity and inclusion at all levels of the company is a priority at Fresenius. The Fresenius Group Management Board welcomes the activities within the business segments to further building on this diversity in future and benefiting from it more widely.

In the past, the Management Board of Fresenius had already set targets for the proportion of women in the two management levels directly below the Management Board. For more information, please refer to our Corporate Governance Report on pages 232 f. of the Annual Report 2021.

EVALUATION

The proportion of female employees in the Fresenius Group increased slightly to 69% as at December 31, 2021 (Dec. 31, 2020: 68%). The proportion of females in services or care is traditionally higher than in the area of production. This is reflected in the proportion of female employees in our business segments: Our business segment Fresenius Helios has with 74% the highest proportion of female employees among the Group. The number of female participants in the Group-wide Long Term Incentive Plan (LTIP 2018) is a good indication of the share of women in management positions. According to this, the ratio of women among the more than 1,800 top executives increased to 32.6% as at December 31, 2021 (Dec. 31, 2020: 31.6% of 1,700 top executives).

At Fresenius Medical Care, as of December 31, 2021, women accounted for 69% of the total workforce and 26% of positions in the first two management levels. Gender diversity in the business segment's main governance bodies and at management level has remained stable over the past two years. In 2020, the Management Board of Fresenius Medical Care defined a new target of 22% for the share of women in the first management level below the Management Board and 32% in the second management level. The business segment aims to achieve these targets by 2025. In 2021, the definition of the two management levels below the Management Board for which targets were set was also adjusted in this context.

FEMALE EMPLOYEES

Dec. 31	**2021**	2020	2019	2018	2017
Fresenius Medical Care	**69%**	69%	69%	69%	69%
Fresenius Kabi	**51%**	50%	50%	50%	51%
Fresenius Helios	**74%**	75%	75%	75%	76%
Fresenius Vamed	**62%**	62%	63%	64%	56%
Corporate/Other	**40%**	38%	39%	39%	39%
Total	**69%**	68%	68%	68%	68%

COMPLIANCE AND INTEGRITY

COMPLIANCE

For Fresenius, compliance means doing the right thing. Our ethical values are based on more than just regulatory requirements, which means that we not only act in accordance with the law, but also according to applicable sector codices, our internal guidelines and values. For our employees, this is the foundation of all our activities. For our business partners and suppliers, it is the standard Fresenius sets for cooperation. In this way, we want to help ensure that everyone can rely on us as a partner of trust and integrity.

Our risk-based compliance management systems are aligned with the business of each of our business segments. Our key ambition is to prevent corruption and bribery in our business environment. Beyond that, prohibiting violations of antitrust law, data protection regulations, trade restrictions, and anti-money-laundering laws, preventing the financing of terrorism, and protecting human rights are also key areas, which we address with dedicated compliance measures.

OUR APPROACH

At Fresenius, we strongly believe that compliance protects what is most important to us: the well-being of the patients we care for. Compliance is firmly anchored in our corporate culture and guides us in our everyday work. Integrity, responsibility and reliability form the core of our understanding of compliance. Thereby, we design all our measures in such a way that they prevent compliance violations.

As stated in our Fresenius Code of Conduct, we are fully committed to adhering to statutory regulations, internal guidelines, and voluntary commitments, as well as acting in accordance with ethical standards. Violations are not to be tolerated. If a violation is detected, we perform an investigation, initiate the necessary remediation measures, and impose sanctions if applicable. In addition, incidents prompt us to anchor ethical and compliant behavior even more firmly in our corporate culture, as well as to further sharpen our compliance programs and prevention mechanisms in order to prevent future violations.

In all four business segments and at Fresenius SE & Co. KGaA, we have set up dedicated risk-oriented compliance management systems. These are based on three pillars: prevention, detection and response. Our compliance measures are primarily aimed at using preventive measures to avoid compliance violations. Key preventive measures include comprehensive risk identification and risk assessment, appropriate and comprehensive policies and processes, regular training, and ongoing consultation. We also carry out internal controls to identify possible compliance violations and ensure that we act in accordance with the rules.

The design and implementation of our compliance management systems are based on international regulations and guidelines, such as the ISO standards on the set-up of compliance management systems and applicable audit standards of the IDW (PS 980). When implementing measures, we take into account the respective national or international legal frameworks.

Organization and responsibilities

Involvement of the Management Board

Responsibility for compliance within the Fresenius Group lies with the Management Board and has been assigned to the board member responsible for Human Resources, Risk Management and Legal of Fresenius Management SE. The Management Board member assumed the function of Chief Compliance Officer of Fresenius SE & Co. KGaA until Dec. 31, 2021. As of Jan. 1, 2022, the new Group function Risk & Integrity was established, encompassing the areas Risk Management & ICS (Internal Control System), Business Integrity (formerly Corporate Compliance) and Data Protection. The Head of Business Integrity has assumed the functions and responsibilities of the Group Chief Compliance Officer of Fresenius Group. He has a direct reporting line to the Member of the Management Board, responsible for Human Resources, Risk Management and Legal.

In our four business segments, Chief Compliance Officers and in some instances Compliance Committees develop and monitor the respective compliance management system. These functions report to the respective management of the business segment.

The organizational structure

The business segments have established their own compliance organizations, which are based on the business organization. This includes respective Corporate Compliance departments, which develop global compliance initiatives for their business segment and support their respective compliance officers. More than 400 employees throughout the Group are responsible for compliance tasks and support Fresenius managers and employees in all compliance-related matters.

Corporate Compliance department of Fresenius SE & Co. KGaA

The Corporate Compliance department of Fresenius SE & Co. KGaA sets minimum standards for the compliance management systems, especially for those compliance risks that are relevant to all business segments. The department supports the compliance officers in the four business segments with standardized management tools, processes and methods, and develops overarching compliance initiatives with them.

Compliance Steering Committee

The Compliance Steering Committee (CSC) is the central advisory body of Fresenius SE & Co. KGaA for Corporate Compliance matters. The CSC is composed of the Chief Compliance Officer, the Chief Financial Officer, and the heads of the Legal, Internal Audit, and Corporate Compliance departments. If necessary, representatives of other governance departments attend the meetings of the CSC. The Compliance Steering Committee discusses the further development of the Compliance Management System, as well as important compliance initiatives and relevant compliance risk areas. The members of the committee also discuss severe compliance cases and their remediation. All four business segments report annually to the CSC on the progress of their compliance management systems. The meetings of the CSC take place every six to eight weeks. In 2021, eight meetings took place – due to the COVID-19 pandemic, most of them virtually.

Best practice exchanges and compliance expert panels

To ensure ethical conduct, we continually review our business practices and exchange on best practices with our compliance colleagues worldwide. Despite the travel restrictions that remained in place in 2021, regular exchanges in cross-divisional expert panels continued to take place within virtual meetings. Areas of collaboration included antitrust and foreign trade law, as well as anti-money laundering, whistleblower protection, and cross-border investigations.

Reporting structure

The Chief Compliance Officer of Fresenius SE & Co. KGaA is informed about initiatives driven by the Corporate Compliance department on a weekly basis. Compliance case reports of medium severity for the corporate segment are reported to the Chief Compliance Officer immediately. The Management Board of Fresenius Management SE receives reports on the corporate compliance management system's status and selected initiatives regularly, at least twice a year. The Corporate Compliance department also prepares an annual compliance report, which provides a comprehensive overview of all Corporate Compliance initiatives. The Supervisory Boards of both Fresenius SE & Co. KGaA and Fresenius Management SE are regularly informed about progress of compliance measures, at least once a year, most recently in December 2021. The business segments have established individual reporting lines to their respective management. The management teams of the business segments receive regular reports on compliance by their Compliance Officers.

Despite the differences in business and risk profile in each business segment, we strive to uniformly evaluate the design of the compliance management systems. In 2021, aspects of the effectiveness of compliance measures were also surveyed after the Corporate Compliance department of Fresenius SE & Co. KGaA reviewed the maturity of the compliance measures of the business segments and Fresenius SE & Co. KGaA for all compliance risk areas by using the Compliance Management System Reporting methodology in the previous year. The results were presented to the Compliance Steering Committee as well as the Management Board and Supervisory Board. This assessment will be continued on a regular basis.

Guidelines and regulations

The Fresenius Code of Conduct forms the framework for all rules applicable in the Fresenius Group. The Code of Conduct lays out the principles of conduct for all employees, including managers at all levels and members of the Management Board. The Code is aligned with international regulations, as explained on page 182, and was adopted by the Management Board of Fresenius Management SE. In addition, the four business segments have implemented their own Codes of Conduct, which reflect the Fresenius Code of Conduct principles and are adapted to the individual characteristics of each business segment. The Code of Conduct is available to all employees and is also available on the Internet. Guidelines, organizational directives, and process descriptions supplement and further define the rules of the Code of Conduct.

These are our principles, which are also defined in the Fresenius Code of Conduct:

Quality
- Ensuring quality of products and services.

Integrity
- Acting fair in competition
- Dealing properly with third parties
- Handling conflicts of interest transparently
- Acting in exemplary fashion

Responsibility
- Protecting data
- Protecting company property
- Handling company information confidentially
- Living social responsibility

Reliability
- Creating transparency in accounting, reporting, and communication with the public

Risk assessment

By using standardized methods, we regularly record, analyze, and evaluate compliance risks in each business segment and at Fresenius SE & Co. KGaA. These risk assessments cover over 20 risk groups depending on the business segment. Once a year, the compliance responsibles exchange information on key findings from the respective risk assessments. In addition to core compliance risks such as bribery and corruption, antitrust violations, money laundering, terrorism financing, data protection violations, trade restrictions, and human rights violations, the risk assessment also includes other significant business risks such as information security, environmental and occupational safety, quality assurance, and the protection of intellectual property, where the responsibility lies with other functions.

Dealing with third parties

Our Code of Conduct and the related guidelines for Fresenius Group employees also regulate our relations with business partners and suppliers. We expect them to comply with applicable laws and standards as well as ethical standards of conduct in daily business and have specified this in our Fresenius Code of Conduct for Business Partners. Our ambitions to avoid corruption and bribery are laid down in our Codes of Conduct. Among other topics, the Codes explicitly prohibit corruption and bribery and oblige our partners to comply with relevant national and international anti-corruption laws. In addition to risk-based business partner due diligence, we inform our business partners about these requirements before entering a business relationship. The Codes of Conduct of the Fresenius Group are publicly accessible, for more information see chapter Supply chain, starting on page 197.

Business partner and investment due diligence

All business segments and Fresenius SE & Co. KGaA conduct risk-based due diligence on business partners before entering into a business relationship. In each business segment, the business partners to be screened are selected on a risk-based basis according to defined criteria. A risk profile of the partner is drawn up and targeted measures are initiated: accordingly, the compliance contract clauses are based on the partner's risk profile to prevent corrupt actions. We also reserve the right to terminate the contract in the event of misconduct. If we suspect misconduct on the part of a business partner, we take additional measures which, depending on the severity of the misconduct, may include audits or certifications.

Whenever we decide on potential acquisitions and investments, we take compliance risks into account in due diligence measures, among other things via the Acquisition and Investment Council (AIC), which reviews planned acquisitions and investments in a defined process for Fresenius Kabi, Fresenius Helios, Fresenius Vamed and Fresenius SE & Co. KGaA. Every acquisition and investment proposal submitted to the Management Board must first be discussed, reviewed, and evaluated by the AIC. The AIC is made up of managers from various functions, including Compliance. If necessary, we initiate safeguarding measures and include, for example, compliance declarations and guarantees in the contracts. Following an acquisition, we integrate the new company into our compliance management systems as quickly as possible.

Financial transactions

We have implemented dedicated controls for cash transactions and banking transactions, such as the dual-control principle. We also monitor cash transactions that exceed a certain threshold. In this way, we want to ensure that all financial transactions are correctly accounted for, authorized, and processed. Thanks to automated processes, we can identify compliance risks at an early stage. Evaluations of compliance with threshold values as well as other verification processes for supplier master data in affected business segments also provide valuable guidance.

This year, the reinforcement and refinement of the Group-wide guidelines on cash and banking transactions was a major project across all business segments. In addition to further controls for payments, the new regulations mainly relate to controls to prevent money laundering. These Group-wide guidelines also provide guiding principles for the subsidiary policies.

Money laundering

Based on the risk profiles of our business segments, we have established measures to address money-laundering risks in the Fresenius Group as part of the implementation of the requirements of the Money Laundering Act for traders in goods. These measures include anti-money-laundering guidelines, specific topic-related risk analyses, internal controls such as the prohibition of certain cash payments, and auditing processes for relevant transactions. We have anchored the implemented controls in our guidelines and conduct training on them.

Trade restrictions

To provide people worldwide with access to lifesaving medicine and medical equipment we also supply products to countries that are subject to trade restrictions. It is particularly important to us to comply with all currently applicable legal provisions, e.g., with regard to sanctions or export controls. To this end, we have introduced various measures in the business segments concerned, such as monitoring processes and special IT system checks for deliveries that are subject to import or export restrictions. The measures depend on the specific risk in the country concerned. We aim to ensure that we can comply with all applicable sanctions and requirements for export controls, even in the event of short-term changes in legislation.

Reporting channels

If Fresenius employees suspect misconduct, e.g., violations of laws, regulations or internal guidelines, they can contact their supervisors or the responsible compliance officers and report the possible compliance incident. They can also report potential compliance incidents anonymously, e.g., by telephone or online via whistleblower systems and e-mail addresses set up specifically for this purpose. All business segments have established appropriate mechanisms. The whistleblower systems of Fresenius SE & Co. KGaA, Fresenius Medical Care, Fresenius Kabi and Fresenius Vamed are available via the corporate websites not only to employees, but also to third parties, e.g., customers, suppliers, and other partners, in a total of more than 30 languages

Transparency in the health care sector

In the health care sector, transparency is of major importance with regard to business conduct, patient information and quality of care. More information can be found on pages 127 ff. in the Well-being of the patient chapter, section “Patient and product safety”.

Fresenius Group companies have to adhere to laws and our ethical principles that

- require us to track and report publicly payments made to health care professionals and organizations;
- require us to issue written notification or approval and to disclose the purpose and scope of the interaction between a Fresenius Group entity and health care professionals, such as in health care facilities;
- require us to publicly disclose data pursued in clinical trials as well as disclose to patients the information gathered in patient studies. This is linked to the public right to transparency regarding data used to approve

new medicines, as well as provisions to adhere to relevant data protection standards; for more information see chapter Data protection, pages 188 ff.;
- require transparency in pricing and reimbursement procedures for pharmaceutical products.

We are committed to respecting the codes and principles associated with membership of various associations. In addition, we disclose all donations to health care professionals in our business segments, in accordance with the publication requirements applicable to us.

Our goals

Our goal is to integrate our comprehensive understanding of compliance into our daily business. The aim is to prevent violations, continuously improve our compliance management systems, and to further evolve a "living compliance culture" Group-wide. Exchange on best practices from our business segments plays a key role here. Each year, all business segments develop operational goals and measures to further strengthen their compliance management systems. These are coordinated by the compliance responsibles and presented to the Compliance Steering Committee.

PROGRESS AND MEASURES 2021

Risk assessment

In 2020, the business segments expanded the risk assessment to include bottom-up information, which they continued to carry out in 2021. Fresenius Kabi already introduced this approach in 2019 and continued this in the 2021 reporting year. Fresenius Helios, on the other hand, will implement bottom-up risk assessments in 2022. After introducing a harmonized IT tool, we made further adjustments to regulatory requirements and adapted existing risk processes in 2021. This way, we ensure an improved Group-wide compliance risk reporting.

Compliance training

Compliance training is a high priority for Fresenius. All employees are offered training on compliance issues, covering basic topics such as our Code of Conduct and corporate guidelines, as well as specific topics such as anti-corruption, antitrust law, anti-money-laundering, data protection, and information security.

To convey the content in a targeted manner, we rely on individual concepts tailored to the respective department and employees. We use various formats such as in-house training, live webinars, on-demand video training, and traditional online training. Participation in essential basic training, such as on the Code of Conduct, is mandatory.

Employees are prompted and reminded to participate in mandatory training courses, for example with automatic registration, or manual registration by compliance departments, human resources, or managers. To promote a risk-conscious and value-oriented corporate culture, we train executives using a dialog-based approach.

Fresenius Kabi focused on the topic of antitrust and the development of an e-learning program to combat money laundering and terrorism financing. Furthermore, Fresenius Kabi introduced entertaining and easy-to-understand video training in series format on various compliance topics, in addition to the mandatory training courses.

In the reporting year, **Helios Spain** began preparing additional training courses for the risks identified in the compliance risk assessment, in addition to the existing training courses on the Code of Conduct.

Workshops on the prevention of corruption and on the U.S. Foreign Corrupt Practices Act (FCPA) were held at **Fresenius Vamed**.

Furthermore, in addition to the mandatory training courses, entertaining and easy-to-understand video training courses in series format on various compliance topics and the subject of information security, further information on pages 149 ff. in the chapter Digital transformation and innovation, were introduced in several areas of the Group.

Continuing development of the business partner due diligence

Fresenius Medical Care enhanced its global internal audit activities by improving the resources and focusing on anti-corruption in high-risk areas. More than 80% of internal audits included a compliance focus. Prior to entering new business relationships, and as part of its continuous monitoring of existing business relationships, the company assesses third parties for compliance risks. In 2021, the business segment assessed and approved 29,000 third parties. In addition, Fresenius Medical Care has implemented their third-party training approach at global level. In the scope of the business segment´s training third parties refer to those in the sales channel. These include distributors, re-sellers, wholesalers, commercial, or sales agents. They also refer to any other third party involved in the sales of the products that potentially interact with government officials or health care professionals for sales of the products. The business segment also continued to conduct anti-corruption-related audits of third-party business partners. Fresenius Medical Care undertook 17 audits, exceeding its target to complete 15 in the reporting year.

Fresenius Kabi improved its systems and processes in the area of business partner screening in 2021. For example, what is known as robot-assisted process automation (RPA) is now used to provide further background information on business partners. Since its launch in April 2021, the RPA solution has automatically provided the persons responsible for the due diligence with a report for each business partner due diligence carried out using our system. This report contains Internet search results against certain search terms and a current search report from our third-party provider for business partner data showing potential red flags. For medium- and higher-risk business partners, the RPA solution delivers the result of another dedicated sanctions list check. The associated guidelines and training courses are currently being revised. Fresenius Kabi has also updated its anti-money-laundering and counter-terrorist-financing policy to reflect the current legal situation and the first national risk analysis.

Helios Spain launched a more comprehensive project in the reporting year that will lead to business partner due diligence for every supplier or business partner in the division in the future. Further information can be found in the Supply chain chapter on page 199.

Fresenius Vamed has established a risk-based business partner due diligence as part of the continuing development of business partner audits. In addition, guidelines for the prevention of corruption have been introduced.

Dealing with conflicts of interest

At Fresenius SE & Co. KGaA, we support our employees in dealing responsibly with conflicts of interest. We provide relevant internal policies, and guidelines, as well as answers to the most frequent questions, on the intranet. Training and regular updates complement the activities at the Group level and within the business segments. Our Corporate Compliance department is also available as a contact partner for all questions.

Fresenius Kabi introduced a comprehensive, global anti-bribery and anti-corruption policy during 2021 that sets out clear rules and principles for avoiding bribery and corruption within the company and in connection with interactions with third parties. These guidelines replace older regulations, e.g., on dealing with healthcare professionals and organizations and on conflicts of interest, and bring these rules together in a uniform document.

Helios Germany updated its anti-corruption policy in 2021 and adapted it to current requirements. The focus here was on the experience gained during implementation, as well as adaptation to the current framework conditions. At **Helios Spain**, new anti-corruption guidelines were drawn up in the reporting year, covering topics such as participation in congresses, travel and representation expenses, and donations. Training on these guidelines is in preparation.

EVALUATION

Audits and inspections

The Internal Audit departments conduct independent audits to improve the effectiveness of the risk management, control and governance processes at Fresenius SE & Co. KGaA and in the Group companies of the business segments. This was also done in 2021, taking into account risk-based measures of the compliance organizations such as policies and procedures as well as their implementation. If weaknesses are identified, Internal Audit monitors the implementation of remediation actions taken by the respective management. The audit engagement results are analyzed by the compliance organizations and are incorporated into the continuous improvement of existing measures.

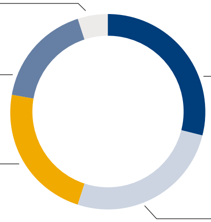
At Helios Germany, adherence to the business segment's transparency regulations is monitored on a random basis in regular transparency reviews. With the Compliance Cockpit, Fresenius Kabi has a tool that provides managers of each subsidiary with an annual overview of compliance-relevant key parameters based on external and internal indicators. Fresenius Kabi reviews these key parameters annually and defines monitoring measures for those subsidiaries with an increased risk profile. Fresenius Kabi also conducts regular reviews of compliance initiatives in the form of workshops. Fresenius Kabi's compliance organization organized various international workshops again in 2021. The workshops not only served as intensive training for local employees, but also enabled compliance officers to review and, if necessary, improve their understanding of compliance, the effectiveness of local implementation of internal guidelines, and the development and improvement of central compliance initiatives.

Reports in 2021

In 2021, a total of 2,119 compliance reports[1] were received via the reporting channels. They were collected via different input channels as shown in the graph.

The compliance reports were assigned to the following topic groups, among others: Business Integrity including Anti-Corruption (105 reports), Data Protection (659 reports), and Human Resources/Workplace (1,040 reports).

MESSAGES BY INPUT CHANNEL



Dealing with possible compliance violations

We take all potential compliance violations seriously. An initial assessment focuses on the plausibility and possible severity level of the potential violation. We take every case of possible misconduct as an opportunity to review our corporate processes for improvements. The severity of the compliance violation determines who is responsible for further investigation. If necessary, a dedicated team takes over the investigation, which may include internal professionals or external support. Measures are implemented in a timely manner by the responsible management in close cooperation with the responsible compliance officers. Depending on the type and severity of the misconduct, disciplinary sanctions or remedies under civil or criminal law may be imposed. After completion of the investigation, we implement measures to prevent similar misconduct in the future. Further information pursuant to § 289c (3) No. 6 HGB on the Non-Prosecution Agreement of Fresenius Medical Care can be found in the Notes to the Consolidated Financial Statements.

DATA PROTECTION

As a globally operating company, we process the personal data of, among others, our patients, employees, customers, suppliers, and other business partners. Careful handling of the data provided to us is of great importance for Fresenius. To meet this responsibility, we are continuously developing our data protection measures.

OUR APPROACH

Fresenius is committed to the right to informational self-determination and the privacy of all individuals from whom we receive and process data in the course of our business. This also includes the processing of personal data by third parties on our behalf. The Fresenius Code of Conduct forms the framework of our daily actions. A key component of this is the Group's commitment to handling personal data responsibly. Data protection is thus a core task for us at Fresenius. To meet new requirements or to accommodate new technologies, we are constantly developing our data protection management systems. The operational tasks of data protection management are managed by the functional departments. In these tasks they are supported by processes of our Data Protection Management System. In certain areas, our Compliance Management System provides additional support, such as through general risk assessments or the investigation of potential data privacy violations.

[1] For Fresenius Medical Care in North America, the hotline system was used for multiple reporting purposes: In addition to the reporting of compliance concerns, reports can also be made on patient care and safety. These patient-related cases were not included in the Group-wide number of compliance reports.

We continuously work to ensure that all processing of personal data that we hold meets the requirements of the EU General Data Protection Regulation (EU-GDPR) and other national and international data protection regulations.

Risk assessment

We regularly assess risks related to data protection and IT security in every business segment and at Fresenius SE & Co. KGaA, using standardized methods in a top-down approach. All business segments and Fresenius SE & Co. KGaA record their data processing activities in central IT applications or systems and subject them to a data protection review, including a risk assessment. For this purpose, we organize business processes in such a way as to integrate data protection into the design of new, or amended, data processing activities as early as possible. Among other things, this enables us to implement the data protection principles and incorporate the technical and organizational measures in processing that are necessary to meet the legal requirements, e.g., from the GDPR, and to minimize potential risks. The introduction of new or modified IT systems is subject to standardized review processes to examine the implementation of data protection and IT security requirements.

Data subject rights

Fresenius SE & Co. KGaA and all business segments respect and protect the rights of all persons whose data is processed. Personal data is processed for the legal purposes specified in each case, in accordance with legal requirements. We also require third parties with whom data is shared for specified purposes to comply with our policies. All business segments and Fresenius SE & Co. KGaA safeguard the rights of data subjects by adequately informing them of their rights and by having established processes and tools in place to ensure that requests are answered in a timely manner. Fresenius informs data subjects – whether employees or external parties – about the processing, e.g., collecting and storing, of their data. We inform employees of any amendments to the data protection information.

We have also implemented technical and organizational measures, including appropriate measures that serve to safeguard the rights of data subjects in accordance with the GDPR. We provide data subjects with an uncomplicated way to find out what personal data we process about them. Fresenius SE & Co. KGaA and Fresenius Kabi have developed easily accessible technical solutions with which data subjects can address their inquiries to the companies. The requests are evaluated and responded to at both corporate and local level. Fresenius Kabi, for example, monitors the receipt of requests centrally, although the collection of and responses regarding all requested information may also be carried out locally if deemed necessary. This takes place in the local language with the assistance of local data protection advisors.

Helios Spain processes requests from data subjects in accordance with the requirements for hospitals and is supported by central Data Protection Officers. A technical solution for submitting data requests is to be implemented at Helios Spain in 2022.

Fresenius Medical Care developed a number of standard operating procedures allowing for individuals whose personal data the business segment holds to exercise their rights as data subjects.

With these solutions, Fresenius Medical Care supports data subjects in exercising their rights to access, rectification, restriction, objection, portability, and deletion of their personal data in a timely manner. The business segment complies with requests for deletion in accordance with legal requirements.

Reporting systems

At Fresenius SE & Co. KGaA, we have a zero-tolerance policy regarding data protection violations. External parties and all employees of the Fresenius Group may raise concerns regarding data protection via the existing whistleblowing systems or dedicated e-mail addresses. We investigate and evaluate all reported indications of potential infringements as quickly as possible and, where necessary, question and adjust our corporate processes. When required, we report privacy breaches to the authorities and inform those affected promptly and in accordance with legal requirements. The data protection organizations of the business segments and of Fresenius SE & Co. KGaA conduct their own audits and document possible violations. Information on data protection notifications received can be found in the Compliance chapter on page 188.

International data transfer

As a globally operating company, we give high priority to ensuring an appropriate level of data protection in all international data transfers as defined by the GDPR and all other international legal requirements relating to data transfer. Thus, Fresenius SE & Co. KGaA and Fresenius Kabi have submitted what are known as Binding Corporate Rules (BCRs), i.e., mandatory internal company guidelines, to the responsible data protection authorities for review and approval and are preparing their internal implementation. BCRs help the participating companies to establish a uniform level of data protection aligned with the standards of the GDPR and contribute to the lawful processing of personal data internationally. In accordance with the EU-GDPR or other legal safeguards and contracts, the business segments and Fresenius SE & Co. KGaA only transfer data to third countries outside the European Union on the basis of an adequacy decision of the European Commission, recognized certifications, or other legal safeguards. To this end, in addition to commercial contracts, we also enter into specific supplementary data processing agreements with data recipients. In these, we also make use of the current EU model clauses, which were last issued by the European Commission in June 2021. The latest developments in the area of international data transfer, such as the European Court of Justice ruling in the Schrems II case on the Privacy Shield and the corresponding recommendations of the European Data Protection Board and of the national authorities and their committees, are closely monitored and taken into account in risk assessments and when concluding contracts. The internally published templates are adapted without delay. When data is processed in countries outside the EU by third parties, the contractor is subjected to a careful review and measures are taken to ensure compliance with privacy regulations.

As part of Fresenius Medical Care´s international business operations, the business segment may transfer personal data to third parties that undertake business activities on its behalf or within the Fresenius Group. The business segment expects these third parties to meet applicable laws, the business segment´s own standards of conduct, and to comply with the information security and privacy policies. Fresenius Medical Care prioritizes the protection of data in all transfers, in line with the EU General Data Protection Regulation (GDPR) and other international data transfer laws. New developments concerning international data transfers have been assessed internally. Fresenius Medical Care considers the results of these assessments in its new guidance and its process for engaging with third parties based outside of the European Economic Area. Corresponding training has been developed and rolled out to relevant employees.

Training

We train employees on current requirements and threats in connection with data protection and data security. To this end, we use an extensive range of e-learning courses, face-to-face training, and other training measures. We supplement general training with training measures for specific employee groups. In this way, we ensure that employees entrusted with processing data are informed about the current legal situation and the corresponding internal requirements.

We inform new employees about the appropriate handling of sensitive data and oblige them to maintain confidentiality. Newly hired employees at Fresenius SE & Co. KGaA, Fresenius Kabi, and Fresenius Helios also receive online mandatory instruction in data protection within a specified period. Each company at Fresenius Kabi and Fresenius SE & Co. KGaA must provide evidence regarding the instruction of employees in data protection at least every two years. At Helios Germany, each company must train all employees in data protection at least once every two years. Fresenius Vamed organizes an annual e-learning course, which is obligatory for employees. In-depth training sessions are also held on an ad-hoc basis. The mandatory e-learning course and the re-certifications of the Data Protection Officers were carried out in 2021.

Organization and responsibilities

Organizational structure

Fresenius SE & Co. KGaA and all business segments maintain data protection organizations in line with their organizational and business structure. These include independent Data Protection Officers, who report to the management of the respective companies. All data protection organizations, separated according to functions, have both advisory and controlling functions, which complement each other in their tasks. The data protection organizations support the management and specialist departments of the assigned companies in operational data protection issues and in complying with and monitoring the applicable data protection requirements. The respective Data Protection Officers are responsible for monitoring compliance with these requirements. They are the contact persons for national and international supervisory authorities and are supported by competent data protection advisors and coordinators. Depending on the business segment, the data protection advisors are organized centrally, regionally or locally.

Fresenius Kabi lists the contact details of the local data protection advisors appointed by the site manager on its intranet, together with the relevant country and site. They support the data protection officer, for example in the local language, in any communication with the local data protection authority, in inquiries from employees, and in the implementation of internal processes. **Helios Spain**, for example, has set up data protection committees at the hospital level.

Fresenius Medical Care has a network of local country and sub-regional Privacy Liasons, who liaise between country management and the regional privacy leads to ensure compliance with local law and implementation of the Code of Ethics and Business Conduct which also defines the privacy standards and guides the business segment´s approach to protecting personal information.

In total, more than 300 employees at Fresenius are entrusted with data protection tasks.

The Data Protection Officers from the business segments and Fresenius SE & Co. KGaA regularly exchange information on best practices and initiatives, including at Group Coordination Meetings and conferences, jours fixes, and other formats. In 2021, all events took place purely virtually.

Involvement of the Management Board and reporting

Overall responsibility for data protection at the level of the Fresenius Group lies with the Management Board member responsible for Human Resources, Risk Management and Legal of Fresenius Management SE. The Data Protection Officer of Fresenius SE & Co. KGaA reports directly to this Management Board member.

In addition, data protection is a regular topic for the Compliance Steering Committee, which includes the Management Board member for Human Resources, Risk Management, Legal and Compliance of Fresenius Management SE. The Data Protection Officers responsible for the four business segments report regularly to the respective management.

Guidelines and regulations

Data protection is a joint task of all employees of the Fresenius Group. At the core of this is the joint commitment of all business segments and Fresenius SE & Co. KGaA to data protection, as specified in their Codes of Conduct. In the Fresenius Code of Conduct, we clearly commit ourselves to the careful handling of data and the right to informational self-determination: we undertake to respect the rights and privacy of all persons from whom we collect or receive data. This also applies to suppliers and business partners. For instance, Fresenius Kabi obligates its suppliers to handle data carefully by means of a Code of Conduct.

All business segments and Fresenius SE & Co. KGaA have also drawn up policies for data protection and the handling of personal data. The data protection policies are complemented by further guidelines, standards, or standard operating procedures. These support the employees in implementing GDPR requirements and other relevant local laws and regulations in their areas of responsibility.

PROGRESS AND MEASURES IN 2021

In 2021, at Fresenius SE & Co. KGaA and within the business segments, data protection was further developed with a view to global operational activities. Our measures therefore focused on the development of new training content and the implementation of existing training concepts, as well as on the expansion of audit concepts to take regulatory changes into account. There was also a focus on data protection measures in connection with the increasing use of virtual health offerings.

Risk management

Fresenius SE & Co. KGaA further developed its data protection management system in 2021. In addition to the ongoing development of the already-existing process for efficient investigation of potential breaches of data protection, this also included the expansion and implementation of the data protection audit concept. In order to implement the risk-based approach, the data protection risk assessments of data processing activities are also constantly optimized and implemented. In 2021, significant further developments took place in the areas of data deletion and international data transfer.

Fresenius SE & Co. KGaA has implemented guidelines for the creation and implementation of deletion concepts. The requirements of the European Data Protection Board were implemented in the course of a revision of contracts and of the additional risk assessment in connection with this. The use and implementation of specific applications for the future performance of the data protection risk assessment also played a key role in the ongoing developments. In order to further strengthen risk management, new e-learning units on data protection and on the BCRs are currently being developed at Fresenius SE & Co. KGaA. A further focal point was the permissible processing of personal data in connection with COVID-19 measures.

At **Fresenius Kabi**, a risk assessment of data processing activities in an application is performed in several stages on the basis of templates developed for this purpose. The application will be further developed so that future risk assessments will no longer be performed in separate templates, but within the application. Data privacy impact assessments are performed on an ongoing basis; in the future, the process will be an integral part of the application for recording data processing activities. To ensure structured and efficient processing of notifications on data protection incidents and potential data protection violations, Fresenius Kabi has implemented internal guidelines; these are accompanied by a technical solution with which notifications on data protection incidents can be recorded by local data protection advisors on the basis of a notification by employees. The technical applications for conducting and documenting, recording, and processing data subject inquiries were further developed. A report developed for this purpose provides information on the number, type, and processing status of data privacy incidents and data privacy inquiries.

Helios Germany strengthened various instruments of the data protection management system in 2021. Additional materials such as checklists for auditing processing activities, e.g., were made available to the sites, the Helios audit concept was updated, and the notification processes for auditing new processing activities were revised centrally and locally due to the implementation of the Helios Digitization Board (DIGI Board). In 2021, the focus was on, e.g., the adoption of Helios Group regulations on data privacy, the further development of auditing processes, and the continued data-privacy-compliant design of hospital information systems (e.g., access logging and auditing for improper access, both independently and on an ad hoc basis). Many measures were also necessary at Fresenius Helios as a result of COVID-19, e.g., in relation to vaccination and surveying of the vaccination status of employees. This required close coordination with the relevant authorities.

Helios Spain has continued to implement data protection impact assessments and has expanded them to include additional indicators for information security or technological risks.

Fresenius Vamed has progress in data protection management evaluated and documented annually by an external law firm. In 2021, the business segment focused in particular on updating directories and revising the deletion concept for its processing activities.

Training

In 2021, Fresenius SE & Co. KGaA developed a new data protection training program consisting of various modules, which will be rolled out in 2022. In addition to a comprehensive module on data protection, this also includes explicit training on the applicable data protection guidelines.

Since 2021, **Fresenius Medical Care** included privacy awareness in its mandatory Code of Ethics and Business Conduct training. The business segment offers a range of e-learning opportunities and classroom training courses and combines general training with targeted measures for specific employee groups. In 2021, the business segment offered more than 60 training classes on data privacy to its employees and contractors around the world. Training in North America is aligned with HIPAA (Health Insurance Portability and Accountability Act of 1996) requirements. In the European Union, it covers GDPR requirements. In 2021, Fresenius Medical Care launched an awareness campaign as part of its first International Privacy Day celebrations. This involved the introduction of a privacy website in countries in Europe, Middle East, and Africa, as well as Latin America, and Asia-Pacific.

In the reporting year, **Fresenius Kabi** completely revised its training on data protection and information security in the form of an e-learning course and divided it thematically into individual modules. The training content was expanded to include how to deal with data protection incidents and possible data protection violations as well as a separate module on Binding Corporate Rules (BCRs). The training was rolled out globally as an e-learning course in the final quarter of the reporting year. Data privacy advisors and compliance employees were also trained in dealing with data privacy incidents. Training on data privacy clauses in contracts, data privacy agreements, conducting a risk assessment, or handling data subject inquiries were developed as accompanying training measures. A question and answer page on the intranet provides information on individual questions with references to further information, contacts and internal company applications.

Helios Germany has added a new online training course on data protection and FlexWork to its existing training portfolio in response to new work requirements. **Helios Spain** introduced company-wide data protection training in 2021. In 21 clinics, face-to-face training was also conducted during the pandemic.

In 2021, employees at **Fresenius Vamed** participated in data protection e-learning courses. Furthermore, 48 people received an initial or re-certification as Data Protection Officers.

EVALUATION

Audits and monitoring

To ensure compliance with data protection regulations, several governance functions in the Group perform regular checks with different focuses in all business segments. The Internal Audit departments carry out independent audits to improve the effectiveness of risk management, control and governance processes in all business segments. Aspects of data protection are also taken into account on a risk basis. The data protection related results of the audits are analyzed by the respective data protection officers and are incorporated into the continuous improvement of existing measures of the respective business segment. All business segments and Fresenius SE & Co. KGaA have defined corresponding audit concepts for this purpose.

In addition, data protection controls are an integral part of various internal control frameworks in the business segments. Findings on potential improvements from audits and reviews are used to continuously develop our data protection processes. **Helios Germany**'s audit concept, for example, stipulates that each company is to be reviewed regularly – at least once a year – in the course of internal audits and supplemented by a central, annual risk analysis (on January 31 of each year for the previous fiscal year) with regard to data protection.

Helios Spain's audit concept requires all hospitals to be audited every second year. This is performed as an internal audit conducted by the company's data protection team and an external law firm. Every year without an on-site audit, a self-audit checklist is distributed by the data protection team and filled out by the hospitals.

Fresenius Kabi conducts data protection audits on the basis of an internal process by the Data Protection Officer and records the results of data protection audits performed in tabular form. The Internal Audit departments carry out independent audits to improve the effectiveness of risk management, control and governance processes in all business segments. In this context, aspects of data protection are also taken into account on a risk-based approach. Thematically identical deviations are grouped and communicated as preventive measures. The measures resulting from audit deviations are also documented and the status updated by the respective local data protection advisors. The progress of the implementation of measures resulting from audit deviations is regularly reviewed.

HUMAN RIGHTS

Human rights are universal. As a global health care company, Fresenius views the respect for human rights as an integral part of our responsibility. We are committed to meeting the regulatory requirements and social expectations of due diligence for the respect of human rights.

Medical care for patients and the well-being of our more than 300,000 employees are among the most important engagement areas of our human rights due diligence. We are aware that respecting human rights extends beyond our own company operations and core business. We consider human rights issues when selecting and cooperating with our suppliers and business partners, both in procurement and in sales and distribution. We are working to increase the transparency of our supply chains. The knowledge gained by doing so helps us to ensure secure supplies while reducing human rights risks in the procurement of important raw materials and supplies, as shown on page 197 f.

OUR APPROACH

Fresenius is committed to respecting and upholding human rights. We underline this commitment with a Group-wide Human Rights Statement, which the Management Board adopted in 2018. The statement is based on the United Nations (UN) Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. It covers human rights issues that are of particular importance to our Group, which include prohibiting exploitative and illegal child labor or forced labor, preventing discrimination, promoting equal opportunities, and creating safe working conditions.

The publication of the statement also marked the starting point for our Human Rights Program, which establishes preventive measures helping Fresenius to prevent or reduce human rights risks in its business processes and includes human rights risks in our Group-wide risk management. The measures of the Human Rights Program are closely aligned with the UN Guiding Principles on Business and Human Rights and build on its five elements: establishment of fundamentals, risk analysis, measures and integration, reporting, and grievance mechanisms.

In 2019, we identified and defined human rights topics that are of particular importance for the Group in a comprehensive project involving all business segments. They include access to health care, working conditions in the supply chain, and preventing discrimination and promoting equal opportunities. Our business activities and relationships can have impacts on human rights in these areas. In addition, the business segments work on potential issues specific to their business, such as potential environmental impacts related to production. This analysis forms the basis for identifying potential human rights violations and gives us the opportunity to develop necessary measures. In 2020, a Group-wide methodology for human rights risk analysis was initiated to identify and prevent or mitigate human rights violations at an early stage – and to then define further measures in the business segments.

MILESTONES OF THE HUMAN RIGHTS PROGRAM

Organization and responsibilities

Human Rights Council

In 2019, Fresenius established a Human Rights Council to drive the implementation and development of our Human Rights Program at the Group level. It is composed of representatives of the four business segments and Fresenius SE & Co. KGaA. The approximately 20 members of the Human Rights Council are active in various functions within the Group, including compliance, legal, sustainability, communication, purchasing, human resources, and medicine. The committee meets quarterly and promotes information exchange on current human rights topics across the business segments. The participants discuss Group-wide initiatives and present new concepts and methods. In 2021, the Human Rights Council met four times.

Addressing human rights in the business segments
In each of Fresenius' four business segments, various departments are responsible for planning and implementing human rights activities within their business segments and supply chains. Supported by Compliance Management Systems (CMS), they carry out training within the Group on specific human rights issues and provide information on how employees can react to and report any misconduct.

Guidelines and regulations

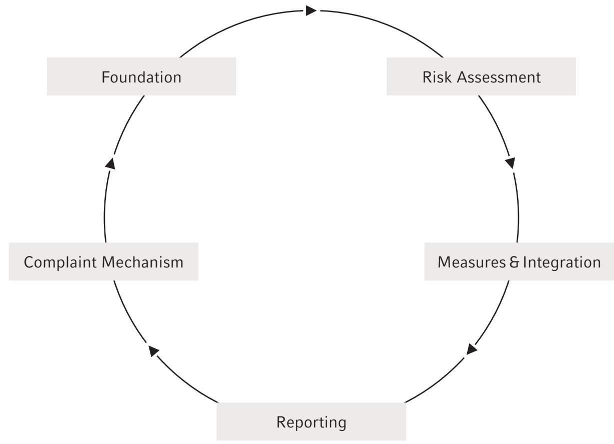
Fresenius Human Rights Statement
Our Human Rights Statement is a commitment by Fresenius SE & Co. KGaA and its business segments. In addition, Fresenius Medical Care has adopted its Human Rights, Workplace Rights and Labor and Employment Principles. The human rights statements supplement the Codes of Conduct of the business segments and their underlying human rights commitments. The Human Rights Statement can or should be regularly updated as new insights arise or new essential issues need to be added. Details on the topics on which we position ourselves in the Human Rights Statement are available online on our corporate website fresenius.com/compliance.

In the Human Rights Statement, we position ourselves on the following topics:

- Creating safe working conditions
- Preventing discrimination and promoting equal opportunities
- Protecting personal data
- Prohibiting exploitative and illegal child labor or forced labor
- Respect the right to freedom of association and collective agreements
- Considering our impact on the environment
- Assuming responsibility along the supply chain

Human Rights Program
We respect and support human rights as defined in international standards, e.g., the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Our actions are based on the UN Guiding Principles on Business and Human Rights, which were established in Germany through the National Action Plan for Business and Human Rights (NAP) and the CSR reporting obligation. The measures of our Human Rights Program – which we are continuously developing, as the graphic shows – are based on these principles. We incorporate new requirements and legal frameworks, such as the Supply Chain Due Diligence Act, which comes into force in Germany in 2023, into the ongoing development process and adapt our measures where necessary.

HUMAN RIGHTS PROGRAM



Complaint mechanisms and reporting channels
Employees of all business segments and of Fresenius SE & Co. KGaA can raise their concerns directly with their managers. Employees and external stakeholders may also use dedicated complaint management systems to provide information or use designated e-mail addresses to draw attention to possible human rights violations or other violations. We provide information on these systems in the Compliance chapter, page 185. We strive to continuously improve

our processes and further optimize the complaint mechanisms. Based on the requirements of the UN Guiding Principles on Business and Human Rights and the European Union Directive on the protection of whistleblowers and their implementation in national law, we developed specific criteria for complaint mechanisms or procedures. Based on these criteria, an assessment has shown that the reporting system of Fresenius SE & Co. KGaA meets these requirements. The business segments observe the developments in this area and adapt their processes as needed, based on these criteria.

We are committed to protecting persons reporting complaints in different ways. Reports can be made anonymously, where legally permitted. Incoming reports are treated confidentially as described in the respective guidelines. Ombuds panels also exist at Fresenius SE & Co. KGaA, Fresenius Vamed, and Fresenius Kabi. These carry out preliminary assessments of reports received and initiate risk-appropriate investigations of reports on a case-by-case basis. Employees are also informed about the possibility of reporting potential violations through externally accessible websites. Our reporting channels are also accessible to supplier employees and other third parties. Fresenius Medical Care has an anti-retaliation policy in place.

If we find substantiated concerns or violations of laws and policies, we take appropriate measures. We use the results of internal reviews and reports to review our business processes and implement corrective or improvement measures where necessary. This information is also very useful for our risk assessments and the Group-wide risk management.

Our goals

Our primary goal is to establish and continually develop appropriate human rights measures for Fresenius to prevent, end, or minimize the possible negative human rights impact of our business activities and supply chain.

PROGRESS AND MEASURES 2021

To protect human rights, along with other measures, new guidelines were developed by individual business segments in the reporting year, which are accompanied by training courses.

Risk management and assessment

The Fresenius Group has identified human rights issues and fields of action in all business segments that are particularly relevant to our value chains. In doing so, we consider various factors, including business models of the business segments, and current public debates and regulatory developments such as National Action Plans (NAPs) for Business and Human Rights.

Based on these topics, we further introduced our Human Rights Risk Assessment methodology in individual business segments in the reporting year 2021. This methodology takes into account the severity of the potential human rights risks, such as the impact on the people affected and the possibility of restoring the situation, as well as the likelihood of a potential human rights violation. Human rights risks have been integrated into Group-wide risk management in 2021.

Human rights training

In 2021, **Fresenius Medical Care** included information on human rights in its mandatory Code of Ethics and Business Conduct training, as well as in its Global Supplier Code of Conduct training. The business segment´s aim is to raise awareness of this topic among employees.

In 2020, **Fresenius Kabi** supplemented the e-learning training on the Fresenius Kabi Code of Conduct with a chapter on human rights. The supplementary human rights module was successfully rolled out in 2021 as part of the mandatory e-learning on the Fresenius Kabi Code of Conduct. Employees are familiarized with the content of the human rights statement and the company's positions on illegal child or forced labor, discrimination and equal opportunity, safe working conditions, the right of freedom of association and collective bargaining, protecting personal data, the influence on the environment, and responsibility in the supply chain.

Helios Germany trained its purchasing staff in the reporting year on the topics covered by the recently introduced Supplier Code of Conduct. In addition to requirements relating to environmental protection and human rights, it also includes further requirements, e.g., animal welfare and labor standards that will be required of suppliers and business partners in the future.

Helios Spain has developed a comprehensive program that focuses on people. The program also reflects the content of the Code of Conduct, in which the company emphasizes the importance of respectful behavior, a commitment to equal opportunities and freedom from discrimination, and respect for the compatibility of family and career. In the future, this content will be trained with additional focus topics such as human rights, social responsibility, and the environment. The ambition is to train all persons responsible for these topics who are assigned to the individual hospitals and companies of Helios Spain. However, the training courses are also open to all employees who wish to further train their knowledge in this area.

EVALUATION

In the reporting year, we received information on potential human rights violations via the existing reporting channels. Further information on the reporting channels ca be found in the chapter Compliance on page 185 and page 188. We evaluated these and determined that our management approach at Group level has proven itself; thus, no adjustments have been made compared to the management approach in 2020. However, progress and measures in the business segments certainly relate to changes in the respective governance structure or the improvement of existing reporting systems.

SUPPLY CHAIN

OUR APPROACH

We expect our suppliers and business partners to comply with our and equivalent ethical, social, ecological, and human rights standards. To this end, they are expected to introduce processes to ensure compliance with applicable standards. The requirements for our direct suppliers, service providers, and other partners are set out in Codes of Conduct for Business Partners and Suppliers and corresponding contractual clauses. If we suspect that rules of conduct have been or are being violated, we react accordingly. Depending on how serious the misconduct is, we may, e.g., introduce additional control measures, such as audits, and request additional written confirmations from suppliers and business partners.

Guidelines and regulations

Our Codes of Conduct for Business Partners and Suppliers take into account the respective business models of the business segments. The Codes of Conduct are used in purchasing contracts and contracts with other business partners, e.g., distributors and sales representatives – as annexes or references. Fresenius Medical Care has embedded its expectations in its Global Supplier Code of Conduct. Fresenius SE & Co. KGaA, Fresenius Kabi, and Fresenius Vamed have set out their requirements in Codes of Conduct for Business Partners and Suppliers. Fresenius Helios defines its expectations of business partners in the respective contracts and in the Code of Conduct for Suppliers introduced at the end of 2021. The codes include details on the regulation of child and forced labor, and fair working and employment conditions such as working hours and wages.

PROGRESS AND MEASURES 2021

Supplier evaluation

Transparency in the supply chain is important to identify and address human rights risks. In the reporting year, our global procurement activities demonstrated their reliability – despite the particularly volatile procurement market situation in 2021. The business segments' individual measures are provided below; additional information on procurement activities can be found in the Group Management Report on page 58.

Fresenius Medical Care

Fresenius Medical Care's Global Supplier Code of Conduct specifies its expectations of suppliers in terms of sustainable business practices, covering topics such as integrity and ethics, human rights and labor conditions, quality, occupational health and safety, and environmental protection. It forms the basis of their contractual relationships with suppliers. Fresenius Medical Care continues to incorporate the requirements of the Global Supplier Code of Conduct into supplier contracts and has updated all relevant procurement guidelines across the regions to include a reference to this document. In 2021, the business segment also developed an onboarding process for suppliers to inform them of the sustainability requirements. This includes procedures to manage situations where suppliers do not wish to or are unable to adhere to these requirements.

In the reporting year, various employees in Procurement, as well those working in Legal, Finance, and Compliance, participated in internal training courses on the Global Supplier Code of Conduct. Additionally, in 2021, Fresenius Medical Care developed a global e-learning course on sustainable supplier management, with the goal of reaching procurement staff in all countries by the end of 2022. It has also developed an internal process to manage supplier feedback, which will be rolled out in 2022.

In the context of its Global Sustainability Program, Fresenius Medical Care launched an initiative to evaluate suppliers based on sustainability risks. This helps to cluster suppliers according to these risks, which allows it to monitor them more closely and take the required action when necessary. In 2021, Fresenius Medical Care further developed its risk assessment procedures, taking into consideration the requirements of the new German Act on Corporate Due Diligence Obligations in Supply Chains, which will come into force in 2023. As part of this initiative, Fresenius Medical Care will ask critical suppliers to provide information about their sustainability performance via, for instance, a self-assessment form. Fresenius Medical Care will use this information to identify suppliers that do not fully comply with its sustainability standards so it can initiate appropriate follow-up action. In addition, Fresenius Medical Care continued to screen social media for negative reports regarding its suppliers' business conduct related to sustainability. In 2021, the business segment screened 100% of its most important suppliers based on relevant spend.

Fresenius Kabi

Fresenius Kabi has identified strategic suppliers that the business segment monitors closely because of their importance to the business; this is managed by Fresenius Kabi's global strategic purchasing organizations.

Based on defined processes, Fresenius Kabi classifies strategic suppliers according to their risk and evaluates them regularly. The business segment also conducts supplier audits.

Since 2019, Fresenius Kabi has assessed the aspects of occupational health and safety, environment, human rights, business ethics, and sustainable procurement of relevant[1] strategic suppliers, which has been further continued in 2021. This enables Fresenius Kabi to identify suppliers' ESG performance (Environment, Social, Governance). Subsequently, suppliers can be requested to implement appropriate measures to reduce their ESG risks. Fresenius Kabi is supported in its supplier evaluation by an external service provider that provides ESG assessments for global supply chains. In addition, the business segment continued to work on integrating supplier assessments based on ESG criteria into supplier processes in the reporting year 2021. At the end of 2021, more than 70% of the relevant strategic suppliers had been evaluated against ESG criteria. The internally set ambition was thus achieved. The ESG performance of the majority of suppliers was confirmed by the assessment. Strategic suppliers with a low ESG assessment score have been requested in 2021 to take measures to improve their performance.

In view of the volatility on the procurement markets in the reporting year, Fresenius Kabi closely monitored the availability of materials required for the manufacture of products and ensured the best possible availability, for example by increasing inventory levels as applicable and continuing to certify alternative suppliers. Thus, in the reporting year 2021, Fresenius Kabi was able to mitigate supply bottlenecks for sourced products and avoided significant effects on the supply of vital drugs and medical devices to patients.

Fresenius Helios

At Fresenius Helios in Germany, the purchasing department regularly evaluates strategically important suppliers according to standardized criteria and processes. In 2021, the supplier evaluation for the years 2020 and 2021 was carried out on 204 suppliers with a procurement volume of around €1.03 billion. Criteria include the quality of processes, IT infrastructure, and the quality of operational and strategic collaboration.

In addition to this focus, further environmental and social aspects, as required by the German Supply Chain Due

[1] Suppliers of APIs, excipients, primary packaging materials, energy, disposal services, filters, granulates, lab consumables, secondary and tertiary packaging, strategic components, clinical studies, medical devices components.

Diligence Act as of 2023, were assessed. In 2021, on this basis, the potential human rights risk areas defined in 2020 were further evaluated and divided into specific risk groups.

Helios Germany's purchasing department will also take this Group-wide, uniform risk assessment on the topic of human rights into account for the further evaluation of its suppliers in order to ensure early identification of potential risks. Helios Germany also introduced a Code of Conduct for Suppliers at the end of 2021, which will be an integral part of all contracts in the future. On this basis, the company will consequently demand the inclusion of further, predominantly ecological and social, aspects in the future.

Fresenius Helios in Spain has developed a procedure for the general evaluation of all suppliers, elaborating different supplier categories and detailed criteria for analysis and evaluation for the different categories. To implement the supplier evaluation, software is used that allows traceability of the different actors involved in all phases of the evaluation process. Part of this project is a validation process to ensure that suppliers are aware of and accept the Code of Conduct. The processes established with this project are intended to improve supplier selection through a standardized, comprehensive evaluation. For this purpose, a modular questionnaire was developed. It includes, among others, general, financial, qualitative, social, and environmental aspects of suppliers, criminal incidents, and implementation of compliance, data protection, and cybersecurity. The objective is to ensure transparency and quality in various procurement areas – such as the evaluation of food safety, pharmaceuticals, construction and other work, and equipment. In the reporting year, Helios Spain thus launched an extensive analysis of direct suppliers to the central purchasing department, the construction and equipment department, and the quality department. Further implementation of the project is planned for the next two years at Helios Spain. Here, the framework audited in 2021 is to be extended to the other suppliers, as well as the purchasing processes of the clinics and health centers.

Fresenius Vamed

Fresenius Vamed already introduced a Code of Conduct for Business Partners in 2017, which was revised in 2020 and further rolled out in the reporting year. A key component is Fresenius Vamed's expectation of its business partners to comply with human rights, environmental protection, and sustainability.

With the further development of the business partner due diligence, Fresenius Vamed has also introduced corresponding guidelines, through which a risk-based audit of all business partners is regulated.

ENVIRONMENT

As a health care Group, Fresenius feels a responsibility to protect the environment and use natural resources carefully because only a healthy environment can be a home for healthy people. It is important to avoid possible negative effects on the environment and health. To this end, we identify and evaluate potential hazards and take the necessary measures to protect the environment. In our Group-wide materiality analysis, we identified the following topics for our internal environmental management strategy as particularly relevant to our core business:

- Water management
- Waste and recycling management
- Climate protection – energy and emissions

ENVIRONMENTAL MANAGEMENT

We aim to develop an integrated environmental approach for the Fresenius Group and foster a balanced view across all functions with regard to relevant environmental aspects. In its business operations, the Fresenius Group is subject to numerous guidelines and regulatory requirements that must be applied and complied with at all times. We integrate national requirements into our internal guidelines, which are defined in ISO-based or ISO-oriented management systems.

OUR APPROACH

We aim to analyze our impact on the material environmental aspects in both the manufacturing and services areas, as the risks of financial or reputational costs linked to environmental litigation are expected to increase. Also, reducing in-process material is essential for many industries affected by growing natural resource scarcity. Dedicated monitoring of natural resource consumption and waste-generating activities can lead to lower costs and, in some cases, new business opportunities. This is why we assess trends and adapt our activities if deemed essential to support the sustainable, long-term growth of our business. We report on our progress and measures in 2021 on page 203 f. Information on risks can be found in the Group Annual Report 2021 in the Opportunities and Risk Report on pages 95 ff.

On a business segment level, the environmental management strategy is aligned to the respective business models. Since the requirements in our business segments differ, environmental management is decentralized. The common foundation of environmental management approaches in our business segments is the ISO 14001 standard. All segments have implemented local, regional, or global management systems to take into account the respective business models and adapt processes accordingly. The dedicated functions of the business segments monitor and control the environmental impact of their operations. They analyze environmentally relevant vulnerabilities, develop suitable standard procedures, and implement appropriate measures. They support their certified local entities in effective, directed environmental goal-setting, monitoring these goals as well as developing and implementing mandatory guidelines for all entities.

CERTIFICATIONS AND COMMITMENT

The environmental commitment of our business segments is reviewed or certified by external partners and regulatory bodies. We are continuously expanding the number of sites certified to ISO 14001. In 2021, further entities were added on a Group level. Information on the various standards is provided for each business segment in this chapter.

The environmental management approach of the Fresenius Group is controlled by internal specialists or dedicated functions within the business segments. Relevant data is reported regularly, e.g., on a monthly basis, to identify deviations. If deviations occur, our specialists initiate a root cause analysis which is evaluated, and corrective or preventive actions are implemented where necessary. Regular internal audits, partially annually, support the verification of data and management approaches, both for certified and non-certified entities. In this way, we ensure that activities to protect the environment are in accordance with internal guidelines and regulatory provisions. The overarching ambition is to improve efficiency and coverage of our management systems, so as to ensure the effectiveness of the procedures and systems in place.

Fresenius Medical Care

Production sites, distribution centers, laboratories, and dialysis clinics are subject to internal and external audits. This involves checking their compliance with environmental laws and regulations, certification requirements, and internal guidelines. Due to the COVID-19 pandemic, audits in 2021 took place virtually. In total, 25% of the production sites are certified according to ISO 14001 standard and 5% of the production sites have ISO 50001 certifications.

The environmental management of Fresenius Medical Care is described in this section; for energy management and emissions see page 211 f.

Fresenius Kabi

Fresenius Kabi has a matrix certification for both its global environmental management system and the energy management system; both systems are audited annually and certified by TÜV Rheinland. Fresenius Kabi continuously monitors certified organizations to ensure that they comply with the standard process guidelines that are binding for them. To this end, globally appointed auditors conduct regular internal audits of the organizations. Fresenius Kabi is working to implement the environmental management system according to the international standard ISO 14001 and the energy management system according to ISO 50001 at all manufacturing plants worldwide by 2026[1]. To achieve the goal of implementing the management systems, the business segment has drawn up an ambitious implementation plan and is working systematically on its realization. By expanding the coverage of the management systems, Fresenius Kabi aims to continuously improve its environmental and energy performance. 40 Fresenius Kabi organizations are currently certified according to ISO 14001, and 3 additional manufacturing

[1] Implementation will be concluded at all Fresenius Kabi manufacturing plants in 2026. The certification issuance from the individual certification companies may extend into the following year.

plants were certified in 2021. Further, 22 organizations are certified according to ISO 50001, and 4 additional manufacturing plants were included in the certification in 2021. Information on the environmental management of Fresenius Kabi can be found on page 202; for energy management and emissions see page 212.

Fresenius Helios

Fresenius Helios started the introduction of an environmental management system in accordance with ISO 14001 in Germany in 2020 and continued this process in 2021. The certification of all Helios clinics is to be covered by matrix certification in the coming years.

Implementation of the energy management system in accordance with ISO 50001 was completed at all Fresenius Helios sites in Germany by the end of 2020. The clinics of Helios Germany were audited up to the end of 2019 according to the EDL-G in compliance with DIN EN 16247. With the introduction of the energy management system according to ISO 50001 in 2020, the EDL-G will continue to be operated seamlessly.

At Helios Spain, two further hospitals were certified according to ISO 14001 in 2021. The total number is now 42 hospitals. The number of hospitals certified to ISO 50001 increased by 1 to a total of 7.

Fresenius Vamed

In 2021, at Fresenius Vamed no new certifications according to ISO 14001 or ISO 50001 were performed. The number of facilities with appropriate certifications was unchanged, with 7 facilities certified to ISO 14001 and 76 certified to ISO 50001.

ENVIRONMENTAL MANAGEMENT IN THE BUSINESS SEGMENTS

Fresenius Medical Care

As a large international company, Fresenius Medical Care recognizes its responsibility to protect the environment and use natural resources carefully. Therefore, the business segment tracks and analyzes environmental data generated by the dialysis clinics and production sites worldwide, including energy and water consumption levels. This helps the company to manage resources more effectively. Eco-reporting across regions and functions is facilitated by specific tools.

Responsibility for environmental management is shared between global and regional functions. The Global Manufacturing, Quality, and Supply division is accountable for sustainable operations in the production business. Responsibility for environmental protection in dialysis clinics lies with the respective management in the regions. In 2021, the company also set up a network of environmental experts to regularly exchange information and work together on environmental deliverables at a global level. This is an important step toward establishing global governance, with the aim of driving strategic environmental initiatives across the whole organization.

Fresenius Medical Care monitors national and international regulations concerning environmental issues on an ongoing basis so that internal policies, and manuals are up to date. The business segment has established internal environmental standards, which are complemented with external certifications if it adds value.

In 2021, Fresenius Medical Care rolled out a new digital tool at its production sites to improve the data quality and efficiency of its eco-reporting. At the dialysis clinics in Asia-Pacific, Fresenius Medical Care introduced the eco-reporting software that is already being used in dialysis clinics in the Europe, Middle East, and Africa region, and in Latin America. Manufacturing and clinic staff received the necessary training on these new solutions.

Life cycle assessments

To help understand the environmental impact of its products, Fresenius Medical Care also conducts simplified product life cycle assessments (Screening LCA) for selected products. These assessments identify the life cycle phase with the highest impact, and the processes and materials needed to focus on to improve the eco-performance of the products and services. Based on international guidelines and the requirements of ISO 14001 and IEC 60601-1-9 standards, Fresenius Medical Care calculates the environmental impact caused during each individual stage of a product's life cycle. The IEC 60601-1-9 standard applies to efforts to reduce the adverse environmental impact of medical electrical equipment. Screening LCAs were used to assess most of the active medical device product lines and are gradually being extended to disposables. In addition, the business segment has conducted detailed comparative product life cycle assessments for important disposables. These follow the structure and requirements of ISO 14040/44 standards and compare the eco-performance of several of the acid concentrates and dialyzers.

Fresenius Kabi

The focus of the environmental management system at Fresenius Kabi is to improve environmental performance and prevent environmental incidents. Key opportunities are, e.g., reducing energy and water usage, as well as wastewater, waste, and emissions, in relation to production activities.

A manual for the respective management system and standard operating procedures provide the certified units with the framework for their local environmental or energy management system.

The local management reviews the environmental management system at least annually to ensure continued compliance with the applicable requirements and effectiveness of the systems, and to identify potential for improvement. These local reviews are consolidated, analyzed, and evaluated on an annual basis by Fresenius Kabi's global EHS (Environment, Health, and Safety) function. Appropriate corrective measures will be initiated if deviations from the requirements of the ISO 14001 or ISO 50001 management systems are identified. Based on the local management reviews, the global EHS function presents a global management review to the responsible members of Fresenius Kabi's Management Board and other relevant functions of the business segment. In addition, the global EHS function reports on a quarterly basis about Fresenius Kabi's environmental and energy performance with selected indicators and provides an update on the implementation of the ISO 14001 and ISO 50001 management systems.

Manufacturing sites must identify environmental protection measures associated with environmental aspects of their activities and services. This can relate to emissions into air, water, or soil, consumption of natural resources and raw materials, waste and wastewater, packaging, transport, or other local environmental impacts. Environmental impacts of organizations are evaluated and, where necessary, environmental protection measures are implemented and reviewed for effectiveness. In addition, using internal audits, Fresenius Kabi identifies further improvement opportunities and develops appropriate measures with locally responsible managers to tap that potential. During an audit, a review is conducted as to how environmental aspects have been evaluated by the respective organization and whether objectives have been set for significant environmental aspects. Objectives and respective measures are reviewed by the auditor during inspection tours or on the basis of monitoring records. This is carried out at certified sites in particular. In addition, internal audits cover preparedness for emergencies including heavy weather events, floods, earthquakes, or hurricanes, depending on relevance or location. The frequency of global internal audits depends on audit observations from previous audits, environmental incidents, certification status, or the evaluation of the management review and can vary between one and four years. Global internal audits are conducted by the global EHS department. Due to the ongoing COVID-19 pandemic in 2021, most audits have been conducted remotely.

Fresenius Kabi has implemented mandatory environmental guidelines worldwide, which provide the framework for environmental protection in all Fresenius Kabi's organizations. The guidelines include general principles on how to address and prevent environmental risks, as well as how to prevent environmental incidents. Fresenius Kabi also expects careful and responsible handling of nature and its resources from its suppliers; this is set out in the Suppliers' Code of Conduct.

Fresenius Helios

The environment has a direct impact on health. As a hospital operator, Fresenius Helios therefore feels a responsibility to protect the climate and the environment. With its environmental management strategy, the business segment works to reduce the environmental impact of hospital operations. It is the aim of Fresenius Helios to control energy consumption, raise employee awareness of the environment, and with these measures, to improve the ecological sustainability performance of its hospitals in the long term.

In Germany, the Infrastructure business unit is responsible for the energy and environmental management strategy of Fresenius Helios hospitals. It supports hospitals in the central purchasing of products or services and in sharing best practice procedures, among others. The business unit reports directly to the Chief Operating Officer (COO) of the parent company Helios Health.

In Spain, environmental management is part of operational management and is carried out by the Quality Management department and by the local environmental management committees of the hospitals. In addition, these interdisciplinary working groups develop and promote environmental guidelines and support the hospitals in their implementation. The guidelines serve to raise environmental awareness and tackle climate change through optimized energy use. In addition, the management policy, which applies to Helios Spain as a whole, contains the following obligations: to protect and preserve the environment, to promote environmental initiatives, to apply environmental protection and conservation measures, and to comply with the applicable requirements.

Fresenius Vamed

Fresenius Vamed continuously monitors national and international regulations on environmental and climate protection. Internal principles, guidelines, and standard operating procedures are updated as necessary. The division also expects its suppliers to treat the environment and natural resources with care and responsibility; this is set out in the Code of Conduct for Business Partners. As part of the ESG component of variable Management Board compensation and together with the relevant Fresenius corporate functions, the responsibilities and processes for the environmental area of Fresenius Vamed were collected and recorded in an internal process documentation in 2021.

OUR AMBITIONS

Each business segment has its own approach to environmental management. We are currently developing key performance indicators (KPIs) at Group level to measure our environmental performance and the impact of Scope 3 emissions, as environmental management is a key aspect of the variable compensation of the Board of Management. For more information, please refer to page 234 of the Annual Report 2021, section “Compensation Report”. Further, in February 2022, the Management Board implemented a climate target for the Fresenius Group. Details are provided on page 117 of the Group Non-financial Report.

Fresenius Medical Care set new climate targets in January 2022.

Fresenius Kabi constantly works to improve its environmental management and reduce negative impacts on the environment. Certified organizations set local targets to constantly improve their environmental and energy performance.

Fresenius Helios is evaluating the extent to which the share of renewable energies relative to total energy requirements can be increased at the German clinic sites. The business segment is also exploring opportunities to increase the proportion of energy generated in-house. In this way, it is continuously increasing its own energy generation quota through combined heat and power plants. Nine new combined heat and power plants were installed at Helios Germany in 2021.

At **Helios Spain**, a defined percentage of annual investments is targeted at improving environmental and energy performance through projects. The business segment has set itself ambitious overarching goals and defines the environmental targets for each hospital locally each year. Since 2020, clear targets have been in place to reduce electricity and gas consumption in all hospitals. Furthermore, in 2021 the business unit set itself comprehensive goals to raise environmental awareness, improve energy use, and document CO_2 emissions in all hospitals. The infrastructure of the hospitals is to be analyzed, with a view to increasing their own generation of energy and improving their equipment.

Helios Spain’s hospitals operate an energy management system; seven of these hospitals are ISO 50001-certified and are working on annual improvements to achieve energy savings.

Fresenius Vamed continues to strive to evaluate its strategy on the basis of sustainability criteria and to identify performance indicators that will serve long-term strategic development.

PROGRESS AND MEASURES IN 2021

In 2021, the Fresenius Group initiated various measures and projects with a view to establishing an integrated environmental approach. In February 2022, the Group climate target was approved. Further information is included on page 117 of the Group Non-financial Report.

In addition, our business segments achieved progress on which we report in the following.

Fresenius Medical Care

In 2021, the business segment launched a Global Environmental Policy, which was approved by the Management Board of Fresenius Medical Care. It provides a framework for environmental management at a global level and will serve as a basis for developing improvement targets. It addresses how Fresenius Medical Care manages and monitors environmental impact. It also acts as a framework for other policies and manuals. In addition, the company introduced manuals and guidelines for global data and reporting environmental indicators related to energy, greenhouse gas (GHG) emissions, and water. These include guidelines on how to report information using the new digital eco-reporting tool. Furthermore, Fresenius Medical Care has included information on environmental standards in the mandatory employee training on the Code of Ethics and Business Conduct.

The company regularly identifies and evaluates environmental risks as part of its enterprise risk management. In 2021, Fresenius Medical Care used Task Force on Climate-related Financial Disclosures (TCFD) standards as guidelines in this process for the first time. Additional risk examples were added to the risk catalog and specific assessments were performed, for example concerning water stress and climate change vulnerability.

Fresenius Kabi

In 2021, Fresenius Kabi progressed with the roll-out of the environmental management system at the designated manufacturing plants. The global EHS function supports the local organizations in preparing and implementing the management system and certification according to ISO 14001.

In addition, in 2021, the business segment began to take sustainability criteria into account in decision-making processes for new projects, such as the development of products or capacity expansions.

Fresenius Helios

In addition to the centrally managed energy efficiency projects, some Helios hospitals are also implementing site-specific projects to improve their energy and environmental performance.

At Helios Spain, the stronger integration of environmental management at Group level is supported by specific targets set by the hospitals' management in 2021. Furthermore, since 2015, the business unit has been part of the Clúster de Cambio Climático alliance, organized by Forética, a leading corporate network for sustainability and corporate responsibility in Spain and Latin America. The alliance meets three times a year to discuss a specific topic with experts and authorities, to evaluate the best climate-related practices in the private sector, and to promote exchange and transparency between companies.

Fresenius Vamed

As part of the ESG component of variable Management Board compensation, Fresenius Vamed reviewed and recorded responsibilities and processes, and defined strategies on the core topics of energy and water in 2021. Detailed contents and derived measures of these various developments can be expected to be reported in 2022.

EVALUATION

Internal and external audits are used to identify potential for improvement at both local and global level and to take measures to continuously improve environmental performance.

Fresenius Medical Care

At Fresenius Medical Care's production sites, the business segment is involved in local environmental projects that are reported as part of the global Green & Lean initiative. This initiative enables best practices to be shared across the organization. The objective is to reduce emissions, promote the efficient use of natural resources, and increase recycling rates. By the end of 2021, more than 100 projects were reported. They aimed at, for example, improving proceses and recycling. As a result of these projects, per year the company expects to save more than 20,000 MWh of energy (0.8% of its total energy consumption), prevent nearly 5,500 t of CO_2 equivalent emissions (0.7% of its total Scope 1 and 2 emissions), save more than 220,000 m³ of water (0.5% of its total water consumption), and recycle or reuse roughly 700 t of waste.

Fresenius Kabi

In 2021, Fresenius Kabi, e.g., conducted a global internal audit at one entity in which employees were randomly chosen and interviewed about their awareness of the environmental policy, environmental objectives, and the entity's environmental management representative. It was found that awareness of these aspects in the respective entity showed potential for improvement. As a result, corrective and preventive actions were initiated, such as more frequent employee communication to raise awareness.

The headquarters of Fresenius Kabi are audited annually by TÜV Rheinland with regard to ISO 14001 environmental management certification. In 2021, no observations were detected, confirming that the environmental management system is in line with the requirements of ISO 14001. The ongoing COVID-19 pandemic had no impact on the roll-out of the environmental management system according to ISO 14001 in 2021.

Fresenius Helios

Helios Germany conducts internal and external energy audits at the hospital sites. As part of the monitoring process, the respective personnel is sensitized to potential savings and increasing energy efficiency as well as related measures. The effects on energy efficiency are regularly monitored and evaluated within the energy management system. This process is part of the continuous improvement according to the requirements of ISO 50001.

Helios Spain achieved the targets set for 2021 and expanded the existing matrix certification of ISO 14001 to further hospitals. In addition to the local ISO 14001 certification targets, the goal was to include all sites in Spain into the ISO 14001 certification.

WATER MANAGEMENT

For decades, water consumption has been increasing worldwide and water shortages are occurring in more and more regions. We too need water both at our production plants and in our health care facilities. We therefore handle this scarce and vital resource responsibly. We work with management systems and control systems globally to ensure that water quality meets internal and external regulatory requirements so it can be used safely during production, in processes, and in our health care facilities. The health of our patients and employees must be protected. The aim of our water management is therefore not only to ensure the highest quality and sufficient availability of freshwater but also to avoid unnecessary polluting the sources from which we obtain water or into which we discharge our wastewater. Water withdrawal for the Fresenius Group has been surveyed annually since 2016 as a part of non-financial reporting.

OUR APPROACH

Fresenius continuously reviews national and international regulations on water management. This ensures that internal principles, guidelines, and standard operating procedures are always up to date or often go beyond regulatory requirements, e.g., within the framework of global management handbooks. Depending on the operating activity, either environmental or hygiene experts ensure that internal guidelines and external regulations are adhered to.

At our clinics and hospitals, most of the water withdrawal is from municipal water supplies. We have implemented applicable risk management procedures that come into action if impurities are detected or if the quality of water is not compliant with standards set. Further, dedicated reporting lines provide transparency within the business segments. The local government is informed of any detected critical deviations from local drinking water provisions.

Fresenius Medical Care

Large volumes of water are required both in production sites and in dialysis clinics – dialysis requires a significant quantity. It is critical that the water Fresenius Medical Care uses for dialysis is of high quality, which is why the company generally uses municipal water that is treated further in its dialysis clinics.

Progress and measures in 2021

In 2020, Fresenius Medical Care assessed water stress at production sites. This determined that 7% of sites are in areas defined as locations with an extremely high risk of water stress. Water stress is a situation when the demand for water surpasses the available amount during a certain time, or when poor quality restricts its use. In 2021, the business segment followed up on the results of this assessment in various ways. For instance, it conducted interviews with teams at selected sites in areas with an extremely high risk of water stress to raise awareness of the issue and to assess the need for potential remedial measures. The company expanded the scope of its water stress assessment to include the majority of its dialysis clinics. Fresenius Medical Care used the World Resource Institute's Aqueduct tool to collect the data. According to the results, 12% of included dialysis clinics are in areas defined as locations with an extremely high risk of water stress. Additionally, Fresenius Medical Care has started to analyze water stress scenarios for 2030 and 2040. The company aims to complete the assessment by the end of 2022, and plans to integrate the findings into its risk management.

Fresenius Kabi

Water is primarily used in production at Fresenius Kabi, e.g., for cooling or in sanitary facilities, and is discharged as wastewater. Some manufacturing sites are reusing water, e.g., by using condensate water from installed air handling units or in steam condensate recovery systems. The business segment also uses water for its products, e.g., for infusion solutions such as sodium chloride. The water used for this purpose must meet stringent quality requirements to ensure product quality and patient safety. Fresenius Kabi's global environmental standard operating procedures and working instructions include instructions for the responsible handling of water, including the control of wastewater. Each of Fresenius Kabi's manufacturing sites is required to evaluate its environmental impact, e.g., from water usage and wastewater. Water management measures consider a reduction in water and wastewater volumes, and monitor the quality and authorized withdrawal of water and discharge of wastewater.

Water discharges are locally managed at the sites in accordance with applicable local regulations. Water discharge by quantity is regularly reported to global EHS in accordance with internal standards and guidelines.

Fresenius Kabi is in the process of implementing the Common Antibiotic Manufacturing Framework (CAMF) of the AMR Industry Alliance. According to the CAMF requirements, wastewater contaminated with antibiotic residues should not be discharged untreated. In 2021, the business segment started to establish corresponding processes and measures at the relevant sites that produce antibiotics. These processes and measures complement the existing internal standards and procedures.

Water availability at Fresenius Kabi's production sites is important to ensure business continuity. The business segment analyzes the water situation using the World Resources Institute's Aqueduct Water Risk Atlas, which contains information on current and future water risks at specific locations. Fresenius Kabi has identified manufacturing sites that are in areas with extremely high or high risk of water scarcity. At these sites, efficient water management is especially important to ensure water availability for production and to prevent negative impact on the local water situation as far as possible.

Progress and measures in 2021

In 2021, the management approach and the governance structure of Fresenius Kabi remained as reported in 2020. Progress focused on the introduction of CAMF at the antibiotic-producing manufacturing plants and the evaluation of methods for treating wastewater as well as the introduction of systems to control Predicted No-Effect Concentrations (PNEC) as defined by the AMR Industry Alliance. PNEC values can be used to determine discharge concentration targets for antibiotics that are not expected to cause environmental effects.

Fresenius Helios

As a hospital operator, the availability and quality of water is extremely important to Fresenius Helios, in all countries and at all sites. The focus of water management at the Helios clinics lies on ensuring an uninterrupted supply of water of consistently high quality and on preventing microbiological contamination. The use of water as a resource in health care facilities is subject to strict legal requirements both in Germany and in Spain. Rainwater, for instance, can only be used in areas that are not critical for patient safety. Compliance with the respective applicable regulatory requirements, e.g., the Drinking Water Ordinance (TrinkwV) in Germany, has top priority. In order not to endanger patients, employees, or other people at any time, water management is closely linked to hygiene management.

The company's own guidelines and specifications determine the hospital-specific procedures. Further internal requirements regarding drinking water quality apply. These must be implemented in all German and Spanish facilities. For these reasons, Helios does not reuse water or use gray water – i. e., treated water from showers or washbasins.

For the discharge of wastewater, Helios Spain and Helios Germany must comply with strict regional and local legal requirements, which are monitored within the respective wastewater treatment plants. Deviations are reported directly to the hospital concerned and forwarded to all responsible departments through established reporting chains. After evaluating an incident, Fresenius Helios aims to ensure that the requirements are met in future. This is enabled through measures like technical improvements or changes to processes and additional training.

Progress and measures in 2021

In 2021, the management approach and governance structure in the water management area of Fresenius Helios remained as reported in the previous year.

Helios Spain set a target in 2021 to optimize water consumption in the clinics.

Fresenius Vamed

For Fresenius Vamed, a sufficient supply of fresh water for patient well-being and hygiene is a key element in the planning, construction, and operation of health care facilities. The health care facilities built by Fresenius Vamed use construction and sanitation technology that enables optimal water management – adapted to local regulations. At the same time, intelligent water management must under no circumstances undermine hygiene measures or jeopardize the well-being of patients. The largest freshwater users at Fresenius Vamed are rehabilitation clinics with therapy pools, e.g., in the orthopedics department, and facilities that sterilize used medical instruments.

Fresenius Vamed uses local management systems, process owners, and operating procedures to ensure that the respective local guidelines on water and wastewater are strictly adhered to. The internal principles, guidelines, and standard operating procedures are adapted to the applicable regulatory requirements.

Due to the material significance of fresh water use for compliance with hygiene measures and thus patient safety, no significant reductions in water consumption are made. In the long term, the business segment aims to achieve constant water consumption. Secondary use of water is not considered an urgent priority in view of the hygiene issues to be observed.

Progress and measures in 2021

In 2021, the management approach and governance structure in the water management area of Fresenius Vamed remained as reported in the previous year. Progress focused on the internal preparation of the process documentation in alignment with the ESG component of the variable compensation for the Fresenius Group Management Board.

EVALUATION [1]

In 2021, Fresenius withdrew a total of 56.4 million m³ of water (2020: 56.2 million m³). Over the last three years, a relative reduction in water withdrawal was achieved, both in relation to sales and to FTE. Around 91% came from the municipal water supply, while about 8% was sourced from groundwater and 1% from surface water. In the hospital and rehabilitation sector in particular, water is sourced from the municipal water supply. This is due to the strict hygiene regulations and high demands on water quality in health care facilities.

In 2021, the reported water withdrawal at **Fresenius Medical** Care decreased by 1% compared with 2020. This was because mainly due to efficiency measures at various production sites and lower production volumes. The business segment is working to develop global water-related targets in addition to those it already has at regional level. It plans to define these global targets by the end of 2022.

Fresenius Kabi continued to improve its water management in 2021. Methods used to improve the treatment and discharge of antibiotic-contaminated water at the relevant sites have been identified. Appropriate measurement methods and processes will be implemented at some sites to better avoid potential negative impacts of antibiotic-contaminated wastewater. In addition, the business segment has used the results of the analysis of water-stressed areas at its production sites to align water management efficiently and sustainably to the local situation.

Water withdrawal at the business segment was 10.1 million m³ in 2021 (2020: 9.7 million m³). In 2021, several projects to reduce water withdrawal were implemented at manufacturing plants of Fresenius Kabi. Water-saving projects in 2021 included, e.g., the use of recycled water for boilers, efficient water usage in cooling towers or reduction

[1] Fresenius Medical Care figures include energy consumption and water withdrawal at production sites, as well as electricity consumption and water withdrawal at dialysis centers. Emissions include scope 1 and 2 emissions of production sites and Scope 2 emissions of in-center treatments in dialysis clinics. The data from Fresenius Helios encompasses as of 2018 all hospitals in Spain and the clinics in Latin America as of 2020. Fresenius Vamed's data includes all fully consolidated health care facilities and service entities, and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed. Newly acquired companies are included in the second year of consolidation, at the latest. If data of the business segments is not available in time, it is extrapolated on the basis of existing data. An adjustment will be made in the next report. Prior-year information was adjusted to conform to the current year's presentation. Due to rounding, individual numbers and percentages presented in this report may not precisely reflect the absolute figures.

of water consumption in restrooms. Further, the COVID-19 pandemic had an impact on water performance in some countries, due to additional cleaning activities, as well as more employees working remotely, among other factors. In addition, water performance at some sites was affected by ongoing expansion measures or regulatory validation processes, e.g., testing new production lines for quality requirements.

Fresenius Helios had not set any water management targets for 2021 to reduce water consumption specifically. Water withdrawal at the business segment was 4.0 million m^3 in 2021 (2020: 4.1 million m^3). Water withdrawal depends on the number of patients treated in hospitals and in 2020 and 2021 on the increased demand for sterilization and hygiene in the hospital setting.

In the business segment **Fresenius Vamed**, water withdrawal increased slightly compared to the previous year. In 2020, the post-acute clinics were closed due to regulatory provisions to limit the impact of the COVID-19 pandemic. In 2021, only two German tourism facilities, Ostsee Resort Damp and Allgäu Resort Bad Grönenbach, were temporarily affected. The regular course of business of most facilities led to an increase in total water withdrawal.

WATER WITHDRAWAL FRESENIUS GROUP[1]

m^3 in millions	2021	2020	2019	2018	2017
Fresenius Medical Care	**41.4**	41.7	43.2	42.1	n.a.
Fresenius Kabi	**10.1**	9.7	9.5	9.7	9.8
Fresenius Helios	**4.0**	4.1	3.8	3.7	3.2
Fresenius Vamed	**0.8**	0.8	0.7	0.7	0.3
Total	**56.4**	56.2	57.3	56.2	n.a.

FRESENIUS GROUP[1] RELATIVE WATER WITHDRAWAL

in m^3	2021	2020	2019	2018
Water withdrawal/€ 1 million sales	**1,502**	1,549	1,612	1,676
Water withdrawal/FTE	**201.8**	203.1	218.7	228.2

WASTE AND RECYCLING MANAGEMENT

Natural resources are becoming increasingly scarce all over the world. We can only operate sustainably if we use the raw materials available to us efficiently. This also includes the responsible handling of waste – because it contains valuable resources that can be returned to production. Through systematic waste management, we aim to reduce our material consumption and minimize the amount of waste produced. In the health sector, strict hygiene requirements apply to the materials used and to the safe disposal of hazardous waste. With clear internal guidelines and comprehensive controls, we ensure that these are complied with.

OUR APPROACH

For Fresenius as a health care Group, professional, safe waste disposal goes hand in hand with the requirements of hygiene and sterility in production processes and treatments in hospitals. Our approach extends from the selection of suitable disposal containers to cleaning and sterilization procedures and the occupational safety of our employees in the disposal of hazardous, e.g., infectious, waste.

The handling of waste in the health sector is strictly regulated. Fundamentally, waste must not pose a danger to our patients, our employees, or the environment. Our production processes and our treatments in health care facilities must be hygienic and sterile at all times. All business segments

[1] Fresenius Medical Care figures include energy consumption and water withdrawal at production sites, as well as electricity consumption and water withdrawal at dialysis centers. Emissions include scope 1 and 2 emissions of production sites and Scope 2 emissions of in-center treatments in dialysis clinics. The data from Fresenius Helios encompasses as of 2018 all hospitals in Spain and the clinics in Latin America as of 2020. Fresenius Vamed's data includes all fully consolidated health care facilities and service entities, and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed. Newly acquired companies are included in the second year of consolidation, at the latest. If data of the business segments is not available in time, it is extrapolated on the basis of existing data. An adjustment will be made in the next report. Prior-year information was adjusted to conform to the current year's presentation. Due to rounding, individual numbers and percentages presented in this report may not precisely reflect the absolute figures.

must always dispose of their waste professionally and safely. As the business models of our business segments are different, Fresenius conducts waste management on a decentralized basis. The four business segments are responsible for assessing individual risks and, where necessary, establishing internal guidelines for dealing with waste. The business segments provide training to their employees and carry out checks to ensure that the standards contained therein are adhered to.

Fresenius Medical Care

Waste is managed on a local and regional level, allowing Fresenius Medical Care to adhere to all applicable laws and regulations. The business segment has ongoing waste initiatives that help to reduce its environmental footprint. For instance, the Reusable Sharps Container Program in the United States enables Fresenius Medical Care to reuse each container up to 600 times, thereby reducing the amount of plastic ending up in landfill. Thanks to this program, in 2021, the business segment has reused more than 1.2 million containers, diverting more than 1,000 t of plastic waste from landfill and preventing more than 400 t of carbon emissions.

Progress and measures in 2021

In 2021, Fresenius Medical Care continued to analyze the waste streams of its production sites and dialysis clinics in all regions. In the context of the company's Global Sustainability Program, Fresenius Medical Care is planning to develop a global approach to consolidating waste data and to defining reduction targets. As part of this, in 2021 the company introduced new measures to improve waste data collection processes at four pilot production sites. Fresenius Medical Care plans to roll these measures out to all sites at the beginning of 2022. Additionally, the business segment is assessing opportunities at its sites for stepping up the recycling or reuse of resources.

Fresenius Kabi

Waste at Fresenius Kabi is mainly generated as a byproduct of production processes or packaging material of the product containers in hospitals, private households, or nursing homes. This includes both non-hazardous and hazardous waste, i. e. solvents, cytostatics, or antibiotics.

The business segment's global environmental standard operating procedures include global requirements for waste management. The instructions constitute a global framework for the business segment's waste management and set minimum requirements for Fresenius Kabi's own facilities. As part of waste management, the business segment has established a sequence for the measures to be taken: waste prevention, preparation for reuse, recycling, other recovery, in particular energy recovery and backfilling, and disposal of the resulting waste. The measures taken must always be in compliance with applicable laws and regulations.

Each of Fresenius Kabi's manufacturing sites is required to separate its waste according to local regulations and to store the waste under consideration of measures to protect the environment, e.g., to avoid contamination. The local Fresenius Kabi organizations are responsible for the disposal of waste in accordance with the applicable local regulations. In general, local EHS managers or dedicated waste managers are responsible for waste management at the respective organizations. Where necessary, local training courses on waste management are conducted. Regular audits of the commissioned waste disposal companies are conducted by the local organizations to ensure compliance with the applicable regulations.

As part of the ISO 14001 requirements, certified organizations evaluate processes that significantly contribute to the generation of waste as well as identifying potential for improvement. The business segment also considers the conservation of resources and options for recycling or reuse of the generated waste. Based on the evaluation, measures are implemented to reduce waste or increase the recycling rate.

If the design of a product is under the control of an ISO 14001-certified organization, as part of the life cycle perspective, the design phase of the product must take environmental aspects into account. The influence of the organization on pharmaceutical products can be limited due to the importance of patient safety and product quality requirements.

Furthermore, in 2021 the business segment began to take sustainability criteria into account in decision-making processes for new projects, such as the development of products or capacity expansions. ISO 14001-certified organizations set local targets for their waste management.

Fresenius Kabi records the waste volumes generated at its production sites, logistics centers, compounding centers, and the further ISO 14001-certified organizations and categorizes them by waste type and disposal method. Plastic waste represents the largest portion of classified non-hazardous waste. Hazardous waste is, to a large extent, processed and reused for a different or similar purpose. To a large extent, the internally generated waste is recycled. Non-recyclable hazardous waste is mainly incinerated and a large part if it is led into energy recovery.

Progress and measures in 2021

In 2021, the management approach and the governance structure of Fresenius Kabi remained as reported in 2020. Progress focused on recovery as well as the control of waste, e.g., in storage, handling, and waste disposal.

Fresenius Helios

Fresenius Helios sees waste disposal management as a process. This begins with waste avoidance and continues through to consistent recycling or environmentally friendly disposal. In hospital operations, the business segment must always meet strict hygiene requirements: medical instruments and aids are cleaned and packed separately so that they can be reused as sterile items. In addition, various disposable medical products are used. This results in waste, the professional and safe disposal of which must be guaranteed.

The Fresenius Helios facilities are subject to strict regulations. In Spain, the Law 22/2011 on Waste and Contaminated Soils applies, for example, which sets out requirements for different types of waste applies. Specially trained staff in the hospitals are responsible for ensuring that the respective requirements are met. In particular, if hospitals in Germany generate more than two tons of hazardous waste per calendar year, they must appoint a company waste officer or an external waste officer and report this to the responsible authority. For this purpose, the waste officer requires the relevant expertise, which is regulated in the Closed Substance Cycle Waste Management Act (Kreislaufwirtschaftsgesetz) in conjunction with the Ordinance on Waste Management Officers (Verordnung für Betriebsbeauftragte für Abfall). When disposing of waste, Helios Spain and Helios Germany must take into account not only the requirements of environmental protection, occupational safety, and infection control, but also specific hospital hygiene requirements. Appropriate disposal containers and cleaning and sterilization procedures must be used.

Progress and measures in 2021

In 2021, Helios Germany began to implement or prepare for the implementation of the new regulatory requirements of the German Packaging Act 2021 (VerpackG). For instance, an initial concept for reusable packaging in the restaurant and catering segment was drawn up.

Helios Spain is also currently working to reduce single-use plastic in line with European and Spanish legislation. Large packs, e.g., with dispensers or dosing aids, are increasingly being used to prevent packaging waste. The business unit has also been working with a supplier to improve the labeling of recyclable primary packaging.

Fresenius Vamed

The waste generated in all of Fresenius Vamed's business processes is disposed of in accordance with regional, national, and industry-specific regulations. The local management of each health care facility is responsible for ensuring compliance with these guidelines. Reusable waste is processed in the required recycling processes. Other waste is disposed of by composting or incineration or is sent to landfill. For clinical and hazardous waste, the individual facilities of Fresenius Vamed cooperate with local disposal companies, who ensure that the waste is disposed of in compliance with the law.

The most important legal basis for waste management in Austria is the Waste Management Act (AWG 2002), which is supplemented in the federal states by state laws to include local aspects, such as the fees to be paid. There are also a large number of legal provisions under European law. All of these regulations create the legal framework to ensure an efficient waste management industry in Austria.

The health care facilities built by Fresenius Vamed use construction and sanitation technology that enables optimal resource management adapted to local regulations. The provision of technical management services is a major business segment of Fresenius Vamed. One focus of our activities is to ensure the longevity of technical systems through maintenance and repair.

Progress and measures in 2021

In 2021, the decentralized management approach and governance structure in the waste and recycling management area of Fresenius Vamed remained as reported in the previous year.

EVALUATION

No Group results are available for waste management in fiscal year 2021. Although no effects can yet be reported at Group level, we report on the measures initiated in 2021 and related progress in the business segments.

Fresenius Kabi's total waste volume increased in 2021. Fresenius Kabi is continuously working to increase recycling rates[1] and has been able to make progress on hazardous and non-hazardous waste in order to be able to put valuable resources to further use. The COVID-19 pandemic has increased the generation of waste related to protective hygienic measures, although this was partly compensated for by the increased amount of remote work carried out by administrative employees.

In our health care facilities and our clinics, the waste volume caused by disposables and protective gear has increased due to COVID-19. Especially in the hospitals, the amount of (potentially) infectious waste requiring special disposal increased.

CLIMATE PROTECTION – ENERGY AND EMISSIONS

Climate change and its effects are also impacting Fresenius: in health care facilities we have to prepare for rising temperatures and the increase in severe weather events in order to protect the health of patients at all times. Our production processes and the operation of health care facilities require a high level of energy input. Energy-efficiency measures can lead to short- and long-term cost savings; in addition, through the increased usage of renewable energies, they also make an important contribution to climate protection.

OUR APPROACH

In energy management and climate protection, our aim is to go beyond the legal framework to identify ways of minimizing the impact on the environment and to implement these in our management approaches. In 2021, the divisions focused primarily on the topics of efficiency enhancement, energy saving, and thus the reduction of CO_2 emissions.

Uninterrupted energy supply is a top priority for Fresenius in order to ensure patient safety and reliable production or care. We always examine possible energy-saving measures with the greatest care. The energy management system is geared to the requirements of our business segments and is certified according to ISO 50001. We are constantly expanding the number of certified sites.

Fresenius constantly invests in new buildings and modernizations that meet the latest energy standards and legal requirements.

Fresenius Medical Care

Fresenius Medical Care monitors the energy consumption at its production sites and the electricity usage in its dialysis clinics. In Europe, Middle East, and Africa, the company has set local electricity-related targets.

Further information on the management approach can be found on page 201.

Progress and measures in 2021

In 2021, Fresenius Medical Care introduced measures to reduce energy consumption at several of its production sites. For example, the business segment has started piloting an energy management system at some of the dialysis clinics in the United States that aims to improve energy efficiency by centralizing the control of energy use. The system is expected to be rolled out in 2022 across some 800 locations. In addition, the business segment implemented various projects as part of its Green and Lean Initiative. For example, the company continued to replace fluorescent lighting with LED lighting in selected warehouses and production areas to save energy.

Fresenius Medical Care also assessed the share of renewable energy impact within its total electricity consumption.

[1] Calculation of the recycling rate has been updated according to the GRI standard 306-4 (2020) for waste by category and disposal method applied as of 2021 for both, 2020 and 2021 data; waste disposed for energy recovery is no longer categorized as recycled waste.

To do this, the company considered the country-specific average share of renewables needed to produce electricity. According to this calculation, renewables accounted for 22% of total electricity consumption in 2021, compared with 21% in 2020. In the United States, the business segment purchased 140,000 MWh worth of Green-e certified Renewable Energy Certificates (RECs) in 2021. These correspond to about 54,000 t of Scope 2 CO_2 equivalent and account for 10.7% of the business segment's global Scope 2 emissions (calculated based on location-specific emission factors).

Fresenius Kabi

The focus of the energy management system at Fresenius Kabi is on improving energy performance and preventing excessive use of energy. Key opportunities are reducing energy and emissions in proportion to the volume of production activities. Fresenius Kabi derives its energy mainly from external providers. This includes the purchase of renewable energy such as hydropower, solar, or wind power. The business segment also generates electricity in its own facilities and uses, e.g., combined heat and power systems. Fresenius Kabi wants to increase the share of renewable energy in its overall energy consumption.

Local measurable objectives and energy targets are derived from the business segment's global energy policy. As stated on pages 200 f. of the Non-Financial Consolidated Report, Fresenius Kabi has matrix certification for its global energy management system, which is audited annually and certified by TÜV Rheinland.

Responsibility for energy management lies with the divisional and local organizations; global management responsibility lies with the central EHS function, which reports to the responsible member of Fresenius Kabi's Management Board.

Further information on the management approach can be found on page 202.

Progress and measures in 2021

In 2021, the management approach and governance structure of Fresenius Kabi remained as reported in 2020. Progress focused on increasing energy efficiency and reducing CO_2 emissions in proportion to the volume of its production activities.

For energy management, the Global Competence Cluster Energy and Water Management, an internal information platform for global exchange, has already produced ideas for improvements. Four energy-saving projects were concluded in 2021. Furthermore, potential exemplary methods for the intracompany transfer and new projects are currently being evaluated. Four projects concluded in 2021 will lead to savings of approximately 241.3 t of CO_2 annually; the savings of another project will be evaluated in 2022.

Fresenius Helios

The rising temperatures resulting from climate change are also affecting Fresenius Helios' business operations, especially in Spain. In recent years, refrigeration technology, which serves to cool technical equipment and hospital rooms, has become more important for hospital operations than heat generation. In addition, more frequent severe weather events such as heavy rainfall or flooding may pose a threat to the health care services of hospitals.

In Germany, the Infrastructure business unit has established a central energy procurement and management system that records the energy consumption of each site. Helios Germany uses this system to compare consumption figures and to initiate improvement measures. Helios Germany's own energy supplier, HKG Energiedienstleistungen GmbH, is responsible for energy procurement.

Various parameters can be monitored via a central portal – from the price of electricity on the energy market to the hospitals' respective energy consumption. In order to monitor energy flows more precisely, a measurement concept is being implemented at relevant sites. This is an essential component to meet the requirements of the ISO 50001 standard. With its central energy procurement and management system, Fresenius Helios can compare the consumption values of the clinics, initiate targeted improvement measures, and share best practices from individual clinics within the company.

Helios Spain analyzes its energy management risks and uses renewable energy sources in some clinics. In order to ensure an uninterrupted energy supply at all times, every hospital has a mains backup system: in the event of a power outage, this system guarantees a secure supply of electricity for the principal energy consumers in the clinics within a few seconds. To safeguard this protection, these emergency power systems are inspected and tested regularly, at least once a year.

Electricity and natural gas are purchased centrally at Helios Spain. The business unit also has an energy manager, who monitors the consumption of all hospitals and provides corresponding data for evaluation and comparative analyses. In addition, each hospital reviews and implements specific energy-saving measures. Seven Helios Spain hospitals use thermal solar energy and photovoltaic systems to generate energy. To generate thermal energy, the division also uses miniature combined heat and power plants at two hospitals and biomass at another hospital.

Progress and measures in 2021

In order to improve the data situation regarding electricity consumption and to comply with the requirements of the German Renewable Energies Act (EEG), Helios introduced a Group-wide measurement and delimitation concept in 2021. Corresponding metering technology measures all electricity consumption at all hospital locations and distinguishes between Helios' own consumption and that of third parties, e.g., units rented by flower stores.

In 2021, Helios Spain analyzed whether technical installations needed to be renewed. The business unit also conducted a study on the use of solar energy systems.

Fresenius Vamed

The respective management teams are responsible for energy and emission management at Fresenius Vamed's health care facilities. The effectiveness of energy management measures in the certified business segments is assessed by regular independent audits as part of ISO 50001 certification. In Germany, this certification was implemented together with the Infrastructure business unit of the Fresenius Helios hospitals.

Progress and measures in 2021

In 2021, the management approach and governance structure of Fresenius Vamed remained as reported in the previous year. Progress focused on the ongoing internal preparation of the process documentation as part of the ESG component of variable Management Board compensation. Furthermore, a pilot project was initiated in order to be able to collect data on Scope 3 emissions in the future from industrial activities in Austria, Germany, Switzerland, and the Czech Republic.

EVALUATION [1]

We calculate our Scope 1 and 2 GHG emissions following the methodology of the Greenhouse Gas Protocol, using the latest version from the UK Department for Environment, Food and Rural Affairs (DEFRA). We also use the emission factors of the International Energy Agency (IEA) for electricity consumption. We additionally use these emission factors to calculate the indirect emissions from electricity.

Fresenius[1] consumed a total of 5.8 million MWh of energy in 2021, an increase of 6% compared to the previous year; the main energy sources were gas (thereof 97% natural gas) and district heating. When purchasing energy, we consider efficiency requirements and changes in demand. We are exploring the possible use of renewable energies and already generate our own electricity at numerous sites. In 2021, the share of renewable energy consumption was 2%. Among the main energy sources, electricity demand is our most material driver of CO_2 emissions. Accordingly, Scope 2 emissions are higher than Scope 1 emissions in all business segments. In 2021, Fresenius generated a total of 1,524 thousand tons of CO_2 equivalents (2020: 1,512 thousand tons).

At **Fresenius Medical Care**, total emissions (Scope 1 and Scope 2) decreased by 1% in 2021 compared with 2020. The reported Scope 1 emissions increased by 8% in 2021 compared to 2020. This increase is due to more accurate data reporting and a change in the reporting approach, with

[1] Fresenius Medical Care figures include energy consumption and water withdrawal at production sites, as well as electricity consumption and water withdrawal at dialysis centers. Emissions include scope 1 and 2 emissions of production sites and Scope 2 emissions of in-center treatments in dialysis clinics. The data from Fresenius Helios encompasses as of 2018 all hospitals in Spain and the clinics in Latin America as of 2020. Fresenius Vamed's data includes all fully consolidated health care facilities and service entities, and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed. Newly acquired companies are included in the second year of consolidation, at the latest. If data of the business segments is not available in time, it is extrapolated on the basis of existing data. An adjustment will be made in the next report. Prior-year information was adjusted to conform to the current year's presentation. Due to rounding, individual numbers and percentages presented in this report may not precisely reflect the absolute figures.

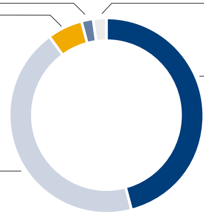
the reporting tool now automatically calculating conversions for natural gas. The reported Scope 2 emissions decreased by 5% due to enhanced data reporting as well as lower emission factors provided by the IEA. Most of the Scope 1 and Scope 2 GHG emissions stem from energy consumption. Fresenius Medical Care is currently assessing Scope 3 emissions that arise from activities or assets that the company does not own or control along its value chain.

Each year, the headquarters of **Fresenius Kabi** are audited by TÜV Rheinland with regard to the ISO 50001 energy management certification. In 2021, no observations were detected, confirming that the energy management system is in line with the requirements of ISO 50001. Further, Fresenius Kabi successfully achieved the self-imposed target for the continuing roll-out of the ISO 50001 energy management system in accordance with the internal implementation plan, thus expanding the coverage of the management system to additional manufacturing plants. The ongoing COVID-19 pandemic had no impact on the roll-out of the energy management system according to ISO 50001 in 2021.

In addition, the focus in the past fiscal year was on increasing energy efficiency and the share of renewable energy in total energy consumption. Furthermore, the COVID-19 pandemic had an impact, e.g., on energy performance in some countries due to the significant energy baseload in combination with COVID-19-related fluctuations in production, which affected energy performance and consequently the generation of emissions. Energy performance was also affected in 2021 by expansion measures and regulatory validation processes, e.g., the testing of new production lines for quality requirements.

The spread of coronavirus required our **Spanish hospitals** to increase ventilation, so the energy consumption required for air conditioning increased in some facilities in 2021.

GROUP ENERGY CONSUMPTION BY SOURCE



FRESENIUS GROUP[1] ENERGY CONSUMPTION

MWh in millions	2021	2020	2019	2018	2017
Fresenius Medical Care	**2.61**	2.49	2.43	2.38	n. a.
Fresenius Kabi	**1.79**	1.66	1.64	1.65	1.57
Fresenius Helios	**1.24**	1.16	1.09	1.14	0.95
Fresenius Vamed	**0.19**	0.18	0.16	0.17	0.05
Total	**5.84**	5.47	5.32	5.34	n. a.

FRESENIUS GROUP[1] RELATIVE ENERGY CONSUMPTION

in MWh	2021	2020	2019	2018
Energy consumption/€ 1 million sales	**156**	151	150	159
Energy consumption/FTE	**20.9**	19.8	20.3	21.7

[1] Fresenius Medical Care figures include energy consumption and water withdrawal at production sites, as well as electricity consumption and water withdrawal at dialysis centers. Emissions include scope 1 and 2 emissions of production sites and Scope 2 emissions of in-center treatments in dialysis clinics. The data from Fresenius Helios encompasses as of 2018 all hospitals in Spain and the clinics in Latin America as of 2020. Fresenius Vamed's data includes all fully consolidated health care facilities and service entities, and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed. Newly acquired companies are included in the second year of consolidation, at the latest. If data of the business segments is not available in time, it is extrapolated on the basis of existing data. An adjustment will be made in the next report. Prior-year information was adjusted to conform to the current year's presentation. Due to rounding, individual numbers and percentages presented in this report may not precisely reflect the absolute figures.

At **Fresenius Vamed**, operations in 2021 concentrated on developing the management approach to climate protection in connection with the ESG component of variable Management Board compensation. Relevant collection and control processes were also defined. Furthermore, the business segment was involved in the diverse discussions at the Fresenius Group on the definition of a CO_2 reduction target. As the processes for the above items are still ongoing, no changes in management approaches are to be reported for 2021. With regard to energy consumption, 2021 can be considered a return to a normal year at Fresenius Vamed. After many facilities were closed for longer periods in 2020 due to the COVID-19 pandemic, consumption levels in 2021 returned to the pre-pandemic level.

FRESENIUS GROUP[1] RELATIVE GHG EMISSIONS SCOPE 1 AND 2

t CO_2 equivalents in thou.	**2021**	2020	2019	2018
t CO_2 equivalents/€ 1 million sales	**41**	42	42	46
t CO_2 equivalents/FTE	**5.5**	5.5	5.8	6.2

FRESENIUS GROUP[1] GREENHOUSE GAS EMISSIONS (GHG) SCOPE 1 AND 2

t CO_2 equivalents in thou.	**2021**	2020	2019	2018	2017
Fresenius Medical Care	**766**	770	775	776	n. a.
Scope 1	**263**	242	227	219	n. a.
Scope 2	**503**	527	547	557	n. a.
Fresenius Kabi	**443**	417	409	424	422
Scope 1	**170**	160	169	169	174
Scope 2	**273**	256	239	255	248
Fresenius Helios	**277**	287	284	296	255
Scope 1	**122**	112	107	114	103
Scope 2	**155**	175	178	182	152
Fresenius Vamed	**39**	39	36	38	9
Scope 1	**23**	21	18	19	3
Scope 2	**16**	17	18	19	6
Total	**1,524**	1,512	1,504	1,534	n. a.
Scope 1	**578**	536	522	521	n. a.
Scope 2	**946**	976	982	1,013	n. a.

GHG emissions in t CO_2e

[1] Fresenius Medical Care figures include energy consumption and water withdrawal at production sites, as well as electricity consumption and water withdrawal at dialysis centers. Emissions include scope 1 and 2 emissions of production sites and Scope 2 emissions of in-center treatments in dialysis clinics. The data from Fresenius Helios encompasses as of 2018 all hospitals in Spain and the clinics in Latin America as of 2020. Fresenius Vamed's data includes all fully consolidated health care facilities and service entities, and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed. Newly acquired companies are included in the second year of consolidation, at the latest. If data of the business segments is not available in time, it is extrapolated on the basis of existing data. An adjustment will be made in the next report. Prior-year information was adjusted to conform to the current year's presentation. Due to rounding, individual numbers and percentages presented in this report may not precisely reflect the absolute figures.

REPORT PROFILE

We want to inform our stakeholders transparently about our sustainability activities through this report. The report meets the regulatory requirements for a separate Group Non-financial Report. It was prepared in accordance with Section 315c in connection with Sections 289c to 289e of the German Commercial Code (HGB). The EU taxonomy disclosures included were prepared in accordance with REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation). Together with the additional information we offer on our website, it forms our Sustainability Report 2021. For the preparation of the Group Non-Financial Report, we considered the Sustainability Code (Deutscher Nachhaltigkeitskodex) and the standards of the Global Reporting Initiative (GRI) as possible frameworks. Due to our global business activities, we decided to use the globally recognized GRI standards as a framework.In accordance with Section 289d HGB, Fresenius SE & Co. KGaA uses the GRI Standards for the structured description of management approaches in accordance with GRI 103: Management Approach 2016. Furthermore, this report contains a review of the materiality analysis we conducted in 2020 in accordance with GRI 102-46 (determination of report content and topic delimitation) from GRI 102: General Disclosures 2016 and the legal requirements. Further, we also report ESG information in accordance with the SASB Index and the Task Force on Climate-related Financial Disclosures (TCFD). These additional indices, outside of the Non-financial Report, include information provided in the audited Group Non-financial report, however, they were not part of the audit process.

REPORT FRAMEWORK

This separate Group Non-financial Report covers the financial year (calendar year) 2021 and relates to the Group including its four business segments, i. e., all fully consolidated companies that are subject to the legal or actual control of Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The Notes to the consolidated financial statements in the Annual Report contain further information, see pages 288 ff. Deviations from this reporting framework are marked in the appropriate place. References to data or information outside of the Group Management Report or the Notes are considered further information and are not part of the separate Group Non-financial Report. The report is published annually as a separate Group Non-financial Report and is part of the Annual Report. The last separate Group Non-financial Report was published in March 2021.

DETERMINATION OF THE CONTENTS OF THE REPORT

We base our choice of report content on the GRI standards, the principles of materiality and the requirements of our stakeholders, especially the capital market. In addition, the United Nations' Sustainable Development Goals (SDGs) serve as a framework for identifying and aligning our sustainability activities. In 2020, we conducted a comprehensive materiality analysis, see pages 110 f. of the Group Non-financial Report 2020 for more information. Experts from the four business segments as well as relevant Group functions have reviewed and validated the results. In 2021, a review confirmed the identified materials topics as still valid. The content of this separate Group Non-financial Report was defined in accordance with Sections 289c (2) and (3) HGB for the principle of dual materiality. The Management Board has reviewed and approved this report. The contents of the have also been examined by the Supervisory Board of Fresenius SE & Co. KGaA in accordance with Section 171 (1) of the German Stock Corporation Act (AktG). The Supervisory Board made use of the option pursuant to Section 111 (2) of the German Stock Corporation Act (AktG) to commission an external audit by PricewaterhouseCoopers GmbH Wirtschaftsprufungsgesellschaft.

EXTERNAL AUDIT

Auditors PricewaterhouseCoopers GmbH Wirtschaftsprufungsgesellschaft submitted the information in the separate Group Non-financial Report to an audit according to ISAE 3000 (Revised) to obtain limited assurance against the relevant legal requirements and issued an independent audit certificate.

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING [1]

To Fresenius SE & Co. KGaA, Bad Homburg

We have performed a limited assurance engagement on the Separate Non-financial Group Report of Fresenius SE & Co. KGaA, Bad Homburg, (hereinafter the "Company") for the period from 1 January to 31 December 2021 (hereinafter the "Separate Non-financial Group Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "1 Strategy and management – EU-Taxonomy" of the Separate Non-financial Group Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "1 Strategy and management – EU-Taxonomy" of the Separate Non-financial Group Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "1 Strategy and management – EU-Taxonomy" of the Separate Non-financial Group Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of material misstatement in the Separate Non-financial Group Report
- Evaluation of the implementation of central management requirements, processes, and specifications regarding data collection through targeted sample testing at selected sites
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Evaluation if the preparation of the ESG targets, which are part of the Management Board compensation as non-financial performance targets, is in line with the methodology described in the Compensation Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE OPINION

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 1 January to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "1 Strategy and management – EU-Taxonomy" of the Separate Non-financial Group Report. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, February 21, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Nicolette Behncke — ppa. Mirjam Kolmar
Wirtschaftsprüfer
[German Public Auditor]

CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE DECLARATION.

The Supervisory Board and the Management Board are committed to responsible management that is focused on achieving a sustainable increase in the value of the Company. Long-term corporate strategies, solid financial management, strict adherence to legal and ethical business standards, and transparency in corporate communication are key factors.

In this Corporate Governance Declaration, the Supervisory Board of Fresenius SE & Co. KGaA and the Management Board of the general partner of Fresenius SE & Co. KGaA, Fresenius Management SE (Management Board), report on corporate management pursuant to Sections 289 f and 315 d of the German Commercial Code (HGB) and on the corporate governance of the Company pursuant to the German Corporate Governance Code. The Corporate Governance Declaration is published on our website, see www.fresenius.com/corporate-governance.

CORPORATE GOVERNANCE DECLARATION

GROUP MANAGEMENT AND SUPERVISION STRUCTURE AND CORPORATE BODIES

GROUP MANAGEMENT AND SUPERVISION STRUCTURE

The Company has the legal form of a KGaA (Kommanditgesellschaft auf Aktien – partnership limited by shares). The **Annual General Meeting**, the **Supervisory Board**, and the **general partner** Fresenius Management SE are the legal corporate bodies. There have been no changes in the Group management and the supervision structure in the reporting period. The chart on the following page provides an overview of the Group structure.

The articles of association of Fresenius SE & Co. KGaA, which, in addition to legal provisions, further define the responsibilities of the individual corporate bodies, can be downloaded from our website, see www.fresenius.com/corporate-governance.

SHAREHOLDERS

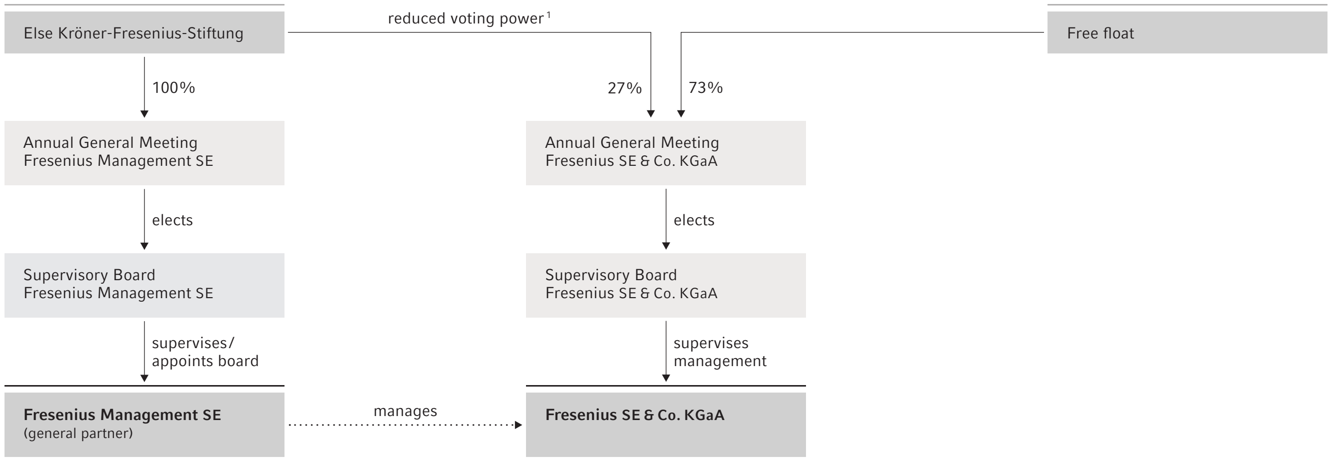
The shareholders uphold their rights at the Annual General Meeting, where they exercise their **voting rights**. Every ordinary share of Fresenius SE & Co. KGaA confers one vote. None of the shares carry multiple or preferential voting rights.

We report in detail on our investor relations activities in the section "Fresenius share" on page 35.

ANNUAL GENERAL MEETING

Our virtual Annual General Meeting (AGM) was held on May 21, 2021, in Bad Homburg vor der Höhe. Approximately 73% of the share capital was represented. As in the previous year, in order to protect the health of the shareholders as well as the employees and external partners involved in the organization, Fresenius took advantage of the option created by the legislator due to the COVID-19 pandemic to hold the Annual General Meeting virtually. The shareholders elected Mr. Wolfgang Kirsch with a majority of 98% as a new member to the Supervisory Board of SE & Co. KGaA. The five other shareholder representatives were re-elected in the course of the regular Supervisory Board elections. Following the Annual General Meeting, the new Supervisory Board elected Mr. Wolfgang Kirsch as its Chairman at its constituent meeting. With a majority of 92%, the Annual General Meeting approved a new compensation system for the Management Board of the General Partner.

STRUCTURE OF FRESENIUS SE & CO. KGAA



[1] For selected items no voting power, e.g., election of Supervisory Board of Fresenius SE & Co. KGaA, discharge of general partner and Supervisory Board of Fresenius SE & Co. KGaA, election of the auditor

During the AGM, the shareholders approved the proposal made by the general partner and the Supervisory Board to increase the 2020 dividend by 5% to €0.88 per ordinary share with a majority of more than 99% of the votes cast. Shareholder majorities of around 99% and 91%, respectively, approved the actions of the general partner and the Supervisory Board in 2020.

With regard to certain subject matters, legally required voting right exclusions exist for the general partner and for its sole shareholder, the Else Kröner-Fresenius-Stiftung. These pertain, for example, to the appointment of the Supervisory Board of Fresenius SE & Co. KGaA, the approvals of the actions of the general partner and the members of the Supervisory Board, and the selection of the auditor. This guarantees that the remaining shareholders retain the sole authority to decide on these matters, especially those that pertain to the supervision of management.

Documents and information on the Annual General Meeting, as well as the voting results, are available on our website at www.fresenius.com/annual-general-meeting.

MANAGEMENT BOARD AND SUPERVISORY BOARD PROCEDURES

The **responsibilities** are distributed as follows in Fresenius SE & Co. KGaA: the Management Board of the general partner is responsible for conducting the business of Fresenius SE & Co. KGaA. The Supervisory Board of Fresenius SE & Co. KGaA supervises the management of the Company's business by the general partner.

General partner – Management and Supervisory Boards

The general partner, Fresenius Management SE, represented by its Management Board, manages Fresenius SE & Co. KGaA at its own responsibility and conducts its business. The Management Board formulates the Company's strategy, discusses it with the Supervisory Boards of Fresenius Management SE and Fresenius SE & Co. KGaA, and oversees its implementation. Its actions and decisions are aligned with the best interests of Fresenius SE & Co. KGaA. The Management Board is committed to increasing the value of the Company on a sustainable basis. The rules of procedure for the Management Board were established by the Supervisory Board of Fresenius Management SE. They define the activities within the board more specifically, especially with regard to the individual duties and responsibilities of the members, matters reserved for the full Management Board, and resolutions to be passed by the full Management Board.

The Management Board, in principle, consists of seven members: the Chairman, the Chief Financial Officer, the Management Board Member resposible for Human Resources (Labor Relations Director), Risk Management and Legal and the chief executive officers of the four business segments. This ensures that the full Management Board is kept constantly informed about important events, plans, developments, and measures within the business segments. According to the rules of procedure, the CEO is responsible for coordinating the business segments, the general corporate policy, and the investment policy. The subject of Group sustainability is also directly reported to the CEO. Further information on sustainability matters can be found in the Group Non-financial Report on pages 114 ff.

The Group departments Finance, Group Controlling, Internal Audit, and Tax report to the Chief Financial Officer directly. Further, the Chief Financial Officer coordinates cybersecurity activities at Fresenius.

Members of the Management Board also lead internal working groups or committees, for example the Compliance Steering Committee or the Group Sustainability Board. Further information is included on pages 114 ff. of the Group Non-financial Report.

There are no Management Board committees owing to Fresenius SE & Co. KGaA's role as an operating holding company. The Management Board is listed on page 395 of the Annual Report.

Members of the Management Board are appointed for a maximum period of five years. Following the recommendation of the Code, first-time appointments are for a three-year period.

Effective April 12, 2021, Mr. Michael Sen was appointed Chairman of the Management Board of Fresenius Kabi AG and member of the Management Board of Fresenius Management SE responsible for the business segment Fresenius Kabi. He succeeds Mr. Mats Henriksson, who left the Company on March 16, 2021.

By resolution of the Supervisory Board of Fresenius Management SE dated May 21, 2021, a standard age limit was introduced for the Management Board. Since then, newly appointed members of the Management Board shall, as a rule, retire from the Management Board after reaching the age of 65 at the end of the calendar year.

The **meetings of the Management Board** are convened as required, but at least once a month, and are chaired by the Chairman of the Management Board or, if he is incapacitated, by the Chief Financial Officer or, if she is also incapacitated, by the Management Board member present who is most senior in age. However, Management Board meetings are usually held twice a month. The person chairing the meeting decides the order in which the items on the agenda are dealt with and the form in which the voting is conducted. The Management Board passes its resolutions by a simple majority of the votes cast or, outside its meetings, by a simple majority of its members, except in cases where mandatory provisions of law impose stricter requirements. The Chairman of the Management Board has the casting vote if a vote is tied. If the Chairman is incapacitated or absent, the motion is deemed rejected if a vote is tied. The rules of procedure for the Management Board also govern the relations between the Management Board and the Supervisory Board of the general partner, as well as between the general partner and the Supervisory Board of Fresenius SE & Co. KGaA, and also matters that require approval of the general partner's Supervisory Board.

As a European company (SE – Societas Europaea), Fresenius Management SE has its own **Supervisory Board**. It consists of six members, and its Chairman is Dr. Gerd Krick. The Supervisory Board appoints the members of the Management Board of Fresenius Management SE and supervises and advises the Management Board in conducting business. If necessary, e.g., in order to discuss or decide on matters concerning the Management Board, the Supervisory Board meets without the Management Board. It has established its own rules of procedure.

The Supervisory Board members of Fresenius Management SE can be found on page 396 of the Annual Report. With the end of the Annual General Meeting on May 21, 2021, Dr. Gerd Krick as well as Mr. Klaus-Peter Müller regularly resigned from the Supervisory Board of Fresenius

Management SE without standing for re-election. In their place, Ms. Susanne Zeidler and Dr. Frank Appel were elected as new members of the Supervisory Board of Fresenius Management SE. Mr. Wolfgang Kirsch, who had previously been a member of the Supervisory Board, succeeds Dr. Gerd Krick as the new Chairman of the Supervisory Board of Fresenius Management SE in this function. Dr. Gerd Krick was appointed Honorary Chairman of the Supervisory Board of Fresenius Management SE in recognition of his outstanding services to the Company.

The Supervisory Board of Fresenius Management SE appoints the members of the Management Board of the general partner and also ensures long-term succession planning. This is based on discussions with members of the Management Board and impressions of other managers gained at the meetings of the Supervisory Boards of Fresenius Management SE and Fresenius SE & Co. KGaA. In this way, the Supervisory Board can form an opinion on potential successors from within the Company.

Information on the compensation of the Management Board and Supervisory Board of Fresenius Management SE can be found here:

- ▶ Compensation system of the Management Board pursuant to Section 87a (1), (2) Sentence 1 German Stock Corporation Act (AktG) at www.fresenius.com/corporate-governance
- ▶ Compensation Report 2021 including the auditor's report pursuant to Section 162 AktG at www.fresenius.com/corporate-governance

The Supervisory Board of Fresenius SE & Co. KGaA

The Supervisory Board of Fresenius SE & Co. KGaA supervises the management of the Company's business by the general partner Fresenius Management SE. It supervises business operations to ensure that the Management Board's corporate decisions are compliant, suitable, and financially sound. In addition, the Supervisory Board reviews the Group's annual financial statements, taking into account the auditor's reports. Another important part of the Supervisory Board's activities is the work conducted within the committees formed in accordance with the requirements of the German Stock Corporation Act and the recommendations of the Code. The Management Board of the general partner – Fresenius Management SE – continuously informs the Supervisory Board of the corporate development, planning, and strategy.

The Supervisory Board of Fresenius SE & Co. KGaA consists of 12 members. The Supervisory Board members can be found on page 393 f. of the Annual Report. Half of its members are elected by the AGM. The proposals for the members of the Supervisory Board primarily take account of the knowledge, ability, and expert experience required to perform the tasks. The election proposals provided by the Supervisory Board will reflect its designated **objectives** as well as its **profile of expertise and skills**. A Nomination Committee has been instituted for election proposals for the **shareholder representatives**. Its activities are aligned with the provisions of law and the Code. The European Works Council elects the **employee representatives** to the Supervisory Board of Fresenius SE & Co. KGaA. If an employee representative retires within their term of office, the substitute member will become a member of the Supervisory Board. For the Supervisory Board of Fresenius SE & Co. KGaA, the law requires a quota of at least 30% women and 30% men. In 2021, elections to the Supervisory Board were held by rotation. The statutory quotas were met prior to these elections and continue to be met.

By resolution of the Supervisory Board of Fresenius SE & Co. KGaA on May 21, 2021, a standard age limit was introduced for the Supervisory Board of Fresenius SE & Co. KGaA. According to this, the Supervisory Board of Fresenius SE & Co. KGaA should generally only have members who have not yet reached the age of 75 at the time of their election or appointment. The average age on the Supervisory Board as of December 31, 2021 was around 61 years. All members have served an average of more than five years on the board.

The competencies and the expert knowledge of all members support the discussion and the information exchange within the board. In 2021, the objectives for the composition and profile of skills and expertise of the Board were met. Further information can be found on pages 226 ff. of the Annual Report.

The Supervisory Board of Fresenius SE & Co. KGaA fulfills its tasks in accordance with the provisions of law, the articles of association of Fresenius SE & Co. KGaA, and its rules of procedure. The Chairman is responsible for coordinating the activities of the Supervisory Board, chairing the **meetings**, and representing its interests externally. The Supervisory Board should convene once each calendar quarter, and must convene twice each calendar half-year. The meetings are convened and chaired by the Chairman or, if he is incapacitated, by a chairperson named by the Chairman. The person chairing the meeting decides the order in which the items on the agenda are dealt with and the form in which the voting is conducted. Unless other majorities are mandatory by law, the Supervisory Board passes its resolutions by a simple majority of the votes submitted in the voting. If a vote is tied, the Chairman has the casting vote or, if he does not take part in the voting, the matter is decided by the vote of the Deputy Chairman, who is a shareholder representative. The shareholder representatives and the employee representatives within the Supervisory Board conduct separate meetings on a regular basis.

The **articles of association** of Fresenius SE & Co. KGaA and the rules of procedure of the Supervisory Board of Fresenius SE & Co. KGaA regulate the details with regard to the Supervisory Board's election, constitution, term of office, meetings and resolutions, and rights and duties. They are published on our website, see www.fresenius.com/corporate-governance.

Information on the Compensation of the Supervisory Board of Fresenius SE

- Compensation system of the Supervisory Board of Fresenius SE & Co. KGaA in accordance with Section 113 (3) of the AktG at www.fresenius.com/corporate-governance
- Compensation Report 2021 including the auditor's report pursuant to Section 162 AktG at www.fresenius.com/corporate-governance

Independence and conflicts of interest

The Supervisory Board of Fresenius SE & Co. KGaA is of the opinion that all its members are independent. The Supervisory Board shall include what it deems to be an appropriate number of **independent members** who do not have any business or personal relationship with the Company, its corporate bodies, a controlling shareholder, or a party related to the latter that may give grounds for a material and not merely temporary conflict of interest. This also applies to Klaus-Peter Müller, who has been member of the Supervisory Board for more than 13 years. His performance in office demonstrates the necessary critical distance to properly advise and monitor the business conduct of the general partner in every respect.

The general partner, acting through the Management Board, and the Supervisory Board of Fresenius SE & Co. KGaA are committed to the interests of the Company. The members of these bodies neither pursue personal interests in the performance of their duties nor grant unjustified advantages to other persons. Any sideline activities or transactions of the members of the executive bodies with the Company must be disclosed to the Supervisory Board without delay and approved by the Supervisory Board. The Supervisory Board of Fresenius SE & Co. KGaA reports to the AGM on any **conflicts of interest** and their treatment. There were no conflicts of interest of Supervisory Board members in the past fiscal year.

Fresenius publishes information on related parties on page 380 of the Annual Report.

Supervisory Board training and further education measures

The members of the Supervisory Board independently take on necessary training and further education measures required for their tasks. They keep themselves regularly informed, through internal and external sources, about the latest requirements with regard to their supervisory activities. The Supervisory Board at all times ensures that its members are suitably qualified, keep their professional knowledge up to date, and further develop their judgment and expertise. They are supported appropriately by the Company in accordance with the Code. External experts as well as experts from the Company continuously provide information about important developments, for example about relevant new laws and precedents, or changes in the IFRS accounting and auditing standards. In addition, the Company holds an onboarding event for new members of the Supervisory Board.

The members of the Supervisory Board of Fresenius SE & Co. KGaA can be found on page 393 f. of the Annual Report. On page 28 f. of the Annual Report, the Supervisory Board reports on the main focuses of its activities and those of its committees in 2021.

Supervisory Board self-assessment

The Supervisory Board of Fresenius SE & Co. KGaA carries out a self-assessment of how effectively it as a whole and its committees perform their duties, at least once a year, most recently in June 2021.

The review is carried out through a **company-specific questionnaire** covering the salient points for a self-evaluation followed by an open discussion within the full Supervisory Board. The most recent self-assessment showed that the Supervisory Board, including its committees, assesses its organization as well as its work as efficient and that it fulfills its tasks effectively.

Cooperation between the general partner and Supervisory Board of Fresenius SE & Co. KGaA

Good corporate governance requires **trusting and efficient cooperation** between the Management and the Supervisory Board. The Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA closely cooperate for the benefit of the Company. Open communication is essential. The common goal is to sustainably increase the company value in line with the corporate governance and compliance principles. The Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA coordinate with each other, especially with regard to the Company's strategic focus. As the monitoring body, the Supervisory Board of Fresenius SE & Co. KGaA also needs to be fully informed about operating performance and corporate planning, as well as the risk situation, risk management, and compliance. The Management Board of the general partner provided this information in full and in compliance with its duties in the reporting period.

The representatives of the shareholders and of the employees may prepare the Supervisory Board meetings separately, and, if applicable, with members of the Management Board. Pre-meetings of the employee representatives as well as consultations of the shareholder representatives take place on a regular basis. The Supervisory Board meets without the Management Board on a regular basis.

COMPOSITION AND PROCEDURES OF THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board of Fresenius SE & Co. KGaA forms two **permanent committees** from among its members: the Audit Committee, consisting of five members, and the Nomination Committee, consisting of three members. The committee members were elected for the duration of their term as a member of the Supervisory Board of Fresenius SE & Co. KGaA. In accordance with the articles of association of Fresenius SE & Co. KGaA, only members of the Audit Committee receive additional compensation (Section 13 (4)). There is no Personnel Committee in the KGaA because the Supervisory Board of Fresenius SE & Co. KGaA is not responsible for appointing members of the Management Board of the general partner or for their service contracts. Responsibility for these personnel matters lies with the Supervisory Board of the general partner.

The provisions for the Supervisory Board of Fresenius SE & Co. KGaA apply analogously to the committees. The committees hold meetings as required. The meetings are convened by the committee chairmen. They report during the following Supervisory Board meeting about the work of the respective committee. The rules of procedure for the committees are regulated in the rules of procedure of the Supervisory Board of Fresenius SE & Co. KGaA. Accordingly, the committees do not have their own rules of procedure.

The members of the Supervisory Board's committees are listed on page 393 of the Annual Report.

Audit Committee

The Audit Committee's function is, among other things, to prepare the Supervisory Board's approval of the financial statements – and the consolidated financial statements – and the Supervisory Board's proposal to the AGM on the appointment of the auditor for the financial statements, and to make a preliminary review of the proposal on the allocation of distributable profits. It also reviews the quarterly reports before they are published and – following discussions with the Management Board – engages the auditor for the financial statements (and concludes the agreement on the auditor's fees), determines the main focuses of the audit, and defines the auditor's reporting duties in relation to the Supervisory Board of Fresenius SE & Co. KGaA. Other matters within its remit are to monitor the quality of the audit of the financial statements and to review the effectiveness of the internal control system, of the risk management system, of the internal audit system, and of the compliance management system.

Since the constituent meeting of the Supervisory Board on May 21, 2021, the Audit Committee has comprised Mr. Klaus-Peter Müller (Chairman), Ms. Grit Genster, Mr. Wolfgang Kirsch, Mr. Konrad Kölbl, and Ms. Hauke Stars (until January 31, 2022). Mr. Klaus-Peter Müller is independent and has the required expertise in the fields stated in Section 100 (5) of the German Stock Corporation Act (AktG), as well as specialist knowledge and experience in the application of accounting principles and internal control processes. He was re-elected by the Annual General Meeting on May 21, 2021 for a one-year term of office. Until the end of the Annual General Meeting on May 21, 2021, the members of the Audit Committee were Mr. Klaus-Peter Müller (Chairman), Ms. Grit Genster, Dr. Gerd Krick, Mr. Konrad Kölbl and Ms. Hauke Stars.

The Audit Committee also examined in detail the non-audit services rendered additionally by the auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as well as PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main.

Nomination Committee

The Nomination Committee proposes suitable candidates to the Supervisory Board for the nominations it makes to the AGM for the election of Supervisory Board members on the shareholders' side. It consists solely of shareholder representatives. In making its proposals, the Nomination Committee is guided by the requirements of the Code. Since the constituent meeting of the Supervisory Board on May 21, 2021, the members of the Nomination Committee have been Mr. Wolfgang Kirsch (Chairman), Mr. Michael Diekmann and Mr. Klaus-Peter Müller. Until the end of the Annual General Meeting on May 21, 2021, the members of the Nomination Committee were Dr. Gerd Krick (Chairman), Michael Diekmann and Klaus-Peter Müller.

Mediation Committee

Fresenius SE & Co. KGaA does not have a Mediation Committee because the provisions of the German Co-Determination Act that require such a committee do not apply to a partnership limited by shares and because the Code does not require such a committee either.

Joint Committee

Pursuant to Sections 13a et seq. of the Articles of Association of Fresenius SE & Co. KGaA, the Supervisory Board of Fresenius SE & Co. KGaA has formed a Joint Committee together with the Supervisory Board of Fresenius Management SE. For some matters, which are defined in further detail in Section 13c (1) of the articles of association of Fresenius SE & Co. KGaA, the general partner requires the approval of the Joint Committee if 40% of the consolidated sales, the consolidated balance sheet total, and the consolidated profit are affected by the matter. These include, for example, the divestiture and acquisition of large investments and business units or the divestiture of large business units from the assets of Fresenius SE & Co. KGaA or a wholly owned company. The approval of the Joint Committee is also required for certain legal transactions between Fresenius SE & Co. KGaA or its affiliates and the Else Kröner-Fresenius-Stiftung.

Since the end of the Annual General Meeting on May 21, 2021, the members of the Joint Committee have been Mr. Michael Diekmann and Ms. Hauke Stars (until January 31, 2022). In addition, Dr. Dieter Schenk (Chairman) and Wolfgang Kirsch, who were delegated by the General Partner, are members of the Committee. Until the end of the Annual General Meeting on May 21, 2021, the members of the Joint Committee were Michael Diekmann, Dr. Gerd Krick, Klaus-Peter Müller and Dr. Dieter Schenk (Chairman). The Joint Committee did not meet in the reporting year.

OBJECTIVES FOR THE COMPOSITION, PROFILE OF SKILLS AND EXPERTISE, AND DIVERSITY CONCEPT

The Supervisory Board of Fresenius SE & Co. KGaA has determined concrete objectives for its composition and prepared a profile of skills and expertise for the entire board. Furthermore, it resolved on a diversity concept for itself and the Management Board of Fresenius Management SE.

OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD AND PROFILE OF SKILLS AND EXPERTISE FOR THE ENTIRE BOARD

The Supervisory Board of Fresenius SE & Co. KGaA is to be composed in such a way that its members in entirety have the required knowledge, skills, and professional experiences for duly observing the tasks. Thereby, it is necessary to differentiate between the requirements for the individual Supervisory Board members and the requirements for the composition of the entire Board.

Requirements for the individual Supervisory Board members

The Supervisory Board members have to be professionally as well as personally qualified to advise and supervise the Management Board of a globally active health care Group.

Good corporate governance

Each Supervisory Board member is to have the knowledge of good corporate governance of a capital-market-oriented company required for duly observing its tasks. This includes knowledge of the main features of accounting, risk management, internal control mechanisms, and of compliance matters.

Sector experience and internationality

Each Supervisory Board member is to have general knowledge of the health care sector, as well as a basic understanding of the global activities of Fresenius.

Independence
A minimum of half of the Supervisory Board members and a minimum of the half of the shareholder representatives in the Supervisory Board are to be independent within the meaning of the German Corporate Governance Code. Independent in this meaning is someone who does not have a personal or business relationship with the Company, its governing bodies, a controlling shareholder, or a company affiliated with such that may cause a substantial and not merely temporary conflict of interest. The shareholder structure may be appropriately taken into account.

When assessing independence, in the view of the Supervisory Board, neither an appointment to the Management Board lapsed for more than two years nor the duration of the membership to the Supervisory Board exclude the classification as independent per se.

With regard to the employee representatives, the independence is not contested by the fact of representing employees nor by the employment relationship. Individuals exercising an office in a body of a significant competitor of Fresenius or who hold, directly or indirectly, more than 3% of the voting capital in such are not to be a member of the Supervisory Board.

In cases where a Supervisory Board member is active for another company having business relationships with Fresenius, this activity is described in the section “Legal relationships with members of the corporate bodies” of the Annual Report.

Time availability and limit to the numbers of offices held
Each Supervisory Board member is to have sufficient time available for duly observing the office as Supervisory Board member and to comply with the limit to the offices held as recommended by the German Corporate Governance Code. Under the assumption of in the future five meetings annually, the expected time expenditure of new members amounts to approximately 15 to 30 days a year. This includes the preparation and follow-up of the Supervisory Board’s meetings, the review of reports to the Supervisory Board, the participation in the Annual General Meeting, and regular training. Thereby, it is to be considered that the time expenditure also depends on the membership of one or several Supervisory Board committees.

Age limit and duration limit on the term of membership
For the activities of the Supervisory Board of Fresenius SE & Co. KGaA, a balance between experience and new ways of thinking is important. Therefore, the Supervisory Board of Fresenius SE & Co. KGaA should have a balanced mix of experienced and new members. In this way, not only do different perspectives flow into the respective decision-making process, but a continuous transfer of knowledge is also promoted. The age limit for members of the Supervisory Board of Fresenius SE & Co. KGaA is stipulated in its rules of procedure and is stated in the corporate governance declaration.

Requirements for the entire Board

Sector experience
The Supervisory Board in its entirety needs to be familiar with the health care sector. An appropriate number of Supervisory Board members are to have in-depth knowledge and/or experience in the important sectors of the Company’s operations:

- dialysis products, dialysis services, and Care Coordination
- essential medicines, medical products, and services for the critically and chronically ill
- operation of hospitals
- planning, construction, and management of health care institutions

The Supervisory Board is to include an appropriate number of members with management experience in the health care sector.

Financial knowledge
The Supervisory Board in its entirety needs to have financial knowledge, in particular in the fields of accounting, reporting, and auditing. In the future, at least one member needs to have expert knowledge in the fields of accounting and at least another member needs to have expert knowledge in the fields of annual auditing.

Knowledge of relevant legal issues as well as relevant regulatory and compliance matters
The Supervisory Board in its entirety is to be familiar with the relevant legal issues, as well as relevant regulatory and compliance matters.

Experience in the field of digitalization
The Supervisory Board in its entirety is to have the required understanding of the requirements of digitalization.

Internationality
Fresenius is present in more than 100 countries. Therefore, the Supervisory Board in its entirety is to have knowledge and experience in the regions important for Fresenius. The Supervisory Board is to include an appropriate number of members with, due to their origin or business experience, a particular relation to the international markets relevant for Fresenius.

Management experience
The Supervisory Board is to include an appropriate number of members with experience in managing or supervising a medium-sized or large company.

Diversity and appropriate representation of women
The Supervisory Board is to rely on as different as possible expert knowledge, skills, and experiences. Therefore, diversity is to be appropriately considered for its composition, and when making election proposals, in the Company's interest, attention should be paid to ensuring that the candidates' profiles reasonably complement each other.

At least 30% of the Supervisory Board are women and at least 30% are men. In general, the participation of women is a joint responsibility of the shareholder and employee sides. For nominations, both the shareholder and employee sides will consider, to the extent possible and until equal representation is achieved, whether the proportion of women can be increased with qualified female candidates. Please note that the responsibility for electing employee representatives is with the European Works Council. Therefore, the Supervisory Board cannot provide a recommendation.

In fiscal year 2021, the Supervisory Board generally met the respective objectives for its composition. Only in one individual case was a deviation from recommendation C.5 of the German Corporate Governance Code declared. It is intended to continue to meet the objectives for its own composition, which have been adjusted on a selective basis with effect from March 17, 2022, to this extent. Furthermore, the current composition of the Supervisory Board was and is in line with that valid in the financial year and also with the current profile of skills and expertise.

DIVERSITY CONCEPT

A diversity concept applies for the Management Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA. The concept is outlined below. The objectives of the diversity concept, the way in which they are implemented, and the results achieved in the fiscal year are also explained. Diversity enables us to look at matters from different perspectives and against the background of different experiences. Fresenius seeks diversity in the Management Board of Fresenius Management SE as well as in the Supervisory Board of Fresenius SE & Co. KGaA in terms of age, gender, education, professional background, and international experience.

Age

Finding a balance between expertise and novel approaches is important for the Management Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA. Therefore, both the Management Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA should have a balanced mix of experienced and new members, ensuring that different perspectives are taken into consideration in the decision-making processes and a continuous transfer of knowledge is fostered.

Gender

Fresenius believes that a mix of women and men on both the Management Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA is desirable. At least 30% of the Supervisory Board are women and at least 30% are men. In general, the participation of women is a joint responsibility of the shareholder and employee sides. For nominations, both the shareholder and employee sides will consider, to the extent possible and until equal representation is achieved, whether the proportion of women can be increased with qualified female candidates. Please note that the responsibility for electing employee representatives is with the European Works Council. Therefore, the Supervisory Board cannot provide a recommendation. Besides, qualification is the decisive criterion for filling board positions.

Professional background

For each one of the Company's key business areas, one member of the Management Board of Fresenius Management SE shall have longstanding experience:

- dialysis products, dialysis services, and Care Coordination
- essential medicines, medical devices, and services for the critically and chronically ill
- operation of hospitals
- planning, construction, and management of health care institutions

In addition, one of the members shall have long-standing experience and expertise in finance and one in corporate governance, law, and compliance. This takes into account the special requirements of a capital-market-oriented company.

The Supervisory Board of Fresenius SE & Co. KGaA shall have a reasonable number of members experienced in the management or supervision of a medium-sized or large company. A reasonable number of Supervisory Board members should have leadership experience in the health care industry. In the previous fiscal year, at least one member of the Supervisory Board had to have expertise in accounting or auditing. In the future, at least one member must have expertise in the field of accounting and at least one other member must have expertise in the field of audting.

International experience

Fresenius is present in more than 100 countries. Against this background, the majority of the members of the Management Board of Fresenius Management SE are expected to have international experience in at least one of the markets relevant to Fresenius, based on their background, professional training, or career.

An appropriate number of members of the Supervisory Board of Fresenius SE & Co. KGaA should also have a special connection to international markets relevant to Fresenius as a result of their origin or business experience.

Implementation of objectives

The implementation of the objectives of the Diversity Concept with regard to the composition of the Management Board of Fresenius Management SE will be reflected by future personnel decisions of the Supervisory Board of Fresenius Management SE. The Diversity Concept will be reflected in the proposals of candidates by the Supervisory Board of Fresenius SE & Co. KGaA to the AGM of the Company. As far as possible, this should be taken into account by the European Works Council in the election of employee representatives to the Supervisory Board of Fresenius SE & Co. KGaA.

In the past fiscal year, Mr. Wolfgang Kirsch was elected to the Supervisory Board of Fresenius SE & Co. KGaA and to the position of Chairman of this Supervisory Board. In this function, Mr. Wolfgang Kirsch succeeds Dr. Gerd Krick.

In the past fiscal year, Mr. Michael Sen was appointed to the Management Board of Fresenius Management SE. He succeeds Mr. Mats Henriksson, who retired during the year. There were no further changes on the Supervisory Board of Fresenius SE & Co. KGaA and the Management Board of Fresenius Management SE. Overall, the objectives of the diversity concept continue to be fulfilled.

RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

The general partner, represented by its Management Board, manages the Company's business with the due care and diligence of a prudent and conscientious company director in compliance with the provisions of the law, the articles of association, the rules of procedure for the Management Board, the resolutions passed by the full Management Board, and the Supervisory Board of the general partner. The basic rules of corporate conduct, partly extending beyond the requirements of law, are defined in the **Fresenius Code of Conduct**. It defines the framework of our rules and specifies the key principles for our conduct within the Company and in our relations with external partners and the public. We have published the Fresenius Code of Conduct on our website at www.fresenius.com/compliance. In addition, all Fresenius business segments have implemented their own Codes of Conduct. They cover the specifics of their businesses and reflect the values of the Fresenius Code of Conduct.

COMPLIANCE MANAGEMENT SYSTEMS

For Fresenius, compliance means doing the right thing. Because our core ethical values go beyond regulatory requirements, it means acting not only in accordance with the law, but also with applicable industry codes, internal policies and our values. Compliance is part of our corporate culture and, consequently, our daily work.

Each of our business segments has appointed a **Chief Compliance Officer,** or a dedicated Compliance Committee, responsible for overseeing the development, implementation, and monitoring of the Compliance Management System (CMS) of the business segment. Furthermore, in line with the business structure and organization, the business segments have established compliance responsibilities at the respective organizational levels. The respective compliance organization supports management and employees in all compliance-related principles.

Our **Compliance Management Systems** are designed to achieve the implementation of and adherence to our rules within the Company. We have implemented risk-based Compliance Management Systems in all our business segments and at Fresenius SE & Co. KGaA's corporate level. They comprise three pillars: Prevent, Detect, and Respond. Emphasis is placed on actively preventing any acts of non-compliance before they occur. Such systems consider the markets Fresenius is operating in. They are tailored to the specific requirements of each business segment.

Essential **measures for prevention** include comprehensive risk recording and risk assessment, effective policies as well as adequate and effective procedures, regular training, and continuous advice. Through objective indicators, we try to detect potential compliance risks early on. To this end, we have implemented tools for early risk detection and internal control structures, e.g., for cash and bank transactions, and monitor these measures regularly in workshops and internal audits.

We take even potential misconduct seriously. This is why Fresenius employees who are aware of potential misconduct, can contact their superior or the responsible compliance function or report a potential compliance case anonymously through whistleblowing systems or dedicated e-mail addresses. Most whistleblowing systems are open not only to employees, but also to third parties, such as customers, suppliers, and other partners, via the corporate website in local languages.

Any illegal actions or violations of the rules may harm the individual and Fresenius. We do not tolerate non-compliance. If a violation of applicable regulations is detected, we will take the necessary actions to remediate the violation and prevent any recurrence. We also take all reports as an opportunity to review our company processes for possible improvements.

Further information on compliance and the Compliance Management Systems can be found on pages 114 ff. of our Group Non-financial Report.

RISK MANAGEMENT AND CONTROL SYSTEM

In our view, responsible risk management is a crucial element of good corporate governance. Fresenius has a systematic risk management and control system that allows the Management Board to identify risks and market trends at an early stage and to react promptly to relevant changes in our risk profile. It consists of the following elements:

- internal control system,
- early warning system for risks,
- steering of financial, operational, and strategic risks,
- quality management systems,
- Compliance Management Systems,
- reporting on legal risks, and
- risk assessment in investment and acquisition processes.

The well-being of our patients is important to us. Our risk management and control system, as well as efficiently designed processes, help to enhance the Company's performance. Our early risk detection system is reviewed as part of the annual audit of the financial statements. The auditor assesses whether the monitoring system set up by the Management Board is suitable for the early identification of risks that could jeopardize the Company's existence. The risk management and control systems is regularly reviewed by the Management Board and the Internal Audit department. The quality and effectiveness of our risk management and control system is the responsibility of the Management Board and is regularly monitored by the Audit Committee of the Supervisory Board and audited by Internal Auditing. Findings from these audits are incorporated into the ongoing development of the risk management and control system. Further information can be found in the Report of the Supervisory Board on page 32 in the Annual Report 2021 and on pages 95 ff. of the Management Report.

The Internal Audit department supports the Management Board as an independent function outside the Company's day-to-day operations. The department assesses internal processes from an objective viewpoint and with the necessary distance. Our goal is to create added value for Fresenius, and thus to help achieve organizational goals through improved internal controls, optimized business processes, cost reduction, and efficiency increases. Results from internal audits are evaluated both by the business segments and by the compliance organization to continuously improve preventive measures, for example to prevent corruption.

Fresenius Medical Care AG & Co. KGaA has its own internal risk management and control system.

GERMAN CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The German Corporate Governance Code aims to provide more transparency for investors with regard to existing regulations covering the management and monitoring of companies. Our value-enhancing strategies, as well as the majority of the guidelines, recommendations, and suggestions for **responsible management** contained in the Code, have been basic components of our activities for many years. Extensive information on Corporate Governance can be found on our website at www.fresenius.com/corporate-governance.

The Management Board of the general partner of Fresenius SE & Co. KGaA, Fresenius Management SE, and the Supervisory Board of Fresenius SE & Co. KGaA have issued the required **Declaration of Conformity** pursuant to Section 161 of the AktG and have made it available to shareholders on the website of the Company:

"Declaration by the Management Board of the General Partner of Fresenius SE & Co. KGaA, Fresenius Management SE, and the Supervisory Board of Fresenius SE & Co. KGaA on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (Aktiengesetz)

The Management Board of the General Partner of Fresenius SE & Co. KGaA, Fresenius Management SE (hereafter the Management Board) and the Supervisory Board of Fresenius SE & Co. KGaA declare that since the issuance of the previous Declaration of Conformity in December 2020 (updated in March and October 2021), the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice and Consumer Protection (Bundesministerium der Justiz und für Verbraucherschutz) in the official section of the Federal Gazette (Bundesanzeiger) in the version of December 16, 2019 (hereafter the Code) have been met and that the Code will also be met in the future.

Only the following recommendations of the Code have not or will not be met as explained in the following:

- **Code recommendation B.5: age limits for the Management Board members**
  Pursuant to the Code recommendation B.5 an age limit is to be specified for members of the Management Board and disclosed in the Corporate Governance Statement.
  Until May 21, 2021 Fresenius had not specified an age limit for members of the Management Board. By resolution of the Supervisory Board of Fresenius Management SE dated May 21, 2021, a standard age limit was established for the Management Board. Since then, newly appointed members of the Management Board shall, as a rule, retire from the Management Board after reaching the age of 65 at the end of the calendar year. The established age limit will be disclosed in the Corporate Governance Statement.

- **Code recommendation C.2: age limits for the Supervisory Board members**
  Pursuant to the Code recommendation C.2 an age limit is to be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement.
  Until May 21, 2021, Fresenius had not specified an age limit for Supervisory Board members. By resolution of the Supervisory Board of the Company dated May 21, 2021, a standard age limit was established for the Supervisory Board. Accordingly, the supervisory board shall, as a rule, only include persons who have not reached the age of 75 years at the time of their election or appointment. The established age limit will be stated in the Corporate Governance Statement in the future.

- **Code recommendation C.5: protection against overboarding**
  Pursuant to Code recommendation C.5, a member of the Management Board of a listed company shall not be a member of more than two Supervisory Boards in listed non-group companies or hold comparable positions and shall not chair the Supervisory Board of a listed non-group company.
  Prof. Dr. med. Iris Löw-Friedrich is a member of the Supervisory Board of Fresenius SE & Co. KGaA and has now also been elected Chairwoman of the Supervisory Board of Evotec SE. She also serves on the Executive Committee of UCB S.A. as Chief Medical Officer and Executive Vice President Development and Medical Practices. Even if this Committee does not formally correspond to the Management Board of a Stock Corporation or SE, it is nevertheless comparable with such a Board, so that a deviation from Code recommendation C.5 is declared in this respect on a precautionary basis.
  Prof. Dr. med. Iris Löw-Friedrich always had sufficient time to fulfill her mandate as a member of the Supervisory Board of Fresenius SE & Co. KGaA to the extent required. Prof. Dr. med. Löw-Friedrich plausibly demonstrated that this will continue to be the case in the future.

- **Code recommendations G.1 – G.3 and G.6: compensation of the members of the Management Board**
  Fresenius has established a compensation system in line with the recommendations of the Code with effect from January 1, 2021. For the previously applicable compensation system, a deviation with regard to Code recommendations G.1 to G.3 and G.6 is declared for the period until the establishment of this compensation system.

- **Code recommendation G.12 and G.13: payments upon termination of contract**
  Pursuant to Code recommendation G.12, if a Management Board member's agreement is terminated, the payment of any outstanding variable compensation components attributable to the period up to the termination of the agreement shall be made in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the agreement.

  On the occasion of Mr. Mats Henriksson's premature resignation from the Management Board it was agreed with Mr. Henriksson that the pro rata short-term variable compensation for the year 2021 as well as the postponed or converted portions of the short-term variable compensation of the years 2018, 2019 and 2020 will already be paid to him prior to the due date.

  To that extent, Code recommendation G. 12 was not complied with in this individual case.

  Pursuant to Code recommendation G.13, any payments to a Management Board member on the occasion of a premature termination of the activity for the Management Board shall not exceed the value of two year's compensation (severance payment cap) and shall not compensate more than the remaining term of the service agreement.

  The agreement entered into with Mr. Henriksson on the occasion of his premature resignation from the Management Board provides for a severance payment that corresponds to this severance payment cap and does not compensate more than the remaining term of Mr. Henriksson's service agreement. In addition, the agreement with Mr. Henriksson provides for certain additional compensation components which exceed the entitlements that were agreed in the service agreement for the case of Mr. Henriksson's premature resignation from the Management Board. In particular, Mr. Henriksson received long-term variable compensation components in accordance with the relevant plan conditions which, as a result of Mr. Henriksson's premature resignation from the Management Board, would have been forfeited under the provisions of these plan conditions.

  Since these compensation components could qualify as addition severance payments, a deviation from Code recommendation G.13 sentence 1 is declared in this individual case on a precautionary basis.

Fresenius complies with all suggestions of the Code.

Bad Homburg v. d. H., December 2021
Management Board of the General Partner of
Fresenius SE & Co. KGaA, of Fresenius Management SE,
and Supervisory Board of Fresenius SE & Co. KGaA"

This declaration and all past declarations are published on our website, see www.fresenius.com/corporate-governance.

FURTHER INFORMATION ON CORPORATE GOVERNANCE

DIVERSITY

The Management Board takes diversity into account when filling executive positions. At Fresenius, the individual's qualifications are the paramount consideration in all hiring and promotion decisions. This means that women and men with comparable qualifications and suitability have the same career opportunities. Fresenius will continue to consistently act upon this principle – in compliance with the obligations arising from the Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (FüPoG I) and the Act to Supplement and Amend the Regulations for the Equal Participation of Women in Leadership Positions in the Private Sector and the Public Sector (FüPoG II):

For the Supervisory Board of Fresenius SE & Co. KGaA, the law requires a quota of at least 30% women and 30% men. These mandatory quotas were again met by the Supervisory Board elections in 2021.

The legally stipulated targets for the Management Board do not apply to Fresenius Management SE or to Fresenius SE & Co. KGaA. Due to its legal form, Fresenius SE & Co. KGaA does not have a Management Board. Fresenius Management SE is not listed on the stock exchange and is also not subject to co-determination.

In accordance with the legal requirements, the Management Board specifies composition of the two management levels directly below the Management Board as follows:

The first management level includes all Senior Vice Presidents and Vice Presidents who have an employment contract with Fresenius SE & Co. KGaA and who report directly to a Member of the Management Board. Through a decision effective January 1, 2021 the Management Board has set a target, which has to be met by December 31, 2025, and calls for a proportion of women of 30.0% at the first management level.

The second management level includes all Vice Presidents who have an employment contract with Fresenius SE & Co. KGaA and who report directly to a member of the first management level. Through the decision effective January 1, 2021, the Management Board has set a target, which has to be met by December 31, 2025, and calls for a proportion of women of 30.0% at the second management level.

The Management Board believes that inclusion in the company-wide long-term incentive programs is a strong indicator that an individual holds a leading executive position. The proportion of women in this group of our top 1,800 executives was approximately 33% as of December 31, 2021.

Further information on diversity, as well as personnel development and personnel management, is included in the Group Management Report on page 56 ff. and in the Group Non-financial Report on pages 114 ff.

DISCLOSURES ON DIRECTORS' DEALINGS/MANAGERS' TRANSACTIONS AND SHAREHOLDINGS IN 2021

According to the provisions of Art. 19 Market Abuse Regulation (MAR) regarding managers' transactions, persons discharging managerial responsibilities, as well as persons closely associated with them, shall notify the Company of transactions conducted on their own account relating to the shares or debt instruments of Fresenius SE & Co. KGaA or to derivatives or other financial instruments linked thereto. Managers' transactions in 2021 are disclosed on our website at www.fresenius.com/corporate-governance.

None of the Management or Supervisory Board members of the general partner or of the Supervisory Board of Fresenius SE & Co. KGaA directly or indirectly holds more than 1% of the shares issued by Fresenius or any related financial instruments.

The members of the Management and Supervisory Boards of Fresenius Management SE and the members of the Supervisory Board of Fresenius SE & Co. KGaA together hold 0.14% of the shares of Fresenius SE & Co. KGaA outstanding as of December 31, 2021, in the form of shares or related financial instruments and stock options under the Fresenius SE & Co. KGaA stock option plans. 0.13% are held by members of the Management Board of Fresenius Management SE, 0.006% by members of the Supervisory Board of Fresenius Management SE, and 0.005% by members of the Supervisory Board of Fresenius SE & Co. KGaA. Due to the fact that some persons are members of both Supervisory Boards, the amount of shares or related financial instruments and stock options held by the Boards of Fresenius SE & Co. KGaA and Fresenius Management SE in total can be smaller than the cumulative holdings of the three Boards as reported herein.

There were no notifications that the shareholdings of members of the Management and Supervisory Boards had reached, exceeded, or fallen below the reporting thresholds stipulated in the German Securities Trading Act.

TRANSPARENCY AND COMMUNICATION

Fresenius adheres to all recommendations of the Code. Transparency is guaranteed by continuous communication with the public. In that way, we are able to validate and deepen the trust given to us. Of particular importance to us is the **equal treatment** of all recipients. To ensure that all market participants receive the same information at the same time, we post all important publications on our website at www.fresenius.com. We report in detail on investor relations activities on page 35 of the Annual Report.

FINANCIAL ACCOUNTING AND REPORTING

Fresenius, as a publicly traded company based in a member country of the European Union, has to prepare and publish its consolidated financial statements, as required, in accordance with International Financial Reporting Standards (IFRS) pursuant to Section 315e of the German Commercial Code (HGB).

According to the Audit Regulation (EU) No. 537/2014 there is an obligation for regular external rotation of the auditor and the Group auditor. For Fresenius SE & Co. KGaA, such external rotation took place for fiscal year 2020. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was elected as auditor for the fiscal year 2021 by the Annual General Meeting 2021. The leading auditor Dr. Bernd Roese, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has been responsible for the audit of the consolidated financial statements since 2020.

COMPENSATION REPORT

1. INTRODUCTION

The compensation report summarizes the main elements of the compensation system for the members of the Management Board of Fresenius Management SE as the general partner of Fresenius SE & Co. KGaA and has been prepared jointly by the Management Board and the Supervisory Board of the Company. The contents of the compensation report comply with the regulatory requirements of the German Stock Corporation Act (AktG) (Section 162 AktG) as well as with the recommendations and suggestions of the German Corporate Governance Code (GCGC) in the version dated December 16, 2019. In addition to disclosing the amount and structure of the compensation, the compensation report sets out how the compensation components comply with the relevant compensation system and how the compensation promotes the long-term development of the Company. To ensure comprehensive transparency, the compensation report also contains additional disclosures and explanations that go considerably beyond the statutory requirements. Furthermore, the compensation report describes the main elements of Supervisory Board compensation and discloses their amount.

Fresenius SE & Co. KGaA has published the compensation report on its website (www.fresenius.com/corporate-governance). The compensation system of the Management Board and the compensation system of the Supervisory Board are also available on the Company's website (www.fresenius.com/corporate-governance).

In accordance with Section 162 (3) AktG, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has formally audited the compensation report. Clear, comprehensible, and transparent reporting is of great importance to both the Management Board and the Supervisory Board of the Company. For this reason, Fresenius SE & Co. KGaA voluntarily commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft with a substantive audit of the disclosures in the compensation report, above and beyond the legally required formal review for the presence of the disclosures. The note regarding the audit is attached to the compensation report.

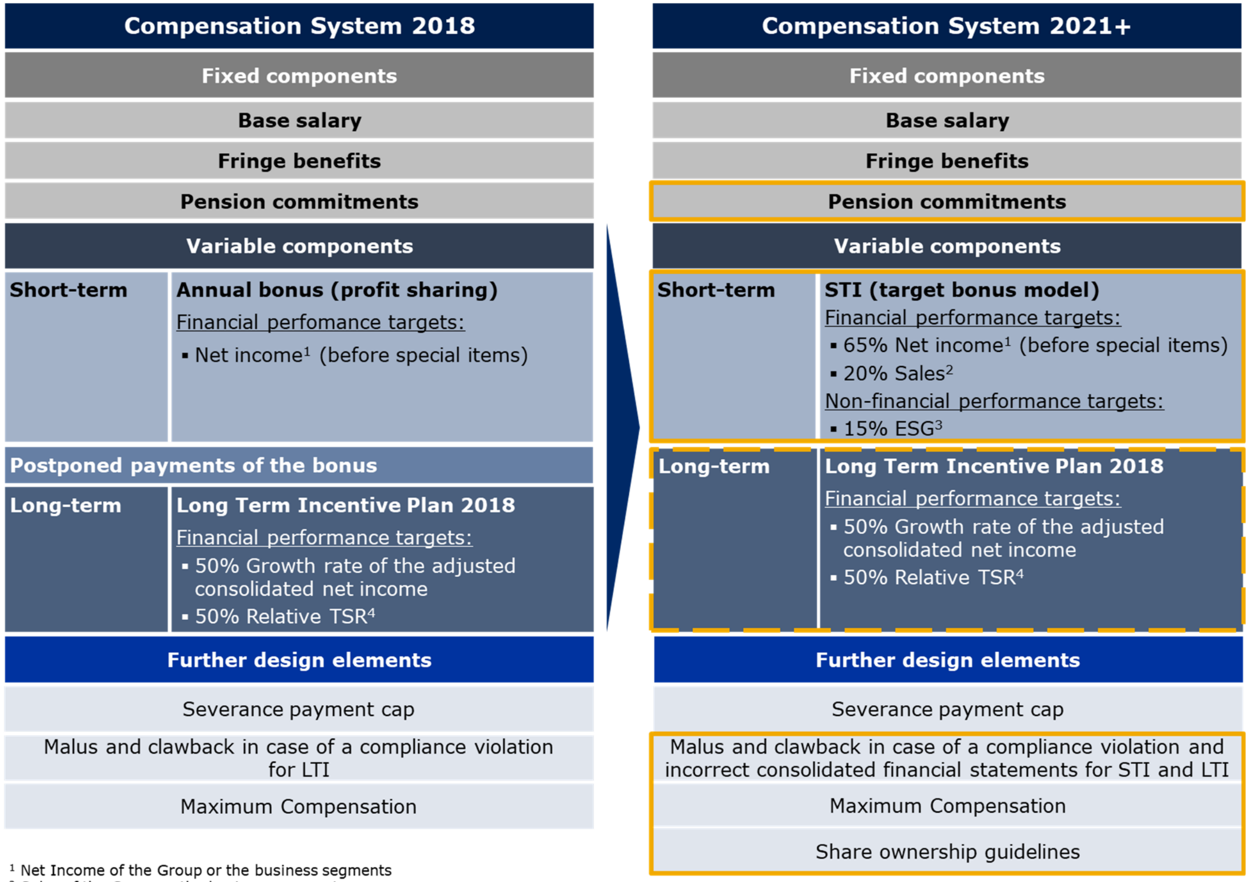
2. REVIEW OF THE FISCAL YEAR 2021 FROM A COMPENSATION PERSPECTIVE

In 2020, the regulatory and legal requirements for the compensation of the Management Board significantly changed as a result of the Act on the Implementation of the Second Shareholders' Rights Directive (SRD II) and the revised version of the GCGC. The Supervisory Board of Fresenius Management SE therefore intensively addressed the revision of the existing compensation system for the Management Board and resolved on December 3, 2020, with effect from January 1, 2021, the Compensation System 2021+. On May 21, 2021, it was approved by the Annual General Meeting of Fresenius SE & Co. KGaA with an approval rate of 92.23%. In addition, a revised compensation system for the Supervisory Board of the Company was approved with an approval rate of 98.86%.

Apart from meeting regulatory requirements, the aim of the revision of the compensation system for the Management Board was to provide even more effective incentives to achieve the goals of the corporate strategy.

The compensation of the Management Board is directly linked to its performance (pay for performance) and is considerably aligned with the Company's success through the high proportion of variable compensation. Furthermore, the Supervisory Board has now also anchored sustainability targets, also known as ESG – Environmental, Social, Governance –, in the compensation of the Management Board. These cover patient and employee concerns as well as ecological aspects and allow a holistic view of the Company's success.

The following illustration shows the adjustments and innovations resulting from the Compensation System 2021+ or planned revisions compared to the previous compensation system (Compensation System 2018):



[1] Net Income of the Group or the business segments
[2] Sales of the Group or the business segments
[3] Environmental, Social, Governance. The degree of fulfillment within each of the four business segments is weighted at 25% each, overall target achievement is identical for all Management Board members.
[4] Total Shareholder Return

Adjustments / innovations due to the Compensation System 2021+   Revision planned

Especially in light of the challenges of the COVID-19 pandemic, Fresenius has again shown economic resilience in the fiscal year 2021. Once again, it was confirmed that the Company's business development is comparatively stable and largely independent of economic cycles. Diversification across four business segments and a global focus give the Group additional stability. The forecasts, which improved in the course of the year, were met.

In 2021, the relevant financial targets for the short-term variable compensation were achieved as follows:

STI 2021 TARGET ACHIEVEMENT

FINANCIAL PERFORMANCE TARGETS

	Target value € in millions	Actual value € in millions	Target achievement in %
Net income (before special items)			
Fresenius Group	1,768	1,799	104.51%
Fresenius Kabi	712	729	105.81%
Fresenius Helios	702	724	107.86%
Fresenius Vamed	65	67	108.26%
Sales			
Fresenius Group	36,984	36,781	94.51%
Fresenius Kabi	7,023	6,991	95.36%
Fresenius Helios	10,541	10,911	117.55%
Fresenius Vamed	2,281	2,293	102.72%

Target achievement for non-financial targets (ESG) was 100%.

The financial and non-financial targets at Group and business segment level are presented in detail in Section 3.3.2, Variable Components.

At the end of the fiscal year 2021, the measurement period of the grant 2018 according to the Long Term Incentive Plan (LTIP) 2018 expired as well. For the two performance targets, growth rate of adjusted Group net income and relative total shareholder return based on the STOXX Europe 600 Health Care Index, the target achievement was 0%.

LTIP 2018 – GRANT 2018

TARGET ACHIEVEMENT

	Target value	Actual value	Target achievement in %
Average growth of adjusted Group net income (in %)	8%	1.4%	0%
Relative total shareholder return (percentile ranking)	50.	13.	0%

Fresenius' goal is to continuously increase the Group's profitability and capital efficiency. To this end, a cost and efficiency program was launched in the fiscal year 2021, the design phase of which has already been completed and which has already led to initial cost savings. No adjustments to strategy and targets due to the COVID-19 pandemic are required. On the contrary, Fresenius sees its strategy confirmed due to the robust economic development in the fiscal year 2021. The implementation of some strategic goals, such as the further expansion of digital offerings, will even be accelerated by the COVID-19 pandemic.

Moreover, a change within the Management Board of Fresenius Management SE took place in the fiscal year 2021. Mr. Mats Henriksson prematurely resigned from the Management Board with effect as of March 16, 2021, and resigned from his function as member and Chief Executive Officer of the Management Board of Fresenius Kabi AG as of that date, too. Mr. Michael Sen, as the new Chief Executive Officer of the Management Board of Fresenius Kabi AG, has also been appointed to the Management Board of Fresenius Management SE effective April 12, 2021.

3. COMPENSATION OF THE MANAGEMENT BOARD

3.1 COMPENSATION GOVERNANCE

The Supervisory Board of Fresenius Management SE is responsible for determining the compensation of each Management Board member as well as for determining, reviewing, and implementing the compensation system. The Supervisory Board of Fresenius Management SE is assisted in this task by its Human Resources Committee, which is also responsible for the tasks of a Compensation Committee. In the past fiscal year, the Human Resources Committee of Fresenius Management SE was composed of Dr. Gerd Krick (until May 21, 2021), Mr. Wolfgang Kirsch (since May 21, 2021), Dr. Dieter Schenk, and Mr. Michael Diekmann. The Human Resources Committee makes recommendations to the Supervisory Board of Fresenius Management SE, which are discussed and – where necessary – decided on by the Supervisory Board.

With regard to the requirements of the German Stock Corporation Act and the GCGC, the Supervisory Board of Fresenius Management SE regularly reviews the appropriateness and customary practice of the compensation of the members of the Management Board. In the course of determining the amount of the total target compensation, care is taken to ensure that the respective compensation is in an appropriate relationship to the duties and performance of the Management Board member as well as to the performance of the Company, that it supports the long-term and sustainable development of Fresenius SE & Co. KGaA, and that it does not exceed the usual compensation without special reasons. For this purpose, both external and internal comparative analyses are carried out. In addition, the total compensation contractually agreed with the individual members of the Management Board takes into account the interest of the Company to retain the members of the Management Board at the Company or to attract new potential talents for the Management Board.

In order to assess the appropriateness of the compensation system and the individual compensation of the Management Board members, the Supervisory Board of Fresenius Management SE regularly conducts a review of the respective amount and structure of the compensation by means of a horizontal analysis (external comparative analysis). The respective amount of the total target compensation and the underlying compensation components contractually agreed with the individual Management Board members are compared with the compensation data of other DAX companies.

When determining the compensation system and the compensation of the Management Board members, the Supervisory Board of Fresenius Management SE additionally conducts a vertical review (internal comparative analysis) with respect to the compensation levels of the Company's employees. For this purpose, the ratios between the average compensation of the Management Board, the average compensation of the senior management of the Company, and that of the total workforce are determined. Senior management is defined as all employees who report to a Management Board member in a position of Vice President and above. When conducting the vertical review, the Supervisory Board of Fresenius Management SE also considers the development of the compensation levels over time.

Most recently in 2020, the Supervisory Board of Fresenius Management SE examined and further developed the compensation system underlying the service agreements due to the significant changes in regulatory and legal requirements resulting from the Act on the Implementation of the Second Shareholders' Rights Directive (Compensation System 2021+).

With effect from January 1, 2021, the Compensation System 2021+ is reflected in the service agreements of all members of the Management Board. For Mr. Rice Powell, the Chief Executive Officer of the Management Board of Fresenius Medical Care Management AG, who is also a Management Board member of Fresenius Management SE, the compensation system for the members of the Management Board of Fresenius Medical Care Management AG applies in deviation therefrom.

In general, the Supervisory Board of Fresenius Management SE has the right to temporarily deviate from the compensation system if this is necessary in the interest of the Company’s long-term well-being. In the past fiscal year, the Supervisory Board of Fresenius Management SE did not make use of this right.

In addition, under the Compensation System 2021+, the Supervisory Board of Fresenius Management SE is not entitled to grant special payments for outstanding performance to the Management Board members (also known as "Ermessenstantieme").

Within the framework of the Compensation System 2021+, a revision of the long-term variable compensation is planned with effect from the fiscal year 2023. The new long-term variable compensation – following consultation with the Company's stakeholders – shall be submitted to the Annual General Meeting 2023 for approval.

3.2 OVERVIEW OF THE COMPENSATION SYSTEM

Principles of the compensation system

The Compensation System 2021+ for the members of the Management Board makes a significant contribution to promoting our business strategy and the long-term, sustainable development of Fresenius SE & Co. KGaA. It provides effective incentives for the achievement of the strategic goals as well as for the long-term value creation of the Company, taking into account the interests of patients, shareholders, employees, and other stakeholders. The Compensation System 2021+ is based on the following principles:

Guiding Principles of the Compensation System 2021+	
Link to strategy	The Compensation System 2021+ for the Management Board members promotes the execution of Fresenius' global strategy.
Alignment with shareholders' interests	With the aim of achieving cost effective and profitable growth and taking into account total shareholder return, the Compensation System 2021+ is aligned with shareholders' interests. Feedback from many investors has been considered in the design of the system and the link to the development of Company value has been enforced.
Simple structure	The Compensation System 2021+ is comprehensible and not complex.
Long-term orientation	The compensation components and the long-term-oriented compensation structure promote long-term and sustainable value creation.
Rewarding financial performance & sustainability	The performance targets reflect the Company's strategy and enforce the Company's commitment towards environmental, social and governance (ESG) aspects.
Cooperation across business segments	Performance targets at Group as well as on business segment level are defined for the Management Board members. By measuring performance at the Group level, a close cooperation across the Company’s business segments is promoted.
Good corporate governance	The Compensation System 2021+ is designed to comply with the recommendations set out in the German Corporate Governance Code in the version dated December 16, 2019.
Current market best practice	The Compensation System 2021+ is based on current market best practice.
Alignment with performance	The Compensation System 2021+ is significantly aligned to the Company's success due to its high proportion of variable compensation. The previously guaranteed payment from the short-term variable compensation has been eliminated to further enforce the performance-based approach of the compensation system.

The following illustration shows the compensation components and further design elements of the Compensation System 2021+, which are described in more detail below:

Compensation System 2021+

Fixed components

- **Base salary**
- +
- **Fringe benefits**
- +
- **Pension commitments**

Variable components

Short-Term Incentive	Long-Term Incentive
Financial performance targets: ▪ 65% Net income[1] (before special items) ▪ 20% Sales[2] Non-financial performance targets: ▪ 15% ESG[3]	Financial performance targets: ▪ 50% Growth rate of the adjusted consolidated net income ▪ 50% Relative TSR[4]
Cap of target achievement: 150% respectively 100%[5] for ESG Cap of payout: 142.5%[6] of target amount	Cap of target achievement: 200% Cap of payout: 250% of grant value

Maximum Compensation

Maximum Compensation for each Management Board member depending on their function

Further design elements

- Share ownership guidelines
- Malus and clawback
- Severance payment cap

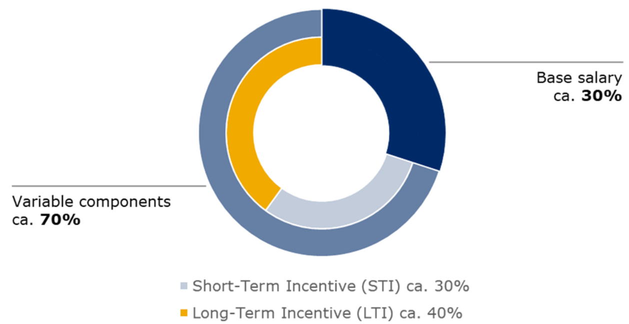
[1] Net Income of the Group or the business segments
[2] Sales of the Group or the business segments
[3] Environmental, Social, Governance. The degree of fulfillment within each of the four business segments is weighted at 25% each, overall target achievement is identical for all Management Board members.
[4] Total Shareholder Return
[5] ESG cap at 100% for fiscal years 2021 and 2022, 150% from fiscal year 2023 onwards
[6] Payout cap at 142.5% for fiscal years 2021 and 2022, 150% from fiscal year 2023 onwards

To promote the sustainable and long-term development of the Company, the variable compensation components in the Compensation System 2021+ are granted predominately on a long-term basis. Accordingly, the grant value of the Long-Term Incentive always exceeds the target amount of the Short-Term Incentive for each fiscal year.

Under the Long-Term Incentive, performance is measured over a period of four years. The compensation under the Long-Term Incentive is available to Management Board members after a period of at least four years.

The general compensation structure of the target direct compensation (sum of base salary p.a., target Short-Term Incentive (STI) amount p.a., and grant value under the Long-Term Incentive (LTI) p.a.) for a full fiscal year consists of approximately 30% each of the base salary and the Short-Term Incentive as well as of approximately 40% of the Long-Term Incentive.

General compensation structure



Consequently, approximately 70% of the target direct compensation comprises performance-related variable compensation components. The approximately 40% share of the Long-Term Incentive (approximately 57% of the variable components) reflects the long-term orientation of the compensation structure.

Maximum compensation

The Compensation System 2021+ provides for an overall annual maximum compensation amount (Maximum Compensation) for each Management Board member. These Maximum Compensation amounts limit the payouts to a Management Board member from the compensation contractually agreed for a fiscal year, irrespective of the dates of the payouts. The Maximum Compensation comprises base salary (payment in the fiscal year), the Short-Term Incentive (payment in the following fiscal year) and the Long-Term Incentive (payment according to plan conditions in later fiscal years), as well as all other fringe benefits and compensation (payment in the fiscal year). The pension commitment that is part of the fixed compensation components is also included in the calculation of the Maximum Compensation with the amount of the service cost incurred in the fiscal year. The Maximum Compensation amount for Management Board members can be below the sum of the potentially achievable payouts from the individual compensation components contractually agreed for a fiscal year. If the calculated payout for a Management Board member is higher than the respective Maximum Compensation, the amounts accruing under the Long-Term Incentive are reduced accordingly until the Maximum Compensation is no longer exceeded.

The Maximum Compensation in the Compensation System 2021+ is set at €10 million for the Chief Executive Officer of the Management Board and €6.5 million for all other Management Board members (except for Mr. Rice Powell). Compliance with the Maximum Compensation is reviewed annually. Compliance with the Maximum Compensation can only be finally determined once all contractually agreed compensation components of the Compensation System 2021+ for a fiscal year have been paid out. Thus, the Supervisory Board of Fresenius Management SE will review the final payout amount against the background of the Maximum Compensation 2021 for the first time in 2025 after the end of the first measurement period for the long-term variable compensation under the Compensation System 2021+.

The previously applicable compensation system also provided for limitation possibilities. Since the fiscal year 2018, the Management Board service agreements of Fresenius Management SE included an allocation cap (excluding service cost) of €9 million for the Chief Executive Officer of the Management Board and €6 million for all other Management Board members (except for Mr. Rice Powell). The compliance with the Maximum Compensation also takes place on an annual basis.

With regard to the total compensation (Maximum Compensation) contractually agreed with Mr. Rice Powell, the compensation system for the members of the Management Board of Fresenius Medical Care Management AG, which was amended with effect as of January 1, 2020, stipulates a maximum amount of €12 million (or US$13.4 million). In addition, the caps for short-term and long-term variable compensation provided for in the compensation system applicable to the members of the Management Board of Fresenius Medical Care Management AG apply to him.

The compliance with the Maximum Compensation for the fiscal year 2020 for Mr. Rice Powell can be reviewed for the first time in 2023 as soon as the vesting period for the long-term variable compensation allocated in 2020 has expired and the amount to be paid out has been determined.

3.3 COMPENSATION COMPONENTS IN DETAIL

3.3.1 FIXED COMPONENTS

Base salary

The base salary, which is usually agreed upon for a full year, is paid in accordance with the local payroll customs applicable to the respective member of the Management Board. For Management Board members in Germany, the base salary is typically paid in 12 monthly installments. Mr. Rice Powell usually receives his base salary in biweekly installments.

Fringe benefits

Fringe benefits are granted based on the individual service agreements and can basically include: the private use of company cars, special payments such as school fees, housing, rent, and relocation payments, costs for the operation of security alarm systems, and contributions to pension insurance (with the exception of the pension commitments described hereinafter), as well as contributions for accident, health, and nursing care insurance, other insurance policies, and tax equalization compensation due to different tax rates in Germany and, as the case may be, the country in which the Management Board member is personally taxable. Fringe benefits can be of one-time or recurring nature.

In order to attract qualified candidates for the Management Board, the Supervisory Board of Fresenius Management SE may complement the compensation of first-time Management Board members in an appropriate and market-compliant manner with an entry bonus (sign-on bonus), e.g., to compensate for forfeited compensation from previous employment or service agreements. The Supervisory Board of Fresenius Management SE may also grant reimbursements for fees, charges, and other costs in connection with or related to a change in the regular place of work of Management Board members. In the fiscal year 2021, Dr. Sebastian Biedenkopf and Mr. Michael Sen were reimbursed for relocation expenses in this context. They also received a rental allowance for a second home for the first year of their appointment.

Fresenius SE & Co. KGaA furthermore undertook to indemnify the Management Board members, to the legally permitted extent, against any claims that may be asserted against them in the course of their service for the Company and its affiliated Group companies to the extent that such claims exceed their liability under German law. To cover such obligations, the Company took out Directors´ & Officers´ liability insurance, the deductible complying with the requirements of the Stock Corporation Act. The indemnification covers the period during which the respective member of the Management Board holds office as well as any claims in this regard after termination of the service on the Management Board.

Pension commitments

Defined benefit pension commitments

Management Board members appointed to the Management Board prior to January 1, 2020, were granted a contractual pension commitment in the form of a defined benefit scheme. Under this defined benefit scheme, pension commitments provide for pension and survivor benefits (Hinterbliebenenversorgung) as of the time of conclusively ending active work or in case of occupational disability or incapacity to work (Beruf- oder Erwerbsunfähigkeit). The amount of these benefits is calculated by reference to the amount of the contractually agreed pensionable income of the Management Board member. Until the start of their pension, this is adjusted annually based on the development of the consumer price index (as of January 1, 2022, for the first time). The pension amount is calculated as 30% of the contractually agreed pensionable income and increases by 1.5 percentage points for each full year of service as a Management Board member, up to a maximum of 45%. In deviation from this, the Management Board member responsible for the business segment Fresenius Vamed is entitled to an increase of 1.2 percentage points for each full year of service as a Management Board member, up to a maximum of 40%.

Defined contribution pension commitments

Management Board members appointed to the Management Board as of January 1, 2020 or later, are granted a pension commitment within the framework of a defined contribution plan. This is promised at the beginning of the service agreement with a waiting period of the first three years regarding the granting of benefits. Under such a defined contribution plan, the respective Management Board member receives an annual contribution amounting to 40% of the base salary, which determines the future capital amount. After reaching the retirement age under the defined contribution plan, payments can be made either as a one-off payment or optionally in ten annual installments. An annuity or pension payment is not provided. The defined contribution plan may provide for survivors' benefits (Hinterbliebenenversorgung) and benefits after the occurrence of a full or partial reduction in earning capacity (Erwerbsminderung). The implementation of the defined contribution plan is carried out in the form of external financing as a defined contribution plan with a reinsurance policy. This provides for covering the risks of death and occupational disability as early as the first appointment period from the start of service and not just starting from non-forfeiture (after the expiry of three years since the start of service).

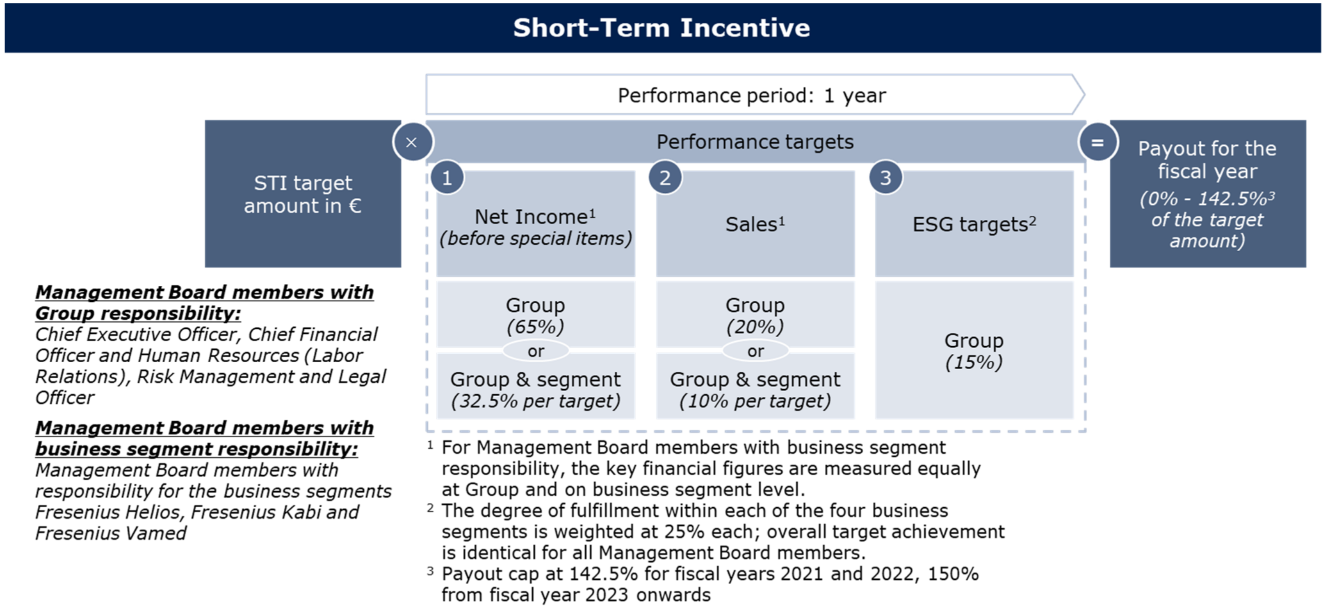
3.3.2 VARIABLE COMPONENTS

3.3.2.1 SHORT-TERM INCENTIVE

Overview

Under the Compensation System 2021+, the Management Board members are entitled to receive a Short-Term Incentive, which may result in a cash payment. The Short-Term Incentive rewards the Management Board members for the success of the Company in the relevant fiscal year. The Short-Term Incentive is linked to the achievement of financial and non-financial performance targets, balancing growth, profitability, and sustainability aspects.

The respective target amount for the Short-Term Incentive (i.e., the amount paid out if the target is reached to 100%) is as a percentage of the respective base salary of a Management Board member individually agreed upon. In case of appointments to the Management Board during a fiscal year, the respective target amount can be prorated.



Target	Weight	Background and link to strategy
Net Income (before special items)	65%	Group or business segment Net Income serves as a primary control parameter for profitability. To enable a better comparison of operating performance over several periods, the Net Income figures are adjusted for special items where necessary.
Sales	20%	As part of the growth strategy, the development of Sales at Group and business segment level, especially organic Sales growth, is of central importance.
ESG targets	15%	The ESG targets reflect the Company's commitment and strategy with regard to environmental, social and governance aspects. The ESG targets are designed to achieve significantly improved ESG performance with reported and audited metrics that reflect Fresenius' strategy.

Performance targets

The Short-Term Incentive is measured based on the achievement of three performance targets: 65% relates to Group or business segment net income (before special items), 20% to Group or business segment sales, and 15% to the achievement of sustainability criteria (ESG targets).

The financial performance targets reflect the key performance indicators of the Company and support the Company's strategy of achieving sustainable and profitable growth. The non-financial performance targets underline the Company's commitment to implementing its global sustainability strategy. Sustainable actions are an integral part of the corporate strategy and ensure the future viability from a social and economic perspective.

Adjustment of the performance targets

The financial figures underlying the financial performance targets can be adjusted for certain effects, in particular effects from significant acquisitions, divestments, restructuring measures, and changes in accounting principles. In addition, the Supervisory Board of Fresenius Management SE can also adjust for one-time material special items for which the Management Board is not responsible, which have not been budgeted for and which are therefore not included in the calculation of the target values.

In 2021, the Supervisory Board of Fresenius Management SE made an adjustment to the net income regarding the non-recurring expenses and the initial savings from the cost and efficiency program and the income from revaluation of the contingent biosimilars purchase price liabilities:

€ in millions	Fresenius Group	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Net income, reported (including special items)	1,818	762	720	67
Adjustments:				
Expenses associated with the Fresenius cost and efficiency program	82	49	8	–
Savings associated with the Fresenius cost and efficiency program	-23	-11	-6	–
Income from revaluation of biosimilars contingent purchase price liabilities	-33	-33	–	–
Currency conversion (at budget rates)	-45	-38	2	–
Net income, adjusted	**1,799**	**729**	**724**	**67**

Sales were adjusted by the Supervisory Board of Fresenius Management SE in the fiscal year 2021 as follows:

€ in millions	Fresenius Group	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Sales, reported (including special items)	37,520	7,193	10,891	2,297
Adjustments:				
Currency conversion (at budget rates)	-739	-202	20	-4
Sales, adjusted	**36,781**	**6,991**	**10,911**	**2,293**

Levels of performance measurement

In order to further enhance cooperation across the business segments and at the same time incentivize the Management Board members with respect to their individual responsibilities, some performance targets are measured at Group level, others at business segment level. For Management Board members who are responsible for a business segment (Mr. Michael Sen, Dr. Francesco De Meo, and Dr. Ernst Wastler), half of the net income and half of sales are based on the corresponding key financial figures of the Group and the respective business segment. For Management Board members with Group responsibilities (Mr. Stephan Sturm, Dr. Sebastian Biedenkopf, and Ms. Rachel Empey), net income and sales refer to the corresponding key financial figures of the Group. By measuring the financial performance targets at Group as well as on a business segment level, the financial success of both the individual business segments and the Group is reflected.

The achievement of sustainability targets is measured at Group level to ensure close cooperation across the Company's business segments in the field of sustainability. The non-financial performance targets relate to ESG focus topics such as quality, employees, innovation, compliance, and environment. Targets are defined annually for each ESG focus topic. For the time being, the overall ESG target achievement is identical for all Management Board members.

Performance target setting and determination of target achievement

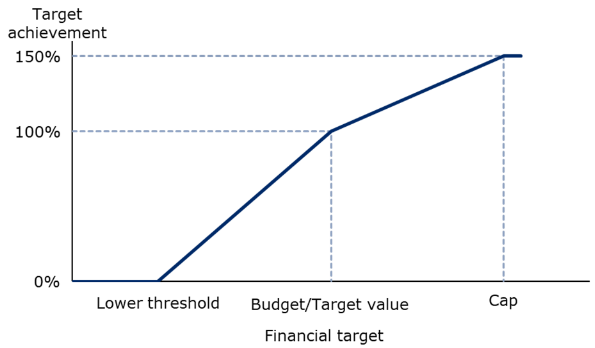
Financial performance targets

At the beginning of fiscal year 2021, the Supervisory Board of Fresenius Management SE set concrete target values for the financial performance targets, taking into account the market and competitive environment, the budget, and the strategic growth targets. Non-recurring expenses and initial savings from the cost and efficiency program could not be taken into account yet.

After the end of the past fiscal year, the Supervisory Board of Fresenius Management SE determined whether and to what extent the financial performance targets had been achieved.

These were based on the following target achievement curve:

Target achievement curve for financial targets



The target achievement is deemed to be 0% if the lower threshold is not reached. If the cap is exceeded, the target is deemed to have been reached by 150% (cap). If the achieved financial indicators are between the respective values for target achievement of 0% and 100% or 100% and 150%, the target achievement is determined by linear interpolation.

Financial performance targets for the fiscal year 2021

For the financial performance targets, the Supervisory Board of Fresenius Management SE has set the following lower and upper thresholds as well as target values at Group and business segment level for the fiscal year 2021. At the end of the fiscal year 2021, the targets were achieved as follows:

STI 2021 TARGET ACHIEVEMENT
FINANCIAL PERFORMANCE TARGETS

	Lower threshold € in millions	Target value € in millions	Upper threshold € in millions	Actual value € in millions	**Target achievement in %**
Net income (before special items)					
Fresenius Group	1,415	1,768	2,121	1,799	104.51%
Fresenius Kabi	570	712	854	729	105.81%
Fresenius Helios	562	702	842	724	107.86%
Fresenius Vamed	52	65	78	67	108.26%
Sales					
Fresenius Group	33,286	36,984	40,682	36,781	94.51%
Fresenius Kabi	6,321	7,023	7,725	6,991	95.36%
Fresenius Helios	9,487	10,541	11,595	10,911	117.55%
Fresenius Vamed	2,053	2,281	2,509	2,293	102.72%

Non-financial performance targets

For the fiscal years 2021 and 2022, the Supervisory Board of Fresenius Management SE has set three ESG targets for each of the five ESG focus topics quality, employees, innovation, compliance, and environment. These are derived from the Company's materiality analysis and qualitatively measured using a customized ESG scoring method. This is available on the Company's website (www.fresenius.com/corporate-governance). The ESG targets are identical for all Management Board members except for Mr. Rice Powell. The extent to which the ESG targets are met is determined for the business segments Fresenius Kabi, Fresenius Helios, and Fresenius Vamed. For each of the three ESG targets, a score of 0 or 1 point per focus topic, i.e., a total of 5 points per ESG target, can be achieved; partial achievement (e.g., 0.5 points) is not possible. The resulting 0 to 15 points per business segment will be included in the overall ESG target achievement for Fresenius SE & Co. KGaA with a weighting of 25% each.

For Fresenius Medical Care, the target achievement is based on the achievement of targets within the framework of the company's global sustainability program, which is also part of the compensation system of the members of the Management Board of the company. The resulting target achievement is translated to calculate the overall target achievement. At Fresenius Medical Care, the global sustainability program allows a target achievement between 0% and 120%. The target achievement is linearly converted into a target value of 0 to 15 points, with 1% corresponding to 0.125 points.

In the event that all ESG targets in the four business segments are met, the overall ESG target achievement for the fiscal years 2021 and 2022 is limited to 100% (cap); over-achievement is not possible.

Non-financial performance targets for fiscal year 2021

With the ESG targets, the Company creates a basis for ESG performance measurement by establishing an ESG target and strategy as well as transparent key performance indicators (KPIs). To this end, for each of the five focus topics, the following three ESG targets have been defined, with each focus topic being measured in a qualitative way using the ESG scoring method.

Based on the corporate sustainability strategy, the Supervisory Board specified the following three equally weighted ESG targets for the fiscal year 2021:

ESG Targets	
Identification of Key Topics/KPIs[1]	Identification of the 1 – 3 most relevant topics and corresponding KPIs per ESG focus topic (quality, employees, innovation, compliance and environment) at business segment level; alignment of business segment KPIs with potential Group KPIs / Group index per ESG focus topic
Definition of a comprehensive management approach[1]	Development of a comprehensive management and reporting approach per ESG focus topic; approach must follow internal and external standards including responsibilities, policies, reporting processes, internal control system
Presentation and sign-off	Quarterly internal reporting on progress in achieving the objectives of step 1 and 2 (above); final presentation (result of step 1 and 2) and sign-off

[1] For the topic environment, the subobjectives 1 and 2 were concretized for 2021 as follows:
1) improvement of the data quality and transparency, 2) definition of short-term and long-term targets.

For the fiscal year 2021, the total target achievement for the non-financial performance targets, which consists of the equally weighted target achievements for each business segment, was as follows:

STI 2021 TARGET ACHIEVEMENT
NON-FINANCIAL PERFORMANCE TARGETS

	Target value in points	Actual value in points
Target 1: Identification of key topics (KPIs)[1]		
Fresenius Kabi	5	5
Fresenius Helios	5	5
Fresenius Vamed	5	5
Target 2: Definition of a comprehensive management approach[1]		
Fresenius Kabi	5	5
Fresenius Helios	5	5
Fresenius Vamed	5	5
Target 3: Presentation and sign-off		
Fresenius Kabi	5	5
Fresenius Helios	5	5
Fresenius Vamed	5	5
Overall target achievement		
Fresenius Medical Care (translation from the FME global sustainability program[2])	15	15
Fresenius Kabi	15	15
Fresenius Helios	15	15
Fresenius Vamed	15	15
Overall target achievement in points (25% weighting each)		**15**
Overall target achievement in %		**100%**

[1] For the topic environment, the subobjectives 1 and 2 were concretized for 2021 as follows: 1) improvement of the data quality and transparency, 2) definition of short-term and long-term targets.
[2] For Fresenius Medical Care, the target achievement is based on the achievement of targets within the framework of the company's global sustainability program, which is also part of the compensation system of the members of the Management Board of the company. The resulting target achievement is translated to calculate the overall target achievement. At Fresenius Medical Care, the global sustainability program allows a target achievement between 0% and 120%. The target achievement is linearly converted into a target value of 0 to 15 points, with 1% corresponding to 0.125 points.

Overall target achievement for fiscal year 2021
The degree of the overall target achievement is determined by the weighted arithmetic mean of the respective achievement of each financial and non-financial target. Multiplying the degree of respective overall target achievement by the target amounts of the Short-Term Incentive results in the final Short-Term Incentive amount. Subject to approval by the Supervisory Board of Fresenius Management SE, the final Short-Term Incentive amount will be paid out to the respective Management Board member in cash. Since the overall target achievement for the fiscal years 2021 and 2022 is capped at 142.5%, the payout amount of the Short-Term Incentive for the fiscal years 2021 and 2022 is also capped to 142.5% of the respective target amount.

When determining the degree of target achievement, the Supervisory Board of Fresenius Management SE – in accordance with the corresponding recommendation of the GCGC in the version dated December 16, 2019 – may take into consideration that certain extraordinary economic, tax, or similar impacts are not related to the performance of the Management Board member. In the fiscal year 2021, the Supervisory Board of Fresenius Management SE did not make use of this option.

For the financial and non-financial performance targets, the following target amounts were set for the members of the Management Board in office as of December 31, 2021, and the following target achievements were determined for the fiscal year 2021:

STI 2021 OVERALL TARGET ACHIEVEMENT

	Target amount	Net income (before special items)		Sales		ESG targets		**Weighted overall target achievement**	**Payout amount**
	€ in thousands	Weighting in %	Target achievement in %	Weighting in %	Target achievement in %	Weighting in %	Target achievement in %	**in %**	**€ in thousands**
Stephan Sturm	1,600	65% Group	104.51%	20% Group	94.51%	15%	100.00%	101.83%	1,629
Dr. Sebastian Biedenkopf	600	65% Group	104.51%	20% Group	94.51%	15%	100.00%	101.83%	611
Rachel Empey	850	65% Group	104.51%	20% Group	94.51%	15%	100.00%	101.83%	866
Dr. Francesco De Meo	1,000	32.5% Group	104.51%	10% Group	94.51%	15%	100.00%	105.23%	1,052
		32.5% Helios	107.86%	10% Helios	117.55%				
Michael Sen (since April 12, 2021)	755	32.5% Group	104.51%	10% Group	94.51%	15%	100.00%	102.34%	773
		32.5% Kabi	105.81%	10% Kabi	95.36%				
Dr. Ernst Wastler	850	32.5% Group	104.51%	10% Group	94.51%	15%	100.00%	103.87%	883
		32.5% Vamed	108.26%	10% Vamed	102.72%				

For Mr. Rice Powell, the overall target achievement for the short-term variable compensation for the fiscal year 2021 according to the compensation system applicable to the members of the Management Board of Fresenius Medical Care Management AG (FME STI 2021) is as follows:

FME STI 2021
OVERALL TARGET ACHIEVEMENT

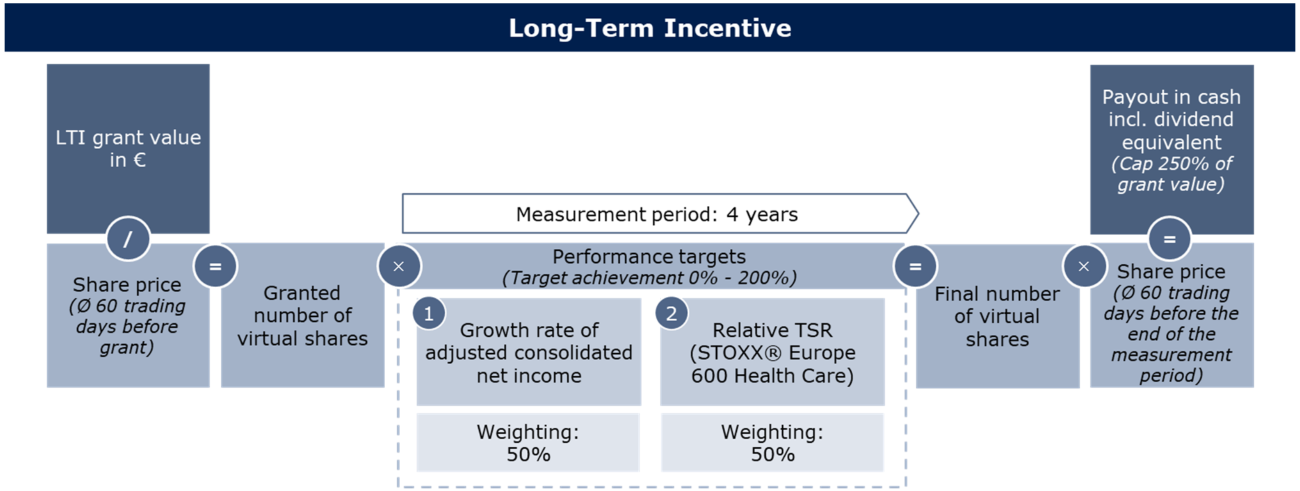
	Target amount	Net income (40%)	Revenue (20%)	Operating income (20%)	Sustainability (20%)	**Weighted overall target achievement**	**Payout amount**
	€ in thousands	Target achievement (in %)	Target achievement (in %)	Target achievement (in %)	Target achievement (in %)	**in %**	**€ in thousands**
Rice Powell	1,793	72.14%	69.82%	62.29%	120%	79.28%	1,422

3.3.2.2 LONG-TERM INCENTIVE

Allocation for the fiscal year 2021

Overview

Under the Compensation System 2021+, the Management Board members are entitled to receive Long-Term Incentives in the form of so-called performance shares with a measurement period of four years. Performance shares are virtual cash-settled payment instruments not backed by equity and are non-certificated. A payout depends on the achievement of two equally weighted performance targets and on the development of the share price of the Company.



Grant values

The grant value of the Long-Term Incentive for each Management Board member is defined by the Supervisory Board of Fresenius Management SE and corresponds to a percentage of the base salary, as stipulated in the individual service agreement.

In order to determine the number of performance shares to be allocated to the respective Management Board member, the respective grant value is divided by the value per performance share in accordance with IFRS 2 and considering the average share price of the Company over a period of 60 stock exchange trading days prior to the respective grant date. The final number of performance shares depends on the achievement of predefined targets, which are set by the Supervisory Board of Fresenius Management SE prior to the beginning of the respective measurement period.

For the fiscal year 2021, the allocations under the LTIP 2018 are as follows:

LTIP 2018 – GRANT 2021

	Grant value € in thousands	Share price (average 60 trading days before grant) in €	Granted number of performance shares	Maximum number of possible performance shares (200% target achievement)	Maximum possible payout amount (250% grant value) € in thousands
Stephan Sturm	2,765	44.75	61,788	123,576	6,913
Dr. Sebastian Biedenkopf	800	44.75	17,877	35,754	2,000
Dr. Francesco De Meo	1,450	44.75	32,402	64,804	3,625
Rachel Empey	1,300	44.75	29,050	58,100	3,250
Michael Sen (since April 12, 2021)	1,058	44.75	23,633	47,266	2,644
Dr. Ernst Wastler	1,300	44.75	29,050	58,100	3,250

For Mr. Rice Powell, the allocation under the Management Board Long Term Incentive Plan 2020 in accordance with the compensation system applicable for the members of the Management Board of Fresenius Medical Care Management AG is as follows:

MB LTIP 2020 – GRANT 2021

	Grant value € in thousands	Share price (average 30 days before grant) in €	Granted number of performance shares	Maximum possible payout amount (400% grant value) € in thousands
Rice Powell	2,306	55.12	40,894	9,224

Performance targets

The Long-Term Incentive is measured on the basis of the achievement of two equally weighted financial performance targets: adjusted net income growth and relative Total Shareholder Return (Relative TSR). These performance targets have been chosen as they reflect the Company's strategic priorities of increasing profitability, long-term sustainable growth, and the development of the Company's value. At the same time, they include a relative comparison with competitors and thus ensure that the interests of shareholders are adequately taken into account.

The performance targets under the Long-Term Incentive are among the most important key figures of the Company and support the implementation of the Company's long-term strategy. In order to ensure that all decision makers pursue uniform goals, the Long-Term Incentive for the Management Board and senior management is determined according to uniform targets and a uniform system.

Target	Weight	Background and link to strategy
Adjusted net income growth	50%	At Group level, the growth of adjusted net income serves as a control parameter for internal management. The growth of adjusted net income reflects the long-term profitability of the Group.
Relative TSR	50%	Relative TSR as a performance target sets incentives to outperform the peer companies and, above all, takes into account the long-term development of Company value and the requirements of our shareholders.

The adjusted net income growth is calculated at constant exchange rates. The underlying financial figures of the financial performance targets are adjusted for effects defined in advance, such as the effects of certain acquisitions and divestments and changes in IFRS accounting standards, to ensure comparability of these financial figures with respect to the operational performance.

Performance target setting and determination of target achievement

Prior to the beginning of the respective measurement period of an allocation, the Supervisory Board of Fresenius Management SE defines target values for each performance target that lead to a target achievement of 0% (lower threshold), 100% (target value), and 200% (cap). In setting the target values, the Supervisory Board of Fresenius Management SE considers the strategic growth targets and the market as well as the competitive environment.

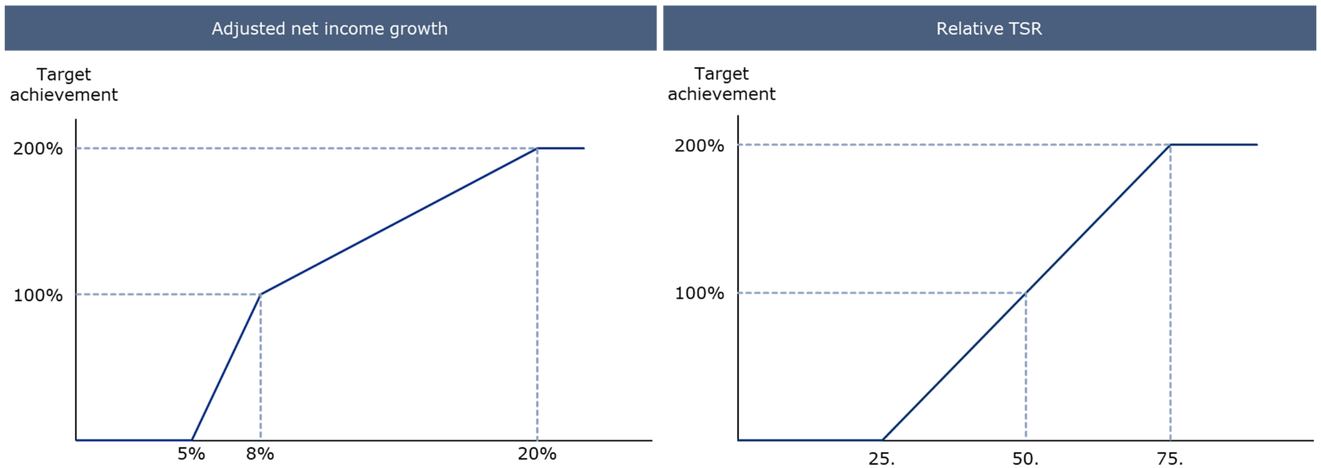
The performance target of adjusted net income growth is deemed to have been achieved to 100% if this is at least 8% p.a. on average over the four-year measurement period. If the growth rate is 5% p.a. or less, the target achievement is 0%. If the growth rate is between 5% p.a. and 8% p.a., the degree of target achievement is between 0% and 100% and if the growth rate is between 8% p.a. and 20% p.a., the degree of target achievement is between 100% and 200%. Intermediate values are calculated by linear interpolation.

For the relative TSR target, a 100% target achievement is given if the Total Shareholder Return of Fresenius SE & Co. KGaA compared to the Total Shareholder Return of the other companies in the STOXX® Europe 600 Health Care Index is at the median of the peer companies over the four-year measurement period, i.e., exactly in the middle (50th percentile) of the ranking. If the rank is equal to or below the 25th percentile, the degree of target achievement is 0%. If the rank is between the 25th and the 50th percentile, the degree of target achievement is between 0% and 100% and if the rank is between the 50th and the 75th percentile, the degree of target achievement is between 100% and 200%. Intermediate values are also calculated here by linear interpolation.

At the end of the respective measurement period, the Supervisory Board of Fresenius Management SE determines the overall target achievement for the granted Long-Term Incentive. For this purpose, the extent to which the two performance targets have been achieved is determined and included with equal weighting in the determination of the overall target achievement.

The final number of performance shares is determined for each Management Board member on the basis of the overall target achievement and can increase or decrease over the measurement period compared to the number at the time of grant. A total loss as well as (at the most) doubling of the granted performance shares if a 200% target achievement is reached (cap) is possible. After the final determination of the overall target achievement, the final number of performance shares is multiplied by the average price of the Company's shares over the last 60 stock exchange trading days prior to the end of the respective measurement period (four years after the date of the respective grant) plus the sum of the dividends per share paid in the meantime by Fresenius SE & Co. KGaA, in order to calculate the corresponding amount for the payment from the final performance shares. The payout is limited to 250% of the respective grant value. Payment is also conditional on the absence of a compliance violation and the continuation of the service or employment relationship.

Target achievement curves for financial targets



In determining the overall target achievement, the Supervisory Board of Fresenius Management SE may – following the corresponding recommendation of the GCGC in the version dated December 16, 2019 – determine that certain extraordinary economic, tax, or other effects are to be disregarded in full or in part in accordance with the plan conditions. In this case, the Supervisory Board of Fresenius Management SE can correct the calculated overall target achievement accordingly, i.e., increase or decrease it. This also applies in the event that capital measures (e.g., capital increase, spin-off, or stock splits) are conducted. The Supervisory Board of Fresenius Management SE did not make use of this possibility in 2021.

Overall target achievement of the LTIP 2018 for the fiscal years 2018 to 2021

In the fiscal year 2021, the measurement period of the grant 2018 ended in accordance with the LTIP 2018.

The average growth of adjusted Group net income for the fiscal year 2021 and the previous three years was 1.4%. Therefore, a target achievement of 0% was derived. For the relative TSR, the percentile rank at the end of the four-year measurement period was 13. Hence, the target achievement is 0% for the relative TSR, too.

The following table shows the target and actual value as well as the target achievement for the grant 2018 for the two performance targets growth rate of adjusted Group net income and relative TSR based on the STOXX Europe 600 Health Care index:

LTIP 2018 – GRANT 2018
TARGET ACHIEVEMENT

	Lower threshold	Target value	Upper threshold	Actual value	**Target achievement (in %)**
Average growth of adjusted Group net income (in %)	5%	8%	20%	1.4%	0%
Relative total shareholder return (percentile ranking)	25.	50.	75.	13.	0%

For the Management Board members in office as of December 31, 2021 who received an allocation from the LTIP 2018, the following grant values were determined. Due to the overall target achievement of 0%, no final performance shares were allocated. Thus, no payment will be made from the grant 2018 in the fiscal year 2022.

LTIP 2018 – GRANT 2018
OVERALL TARGET ACHIEVEMENT

	Grant value € in thousands	Share price (average 60 trading days before grant) in €	Granted number of performance shares	**Overall target achievement (in %)**	Final number of performance shares
Stephan Sturm	2,500	67.45	37,064	0%	–
Dr. Francesco De Meo	1,300	67.45	19,274	0%	–
Rachel Empey	1,300	67.45	19,274	0%	–
Dr. Ernst Wastler	1,300	67.45	19,274	0%	–

Commitments and payouts under the LTIP 2013

Until the end of the fiscal year 2017, benefits under the LTIP 2013 of Fresenius SE & Co. KGaA were allocated as a component with long-term incentive effect, which resulted in a payout in the fiscal year 2021 and may result in a payout in the future. The benefits consisted, on the one hand, of share-based compensation with cash settlement (phantom stocks) and, on the other hand, of stock options on the basis of the Stock Option Plan 2013 of Fresenius SE & Co. KGaA. Based on the LTIP 2013, both members of the Management Board and other executives were allocated stock options and phantom stocks. In accordance with the division of powers under the Stock Corporation Act, grants to members of the Management Board were made by the Supervisory Board of Fresenius Management SE and grants to other executives were made by the Management Board. The number of stock options and phantom stocks for Management Board members to be granted was determined by the Supervisory Board's own due discretion, provided that generally all Management Board members received the same amount of stock options and phantom stocks, with the exception of the Chairman of the Management Board, who received double the respective amount of stock options and phantom stocks. At the time of the grant, the participants in LTIP 2013 had the right to choose whether they wished to receive stock options and phantom stocks in a ratio of 75 : 25, or in a ratio of 50 : 50.

Exercise of the stock options and the phantom stocks allocated under LTIP 2013 of Fresenius SE & Co. KGaA is subject to several conditions, such as expiry of a four-year waiting period, observance of blackout periods, achievement of the specified performance target, and continuance of the service or employment relationship. The vested stock options can be exercised within a period of four years. The vested phantom stocks are settled on March 1 of the year following the end of the waiting period.

The amount of the cash settlement pursuant to the Phantom Stock Plan 2013 is based on the volume-weighted average market price of the share of Fresenius SE & Co. KGaA during the three months preceding the exercise date.

The respective performance target has been reached if the adjusted consolidated net income of the Company (net income attributable to the shareholders of the Company) has increased by a minimum of 8% per year in comparison to the previous year within the waiting period, after adjustment for foreign currency effects. The performance target has also been achieved if the average annual growth rate of the adjusted consolidated net income of the Company during the four-year waiting period is at least 8%, adjusted for foreign currency effects. If, with respect to one or more of the four reference periods within the waiting period, neither the adjusted consolidated net income of the Company has increased by a minimum of 8% per year in comparison to the previous year, after adjustment for foreign currency effects, nor the average annual growth rate of the adjusted consolidated net income of the Company during the four-year waiting period is at least 8%, adjusted for foreign currency effects, the respective granted stock options and phantom stocks are forfeited on a pro rata basis according to the proportion of the performance target that has not been achieved within the waiting period, i.e., by one fourth, by two fourths, by three fourths, or completely. If a member of the Management Board leaves the Company, the stock options and phantom stocks are forfeited as a matter of principle.

Furthermore, through fiscal year 2017, the then acting members of the Management Board, with the exception of Ms. Rachel Empey and Mr. Rice Powell, were granted an entitlement to further share-based compensation with cash settlement (further phantom stocks) in the equivalent value of €100 thousand per Management Board member. With regard to the performance target and waiting period, the same conditions that pertain to the phantom stocks allocated under LTIP 2013 apply to them.

Payments under the LTIP 2013 for fiscal years 2017 to 2020

In fiscal year 2021, the waiting period of the phantom stocks of grant 2017 under the LTIP 2013 as well as that of the additional phantom stocks allocated in 2017 ended. The payment will be made in fiscal year 2022 after the end of the vesting period. The following target achievement resulted from the Company's adjusted Group net income performance target:

LTIP 2013 – GRANT 2017
TARGET ACHIEVEMENT

	Target value	Actual value
Average annual growth of adjusted Group net income of the past four years (in %)	8%	3.80%

As the target value of 8% during the four-year waiting period was reached in one year, a payout of 25% of the allocated phantom stocks of the grant 2017 will be made in 2022.

Payments under the LTIP 2013 for fiscal years 2016 to 2019

In the fiscal year 2021, after the end of the vesting period, the grant 2016 under the LTIP 2013 and the additional phantom stocks granted in 2016 were paid out. The following targets were achieved for the Company's adjusted Group net income performance target:

LTIP 2013 – GRANT 2016
TARGET ACHIEVEMENT

	Target value	Actual value
Average annual growth of adjusted Group net income of the past four years (in %)	8%	9.30%

As the target value of 8% was exceeded on average during the four-year waiting period, a payout of 100% of the allocated phantom stocks of the grant 2016 was made in 2021.

Payments for Mr. Rice Powell under LTIP 2016 and the New Incentive Bonus Plan 2010 of Fresenius Medical Care

For Mr. Rice Powell, the grant 2017 of the Long Term Incentive Plan 2016 of Fresenius Medical Care was paid out as long-term variable compensation of Fresenius Medical Care Management AG in 2021:

FME LTIP 2016 – GRANT 2017
OVERALL TARGET ACHIEVEMENT

	Fair value € in thousands	Granted number of performance phares	**Overall target achievement in %**	Final number of performance shares	Final share price in €	**Payout amount € in thousands**
Rice Powell	1,331	18,063	108%	19,508	69.01	1,302

FME NEW INCENTIVE BONUS PLAN 2010 – GRANT 2017
OVERALL TARGET ACHIEVEMENT SHARE BASED AWARDS

	Grant value € in thousands	Granted number of share based awards	Share price at payout in €	**Payout amount € in thousands**
Rice Powell	916	11,138	60.78	677

Development and status of commitments of further LTIP grants

At the end of the fiscal year 2021, the members of the Management Board held performance shares, phantom stocks, and stock options from different programs from the past. The following table gives an overview of the outstanding allocated performance shares in the fiscal year 2021:

	Grant date	Vesting date	Grant date fair value per performance share in €	Granted number of performance shares	Overall target achievement (if final)	Number of performance shares as of December 31, 2021
Current members of the Management Board						
Stephan Sturm						
Grant 2018 (LTIP 2018)	Sept. 10, 2018	Sept. 10, 2022	2,500	37,064	0%	–
Grant 2019 (LTIP 2018)	Sept. 9, 2019	Sept. 9, 2023	2,500	55,115	n.a.	55,115
Grant 2020 (LTIP 2018)	Sept. 14, 2020	Sept. 14, 2024	2,500	59,552	n.a.	59,552
Grant 2021 (LTIP 2018)	Sept. 13, 2021	Sept. 13, 2025	2,765	61,788	n.a.	61,788
Total				**213,519**		**176,455**
Dr. Sebastian Biedenkopf						
Grant 2021 (LTIP 2018)	Sept. 13, 2021	Sept. 13, 2025	800	17,877	n.a.	17,877
Total				**17,877**		**17,877**
Dr. Francesco De Meo						
Grant 2018 (LTIP 2018)	Sept. 10, 2018	Sept. 10, 2022	1,300	19,274	0%	–
Grant 2019 (LTIP 2018)	Sept. 9, 2019	Sept. 9, 2023	1,300	28,660	n.a.	28,660
Grant 2020 (LTIP 2018)	Sept. 14, 2020	Sept. 14, 2024	1,300	30,967	n.a.	30,967
Grant 2021 (LTIP 2018)	Sept. 13, 2021	Sept. 13, 2025	1,450	32,402	n.a.	32,402
Total				**111,303**		**92,029**
Rachel Empey						
Grant 2018 (LTIP 2018)	Sept. 10, 2018	Sept. 10, 2022	1,300	19,274	0%	–
Grant 2019 (LTIP 2018)	Sept. 9, 2019	Sept. 9, 2023	1,300	28,660	n.a.	28,660
Grant 2020 (LTIP 2018)	Sept. 14, 2020	Sept. 14, 2024	1,300	30,967	n.a.	30,967
Grant 2021 (LTIP 2018)	Sept. 13, 2021	Sept. 13, 2025	1,300	29,050	n.a.	29,050
Total				**107,951**		**88,677**
Rice Powell[1]						
Grant 2018 (LTIP 2016)	July 30, 2018	July 30, 2022	1,413	17,548	81%	14,214
Grant 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	1,575	25,127	38%	9,548
Grant 2020 (MB LTIP 2020)	Nov. 2, 2020	Nov. 2, 2023	2,170	35,030	n.a.	35,030
Grant 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	2,231	40,894	n.a.	40,894
Total				**118,599**		**99,686**
Michael Sen (since April 12, 2021)						
Grant 2021 (LTIP 2018)	Sept. 13, 2021	Sept. 13, 2025	1,058	23,633	n.a.	23,633
Total				**23,633**		**23,633**
Dr. Ernst Wastler						
Grant 2018 (LTIP 2018)	Sept. 10, 2018	Sept. 10, 2022	1,300	19,274	0%	–
Grant 2019 (LTIP 2018)	Sept. 9, 2019	Sept. 9, 2023	1,300	28,660	n.a.	28,660
Grant 2020 (LTIP 2018)	Sept. 14, 2020	Sept. 14, 2024	1,300	30,967	n.a.	30,967
Grant 2021 (LTIP 2018)	Sept. 13, 2021	Sept. 13, 2025	1,300	29,050	n.a.	29,050
Total				**107,951**		**88,677**

[1] Mr. Rice Powell holds performance shares under the programs of Fresenius Medical Care AG & Co. KGaA.

The following table gives an overview of the outstanding allocated phantom stocks in the fiscal year 2021:

	Grant date	End of waiting period	Granted number of phantom stocks	Grant date fair value € in thousands	Overall target achievement (if final)	Number of phantom stocks as of December 31, 2021
Current members of the Management Board						
Stephan Sturm						
Grant 2017 (LTIP 2013)	July 31, 2017	July 31, 2021	10,668	728	25%	2,667
Dr. Francesco De Meo						
Grant 2017 (LTIP 2013)	July 31, 2017	July 31, 2021	6,067	414	25%	1,517
Rachel Empey						
Grant 2017 (LTIP 2013)	Dec. 4, 2017	Dec. 4, 2021	1,831	109	25%	458
Dr. Ernst Wastler						
Grant 2017 (LTIP 2013)	July 31, 2017	July 31, 2021	6,067	414	25%	1,517

The following table gives an overview of the outstanding allocated Share Based Awards of Fresenius Medical Care in the fiscal year 2021:

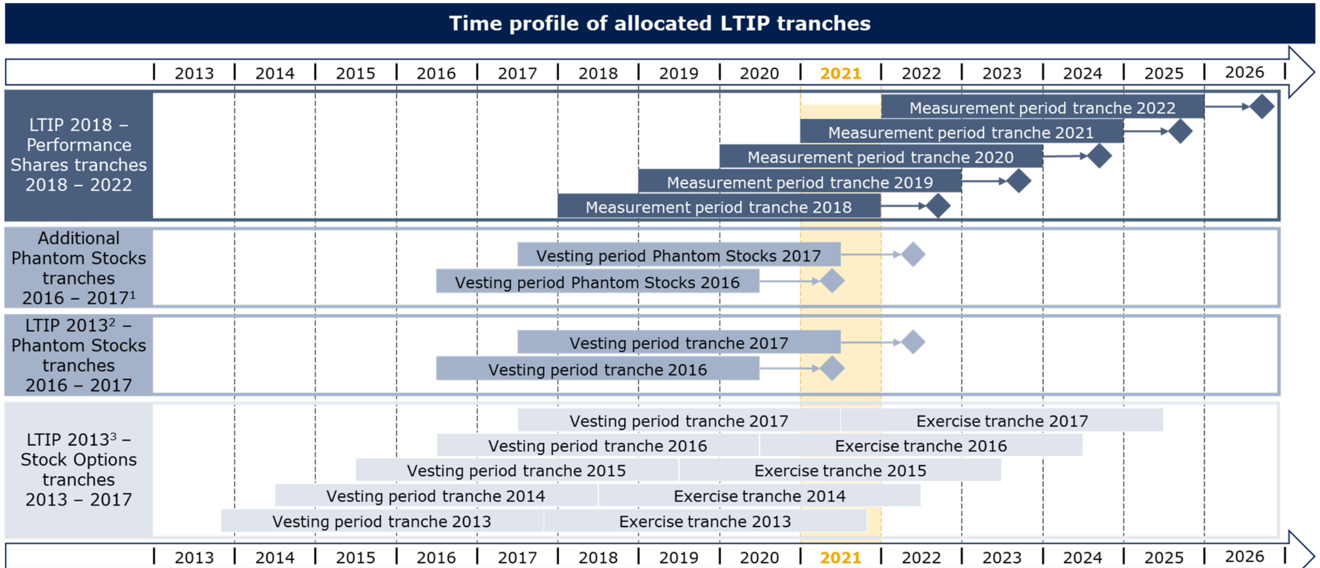
	Grant date	Vesting date	Number of virtual shares as of December 31, 2021
Current members of the Management Board			
Rice Powell			
Grant 2018	March 12, 2019	March 12, 2022	15,003
Grant 2019	March 10, 2020	March 10, 2023	9,913
Total			**24,916**

The following table shows the development and the status in 2021 of the stock options allocated in the past:

	Stephan Sturm	Dr. Francesco De Meo	Rachel Empey	Rice Powell[1]	Dr. Ernst Wastler	**Total/ arithmetic mean[2]**
Options outstanding on January 1, 2021						
Number	270,000	196,875	7,031	224,100	219,375	693,281
Average exercise price in €	55.88	58.27	64.69	67.97	52.87	55.70
Options exercised during the fiscal year						
Number	45,000	–	–	–	45,000	90,000
Average exercise price in €	33.10				33.10	33.10
Average stock price in €	39.53				44.00	41.77
Options forfeited during the fiscal year						
Number	–	–	–	–	–	–
Average exercise price in €						
Options outstanding on December 31, 2021						
Number	225,000	196,875	7,031	224,100	174,375	603,281
Average exercise price in €	60.44	58.27	64.69	67.97	57.97	59.07
Average remaining life in years	2.1	1.9	3.9	1.2	1.9	2.0
Range of exercise prices in €	36.92 to 74.77	36.92 to 74.77	64.69	49,93 to 76.99	36.92 to 74.77	36.92 to 74.77
Exercisable options on December 31, 2021						
Number	225,000	196,875	7,031	224,100	174,375	603,281
Average exercise price in €	60.44	58.27	64.69	67.97	57.97	**59.07**

[1] Mr. Rice Powell holds stock options under the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011.
[2] Only stock options of Fresenius SE & Co. KGaA, excluding stock options of Mr. Rice Powell

The following graph provides an overview of the different allocations (annual grants) under the Long-Term Incentive plans described above and their respective time profiles:



[1] The members of the Management Board with the exception of Ms. Rachel Empey and Mr. Rice Powell were granted an entitlement to additional phantom stocks in the fiscal years 2016 and 2017. For the additionally allocated phantom stocks, the same conditions apply as for the phantom stocks of the LTIP 2013.
[2] The LTIP 2013 was allocated partly in stock options and partly in phantom stocks.
[3] The chart shows the tranches 2013 to 2017 of the LTIP 2013 in relation to the share allocated in stock options. The allocation took place in December 2013 and in July in the following years. All tranches of the LTIP 2013 have completed the vesting period since July 2021. The exercise periods of the individual tranches end after four years in each case.

As a result of his exit, no performance shares were allocated to Mr. Mats Henriksson under the LTIP 2018 for the fiscal year 2021. With regard to the stock options and phantom stocks already allocated under the LTIP 2013 and the performance shares already allocated under the LTIP 2018, the respective plan conditions apply, with the exception that Mr. Mats Henriksson will be treated as if his employment relationship were to continue until the end of his regular appointment as a member of the Management Board on December 31, 2022.

3.4 SHARE OWNERSHIP GUIDELINES

In addition to the Long-Term Incentive, the Compensation System 2021+ provides for share ownership guidelines (SOG) in order to further strengthen the long-term alignment with the interests of shareholders and to promote the sustainable development of the Group. Furthermore, the introduction of share ownership guidelines considers international market practice and the expectations of our shareholders.

Under these guidelines, the Management Board members are obliged to invest an amount equal to the gross amount of an annual base salary in shares of Fresenius SE & Co. KGaA. The Management Board members are obliged to hold these shares permanently until two years after resignation from the Management Board. For a Management Board member, the investment in shares of the Company shall be built up cumulatively from the second year of service onwards at the latest, each year with one quarter of the gross amount of an annual base salary. The share ownership guideline must be met in full at the latest after the fifth year as a Management Board member. The share ownership guidelines continue to apply if the first appointment to the Management Board is for three years and the Management Board member is not reappointed thereafter. Shares already voluntarily acquired by a member of the Management Board since the beginning of the (first) contractual term as a member of the Management Board of Fresenius Management SE will be taken into account for the fulfillment of the SOG target.

Management Board members can sell their shares at the earliest after the end of the mandatory retention period of two years after resignation from the Management Board.

The following table shows the status of compliance with the share ownership guidelines as of December 31, 2021:

SHARE OWNERSHIP GUIDELINES

	Required		**Status quo**		End of acquisition phase
	in % of the gross amount of the annual base salary	€ in thousands	**€ in thousands**	**in % of the SOG target**	
Stephan Sturm	100%	1,600	401.06	25.07%	December 31, 2024
Dr. Francesco De Meo	100%	1,000	250.00	25.00%	December 31, 2024
Rachel Empey	100%	850	232.69	27.37%	December 31, 2024
Dr. Ernst Wastler	100%	850	215.02	25.30%	December 31, 2024

Dr. Sebastian Biedenkopf and Mr. Michael Sen were in their first year of service on the Management Board in 2021. As previously described, their acquisition phase for the share ownership guidelines does not begin until the second year of their service on the Management Board. Mr. Mats Henriksson was no longer obliged to acquire and hold shares in Fresenius SE & Co. KGaA due to his exit as of March 16, 2021.

In deviation from this, Mr. Rice Powell is required to invest in shares of Fresenius Medical Care AG & Co. KGaA as part of the long-term variable compensation provided under the compensation system applicable to the members of the Management Board of Fresenius Medical Care Management AG effective January 1, 2020.

3.5 MALUS/CLAWBACK

Under the Compensation System 2021+, the Supervisory Board of Fresenius Management SE is entitled to withhold (malus) or reclaim (clawback) variable compensation components in the event of material violations of internal Company guidelines, statutory and contractual obligations, and in the event of incorrect consolidated financial statements, taking into account the particularities of the individual case.

Material violations include non-compliance with material provisions of the internal Code of Conduct, grossly negligent or unethical conduct, and significant violations of the duties of care as defined by Section 93 AktG. In the event of incorrect consolidated financial statements, it is possible to reclaim variable compensation that has already been paid out if, after payment, it emerges that the audited and approved consolidated financial statements on which the calculation of the amount to be paid out was based were incorrect and, on the basis of corrected consolidated financial statements, a lower or no payment amount of variable compensation would have been owed. The obligation of the Management Board member to pay damages to the Company pursuant to Section 93 (2) AktG remains unaffected by these provisions.

In the past fiscal year, the supervisory boards of Fresenius Management SE and Fresenius Medical Care Management AG did not withhold or reclaim variable compensation components.

3.6 COMPENSATION-RELATED TRANSACTIONS

3.6.1 BENEFITS FROM THIRD PARTIES

In the past fiscal year, no benefits were granted or assured to any member of the Management Board by a third party with regard to their activities as a member of the Management Board. Mr. Rice Powell receives his compensation exclusively from Fresenius Medical Care in accordance with the compensation system applicable to the members of the Management Board of Fresenius Medical Care Management AG.

Any compensation granted to Management Board members for Supervisory Board mandates in subsidiaries of the Fresenius Group is offset against the Management Board member's compensation. If the Supervisory Board of Fresenius Management SE resolves to deduct any compensation, in full or in part, granted to Management Board members for any activity in supervisory boards outside the Fresenius Group from the compensation of the Management Board member concerned, this will be made transparent.

3.6.2 COMMITMENTS IN THE EVENT OF TERMINATION

Company pension scheme

As previously described under 3.3.1, there are individual contractual defined benefit pension commitments for Mr. Stephan Sturm, Dr. Francesco De Meo, and Ms. Rachel Empey based on their service agreements with the general partner of Fresenius SE & Co. KGaA.

Mr. Rice Powell has received a defined benefit pension commitment from Fresenius Medical Care Management AG. Furthermore, he has acquired non-forfeitable entitlements from participating in pension plans for employees of Fresenius Medical Care North America. Moreover, during the fiscal year 2021, he participated in the U.S.-based 401(k) Savings Plan. This plan generally enables employees in the United States to invest a limited portion of their gross income into retirement plans.

Dr. Ernst Wastler has a defined benefit pension commitment from VAMED Aktiengesellschaft, Vienna; Fresenius SE & Co. KGaA has issued a guarantee for the commitment thereunder.

The defined benefit pension commitments for the Management Board members in office as of December 31 of the fiscal year in accordance with IAS 19 are as follows:

DEFINED BENEFIT PENSION COMMITMENTS

€ in thousands	Pensionable assessment basis	Pension commitment As of January 1, 2021	Additions 2021	**As of December 31, 2021**
Stephan Sturm	1,170	8,716	2,619	11,335
Dr. Francesco De Meo	660	3,709	1,330	5,039
Rachel Empey	630	1,150	915	2,065
Rice Powell	–	14,727	693	15,420
Dr. Ernst Wastler	590	7,226	-325	6,901
Total		**35,528**	**5,232**	**40,760**

Dr. Sebastian Biedenkopf and Mr. Michael Sen have received a pension commitment in the form of a defined contribution pension commitment as described above under 3.3.1. The 2021 insurance contributions and the obligations as of December 31, 2021, are as follows:

DEFINED CONTRIBUTION PENSION COMMITMENTS

€ in thousands	Insurance contribution 2021	**Commitment as of December 31, 2021[1]**
Dr. Sebastian Biedenkopf	240	240
Michael Sen (since April 12, 2021)	302	302
Total	**542**	**542**

[1] Corresponds to insurance contribution 2021

The Management Board member Mr. Mats Henriksson, who resigned as of March 16, 2021, has a defined benefit pension commitment of Fresenius Kabi AG from the time of his previous employment with Fresenius Kabi AG. Accordingly, he has acquired a non-forfeitable right to a company pension, the amount of which was determined upon his exit. For the determination of the entitlement, the date of exit was set as December 31, 2022 (regular end of his service on the Management Board). This results in an entitlement to a company pension of €228 thousand p.a. for Mr. Mats Henriksson from the age of 63. As of December 31, 2021, the resulting pension commitment amounts to €6,496 thousand.

Severance regulations

The service agreements of the Management Board members are limited to a maximum of five years in accordance with Section 84 (1) AktG and provide for a severance payment cap. Accordingly, payments to a Management Board member in the event of early termination of a Management Board appointment, including fringe benefits, are limited to two years of compensation, but not exceeding the compensation for the remaining term of the service agreement. If the Company terminates the service agreement for cause on grounds attributable to the relevant Management Board member according to Section 626 of the German Civil Code (BGB), no severance payment will be due. For the calculation of the severance payment cap, the total compensation within the meaning of Section 285 No. 9a HGB of the past fiscal year and the expected total compensation for the fiscal year in which the termination occurs are used (whereby only the fixed compensation components are taken into account for the calculation of the relevant annual compensation of Mr. Rice Powell).

Post-contractual non-competition clause

A post-contractual non-competition clause has been agreed with all Management Board members for a period of up to two years. If such a post-contractual non-competition clause becomes applicable, the Management Board members may receive compensation for each year of the non-competition clause amounting to up to half of the amount arising from the sum of the base salary, the target amount of the Short-Term Incentive, and the last grant value of the Long-Term Incentive. Any payments under a post-contractual non-competition clause are to be offset against any severance payments and benefits under the Company pension scheme. For Mr. Rice Powell, the compensation amount is half of the annual base salary.

Change of control

The service agreements of the Management Board members do not contain any provisions in the event of a change of control.

Continued payments in the event of illness

All members of the Management Board have individual contractual commitments for the continuation of their compensation in the event of sickness for a maximum period of 12 months, provided that, after 6 months of sickness-related absence, any insurance benefits that may be paid are to be deducted from such continued compensation. In the event of death of a member of the Management Board, the surviving dependents will receive three monthly payments after the month in which the death occurred, at most, however, until the expiry of the respective service agreement.

Other agreements

In the event of regular termination of his employment, Dr. Ernst Wastler is entitled to a severance payment based on contractual agreements with VAMED Aktiengesellschaft, Vienna. The severance payment stipulates entitlement to a payment that depends on the length of service and amounts to a maximum of one year's gross compensation (within the meaning of Section 23 of the Austrian Salaried Employees Act). If his service ends due to death, the severance payment amounts to only half of the amount. In certain cases, it is waived in the event of premature termination of his service. Dr. Wastler's pension entitlement is suspended for the period for which severance payment is granted. With regard to the severance payment entitlement of Dr. Ernst Wastler, a severance payment provision of €1,148 thousand (IFRS DBO (defined benefit obligation)) is in place as of December 31 of the fiscal year. The additions to the pension liability in the fiscal year 2021 amounted to -€134 thousand.

Commitments for Management Board members terminating their appointment in the fiscal year 2021

Mr. Mats Henriksson was paid a severance amount of €6,336 thousand as a result of terminating his appointment on March 16, 2021 as part of his termination agreement in March 2021, which also serves as waiting allowance for the post-contractual non-competition clause from March 17, 2021 to December 31, 2022.

3.7 INDIVIDUALIZED DISCLOSURE OF MANAGEMENT BOARD COMPENSATION FOR 2021 AND 2020

In the following tables, the total target compensation of the members of the Management Board set for the fiscal years 2021 and 2020 is individually disclosed. For the short- and long-term variable compensation, the target or allocation value will be disclosed on the assumption of a 100% target achievement.

TARGET COMPENSATION

	Stephan Sturm		**Dr. Sebastian Biedenkopf**		**Dr. Francesco De Meo**	
	Chairman of the Management Board (since July 1, 2016)		Management Board member, responsible for Human Resources (Labor Relations), Risk Management and Legal		CEO Fresenius Helios	
	Board member since January 1, 2005		Board member since December 1, 2020		Board member since January 1, 2008	
€ in thousands	**2021**	2020	**2021**	2020	**2021**	2020
Base salary	1,600	1,100	600	50	1,000	630
Fringe benefits	69	82	66	4	67	41
Sum fixed compensation	**1,669**	**1,182**	**666**	**54**	**1,067**	**671**
Short-term variable compensation	**1,600**	**1,838**	**600**	**–**	**1,000**	**1,388**
STI 2020[1]	–	1,838	–	–	–	1,388
STI 2021	1,600	–	600	–	1,000	–
Long-term variable compensation	**2,765**	**2,500**	**800**	**50**	**1,450**	**1,388**
Postponed short-term incentive	–	–	–	50	–	88
Performance shares (LTIP 2018)						
Grant 2020	–	2,500	–	–	–	–
Grant 2021	2,765	–	800	–	1,450	1,300
Sum variable compensation	**4,365**	**4,338**	**1,400**	**50**	**2,450**	**2,776**
Sum fixed and variable compensation	**6,034**	**5,520**	**2,066**	**104**	**3,517**	**3,447**
Service cost	536	541	240	–	278	391
Total target compensation	**6,570**	**6,061**	**2,306**	**104**	**3,795**	**3,838**

[1] For the STI 2020, there are no target values or comparable values for Board members who receive their compensation from Fresenius Management SE. The STI 2020 was calculated on the basis of bonus curves that were valid for several years. For this reason, the payout from the short-term incentive is stated for the year 2020.

TARGET COMPENSATION

€ in thousands	Rachel Empey Chief Financial Officer Board member since August 1, 2017 2021	2020	Rice Powell CEO Fresenius Medical Care Board member since January 1, 2013 2021	2020	Michael Sen CEO Fresenius Kabi (since April 12, 2021) Board member since April 12, 2021 2021	2020
Base salary	850	704	1,708	1,769	755	–
Fringe benefits	67	196	315	429	44	–
Sum fixed compensation	**917**	**900**	**2,023**	**2,198**	**799**	**–**
Short-term variable compensation	**850**	**799**	**1,793**	**1,857**	**755**	**–**
STI 2020[1]	–	799	–	1,857	–	–
STI 2021	850	–	1,793	–	755	–
Long-term variable compensation[2]	**1,300**	**1,300**	**2,306**	**2,170**	**1,058**	**–**
Postponed short-term incentive	–	–	–	–	–	–
Performance shares (LTIP 2018)						
Grant 2020	–	1,300	–	–	–	–
Grant 2021	1,300	–	–	–	1,058	–
Sum variable compensation	**2,150**	**2,099**	**4,099**	**4,027**	**1,813**	**–**
Sum fixed and variable compensation	**3,067**	**2,999**	**6,122**	**6,225**	**2,612**	**–**
Service cost	369	1,150	–	–	302	–
Total target compensation	**3,436**	**4,149**	**6,122**	**6,225**	**2,914**	**–**

[1] For the STI 2020, there are no target values or comparable values for Board members who receive their compensation from Fresenius Management SE. The STI 2020 was calculated on the basis of bonus curves that were valid for several years. For this reason, the payout from the short-term incentive is stated for the year 2020.

[2] Mr. Rice Powell was granted share-based payments from the programs of Fresenius Medical Care AG & Co. KGaA as follows:
in 2021: €2,306 thousand from the Management Board Long Term Incentive Plan 2020 grant 2021
in 2020: €2,170 thousand from the Management Board Long Term Incentive Plan 2020 grant 2020

TARGET COMPENSATION

€ in thousands	Dr. Ernst Wastler[1] CEO Fresenius Vamed Board member since January 1, 2008 2021	2020
Base salary	850	550
Fringe benefits	74	75
Sum fixed compensation	**924**	**625**
Short-term variable compensation	**850**	**769**
STI 2020[2]	–	769
STI 2021	850	–
Long-term variable compensation	**1,300**	**1,300**
Postponed short-term incentive	–	–
Performance shares (LTIP 2018)		
Grant 2020	–	1,300
Grant 2021	1,300	–
Sum variable compensation	**2,150**	**2,069**
Sum fixed and variable compensation	**3,074**	**2,694**
Service cost	22	189
Total target compensation	**3,096**	**2,883**

[1] In 2021, Dr. Ernst Wastler received a one-time payment from a direct commitment in the amount of €259,741. In accordance with the service agreement, this amount was paid in the month in which Dr. Ernst Wastler reached the age of 63.
[2] For the STI 2020, there are no target values or comparable values for Board members who receive their compensation from Fresenius Management SE. The STI 2020 was calculated on the basis of bonus curves that were valid for several years. For this reason, the payout from the short-term incentive is stated for the year 2020.

In addition to the target compensation, the compensation awarded and due in the fiscal year is disclosed and explained in accordance with the requirements of Section 162 AktG. For the fiscal year 2021, the short- and long-term variable compensation is reported in such a way that the respective performance has been completed or the vesting period has been fully completed by the end of the fiscal year 2021 and the vesting conditions are met. This enables a comprehensive presentation of the connection between the business results of the fiscal year 2021 and the resulting compensation.

Thus, the compensation awarded and due in the fiscal year 2021 comprises the base salary and fringe benefits paid in the fiscal year 2021. The variable compensation is the short-term variable compensation for the fiscal year 2021 (payment in fiscal year 2022) and the long-term variable compensation whose measurement period or waiting period ended in the fiscal year 2021 and whose vesting conditions have been met.

In addition, the pension expenses (current service cost) for the pension commitments incurred in the fiscal year 2021 are disclosed.

COMPENSATION AWARDED AND DUE

	Stephan Sturm Chairman of the Management Board (since July 1, 2016) Board member since January 1, 2005				**Dr. Sebastian Biedenkopf** Management Board member, responsible for Human Resources (Labor Relations), Risk Management and Legal Board member since December 1, 2020			
	2021		2020		**2021**		2020	
	€ in thousands	**in %**	€ in thousands	in %	**€ in thousands**	**in %**	€ in thousands	in %
Base salary	1,600		1,100		600		50	
Fringe benefits	69		82		66		4	
Total fixed compensation	**1,669**	**46%**	**1,182**	**32%**	**666**	**52%**	**54**	**100%**
Short-term incentive	1,629		1,838		611		–	
Long-term incentive	**356**		**633**		**–**		**–**	
Postponed short-term incentive	–		–		–		–	
Phantom stocks (LTIP 2013)								
Grant 2015	–		550		–		–	
Grant 2016	298		–		–		–	
Further phantom stocks								
Grant 2015	–		83		–		–	
Grant 2016	58		–		–		–	
Total variable compensation	**1,985**	**54%**	**2,471**	**68%**	**611**	**48%**	**–**	
Total in accordance with Section 162 (1) sentence 2 no. 1 AktG	**3,654**		**3,653**		**1,277**		**54**	
Service cost	536		541		240		–	
Total including service cost	**4,190**		**4,194**		**1,517**		**54**	

COMPENSATION AWARDED AND DUE

	Dr. Francesco De Meo CEO Fresenius Helios Board member since January 1, 2008				**Rachel Empey** Chief Financial Officer Board member since August 1, 2017			
	2021		2020		**2021**		2020	
	€ in thousands	**in %**	€ in thousands	in %	**€ in thousands**	**in %**	€ in thousands	in %
Base salary	1,000		630		850		704	
Fringe benefits	67		41		67		196	
Total fixed compensation	**1,067**	**43%**	**671**	**26%**	**917**	**51%**	**900**	**53%**
Short-term incentive	1,052		1,388		866		799	
Long-term incentive	**372**		**506**		**–**		**–**	
Postponed short-term incentive	115		148		–		–	
Phantom stocks (LTIP 2013)								
Grant 2015	–		275		–		–	
Grant 2016	199		–		–		–	
Further phantom stocks								
Grant 2015	–		83		–		–	
Grant 2016	58		–		–		–	
Total variable compensation	**1,424**	**57%**	**1,894**	**74%**	**866**	**49%**	**799**	**47%**
Total in accordance with Section 162 (1) sentence 2 no. 1 AktG	**2,491**		**2,565**		**1,783**		**1,699**	
Service cost	278		391		369		1,150	
Total including service cost	**2,769**		**2,956**		**2,152**		**2,849**	

COMPENSATION AWARDED AND DUE

	Rice Powell CEO Fresenius Medical Care Board member since January 1, 2013				Michael Sen CEO Fresenius Kabi (since April 12, 2021) Board member since April 12, 2021			
	2021		2020		**2021**		2020	
	€ in thousands	**in %**	€ in thousands	in %	**€ in thousands**	**in %**	€ in thousands	in %
Base salary	1,708		1,769		755		–	
Fringe benefits	315		429		44		–	
Total fixed compensation	**2,023**	**37%**	**2,198**	**29%**	**799**	**51%**	**–**	
Short-term incentive	1,422		1,734		773		–	
Long-term incentive[1]	**1,979**		**3,710**		**–**		**–**	
Postponed short-term incentive	–		–		–		–	
Phantom stocks (LTIP 2013)								
Grant 2015	–		–		–		–	
Grant 2016	–		–		–		–	
Further phantom stocks								
Grant 2015	–		–		–		–	
Grant 2016	–		–		–		–	
Total variable compensation	**3,401**	**63%**	**5,444**	**71%**	**773**	**49%**	**–**	
Total in accordance with Section 162 (1) sentence 2 no. 1 AktG	**5,424**		**7,642**		**1,572**		**–**	
Service cost	–		–		302		–	
Total including service cost	**5,424**		**7,642**		**1,874**		**–**	

[1] Mr. Rice Powell received these payments from the share-based compensation plans of Fresenius Medical Care:
in 2021: €677 thousand from the Share Based Award grant 2017, €1,302 thousand from the Long Term Incentive Program 2016 grant 2017
in 2020: €659 thousand from the Share Based Award grant 2016, €748 thousand from the Long Term Incentive Program 2011 – Phantom Stock Plan 2011 grant 2015, €2,303 thousand from the Long Term Incentive Program 2016 grant 2016

COMPENSATION AWARDED AND DUE

	Dr. Ernst Wastler CEO Fresenius Vamed Board member since January 1, 2008			
	2021		2020	
	€ in thousands	**in %**	€ in thousands	in %
Base salary	850		550	
Fringe benefits[1]	334		75	
Total fixed compensation	**1,184**	**51%**	**625**	**31%**
Short-term incentive	883		769	
Long-term incentive	**257**		**633**	
Postponed short-term incentive	–		–	
Phantom stocks (LTIP 2013)				
Grant 2015	–		550	
Grant 2016	199		–	
Further phantom stocks				
Grant 2015	–		83	
Grant 2016	58		–	
Total variable compensation	**1,140**	**49%**	**1,402**	**69%**
Total in accordance with Section 162 (1) sentence 2 no. 1 AktG	**2,324**		**2,027**	
Service cost	22		189	
Total including service cost	**2,346**		**2,216**	

[1] In 2021, the fringe benefits of Dr. Ernst Wastler include a one-time payment from a direct commitment in the amount of €259,741. In accordance with the service agreement, this amount was paid in the month in which Dr. Ernst Wastler reached the age of 63.

3.8 COMPENSATION OF FORMER MANAGEMENT BOARD MEMBERS

For the period from January 1 to March 16, 2021, Mr. Mats Henriksson was paid on a pro rata basis, in addition to the severance payment explained under 3.6.2, a fixed base salary in the amount of €219 thousand and a short-term variable compensation for the fiscal year 2021 (based on the target value for the fiscal year 2021) in the amount of €219 thousand. Furthermore, in March 2021, he was paid out postponed payments of the previous short-term variable compensation for the years 2018 to 2020 in the total amount of €169 thousand. As part of the long-term variable compensation, phantom stocks (LTIP 2013) of the 2016 grant in the amount of €456 thousand were paid out to him in fiscal year 2021. In the past fiscal year, among other things, Mr. Mats Henriksson received fringe benefits on a pro rata basis in the form of subsidies for life, pension, health, and accident insurance and private use of a company car in a total amount of €48 thousand, as well as a one-off payment of €10 thousand in April 2021 for legal advice in connection with his premature exit from the Management Board. In total, Mr. Mats Henriksson was paid €1,121 thousand pro rata temporis for the period from January 1 to March 16, 2021. Thereof, 25% was fixed and 75% was variable compensation, or, taking into account the severance payment specified under 3.6.2, Commitments in the event of termination, 89% fixed and 11% variable compensation.

In fiscal year 2021, Dr. Jürgen Götz received a compensation payment of €605 thousand for the period from January 1 to December 31, 2021 due to the post-contractual non-competition clause applicable after his exit from the Management Board as of June 30, 2020. In addition, consulting fees of €16 thousand were paid to Dr. Götz in the fiscal year 2021.

Mr. Rainer Baule, member of the Management Board until December 31, 2012, was paid €265 thousand in connection with his pension commitment.

Furthermore, in fiscal year 2021, €896 thousand was paid to three former members of the Management Board who retired before 2012, mainly as part of pension commitments.

For eight former members of the Management Board, there is a pension obligation in accordance with IAS 19 of €34,714 thousand in fiscal year 2021.

4. COMPENSATION OF THE SUPERVISORY BOARD

4.1 COMPENSATION GOVERNANCE

The Supervisory Board of the Company advises and supervises the business activities conducted by the Management Board of the general partner and performs the other duties assigned to it by law and by the articles of association. It is involved in strategy and planning as well as in all matters of fundamental importance for the Company. In view of these responsible duties, the members of the Supervisory Board of the Company receive appropriate remuneration that also takes sufficient account of the time demands of the position of the Supervisory Board member. In addition, a Supervisory Board remuneration that is also in line with the market environment ensures that the Company will continue to attract qualified candidates to its Supervisory Board in the future. In this way, the fair remuneration of the members of the Supervisory Board contributes to promoting the business strategy and long-term development of Fresenius SE & Co. KGaA.

This aspiration will be met through the revised remuneration for the members of the Supervisory Board governed in Section 13 of the articles of association of Fresenius SE & Co. KGaA. The material change to the remuneration for the Supervisory Board of the Company in comparison with the previous arrangement is that, under the new remuneration arrangement, only fixed remuneration components shall be paid. The variable remuneration component previously governed in Section 13 (2) of the articles of association shall lapse. The adjustment is in line with the suggestions of the GCGC in the version dated December 16, 2019.

The revised remuneration of the members of the Supervisory Board was proposed for resolution to the Annual General Meeting of the Company on May 21, 2021 with a corresponding amendment in Section 13 of the articles of association and approved with an approval rate of 98.86%. The new compensation system has been effective since January 1, 2021.

4.2 COMPENSATION SYSTEM

The members of the Supervisory Board of the Company are remunerated on the basis of Section 13 of the articles of association. A resolution on the remuneration of the members of the Supervisory Board is passed by the Annual General Meeting at least every four years on the basis of a proposal by the general partner and the Supervisory Board. The members of the Supervisory Board of the Company receive a fixed remuneration, fringe benefits (consisting of refund of expenses and insurance cover), and, if they perform any duties on the Audit Committee of the Supervisory Board of the Company, remuneration for their duties on this committee. The relative share of fixed remuneration is always 100%.

As fixed remuneration, each member of the Supervisory Board of the Company, shall receive an amount of €180 thousand annually for each full fiscal year, payable after the end of the fiscal year. The Chairman of the Supervisory Board of the Company shall receive two and a half times, and his deputies one and a half times, the remuneration of a Supervisory Board member.

For membership in the Audit Committee of the Supervisory Board of the Company a member shall receive additional remuneration of €40 thousand for each full fiscal year, while the Chairman of the Audit Committee shall receive twice this amount.

If a fiscal year does not encompass a full calendar year, or if a member of the Supervisory Board of the Company is a member of the Supervisory Board for only a portion of the fiscal year, the remuneration shall be paid on a pro rata temporis basis. This shall apply accordingly to membership of the Audit Committee of the Supervisory Board of the Company.

The members of the Supervisory Board of the Company shall be refunded expenses incurred when exercising their functions, which also includes any possible applicable value added tax due for payment. Fresenius SE & Co. KGaA shall provide members of its Supervisory Board with insurance cover to an appropriate extent for exercising Supervisory Board activities. As for the Management Board, Fresenius SE & Co. KGaA has also taken out Directors' & Officers' liability insurance for the Supervisory Board of Fresenius Management SE and the Supervisory Board of the Company. This insurance covers the legal defense costs of a member of a representative body in the event of a claim and, if applicable, any damages to be paid within the scope of the existing coverage sums.

If a member of the Supervisory Board of the Company is at the same time a member of the Supervisory Board of the general partner, Fresenius Management SE, and receives remuneration for their services on the Supervisory Board of Fresenius Management SE, the remuneration for their activities as a member of the Supervisory Board of the Company shall be reduced by half. The same applies with regard to the additional part of the remuneration for the Chairman of the Supervisory Board of the Company, provided he is simultaneously the Chairman of the Supervisory Board of Fresenius Management SE; this applies accordingly to his deputies to the extent they are simultaneously deputies of the Chairman of the Supervisory Board of Fresenius Management SE. If a deputy of the Chairman of the Supervisory Board of the Company is at the same time the Chairman of the Supervisory Board of Fresenius Management SE, they shall not receive any additional remuneration for their service as Deputy Chairman of the Supervisory Board of the Company. According to Section 7 of the articles of association of Fresenius SE & Co. KGaA, the remuneration of the Supervisory Board of Fresenius Management SE will be charged to Fresenius SE & Co. KGaA.

Additionally, in his capacity as Chairman of the Supervisory Board of Fresenius Management SE until May 21, 2021, Dr. Gerd Krick was reimbursed for the costs of the operation of a security alarm system in the amount of €1 thousand.

Fresenius Management SE, with the consent of its Supervisory Board, entered into a consultancy agreement with Dr. Gerd Krick on July 17, 2021, with a term of three years, to ensure that the comprehensive knowledge and experience of Dr. Gerd Krick regarding the Fresenius Group will still be available after his retirement from the Supervisory Board of the Company and from the Supervisory Board of Fresenius Management SE on May 21, 2021. For his consulting activities, Dr. Gerd Krick will receive an annual fee in the amount of €200 thousand plus any applicable value added tax; within the fiscal year 2021, Dr. Gerd Krick was paid a pro rata fee in the amount of €100 thousand. Under the terms of the consulting agreement, Dr. Gerd Krick has agreed to a comprehensive non-competition clause.

4.3 INDIVIDUALIZED DISCLOSURE OF SUPERVISORY BOARD COMPENSATION FOR 2021 AND 2020

The amount of compensation awarded and due for the fulfilment of service in the fiscal years 2021 and 2020, including compensation for committee services for the members of the Supervisory Board of the Company and Fresenius Management SE (excluding expenses and reimbursements) is as follows:

COMPENSATION OF THE SUPERVISORY BOARD

	Fixed compensation				Compensation for committee services				Total compensation	
	Fresenius SE & Co. KGaA		Fresenius Management SE		Fresenius SE & Co. KGaA		Fresenius Management SE			
€ in thousands	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Wolfgang Kirsch	138	–	238	150	25	–	25	–	426	150
Dr. Gerd Krick (up to May 21, 2021)	88	225	99	225	16	20	16	20	219	490
Michael Diekmann	180	150	120	75	–	–	20	10	320	235
Grit Genster (since May 1, 2020)	270	147	–	–	40	12	–	–	310	159
Dr. Dieter Schenk	–	–	300	225	–	–	20	10	320	235
Prof. Dr. med. D. Michael Albrecht	180	150	–	–	–	–	–	–	180	150
Stefanie Balling	180	150	–	–	–	–	–	–	180	150
Bernd Behlert	180	150	–	–	–	–	–	–	180	150
Dr. Heinrich Hiesinger (since July 1, 2020)	–	–	210	75	–	–	–	–	210	75
Dr. Frank Appel (since May 21, 2021)	–	–	129	–	–	–	–	–	129	–
Konrad Kölbl	180	150	–	–	40	20	–	–	220	170
Frauke Lehmann	180	150	–	–	–	–	–	–	180	150
Prof. Dr. med. Iris Löw-Friedrich	180	150	–	–	–	–	–	–	180	150
Klaus-Peter Müller	145	75	47	75	80	40	–	–	272	190
Oscar Romero De Paco	180	150	–	–	–	–	–	–	180	150
Hauke Stars	180	150	–	–	40	20	–	–	220	170
Susanne Zeidler (since May 21, 2021)	–	–	129	–	–	–	–	–	129	–
Total	**2,261**	**1,797**	**1,272**	**825**	**241**	**112**	**81**	**40**	**3,855**	**2,774**

5. COMPARATIVE PRESENTATION OF THE COMPENSATION DEVELOPMENT OF THE MANAGEMENT BOARD MEMBERS AND THE SUPERVISORY BOARD MEMBERS IN RELATION TO THE COMPENSATION OF THE OVERALL WORKFORCE AND TO THE EARNINGS DEVELOPMENT OF THE COMPANY

The development of the compensation awarded and due to the members of the Management Board and both supervisory boards according to Section 162 AktG, the earnings development of the Company, and the development of the average compensation of the workforce will be presented in the following comparative table for the five-year period 2017 to 2021.

For the comparative presentation of the earnings development of the Company, Group sales and Group net income (before special items) will be shown, which are key performance indicators for the steering of the Group and the variable compensation of the Management Board. In addition, according to the regulatory requirements, net income of Fresenius SE & Co. KGaA pursuant to HGB will be presented.

It should be noted that the compensation data refers to the compensation awarded and due pursuant to Section 162 AktG. This refers to payments made from the Long-Term Incentive to compensation components allocated in previous fiscal years. Therefore, a meaningful comparison of the compensation paid in the fiscal year and the earnings development of the Company in the same fiscal year is only possible to a limited extent.

The comparative presentation of the development of the compensation of the workforce includes all employees of the Fresenius Group on a full-time equivalent (FTE) basis.

ANNUAL COMPARISON OF COMPENSATION AWARDED AND DUE

		2021	2020	2019	2018	2017
Sales	€ in millions	37,520	36,277	35,409	33,530	33,886
	Annual change in %	+3%	+2%	+6%	-1%	
Group net income[1]	€ in millions	1,867	1,796	1,879	1,871	1,816
	Annual change in %	4%	-4%	0%	+3%	
Net income of Fresenius SE & Co. KGaA pursuant to HGB	€ in millions	503	603	580	489	548
	Annual change in %	-17%	+4%	+19%	-11%	
Average employee compensation[2]	€ in thousands	45	45	45	44	45
	Annual change in %	0%	0%	+2%	-2%	
Current Members of the Management Board						
Stephan Sturm	€ in thousands	3,654	3,653	3,675	4,035	3,362
(Management Board member since January 1, 2005)	Annual change in %	0%	-1%	-9%	+20%	
Dr. Sebastian Biedenkopf	€ in thousands	1,277	54	–	–	–
(Management Board member since December 1, 2020)	Annual change in %	+2,265%	n.a.	n.a.	n.a.	
Dr. Francesco De Meo	€ in thousands	2,491	2,565	2,719	3,035	2,469
(Management Board member since January 1, 2008)	Annual change in %	-3%	-6%	-10%	+23%	
Rachel Empey	€ in thousands	1,783	1,699	1,610	1,643	604
(Management Board member since August 1, 2017)	Annual change in %	+5%	+6%	-2%	+172%	
Rice Powell	€ in thousands	5,424	7,642	4,060	4,082	3,968
(Management Board member since January 1, 2013)	Annual change in %	-29%	+88%	-1%	+3%	
Michael Sen	€ in thousands	1,572	–	–	–	–
(Management Board member since April 12, 2021)	Annual change in %	n.a.	n.a.	n.a.	n.a.	
Dr. Ernst Wastler	€ in thousands	2,324	2,027	2,212	2,497	1,718
(Management Board member since January 1, 2008)	Annual change in %	+15%	-8%	-11%	+45%	
Former Members of the Management Board						
Dr. Jürgen Götz	€ in thousands	621	1,399	2,159	2,446	1,741
(Management Board member until June 30, 2020)	Annual change in %	-56%	-35%	-12%	+40%	
Mats Henriksson	€ in thousands	7,457	2,726	2,797	3,088	2,108
(Management Board member until March 16, 2021)	Annual change in %	+174%	-3%	-9%	+46%	
Rainer Baule	€ in thousands	265	265	265	252	252
(Management Board member until December 30, 2012)	Annual change in %	0%	0%	+5%	0%	

1 Before special items
2 Average of wages and salaries of all Group employees on FTE basis

ANNUAL COMPARISON OF COMPENSATION AWARDED AND DUE

		2021	2020	2019	2018	2017
Current Members of the Supervisory Boards						
Wolfgang Kirsch	€ in thousands	426	150	–	–	–
(Supervisory Board member since January 1, 2020)	Annual change in %	+184%	n.a.	n.a.	n.a.	
Michael Diekmann	€ in thousands	320	235	315	375	451
(Supervisory Board member since May 20, 2015)	Annual change in %	+36%	-25%	-16%	-17%	
Grit Genster	€ in thousands	310	159	–	–	–
(Supervisory Board member since May 1, 2020)	Annual change in %	+95%	n.a.	n.a.	n.a.	
Dr. Dieter Schenk	€ in thousands	320	235	325	385	461
(Supervisory Board member since March 11, 2010)	Annual change in %	+36%	-28%	-16%	-16%	
Prof. Dr. med. D. Michael Albrecht	€ in thousands	180	150	240	300	301
(Supervisory Board member since January 28, 2011)	Annual change in %	+20%	-38%	-20%	0%	
Stefanie Balling	€ in thousands	180	150	240	300	301
(Supervisory Board member since May 13, 2016)	Annual change in %	+20%	-38%	-20%	0%	
Bernd Behlert	€ in thousands	180	150	240	100	–
(Supervisory Board member since September 1, 2018)	Annual change in %	+20%	-38%	+140%	n.a.	
Dr. Heinrich Hiesinger	€ in thousands	210	75	–	–	–
(Supervisory Board member since July 7, 2020)	Annual change in %	+180%	n.a.	n.a.	n.a.	
Dr. Frank Appel	€ in thousands	129	–	–	–	–
(Supervisory Board member since May 21, 2021)	Annual change in %	n.a.	n.a.	n.a.	n.a.	
Konrad Kölbl	€ in thousands	220	170	260	320	311
(Supervisory Board member since July 16, 2007)	Annual change in %	+29%	-35%	-19%	+3%	
Frauke Lehmann	€ in thousands	180	150	240	300	301
(Supervisory Board member since May 13, 2016)	Annual change in %	+20%	-38%	-20%	0%	
Prof. Dr. med. Iris Löw-Friedrich	€ in thousands	180	150	240	300	301
(Supervisory Board member since May 13, 2016)	Annual change in %	+20%	-38%	-20%	0%	
Klaus-Peter Müller	€ in thousands	272	190	280	340	320
(Supervisory Board member since May 21, 2008)	Annual change in %	+43%	-32%	-18%	+6%	
Oscar Romero de Paco	€ in thousands	180	150	240	300	301
(Supervisory Board member since May 13, 2016)	Annual change in %	+20%	-38%	-20%	0%	
Hauke Stars	€ in thousands	220	170	260	320	311
(Supervisory Board member since May 13, 2016)	Annual change in %	+29%	-35%	-19%	+3%	
Susanne Zeidler	€ in thousands	129	–	–	–	–
(Supervisory Board member since May 21, 2021)	Annual change in %	n.a.	n.a.	n.a.	n.a.	
Former Members of the Supervisory Boards						
Dr. Gerd Krick	€ in thousands	219	490	580	640	632
(Supervisory Board member from May 28, 2003 until May 21, 2021)	Annual change in %	-55%	-16%	-9%	+1%	

AUDITOR'S REPORT

TO FRESENIUS SE & CO. KGAA, BAD HOMBURG V.D.H.

We have audited the remuneration report of Fresenius SE & Co. KGaA, Bad Homburg v.d.H., for the financial year from January 1 to December 31, 2021including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The executive directors and the supervisory board of Fresenius SE & Co. KGaA are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

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

AUDIT OPINION

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2021, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

REFERENCE TO AN OTHER MATTER – FORMAL AUDIT OF THE REMUNERATION REPORT ACCORDING TO § 162 AKTG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

RESTRICTION ON USE

We issue this auditor's report on the basis of the engagement agreed with Fresenius SE & Co. KGaA. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. Section 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Frankfurt am Main, February 21, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(Original German Version signed by:)

Dr. Ulrich Störk	Dr. Bernd Roese
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME

€ in millions	Note	2021	2020
Sales	4	37,520	36,277
Cost of sales		-27,209	-25,961
Gross profit		**10,311**	**10,316**
Selling expenses		-1,059	-1,057
General and administrative expenses	8	-4,394	-4,373
Other operating income	9	381	398
Other operating expenses	9	-276	-148
Research and development expenses	7	-805	-751
Operating income (EBIT)		**4,158**	**4,385**
Interest income	10	124	93
Interest expenses	10	-630	-752
Income before income taxes		**3,652**	**3,726**
Income taxes	11	-833	-903
Net income		**2,819**	**2,823**
Noncontrolling interests	12	1,001	1,116
Net income attributable to shareholders of Fresenius SE & Co. KGaA		**1,818**	**1,707**
Earnings per share in €	14	**3.26**	**3.06**
Fully diluted earnings per share in €	14	3.26	3.06

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Note	2021	2020
Net income		**2,819**	**2,823**
Other comprehensive income (loss)			
Positions which will be reclassified into net income in subsequent years			
Foreign currency translation	29, 32	1,475	-2,075
Cash flow hedges	29, 32	-6	5
FVOCI debt instruments		-10	30
Income taxes on positions which will be reclassified	29	8	-11
Positions which will not be reclassified into net income in subsequent years			
Actuarial gains (losses) on defined benefit pension plans	26, 29	-15	28
Equity method investees - share of OCI		-23	58
FVOCI equity investments	32	-28	4
Income taxes on positions which will not be reclassified	29	16	-8
Other comprehensive income (loss), net		**1,417**	**-1,969**
Total comprehensive income		**4,236**	**854**
Comprehensive income attributable to noncontrolling interests		**1,718**	**92**
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA		**2,518**	**762**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

as of December 31, € in millions	Note	2021	2020
Cash and cash equivalents	15	2,764	1,837
Trade accounts and other receivables, less allowances for expected credit losses	16	7,045	6,937
Accounts receivable from and loans to related parties		147	110
Inventories	17	4,218	3,945
Other current assets	18	3,287	2,943
I. Total current assets		**17,461**	**15,772**
Property, plant and equipment	19	12,569	11,912
Right-of-use assets	31	6,014	5,691
Goodwill	20	28,943	26,599
Other intangible assets	20	3,831	3,736
Other non-current assets	18	2,286	2,124
Deferred taxes	11	858	812
II. Total non-current assets		**54,501**	**50,874**
Total assets		**71,962**	**66,646**

LIABILITIES AND SHAREHOLDERS' EQUITY

as of December 31, € in millions	Note	2021	2020
Trade accounts payable		2,039	1,816
Short-term accounts payable to related parties		92	67
Short-term provisions and other short-term liabilities	21, 22	7,915	7,330
Short-term debt	23	2,841	245
Short-term debt from related parties		8	5
Current portion of long-term debt	23	473	1,132
Current portion of lease liabilities	31	832	766
Current portion of bonds	24	618	1,522
Short-term liabilities for income taxes		244	230
A. Total short-term liabilities		**15,062**	**13,113**
Long-term debt, less current portion	23	2,127	4,022
Lease liabilities, less current portion	31	5,758	5,422
Bonds, less current portion	24	14,016	12,325
Convertible bonds	25	482	474
Long-term provisions and other long-term liabilities	21, 22	1,788	2,021
Pension liabilities	26	1,675	1,582
Long-term liabilities for income taxes		251	274
Deferred taxes	11	1,515	1,390
B. Total long-term liabilities		**27,612**	**27,510**
I. Total liabilities		**42,674**	**40,623**
A. Noncontrolling interests	27	**10,290**	**9,074**
Subscribed capital	28	558	557
Capital reserve	28	4,026	3,992
Other reserves	28	14,860	13,535
Accumulated other comprehensive loss	29	-446	-1,135
B. Total Fresenius SE & Co. KGaA shareholders' equity		**18,998**	**16,949**
II. Total shareholders' equity		**29,288**	**26,023**
Total liabilities and shareholders' equity		**71,962**	**66,646**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions	Note	2021	2020
Operating activities			
Net income		2,819	2,823
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities			
Depreciation and amortization	18, 19, 20, 31	2,667	2,715
Change in deferred taxes	11	84	43
Loss/Gain on sale of fixed assets and of investments and divestitures	2	42	-60
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of			
Trade accounts and other receivables	16	87	-26
Inventories	17	-105	-527
Other current and non-current assets	18	-320	-252
Accounts receivable from/payable to related parties		-10	13
Trade accounts payable, provisions and other short-term and long-term liabilities	21, 22	-154	1,819
Liabilities for income taxes		-32	1
Net cash provided by operating activities		**5,078**	**6,549**
Investing activities			
Purchases of property, plant and equipment and capitalized development costs	19	-2,047	-2,406
Proceeds from sales of property, plant and equipment		30	40
Acquisitions and investments and purchases of intangible assets	2, 34	-999	-720
Proceeds from sale of investments and divestitures	2	199	75
Net cash used in investing activities		**-2,817**	**-3,011**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions	Note	**2021**	2020
Financing activities			
Proceeds from short-term debt	23	3,279	282
Repayments of short-term debt	23	-688	-2,529
Proceeds from long-term debt	23	458	61
Repayments of long-term debt	23	-3,028	-1,438
Repayments of lease liabilities	31	-880	-937
Proceeds from the issuance of bonds	24	2,714	4,577
Repayments of liabilities from bonds	24	-2,253	-937
Repayments of convertible bonds	25	–	-400
Payments for the share buy-back program of Fresenius Medical Care	28	–	-366
Payments for the Accounts Receivable Facility of Fresenius Medical Care	23	–	-374
Proceeds from the exercise of stock options	36	38	18
Dividends paid		-1,068	-1,060
Change in noncontrolling interests, net	27	-24	-14
Net cash used in financing activities		**-1,452**	**-3,117**
Effect of exchange rate changes on cash and cash equivalents		**118**	**-238**
Net increase in cash and cash equivalents		**927**	**183**
Cash and cash equivalents at the beginning of the reporting period	15	**1,837**	**1,654**
Cash and cash equivalents at the end of the reporting period	15	**2,764**	**1,837**

ADDITIONAL INFORMATION ON PAYMENTS
THAT ARE INCLUDED IN NET CASH PROVIDED BY OPERATING ACTIVITIES

January 1 to December 31, € in millions	Note	**2021**	2020
Received interest		94	66
Paid interest		-517	-627
Income taxes paid		-750	-765

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Subscribed Capital			Reserves	
	Note	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2019		**557,380**	**557,380**	**557**	**3,989**	**12,422**
Proceeds from the exercise of stock options	36	161	161	0	9	
Compensation expense related to stock options	36				-6	
Dividends paid	28					-468
Purchase of noncontrolling interests	27					
Share buy-back program of Fresenius Medical Care AG & Co. KGaA						-118
Put option liabilities	22, 32					-8
Comprehensive income (loss)						
Net income						1,707
Other comprehensive income (loss)						
Cash flow hedges	29, 32					
Change of FVOCI equity investments	29, 32					
Foreign currency translation	29, 32					
Actuarial gains on defined benefit pension plans	26, 29					
Fair value changes						
Comprehensive income (loss)						1,707
As of December 31, 2020		**557,541**	**557,541**	**557**	**3,992**	**13,535**
Proceeds from the exercise of stock options	36	961	961	1	33	
Compensation expense related to stock options	36				1	
Dividends paid	28					-491
Purchase of noncontrolling interests	27					
Put option liabilities	22, 32					-13
Transfer of cumulative gains/losses of equity investments						11
Comprehensive income (loss)						
Net income						1,818
Other comprehensive income (loss)						
Cash flow hedges	29, 32					
Change of FVOCI equity investments	29, 32					
Foreign currency translation	29, 32					
Actuarial gains/losses on defined benefit pension plans	26, 29					
Fair value changes						
Comprehensive income (loss)						1,818
As of December 31, 2021		**558,502**	**558,502**	**558**	**4,026**	**14,860**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Accumulated other comprehensive income (loss)							
	Foreign currency translation € in millions	Cash flow hedges € in millions	Pensions € in millions	Equity investments € in millions	Fair value changes € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interests € in millions	Total shareholders' equity € in millions
As of December 31, 2019	**294**	**-65**	**-429**	**10**	**–**	**16,778**	**9,802**	**26,580**
Proceeds from the exercise of stock options						9	9	18
Compensation expense related to stock options						-6	0	-6
Dividends paid						-468	-592	-1,060
Purchase of noncontrolling interests						–	28	28
Share buy-back program of Fresenius Medical Care AG & Co. KGaA						-118	-248	-366
Put option liabilities						-8	-17	-25
Comprehensive income (loss)								
Net income						1,707	1,116	2,823
Other comprehensive income (loss)								
Cash flow hedges		3				3	1	4
Change of FVOCI equity investments				-1		-1	4	3
Foreign currency translation	-998		5			-993	-1,087	-2,080
Actuarial gains on defined benefit pension plans			19			19	2	21
Fair value changes					27	27	56	83
Comprehensive income (loss)	-998	3	24	-1	27	762	92	854
As of December 31, 2020	**-704**	**-62**	**-405**	**9**	**27**	**16,949**	**9,074**	**26,023**
Proceeds from the exercise of stock options						34	4	38
Compensation expense related to stock options						1	–	1
Dividends paid						-491	-577	-1,068
Purchase of noncontrolling interests						–	98	98
Put option liabilities						-13	-27	-40
Transfer of cumulative gains/losses of equity investments				-11		–	–	–
Comprehensive income (loss)								
Net income						1,818	1,001	2,819
Other comprehensive income (loss)								
Cash flow hedges		-4				-4	0	-4
Change of FVOCI equity investments				-40		-40	20	-20
Foreign currency translation	758	0	-7	0	1	752	727	1,479
Actuarial gains/losses on defined benefit pension plans			1			1	-8	-7
Fair value changes					-9	-9	-22	-31
Comprehensive income (loss)	758	-4	-6	-40	-8	2,518	1,718	4,236
As of December 31, 2021	**54**	**-66**	**-411**	**-42**	**19**	**18,998**	**10,290**	**29,288**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING

BY BUSINESS SEGMENT	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate			Fresenius Group		
€ in millions	**2021** [1]	2020 [2]	Growth	**2021** [3]	2020 [4]	Growth	**2021** [5]	2020	Growth	**2021** [5]	2020	Growth	**2021** [6]	2020 [7]	Growth	**2021**	2020	Growth
Sales	17,619	17,859	-1%	7,193	6,976	3%	10,891	9,818	11%	2,297	2,068	11%	-480	-444	-8%	37,520	36,277	3%
thereof contribution to consolidated sales	17,570	17,819	-1%	7,126	6,916	3%	10,862	9,798	11%	1,960	1,742	13%	2	2	0%	37,520	36,277	3%
thereof intercompany sales	49	40	23%	67	60	12%	29	20	45%	337	326	3%	-482	-446	-8%	–	–	
contribution to consolidated sales	47%	49%		19%	19%		29%	27%		5%	5%		0%	0%		100%	100%	
EBITDA	3,501	4,090	-14%	1,601	1,490	7%	1,600	1,470	9%	191	113	69%	-68	-63	-8%	6,825	7,100	-4%
Depreciation and amortization	1,586	1,591	0%	448	395	13%	473	445	6%	90	84	7%	70	200	-65%	2,667	2,715	-2%
EBIT	1,915	2,499	-23%	1,153	1,095	5%	1,127	1,025	10%	101	29	--	-138	-263	48%	4,158	4,385	-5%
Net interest	-280	-368	24%	-58	-82	29%	-184	-180	-2%	-10	-20	50%	26	-9	--	-506	-659	23%
Income taxes	-367	-501	27%	-259	-239	-8%	-199	-171	-16%	-20	-4	--	12	12	0%	-833	-903	8%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	1,018	1,359	-25%	778	730	7%	728	666	9%	67	2	--	-773	-1,050	26%	1,818	1,707	7%
Operating cash flow	2,489	4,233	-41%	1,203	1,143	5%	1,204	1,149	5%	151	78	94%	31	-54	157%	5,078	6,549	-22%
Cash flow before acquisitions and dividends	1,660	3,197	-48%	659	450	46%	637	609	5%	72	2	--	33	-75	144%	3,061	4,183	-27%
Total assets	34,367	31,689	8%	14,698	13,591	8%	20,891	19,241	9%	2,795	2,716	3%	-789	-591	-34%	71,962	66,646	8%
Debt	13,320	12,380	8%	4,159	4,181	-1%	8,059	7,472	8%	721	686	5%	896	1,194	-25%	27,155	25,913	5%
Other operating liabilities	6,199	6,192	0%	3,250	3,225	1%	3,176	2,585	23%	994	933	7%	385	385	0%	14,004	13,320	5%
Capital expenditure, gross	854	1,052	-19%	532	687	-23%	568	541	5%	80	95	-16%	-2	23	-109%	2,032	2,398	-15%
Acquisitions, gross/investments	628	407	55%	1	31	-97%	453	459	-1%	1	6	-83%	2	-1	--	1,085	902	20%
Research and development expenses	221	194	14%	595	553	8%	3	2	50%	–	–		-14	2	--	805	751	7%
Employees (per capita on balance sheet date)	130,251	133,129	-2%	41,397	40,519	2%	123,484	116,952	6%	19,721	19,414	2%	1,225	1,255	-2%	316,078	311,269	2%
Key figures																		
EBITDA margin	19.9%	22.9%		22.3%	21.4%		14.7%	15.0%		8.3%	5.5%					18.3%[3]	19.7%[4]	
EBIT margin	10.9%	14.0%		16.0%	15.7%		10.3%	10.4%		4.4%	1.4%					11.3%[3]	12.7%[8]	
Depreciation and amortization in % of sales	9.0%	8.9%		6.2%	5.7%		4.3%	4.5%		3.9%	4.1%					7.1%	7.5%	
Operating cash flow in % of sales	14.1%	23.7%		16.7%	16.4%		11.1%	11.7%		6.6%	3.8%					13.5%	18.1%	
ROOA	6.2%	8.2%		9.4%	9.2%		5.9%	5.7%		4.3%	1.3%					6.5%[9]	7.3%[10]	

[1] Before costs related to FME25 program
[2] Before impairment of goodwill at FMC Latin America
[3] Before expenses associated with the Fresenius cost and efficiency program and revaluations of biosimilars contingent purchase price liabilities
[4] Before revaluations of biosimilars contingent purchase price liabilities
[5] Before expenses associated with the Fresenius cost and efficiency program
[6] After expenses associated with the Fresenius cost and efficiency program and revaluations of biosimilars contingent purchase price liabilities
[7] After revaluations of biosimilars contingent purchase price liabilities and impairment of goodwill at FMC Latin America
[8] Before revaluations of biosimilars contingent purchase price liabilities and impairment of goodwill at FMC Latin America
[9] The underlying pro forma EBIT does not include expenses associated with the Fresenius cost and efficiency program and revaluations of biosimilars contingent purchase price liabilities.
[10] The underlying pro forma EBIT does not include revaluations of biosimilars contingent purchase price liabilities and impairment of goodwill at FMC Latin America.

The consolidated segment reporting by business segment is an integral part of the notes.

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING

BY REGION

€ in millions	Europe 2021	Europe 2020	Europe Growth	North America 2021	North America 2020	North America Growth	Asia-Pacific 2021	Asia-Pacific 2020	Asia-Pacific Growth
Sales	16,888	15,813	7%	14,363	14,801	-3%	3,938	3,705	6%
contribution to consolidated sales	45%	44%		38%	41%		11%	10%	
EBIT	873	883	-1%	2,198	2,766	-21%	861	758	14%
Depreciation and amortization	1,073	1,003	7%	1,268	1,235	3%	227	196	16%
Total assets	32,346	29,489	10%	31,787	29,771	7%	5,451	5,018	9%
Capital expenditure, gross	1,154	1,253	-8%	635	861	-26%	141	190	-26%
Acquisitions, gross/investments	401	199	102%	652	262	149%	13	28	-54%
Employees (per capita on balance sheet date)	180,122	174,835	3%	76,740	75,837	1%	27,145	27,805	-2%

€ in millions	Latin America 2021	Latin America 2020	Latin America Growth	Africa 2021	Africa 2020	Africa Growth	Fresenius Group 2021	Fresenius Group 2020	Fresenius Group Growth
Sales	1,830	1,566	17%	501	392	28%	37,520	36,277	3%
contribution to consolidated sales	5%	4%		1%	1%		100%	100%	
EBIT	176	-60	--	50	38	32%	4,158	4,385	-5%
Depreciation and amortization	88	270	-67%	11	11	0%	2,667	2,715	-2%
Total assets	2,082	2,056	1%	296	312	-5%	71,962	66,646	8%
Capital expenditure, gross	86	86	0%	16	8	100%	2,032	2,398	-15%
Acquisitions, gross/investments	18	413	-96%	1	–		1,085	902	20%
Employees (per capita on balance sheet date)	30,192	30,871	-2%	1,879	1,921	-2%	316,078	311,269	2%

The consolidated segment reporting by region is an integral part of the notes.

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., Germany, the operating activities are organized amongst the following legally independent business segments in the fiscal year 2021:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

Fresenius Medical Care offers services and products for patients with chronic kidney failure. As of December 31, 2021, Fresenius Medical Care treated 345,425 patients at 4,171 dialysis clinics. Dialyzers and dialysis machines are among the most important product lines. In addition, Fresenius Medical Care offers dialysis-related services.

Fresenius Kabi specializes in products for the therapy and care of critically and chronically ill patients. The portfolio includes intravenously administered generic drugs (IV drugs), biosimilar products with a focus on oncology and autoimmune diseases, clinical nutrition, and infusion therapies. In addition, the company is also a supplier of medical devices and products for transfusion technology.

Fresenius Helios is Europe's leading private hospital operator. Under the holding Helios Health, the company includes Helios Germany, Helios Spain (Quirónsalud) and the Eugin Group. At the end of 2021, Helios Germany operated a total of 90 hospitals, around 130 outpatient clinics, and 6 prevention centers. In Spain, Quirónsalud operated 49 hospitals, 88 outpatient centers, and around 300 occupational risk prevention centers at the end of 2021. In addition, Helios Spain is active in Latin America with 7 hospitals and as a provider of medical diagnostics. The Eugin Group's network comprises 33 clinics and an additional 39 sites across 10 countries on 3 continents. Eugin offers a wide spectrum of state-of-the-art services in the field of fertility treatments.

Fresenius Vamed manages projects and provides services for hospitals as well as other health care facilities worldwide and is a leading post-acute care provider in Central Europe. The portfolio ranges along the entire value chain – from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management. The services are aimed at various areas of health care, ranging from prevention and acute care to rehabilitation and nursing.

Fresenius SE & Co. KGaA owned 32.21% of the subscribed capital of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) at the end of the fiscal year 2021. Fresenius Medical Care Management AG, the general partner of FMC-AG & Co. KGaA, is a wholly owned subsidiary of Fresenius SE & Co. KGaA. Through this structure, Fresenius SE & Co. KGaA has rights that give Fresenius SE & Co. KGaA the ability to direct the relevant activities that significantly affect the earnings of FMC-AG & Co. KGaA. Therefore, FMC-AG & Co. KGaA is fully consolidated in the consolidated financial statements of the Fresenius Group.

Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2021. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in Helios Kliniken GmbH and Helios Healthcare Spain S.L. (Quirónsalud), 100% in Helios Fertility Spain S.L.U. and Helios Healthcare USA, Inc. (Eugin group) as well as a 77% stake in VAMED Aktiengesellschaft. In addition, Fresenius SE & Co. KGaA consolidates companies with corporate holding functions regarding real estate, financing and insurance, as well as in Fresenius Digital Technology GmbH which provides intercompany services in the field of information technology.

The reporting currency and functional currency of the Fresenius Group is the euro. In order to improve the clarity of presentation, amounts are generally presented in million euros. Amounts less than €1 million, after rounding, are marked with "0".

II. BASIS OF PRESENTATION

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union (EU), fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and applying Section 315e of the German Commercial Code (HGB). The consolidated financial statements of Fresenius SE & Co. KGaA at December 31, 2021 have been prepared and are published in accordance with the Standards and interpretations in effect on the reporting date, and endorsed in the EU, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC).

In order to improve the clarity of presentation, various items are aggregated in the consolidated statement of financial position and in the consolidated statement of income. These items are shown separately in the notes to provide useful information to the readers of the consolidated financial statements.

Moreover, the notes include information required by HGB according to Section 315e (1) HGB. The consolidated financial statements include a management report according to Section 315e HGB in conjunction with Section 315 HGB.

The consolidated statement of financial position contains all information required to be disclosed by International Accounting Standard (IAS) 1, Presentation of Financial Statements, and are in accordance with Accounting Interpretation 1 (AIC 1, Balance Sheet Classification according to current/non-current distinction in compliance with IAS 1) classified on the basis of the liquidity of assets and liabilities following the consolidated statement of financial position. The consolidated statement of income is classified using the cost-of-sales accounting format.

The general partner of Fresenius SE & Co. KGaA is Fresenius Management SE. Fresenius Management SE prepares its own consolidated financial statements. The Else Kröner-Fresenius-Stiftung is the sole shareholder of Fresenius Management SE. The shareholder representatives elect in the Annual General Meeting of Fresenius Management SE its Supervisory Board.

At February 21, 2022, the Management Board of Fresenius Management SE authorized the consolidated financial statements for issue and passed it to the Supervisory Board of Fresenius SE & Co. KGaA. The Supervisory Board has to review and approve the consolidated financial statements.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

The consolidated financial statements have been prepared using uniform accounting methods. Acquisitions of companies are accounted for applying the purchase method. Capital consolidation is performed at the date of acquisition. Initially, all identifiable assets and liabilities of subsidiaries as well as the noncontrolling interests are recognized at their fair values. The cost is then compared with the fair value of the net assets acquired. Any remaining balance is recognized as goodwill and is tested at least once a year for impairment.

All intercompany sales, expenses, income, receivables and payables are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other Group entities are also eliminated. Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interests are the portion of equity of Group entities not attributable, directly or indirectly, to Fresenius SE & Co. KGaA and are recognized at fair value at the date of first consolidation. Profits and losses attributable to the noncontrolling interests are separately disclosed in the consolidated statement of income.

The Fresenius Group writes put options on noncontrolling interests, primarily in the segment Fresenius Medical Care for dialysis clinics in which nephrologists or nephrology groups own an equity interest. Generally, put options are valid for an unlimited time and provide for settlement in cash. As far as the Fresenius Group, as option writer of existing put options, can be obliged to purchase noncontrolling interests held by third parties, a put option liability is recorded in long-term provisions and other long-term liabilities as well as short-term provisions and other short-term liabilities at present value of the redemption amount at the date of the consolidated financial statements. The Fresenius Group, in line with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, paragraph 10, applies the present access method. According to the present access method, noncontrolling interests are further recorded in equity. The initial recognition of the put option liability, as well as valuation differences, are recorded in equity with no impact to the consolidated statement of income.

b) Composition of the Group

Besides Fresenius SE & Co. KGaA, the consolidated financial statements include all material subsidiaries according to IFRS 10, over which Fresenius SE & Co. KGaA has control. Fresenius SE & Co. KGaA controls an entity if it has power over the entity. That is, Fresenius SE & Co. KGaA has existing rights that give Fresenius SE & Co. KGaA the current ability to direct the relevant activities, which are the activities that significantly affect the entity's return. In addition, Fresenius SE & Co. KGaA is exposed to, or has rights to, variable returns from the involvement with the entity and Fresenius SE & Co. KGaA has the ability to use its power over the entity to affect the amount of Fresenius SE & Co. KGaA's return.

Generally, entities in which Fresenius SE & Co. KGaA, directly or indirectly, holds more than 20% and less than 50% of the voting rights and can exercise a significant influence over their financial and operating policies are considered associates. There are no investments in equity method investees that are individually material to the Fresenius Group. Fresenius Medical Care's investment in Vifor Fresenius Medical Care Renal Pharma Ltd. makes up a large portion of the equity method investees, however it is not individually material to the Fresenius Group. Associates are accounted for using the equity method. Investments that are not classified as associated companies are recorded at fair value.

Fresenius Vamed participates in project entities which are established for long-term defined periods of time and for the specific purpose of constructing and operating thermal centers. These project entities are not controlled by Fresenius Vamed and therefore are not consolidated. The project entities generated approximately €113 million in sales in 2021 (2020: €85 million). The project entities finance themselves mainly through debt, profit participation rights and investment grants. Assets and liabilities relating to the project entities are not material. Fresenius Vamed made no payments to the project entities other than contractually stipulated. From today's perspective and due to the contractual situation, Fresenius Vamed is not exposed to any material risk of loss from these project entities.

The consolidated financial statements of 2021 included, in addition to Fresenius SE & Co. KGaA, 3,159 (2020: 2,856) consolidated companies and 84 (2020: 71) companies were accounted for under the equity method. In 2021, there were no material changes in the scope of consolidated entities, except for those mentioned in note 2, Acquisitions, divestitures and investments.

The complete list of the investments of Fresenius SE & Co. KGaA, registered office in 61352 Bad Homburg v. d. H., Else-Kröner-Straße 1, Germany, registered in the Commercial Register of the local court in Bad Homburg v. d. H. under B11852, will be submitted to the Federal Gazette and the companies register as well as published on the website of Fresenius SE & Co. KGaA (www.fresenius.com/financial-reports-and-presentations).

For the fiscal year 2021, the following consolidated German subsidiaries of the Fresenius Group will apply the exemption provided in Sections 264 (3) and 264b, respectively, of the German Commercial Code (HGB):

Name of the company	Registered office
Corporate	
Fresenius Digital Technology GmbH	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG	Bad Homburg v. d. H.
Fresenius ProServe GmbH	Bad Homburg v. d. H.
FPS Immobilien Verwaltungs GmbH & Co. Reichenbach KG	Bad Homburg v. d. H.
ProServe Krankenhaus Beteiligungsgesellschaft mbH & Co. KG	München
Fresenius Kabi	
Fresenius HemoCare GmbH	Bad Homburg v. d. H.
Fresenius HemoCare Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Kabi AG	Bad Homburg v. d. H.
Fresenius Kabi Deutschland GmbH	Bad Homburg v. d. H.
Fresenius Kabi Logistik GmbH	Friedberg
MC Medizintechnik GmbH	Alzenau
medi1one medical gmbh	Waiblingen

Name of the company	Registered office
Fresenius Helios	
Gesundheitsmanagement Elbe-Fläming GmbH	Burg
Helios Agnes-Karll Krankenhaus GmbH	Bad Schwartau
Helios Aukamm-Klinik Wiesbaden GmbH	Wiesbaden
Helios Bördeklinik GmbH	Oschersleben
Helios Fachklinik Schleswig GmbH	Schleswig
Helios Fachklinik Vogelsang-Gommern GmbH	Gommern
Helios Fachkliniken Hildburghausen GmbH	Hildburghausen
Helios Frankenwaldklinik Kronach GmbH	Kronach
Helios Hanseklinikum Stralsund GmbH	Stralsund
Helios Health GmbH	Berlin
Helios Klinik Blankenhain GmbH	Blankenhain
Helios Klinik Bleicherode GmbH	Bleicherode
Helios Klinik für Herzchirurgie Karlsruhe GmbH	Karlsruhe
Helios Klinik Herzberg/Osterode GmbH	Herzberg am Harz
Helios Klinik Jerichower Land GmbH	Burg
Helios Klinik Leezen GmbH	Leezen
Helios Klinik Leisnig GmbH	Leisnig
Helios Klinik Lengerich GmbH	Lengerich
Helios Klinik Köthen GmbH	Köthen (Anhalt)
Helios Klinik Rottweil GmbH	Rottweil
Helios Klinik Schkeuditz GmbH	Schkeuditz
Helios Klinik Schleswig GmbH	Schleswig
Helios Klinik Volkach GmbH	Volkach
Helios Klinik Wipperfürth GmbH	Wipperfürth
Helios Klinik Zerbst/Anhalt GmbH	Zerbst
Helios Kliniken GmbH	Berlin
Helios Kliniken Breisgau Hochschwarzwald GmbH	Müllheim

Name of the company	Registered office
Fresenius Helios	
Helios Kliniken Mansfeld-Südharz GmbH	Sangerhausen
Helios Kliniken Mittelweser GmbH	Nienburg/Weser
Helios Kliniken Taunus GmbH	Bad Schwalbach
Helios Klinikum Aue GmbH	Aue
Helios Klinikum Bad Saarow GmbH	Bad Saarow
Helios Klinikum Berlin-Buch GmbH	Berlin
Helios Klinikum Erfurt GmbH	Erfurt
Helios Klinikum Gifhorn GmbH	Gifhorn
Helios Klinikum Gotha GmbH	Gotha
Helios Klinikum Hildesheim GmbH	Hildesheim
Helios Klinikum Meiningen GmbH	Meiningen
Helios Klinikum Pirna GmbH	Pirna
Helios Klinikum Schwelm GmbH	Schwelm
Helios Klinikum Siegburg GmbH	Siegburg
Helios Klinikum Uelzen GmbH	Uelzen
Helios Klinikum Wuppertal GmbH	Wuppertal
Helios Park-Klinikum Leipzig GmbH	Leipzig
Helios Privatkliniken GmbH	Bad Homburg v. d. H.
Helios Reinigung GmbH	Berlin
Helios Spital Überlingen GmbH	Überlingen
Helios St. Elisabeth Klinik Oberhausen GmbH	Oberhausen
Helios St. Elisabeth-Krankenhaus Bad Kissingen	Bad Kissingen
Helios St. Marienberg Klinik Helmstedt GmbH	Helmstedt
Helios Versorgungszentren GmbH	Berlin
Helios Vogtland-Klinikum Plauen GmbH	Plauen
Helios Weißeritztal-Kliniken GmbH	Freital
Herzzentrum Leipzig GmbH	Leipzig
Kliniken Miltenberg-Erlenbach GmbH	Erlenbach
Medizinisches Versorgungszentrum am Helios Klinikum Bad Saarow GmbH	Bad Saarow
MVZ Campus Gifhorn GmbH	Gifhorn
Poliklinik am Helios Klinikum Buch GmbH	Berlin

c) Classifications

Comparative information for certain items have been reclassified to conform with current year's presentation.

In the business segment Fresenius Medical Care, in the consolidated statement of income, gain related to divestitures of Care Coordination activities in the amount of €31 million for the year ended December 31, 2020, which was previously presented separately, has been included within other operating income.

Furthermore, in the business segment Fresenius Medical Care, in the consolidated statement of financial position as of December 31, 2020, short-term provisions and other short-term liabilities in the amount of €103 million related to the self-insurance program have been reclassified to long-term provisions and other long-term liabilities.

d) Hyperinflationary accounting

Fresenius Group's subsidiaries operating in Argentina and Lebanon apply IAS 29, Financial Reporting in Hyperinflationary Economies, due to inflation in those countries. For the fiscal year 2021, the application of IAS 29 resulted in an effect on net income attributable to shareholders of Fresenius SE & Co. KGaA of -€18 million (2020:-€14 million).

e) Revenue recognition policy

Revenue is recognized in accordance with IFRS 15, Revenue from Contracts with Customers.

Revenues from services and products are billed according to the usual contract arrangements with customers, patients and related third parties. For services performed for patients, the transaction price is estimated based on either Fresenius Group's standard rates, rates determined under reimbursement arrangements or by government regulations. These arrangements are generally with third party payors, such as U.S. Medicare, U.S. Medicaid, German health insurance funds or commercial insurers. Amounts billed are recorded net of contractually agreed upon discounts or rebates to reflect the estimated amounts to be received from these payors. Estimates are determined on the basis of historical experience.

If the collection of the billed amount or a portion of the billed amount for services performed for patients is considered to be uncertain at the time services are performed, the Fresenius Group concludes that the consideration is variable (implicit price concession) and records the difference between the billed amount and the amount estimated to be collectible as a reduction to health care services revenue. Implicit price concessions include such items as amounts due from patients without adequate insurance coverage and patient co-payment and deductible amounts due from patients with health care coverage. The Fresenius Group determines implicit price concessions primarily upon past collection history.

Revenue from services is recognized on the date the service is performed. At this point of time, the payor is obliged to pay for the services performed.

Revenue from product sales is recognized when the customer obtains control of the product, either after possession is transferred or upon installation and provision of the necessary technical instructions or at another point in time that better defines transfer of control.

A portion of revenues is generated from contracts which on the one hand give the customer the right to use dialysis machines and on the other hand provide the customer with disposables and services. In this case, the transaction price is allocated in accordance with IFRS 15, and revenue is recognized separately for the lease and the non-lease components of the contract in accordance with IFRS 16 and IFRS 15, respectively.

Fresenius Vamed has performance obligations from long-term production contracts that are satisfied over time. Revenue is recognized according to progress towards completion. This progress towards completion of the performance obligation is measured based on the costs incurred in relation to expected total costs of fulfilling the contract, contractually defined milestones or performance completed to date whichever better reflects the progress towards completion of the performance obligation.

IFRS 15 does not apply to lease and insurance contracts. Revenue from leasing components and insurance contracts is determined according to IFRS 16 and IFRS 4, respectively.

Revenues are reported net of sales tax.

f) Government grants

The Fresenius Group primarily receives governmental funding for hospitals in Germany to finance buildings and medical equipment. Public sector grants are not recognized until there is reasonable assurance that the respective conditions are met and the grants will be received. Initially, the grant related to assets is recorded as a liability and as soon as the asset is acquired, the grant is offset against the acquisition costs. Grants related to income are recognized in other operating income in the period in which the related costs are incurred. For information regarding COVID-19 related government grants, please see note 13, Impacts of the COVID-19 pandemic.

g) Research and development expenses

Research is the independent and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research results and occurs before the start of the commercial production or use. The research and development phase of pharmaceutical products normally ends with the regulatory approval by the relevant authorities on the market of the particular country. Generally, a new pharmaceutical product is primarily approved in an established market, such as Europe, the United States, China and Japan.

Research expenses are expensed as incurred. Development expenses that meet the criteria for the recognition of an intangible asset are capitalized (see note 1. III. n., Intangible assets with finite useful lives).

h) Impairment

The Fresenius Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets as well as other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the asset's recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use. The fair value less cost of disposal of an asset is estimated as its net realizable value. The value in use is the present value of future cash flows expected to be derived from the relevant asset. If it is not possible to estimate the future cash flows from the individual assets, impairment is tested on the basis of corresponding cash generating units.

Impairment losses, except impairment losses recognized on goodwill, are reversed if there are indications that the reasons for impairment no longer exist and there has been a change in the estimates used to determine the asset's recoverable amount. This reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized before.

Assets held for sale are reported at the lower of their carrying amount and fair value less costs to sell and depreciation is ceased.

i) Capitalized interest

The Fresenius Group includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2021 and 2020, interest of €7 million and €12 million, respectively, based on an average interest rate of 2.40% and 2.57%, respectively, was recognized as a component of the cost of assets.

j) Income taxes

Current taxes are calculated based on the earnings of the fiscal year and in accordance with local tax rules of the respective tax jurisdictions. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on certain consolidation adjustments which affect net income attributable to shareholders of Fresenius SE & Co. KGaA. Deferred tax assets also include claims for tax reductions which arise from the probable expected use of existing tax losses carryforwards. The recognition of deferred tax assets from net operating losses and their utilization is based on the budget planning of the Fresenius Group and implemented tax strategies.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

A change in tax rate for the calculation of deferred tax assets and liabilities is recognized in the period the new laws are enacted or substantively enacted. The effects of the adjustment are generally recognized in the income statement. The effects of the adjustment are recognized in equity, if the temporary differences are related to items directly recognized in equity.

The realizability of the carrying amount of a deferred tax asset is reviewed at each date of the statement of financial position. In assessing the realizability of deferred tax assets, the Management considers to which extent it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax loss carryforwards become deductible. The Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Deferred tax assets are recognized to the extent it is probable that sufficient taxable income will be available for the utilization of parts or of the entire deferred tax asset.

The Fresenius Group recognizes assets and liabilities for uncertain tax treatments to the extent it is probable the tax will be recovered or that the tax will be payable, respectively. In North America and Germany, interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37. All other jurisdictions account for interest and penalties related to income taxes in accordance with local tax rules of the respective tax jurisdiction either under IAS 37 or as income tax expense under IAS 12.

The Fresenius Group is subject to ongoing and future tax audits in the United States, Germany and other jurisdictions. Different interpretations of tax laws, particularly due to the Fresenius Group's international activities, may lead to potential additional tax payments or tax refunds for prior years. To consider income tax liabilities or income tax receivables, Management's estimates are based on experiences with previous tax audits and local tax rules of the respective tax jurisdiction and the interpretation of such. Differences between actual results and Management's estimates or future changes in these estimates may have an impact on future tax payments or tax refunds. Estimates are revised in the period in which there is sufficient evidence to revise the assumptions.

The German Federal Constitutional Court has declared that the interest rate pursuant to Section 233a of the German Tax Code is unconstitutional in its current form. As a result, there is uncertainty over the specific interest rate to be applied for interest on income tax receivables and liabilities in Germany for future periods, starting in 2019. Until new legal regulations are passed, this interest rate can only be determined using best estimates consistent with accounting standards. For best possible harmonization of opportunity and risk, Management has used a conservative approach at the reporting date as part of its discretionary decision, considering all available information and explanations of the judgment. As of December 31, 2021, the chosen interest rate is 0.375% per month.

k) Earnings per share

Basic earnings per share are computed by dividing net income attributable to shareholders of Fresenius SE & Co. KGaA by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on ordinary shares that would have been outstanding during the fiscal year. The equity-settled awards granted under Fresenius' and Fresenius Medical Care's stock option plans can result in a dilutive effect.

l) Inventories

Inventories are comprised of all assets which are held for sale in the ordinary course of business (finished goods), in the process of production for such sale (work in process) or consumed in the production process or in the rendering of services (raw materials and purchased components).

Inventories are measured at the lower of acquisition and manufacturing cost (determined by using the average or first-in, first-out method) or net realizable value. Manufacturing costs are comprised of direct costs, production and material overhead, including depreciation charges.

m) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Repairs and maintenance costs are recognized in profit and loss as incurred. The costs for the replacement of components or the general overhaul of property, plant and equipment are recognized, if it is probable that future economic benefits will flow to the Fresenius Group and these costs can be measured reliably. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years for buildings and improvements (with a weighted average life of 16 years) and 2 to 15 years for machinery and equipment (with a weighted average life of 11 years).

n) Intangible assets with finite useful lives

Intangible assets with finite useful lives, such as patents, product and distribution rights, customer relationships, non-compete agreements, technology as well as licenses to manufacture, distribute and sell pharmaceutical drugs are recognized and reported apart from goodwill and are amortized using the straight-line method over their respective useful lives to their residual values and reviewed for impairment (see note 1. III. h, Impairment). Patient relationships however are not reported as separate intangible assets due to the missing contractual basis but are part of goodwill. The useful lives of patents, product and distribution rights range from 5 to 20 years, the average useful life is 13 years. The useful lives of customer relationships vary from 10 to 30 years, the average useful life is 18 years. Non-compete agreements with finite useful lives have useful lives ranging from 3 to 25 years with an average useful life of 7 years. Technology is amortized over a finite useful live of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over the contractual license period. All other intangible assets are amortized over their individual estimated useful lives between 3 and 15 years.

Losses in value of a lasting nature are recorded as an impairment and are reversed if there are indications that the reasons for impairment no longer exist and there has been a change in the estimates used to determine the asset's recoverable amount. This reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized before.

Development costs are capitalized as manufacturing costs when the recognition criteria are met.

For development costs of dialysis machines manufactured by Fresenius Medical Care, the timing of the recognition as assets is based on the technical utilizability of the machines. The useful lives of capitalized development costs vary from 5 to 20 years, the average useful life is 7 years.

Fresenius Kabi capitalizes development costs as soon as the registration of a new product is very likely. This mainly applies if a product is already approved on an established market. Costs are amortized on a straight-line basis over the expected useful lives. In 2021, reversals of write-downs and impairments were recorded (see note 7, Research and development expenses).

o) Goodwill and other intangible assets with indefinite useful lives

The Fresenius Group identified intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Group. The identified intangible assets with indefinite useful lives such as tradenames acquired in a purchase method business combination are recognized and reported apart from goodwill. They are recorded at fair value at acquisition.

Any excess of the net fair value of identifiable assets and liabilities over cost still existing after reassessing the purchase price allocation subsequent to its finalization is recognized immediately in the consolidated statement of income.

Goodwill and intangible assets with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test).

To perform the annual impairment test of goodwill, the Fresenius Group identified several cash generating units (CGUs) and determined the carrying amount of each CGU by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those CGUs. A CGU is usually defined one level below the segment level based on regions or the nature of the business activity. Four CGUs were identified in the segments Fresenius Medical Care and Fresenius Kabi, respectively (Europe (Fresenius Medical Care: EMEA), Latin America, Asia-Pacific and North America). According to the regional organizational structure, the segment Fresenius Helios consists of two CGUs, Germany and Spain. In addition, an impairment test was performed for the Eugin Group which was acquired in 2021. The segment Fresenius Vamed consists of two

CGUs (Project business and Service business). At least once a year, the Fresenius Group compares the value in use of each CGU to the CGU's carrying amount. The recoverable amount as its value in use of a CGU is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the CGU. In case that the value in use of the CGU is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is at recorded as an impairment of the carrying amount of the CGU goodwill.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Fresenius Group compares the recoverable amounts of the smallest identifiable group of assets that generate largely independent cash inflows with their carrying values. An intangible asset's fair value is determined using a discounted cash flow approach or other methods, if appropriate.

The recoverability of goodwill and other intangible assets with indefinite useful lives recorded in the Group's consolidated statement of financial position was verified. Therefore, in 2021, no impairment losses were recorded. In 2020, the Fresenius Group recorded an impairment of goodwill and tradenames of the CGU Fresenius Medical Care Latin America of €195 million.

p) Leases

A lease is defined as a contract that conveys the right to use an underlying asset for a period of time in exchange for consideration.

The Fresenius Group decided not to apply the guidance within IFRS 16 to leases with a total maximum term of twelve months (short-term leases) and leases for underlying assets of low value. These leases are exempt from balance sheet recognition and lease payments will be recognized as expenses over the lease term.

IFRS 16 is not applied to leases of intangible assets.

Lease liabilities

Lease liabilities are recognized at the present value of the following payments:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments, that are linked to an index or interest rate,
- expected payments under residual value guarantees,
- the exercise price of purchase options, where exercise is reasonably certain,
- lease payments in optional renewal periods, where exercise of extension options is reasonably certain, and
- penalty payments for the termination of a lease, if the lease term reflects the exercise of the respective termination option.

IFRS 16 requires the Fresenius Group to make judgments that affect the valuation of lease liabilities as well as right-of-use assets, including the determination of which contracts are within the scope of IFRS 16, identifying the contract lease term and determining the incremental borrowing rate.

With the "reasonably certain" assessments, the Fresenius Group determines if and which future costs based on extension and/or termination options have to be included in the lease liabilities. During these assessments, the Fresenius Group considers all relevant facts and circumstances that create an economic incentive for the Fresenius Group to exercise, or not to exercise, an option, including any expected changes in facts and circumstances (e.g., contract-, object-, entity- or market-specific factors) from the commencement date until the exercise date of the option. Additionally, the Fresenius Group's historical practice regarding the period over which it has typically used particular types of assets, and its economic reasons for doing so, is also relevant. Unrecognized extension options are shown as potential future cash outflows (see note 31, Leases).

Lease payments are discounted using the implicit interest rate underlying the lease if this rate can be readily determined. Otherwise, the incremental borrowing rate of the lessee is used as the discount rate.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. Furthermore, lease liabilities may be remeasured due to lease modifications or reassessments of the lease.

The incremental borrowing rate is determined when the Fresenius Group initiates a lease contract or changes an existing lease. The interest rate is calculated based on the following components: available interest rate sampling points, group risk margins, shadow rating (credit risk) margins, country risk margins, handling margins and other risk margins.

For lease contracts that include both lease and non-lease components that are not separable from lease components, no allocation is performed. Each lease component and any associated non-lease components are accounted for as a single lease.

Right-of-use assets

Right-of-use asset are stated at cost, which comprises of:

- lease liability amount,
- initial direct costs incurred when entering into the lease,
- (lease) payments before commencement date of the respective lease, and
- an estimate of costs to dismantle and remove the underlying asset,
- less any lease incentives received.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. Where a lease agreement includes a transfer of ownership at the end of the lease term or the exercise of a purchase option is deemed reasonably certain, right-of-use assets are depreciated over the useful life of the underlying asset using the straight-line method. In addition, right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements.

Right-of-use assets from lease contracts are classified in accordance with the Fresenius Group's classification of property plant and equipment:

- Right-of-use assets: land
- Right-of-use assets: buildings and improvements
- Right-of-use assets: machinery and equipment

In addition to the right-of-use asset categories above, advanced payments on right-of-use assets are presented separately. Right-of-use assets from lease contracts and lease liabilities are presented separately from property, plant and equipment and other financial debt in the consolidated statement of financial position.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases and sales of financial assets are accounted for on the trading day. Furthermore, the Fresenius Group does not make use of the fair value option, which allows financial liabilities to be classified at fair value through profit or loss upon initial recognition. The Fresenius Group elects to represent changes in the fair value of selected equity investments that are not held for trading in other comprehensive income (loss).

Financial instruments are allocated to categories following the analysis of the business model and cash flow characteristics as required by IFRS 9, Financial Instruments. The following categories are relevant for the Fresenius Group: financial assets and liabilities measured at amortized cost, financial assets and liabilities measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive income (loss). The reconciliation of the categories to the positions in the consolidated statement of financial position is shown in tabular form in note 32, Financial instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term investments with maturities of up to three months. Short-term investments are highly liquid and readily convertible into known amounts of cash. The risk of changes in value is insignificant.

Trade accounts and other receivables
Trade accounts and other receivables are stated at their nominal value less lifetime expected credit losses.

Impairments
According to IFRS 9, impairments are recognized on the basis of expected credit losses (expected credit loss model). The Fresenius Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables as well as for investments in debt instruments measured at fair value through other comprehensive income.

The Fresenius Group recognizes loss allowances for expected credit losses (allowance for doubtful accounts) mainly for trade accounts receivable and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instrument.

For trade accounts receivable, the Fresenius Group uses the simplified method which requires recognizing lifetime expected credit losses.

Expected credit losses on cash and cash equivalents are measured according to the general method based on IFRS 9. A significant increase in credit risk will be assessed based on available qualitative as well as quantitative information. Based on external credit ratings of the counterparties, the Fresenius Group considers that its cash and cash equivalents have a low credit risk.

The Fresenius Group does not expect any material credit losses from financial instruments that are measured according to the general approach.

The allowances are estimates comprised of customer and financial asset specific evaluations regarding payment history, current financial stability, and applicable future economic conditions.

Financial assets whose expected credit loss is not assessed individually are allocated to geographical regions. The impairment is generally assessed on the basis of regional macroeconomic indicators such as credit default swaps or scoring models.

Due to the number of transactions and geographical regions that the Fresenius Group operates in, the Fresenius Group's policy of determining when an individual expected credit loss is required considers the appropriate individual local facts and circumstances that apply to an account. While payment and collection practices vary significantly between countries and even agencies within one country, government payors usually represent low to moderate credit risks. It is the Fresenius Group's policy to determine when receivables should be classified as bad debt on a local basis taking into account local payment practices and local collection experience.

In case of objective evidence of a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to be credit impaired. This is generally the case after more than 360 days overdue, at the latest.

When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

For further information regarding impairments, please see note 1. IV. c, Critical accounting policies.

Put option liabilities
The Fresenius Group, as option writer of existing put options, can be obligated to purchase noncontrolling interests held by third parties. Put option liabilities are recognized at the present value of the exercise price of the option, to the extent the terms triggering exercise are considered genuine. If these put options were exercised, the Fresenius Group would be required to purchase all or part of the third-party owners' noncontrolling interests at the appraised fair value at the time of exercise.

The methodology the Fresenius Group uses to estimate the fair values of the put option liabilities assumes the greater of net book value or a multiple of earnings, based on historical earnings, the development stage of the underlying business and other factors. From time to time the Fresenius Group engages external valuation firms for the valuation of the put options. The external valuation estimates the fair values using a combination of discounted cash flows and a multiple of earnings and/or revenue. When applicable, the obligations are discounted at a pre-tax discount rate which reflects the interest effects and current market assessments of the time value of money and the specific risk of the liability. The estimated fair values of the put options can also fluctuate and the discounted cash flows as well as the implicit multiple of earnings and/or revenue at which these obligations may ultimately be settled could vary significantly from Fresenius Group's current estimates depending on market conditions.

Derivative financial instruments

Derivative financial instruments, which primarily include foreign currency forward contracts and interest rate swaps, are recognized at fair value as assets or liabilities in the consolidated statement of financial position. The effective portion of changes in fair value of cash flow hedges is recognized in accumulated other comprehensive income (loss) in shareholders' equity until the secured underlying transaction is realized (see note 32, Financial instruments). Based on the spot rate changes of hedged items and hedging instruments, the ineffective portion of cash flow hedges is recognized in current earnings. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in earnings.

Derivatives embedded in host contracts with a financial liability as host contract are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

r) Liabilities

At the date of the statement of financial position, liabilities are generally stated at amortized cost, with the exception of contingent considerations resulting from a business combination, put option liabilities as well as derivative financial liabilities.

s) Legal contingencies

In the ordinary course of Fresenius Group's operations, the Fresenius Group is party to litigation and arbitration and is subject to investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that accrual of a loss is appropriate.

t) Provisions

Accruals for other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the amount can be reliably estimated.

Provisions for warranties and complaints are estimated based on historical experience.

Non-current provisions with a remaining period of more than one year are discounted to the present value of the expenditures expected to settle the obligation.

u) Pension liabilities and similar obligations

Pension obligations for post-employment benefits are measured in accordance with IAS 19 (revised 2011), Employee Benefits, using the projected unit credit method, taking into account future salary and trends for pension increase.

The Fresenius Group uses December 31 as the measurement date when measuring the deficit or surplus of all plans.

Net interest costs are calculated by multiplying the pension liability at the beginning of the year with the discount rate utilized in determining the benefit obligation. The pension liability results from the benefit obligation less the fair value of plan assets.

Remeasurements include actuarial gains and losses resulting from the evaluation of the defined benefit obligation as well as from the difference between actual return on plan assets and the expected return on plan assets at the beginning of the year used to calculate the net interest costs. In the event of a surplus for a defined benefit pension plan, remeasurements can also contain the effect from Asset Ceiling, as far as this effect is not included in net interest costs.

Remeasurements are recognized in accumulated other comprehensive income (loss) completely. It is not allowed to reclassify the remeasurements in subsequent periods. Components of net periodic benefit cost are recognized in profit and loss of the period.

v) Debt issuance costs

Debt issuance costs related to a recognized debt liability are presented in the consolidated statement of financial position as a direct deduction from the carrying amount of that debt liability. Debt issuance costs related to undrawn credit facilities are presented in other assets. These costs are amortized over the term of the related obligation or credit facility.

w) Share-based compensation plans

The Fresenius Group measures its share-based compensation plans in accordance with IFRS 2, Share-based Payments.

The total cost of stock options granted to members of the Management Board and executive employees of the Fresenius Group at the grant date were measured using an option pricing model and are recognized as expense over the vesting period of the stock option plans.

The measurement date fair value of cash-settled phantom stocks granted to members of the Management Board and executive employees of the Fresenius Group (except for Fresenius Medical Care) and of cash-settled performance shares granted to members of the Management Board and executive employees of the Fresenius Group is calculated using the Monte Carlo simulation. The corresponding liability based on the measurement date fair value is accrued over the vesting period of the phantom stock and performance share plans.

The measurement date fair value of cash-settled phantom stocks granted to members of the Management Board and executive employees of Fresenius Medical Care is calculated using a binomial model. The corresponding liability based on the measurement date fair value is accrued over the vesting period of the phantom stock plans.

x) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability, worker's compensation claims and medical malpractice claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA), located in the United States, is partially self-insured for professional liability claims. For all other coverage, FMC-AG & Co. KGaA assumes responsibility for incurred claims up to predetermined amounts, above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

y) Foreign currency translation

The reporting and functional currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries that use a functional currency other than the euro are translated at year-end exchange rates, while income and expense are translated at annual average exchange rates of the fiscal year. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss). In addition, the translation adjustments of certain intercompany borrowings, which are of a long-term nature, are also reported in accumulated other comprehensive income (loss). Gains and losses arising from the translation of foreign currency positions as well as those arising from the elimination of foreign currency intercompany loans are recorded as other operating income or expenses, as far as they are not considered foreign equity instruments. In the fiscal year 2021, only immaterial losses resulted out of this translation.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate		Average exchange rate	
	December 31, 2021	December 31, 2020	**2021**	2020
U.S. dollar per €	1.133	1.227	1.183	1.142
Chinese renminbi per €	7.195	8.023	7.628	7.875
Argentinean peso per €	116.780	102.900	112.522	81.042
Australian dollar per €	1.562	1.590	1.575	1.655
Brazilian real per €	6.310	6.374	6.378	5.894
Japanese yen per €	130.380	126.490	129.877	121.846
Korean won per €	1,346.380	1,336.000	1,354.057	1,345.577
Pound sterling per €	0.840	0.899	0.860	0.890
Russian ruble per €	85.300	91.467	87.153	82.725
Swedish krona per €	10.250	10.034	10.146	10.485

z) Fair value hierarchy

The three-tier fair value hierarchy as defined in IFRS 13, Fair Value Measurement, classifies financial assets and liabilities recognized at fair value based on the inputs used in estimating the fair value. Level 1 is defined as observable inputs, such as quoted prices in active markets. Level 2 is in application of recognized financial mathematical models defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring the company to develop its own assumptions. The three-tier fair value hierarchy is used in note 32, Financial instruments.

aa) Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Estimates and judgmental assumptions are required in particular for the positions trade accounts receivable, deferred tax assets and pension liabilities as well as put option liabilities, contingent payments outstanding for acquisitions, equity investments and when examining the recoverability of goodwill.

bb) Receivables management

The entities of the Fresenius Group perform ongoing evaluations of the financial situation of their customers and generally do not require a collateral from the customers for the supply of products and provision of services. Approximately 13% and 16% of Fresenius Group's sales were earned and subject to the regulations under governmental health care programs, Medicare and Medicaid, administered by the United States government in 2021 and 2020, respectively.

cc) Recent pronouncements, applied

The Fresenius Group has prepared its consolidated financial statements at and for the year ended December 31, 2021 in conformity with IFRS, as adopted by the EU, that must be applied for fiscal years beginning on January 1, 2021.

For the year ended December 31, 2021, there were no recently implemented accounting pronouncements that had a material effect on the Fresenius Group's consolidated financial statements.

dd) Recent pronouncements, not yet applied

The International Accounting Standards Board (IASB) issued the following new standards relevant for the Fresenius Group and mandatory for fiscal years commencing on or after January 1, 2022:

IAS 1

In January 2020, the IASB issued **Amendments to IAS 1, Classification of Liabilities as Current and Non-current**. The amendments clarify under which circumstances debt and other liabilities with an uncertain settlement date should be classified as current or non-current. Among others, the amendments state that liabilities shall be classified depending on rights that exist at the end of the reporting period and define under which conditions liabilities might be settled by cash, other economic resources or equity. On July 15, 2020, the IASB deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from the amendments. The amendments to IAS 1 are now effective for fiscal years beginning on or after January 1, 2023. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact of the amendments to IAS 1 on the consolidated financial statements.

IFRS 17

In May 2017, the IASB issued **IFRS 17, Insurance Contracts.** In June 2020 and December 2021, further amendments were published. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts, there was a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using current values. The frequent updates to the insurance values are expected to provide more useful information to users of financial statements. On June 25, 2020, the IASB issued amendments to IFRS 17, which among others, defer the effective date to fiscal years beginning on or after January 1, 2023. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers. The Fresenius Group is currently evaluating the impact of IFRS 17 on the consolidated financial statements.

The EU Commission's endorsement of the amendments to IAS 1 is still outstanding.

In the Fresenius Group's view, there are no other IFRS standards or interpretations not yet effective that would be expected to have a material impact on the consolidated financial statements.

ee) Impacts of the climate change on accounting

In 2021, the Fresenius Group analyzed potential sustainability risks in the areas of climate change and water scarcity. In both areas, the Fresenius Group has not identified any significant risks for its business model. Therefore, the Fresenius Group does not currently expect any material impact of sustainability risks on the accounting.

IV. CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of goodwill and other non-amortizable intangible assets with indefinite useful lives represents a considerable part of the total assets of the Fresenius Group. At December 31, 2021 and December 31, 2020, the carrying amount of these was €29,220 million and €26,825 million, respectively. This represented 41% and 40%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount may not be recoverable.

To determine possible impairments of these assets, the recoverable amount as its value in use of the cash generating units (CGUs) is compared to their carrying amount and the fair value less cost of disposal. The value in use of each CGU is determined using estimated future cash flows for the unit discounted by a weighted average cost of capital (WACC) specific to that CGU. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every CGU its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle. Except for the CGUs in Asia-Pacific, the CGUs' average revenue growth for the 10-year planning period is between 3% and 6%. In Asia-Pacific, the average growth is in the mid single-digit range for Fresenius Medical Care and in the upper single-digit range for

Fresenius Kabi. A significant part of goodwill is assigned to the CGUs of Fresenius Medical Care and Fresenius Kabi in North America (carrying amounts of goodwill as of December 31, 2021: €12,224 million and €4,212 million, respectively; December 31, 2020: €10,909 million and €3,918 million, respectively) as well as the CGUs of Fresenius Helios in Germany and Spain (carrying amounts of goodwill as of December 31, 2021: €4,804 million and €3,717 million, respectively; December 31, 2020: €4,576 million and €3,702 million, respectively). A significant part of the operating income is also achieved in these CGUs. For the 10-year planning period, the average growth of the operating income is in the low to mid single-digit range for these CGUs. For the period after 10 years, the growth rates are 1% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi, 1% for Fresenius Helios (Germany), 1.5% for Fresenius Helios (Spain) and 1% for Fresenius Vamed. The growth rates of the main CGUs of Fresenius Medical Care and Fresenius Kabi in North America were 1% and 3%, respectively. The discount factor is determined by the WACC of the respective CGU. Fresenius Medical Care's WACC consisted of a basic rate of 4.57% and the WACC in the business segment Fresenius Kabi consisted of a basic rate of 5.43% for 2021, respectively. This basic rate is then adjusted by a country-specific risk premium and, if appropriate, by a factor to reflect higher risks associated with the cash flows from recent material acquisitions, until they are appropriately integrated, within each CGU. In 2021, WACCs (after tax) for the CGUs of Fresenius Medical Care ranged from 4.58% to 16.25% and WACCs (after tax) for the CGUs of Fresenius Kabi ranged from 5.99% to 7.47%. In the CGU Fresenius Helios (Germany), the WACC (after tax) was 5.43%, country-specific adjustments did not occur. In the CGU Fresenius Helios (Spain), the WACC (after tax) was 6.34%. In the business segment Fresenius Vamed, the WACC (after tax) was 5.60%. The WACCs (after tax) of the main CGUs of Fresenius Medical Care and Fresenius Kabi in North America were 4.58% and 6.02%, respectively.

If the value in use of the CGU is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the CGU goodwill.

In 2021, no impairment was recognized. In 2020, as a result of the annual impairment test of goodwill, the Latin America CGU of Fresenius Medical Care recognized an impairment of goodwill and tradenames of €195 million to reduce the carrying amount of goodwill and tradenames. The impairment was driven by a macro-economic downturn and increasing risk adjustment rates for certain countries in Latin America. An increase of the WACC (after tax) by 0.5 percentage points would not have resulted in the recognition of an impairment loss in 2021. An increase of the WACC (after tax) of the CGU Fresenius Kabi Latin America (carrying amount of goodwill as of December 31, 2021: €121 million) by 4.13 percentage points would have led to the value in use being equal to the carrying amount. An increase of the WACC (after tax) of the CGU Fresenius Medical Care EMEA (carrying amount of goodwill as of December 31, 2021: €1,377 million) by 2.09 percentage points would have led to the value in use being equal to the carrying amount.

A decrease of the EBIT margin per annum of the CGU Fresenius Kabi Latin America by 4.08 percentage points and of the CGU Fresenius Medical Care EMEA by 3.49 percentage points would have led to the value in use being equal to the carrying amount.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and prices and/or higher than expected costs for providing health care services and for procuring and selling health care products or a significant increase of mortality of patients with chronic kidney diseases which may be attributable to COVID-19 could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and/or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

b) Legal contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material adverse effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 30, Commitments and contingencies.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a provision for legal matters, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that a provision for a loss is appropriate.

c) Allowances for expected credit losses

Trade accounts receivable are a significant asset and the allowances for expected credit losses are a significant estimate made by the local Management. Trade accounts receivable were €7,045 million and €6,937 million in 2021 and 2020, respectively, net of allowance. Approximately 48% and 45%, respectively, of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs with 15%, private insurers in the United States with 7% as well as the public health authority of the region of Madrid with 15%, at December 31, 2021. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowances for expected credit losses were €449 million and €401 million as of December 31, 2021 and December 31, 2020, respectively. A valuation allowance is calculated if specific circumstances indicate that amounts will not be collectible. When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate review by the local management, a receivable deemed to be uncollectible is considered a bad debt and written off.

Deterioration in the aging of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for expected credit losses. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

d) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability, worker's compensation claims and medical malpractice claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in the United States, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. III. x, Self-insurance programs.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €1,085 million and €902 million in 2021 and 2020, respectively. In 2021, of this amount, €999 million was paid in cash and €86 million was assumed obligations.

Fresenius Medical Care

In 2021, Fresenius Medical Care spent €628 million on acquisitions, mainly on the purchase of dialysis clinics.

In 2020, Fresenius Medical Care spent €407 million on acquisitions, mainly on the purchase of dialysis clinics.

Fresenius Kabi

In 2021, Fresenius Kabi spent €1 million on acquisitions, mainly for already planned acquisition related milestone payments relating to the acquisition of the biosimilars business.

In 2020, Fresenius Kabi spent €31 million on acquisitions, mainly for already planned acquisition related milestone payments relating to the acquisition of the biosimilars business.

Fresenius Helios

In 2021, Fresenius Helios spent €453 million on acquisitions, mainly for the purchase of the Eugin Group. Furthermore, subsequent purchase price payments for the Malteser hospital in Duisburg, Germany, were made and the DRK Kliniken Nordhessen in Kassel, Germany, were acquired. Moreover, Centro Oncológico de Antioquia S.A. and Clínica Clofán S.A. were acquired in Colombia.

Acquisition of the Eugin Group

On April 14, 2021, Fresenius Helios has finalized the complete acquisition of Luarmia S.L., Spain, holding company of all worldwide activities of the Eugin group, and of NMC Eugin US Corporation from NMC Health (together the Eugin Group), one of the leading international fertility groups. The purchase price is based on a valuation of €430 million. It includes acquired noncontrolling interests and debt of approximately €80 million. The noncontrolling interests are held by the respective senior doctors. The Eugin Group has been consolidated as of April 1, 2021.

Eugin Group's network comprised at the time of the acquisition 31 clinics and additional 34 sites across 9 countries on 3 continents. With about 1,300 employees, the company offers a wide spectrum of state-of-the-art services in the field of fertility treatments. With the acquisition of the Eugin Group, Fresenius Helios becomes a leading player in the dynamically growing market for fertility services and establishes a strong basis for further expansion.

The acquisition was financed through available cash and credit facilities. The purchase price was paid in cash.

The transaction was accounted for as a business combination whereby assets and liabilities and noncontrolling interests are recognized at their fair values. The allocation of the purchase price is based upon the best information available to management at present.

Based on a preliminary purchase price allocation, intangible assets in the amount of €41 million and a goodwill of €348 million which is not deductible for tax purposes were recorded for the initial statement of financial position of the Eugin Group. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill. Goodwill mainly represents the market position of the acquired fertility hospitals and employee know-how.

Since January 1, 2022, the Eugin Group forms a new and separate Fresenius Helios business and reporting unit, Helios Fertility, alongside Helios Germany and Helios Spain.

In the year 2021, the Eugin Group has contributed €133 million to sales and €19 million to the operating income (EBIT) of the Fresenius Group since April 1, 2021.

In 2020, Fresenius Helios spent €459 million on acquisitions, mainly for the purchase of Centro Médico Imbanaco S.A. in Colombia. Furthermore, Clínica del Prado S.A. and Clínica de la Mujer S.A.S. were acquired in Colombia. In Germany, hospitals and outpatient clinics of the Malteser humanitarian aid group as well as Digitale Gesundheits Gruppe GmbH were acquired.

Fresenius Vamed

In 2021, Fresenius Vamed spent €1 million on acquisitions.

In 2020, Fresenius Vamed spent €6 million on acquisitions.

IMPACTS ON FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In the fiscal year 2021, all acquisitions have been accounted for applying the purchase method and accordingly have been consolidated starting at the date of acquisition. The excess of the total fair value of consideration paid over the fair value of the net assets acquired was €1,402 million and €844 million in 2021 and 2020, respectively. The measurement period adjustments from the previous year's acquisitions did not have a significant impact on the consolidated financial statements in 2021.

The purchase price allocations are not yet finalized for all acquisitions of the current year. Based on preliminary purchase price allocations, the recognized goodwill was €1,065 million and the other intangible assets were €337 million. Of this goodwill, €444 million is attributable to the acquisitions of Fresenius Medical Care and €621 million to the acquisitions of Fresenius Helios.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on an established stream of future cash flows.

The acquisitions completed in 2021 or included in the consolidated financial statements for the first time for a full year contributed the following amounts to the development of sales and earnings:

€ in millions	2021
Sales	509
EBITDA	65
EBIT	45
Net interest	-10
Net income attributable to shareholders of Fresenius SE & Co. KGaA	18

The acquisitions increased the total assets of the Fresenius Group by €1,121 million.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2021 in the amount of €1,818 million includes special items relating to the Fresenius cost and efficiency program (including the FME25 program) and the revaluation of biosimilars contingent purchase price liabilities.

The special items had the following impact on the consolidated statement of income of 2021:

€ in millions	EBIT	Interest expenses	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2021, before special items	**4,252**	**-504**	**1,867**
Expenses associated with the Fresenius cost and efficiency program (including the FME25 program)	-143	–	-82
Revaluations of biosimilars contingent purchase price liabilities	49	-2	33
Earnings 2021 according to IFRS	**4,158**	**-506**	**1,818**

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2020 in the amount of €1,707 million included special items relating to an impairment of goodwill at Fresenius Medical Care Latin America and the revaluation of biosimilars contingent purchase price liabilities.

The special items had the following impact on the consolidated statement of income of 2020:

€ in millions	EBIT	Interest expenses	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2020, before special items	**4,612**	**-654**	**1,796**
Impairment of goodwill at Fresenius Medical Care Latin America	-195	–	-63
Revaluations of biosimilars contingent purchase price liabilities	-32	-5	-26
Earnings 2020 according to IFRS	**4,385**	**-659**	**1,707**

4. SALES

Sales by activity were as follows:

	2021					
€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate	**Fresenius Group**
Sales from contracts with customers	17,054	7,123	10,850	1,956	2	36,985
thereof sales of services	13,479	59	10,839	1,283	2	25,662
thereof sales of products and related services	3,575	7,052	–	–	–	10,627
thereof sales from long-term production contracts	–	–	–	673	–	673
thereof further sales from contracts with customers	–	12	11	–	–	23
Other sales	516	3	12	4	–	535
Sales	**17,570**	**7,126**	**10,862**	**1,960**	**2**	**37,520**

€ in millions	2020 Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate	**Fresenius Group**
Sales from contracts with customers	17,410	6,913	9,786	1,742	2	35,853
thereof sales of services	13,810	67	9,782	1,160	1	24,820
thereof sales of products and related services	3,600	6,830	–	–	1	10,431
thereof sales from long-term production contracts	–	–	–	582	–	582
thereof further sales from contracts with customers	–	16	4	–	–	20
Other sales	409	3	12	–	–	424
Sales	**17,819**	**6,916**	**9,798**	**1,742**	**2**	**36,277**

Other sales include sales from insurance and lease contracts.

At December 31, 2021, sales recognized that were included in the contract liabilities balance at the beginning of the period were €603 million (2020: €72 million).

As of December 31, 2021 and 2020, respectively, the Fresenius Group had performance obligations that are unsatisfied or partially unsatisfied and that are expected to be satisfied and recorded in sales in the following years.

December 31, 2021, € in millions	2022	2023	2024	2025	2026	thereafter	**Total**
Transaction price of the unsatisfied or partially unsatisfied performance obligations	1,549	1,089	884	1,082	373	450	**5,427**

December 31, 2020, € in millions	2021	2022	2023	2024	2025	thereafter	**Total**
Transaction price of the unsatisfied or partially unsatisfied performance obligations	1,657	1,206	845	779	529	581	**5,597**

A sales analysis by business segment and region is shown in the segment information on pages 285 to 286.

5. COST OF MATERIALS

Cost of materials included in cost of sales was comprised of cost of raw materials, supplies and purchased components and cost of purchased services:

€ in millions	2021	2020
Cost of raw materials, supplies and purchased components	7,629	7,333
Cost of purchased services	1,191	1,461
Cost of materials	**8,820**	**8,794**

The comparative cost of materials figures for 2020 were reduced by €317 million to adjust classifications within cost of sales in the consolidated statement of income. Therefore, this reclassification had no impact on the consolidated statement of income.

6. PERSONNEL EXPENSES

Cost of sales, selling expenses, general and administrative expenses and research and development expenses included personnel expenses of €15,610 million and €15,128 million in 2021 and 2020, respectively.

Personnel expenses were comprised of the following:

€ in millions	2021	2020
Wages and salaries	12,679	12,357
Social security contributions, cost of retirement pensions and social assistance	2,931	2,771
thereof retirement pensions	414	395
Personnel expenses	**15,610**	**15,128**

Fresenius Group's annual average number of employees by function is shown below:

	2021	2020
Production	42,773	42,657
Service	222,809	217,099
Administration	30,831	29,454
Sales and marketing	13,574	12,982
Research and development	3,641	3,514
Total employees (per capita)	**313,628**	**305,706**

7. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €805 million (2020: €751 million) included expenditures for research and non-capitalizable development costs as well as regular depreciation and amortization expenses relating to capitalized development costs of €22 million (2020: €20 million). Furthermore, in 2021, research and development expenses included reversals of write-downs on capitalized development expenses of €5 million and impairments of €26 million (2020: reversals of write-downs on capitalized development expenses of €7 million). The expenses for the further development of the biosimilars business included in the research and development expenses amounted to €148 million (2020: €159 million).

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to €4,394 million (2020: €4,373 million) and were related to expenditures for administrative functions not attributable to research and development, production or selling.

9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses mainly included in 2021 and 2020 foreign exchange gains and losses, income related to the equity method investee named Vifor Fresenius Medical Care Renal Pharma Ltd. and valuations of equity and debt investments that are measured at fair value through profit and loss as well as the release of provisions.

10. NET INTEREST

Net interest of -€506 million (2020: -€659 million) included interest expenses of €630 million (2020: €752 million) and interest income of €124 million (2020: €93 million). The main portion of the interest expenses resulted from Fresenius Group's financial liabilities, which are recognized at amortized cost (see note 32, Financial instruments). Moreover, €188 million related to lease liabilities. The main portion of interest income resulted from trade accounts and other receivables recognized at amortized cost and from interest income related to the release of interest accruals on tax positions.

11. TAXES

INCOME TAXES

Income before income taxes was attributable to the following geographic regions:

€ in millions	2021	2020
Germany	434	420
International	3,218	3,306
Total	**3,652**	**3,726**

Income tax expenses (benefits) for 2021 and 2020 consisted of the following:

€ in millions	Current taxes	Deferred taxes	Income taxes
2021			
Germany	**78**	**19**	**97**
International	**671**	**65**	**736**
Total	**749**	**84**	**833**
2020			
Germany	137	-12	125
International	723	55	778
Total	860	43	903

A reconciliation between the expected and actual income tax expense is shown in the following table. The expected corporate income tax expense is computed by applying the German corporation tax rate (including the solidarity surcharge) and the effective trade tax rate on income before income taxes. The respective combined tax rate was 30.8% for the fiscal years 2021 and 2020.

€ in millions	2021	2020
Computed "expected" income tax expense	1,123	1,146
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	96	114
Tax rate differential	-294	-307
Tax rate changes	3	4
Tax-free income	-50	-60
Taxes for prior years	-17	33
Noncontrolling interests	-65	-70
Other	37	43
Income tax	**833**	**903**
Effective tax rate	**22.8%**	**24.2%**

DEFERRED TAXES

The tax effects of the temporary differences and losses carried forward from prior years that gave rise to deferred tax assets and liabilities at December 31 are presented below:

€ in millions	2021	2020
Deferred tax assets		
Accounts receivable	67	59
Inventories	175	181
Other current assets	108	88
Other non-current assets	162	144
Lease liabilities	1,287	1,199
Provisions and other liabilities	487	467
Benefit obligations	322	300
Losses carried forward from prior years	205	191
Deferred tax assets	**2,813**	**2,629**
Deferred tax liabilities		
Accounts receivable	52	45
Inventories	16	6
Other current assets	228	183
Other non-current assets	1,883	1,741
Right-of-use assets	1,171	1,112
Provisions and other liabilities	120	120
Deferred tax liabilities	**3,470**	**3,207**
Net deferred tax assets/liabilities	**-657**	**-578**

In the consolidated statement of financial position, the net amounts of deferred tax assets and liabilities are included as follows:

€ in millions	2021	2020
Deferred tax assets	858	812
Deferred tax liabilities	1,515	1,390
Net deferred tax assets/liabilities	**-657**	**-578**

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense/benefit. This is due to deferred taxes that are booked directly to equity, the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro and the acquisition and disposal of entities as part of ordinary activities.

As of December 31, 2021, Fresenius Medical Care has not recognized a deferred tax liability on approximately €10 billion (2020: €9 billion) of undistributed earnings of its foreign subsidiaries, because those earnings are considered indefinitely reinvested.

NET OPERATING LOSSES

The expiration of net operating losses as of December 31, 2021 is as follows:

for the fiscal years	€ in millions
2022	26
2023	46
2024	60
2025	64
2026	93
2027	41
2028	74
2029	5
2030	3
2031 and thereafter	59
Total	**471**

The expiration of net operating losses as of December 31, 2020 was as follows:

for the fiscal years	€ in millions
2021	37
2022	38
2023	37
2024	51
2025	61
2026	6
2027	38
2028	6
2029	11
2030 and thereafter	178
Total	**463**

The total remaining operating losses of €1,546 million (2020: €1,127 million) can mainly be carried forward for an unlimited period. The total amount of the existing operating losses as of December 31, 2021 includes an amount of €1,189 million (2020: €1,014 million) that will probably not be realizable. For these operating losses, deferred tax assets were not recognized.

Based upon the level of historical taxable income and projections for future taxable income, the Management of the Fresenius Group believes it is more likely than not that the Fresenius Group will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2021.

12. NONCONTROLLING INTERESTS

As of December 31, noncontrolling interests in net income in the Fresenius Group were as follows:

€ in millions	2021	2020
Noncontrolling interests in Fresenius Medical Care	658	791
Noncontrolling interests in Fresenius Vamed	15	0
Noncontrolling interests in the business segments		
Fresenius Medical Care	250	271
Fresenius Kabi	58	44
Fresenius Helios	16	7
Fresenius Vamed	4	3
Total noncontrolling interests	**1,001**	**1,116**

In the fiscal year 2021, Fresenius Medical Care AG & Co. KGaA paid dividends to noncontrolling interests in the amount of €266 million (2020: €238 million).

13. IMPACTS OF THE COVID-19 PANDEMIC

The financial statements of the Fresenius Group have been impacted by COVID-19, mostly in the form of lost revenue and additional costs incurred to protect its patients and employees, to safeguard its production activities and clinical operations and additional freight and logistic costs. Across the Fresenius global footprint, various governments in regions have provided economic assistance programs to address the consequences of the pandemic on companies and support health care providers and patients. The related reimbursement payments and funding received by Fresenius have been accounted for in accordance with terms and regulations set forth by the local laws and regulations.

In Germany, the hospitals of the Fresenius Group have received reimbursements and grants to compensate for COVID-19 related financial charges. Hospitals have been compensated for their increase in capacity and related patient services through the postponement of elective treatments and provision of additional intensive care beds for the treatment of COVID-19 patients and for higher treatment costs. As these additional reimbursements for hospital services are paid by the partly state funded health care fund, such revenues are recognized in accordance with the Fresenius Group's existing revenue recognition policies for hospital services (IFRS 15, Revenue from Contracts with Customers). In 2021, the German hospitals of the Fresenius Group received total reimbursements and grants of €509 million (2020: €742 million), of which €442 million (2020: €697 million) were recorded in sales and €67 million (2020: €45 million) as grants in other operating income.

In the United States, Fresenius Medical Care North America received government grants under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) from the U.S. government in 2020. During the fourth quarter of 2021, Fresenius Medical Care received an additional US$122 million (€103 million) in new U.S. Department of Health and Human Services funding (Provider Relief Fund Phase 4) available for health care providers affected by the COVID-19 pandemic, of which US$58 million (€49 million) were recognized in cost of sales in the consolidated statement of income used to offset eligible costs in 2021. The remaining amounts of government grants received recorded in deferred income were US$62 million (€55 million) from the Provider Relief Fund Phase 4 at December 31, 2021 and US$22 million (€18 million) from the CARES Act at December 31, 2020. In 2020, the Fresenius Group also recorded a contract liability for advance payments received under the CMS Accelerated and Advance Payment program within short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities. Contract liabilities related to the CMS Accelerated and Advance Payment program were US$443 million (€391 million) and US$1,046 million (€852 million) as of December 31, 2021 and December 31, 2020, respectively.

In addition to the programs above, the Fresenius Group also received grants and other reimbursements under various other programs from multiple governments around the world in the amount of €50 million (2020: €52 million).

All funds received from grants comply with the respective conditions. The Fresenius Group is obliged and committed to fulfilling all the requirements as set out in the grant funding arrangements.

In addition to the aforementioned additional reimbursements and compensated costs incurred in various countries, the Fresenius Group was affected by impacts COVID-19 had on the global economy and financial markets as well as effects related to lockdowns. At the same time the Fresenius Group was affected by lower cost in certain areas, for example for incentive plans and travel.

The Fresenius Group is well positioned to meet its ongoing financial obligations and has sufficient liquidity to support its normal business activities.

14. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	2021	2020
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	1,818	1,707
less effect from dilution due to Fresenius Medical Care shares	0	0
Income available to all ordinary shares	1,818	1,707
Denominators in number of shares		
Weighted average number of ordinary shares outstanding	558,061,878	557,451,759
Potentially dilutive ordinary shares	94,447	292,103
Weighted average number of ordinary shares outstanding assuming dilution	558,156,325	557,743,862
Basic earnings per share in €	**3.26**	**3.06**
Fully diluted earnings per share in €	**3.26**	**3.06**

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents were as follows:

€ in millions	2021	2020
Cash	1,833	1,192
Time deposits and securities (with a maturity of up to 90 days)	931	645
Total cash and cash equivalents	**2,764**	**1,837**

As of December 31, 2021 and December 31, 2020, earmarked funds of €154 million and €121 million, respectively, were included in cash and cash equivalents.

The Fresenius Group operates a multi-currency notional cash pooling management system. In this cash pooling management system amounts in euro and other currencies are offset without being transferred to a specific cash pool account. The system is used for an efficient utilization of funds within the Fresenius Group. The Fresenius Group met the conditions to offset balances within this cash pool for reporting purposes. At December 31, 2021, €117 million (December 31, 2020: €1,006 million) of the cash balances and the equivalent amount of the overdraft balances were offset. These solely related to Fresenius Medical Care (December 31, 2020: €998 million). Before this offset, cash and cash equivalents as of December 31, 2021, were €2,881 million (December 31,2020: €2,843 million) and short-term debt was €2,958 million (December 31, 2020: €1,251 million.

16. TRADE ACCOUNTS AND OTHER RECEIVABLES

As of December 31, trade accounts and other receivables were as follows:

€ in millions	2021	2020
Trade accounts and other receivables	7,494	7,338
less allowances for expected credit losses	449	401
Trade accounts and other receivables, net	**7,045**	**6,937**

Within trade accounts and other receivables (before allowances) as of December 31, 2021, €7,378 million (December 31, 2020: €7,248 million) relate to revenue from contracts with customers as defined by IFRS 15. This amount includes €448 million (December 31, 2020: €400 million) of allowances for expected credit losses. Further trade accounts and other receivables, net, relate to other sales.

When utilized, Fresenius Medical Care assigns interests in certain receivables to institutional investors under its Accounts Receivable Facility. For further information on the utilization of this facility, please see note 23, Debt.

All trade accounts and other receivables are due within one year. Trade accounts and other receivables with a term of more than one year in the amount of €46 million (2020: €38 million) are included in other non-current assets.

The following table shows the development of the allowances for expected credit losses during the fiscal year:

€ in millions	2021	2020
Allowances for expected credit losses at the beginning of the year	**401**	**351**
Change in valuation allowances as recorded in the consolidated statement of income	71	94
Write-offs and recoveries of amounts previously written-off	-24	-23
Foreign currency translation	1	-21
Allowances for expected credit losses at the end of the year	**449**	**401**

Further allowances for expected credit losses are included in other current and non-current assets (see note 18, Other current and non-current assets). As of December 31, 2021, the Fresenius Group had total allowances for expected credit losses of €488 million (2020: €423 million).

The following table shows the credit risk rating grades of trade accounts receivable and their allowances for expected credit losses:

€ in millions	December 31, 2021 Total	thereof overdue[1]	thereof credit impaired[2]	December 31, 2020 Total	thereof overdue[1]	thereof credit impaired[2]
Trade accounts and other receivables	7,494	3,225	691	7,338	3,283	674
less allowances for expected credit losses	449	405	340	401	347	314
Trade accounts and other receivables, net	**7,045**	**2,820**	**351**	**6,937**	**2,936**	**360**

[1] Receivables are classified as overdue from the first day of exceeding the contractually agreed payment term.
[2] In case of objective evidence of a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to be credit impaired. This is generally the case after more than 360 days overdue, at the latest.

17. INVENTORIES

As of December 31, inventories consisted of the following:

€ in millions	2021	2020
Raw materials and purchased components	971	913
Work in process	440	363
Finished goods	2,961	2,796
less reserves	154	127
Inventories, net	**4,218**	**3,945**

In 2021 and in 2020, immaterial reversals of write-downs of inventory were made.

The companies of the Fresenius Group are obliged to purchase approximately €1,352 million of raw materials and purchased components under fixed terms, of which €689 million was committed at December 31, 2021 for 2022. The terms of these agreements run 1 to 10 years.

18. OTHER CURRENT AND NON-CURRENT ASSETS

As of December 31, other current and non-current assets were comprised of the following according to the categorization of the financial instruments:

€ in millions	2021	thereof short-term	2020	thereof short-term
At equity investments	804	–	764	–
Tax receivables	520	496	553	530
Contract assets	487	487	474	474
Advance payments	256	252	356	352
Prepaid expenses	124	85	87	61
Accounts receivable resulting from German hospital law	118	104	82	81
Prepaid rent and insurance	47	47	46	46
Other assets	657	487	594	436
Other non-financial assets, net	**3,013**	**1,958**	**2,956**	**1,980**
Compensation receivable resulting from German hospital law	992	987	516	512
Debt instruments	422	136	401	161
Equity investments	320	–	393	–
Leasing receivables	131	–	109	–
Deposits	120	48	96	39
Long-term loans	118	42	127	51
Receivable for supplier rebates	21	21	91	91
Derivative financial instruments	20	18	18	18
Other assets	416	77	360	91
Other financial assets, net	**2,560**	**1,329**	**2,111**	**963**
Other assets, net	**5,573**	**3,287**	**5,067**	**2,943**
Allowances	39	30	22	18
Other assets, gross	**5,612**	**3,317**	**5,089**	**2,961**

At equity investments mainly related to the equity method investee of Fresenius Medical Care named Vifor Fresenius Medical Care Renal Pharma Ltd. In 2021, income of €93 million (2020: €94 million) resulting from this equity investment was included in other operating income in the consolidated statement of income.

The accounts receivable resulting from German hospital law contain approved but not yet received earmarked subsidies of the Fresenius Helios operations. The approval is evidenced in a letter written by the granting authorities that Fresenius Helios has already received. The compensation receivable resulting from German hospital law mainly relates to income equalization claims for hospital services.

The increase in compensation receivable in 2021 is mainly due to delayed budget negotiations with providers.

Contract assets mainly related to long-term production contracts for which revenue is recognized over time. As of December 31, 2021, they included €1 million (2020: €0.1 million) of allowances for expected credit losses.

19. PROPERTY, PLANT AND EQUIPMENT

As of December 31, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of January 1, 2021	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2021**
Land	879	0	-10	14	25	3	905
Buildings and improvements	8,731	267	19	158	544	104	9,615
Machinery and equipment	10,058	320	25	670	364	418	11,019
Construction in progress	2,125	84	-4	905	-920	18	2,172
Property, plant and equipment	**21,793**	**671**	**30**	**1,747**	**13**	**543**	**23,711**

DEPRECIATION

€ in millions	As of January 1, 2021	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2021**
Land	17	0	–	4	1	1	21
Buildings and improvements	3,735	165	-2	462	20	69	4,311
Machinery and equipment	6,123	186	-1	891	-13	378	6,808
Construction in progress	6	0	–	0	-1	3	2
Property, plant and equipment	**9,881**	**351**	**-3**	**1,357**	**7**	**451**	**11,142**

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of January 1, 2020	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2020**
Land	848	-11	31	16	0	5	879
Buildings and improvements	8,336	-351	163	174	499	90	8,731
Machinery and equipment	9,593	-452	-7	813	384	273	10,058
Construction in progress	1,886	-91	12	1,137	-815	4	2,125
Property, plant and equipment	**20,663**	**-905**	**199**	**2,140**	**68**	**372**	**21,793**

DEPRECIATION

€ in millions	As of January 1, 2020	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2020**
Land	15	0	–	1	1	–	17
Buildings and improvements	3,562	-182	-8	426	-1	62	3,735
Machinery and equipment	5,774	-256	-28	854	15	236	6,123
Construction in progress	5	0	–	1	0	0	6
Property, plant and equipment	**9,356**	**-438**	**-36**	**1,282**	**15**	**298**	**9,881**

CARRYING AMOUNTS

€ in millions	**December 31, 2021**	December 31, 2020
Land	884	862
Buildings and improvements	5,304	4,996
Machinery and equipment	4,211	3,935
Construction in progress	2,170	2,119
Property, plant and equipment	**12,569**	**11,912**

Depreciation and impairments on property, plant and equipment for the years 2021 and 2020 amounted to €1,357 million and €1,282 million, respectively. They are allocated within cost of sales, selling expenses, general and administrative expenses and research and development expenses, depending upon the use of the asset. In 2021, depreciation and impairments on property, plant and equipment included impairment losses of €37 million.

LEASING

Machinery and equipment as of December 31, 2021 and 2020 included medical devices which Fresenius Medical Care and Fresenius Kabi lease to hospitals, patients and physicians under operating leases in an amount of €914 million and €884 million, respectively.

For information on the development of the right-of-use assets, see note 31, Leases.

20. GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, the acquisition cost and accumulated amortization of intangible assets consisted of the following:

ACQUISITION COST

€ in millions	As of January 1, 2021	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	As of December 31, 2021
Goodwill	26,794	1,280	1,052	13	–	1	29,138
Customer relationships	755	10	–	0	–	–	765
Tradenames with finite useful lives	690	2	0	–	1	–	693
Capitalized development costs	937	31	0	41	12	1	1,020
Patents, product and distribution rights	637	46	0	10	2	29	666
Software	1,355	38	6	237	-32	54	1,550
Technology	947	68	–	–	0	–	1,015
Tradenames with indefinite useful lives	224	18	35	–	–	–	277
Non-compete agreements	315	25	6	–	–	2	344
Management contracts	3	0	–	–	–	0	3
Other	377	14	2	41	-17	21	396
Goodwill and other intangible assets	**33,034**	**1,532**	**1,101**	**342**	**-34**	**108**	**35,867**

AMORTIZATION

€ in millions	As of January 1, 2021	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	As of December 31, 2021
Goodwill	195	–	–	–	–	–	195
Customer relationships	203	5	–	39	–	–	247
Tradenames with finite useful lives	168	1	–	41	–	–	210
Capitalized development costs	256	14	–	43	–	1	312
Patents, product and distribution rights	404	28	–	27	0	1	458
Software	625	17	0	160	-63	52	687
Technology	357	25	–	72	1	–	455
Tradenames with indefinite useful lives	–	–	–	1	–	–	1
Non-compete agreements	281	23	0	9	–	2	311
Management contracts	1	0	–	1	–	–	2
Other	209	7	0	21	-1	21	215
Goodwill and other intangible assets	**2,699**	**120**	**0**	**414**	**-63**	**77**	**3,093**

ACQUISITION COST

€ in millions	As of January 1, 2020	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2020**
Goodwill	27,737	-1,491	537	11	–	0	26,794
Customer relationships	765	-10	–	2	-2	–	755
Tradenames with finite useful lives	693	-3	–	–	–	–	690
Capitalized development costs	923	-29	–	65	-21	1	937
Patents, product and distribution rights	745	-52	–	4	3	63	637
Software	1,109	-47	4	238	68	17	1,355
Technology	1,022	-75	0	–	0	–	947
Tradenames with indefinite useful lives	243	-19	0	0	–	–	224
Non-compete agreements	337	-27	7	0	–	2	315
Management contracts	3	0	–	–	0	–	3
Other	491	-21	7	34	-33	101	377
Goodwill and other intangible assets	**34,068**	**-1,774**	**555**	**354**	**15**	**184**	**33,034**

AMORTIZATION

€ in millions	As of January 1, 2020	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2020**
Goodwill	–	–	–	195	–	–	195
Customer relationships	167	-5	–	43	-2	–	203
Tradenames with finite useful lives	129	-2	–	41	–	–	168
Capitalized development costs	258	-15	–	13	0	–	256
Patents, product and distribution rights	470	-31	0	31	1	67	404
Software	528	-21	0	129	0	11	625
Technology	307	-23	–	73	0	–	357
Tradenames with indefinite useful lives	–	–	–	–	–	–	–
Non-compete agreements	296	-24	0	11	0	2	281
Management contracts	–	0	–	1	–	–	1
Other	307	-13	-1	17	0	101	209
Goodwill and other intangible assets	**2,462**	**-134**	**-1**	**554**	**-1**	**181**	**2,699**

CARRYING AMOUNTS

€ in millions	December 31, 2021	December 31, 2020
Goodwill	28,943	26,599
Customer relationships	518	552
Tradenames with finite useful lives	483	522
Capitalized development costs	708	681
Patents, product and distribution rights	208	233
Software	863	730
Technology	560	590
Tradenames with indefinite useful lives	276	224
Non-compete agreements	33	34
Management contracts	1	2
Other	181	168
Goodwill and other intangible assets	**32,774**	**30,335**

Amortization and impairments on intangible assets amounted to €414 million and €554 million for the years 2021 and 2020, respectively. It is allocated within cost of sales, selling expenses, general and administrative expenses and research and development expenses, depending upon the use of the asset. In 2020, amortization and impairments on intangible assets included €195 million related to an impairment of goodwill and tradenames of the cash generating unit (CGU) Fresenius Medical Care Latin America. This was allocated within general and administrative expenses.

The split of intangible assets into amortizable and non-amortizable intangible assets is shown in the following tables:

AMORTIZABLE INTANGIBLE ASSETS

	December 31, 2021			December 31, 2020		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Customer relationships	765	247	518	755	203	552
Tradenames	693	210	483	690	168	522
Capitalized development costs	1,020	312	708	937	256	681
Patents, product and distribution rights	666	458	208	637	404	233
Software	1,550	687	863	1,355	625	730
Technology	1,015	455	560	947	357	590
Non-compete agreements	344	311	33	315	281	34
Other	396	215	181	377	209	168
Total	**6,449**	**2,895**	**3,554**	**6,013**	**2,503**	**3,510**

Fresenius Medical Care capitalized development costs in an amount of €58 million for the fiscal year 2021 (2020: €32 million). Capitalized development costs are amortized on a straight-line basis over a useful life of 7 years. The amortization expense for the fiscal year 2021 amounted to €6 million (2020: €5 million). In the case of Fresenius Kabi, development costs capitalized amounted to €647 million at December 31, 2021 (December 31, 2020: €646 million). The amortization is recorded on a straight-line basis over a useful life of 5 to 20 years and amounted to €15 million for the fiscal year 2021 (2020: €15 million). Furthermore, in 2021, research and development expenses included reversals of write-downs on capitalized development expenses of €5 million and impairments of €26 million (2020: reversals of write-downs on capitalized development expenses of €7 million) (see note 7, Research and development expenses). These are included in the preceding amortization tables in the columns additions.

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	December 31, 2021 Acquisition cost	December 31, 2021 Accumulated amortization	December 31, 2021 Carrying amount	December 31, 2020 Acquisition cost	December 31, 2020 Accumulated amortization	December 31, 2020 Carrying amount
Goodwill	29,138	195	28,943	26,794	195	26,599
Tradenames	277	1	276	224	–	224
Management contracts	3	2	1	3	1	2
Total	**29,418**	**198**	**29,220**	**27,021**	**196**	**26,825**

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate	**Fresenius Group**
Carrying amount as of January 1, 2020	**14,017**	**5,431**	**7,988**	**295**	**6**	**27,737**
Additions	254	–	290	4	–	548
Disposals	–	0	–	0	–	0
Impairment loss	-195	–	–	–	–	-195
Foreign currency translation	-1,117	-373	–	-1	–	-1,491
Carrying amount as of December 31, 2020	**12,959**	**5,058**	**8,278**	**298**	**6**	**26,599**
Additions	444	–	621	0	–	1,065
Disposals	–	-1	0	–	–	-1
Foreign currency translation	958	316	4	2	–	1,280
Carrying amount as of December 31, 2021	**14,361**	**5,373**	**8,903**	**300**	**6**	**28,943**

The increase of goodwill mainly relates to foreign currency translation and acquisitions (see note 2, Acquisitions, divestitures and investments).

As of December 31, 2021, the carrying amounts of the other non-amortizable intangible assets were €226 million (2020: €210 million) for Fresenius Medical Care, €15 million (2020: €16 million) for Fresenius Kabi and €36 million (2020: €0 million) for Fresenius Helios.

21. PROVISIONS

As of December 31, provisions consisted of the following:

€ in millions	2021	2021 thereof short-term	2020	2020 thereof short-term
Self-insurance programs	427	306	371	264
Personnel expenses	384	288	283	165
Warranties and complaints	240	236	246	244
Litigation and other legal risks	72	50	141	123
Interest payable related to income taxes	53	–	73	–
Other provisions	482	269	455	276
Provisions	**1,658**	**1,149**	**1,569**	**1,072**

The following table shows the development of provisions in the fiscal year:

€ in millions	As of January 1, 2021	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Utilized	Reversed	As of December 31, 2021
Self-insurance programs	371	18	–	71	–	-7	-26	427
Personnel expenses	283	8	11	206	0	-102	-22	384
Warranties and complaints	246	1	6	122	–	-120	-15	240
Litigation and other legal risks	141	-1	0	23	0	-55	-36	72
Interest payable related to income taxes	73	0	–	2	–	-1	-21	53
Other provisions	455	2	11	186	0	-124	-48	482
Total	**1,569**	**28**	**28**	**610**	**0**	**-409**	**-168**	**1,658**

Provisions for personnel expenses mainly refer to share-based and other compensation plans, severance payments and jubilee payments.

For details regarding provisions for self-insurance programs, please see note 1. III. x, Self-insurance programs.

For details regarding litigation and other legal risks, please see note 30, Commitments and contingencies.

22. OTHER LIABILITIES

As of December 31, other liabilities consisted of the following according to the categorization of the financial instruments:

€ in millions	2021	2021 thereof short-term	2020	2020 thereof short-term
Personnel liabilities[1]	1,608	1,478	1,571	1,379
Contract liabilities	534	504	962	648
Tax liabilities	335	314	295	276
Accounts payable resulting from German hospital law	179	178	152	152
Deferred income	170	142	116	85
All other liabilities	1,193	975	984	799
Other non-financial liabilities[1]	**4,019**	**3,591**	**4,080**	**3,339**
Invoices outstanding	1,066	1,066	1,011	1,011
Put option liabilities	1,044	685	901	646
Debtors with credit balances	676	676	526	526
Accrued contingent payments outstanding for acquisitions	528	41	581	56
Bonuses and discounts	296	296	277	277
Interest liabilities	145	145	168	168
Compensation payable resulting from German hospital law	133	132	68	68
Legal matters, advisory and audit fees	56	56	46	46
Derivative financial instruments	47	47	88	88
Commissions	31	31	33	33
All other liabilities	4	0	3	0
Other financial liabilities[1]	**4,026**	**3,175**	**3,702**	**2,919**
Other liabilities	**8,045**	**6,766**	**7,782**	**6,258**

[1] €1,377 million were reclassified from other financial liabilities to other non-financial liabilities as of December 31, 2020.

Personnel liabilities mainly include liabilities for wages and salaries and social security liabilities.

Contract liabilities primarily relate to advance payments for Fresenius Medical Care under the CMS Accelerated and Advance Payment program which are recorded as contract liability upon receipt and recognized as revenue when the respective services are provided. Furthermore, contract liabilities relate to advance payments from customers and to sales of dialysis machines. In these cases, revenue is recognized upon installation and provision of the necessary technical instructions whereas a receivable is recognized once the machine is delivered or billed to the customer.

The accounts payable resulting from German hospital law contain earmarked subsidies received but not yet spent appropriately by Fresenius Helios. The amount not yet spent appropriately is classified as liability.

The Fresenius Group, as option writer of existing put options, has potential obligations to purchase noncontrolling interests held by third parties in certain of its consolidated subsidiaries. If these put options were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise.

The accrued contingent payments outstanding for acquisitions include €441 million at December 31, 2021 (2020: €486 million) for the acquisition of the biosimilars business.

23. DEBT

SHORT-TERM DEBT

As of December 31, short-term debt consisted of the following:

€ in millions	Book value 2021	2020
Fresenius SE & Co. KGaA Commercial Paper	1,056	30
Fresenius Medical Care AG & Co. KGaA Commercial Paper	715	20
Other short-term debt	1,070	195
Short-term debt	**2,841**	**245**

Other short-term debt mainly consists of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks. The average interest rates on the borrowings at December 31, 2021 and 2020 were 1.29% and 2.25%, respectively.

LONG-TERM DEBT

As of December 31, long-term debt net of debt issuance costs consisted of the following:

€ in millions	Book value 2021	2020
Fresenius Medical Care Credit Agreement	–	1,162
Fresenius Credit Agreement	–	1,793
Schuldschein Loans	1,757	1,793
Other	843	406
Subtotal	**2,600**	**5,154**
less current portion	473	1,132
Long-term debt, less current portion	**2,127**	**4,022**

Fresenius Medical Care Syndicated Credit Facility

On July 1, 2021, Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) entered into a new syndicated revolving credit facility of €2,000 million with a group of 34 core relationship banks (FMC Syndicated Credit Facility). It has a term of five years plus two one-year extension options and can be drawn in different currencies. In addition, a sustainability component has been embedded in the new credit facility. Based on this structure, the credit facility's margin may rise or fall depending on the company's sustainability performance. The new credit facility replaces the US$900 million and €600 million revolving credit facilities (Fresenius Medical Care Credit Agreement), initially signed in 2012 and amended from time to time. As of December 31, 2021 the FMC Syndicated Credit Facility was undrawn and serves as backup line for the company.

The following table shows the available and outstanding amounts under the Fresenius Medical Care Credit Agreement at December 31, 2020:

	2020			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in US$) 2017/2022	US$900 million	734	**US$0 million**	**–**
Revolving Credit Facility (in €) 2017/2022	€600 million	600	**€0 million**	**–**
Term Loan (in US$) 2017/2022	US$1,110 million	904	**US$1,110 million**	**904**
Term Loan (in €) 2017/2022	€259 million	259	**€259 million**	**259**
Total		**2,497**		**1,163**
less financing cost				**1**
Total				**1,162**

The U.S. dollar denominated loan and the euro denominated loan of the Fresenius Medical Care Credit Agreement were prematurely redeemed at May 20, 2021.

Fresenius Syndicated Credit Facility

On July 1, 2021, Fresenius SE & Co. KGaA entered into a new syndicated revolving credit facility of €2,000 million with a group of 29 core relationship banks (FSE Syndicated Credit Facility). It has a maturity of five years with two one-year extension options and can be drawn in various currencies. Emphasizing Fresenius' commitment to embed sustainability in all aspects of its business, a sustainability component has been included in the credit facility. Correspondingly, the credit facility's margin can be adjusted up or down according to changes in Fresenius' sustainability performance. The new credit facility replaces the €1,100 million and US$500 million revolving credit facilities (Fresenius Credit Agreement), originally entered into in 2012 and amended from time to time. As of December 31, 2021, the FSE Syndicated Credit Facility was undrawn and serves as backup line for the company.

The following table shows the available and outstanding amounts under the Fresenius Credit Agreement at December 31, 2020:

	2020			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in €) 2017/2022	€1,100 million	1,100	**€0 million**	**–**
Revolving Credit Facility (in US$) 2017/2022	US$500 million	407	**US$0 million**	**–**
Term Loan (in €) 2017/2021	€750 million	750	**€750 million**	**750**
Term Loan (in €) 2017/2022	€675 million	675	**€675 million**	**675**
Term Loan (in US$) 2017/2022	US$455 million	371	**US$455 million**	**371**
Total		**3,303**		**1,796**
less financing cost				**3**
Total				**1,793**

The U.S. dollar denominated loan was prematurely redeemed at March 29, 2021 and refinanced through bilateral loans with a maturity of up to three years.

The euro denominated loans were prematurely redeemed at April 1, 2021 through the issuance proceeds of bonds (see note 24, Bonds).

Schuldschein Loans

As of December 31, Schuldschein Loans of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Interest rate fixed / variable	Book value € in millions 2021	2020
Fresenius SE & Co. KGaA 2017/2022	€372 million	Jan. 31, 2022	0.93% / variable	372	372
Fresenius SE & Co. KGaA 2015/2022	€21 million	April 7, 2022	1.61%	21	21
Fresenius SE & Co. KGaA 2019/2023	€378 million	Sept. 25, 2023	0.55% / variable	378	377
Fresenius SE & Co. KGaA 2017/2024	€421 million	Jan. 31, 2024	1.40% / variable	421	420
Fresenius SE & Co. KGaA 2019/2026	€238 million	Sept. 23, 2026	0.85% / variable	238	238
Fresenius SE & Co. KGaA 2017/2027	€207 million	Jan. 29, 2027	1.96% / variable	206	207
Fresenius SE & Co. KGaA 2019/2029	€84 million	Sept. 24, 2029	1.10%	84	84
Fresenius US Finance II, Inc. 2016/2021	US$33 million	March 10, 2021	2.66%	–	27
Fresenius US Finance II, Inc. 2016/2023	US$43 million	March 10, 2023	3.12%	37	47
Schuldschein Loans				**1,757**	**1,793**

The variable tranche of US$15.5 million of the Schuldschein Loans of Fresenius US Finance II, Inc. in the amount of US$58 million which were originally due on March 10, 2023, was prematurely redeemed at December 10, 2021.

As of December 31, 2021, the Schuldschein Loans of Fresenius SE & Co. KGaA in the amount of €372 million due on January 31, 2022 and in the amount of €21 million due on April 7, 2022, are shown as current portion of long-term debt in the consolidated statement of financial position.

The Schuldschein Loans of Fresenius SE & Co. KGaA issued before 2017 are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH. The Schuldschein Loans of Fresenius US Finance II, Inc. are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH.

Accounts Receivable Facility of Fresenius Medical Care

On August 11, 2021, the asset securitization facility (Accounts Receivable Facility) of Fresenius Medical Care was amended and restated, extending it until August 11, 2024. The maximum capacity of US$900 million (€768 million at August 11, 2021) remains unchanged under the restated Accounts Receivable Facility.

At December 31, 2021 and December 31, 2020, there were no outstanding borrowings under the Accounts Receivable Facility. Fresenius Medical Care had letters of credit outstanding under the Accounts Receivable Facility in the amount of US$13 million (€11 million) at December 31, 2021 and US$13 million (€10 million) at December 31, 2020. These letters of credit are not included above as part of the balance outstanding at December 31, 2021, however, they reduce available borrowings under the Accounts Receivable Facility.

Under the Accounts Receivable Facility, certain receivables are contributed to NMC Funding Corp. (NMC Funding), a wholly owned subsidiary of Fresenius Medical Care. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors (and their conduit affiliates). Under the terms of the Accounts Receivable Facility, NMC Funding retains the rights in the underlying cash flows of the transferred receivables. Interest is remitted to the bank investors at the end of each tranche period. If NMC Funding requires additional credit, the principal cash flows are reinvested to purchase additional interests in the receivables. Borrowings under the Accounts Receivable Facility are expected to remain long-term. NMC Funding retains significant risks and rewards in the receivables, among other things, the percentage ownership interest assigned requires Fresenius Medical Care to retain first loss risk in those receivables, and Fresenius Medical Care can, at any time, recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the consolidated statement of financial position and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors, calculated based on the commercial paper rates for the particular tranches selected. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

CREDIT LINES AND OTHER SOURCES OF LIQUIDITY

In addition to the financial liabilities described before, the Fresenius Group maintains credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At December 31, 2021, the additional financial headroom resulting from unutilized credit facilities was approximately €5.0 billion. Syndicated credit facilities accounted for €4.0 billion of Fresenius Medical Care AG & Co. KGaA (€2.0 billion) and Fresenius SE & Co. KGaA (€2.0 billion). Furthermore, bilateral facilities with commercial banks of approximately €1.0 billion were available. Moreover, a bilateral loan agreement with the European Investment Bank was concluded in December 2021 in the amount of €400 million, which was disbursed on January 31, 2022 and will be available to Fresenius SE & Co. KGaA until December 2025.

In addition, Fresenius SE & Co. KGaA has a commercial paper program under which short-term notes can be issued. On September 15, 2021, the commercial paper program was amended and the available borrowing capacity increased from €1,000 million to €1,500 million. As of December 31, 2021, the commercial paper program of Fresenius SE & Co. KGaA was utilized in the amount of €1,056 million.

Fresenius Medical Care can also issue short-term notes under a commercial paper program. On October 15, 2021, the commercial paper program was amended and the available borrowing capacity increased from €1,000 million to €1,500 million. As of December 31, 2021, the commercial paper program of Fresenius Medical Care AG & Co. KGaA was utilized in the amount of €715 million.

Additional financing of up to US$900 million (€795 million) can be provided using the Fresenius Medical Care Accounts Receivable Facility which had been utilized with US$13 million (€11 million) as of December 31, 2021.

24. BONDS

Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA each maintain debt issuance programs which enable the companies to issue bonds up to a total volume of €12.5 billion and €10 billion, respectively, each in various currencies and maturities. In 2021, the proceeds of the financing activities were mainly used for general corporate purposes, including refinancing of existing financial liabilities.

As of December 31, bonds of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**2021**	2020
Fresenius Finance Ireland PLC 2017/2022	€700 million	Jan. 31, 2022	0.875%	–	699
Fresenius Finance Ireland PLC 2017/2024	€700 million	Jan. 30, 2024	1.50%	699	698
Fresenius Finance Ireland PLC 2021/2025	€500 million	Oct. 1, 2025	0.00%	497	–
Fresenius Finance Ireland PLC 2017/2027	€700 million	Feb. 1, 2027	2.125%	695	694
Fresenius Finance Ireland PLC 2021/2028	€500 million	Oct. 1, 2028	0.50%	497	–
Fresenius Finance Ireland PLC 2021/2031	€500 million	Oct. 1, 2031	0.875%	494	–
Fresenius Finance Ireland PLC 2017/2032	€500 million	Jan. 30, 2032	3.00%	496	495
Fresenius SE & Co. KGaA 2014/2021	€450 million	Feb. 1, 2021	3.00%	–	450
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%	449	450
Fresenius SE & Co. KGaA 2019/2025	€500 million	Feb. 15, 2025	1.875%	497	496
Fresenius SE & Co. KGaA 2020/2026	€500 million	Sep. 28, 2026	0.375%	495	495
Fresenius SE & Co. KGaA 2020/2027	€750 million	Oct. 8, 2027	1.625%	742	740
Fresenius SE & Co. KGaA 2020/2028	€750 million	Jan. 15, 2028	0.75%	745	744
Fresenius SE & Co. KGaA 2019/2029	€500 million	Feb. 15, 2029	2.875%	495	495
Fresenius SE & Co. KGaA 2020/2033	€500 million	Jan. 28, 2033	1.125%	497	497
Fresenius US Finance II, Inc. 2014/2021	US$300 million	Feb. 1, 2021	4.25%	–	244
Fresenius US Finance II, Inc. 2015/2023	US$300 million	Jan. 15, 2023	4.50%	265	243
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	–	299
Fresenius Medical Care AG & Co. KGaA 2019/2023	€650 million	Nov. 29, 2023	0.25%	649	648
Fresenius Medical Care AG & Co. KGaA 2018/2025	€500 million	July 11, 2025	1.50%	498	497
Fresenius Medical Care AG & Co. KGaA 2020/2026	€500 million	May 29, 2026	1.00%	496	496
Fresenius Medical Care AG & Co. KGaA 2019/2026	€600 million	Nov. 30, 2026	0.625%	595	594
Fresenius Medical Care AG & Co. KGaA 2019/2029	€500 million	Nov. 29, 2029	1.25%	497	497
Fresenius Medical Care AG & Co. KGaA 2020/2030	€750 million	May 29, 2030	1.50%	746	745
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	–	529
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	618	570
Fresenius Medical Care US Finance II, Inc. 2014/2024	US$400 million	Oct. 15, 2024	4.75%	352	325
Fresenius Medical Care US Finance III, Inc. 2019/2029	US$500 million	June 15, 2029	3.75%	434	400
Fresenius Medical Care US Finance III, Inc. 2020/2031	US$1,000 million	Feb. 16, 2031	2.375%	875	807
Fresenius Medical Care US Finance III, Inc. 2021/2026	US$ 850 million	Dec. 1, 2026	1.875%	744	–
Fresenius Medical Care US Finance III, Inc. 2021/2031	US$ 650 million	Dec. 1, 2031	3.00%	567	–
Bonds				**14,634**	**13,847**

FRESENIUS SE & CO. KGAA

On April 1, 2021, Fresenius Finance Ireland PLC issued bonds with an aggregate volume of €1,500 million. The bonds consist of three tranches with maturities of four and a half, seven and a half and ten and a half years.

On September 28, 2020, Fresenius SE & Co. KGaA issued bonds with an aggregate volume of €1,000 million. The bonds consist of 2 tranches with maturities of 6 years and 12 years and 4 months.

On April 8, 2020, Fresenius SE & Co. KGaA issued bonds with a volume of €750 million. The bonds have a maturity of seven and a half years.

On January 15, 2020, Fresenius SE & Co. KGaA issued bonds in the amount of €750 million. The bonds have a maturity of eight years.

The bonds issued by Fresenius Finance Ireland PLC in the amount of €700 million, which were originally due on January 31, 2022, were redeemed prior to maturity on November 15, 2021.

All bonds of Fresenius US Finance II, Inc. and of Fresenius Finance Ireland PLC are guaranteed by Fresenius SE & Co. KGaA. All bonds issued before 2019, may be redeemed prior to their maturity at the option of the issuers at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

The holders of Fresenius bonds have the right to request that the issuers repurchase the bonds at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective bonds.

Fresenius SE & Co. KGaA has agreed to a number of covenants to provide protection to the holders of bonds issued before 2017, which partly restrict the scope of action of Fresenius SE & Co. KGaA and its subsidiaries (excluding Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and its subsidiaries). These covenants include restrictions on further debt that can be raised, the mortgaging or sale of assets, the entering into sale and leaseback transactions as well as mergers and consolidations with other companies. Some of these restrictions were suspended automatically as the rating of the respective bonds reached investment grade status. As of December 31, 2021, the Fresenius Group was in compliance with all of its covenants.

FRESENIUS MEDICAL CARE AG & CO. KGAA

On May 18, 2021, Fresenius Medical Care US Finance III, Inc. issued bonds with an aggregate volume of US$1,500 million. The bonds consist of two tranches with maturities of five years and seven months and ten years and seven months.

On September 16, 2020, Fresenius Medical Care US Finance III, Inc. issued bonds with a volume of US$1,000 million. The bonds have a maturity of 10 years and 5 months.

On May 29, 2020, Fresenius Medical Care AG & Co. KGaA issued bonds with an aggregate volume of €1,250 million. The bonds consist of 2 tranches with maturities of 6 and 10 years.

As of December 31, 2021, the bonds issued by Fresenius Medical Care US Finance II, Inc. in the amount of US$700 million, which were due on January 31, 2022, are shown as current portion of bonds in the consolidated statement of financial position.

The bonds of Fresenius Medical Care US Finance II, Inc. and Fresenius Medical Care US Finance III, Inc. (wholly owned subsidiaries of FMC-AG & Co. KGaA) are guaranteed jointly and severally by FMC-AG & Co. KGaA and Fresenius Medical Care Holdings, Inc. As for all outstanding U.S. dollar bonds, the issuers may redeem the respective bonds at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indentures.

The holders of Fresenius Medical Care bonds have the right to request that the respective issuers repurchase the respective bonds at 101% of principal plus accrued interest upon the occurrence of a change of control of FMC-AG & Co. KGaA followed by a decline in the rating of the respective bonds.

FMC-AG & Co. KGaA has agreed to a number of covenants to provide protection to the holders of bonds issued before 2018 which, under certain circumstances, restrict the scope of action of FMC-AG & Co. KGaA and its subsidiaries. These covenants include restrictions on further debt that can be raised, the mortgaging or sale of assets, the entering into sale and leaseback transactions as well as mergers and consolidations with other companies. Some of these restrictions were suspended automatically as the rating of the respective bonds reached investment grade status. As of December 31, 2021, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all of their covenants under the bonds.

25. CONVERTIBLE BONDS

As of December 31, the convertible bonds of the Fresenius Group net of debt issuance costs consisted of the following:

					Book value € in millions	
	Notional amount	Maturity	Coupon	Current conversion price	**2021**	2020
Fresenius SE & Co. KGaA 2017/2024	€500 million	Jan. 31, 2024	0.000%	€105.2603	482	474
Convertible bonds					**482**	**474**

The fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €70 thousand and €117 thousand at December 31, 2021 and December 31, 2020, respectively. Fresenius SE & Co. KGaA purchased stock options (call options) with a corresponding fair value to hedge future fair value fluctuations of this derivative.

Potential conversions are always cash-settled. Any increase of Fresenius' share price above the conversion price would be offset by a corresponding value increase of the call options.

26. PENSIONS AND SIMILAR OBLIGATIONS

GENERAL

The Fresenius Group recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Fresenius Group. Fresenius Group's pension plans are structured in accordance with the differing legal, economic and fiscal circumstances in each country. The Fresenius Group currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions. For the members of the Management Board of Fresenius Management SE, both defined benefit plans as well as defined contribution plans exist. In their basic features, these are similar to the obligations for the employees.

Upon retirement under defined benefit plans, the Fresenius Group is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Fresenius Group has funded defined benefit plans in particular in the United States, Norway, the United Kingdom, the Netherlands, Switzerland and Austria. Unfunded defined benefit plans are located in Germany and France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under Fresenius Group's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefit obligations and the return on plan assets for that year. A company's pension liability is impacted by these actuarial gains or losses.

Related to defined benefit plans, the Fresenius Group is exposed to certain risks. Besides general actuarial risks, e.g. the longevity risk and the interest rate risk, the Fresenius Group is exposed to market risk as well as to investment risk.

In the case of Fresenius Group's funded plans, the defined benefit obligation is offset against the fair value of plan assets (deficit or surplus). A pension liability is recognized in the consolidated statement of financial position if the defined benefit obligation exceeds the fair value of plan assets. An asset is recognized and reported under other assets in the consolidated statement of financial position if the fair value of plan assets exceeds the defined benefit obligation and if the Fresenius Group has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Fresenius Group pays defined contributions to an independent third party as directed by the employee during the employee's service life which satisfies all obligations of the Fresenius Group to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Fresenius Group paid contributions upon leaving the Fresenius Group. The Fresenius Group has a main defined contribution plan in the United States.

DEFINED BENEFIT PENSION PLANS

At December 31, 2021, the defined benefit obligation (DBO) of the Fresenius Group of €2,240 million (2020: €2,086 million) included €583 million (2020: €522 million) funded by plan assets and €1,657 million (2020: €1,564 million) covered by pension liabilities. Furthermore, the pension liability contains benefit obligations offered by other subsidiaries of Fresenius Medical Care in an amount of €46 million (2020: €44 million). The current portion of the pension liability in an amount of €28 million (2020: €26 million) is recognized in the consolidated statement of financial position within short-term provisions and other short-term liabilities. The non-current portion of €1,675 million (2020: €1,582 million) is recorded as pension liability.

The major part of pension liabilities relates to Germany. At December 31, 2021, 85% of the pension liabilities were recognized in Germany and 12% predominantly in the rest of Europe and North America. 48% of the beneficiaries were located in North America, 36% in Germany and the remainder throughout the rest of Europe and other continents.

79% of the pension liabilities in an amount of €1,703 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 2016 (Pension Plan 2016), which applied for most of the German entities of the Fresenius Group for entries up until December 31, 2019 except Fresenius Helios and Fresenius Vamed. For new entrants from January 1, 2020 onwards, a new defined contribution plan applies for these entities. The remaining pension liabilities relate to individual plans from Fresenius Helios entities in Germany and non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the benefit obligations of the German entities of the Fresenius Group are unfunded. The German Pension Plan 2016 does not have a separate pension asset.

Fresenius Medical Care Holdings, Inc. (FMCH), a subsidiary of Fresenius Medical Care AG & Co. KGaA, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans. During the first quarter of 2002, FMCH curtailed these pension plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. FMCH has retained all employee benefit obligations as of the curtailment date. Each year, FMCH contributes to the plan covering United States employees at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2021, there was no minimum funding requirement for the defined benefit plan. FMCH voluntarily provided €1 million. Expected funding for 2022 is €1 million.

Controlling and managing the administration of the plan in the United States was delegated by Fresenius Medical Care to an administrative committee. This committee has the authority and discretion to manage the assets of the fund and to approve and adopt certain plan amendments. The board of directors of National Medical Care, Inc., a subsidiary of Fresenius Medical Care, reserves the right to approve or adopt all major plan amendments, such as termination, modification or termination of the future benefit accruals and plan mergers with other pension plans.

Benefit plans offered by other subsidiaries of Fresenius Medical Care outside of the United States, Germany and France contain separate benefit obligations. The total pension liability for these other plans was €46 million and €44 million at December 31, 2021 and 2020, respectively. The current pension liability of €4 million (2020: €4 million) is recognized as a current liability in the line item short-term provisions and other short-term liabilities. The non-current pension liability of €42 million (2020: €40 million) for these plans is recorded as pension liability in the consolidated statement of financial position.

Fresenius Group's benefit obligations relating to fully or partly funded pension plans were €716 million. Benefit obligations relating to unfunded pension plans were €1,524 million.

The following table shows the changes in benefit obligations, the changes in plan assets, the deficit or surplus of the pension plans and the pension liability. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from Fresenius Group's funded benefit plans.

The net pension liability has developed as follows:

€ in millions	2021	2020
Benefit obligations at the beginning of the year	**2,086**	**2,132**
Changes in entities consolidated	-2	5
Foreign currency translation	45	-40
Service cost	85	89
Past service cost	0	3
Settlements	0	0
Net interest cost	34	34
Contributions by plan participants	5	4
Transfer of plan participants	9	-101
Remeasurements	36	19
Actuarial losses (gains) arising from changes in financial assumptions	46	15
Actuarial losses (gains) arising from changes in demographic assumptions	-4	1
Actuarial losses (gains) arising from experience adjustments	-6	3
Benefits paid	-58	-59
Benefit obligations at the end of the year	**2,240**	**2,086**
thereof vested	1,828	1,686
Fair value of plan assets at the beginning of the year	**522**	**626**
Foreign currency translation	36	-31
Actual return (cost) on plan assets	31	44
Interest income from plan assets	11	12
Actuarial gains (losses) arising from experience adjustments	20	32
Contributions by the employer	14	21
Contributions by plan participants	5	4
Transfer of plan participants	10	-102
Benefits paid	-35	-40
Fair value of plan assets at the end of the year	**583**	**522**
Net funded position as of December 31	**1,657**	**1,564**
Benefit plans offered by other subsidiaries	45	44
Net pension liability as of December 31	**1,702**	**1,608**

As of December 31, 2021, pension liabilities in the amount of €41 million (December 31, 2020: €46 million) related to the members of the Management Board of Fresenius Management SE.

The plan assets are neither invested in the Fresenius Group nor in related parties of the Fresenius Group.

As of December 31, 2021, the fair value of plan assets relating to individual pension plans exceeded the corresponding benefit obligations by €1 million. As of December 31, 2020, the fair value of plan assets did not exceed the benefit obligations in any pension plan. Furthermore, for the years 2021 and 2020, there were no effects from asset ceiling.

The discount rates for all plans are based upon yields of portfolios of highly rated debt instruments with maturities that mirror the plan's benefit obligation. Fresenius Group's discount rate is the weighted average of these plans based upon their benefit obligations.

The following weighted average assumptions were utilized in determining benefit obligations as of December 31:

in %	2021	2020
Discount rate	1.66	1.61
Rate of compensation increase	2.80	2.79
Rate of pension increase	1.60	1.36

Mainly changes in the discount factor, as well as inflation and mortality assumptions used for the actuarial computation resulted in actuarial losses in 2021 which increased the fair value of the defined benefit obligation. Unrecognized actuarial losses were €853 million (2020: €887 million).

Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability as of December 31, 2021 as follows:

Development of pension liability € in millions	0.5 pp increase	0.5 pp decrease
Discount rate	-206	236
Rate of compensation increase	36	-35
Rate of pension increase	126	-112

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2021. The calculations were performed isolated for each significant actuarial parameter, in order to show the effect on the fair value of the pension liability separately. The sensitivity analysis for compensation increases and for pension increases excludes the U.S. pension plan, because it is frozen and therefore is not affected by changes from these two actuarial assumptions.

Further explanatory notes

Defined benefit pension plans' net periodic benefit costs of €107 million (2020: €114 million) were comprised of the following components:

€ in millions	2021	2020
Service cost	84	92
Net interest cost	23	22
Net periodic benefit cost	**107**	**114**

Net periodic benefit cost is allocated as personnel expense within cost of sales, selling expenses, general and administrative expenses as well as research and development expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2021	2020
Discount rate	2.02	2.03
Rate of compensation increase	2.93	2.89
Rate of pension increase	1.54	1.71

The following table shows the expected benefit payments for the next 10 years:

for the fiscal years	€ in millions
2022	57
2023	59
2024	63
2025	66
2026	70
2027 to 2031	399
Total expected benefit payments	**714**

At December 31, 2021 and at December 31, 2020, the weighted average duration of the defined benefit obligation was 19 years.

The fair values of plan assets by categories were as follows:

€ in millions	December 31, 2021 Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total	December 31, 2020 Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Categories of plan assets								
Equity investments	81	85	–	166	64	79	–	143
Index funds[1]	44	85	–	129	35	79	–	114
Other equity investments	37	–	–	37	29	–	–	29
Fixed income investments	103	220	8	331	109	192	7	308
Government securities[2]	21	0	–	21	25	0	–	25
Corporate bonds[3]	29	212	–	241	28	183	–	211
Other fixed income investments[4]	53	8	8	69	56	9	7	72
Other[5]	74	12	–	86	57	14	–	71
Total	**258**	**317**	**8**	**583**	**230**	**285**	**7**	**522**

[1] This category is mainly comprised of low-cost equity index funds not actively managed that track the S&P 500, S&P 400, Russell 2000, the MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.
[2] This category is primarily comprised of fixed income investments by the U.S. government and government sponsored entities.
[3] This category primarily represents investment grade bonds of U.S. issuers from diverse industries.
[4] This category is mainly comprised of private placement bonds as well as collateralized mortgage obligations as well as cash and funds that invest in U.S. treasury obligations directly or in U.S. treasury backed obligations.
[5] This category mainly represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets are as follows:

Index funds are valued based on market quotes.

Other equity investments are valued at their market prices as of the date of the statement of financial position.

Government bonds are valued based on both market prices (Level 1) and market quotes (Level 2).

Corporate bonds and other bonds are valued based on market quotes as of the date of the statement of financial position.

Cash is stated at nominal value which equals the fair value.

U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market prices.

Plan investment policy and strategy in the United States

The Fresenius Group periodically reviews the assumptions for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class.

The overall investment strategy for the U.S. pension plan is to achieve a mix of approximately 99% of investments for long-term growth and income and 1% in cash or cash equivalents. Investment income and cash or cash equivalents are used for near-term benefit payments.

Investments are governed by the plan investment policy and include well diversified index funds or funds targeting index performance.

The plan investment policy, utilizing a revised target investment allocation in a range around 26% equity and 74% fixed income investments, considers that there will be a time horizon for invested funds of more than five years. The total portfolio will be measured against a custom index that reflects the asset class benchmarks and the target asset allocation. The plan investment policy does not allow investments in securities of Fresenius Medical Care AG & Co. KGaA or other related party securities. The performance benchmarks for the separate asset classes include: S & P 500 Index, S & P 400 Mid-Cap Index, Russell 2000 Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long-Corporate Bond Index, Bloomberg Barclays U.S. Corporate High Yield Index, and Bloomberg Barclays U.S. High Yield Fallen Angel 3% Capped Index.

The following schedule describes Fresenius Group's allocation for all of its funded plans.

in %	**Allocation 2021**	Allocation 2020	Target allocation
Equity investments	**28.37**	27.45	26.91
Fixed income investments	**57.03**	59.08	59.46
Other incl. real estate/fonds	**14.60**	13.47	13.63
Total	**100.00**	**100.00**	**100.00**

Contributions to plan assets for the fiscal year 2022 are expected to amount to €16 million.

DEFINED CONTRIBUTION PLANS

Fresenius Group's total expense under defined contribution plans for 2021 was €201 million (2020: €187 million). Of this amount, €111 million related to contributions by the Fresenius Group to several public supplementary pension funds for employees of Fresenius Helios. This includes €28 million for contributions related to financing the deficit of past service costs. Further €68 million related to contributions to the U.S. savings plan, which employees of Fresenius Medical Care Holdings, Inc. can join.

In accordance with applicable collective bargaining agreements, the Fresenius Group pays contributions for a given number of employees of Fresenius Helios to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds (together referred to as ZVK ÖD) to complement statutory retirement pensions. Given that employees from multiple participating entities are insured by these ZVK ÖDs, these plans are considered Multi-Employer plans.

ZVK ÖDs are defined benefit plans according to IAS 19 since employees are entitled to the statutory benefits regardless of the amounts contributed. The plan assets of the fund necessary to evaluate and calculate the funded status of the Group cannot be obtained from the supplementary pension funds and therefore due to the missing information about future payment obligations, the calculation of a pension liability in accordance with IAS 19 is not possible. Therefore, the obligation is accounted for as defined contribution plan in accordance with IAS 19.34a. The contributions are collected as part of a pay-as-you-go system and are based upon applying a fixed rate to given parts of the employees' gross remuneration.

Paid contributions are accounted for as personnel expenses within cost of sales, selling expenses as well as general and administrative expenses and amounted to €111 million in 2021 (2020: €100 million). Thereof, €64 million (2020: €57 million) were payments to Rheinische Zusatzversorgungskasse, to Versorgungsanstalt des Bundes und der Länder and to Zusatzversorgungskasse Baden-Württemberg (2020: Zusatzversorgungskasse Wiesbaden) (supplementary pension funds). The Group expects to contribute in 2022 €118 million (including payments relating to past service costs).

Under the U.S. savings plan, employees can deposit up to 75% of their pay up to an annual maximum of US$20,500 if under 50 years old (US$27,000 if 50 or over). Fresenius Medical Care will match 50% of the employee deposit up to a maximum company contribution of 3% of the employee's pay. Fresenius Medical Care's total expense under this defined contribution plan for the years ended December 31, 2021 and 2020 was €68 million and €65 million, respectively.

27. NONCONTROLLING INTERESTS

As of December 31, noncontrolling interests in the Fresenius Group were as follows:

€ in millions	2021	2020
Noncontrolling interests in Fresenius Medical Care AG & Co. KGaA	8,609	7,600
Noncontrolling interests in VAMED Aktiengesellschaft	88	91
Noncontrolling interests in the business segments		
Fresenius Medical Care	1,280	1,116
Fresenius Kabi	161	129
Fresenius Helios	134	122
Fresenius Vamed	18	16
Total noncontrolling interests	**10,290**	**9,074**

For further financial information relating to Fresenius Medical Care see the consolidated segment reporting on pages 285 to 286.

Noncontrolling interests changed as follows:

€ in millions	2021
Noncontrolling interests as of December 31, 2020	**9,074**
Noncontrolling interests in profit	1,001
Purchase of noncontrolling interests	98
Stock options	4
Dividend payments	-577
Currency effects and other changes	690
Noncontrolling interests as of December 31, 2021	**10,290**

28. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Development of subscribed capital

As of January 1, 2021, the subscribed capital of Fresenius SE & Co. KGaA consisted of 557,540,909 bearer ordinary shares.

During the fiscal year 2021, 961,234 stock options were exercised. Consequently, as of December 31, 2021, the subscribed capital of Fresenius SE & Co. KGaA consisted of 558,502,143 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

AUTHORIZED CAPITAL

Currently, Fresenius SE & Co. KGaA has a statutory Authorized Capital in the nominal amount of €125,000,000.

The general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 17, 2023, to increase Fresenius SE & Co. KGaA's share capital (subscribed capital) by a total amount of up to €125,000,000 through a single or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I).

The number of shares must increase in the same proportion as the subscribed capital. A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e.g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, in case of a capital increase against cash contributions, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization. In the case of a subscription in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company.

The authorizations granted concerning the exclusion of subscription rights can be used by Fresenius Management SE only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization.

CONDITIONAL CAPITAL

In order to fulfill the subscription right under the current stock option plan 2013 of Fresenius SE & Co. KGaA, Conditional Capital IV exists (see note 36, Share-based compensation plans). Another Conditional Capital III exists for the authorization to issue option bearer bonds and/or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003 (expired)	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008 (expired)	3,452,937
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	23,786,091
Total Conditional Capital as of January 1, 2021	**80,945,313**
Fresenius SE & Co. KGaA Stock Option Plan 2013 – options exercised	-961,234
Total Conditional Capital as of December 31, 2021	**79,984,079**

As of December 31, 2021, the Conditional Capital was composed as follows:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003 (expired)	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008 (expired)	3,452,937
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	22,824,857
Total Conditional Capital as of December 31, 2021	**79,984,079**

CAPITAL RESERVES

Capital reserves are comprised of the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

OTHER RESERVES

Other reserves are comprised of earnings generated by Group entities in prior years to the extent that they have not been distributed.

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2021, a dividend of €0.88 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid afterwards. The total dividend payment was €491 million. Thereby, the Else Kröner-Fresenius-Stiftung was paid the dividend which it is entitled as a shareholder in the ordinary share capital of Fresenius SE & Co. KGaA.

TREASURY STOCK OF FRESENIUS MEDICAL CARE

In 2020, Fresenius Medical Care repurchased 5,687,473 ordinary shares for an amount of €366 million.

On April 1, 2020, Fresenius Medical Care concluded the current share buy-back program.

29. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is comprised of all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in the components of other comprehensive income (loss) in 2021 and 2020 were as follows:

€ in millions	Amount before taxes	Tax effect	Amount after taxes
Positions which will be reclassified into net income in subsequent years			
Cash flow hedges	5	-1	4
Change in unrealized gains/losses	8	-1	7
Realized gains/losses due to reclassifications	-3	0	-3
FVOCI debt instruments	30	-5	25
Foreign currency translation	-2,075	-5	-2,080
Positions which will not be reclassified into net income in subsequent years			
FVOCI equity investments	4	-1	3
Equity method investees - share of OCI	58	0	58
Actuarial gains/losses on defined benefit pension plans	28	-7	21
Total changes 2020	**-1,950**	**-19**	**-1,969**
Positions which will be reclassified into net income in subsequent years			
Cash flow hedges	-6	2	-4
Change in unrealized gains/losses	-22	5	-17
Realized gains/losses due to reclassifications	16	-3	13
FVOCI debt instruments	-10	2	-8
Foreign currency translation	1,475	4	1,479
Positions which will not be reclassified into net income in subsequent years			
FVOCI equity investments	-28	8	-20
Equity method investees - share of OCI	-23	0	-23
Actuarial gains/losses on defined benefit pension plans	-15	8	-7
Total changes 2021	**1,393**	**24**	**1,417**

OTHER NOTES

30. COMMITMENTS AND CONTINGENCIES

As of December 31, 2021, future investment commitments existed in respect to acquired hospitals, which are projected to amount up to €70 million until 2024. No investment commitments relate to the year 2022.

As of December 31, 2020, future investment commitments existed in respect to acquired hospitals, which are projected to amount up to €124 million until 2024. Thereof €66 million related to the year 2021.

Besides the above-mentioned contingent liabilities, the current estimated amount of Fresenius Group's other known individual contingent liabilities is immaterial.

LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. The Fresenius Group records its litigation reserves for certain legal proceedings and regulatory matters to the extent that the Fresenius Group determines an unfavorable outcome is probable and the amount of loss can be reasonably estimated. For the other matters described below, the Fresenius Group believes that the loss is not probable and/or the loss or range of possible losses cannot be reasonably estimated at this time.

The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Internal review/FCPA Compliance

Beginning in 2012, Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) received certain communications alleging conduct in countries outside the United States that might violate the Foreign Corrupt Practices Act or other anti-bribery laws. FMC-AG & Co. KGaA conducted investigations with the assistance of outside counsel and, in a continuing dialogue, advised the Securities and Exchange Commission (SEC) and the United States Department of Justice (DOJ) about these investigations. The DOJ and the SEC also conducted their own investigations, in which FMC-AG & Co. KGaA cooperated.

In the course of this dialogue, FMC-AG & Co. KGaA identified and reported to the DOJ and the SEC, and took remedial actions with respect to, conduct that resulted in the DOJ and the SEC seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around FMC-AG & Co. KGaA's products business in countries outside the United States.

On March 29, 2019, FMC-AG & Co. KGaA entered into a non-prosecution agreement (NPA) with the DOJ and a separate agreement with the SEC (SEC Order) intended to resolve fully and finally the U.S. government allegations against FMC-AG & Co. KGaA arising from the investigations. Both agreements included terms starting August 2, 2019. The DOJ NPA and SEC Order are both scheduled to terminate on December 31, 2022. In 2019, FMC-AG & Co. KGaA paid a combined total in penalties and disgorgement of approximately US$232 million (€206 million) to the DOJ and the SEC in connection with these agreements. The entire amount paid to the DOJ and the SEC was reserved for in charges that FMC-AG & Co. KGaA recorded in 2017 and 2018 and announced in 2018. As part of the resolution, FMC-AG & Co. KGaA agreed to certain self-reporting obligations and to retain an independent compliance monitor.

Due in part to COVID-19 pandemic restrictions, the monitorship program faced certain delays, but FMC-AG & Co. KGaA is working to complete all its obligations under the resolution with the DOJ and SEC in 2022.

In 2015, FMC-AG & Co. KGaA self-reported to the German prosecutor conduct with a potential nexus to Germany and continues to cooperate with government authorities in Germany in their review of the conduct that prompted FMC-AG & Co. KGaA's and United States government investigations.

Since 2012, FMC-AG & Co. KGaA has made and continues to make further significant investments in its compliance and financial controls and in its compliance, legal and financial organizations. FMC-AG & Co. KGaA's remedial actions included separation from those employees responsible for the above-mentioned conduct. FMC-AG & Co. KGaA is dealing with post-U.S. Foreign Corrupt Practices Act (FCPA) review matters on various levels. FMC-AG & Co. KGaA continues to be fully committed to compliance with the FCPA and other applicable anti-bribery laws.

Product liability litigation

Personal injury and related litigation involving Fresenius Medical Care Holding Inc.'s (FMCH) acid concentrate product, labeled as Granuflo® or Naturalyte®, first arose in 2012. FMCH's insurers agreed to the settlement in 2017 of personal injury litigation and funded US$220 million (€179 million) of the settlement fund under a reciprocal reservation of rights. FMCH accrued a net expense of US$60 million (€49 million) in connection with the settlement, including legal fees and other anticipated costs. Following the settlement, FMCH's insurers in the AIG group initiated litigation against FMCH seeking to be indemnified by FMCH for their US$220 million (€179 million) outlay and FMCH initiated litigation against the AIG group to recover defense and indemnification costs FMCH had borne. National Union Fire Insurance v. Fresenius Medical Care, 2016 Index No. 653108 (Supreme Court of New York for New York County).

Discovery in the litigation is complete. The AIG group abandoned certain of its coverage claims and submitted expert reports on damages asserting that, if AIG prevails on all its remaining claims, it should recover US$60 million (€49 million). FMCH contests all of AIG's claims and submitted expert reports supporting rights to recover US$108 million (€88 million) from AIG, in addition to the US$220 million (€179 million) already funded. A trial date has not been set in the matter.

Subpoena "Maryland"

In August 2014, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena from the United States Attorney's Office (USAO) for the District of Maryland inquiring into FMCH's contractual arrangements with hospitals and physicians involving contracts relating to the management of in-patient acute dialysis services. On August 27, 2020, after the USAO declined to pursue the matter by intervening, the United States District Court for Maryland unsealed a 2014 relator's qui tam complaint that gave rise to the investigation. The relator thereafter served the complaint and proceeded on his own in part by filing an amended complaint making broad allegations about financial relationships between FMCH and nephrologists. FMCH's motion to dismiss the amended complaint remains pending. On October 5, 2021, the District Court for Maryland granted FMCH's motion to transfer the case to the United States District Court for Massachusetts, where the litigation continues. Flanagan v. Fresenius Medical Care Holdings, Inc., 1:21-cv-11627.

Civil complaint "Hawaii"

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act alleging a conspiracy pursuant to which certain Liberty Dialysis subsidiaries of Fresenius Medical Care Holdings, Inc. (FMCH) overbilled Hawaii Medicaid for Liberty's Epogen® administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. Hawaii v. Liberty Dialysis - Hawaii, LLC et al., Case No. 15-1-1357-07 (Hawaii 1st Circuit). The State alleges that Liberty acted unlawfully by relying on incorrect and unauthorized billing guidance provided to Liberty by Xerox State Healthcare LLC, which acted as

Hawaii's contracted administrator for its Medicaid program reimbursement operations during the relevant period. With discovery concluded, the State has specified that its demands for relief relate to US$7.7 million (€6.3 million) in overpayments on approximately twenty thousand “claims” submitted by Liberty. After prevailing on motions by Xerox to preclude it from doing so, FMCH is pursuing third-party claims for contribution and indemnification against Xerox. The State's False Claims Act complaint was filed after Liberty initiated an administrative action challenging the State's recoupment of alleged overpayments from sums currently owed to Liberty. The civil litigation and administrative action are proceeding in parallel. Trial in the civil litigation has been postponed because of COVID-19-related administrative issues and has been rescheduled for August 2022.

Subpoenas “Colorado and New York”

On August 31, 2015, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) inquiring into FMCH's participation in and management of dialysis facility joint ventures in which physicians are partners. FMCH has cooperated in the Denver USAO investigation, which has come to focus on purchases and sales of minority interests in ongoing outpatient facilities between FMCH and physician groups.

On November 25, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) also inquiring into FMCH's involvement in certain dialysis facility joint ventures in New York. On September 26, 2018, the Brooklyn USAO declined to intervene on the qui tam complaint filed under seal in 2014 that gave rise to this investigation. CKD Project LLC v. Fresenius Medical Care, 2014 Civ. 06646 (E.D.N.Y. November 12, 2014). The District Court unsealed the complaint, allowing the relator to proceed on its own. On August 3, 2021, the District Court granted FMCH’s motion to dismiss the relator’s amended complaint, dismissed the case with prejudice and declined to allow further amendment. On August 27, 2021, the relator appealed to the United States Court of Appeals for the Second Circuit.

Subpoena “Fresenius Vascular Care” (AAC)

Beginning October 6, 2015, the United States Attorney for the Eastern District of New York (Brooklyn) has led an investigation, through subpoenas issued under the False Claims Act, of utilization and invoicing by Fresenius Medical Care Holdings, Inc.'s (FMCH) subsidiary Azura Vascular Care for a period beginning after FMCH's acquisition of American Access Care LLC (AAC) in October 2011. FMCH is cooperating in the Brooklyn USAO investigation. The Brooklyn USAO has indicated that its investigation is nationwide in scope and is focused on whether certain access procedures performed at Azura facilities were medically unnecessary and whether certain physician assistants employed by Azura exceeded their permissible scope of practice. Allegations against AAC arising in districts in Connecticut, Florida and Rhode Island relating to utilization and invoicing were settled in 2015.

Subpoena “New York” (Shiel)

On November 18, 2016, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) seeking documents and information relating to the operations of Shiel Medical Laboratory, Inc. (Shiel), which FMCH acquired in October 2013. In the course of cooperating in the investigation and preparing to respond to the subpoena, FMCH identified falsifications and misrepresentations in documents submitted by a Shiel salesperson that relate to the integrity of certain invoices submitted by Shiel for laboratory testing for patients in long-term care facilities. On February 21, 2017, FMCH terminated the employee and notified the United States Attorney of the termination and its circumstances. The terminated employee's conduct is expected to result in demands for

FMCH to refund overpayments and to pay related penalties under applicable laws, but the monetary value of such payment demands cannot yet be reasonably estimated. FMCH contends that, under the asset sale provisions of its 2013 Shiel acquisition, it is not responsible for misconduct by the terminated employee or other Shiel employees prior to the date of the acquisition. The Brooklyn USAO continues to investigate a range of issues involving Shiel, including allegations of improper compensation (kickbacks) to physicians, and has disclosed that multiple sealed qui tam complaints underlie the investigation.

On December 12, 2017, FMCH sold to Quest Diagnostics certain Shiel operations that are the subject of this Brooklyn subpoena, including the misconduct reported to the United States Attorney. Under the Quest Diagnostics sale agreement, FMCH retains responsibility for responding to the Brooklyn investigation and for liabilities arising from conduct occurring after its 2013 acquisition of Shiel and prior to its sale of Shiel to Quest Diagnostics. FMCH is cooperating in the investigation.

Subpoena "American Kidney Fund" / CMS Litigation

In May 2017, the United States Attorney for the Middle District of Tennessee (Nashville) issued identical subpoenas to Fresenius Medical Care Holdings, Inc. (FMCH) and two subsidiaries under the False Claims Act concerning FMCH's retail pharmaceutical business. The subpoenas, and the subsequent investigation in which FMCH cooperated, were apparently predicated on but were not limited to a complaint filed on November 6, 2015 by two former employees. United States ex rel. Keasler et al. v. Fresenius Medical Care Rx, LLC, 03:15-Civ-01183 (M.D. Tenn. 2015). On August 17, 2021, the District Court dismissed the case without prejudice after the Nashville USAO declined to intervene and the relators elected not to proceed.

Vifor patent infringement Fresenius Medical Care (Delaware)

On March 12, 2018, Vifor Fresenius Medical Care Renal Pharma Ltd. and Vifor Fresenius Medical Care Renal Pharma France S.A.S. (collectively, VFMCRP), filed a complaint for patent infringement against Lupin Atlantis Holdings SA and Lupin Pharmaceuticals Inc. (collectively, Lupin), and Teva Pharmaceuticals USA, Inc. (Teva) in the U.S. District Court for the District of Delaware (Case 1:18-cv-00390-MN, first complaint). The patent infringement action is in response to Lupin and Teva's filings of Abbreviated New Drug Applications (ANDA) with the U.S. Food and Drug Administration (FDA) for generic versions of Velphoro®. Velphoro® is protected by patents listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book. The complaint was filed within the 45-day period provided for under the Hatch-Waxman legislation, and triggered a stay of FDA approval of the ANDAs for 30 months (specifically, up to July 29, 2020 for Lupin's ANDA; and August 6, 2020 for Teva's ANDA. In response to another ANDA being filed for a generic Velphoro®, VFMCRP filed a complaint for patent infringement against Annora Pharma Private Ltd., and Hetero Labs Ltd. (collectively, Annora), in the U.S. District Court for the District of Delaware on December 17, 2018. The case was settled among the parties, thus terminating the court action on August 4, 2020. On May 26, 2020, VFMCRP filed a further complaint for patent infringement against Lupin in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00697-MN) in response to Lupin's ANDA for a generic version of Velphoro® and on the basis of a newly listed patent in the Orange Book. On July 6, 2020, VFMCRP filed an additional complaint for patent infringement against Lupin and Teva in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00911-MN, second complaint) in response to the companies' ANDA for generic versions of Velphoro® and on the basis of two newly listed patents in the Orange Book. All cases involving Lupin as defendant were settled among the parties, thus terminating the corresponding court actions on December 18, 2020. In relation to the remaining pending cases and the defendant Teva, trial took place for the first complaint between January 19 and 22, 2021. Another patent newly listed in the Orange Book was added to the second complaint on June 23, 2021. Trial is scheduled for the second complaint for June 2022.

Subpoena "Colorado (Denver)"

On December 17, 2018, Fresenius Medical Care Holdings, Inc. (FMCH) was served with a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) as part of an investigation of allegations against DaVita, Inc. involving transactions between FMCH and DaVita. The subject transactions include sales and purchases of dialysis facilities, dialysis-related products and pharmaceuticals, including dialysis machines and dialyzers, and contracts for certain administrative services. FMCH cooperated in the investigation.

Litigation Tricare Program

On June 28, 2019, certain Fresenius Medical Care Holdings, Inc. (FMCH) subsidiaries filed a complaint against the United States seeking to recover monies owed to them by the United States Department of Defense under the Tricare program, and to preclude Tricare from recouping monies previously paid. Bio-Medical Applications of Georgia, Inc., et al. v. United States, CA 19-947, United States Court of Federal Claims. Tricare provides reimbursement for dialysis treatments and other medical care provided to members of the military services, their dependents and retirees. The litigation challenges unpublished administrative actions by Tricare administrators reducing the rate of compensation paid for dialysis treatments provided to Tricare beneficiaries based on a recasting or "crosswalking" of codes used and followed in invoicing without objection for many years. Tricare administrators have acknowledged the unpublished administrative action and declined to change or abandon it. On July 8, 2020, the U.S. government filed its answer (and confirmed its position) and litigation is continuing. The court has not yet set a date for trial in this matter. FMCH has imposed a constraint on revenue otherwise recognized from the Tricare program that it believes, in consideration of facts currently known, sufficient to account for the risk of this litigation.

Subpoena "Massachusetts ChoiceOne and Medspring"

On August 21, 2020, Fresenius Medical Care Holdings, Inc. (FMCH) was served with a subpoena from the United States Attorney for the District of Massachusetts requesting information and documents related to urgent care centers that FMCH owned, operated, or controlled as part of its ChoiceOne and Medspring urgent care operations prior to its divestiture of and exit from that line of business in 2018. The subpoena appears to be related to an ongoing investigation of alleged upcoding in the urgent care industry, which has resulted in certain published settlements under the federal False Claims Act. FMCH is cooperating in the investigation.

Subpoena "Northern District of Texas (Dallas)"

On March 25, 2021, Fresenius Medical Care Holdings, Inc. (FMCH) received a grand jury subpoena issued from the United States District Court for the Northern District of Texas (Dallas). The subpoena sought documents comprising communications between employees of FMCH and DaVita and partially overlaps in content the 2018 Denver subpoena. The Dallas subpoena is part of a separate investigation by the Anti-Trust Division of the Department of Justice into possible employee "no poaching" and similar agreements to refrain from competition and is related to the indictments in United States v. Surgical Care Affiliates, 3:2021-Cr-0011 (N.D. Tex.) and United States v. DaVita, Inc. et al., 1:21-cr00229 (D. Col.). The unnamed co-conspirators described in the Surgical Care Affiliates and DaVita indictments do not include FMCH, Fresenius Medical Care AG & Co. KGaA, or any of their employees. FMCH understands that it has completed production of material sought under the subpoena.

Subpoena "Nevada"

In November 2014, Fresenius Kabi Oncology Limited (FKOL) received a subpoena from the U.S. Department of Justice (DOJ), U.S. Attorney for the District of Nevada. The subpoena requested documents in connection with the January 2013 inspection by the U.S. Food and Drug Administration (FDA) of FKOL's plant for active pharmaceutical ingredients in Kalyani, India. That inspection resulted in a warning letter from the FDA in July 2013. The subpoena marked the DOJ's criminal and/or civil investigation in this connection and sought information from throughout the Fresenius Kabi group. Fresenius Kabi fully cooperated with the governmental investigation. In January 2021, Fresenius Kabi has entered into a final agreement (Plea Agreement) with the DOJ in which Fresenius Kabi undertakes to make a penalty payment of US$50 million. The agreement includes other measures to ensure that a misconduct of the nature detected in 2013 will not occur again in the future. The final agreement has received court sentencing and was implemented accordingly. The payment was made on the basis of an existing accrual.

Patent Dispute Fresenius Kabi France

Patent dispute between Fresenius Kabi and Eli Lilly in France and other European countries regarding Eli Lilly's originator product Alimta® and Fresenius Kabi's generic Pemetrexed sold in France and further countries in Europe. The Paris Tribunal has now rendered a decision in favor of Eli Lilly holding Fresenius Kabi France to infringe Eli Lilly's patent and to make a preliminary payment of €28 million for patent infringement and damages due to unfair competition, including lost sales and price decrease. This amount is covered by an existing higher accrual. In March 2021, Fresenius Kabi and Eli Lilly have entered into a pan-European settlement pursuant to which, among other provisions, Fresenius Kabi undertakes to make a payment of US$68.5 million to Lilly less the amount of €28 million already paid during the proceedings in France. In parallel, all court proceedings pending in Europe in relation to the patent in dispute are discontinued by the parties, including the proceedings in France. As of June 30, 2021, Fresenius Kabi has made all payments required under the settlement agreement.

General risks

From time to time, the Fresenius Group is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Fresenius Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other health care providers, insurance plans and suppliers, conducts its operations under intense government regulation and scrutiny. The Fresenius Group must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories, hospitals, dialysis clinics and other health care facilities, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the United States. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the United States, these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of the Fresenius Group's products and/or criminal prosecution. Fresenius Medical Care Holdings, Inc. completed remediation efforts with respect to one pending FDA warning letter and is awaiting confirmation as to whether the letter is now closed. Fresenius Kabi is currently engaged in remediation efforts with respect to two pending FDA warning letters. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law, the federal Civil Monetary Penalties Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws.

Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from the Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, the Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to the Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

The Fresenius Group operates many facilities and handles the personal data of its patients and beneficiaries throughout the United States and other parts of the world, and engages with other business associates to help it carry out its health care activities. In such a widespread, global system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies and its business associates. On occasion, the Fresenius Group or its business associates may experience a breach under the Health Insurance Portability and Accountability Act Privacy Rule and Security Rules, the EU's General Data Protection Regulation and/or other similar laws (Data Protection Laws) when there has been impermissible use, access, or disclosure of unsecured personal data or when the Fresenius Group or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or a data breach that results in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries. On those occasions, the Fresenius Group must comply with applicable breach notification requirements.

The Fresenius Group relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of its employees. On occasion, the Fresenius Group may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene the Fresenius Group's policies or violate applicable law. The actions of such persons may subject the Fresenius Group and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act, Data Protection Laws, the Health Information Technology for Economic and Clinical Health Act and the Foreign Corrupt Practices Act, among other laws and comparable state laws or laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Fresenius Group has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Fresenius Group maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Fresenius Group or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Fresenius Group's reputation and business.

The Fresenius Group has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Fresenius Group has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Fresenius Group or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Fresenius Group's reputation and business.

31. LEASES

The Fresenius Group leases land, buildings and improvements, machinery and equipment, as well as IT- and office equipment under various lease agreements.

LEASES IN THE CONSOLIDATED STATEMENT OF INCOME

The following table shows the effects from lease agreements on the consolidated statements of income for 2021 and 2020:

€ in millions	**2021**	2020
Depreciation on right-of-use assets	878	877
Impairments on right-of-use assets	18	2
Expenses relating to short-term leases	64	67
Expenses relating to leases of low-value assets	46	46
Expenses relating to variable lease payments	22	22
Other expenses/income from lease agreements	-6	-17
Interest expenses on lease liabilities	188	205

LEASES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, the acquisition costs and the accumulated depreciation of right-of-use assets consisted of the following:

ACQUISITION COSTS

€ in millions	As of January 1, 2021	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2021**
Right-of-use assets: Land	121	1	0	13	0	7	128
Right-of-use assets: Buildings and improvements	6,663	373	117	807	-7	124	7,829
Right-of-use assets: Machinery and equipment	579	28	1	95	-53	47	603
Right-of-use assets: Advanced Payments	–	–	–	–	–	–	–
Right-of-use assets	**7,363**	**402**	**118**	**915**	**-60**	**178**	**8,560**

In the fiscal year 2021, reclassifications were mainly made to property, plant and equipment as the Fresenius Group purchased previously leased buildings and equipment from the landlords.

DEPRECIATION

€ in millions	As of January 1, 2021	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2021**
Right-of-use assets: Land	18	0	0	9	0	2	25
Right-of-use assets: Buildings and improvements	1,376	100	-2	762	-6	68	2,162
Right-of-use assets: Machinery and equipment	278	15	0	125	-19	40	359
Right-of-use assets: Advanced Payments	–	–	–	–	–	–	–
Right-of-use assets	**1,672**	**115**	**-2**	**896**	**-25**	**110**	**2,546**

ACQUISITION COSTS

€ in millions	As of January 1, 2020	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2020**
Right-of-use assets: Land	112	-3	0	15	0	3	121
Right-of-use assets: Buildings and improvements	6,204	-403	29	983	-31	119	6,663
Right-of-use assets: Machinery and equipment	587	-37	1	89	-40	21	579
Right-of-use assets: Advanced Payments	0	0	–	0	0	0	–
Right-of-use assets	**6,903**	**-443**	**30**	**1,087**	**-71**	**143**	**7,363**

In the fiscal year 2020, reclassifications were mainly made to property, plant and equipment as the Fresenius Group purchased previously leased buildings and equipment from the landlords.

DEPRECIATION

€ in millions	As of January 1, 2020	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2020**
Right-of-use assets: Land	9	0	0	9	0	0	18
Right-of-use assets: Buildings and improvements	765	-82	-6	726	3	30	1,376
Right-of-use assets: Machinery and equipment	170	-16	0	144	-4	16	278
Right-of-use assets: Advanced Payments	–	–	–	–	–	–	–
Right-of-use assets	**944**	**-98**	**-6**	**879**	**-1**	**46**	**1,672**

CARRYING AMOUNTS

€ in millions	December 31, 2021	December 31, 2020
Right-of-use assets: Land	103	103
Right-of-use assets: Buildings and improvements	5,667	5,287
Right-of-use assets: Machinery and equipment	244	301
Right-of-use assets: Advanced Payments	–	–
Right-of-use assets	**6,014**	**5,691**

Depreciation expense and impairments on right-of-use assets amounted to €896 million for the year ended December 31, 2021 (2020: €879 million). These expenses are allocated within costs of sales, selling, general and administrative and research and development expenses depending upon the area in which the asset is used. In 2021, depreciation expense and impairments on right-of-use assets included impairment losses of €18 million.

As of December 31, 2021, lease liabilities comprised a current portion of €832 million (2020: €766 million) and a non-current portion of €5,758 million (2020: €5,422 million). In 2021, approximately 71% of the lease liabilities related to Fresenius Medical Care, approximately 17% to Fresenius Helios, approximately 7% to Fresenius Vamed and approximately 5% to Fresenius Kabi.

LEASES IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Total cash outflows from leases were €1,194 million for the year ended December 31, 2021 (2020: €1,212 million).

In the consolidated statement of cash flows, the interest component of recognized leases is shown in net cash provided by/used in operating activities, the amortization component is shown in net cash provided by/used in financing activities.

The following potential future cash outflows were not reflected in the measurement of the lease liabilities:

€ in millions	2021	2020
Potential cash outflows from:		
extension options	7,646	6,781
purchase options	260	267
leases that the Fresenius Group entered into as a lessee that have not yet begun	202	243
residual value guarantees	101	89
variable lease payments	64	67
penalty payments from the exercise of termination options	11	11

Potential future cash outflows resulting from the exercise of options were not reflected in the measurement of the lease liabilities if the exercise of the respective option was not considered reasonably certain.

The major part of the potential future cash outflows resulting from extension options relates to extension options in real estate lease agreements, primarily for dialysis clinics of Fresenius Medical Care in North America. Individual lease agreements include multiple extension options. The Fresenius Group uses extension options to obtain a high degree of flexibility in performing its business. These extension options held are exercisable solely by the Fresenius Group.

32. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments

As of December 31, the carrying amounts of financial instruments by item of the statement of financial position and structured according to categories were as follows:

	December 31, 2021						
					Relating to no category		
€ in millions	Carrying amount	Amortized cost	Fair value through profit and loss[1]	Fair value through other comprehensive income[2]	Derivatives designated as cash flow hedging instruments at fair value	Put option liabilities measured at fair value	Valuation according to IFRS 16 for leasing receivables and liabilities
Financial assets							
Cash and cash equivalents	2,764	1,936	828				
Trade accounts and other receivables, less allowances for expected credit losses	7,045	6,822	108	34			81
Accounts receivable from and loans to related parties	147	147					
Other financial assets[3]	2,560	1,667	342	412	8		131
Financial assets	**12,516**	**10,572**	**1,278**	**446**	**8**	**–**	**212**
Financial liabilities							
Trade accounts payable	2,039	2,039					
Short-term accounts payable to related parties	92	92					
Short-term debt	2,841	2,841					
Short-term debt from related parties	8	8					
Long-term debt	2,600	2,600					
Lease liabilities	6,590						6,590
Bonds	14,634	14,634					
Convertible bonds	482	482					
Other financial liabilities[4]	4,026	2,407	557		18	1,044	
Financial liabilities	**33,312**	**25,103**	**557**	**–**	**18**	**1,044**	**6,590**

[1] All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.
[2] The option to measure equity instruments at fair value through other comprehensive income has been exercised. The option has been used for €85 million other investments (included in other financial assets).
[3] Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.
[4] Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.

In the fiscal year 2021, reclassifications between the categories were immaterial.

	December 31, 2020						
					Relating to no category		
€ in millions	Carrying amount	Amortized cost	Fair value through profit and loss[1]	Fair value through other comprehensive income[2]	Derivatives designated as cash flow hedging instruments at fair value	Put option liabilities measured at fair value	Valuation according to IFRS 16 for leasing receivables and liabilities
Financial assets							
Cash and cash equivalents	1,837	1,271	566				
Trade accounts and other receivables, less allowances for expected credit losses	6,937	6,783	45	34			75
Accounts receivable from and loans to related parties	110	110					
Other financial assets[3]	2,111	1,190	357	447	8		109
Financial assets	**10,995**	**9,354**	**968**	**481**	**8**	**–**	**184**
Financial liabilities							
Trade accounts payable	1,816	1,816					
Short-term accounts payable to related parties	67	67					
Short-term debt	245	245					
Short-term debt from related parties	5	5					
Long-term debt	5,154	5,154					
Lease liabilities	6,188						6,188
Bonds	13,847	13,847					
Convertible bonds	474	474					
Other financial liabilities[4,5]	3,702	2,132	654		15	901	
Financial liabilities	**31,498**	**23,740**	**654**	**–**	**15**	**901**	**6,188**

[1] All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.
[2] The option to measure equity instruments at fair value through other comprehensive income has been exercised. The option has been used for €149 million (included in other financial assets).
[3] Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.
[4] Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.
[5] €1,377 million were reclassified from other financial liabilities to other non-financial liabilities.

During the fiscal year 2020, no material reclassifications of financial instruments were required.

Fair value of financial instruments

The following table shows the carrying amounts and the fair value hierarchy levels as of December 31:

	December 31, 2021				December 31, 2020			
		Fair value				Fair value		
€ in millions	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents[1]	828	828			566	566		
Trade accounts and other receivables, less allowances for expected credit losses[1]	142		142		79		79	
Other financial assets[1]								
Debt instruments	422	418	4		401	396	5	
Equity investments	320	122	105	93	393	12	162	219
Derivatives designated as cash flow hedging instruments	8		8		8		8	
Derivatives not designated as hedging instruments	12		12		10		10	
Financial liabilities								
Long-term debt	2,600		2,626		5,154		5,210	
Bonds	14,634	15,201			13,847	14,847		
Convertible bonds	482	499			474	490		
Other financial liabilities[1]								
Put option liabilities	1,044			1,044	901			901
Accrued contingent payments outstanding for acquisitions	528			528	581			581
Derivatives designated as cash flow hedging instruments	18		18		15		15	
Derivatives not designated as hedging instruments	29		29		73		73	

[1] Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of the fair value due to the relatively short period of maturity of these instruments.

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents include short-term financial investments that are measured at fair value through profit and loss. The fair value of these assets, which are quoted in an active market, is based on price quotations at the date of the consolidated financial statements (Level 1).

Trade accounts receivable from factoring contracts are measured on the basis of observable market information (Level 2).

The majority of debt instruments included in other financial assets are bonds that are quoted in an active market and therefore measured at fair value (Level 1) which is based on price quotations at the date of the consolidated financial statements. Further debt instruments give rise to cash flows on specified dates (Level 2).

Equity investments are not held for trading. At initial recognition, the Fresenius Group elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic investments in other comprehensive income (loss). All equity investments for which changes in fair value are recorded in other comprehensive income (loss) relate to purchases of publicly traded shares or percentage ownership of companies in the health sciences or adjacent fields and are made up of individually non-significant investments. At December 31, 2021, the Fresenius Group held 70 non-listed equity investments (December 31, 2020: 85) with a fair value of €85 million (December 31, 2020: €137 million) and no listed equity investments. At December 31, 2020, the Fresenius Group held one listed equity investment with a fair value of €12 million.

During 2021, gains of €34 million (December 31, 2020: €0 million) were transferred from other comprehensive income (loss) to retained earnings as two investments were disposed of. Of this amount, €11 million was attributable to the shareholders of Fresenius SE & Co. KGaA. In 2021, the Fresenius Group recognized dividends of €2 million from these equity investments.

The fair values of equity investments are based on observable market information (Level 2). From time to time the Fresenius Group engages external valuation firms to determine the fair value of Level 3 equity investments. The external valuation uses a discounted cash flow model, which includes significant unobservable inputs such as investment specific forecasted financial statements, weighted average cost of capital, that reflects current market assessments as well as a terminal growth rate. The fair values of other equity investments that are traded in an active market, are based on price quotations at the date of the consolidated financial statements (Level 1).

The fair values of major long-term financial instruments are calculated on the basis of market information. Liabilities for which market quotes are available are measured with the market quotes at the reporting date (Level 1). The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used (Level 2).

The valuation of the put option liabilities is determined using significant unobservable inputs (Level 3). From time to time, the Fresenius Group engages external valuation firms for these valuations. The method for calculating the fair value is described in note 1.III.q, Financial instruments. For the purpose of analyzing the impact of changes in unobservable inputs on the fair value measurement of put option liabilities, the Fresenius Group assumes an increase on earnings of 10% compared to the actual estimation as of the balance sheet date. The corresponding increase in fair value is then compared to the total liabilities and the shareholder's equity of the Fresenius Group. This analysis shows that an increase of 10% in the relevant earnings would have an effect of less than 1% on the total liabilities and less than 1% on the shareholder's equity of the Fresenius Group. 95% of the put option liabilities related to Fresenius Medical Care at December 31, 2021 (December 31, 2020: 98%).

Contingent payments outstanding for acquisitions are recognized at their fair value. The estimation of the individual fair values is based on the key inputs of the arrangement that determine the future contingent payment as well as the Fresenius Group's expectation of these factors (Level 3). The Fresenius Group assesses the likelihood and timing of achieving the relevant objectives. The underlying assumptions are reviewed regularly.

The following table shows the changes of the fair values of financial instruments classified as Level 3 in the fiscal years 2021 and 2020:

€ in millions	Equity investments	Accrued contingent payments outstanding for acquisitions	Put option liabilities
As of January 1, 2020	**183**	**595**	**952**
Transfer from Level 2	7	1	–
Additions	–	26	51
Disposals	–	-73	-99
Gain/loss recognized in profit or loss	46	35	0
Gain/loss recognized in equity	–	–	74
Currency effects and other changes	-17	-3	-77
As of December 31, 2020	**219**	**581**	**901**
Transfer to Level 1	-159	–	–
Additions	21	25	146
Disposals	–	-27	-19
Gain/loss recognized in profit or loss	-1	-52	0
Gain/loss recognized in equity	–	0	-57
Currency effects and other changes	13	1	73
As of December 31, 2021	**93**	**528**	**1,044**

At September 30, 2021, Fresenius Medical Care transferred its investment in Humacyte, Inc. (Humacyte) with a carrying amount of €159 million from Level 3 to Level 1, after Humacyte completed its merger with Alpha Healthcare Acquisition Corporation, a special purpose acquisition company. The shares in Alpha Healthcare Acquisition Corporation (now called Humacyte) received by Fresenius Medical Care as a result of this merger and in a contemporaneous private placement are quoted in an active market, and Humacyte has registered shares held by Fresenius Medical Care for resale under the Securities Act of 1933.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Fresenius Group monitors and analyzes the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

Derivatives not designated as hedging instruments comprise derivatives embedded in convertible bonds and call options which have been purchased to hedge the convertible bonds. The fair value of the embedded derivatives is calculated using the difference between the market value of the particular convertible bonds and the market value of an adequate straight bond discounted with the market interest rates as of the reporting date. The fair value of the call options is calculated from price quotations.

For the calculation of the fair value of derivative financial instruments, the Fresenius Group uses market quoted input parameters. Therefore, these are classified as Level 2 in accordance with the defined fair value hierarchy levels.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2021		December 31, 2020	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Foreign exchange contracts (current)	8	18	8	15
Foreign exchange contracts (non-current)	0	0	0	0
Derivatives in cash flow hedging relationships	**8**	**18**	**8**	**15**
Interest rate contracts (current)	–	0	–	–
Interest rate contracts (non-current)	–	–	–	0
Foreign exchange contracts (current)	10	29	10	73
Foreign exchange contracts (non-current)	2	0	–	–
Derivatives embedded in the convertible bonds	–	0	–	0
Call options to secure the convertible bonds	0	–	0	–
Derivatives not designated as hedging instruments	**12**	**29**	**10**	**73**

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

The current portion of derivatives indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term provisions and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term provisions and other long-term liabilities, respectively. The derivatives embedded in the convertible bonds and the call options to secure the convertible bonds are recognized in other current and non-current liabilities/assets in the consolidated statement of financial position.

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

These master netting agreements do not provide a basis for offsetting the fair values of derivative financial instruments in the consolidated statement of financial position as the offsetting criteria under International Financial Reporting Standards are not satisfied.

At December 31, 2021 and December 31, 2020, the Fresenius Group had €18 million and €16 million of derivative financial assets subject to netting arrangements and €41 million and €87 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €12 million and €7 million as well as net liabilities of €35 million and €78 million at December 31, 2021 and December 31, 2020, respectively.

Effects of financial instruments recorded in the consolidated statement of income

In 2021, the net gains and losses from financial instruments consisted of allowances for expected credit losses (including recoveries) in an amount of €71 million (2020: €94 million) and expenses from foreign currency transactions of €25 million (2020: €41 million). In 2021, interest income of €124 million resulted mainly from trade accounts and other receivables recognized at amortized cost and from interest income related to the release of interest accruals on tax positions. In 2020, interest income of €93 million resulted mainly from the valuation of the derivatives embedded in the convertible bonds of Fresenius SE & Co. KGaA, trade accounts and other receivables and loans to related parties. Interest expense of €630 million (2020: €752 million) resulted mainly from Fresenius Group's financial liabilities, which are recognized at amortized cost. Moreover, €188 million (2020: €205 million) related to lease liabilities.

During 2021, the Fresenius Group recognized net losses of €56 million (2020: net gains of €44 million) from changes in the fair value of equity investments and debt instruments that are measured at fair value through profit and loss within other operating income and expenses.

Income of €52 million (2020: expenses of €35 million) resulted from the valuation of contingent payments outstanding. Income and expense from financial instruments recorded in other comprehensive income (loss) related to derivatives in cash flow hedging relationships and to equity investments and debt instruments measured at fair value through other comprehensive income.

The changes of cash flow hedges on the consolidated statement of comprehensive income (loss) before tax for the years 2021 and 2020 are as follows:

EFFECT OF DERIVATIVES ON THE CUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	2021				
	Cash Flow Hedge Reserve		Costs of Hedging Reserve		
€ in millions	Changes of the unrealized gains/losses in other comprehensive income (loss)	Reclassifications from other comprehensive income (loss)[1]	Changes of the unrealized gains/losses in other comprehensive income (loss)	Reclassifications from other comprehensive income (loss)[1]	Affected line item in the consolidated statement of income/consolidated statement of financial position
Interest rate contracts	–	2	n.a.	n.a	Interest income/expense
Foreign exchange contracts	-21	13	-1	1	
thereof		1		1	Sales
		-1		-1	Cost of sales
		0		–	General and administrative expenses
		12		3	Other operating income/expenses
		–		-2	Interest income/expense
		1		0	Inventories
Derivatives in cash flow hedging relationships	**-21**	**15**	**-1**	**1**	

	2020				
	Cash Flow Hedge Reserve		Costs of Hedging Reserve		
€ in millions	Changes of the unrealized gains/losses in other comprehensive income (loss)	Reclassifications from other comprehensive income (loss)[1]	Changes of the unrealized gains/losses in other comprehensive income (loss)	Reclassifications from other comprehensive income (loss)[1]	Affected line item in the consolidated statement of income/consolidated statement of financial position
Interest rate contracts	-1	2	n.a.	n.a	Interest income/expense
Foreign exchange contracts	10	-8	-1	3	
thereof		-5		2	Sales
		-2		4	Cost of sales
		-1		–	General and administrative expenses
		0		-1	Other operating income/expenses
		–		-2	Interest income/expense
		0		0	Inventories
Derivatives in cash flow hedging relationships	**9**	**-6**	**-1**	**3**	

[1] In the consolidated statement of income, no gains or losses from ineffectiveness and only immaterial gains/losses from a hedged underlying transaction, that is no longer expected to occur, are recognized. Gains are shown with a negative sign and losses with a positive sign.

The Fresenius Group solely designates the spot element of the foreign exchange forward contracts as hedging instrument in cash flow hedges. Changes of the fair value of derivative financial instruments that are designated as cash flow hedges are recorded within other comprehensive income (loss).

The effective portion of changes in fair value of the spot element of the hedging instruments is accumulated in a cash flow hedge reserve within other comprehensive income (loss). The forward points of the foreign exchange forward contract is accounted for as cost of hedging reserve within other comprehensive income (loss).

For all cash flow hedges, except for foreign currency risk associated with forecasted purchases of non-financial assets, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged forecasted cash flows affect profit or loss. For cash flow hedges of foreign currency risk associated with forecasted purchases of non-financial assets, the amounts accumulated in the cash flow hedge reserve are instead included directly in the initial cost of the asset when it is recognized. The same approach applies to the amounts accumulated in the costs of hedging reserve.

EFFECT OF DERIVATIVES ON THE CONSOLIDATED STATEMENT OF INCOME

	Gain or loss recognized in the consolidated statement of income		
€ in millions	**2021**	2020	Affected line item in the consolidated statement of income
Interest rate contracts	0	0	Interest income/expense
Foreign exchange contracts	87	-73	Other operating income/expense
Foreign exchange contracts	5	5	Interest income/expense
Derivatives embedded in the convertible bonds	0	2	Interest income/expense
Call options to secure the convertible bonds	0	-2	Interest income/expense
Derivatives not designated as hedging instruments	**92**	**-68**	

In 2021, gains (2020: losses) from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses (2020: gains) from the underlying transactions in the corresponding amount.

MARKET RISK

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues bonds and commercial papers and enters into long-term credit agreements and Schuldschein Loans with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with financial institutions within the limits approved by the Management Board, which are set depending on the counterparty's rating. The counterparties generally have an investment grade rating. Derivative financial instruments are not entered into for trading purposes.

The Fresenius Group makes sure that hedge accounting relationships are aligned with its Group risk management objectives and strategy and that a qualitative and forward-looking approach is used for assessing hedge effectiveness.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and implemented. The Fresenius Group makes sure there is an economic relationship between the hedged item and the hedging instrument and ensures reasonable hedge ratios of the designated hedged items with interest and currency risks. This is achieved by matching to a large extent the critical terms of the interest and foreign exchange derivatives with the critical terms of the underlying exposures. Therefore, the earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period. In principle, sources of inefficiency are risk of credit default and time lags of underlying exposures.

Foreign exchange risk management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist. These mainly relate to transactions denominated in foreign currencies, such as purchases and sales, projects and services as well as intragroup sales of products to other Fresenius Group entities in different currency areas. Therefore, the subsidiaries are affected by changes of foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group applies appropriate financial instruments. For loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts. The Fresenius Group solely designates the spot element of the foreign exchange forward contract as hedging instrument in cash flow hedges and uses a hedge ratio for designated risks of 1 : 1. The fair value of foreign exchange contracts designated as cash flow hedges used to hedge operating transaction risks was -€13 million (December 31, 2020: -€1 million) and in relation with loans in foreign currencies €3 million (December 31, 2020: -€6 million).

As of December 31, 2021, the notional amounts of foreign exchange contracts totaled €2,917 million (December 31, 2020: €3,230 million). Thereof €2,671 million (December 31, 2020: €3,228 million) were due in less than 12 months. As of December 31, 2021, the Fresenius Group was party to foreign exchange contracts with a maximum remaining term to maturity of 33 months. The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following 12 months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations, using the values of the last 50 exchange rates with an interval of 21 trading days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year.

The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i. e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. As of December 31, 2021, the Fresenius Group's cash flow at risk amounted to €44 million based on a net exposure of €1,990 million. This means, with a probability of 95%, a potential loss in relation to the forecasted foreign exchange cash flows of the next 12 months will be not higher than €44 million.

The following table shows the average hedging rates and nominal amounts of foreign exchange contracts for material currency pairs at December 31, 2021.

	Nominal amount in € millions	Average hedging rate
Euro/U.S. dollar	673	1.1569
Euro/Swedish krona	515	10.2869
Euro/Chinese renminbi	399	7.5521

Interest rate risk management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

The Fresenius Group applies appropriate financial instruments in order to protect against the risk of rising interest rates. These interest rate derivatives are exclusively designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future long-term debt issuances (pre-hedges). As of December 31, 2021, the euro denominated interest rate swap had a notional volume of €482 thousand (December 31, 2020: €1 million). The fair value was -€12 thousand (December 31, 2020: -€43 thousand). The euro interest rate swap expires in 2022. It bears an interest rate of 3.39%. As of December 10, 2020, U.S. dollar denominated interest rate swaps in the amount of US$200 million (€165 million on December 10, 2020) with an original maturity on March 10, 2021 were closed out. Accordingly, the underlying was redeemed prior to maturity.

The pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future long-term debt issuance and which could rise until the respective debt is actually issued. These pre-hedges are settled at the issuance date of the corresponding long-term debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the debt. At December 31, 2021 and December 31, 2020, the Fresenius Group had a loss of €8 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date.

Concerning interest rate contracts, unscheduled repayments or the renegotiation of hedged items may in some cases lead to the de-designation of the hedging instrument, which existed up to that point. From that date, the respective hedging transactions are recognized in the consolidated statement of income.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to shareholders of Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of approximately 0.8% on the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA and an effect of less than 0.1% on Fresenius SE & Co. KGaA shareholders' equity.

Management of the Interest Rate Benchmark Reform (IBOR-Reform)

A fundamental reform of major interest rate benchmarks is being undertaken globally. This includes the replacement of certain interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as IBOR reform). The Fresenius Group has exposures to relevant IBORs through its financial instruments, which will be affected as part of this market-wide initiative.

As of December 31, 2021, the LIBOR referencing loans amount to less than €500 million. The majority of the exposure is related to U.S. dollar LIBOR linked loan contracts in the amount of €441 million. For these U.S. dollar loans, it is planned to replace the current LIBOR reference interest rates with SOFR (Secured Overnight Financing Rate) reference interest rates as the new interest basis in due course.

The Syndicated Credit Facilities of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA, both in the amount of €2 billion, have a certain level of London Inter-Bank Offered Rate (LIBOR) exposure due to the possibility of multicurrency drawings in U.S. dollar as well as in euro and will be amended before the expected cessation of the U.S. dollar LIBOR in 2023.

Beyond the measures described above, the Fresenius Group continuously analyzes the extent to which contracts which reference other IBOR cash flows besides LIBOR currencies will need to be adjusted and how to manage communication regarding the ongoing IBOR reform with counterparties.

CREDIT RISK

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty will fail to meet its obligations as the counterparties are highly rated financial institutions (generally investment grade). The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €20 million (December 31, 2020: €18 million) for foreign exchange derivatives. At December 31, 2021 and at December 31, 2020, the Fresenius Group's interest rate derivative did not bear a credit risk. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an aging analysis of trade accounts receivable. For details on trade accounts receivable and on the allowances for expected credit losses, please see note 16, Trade accounts and other receivables.

LIQUIDITY RISK

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term and long-term borrowings are sufficient to meet the company's foreseeable demand for liquidity (see note 23, Debt).

The following table shows the future undiscounted contractual cash flows (including interests) resulting from recognized financial liabilities and derivative financial instruments:

	2021				2020			
€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Non-derivative financial instruments								
Long-term debt (including Accounts Receivable Facility)[1]	86	594	75	111	1,209	2,924	540	653
Short-term debt	2,853	–	–	–	250	–	–	–
Lease liabilities	1,008	1,834	1,399	3,580	926	1,686	1,259	3,451
Bonds	886	2,889	4,216	8,501	1,807	2,599	2,814	8,512
Convertible bonds	–	500	–	–	–	–	500	–
Trade accounts payable	2,039	–	–	–	1,816	–	–	–
Other financial liabilities[2]	2,502	3	1	1	2,208	3	1	0
Contingent payments outstanding for acquisitions	41	256	83	160	56	267	97	183
Put option liabilities	683	231	171	90	646	103	112	74
Total non-derivative financial instruments	**10,098**	**6,307**	**5,945**	**12,443**	**8,918**	**7,582**	**5,323**	**12,873**
Derivative financial instruments								
Derivatives designated as cash flow hedging instruments								
Inflow	-667	-2	–	–	-520	0	–	–
Outflow	688	3	–	–	537	0	–	–
Net derivatives designated as cash flow hedging instruments	**21**	**1**	**–**	**–**	**17**	**0**	**–**	**–**
Derivatives not designated as hedging instruments								
Inflow	-1,039	-1	–	–	-1,844	–	–	–
Outflow	1,074	1	–	–	1,918	0	0	–
Net derivatives not designated as hedging instruments	**35**	**0**	**–**	**–**	**74**	**0**	**0**	**–**
Total derivative financial instruments	**56**	**1**	**–**	**–**	**91**	**0**	**0**	**–**
Total non-derivative and derivative financial instruments	**10,154**	**6,308**	**5,945**	**12,443**	**9,009**	**7,582**	**5,323**	**12,873**

[1] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2021.
[2] €1,378 million were reclassified from other financial liabilities to other non-financial liabilities.

33. INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. Capital management includes both equity and debt. Principal objectives of Fresenius Group's capital management are to ensure financial flexibility, to limit refinancing risks and to optimize the weighted average cost of capital. Further, it is sought to achieve a balanced mix of equity and debt.

Due to the company's diversification within the health care sector and the strong market positions of the business segments in global, growing and non-cyclical markets, predictable and sustainable cash flows are generated. They allow a reasonable proportion of debt. Moreover, Fresenius Group's customers are generally of high credit quality.

Measures to strengthen the equity base may also be considered in exceptional cases to ensure long-term growth, for instance to finance a major acquisition.

Shareholders' equity and debt have developed as follows:

SHAREHOLDERS' EQUITY

€ in millions	December 31, 2021	December 31, 2020
Shareholders' equity	29,288	26,023
Total assets	71,962	66,646
Equity ratio	40.7%	39.0%

Fresenius SE & Co. KGaA is not subject to any capital requirements provided for in its articles of association. Fresenius SE & Co. KGaA has obligations to issue shares out of the Conditional Capital relating to the exercise of stock options on the basis of the existing 2013 Stock Option Plan (see note 36, Share-based compensation plans).

DEBT

€ in millions	December 31, 2021	December 31, 2020
Debt	27,155	25,913
Total assets	71,962	66,646
Debt ratio	37.7%	38.9%

Assuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a broad spread of maturities, a wide range of financing instruments and a high degree of diversification of investors and banks. Fresenius Group's maturity profile displays a broad spread of maturities with a high proportion of medium- and long-term financing. In the choice of financing instruments, market capacity, investor diversification, capital cost, flexibility, credit conditions and the existing maturity profile are taken into account.

The leverage ratio on the basis of net debt/EBITDA is a key financial figure for the Fresenius Group. As of December 31, 2021, the leverage ratio, calculated on the basis of year-end exchange rates, before special items was 3.55 (December 31, 2020: 3.4).

Fresenius Group's solid financing strategy is reflected in its investment grade credit ratings. The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

RATING OF FRESENIUS SE & CO. KGAA

	December 31, 2021	December 31, 2020
Standard & Poor's		
Corporate Credit Rating	BBB	BBB
Outlook	stable	stable
Moody's		
Corporate Credit Rating	Baa3	Baa3
Outlook	stable	stable
Fitch		
Corporate Credit Rating	BBB -	BBB -
Outlook	stable	stable

In 2021 and 2020, Fresenius Group's rating remained unchanged.

34. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statements of cash flows of the Fresenius Group for the fiscal years 2021 and 2020 are shown on pages 281 and 282.

Cash funds reported in the consolidated statement of cash flows and in the consolidated statement of financial position are comprised of cash on hand, checks, securities and cash at bank which are readily convertible within three months and are subject to insignificant risk of changes in value.

In 2021, Fresenius Helios has used subsidies for investments in property, plant and equipment in the amount of €99 million (2020: €97 million), that were offset in purchases of property, plant and equipment in the consolidated statement of cash flows.

Cash paid for acquisitions consisted of the following:

€ in millions	2021	2020
Assets acquired	1,057	1,098
Liabilities assumed	-35	-273
Noncontrolling interests	-120	-37
Debt assumed	-86	-182
Cash paid	**816**	**606**
Cash acquired	-55	-27
Cash paid for acquisitions, net	**761**	**579**
Cash paid for investments, net of cash acquired	206	108
Cash paid for intangible assets, net	32	33
Total cash paid for acquisitions and investments and purchases of intangible assets	**999**	**720**

In 2021, €129 million of cash paid for investments, net of cash acquired, related to investments in securities in the business segment Fresenius Medical Care.

Proceeds from the sale of subsidiaries were €54 million in 2021 (2020: €32 million.)

The following table shows a reconciliation of debt to cash flow from financing activities in 2021 and 2020:

			Non-cash changes					
€ in millions	January 1, 2021	Cash flow	Assumed as part of acquisitions	Foreign currency translation	Amortization of debt issuance costs	New lease contracts	Other[1]	December 31, 2021
Short-term debt	245	2,591	1	1	–	–	3	2,841
Long-term debt, less Accounts Receivable Facility of Fresenius Medical Care	5,154	-2,569	24	62	6	–	-77	2,600
Lease liabilities	6,188	-880	121	319	–	915	-73	6,590
Bonds	13,847	461	–	300	17	–	9	14,634
Convertible bonds	474	–	–	–	8	–	–	482
Accounts Receivable Facility of Fresenius Medical Care	–	–	–	–	–	–	–	–

[1] Under the effective interest method, non-cash changes result from the compounding interest on lease liabilities in the amount of €188 million.

			Non-cash changes					
€ in millions	January 1, 2020	Cash flow	Assumed as part of acquisitions	Foreign currency translation	Amortization of debt issuance costs	New lease contracts	Other[1]	December 31, 2020
Short-term debt	2,475	-2,247	5	-8	–	–	20	245
Long-term debt, less Accounts Receivable Facility of Fresenius Medical Care	6,629	-1,377	145	-128	-1	–	-114	5,154
Lease liabilities	6,439	-937	35	-377	–	1,087	-59	6,188
Bonds	10,467	3,640	–	-290	9	–	21	13,847
Convertible bonds	865	-400	–	–	1	–	8	474
Accounts Receivable Facility of Fresenius Medical Care	380	-374	–	-6	–	–	–	–

[1] Under the effective interest method, non-cash changes result from the compounding interest on lease liabilities in the amount of €205 million.

Interest payments are included in the consolidated statement of cash flows under net cash provided by operating activities. In fiscal year 2021, cash payments related to interest amounted to €502 million (2020: €609 million). Accrued interest on debt and bonds is reported in the consolidated statement of financial position under short-term provisions and other short-term liabilities.

35. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting tables shown on pages 285 to 286 of this Annual Report are an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at December 31, 2021.

The key data disclosed in conjunction with the consolidated segment reporting correspond to the key data of the internal reporting system of the Fresenius Group. Internal and external reporting and accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with IFRS 8, Operating Segments, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions.

The business segments of the Fresenius Group are as follows:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

The column Corporate is comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Digital Technology GmbH, which provides services in the field of information technology. Furthermore, Corporate includes intersegment consolidation adjustments as well as special items (see note 3, Special items).

Details on the business segments are shown on page 288 of the notes.

Segment reporting by region takes account of geographical factors and the similarity of markets in terms of opportunities and risks. The allocation to a particular region is based on the domicile of the customers.

NOTES ON THE BUSINESS SEGMENTS

The key figures used by the Management Board to assess segment performance, have been selected in such a way that they include all items of income and expenses which fall under the area of responsibility of the business segments. The Management Board is convinced that the most suitable performance indicator is the operating income (EBIT). The Management Board believes that, in addition to the operating income, the figure for earnings before interest, taxes and depreciation / amortization (EBITDA) can also help investors to assess the ability of the Fresenius Group to generate cash flows and to meet its financial obligations.

Depreciation and amortization is presented for property, plant and equipment and intangible assets with definite useful lives of the respective business segment.

Net interest is comprised of interest expenses and interest income.

Net income attributable to shareholders of Fresenius SE & Co. KGaA is defined as earnings after income taxes and noncontrolling interests.

The operating cash flow is the cash provided by/used in operating activities.

The cash flow before acquisitions and dividends is the operating cash flow less net capital expenditure.

Debt is comprised of bank loans, bonds, convertible bonds, lease liabilities, liabilities relating to outstanding acquisitions as well as intercompany liabilities.

Other operating liabilities include the sum of short-term and long-term liabilities, less debt and less liabilities for deferred taxes.

Capital expenditure mainly contains additions to property, plant and equipment, including non-cash effective items.

Acquisitions refer to the purchase of shares in legally independent companies and the acquisition of business divisions and intangible assets (e.g. licenses). The key figures shown with regard to acquisitions present the contractual purchase prices comprising amounts paid in cash (less cash acquired), debts assumed and the issuance of shares, whereas for the purposes of the statement of cash flows, only cash purchase price components less acquired cash and cash equivalents are reported.

The EBITDA margin is calculated as a ratio of EBITDA to sales.

The EBIT margin is calculated as a ratio of EBIT to sales.

The return on operating assets (ROOA) is defined as the ratio of EBIT to average operating assets. Operating assets are defined as total assets less deferred tax assets, trade accounts payable and advance payments from customers as well as guaranteed subsidies.

In addition, the key indicators "Depreciation and amortization in % of sales" and "Operating cash flow in % of sales" are also disclosed.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	2021	2020
Total EBIT of reporting segments	4,296	4,648
Special items	-94	-227
General corporate expenses Corporate (EBIT)	-44	-36
Group EBIT	**4,158**	**4,385**
Interest expenses	-630	-752
Interest income	124	93
Income before income taxes	**3,652**	**3,726**

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Dec. 31, 2021	Dec. 31, 2020
Short-term debt	2,841	245
Short-term debt from related parties	8	5
Current portion of long-term debt	473	1,132
Current portion of lease liabilities	832	766
Current portion of bonds	618	1,522
Long-term debt, less current portion	2,127	4,022
Lease liabilities, less current portion	5,758	5,422
Bonds, less current portion	14,016	12,325
Convertible bonds	482	474
Debt	**27,155**	**25,913**
less cash and cash equivalents	2,764	1,837
Net debt	**24,391**	**24,076**

Net debt excluding lease liabilities amounted to €17,801 million at December 31, 2021 (December 31, 2020: €17,888 million).

The following table shows the long-lived assets by geographical region:

€ in millions	Dec. 31, 2021	Dec. 31, 2020
Germany	**11,270**	10,233
Spain	**7,671**	7,196
Europe (excluding Germany and Spain)	**3,765**	4,090
North America	**26,147**	23,797
Asia-Pacific	**2,612**	2,480
Latin America	**874**	1,052
Africa	**73**	66
Total long-lived assets[1]	**52,412**	**48,914**

[1] The aggregate amount of long-lived assets is the sum of non-current assets less deferred tax assets and less other non-current financial assets.

In 2021, the Fresenius Group generated sales of €8,461 million (2020: €8,059 million) in Germany. Sales in the United States were €14,088 million at actual rates (2020: €14,540 million) and €14,587 million in constant currency in 2021.

In 2021, the segment Fresenius Medical Care generated other sales in the amount of €516 million (2020: €409 million), Fresenius Kabi €3 million (2020: €3 million), Fresenius Helios €12 million (2020: €12 million) and Fresenius Vamed €4 million (2020: €0 million). All other sales are sales from contracts with customers.

36. SHARE-BASED COMPENSATION PLANS

COMPENSATION COST IN CONNECTION WITH THE SHARE-BASED COMPENSATION PLANS OF THE FRESENIUS GROUP

In 2021, the Fresenius Group recognized compensation cost in an amount of €1 million for stock options granted in 2017 for the last time. In 2020, the Fresenius Group recognized €6 million in income in relation to stock options granted since 2016. The amount recognized in income was mainly due to the non-achievement of the plan targets and the resulting forfeiture of three quarters of the stock options granted in 2017. For stock incentive plans which are performance-based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the market values of the underlying stock at the grant date.

The expenses related to cash-settled share-based payment transactions are determined based upon the fair value at measurement date and the number of phantom stocks or performance shares granted which will be recognized over the vesting period. In 2021, the Fresenius Group recognized expenses of €27 million (2020: €31 million) in connection with cash-settled share-based payment transactions. At December 31, 2021, the Fresenius Group has accrued €72 million (December 31, 2020: €83 million) for its share-based compensation plans.

SHARE-BASED COMPENSATION PLANS OF FRESENIUS SE & CO. KGAA

Description of the Fresenius SE & Co. KGaA share-based compensation plans in place

As of December 31, 2021, Fresenius SE & Co. KGaA had two share-based compensation plans in place: the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks and the Long Term Incentive Plan 2018 (LTIP 2018) which is solely based on performance shares. Currently, solely LTIP 2018 can be used to grant performance shares.

LTIP 2018

On April 12, 2018 and March 15, 2018, respectively, the Management Board and Supervisory Board of the general partner, Fresenius Management SE, resolved the Long Term Incentive Plan 2018 (LTIP 2018).

The LTIP 2018 is based solely on virtual stocks (performance shares). The performance shares issued through the plan are non-equity-backed, virtual compensation instruments. When performance targets are reached and other prerequisites are met, they guarantee the entitlement to a cash payment by Fresenius SE & Co. KGaA or one of its affiliated companies.

The plan is available both for members of the Management Board (with the exception of Mr. Rice Powell, who receives his compensation from Fresenius Medical Care Management AG) and other executives. Performance shares may be granted once annually over a period of five years. The grant to the members of the Management Board is made by the Supervisory Board of the general partner, Fresenius Management SE, the grant to the other executives is made by the Management Board of Fresenius Management SE, in each case on the basis of a grant value determined at its discretion. The grant value is determined in consideration of the personal performance and the responsibilities of the concerned plan participant. The number of performance shares granted is calculated through applying the grant value and the average stock market price of the Fresenius share over the period of 60 stock exchange trading days prior to the grant date.

The number of performance shares may change over a period of four years, depending on the level of achievement of the performance targets described in more detail below. This could entail the entire loss of all performance shares or also – at maximum – the doubling of their number. The resulting number of performance shares, which is determined after a performance period of four years and based on the respective level of target achievement, is deemed finally earned four years after the date of the respective grant. The number of vested performance shares is then multiplied by the average stock exchange price of Fresenius SE & Co. KGaA's share over a period of 60 stock exchange trading days prior to the lapse of this vesting period plus the total of the dividends per share of Fresenius SE & Co. KGaA paid by Fresenius SE & Co. KGaA between the grant date and the vesting date. The resulting amount will be paid to the respective plan participant in cash. The potential disbursement entitlement of each member of the Management Board is limited to a maximum value of 250% of the grant value, the entitlement of all other plan participants is limited to a maximum value of 400%.

The LTIP 2018 has two equally weighted performance targets: firstly, the growth rate of the adjusted consolidated net income (adjusted for currency effects) and, secondly, the relative Total Shareholder Return based on the STOXX Europe 600 Health Care Index. Disbursement entitlement requires that at least one of the two performance targets must be reached or surpassed over the four-year performance period.

For the performance target "Net Income Growth Rate" a level of target achievement of 100% is reached when the same is at least 8% over the four-year performance period. If the growth rate falls below or corresponds to only 5%, the level of target achievement is 0%. If the growth rate is between 5% and 8%, the level of target achievement is between 0% and 100%, while, where the growth rate is between 8% and 20%, the level of target achievement will be between 100% and 200%. Intermediate values are calculated through linear interpolation. The net income is the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA reported in the consolidated financial statements of Fresenius SE & Co. KGaA prepared in accordance with IFRS, adjusted for extraordinary effects.

The determination of the adjusted net income (adjusted for currency effects) and the change in comparison with the adjusted net income (not adjusted for currency effects) of the previous Fresenius Group fiscal year will be verified in a binding manner by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. For the ascertainment of the currency translation effects, all line items of the income statements of the companies that are included in the consolidated financial statements and which have a functional currency other than the reporting currency (euro) of the Fresenius Group are translated with the average exchange rates of the Fresenius Group fiscal year of the consolidated financial statements that are the basis for the comparison.

For the "Total Shareholder Return" performance target, a target achievement of 100% is met when the Total Shareholder Return of Fresenius SE & Co. KGaA in comparison with the Total Shareholder Return of the other companies of the STOXX Europe 600 Health Care Index achieves an average ranking within the benchmark companies, i. e. exactly in the middle (50th percentile), over the four-year performance period. If the ranking corresponds to the 25th percentile or less, the level of target achievement is 0%. Where the ranking is between the 25th percentile and the 50th percentile, the level of target achievement is between 0% and 100%; and, for a ranking between the 50th percentile and the 75th percentile, between 100% and 200%. Intermediate values will also be calculated through linear interpolation. Total Shareholder Return denotes the percentage change in the stock market price within the performance period including reinvested dividends and all capital measures, whereby capital measures are to be calculated through rounding down to the fourth decimal place.

The ranking values are determined using the composition of STOXX Europe 600 Health Care on the grant date. For equalization purposes, the relevant market price is the average market price in the period of 60 stock exchange trading days prior to the beginning and end of a performance period; the relevant currency is that of the main stock exchange of a company, which was listed in STOXX Europe 600 Health Care on the grant date.

A level of target achievement in excess of 200% is not possible for both performance targets.

To calculate the level of overall target achievement, the level of target achievement of the two performance targets are given equal weighting. The total number of performance shares vested on each plan participant is calculated through multiplying the number of performance shares granted by the overall target achievement.

The performance targets for the 2018 grant were not achieved. Therefore, the performance shares granted in 2018 forfeited.

In the event of violation of compliance rules, the Supervisory Board of Fresenius Management SE, in due exercise of its discretion, is entitled to reduce the number of performance shares vested on a member of the Management Board to zero. Regarding all other plan participants, such decision is made by the Management Board of Fresenius Management SE. Furthermore, Fresenius SE & Co. KGaA is entitled to a complete or partial reimbursement in the event of violation of compliance rules in the period of three years following disbursement.

2013 LTIP

The 2013 LTIP is comprised of the Fresenius SE & Co. KGaA Stock Option Plan 2013 (2013 SOP) and the Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (2013 PSP). It combines the granting of stock options with the granting of phantom stock awards which entitle the holder to receive cash payments upon exercising the phantom stock. Each of the 2013 SOP and 2013 PSP making up the 2013 LTIP have been established under a stand-alone legal documentation.

2013 SOP

Under the 2013 SOP, which was approved by the Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2013, Fresenius Management SE was originally authorized to issue up to 8.4 million subscription rights for an amount of 8.4 million non-par value ordinary bearer shares of Fresenius SE & Co. KGaA until May 16, 2018.

Of the up to 8.4 million options, up to 1.6 million options were designated for members of the Management Board of Fresenius Management SE; up to 4.4 million options were designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 2.4 million options were designated for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

In connection with the stock split in 2014, the total volume of not yet granted subscription rights increased in the same proportion as the subscribed capital (factor 3) as far as options had not yet been granted under the 2013 SOP. The same applies to the subsets of the subscription rights that are attributable to individual groups of participants. For stock options that were granted before the stock split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increased in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three bearer ordinary shares of Fresenius SE & Co. KGaA. The exercise price was reduced proportionally.

The granting of the options occurred in five annual tranches, each to the last Monday in July or the first Monday in December. With respect to new options, the Supervisory Board of Fresenius Management SE determined the stock options granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determined the other participants in the 2013 SOP and the stock options granted to them.

The exercise price of an option equals the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic Xetra trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 calendar days prior to the respective grant date.

Options granted have an eight-year term but can be exercised only after a four-year vesting period. The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely. In the years 2013 to 2019, the performance targets for stock options granted in 2013 to 2016 were met. For stock options granted in 2017, only one quarter of the performance target was achieved. Therefore, in 2020, three quarters of the stock options granted in 2017 were forfeited.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS (currency adjusted) and changes thereto compared to the adjusted net income according to IFRS (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares in lieu of increasing capital by the issuance of new shares.

After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated blackout periods.

The last options were granted in 2017.

2013 PSP

Fresenius SE & Co. KGaA's 2013 PSP was established in May 2013, together with the 2013 SOP in line with the 2013 LTIP. Awards of phantom stocks can be granted on each stock option grant date. Phantom stocks awarded under the 2013 PSP may be granted to the members of Fresenius Management SE's Management Board, the members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and to executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

The holders of phantom stocks, that had been issued before the stock split 2014 came into effect, were granted an economic compensation through retroactively tripling the number of phantom stocks granted before the stock split 2014 came into effect.

As under the 2013 SOP, the Supervisory Board of Fresenius Management SE determined the phantom stocks granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determined the other participants in the 2013 PSP and the phantom stocks granted to them.

Phantom stock awards under the 2013 PSP entitle the holder to receive a cash payment. Each phantom stock award shall entitle the holder to receive the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic Xetra trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, during the last three months prior to the date the phantom stock is exercised.

The exercise of phantom stock is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the subscription rights to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the phantom stock awards issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely. In the years 2013 to 2019, the performance targets for phantom stocks granted in 2013 to 2016 were met. For phantom stocks granted in 2017, only one quarter of the performance target was achieved. Therefore, in 2020, three quarters of the phantom stocks granted in 2017 were forfeited.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS (currency adjusted) and changes thereto compared to the adjusted net income according to IFRS (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements.

After the expiration of the waiting period, all exercisable phantom stocks will be deemed to be exercised and cashed out on March 1 following the end of the waiting period (or the following banking day). At December 31, 2021, the provision for phantom stocks issued in 2017 that will be exercised and paid out on March 1, 2022, amounted to €1 million. At December 31, 2020, the provision for phantom stocks issued in 2016 that were exercised and paid out on March 1, 2021, amounted to €7 million.

The last phantom stocks were granted in 2017.

Transactions during 2021 and 2020

On September 13, 2021, Fresenius SE & Co. KGaA awarded 915,105 performance shares under the LTIP 2018, the total fair value at the grant date being €41 million, including 193,800 performance shares valued at €9 million to the members of the Management Board of Fresenius Management SE. The fair value per performance share at the grant date was €44.75.

On September 14, 2020, Fresenius SE & Co. KGaA awarded 924,237 performance shares under the LTIP 2018, the total fair value at the grant date being €39 million, including 183,420 performance shares valued at €8 million to the members of the Management Board of Fresenius Management SE. The fair value per performance share at the grant date was €41.98.

During the fiscal year 2021, Fresenius SE & Co. KGaA received cash of €32 million from the exercise of 961,234 stock options. The average stock price of the ordinary share at the exercise date was €44.32.

During the fiscal year 2020, Fresenius SE & Co. KGaA received cash of €5 million from the exercise of 160,930 stock options. The average stock price of the ordinary share at the exercise date was €40.63.

At December 31, 2021, 4,967,507 stock options issued under the 2013 LTIP were outstanding and exercisable. The members of the Fresenius Management SE Management Board held 603,281 stock options. 38,592 phantom stocks issued under the 2013 LTIP were outstanding at December 31, 2021. The members of the Fresenius Management SE Management Board held 5,059 phantom stocks. At December 31, 2021, the Management Board members of Fresenius Management SE held 582,234 performance shares and employees of Fresenius SE & Co. KGaA held 2,367,562 performance shares under the LTIP 2018.

Of the 6,117,024 outstanding stock options issued under the 2013 LTIP, 5,633,679 were exercisable at December 31, 2020. The members of the Fresenius Management SE Management Board held 890,156 stock options. 231,684 phantom stocks issued under the 2013 LTIP were outstanding at December 31, 2020. The members of the Fresenius Management SE Management Board held 35,464 phantom stocks. At December 31, 2020, the Management Board members of Fresenius Management SE held 467,335 performance shares and employees of Fresenius SE & Co. KGaA held 1,684,235 performance shares under the LTIP 2018.

Stock option transactions are summarized as follows:

Ordinary shares December 31	Number of options	Weighted average exercise price in €	Number of options exercisable
Balance 2019	**8,435,555**	**58.34**	**4,245,296**
exercised	160,930	33.78	
forfeited	2,157,601	71.23	
Balance 2020	**6,117,024**	**54.44**	**5,633,679**
exercised	961,234	32.82	
forfeited	168,033	63.77	
expired	20,250	32.12	
Balance 2021	**4,967,507**	**58.40**	**4,967,507**

The following tables provide a summary of outstanding and exercisable options for ordinary shares at December 31:

	December 31, 2021		
	Options outstanding and exercisable		
Range of exercise prices in €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price in €
35,01 – 40,00	1,144,742	0.58	36.92
60,01 – 65,00	1,616,095	1.59	60.66
65,01 – 70,00	1,741,963	2.57	66.05
70,01 – 75,00	464,707	3.58	74.77
	4,967,507	**1.89**	**58.40**

	December 31, 2020					
	Options outstanding			Options exercisable		
Range of exercise prices in €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price in €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price in €
30,01 – 35,00	868,831	0.63	32.27	868,831	0.63	32.27
35,01 – 40,00	1,261,520	1.58	36.92	1,261,520	1.58	36.92
60,01 – 65,00	1,683,220	2.59	60.66	1,675,440	2.58	60.64
65,01 – 70,00	1,827,888	3.57	66.05	1,827,888	3.57	66.05
70,01 – 75,00	475,565	4.58	74.77	–		
	6,117,024	**2.55**	**54.44**	**5,633,679**	**2.38**	**52.71**

At December 31, 2021, the aggregate intrinsic value of exercisable options for ordinary shares was -€114 million (December 31, 2020: -€84 million).

At December 31, 2021, there was no unrecognized compensation cost related to non-vested options granted under the 2013 LTIP (December 31, 2020: €1 million).

SHARE-BASED COMPENSATION PLANS OF FRESENIUS MEDICAL CARE AG & CO. KGAA

As of December 31, 2021, Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) has various share-based compensation plans, which may either be equity- or cash-settled.

Fresenius Medical Care AG & Co. KGaA long-term incentive plans during 2016–2021 (Performance Shares)

As of May 11, 2016, the issuance of stock options and phantom stocks under the FMC-AG & Co. KGaA Long Term Incentive Program 2011 (LTIP 2011) terminated. Furthermore, as of January 1, 2019, the issuance of performance shares under the FMC-AG & Co. KGaA Long Term Incentive Plan 2016 (LTIP 2016) terminated. Furthermore, as of January 1, 2020, the issuance of performance shares under the Fresenius Medical Care Management Board Long Term Incentive Plan 2019 (MB LTIP 2019) is no longer possible. In order to continue to enable the members of the Management Board, the members of the management boards of affiliated companies and managerial staff members to adequately participate in the long-term, sustained success of Fresenius Medical Care, successor programs were introduced. For members of the Management Board, the Supervisory Board of Fresenius Medical Care Management AG (FMC Management AG) has approved and adopted the Fresenius Medical Care Management Board Long Term Incentive Plan 2020 (MB LTIP 2020) effective January 1, 2020. For the members of the management boards of affiliated companies and managerial staff members, the Management Board of FMC Management AG has approved and adopted the FMC-AG & Co. KGaA Long Term Incentive Plan 2019 (LTIP 2019) effective January 1, 2019.

The LTIP 2016, the MB LTIP 2019, the LTIP 2019 and the MB LTIP 2020 are each variable compensation programs with long-term incentive effects which allocate or allocated so-called performance shares. Performance shares are non-equity, cash-settled virtual compensation instruments which may entitle plan participants to receive a cash payment depending on the achievement of predefined performance targets further defined below as well as FMC-AG & Co. KGaA's share price development.

The following table provides an overview of these plans.

	MB LTIP 2020	LTIP 2019	MB LTIP 2019	LTIP 2016
Eligible persons	Members of the Management Board	Other plan participants	Members of the Management Board	Members of the Management Board and other plan participants
Years in which an allocation occurred	2020 - 2021	2019 - 2021	2019	2016 - 2018
Months in which an allocation occurred	November (2020), March (2021)	July, December	July, December	July, December

Under the current compensation system, the Supervisory Board of FMC Management AG defines an initial value for each Management Board member's allocation by applying a multiplier to the relevant base salary. Such allocation value equals 135% (multiplier of 1.35) of the relevant base salary. In case of appointments to the Management Board during a fiscal year, the amount to be allocated to such member can be pro-rated. For plan participants other than the members of the Management Board, the determination of the allocation value will be made by the Management Board, taking into account the individual responsibility of each plan participant. The initial allocation value is determined in the currency in which the respective participant receives his or her base salary at the time of the allocation. In order to determine the number of performance shares each plan participant receives, the respective allocation value will be divided by the value per performance share at the time of the allocation, which is mainly determined based on the average price of FMC-AG & Co. KGaA's shares over a period of 30 calendar days prior to the respective allocation date.

The number of allocated performance shares may change over the performance period of three years, depending on the level of achievement of the following: (i) revenue growth at constant currency (revenue growth), (ii) growth of the net income attributable to the shareholders of FMC-AG & Co. KGaA at constant currency (net income growth) and (iii) return on invested capital (ROIC).

In addition to the three performance targets above, and for the LTIP 2019 exclusively, the level of achievement for performance shares allocated in year 2019 may be subject to an increase if certain targets in relation to the second phase of FMC-AG & Co. KGaA's Global Efficiency Program (GEP-II targets) and in relation to the free cash flow (free cash flow target) are achieved.

Revenue, net income and ROIC are determined according to FMC-AG & Co. KGaA's consolidated reported and audited figures in euro for the financial statements prepared in accordance with IFRS, applying the respective plan terms. Revenue growth, net income growth and the fulfillment of the GEP-II targets, for the purpose of the relevant plan, are determined at constant currency.

Performance targets

The performance targets and the target values to be applied for the fiscal year 2021 for performance shares allocated in the fiscal year under the MB LTIP 2020 and under the LTIP 2019 are presented in the table below.

	Target values	Target achievement	Weight
Performance target 1: Revenue Growth	≤1%	0%	
	6%	100%	1/3
	≥11%	200%	
Performance target 2: Net Income Growth	≤0%	0%	
	5%	100%	1/3
	≥10%	200%	
Performance target 3: ROIC	≤5.5%	0%	
	6%	100%	1/3
	≥6.5%	200%	

If revenue growth, net income growth or ROIC range between these values, the respective degree of target achievement will be linearly interpolated between these values.

For performance shares allocated in 2020, for the fiscal years 2020 and 2021, an annual target achievement level of 100% will be reached for the revenue growth performance target if revenue growth is 6%; revenue growth of 1% will lead to a target achievement level of 0% and the maximum target achievement level of 200% will be reached in case of revenue growth of at least 11%. If revenue growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For performance shares allocated in 2020, for the fiscal years 2020 and 2021, an annual target achievement level of 100% for the net income growth performance target will be reached if net income growth is 5%. In case of net income growth of 0%, the target achievement level will also be 0%; the maximum target achievement of 200% will be reached in the case of net income growth of at least 10%. If net income growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For performance shares allocated in 2020, for the fiscal years 2020 and 2021, an annual target achievement level of 100% for the ROIC performance target will be reached if ROIC is 6.0%. In case of a ROIC of 5.5%, the target achievement level will be 0%; the maximum target achievement of 200% will be reached in the case of a ROIC of at least 6.5%. Between these values, the degree of target achievement will be determined by means of linear interpolation.

For performance shares allocated throughout 2016 to 2019, for each individual year of the three-year performance period, an annual target achievement level of 100% will be reached for the revenue growth performance target if revenue growth is 7%; revenue growth of 0% will lead to a target achievement level of 0% and the maximum target achievement level of 200% will be reached in case of revenue growth of at least 16%. If revenue growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For performance shares allocated throughout 2016 to 2019, for each individual year of the three-year performance period, an annual target achievement level of 100% for the net income growth performance target will be reached if net income growth is 7%. In case of net income growth of 0%, the target achievement level will also be 0%; the maximum target achievement of 200% will be reached in the case of net income growth of at least 14%. Between these values, the degree of target achievement will be determined by means of linear interpolation.

For Performance Shares allocated throughout 2016 to 2019, an annual target achievement level of 100% for ROIC will be reached if the target ROIC as defined for the applicable year is reached. For performance shares allocated throughout 2016 to 2019, the target ROIC is 7.3% for 2016, 7.5% for 2017, 7.7% for 2018, 7.9% for 2019, 8.1% for 2020 and 8.1% for 2021. A target achievement level of 0% will be reached if the ROIC falls below the target ROIC for the applicable year by 0.2 percentage points or more, whereas the maximum target achievement level of 200% will be reached if the target ROIC for the respective year is exceeded by 0.2 percentage points or more. The degree of target achievement will be determined by means of linear interpolation if the ROIC ranges between these values. In case the annual ROIC target achievement level in the third year of a performance period for performance shares allocated throughout years 2016 to 2019 is equal to or higher than the ROIC target achievement level in each of the two previous years of such performance period, the ROIC target achievement level of the third year is deemed to be achieved for all years of the applicable performance period.

For all plans, the achievement level for each of the three performance targets will be weighted annually at one-third to determine the yearly target achievement for each year of the three-year performance period. The level of overall target achievement over the three-year performance period will then be determined on the basis of the mean of these three average yearly target achievements. The overall target achievement can be in a range of 0% to 200%. For performance shares allocated in fiscal year 2019 under the LTIP 2019, the overall target achievement shall be increased by 20 percentage points if the GEP-II targets achievement is 100%. Furthermore, the overall target achievement for performance shares allocated in year 2019 under the LTIP 2019 shall be increased by 20 percentage points if the free cash flow target achievement is 200%. In case of a GEP-II targets achievement between 0% and 100% and a free cash flow target achievement between 0% and 200%, the increase of the overall target achievement will be calculated by means of linear interpolation. The overall target achievement shall not exceed 200%.

The number of performance shares allocated to the plan participants at the beginning of the performance period will each be multiplied by the level of overall target achievement in order to determine the final number of performance shares.

Vesting conditions

For the MB LTIP 2020, the final number of performance shares is generally deemed earned three years after the day of an allocation. The number of such vested performance shares is then multiplied by the average FMC-AG & Co. KGaA share price over a period of 30 calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400% of the allocation value received by the participant and which can be reduced to meet the respective maximum compensation of the participant, less taxes and contributions, is transferred to a credit institution which uses it for the purchase of shares of FMC-AG & Co. KGaA on the stock exchange on behalf of the participant. The shares acquired in this way are subject to a holding period of at least one year. After the lapse of this holding period, the participant can decide to further hold or sell these shares.

For the LTIP 2019, the final number of performance shares is generally deemed earned three years after the day of a respective allocation. The number of such vested performance shares is then multiplied by the average FMC-AG & Co. KGaA share price over a period of 30 calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400% of the allocation value received by the participant, will then be paid to the plan participants as cash compensation.

For the MB LTIP 2019, the final number of performance shares is generally deemed earned four years after the day of a respective allocation. The number of such vested performance shares is then multiplied by the average FMC-AG & Co. KGaA share price over a period of 30 calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

For the LTIP 2016, the final number of performance shares is generally deemed earned four years after the day of an allocation. The number of such vested performance shares is then multiplied by the average FMC-AG & Co. KGaA share price over a period of 30 calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011 (stock options and phantom stocks)

On May 12, 2011, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 (2011 SOP) was established by resolution of Fresenius Medical Care AG & Co. KGaA's (FMC-AG & Co. KGaA) Annual General Meeting. The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of FMC Management AG's Management and Supervisory Boards, forms FMC-AG & Co. KGaA's Long Term Incentive Program 2011 (LTIP 2011). Under the LTIP 2011, participants were granted awards, which consisted of a combination of stock options and phantom stocks. The final grant under the LTIP 2011 was made in December 2015. Awards under the LTIP 2011 were subject to a four-year vesting period. Vesting of the awards granted was subject to achievement of predefined performance targets. The 2011 SOP was established with a conditional capital increase up to €12 million subject to the issue of up to 12 million non-par value bearer ordinary shares with a nominal value of €1.00 per share.

Stock options granted under the LTIP 2011 have an eight-year term and can be exercised for the first time after a four-year vesting period. The exercise price of stock options granted under the LTIP 2011 shall be the average stock exchange price on the Frankfurt Stock Exchange of FMC-AG & Co. KGaA's shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the LTIP 2011 to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Stock options under the LTIP 2011 are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or disposed of otherwise.

Phantom stock awards under the LTIP 2011 entitled the holders to receive payment in euro from FMC-AG & Co. KGaA upon exercise of the phantom stock. The payment per phantom stock in lieu of the issuance of such stock was based upon the share price on the Frankfurt Stock Exchange of one of FMC-AG & Co. KGaA's shares on the exercise date. Phantom stock awards had a five-year term and could be exercised for the first time after a four-year vesting period. For participants who were U.S. taxpayers, the phantom stock was deemed to be exercised in any event in the month of March following the end of the vesting period.

Transactions during 2021 and 2020

During 2021, FMC-AG & Co. KGaA allocated 192,446 performance shares under the MB LTIP 2020 at a measurement date weighted average fair value of €54.69 each and a total fair value of €11 million, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2021, FMC-AG & Co. KGaA allocated 935,814 performance shares under the LTIP 2019 at a measurement date weighted average fair value of €53.27 each and a total fair value of €50 million, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2020, FMC-AG & Co. KGaA allocated 159,607 performance shares under the MB LTIP 2020 at a measurement date weighted average fair value of €64.20 each and a total fair value of €10 million, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2020, FMC-AG & Co. KGaA allocated 800,165 performance shares under the LTIP 2019 at a measurement date weighted average fair value of €64.06 each and a total fair value of €51 million, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2021, FMC-AG & Co. KGaA received cash of €6 million from the exercise of stock options. The intrinsic value of stock options exercised in 2021 was €2 million.

During 2020, FMC-AG & Co. KGaA received cash of €12 million from the exercise of stock options. The intrinsic value of stock options exercised in 2020 was €4 million.

Information on holdings under share-based plans

At December 31, the members of the Management Board and plan participants other than the members of the Management Board held the following performance shares under the share-based plans:

	2021			2020		
Performance Shares	Members of the Management Board	Other plan participants	Total	Members of the Management Board	Other plan participants	Total
MB LTIP 2020	352,053	–	352,053	159,607	–	159,607
LTIP 2019	8,869	2,399,649	2,408,518	8,869	1,522,102	1,530,971
MB LTIP 2019	102,435	12,564	114,999	102,435	12,564	114,999
LTIP 2016	56,624	366,059	422,683	135,473	947,133	1,082,606

Additionally, at December 31, 2021, the members of the Management Board of FMC Management AG held 455,970 stock options (December 31, 2021: 465,308) and plan participants other than the members of the Management Board held 2,557,339 stock options (December 31, 2021: 2,735,766) under the 2011 SOP.

The table below provides reconciliations for options outstanding at December 31, 2021, 2020 and 2019:

Stock options for shares	Number of options in thousands	Weighted average exercise price in €
Balance at December 31, 2019	**3,489**	**70.32**
exercised[1]	235	53.00
expired	53	75.65
Balance at December 31, 2020	**3,201**	**71.50**
exercised[2]	128	49.83
expired	60	70.60
Balance at December 31, 2021	**3,013**	**72.44**

[1] The average share price at the date of exercise of the options was €71.75.
[2] The average share price at the date of exercise of the options was €65.92.

The following tables provide a summary of fully vested options outstanding and exercisable at December 31, 2021 and December 31, 2020, respectively:

	December 31, 2021		
Range of exercise prices in €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price in €
45,01 – 50,00	488,745	0.57	49.93
55,01 – 60,00	31,080	0.92	58.63
75,01 – 80,00	2,493,484	1.58	77.02
	3,013,309	**1.41**	**72.44**

	December 31, 2020		
Range of exercise prices in €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price in €
45,01 – 50,00	630,870	1.44	49.91
55,01 – 60,00	31,080	1.92	58.63
75,01 – 80,00	2,539,124	2.58	77.03
	3,201,074	**2.35**	**71.50**

37. RELATED PARTY TRANSACTIONS

In 2021, €18 million (2020: €12 million) were paid to Fresenius Management SE as compensation for the Management Board and the Supervisory Board, general partners' fees and other reimbursements of out-of pocket expenses. At December 31, 2021, there were outstanding liabilities payable to Fresenius Management SE in the amount of €49 million (December 31, 2020: €41 million), consisting mainly of pension obligations and Management Board compensation (see page 234 ff.).

The aforementioned payments are net amounts. In addition, VAT was paid.

In 2021 and 2020, the Else Kröner-Fresenius-Stiftung was paid the dividends which it is entitled as a shareholder in the ordinary share capital of Fresenius SE & Co. KGaA.

Fresenius Medical Care has entered into exclusive supply agreements to purchase certain pharmaceuticals from, as well as certain exclusive distribution agreements with, its associate Vifor Fresenius Medical Care Renal Pharma Ltd. Under the terms of certain unconditional purchase agreements, Fresenius Medical Care is obligated to purchase approximately €1,240 million of pharmaceuticals, of which €298 million is committed at December 31, 2021 for 2022. The terms of these agreements extend over four years. In the fiscal year 2021, the Fresenius Group purchased goods and services in a total amount of €446 million from Vifor Fresenius Medical Care Renal Pharma Ltd. (2020: €474 million).

38. SUBSEQUENT EVENTS

The months of January and February were characterized worldwide by a regionally varying development of the COVID-19 pandemic with again significantly rising infection numbers, particularly due to the Omikron variant. Large-scale constraints of public and private life are still enacted in various countries in order to curtail the spread of COVID-19. The vaccination programs were continued worldwide and the development in each country differs. The further development of the global situation and its impact on Fresenius remain uncertain. Cost inflation and supply chain disruption continue to be a theme on a global level.

Beyond that, there have been no significant changes in the Fresenius Group's operating environment following the end of the fiscal year 2021 until February 21, 2022. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

39. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Detailed and individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the Compensation Report.

The compensation of the Management Board of Fresenius Management SE is, as a whole, performance-based and geared towards promoting sustainable corporate development. It is composed of the following elements:

- non-performance-based compensation (fixed compensation and fringe benefits)
- short-term performance-based compensation (one-year variable compensation (bonus))
- components with long-term incentive effects (multi-year variable compensation comprising performance shares and postponed payments of the one-year variable compensation / of the bonus)

The cash compensation paid to the Management Board for the performance of its responsibilities was €16,057 thousand (2020: €15,017 thousand). Thereof, €8,602 thousand (2020: €6,669 thousand) is not performance-based and €7,455 thousand (2020: €8,348 thousand is performance-based. The amount of the short-term performance-based compensation depends on the achievement of targets relating to the net income and the sales of the Fresenius Group and the business segments as well as on the achievement of sustainability criteria. As a long-term incentive component, the members of the Management Board received 193,800 performance shares of Fresenius SE & Co. KGaA (2020: 183,420) and 40,894 performance shares of Fresenius Medical Care AG & Co. KGaA (2020: 35.030) in the equivalent value of €10,979 thousand (2020: €9,870 thousand).

The total compensation of the Management Board was €27,036 thousand (2020: €25,070 thousand).

In the fiscal year 2021, the Fresenius Group recognized expense, under IFRS, from share-based compensation plans for the Management Board of €1,131 thousand (2020: income of €1,374 thousand), a cost for pension plans for the members of the Management Board of €5,774 thousand (2020: income of €424 thousand) and expenses for early termination of service agreements of €6,336 thousand (2020: €1,210 thousand). In accordance with IFRS, the total compensation expense for the Management Board recognized in the statement of income amounted to €29,298 thousand (2020: €14,429thousand). In addition, there were outstanding balances of €53,158 thousand (2020: €61,096 thousand) for members of the Management Board at the end of the fiscal year, mainly for pension commitments and performance-related compensation. Terms and conditions of long-term variable compensation are detailed under note 36, Share-based compensation plans. Pension commitments arise under defined benefit and defined contribution plans. The amount of the benefits is calculated based on the amount of the pensionable income and is generally paid out in installments or as a lump sum upon retirement or attainment of retirement age.

The total compensation paid to the Supervisory Board of Fresenius SE & Co. KGaA and its committees was €2,502 thousand in 2021 (2020: €1,990 thousand). The total compensation paid to the Supervisory Board of Fresenius Management SE and its committees was €1,353 thousand in 2021 (2020: €940 thousand).

The members of the Supervisory Board receive a fixed compensation, fringe benefits (consisting of reimbursement of expenses and insurance coverage) and, if they perform any duties on the Audit Committee of the Supervisory Board, remuneration for this committee activity. At the end of the fiscal year, there were outstanding balances for the remuneration of the members of the supervisory boards amounting to €3,855 thousand (2020: €2,930 thousand). In addition, the employee representatives on the Supervisory Board receive a regular salary from their respective employment contracts.

In 2021, based on pension commitments to former members of the Management Board, €8,102 thousand (2020: €1,461 thousand) was paid. The pension obligation according to IFRS for these persons amounted to €34,714 thousand in 2021 (2020: €23,867 thousand).

In the fiscal years 2021 and 2020, no loans or advance payments on future compensation components were granted to any member of the Management Board of Fresenius Management SE.

40. AUDITOR'S FEES

In 2021 and 2020, fees for the auditor PricewaterhouseCoopers GmbH, Frankfurt am Main (PwC), and its affiliates were expensed as follows:

€ in millions	2021 Total	2021 Germany	2020 Total	2020 Germany
Audit fees	23	8	20	7
Audit-related fees	3	3	3	2
Tax consulting fees	1	–	1	0
Other fees	2	2	5	5
Total auditor's fees	**29**	**13**	**29**	**14**

The leading auditor has been responsible for the audit of the consolidated financial statements since 2020.

In the fiscal year 2021, both worldwide and in Germany, audit-related fees and other fees mainly related to the review of quarterly financial statements, audit services for the German hospitals of the Fresenius Group and in connection with financing activities and consulting fees with regard to corporate governance. In 2021, tax consulting fees related to general tax consulting.

41. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com/corporate-governance), and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

42. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

The general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose to the Annual General Meeting that the earnings for 2021 of Fresenius SE & Co. KGaA are distributed as follows:

in €	
Payment of a dividend of €0.92 per bearer ordinary share on the 558,502,143 ordinary shares entitled to dividend	513,821,971.56
Balance to be carried forward	52,789.29
Retained earnings	**513,874,760.85**

The Management Board of Fresenius Management SE will propose a scrip dividend to the Supervisory Board. Fresenius wants to give its shareholders the opportunity to opt to receive a portion of the dividend (Dividend Option Portion) in Fresenius SE & Co. KGaA shares. The remaining portion of the dividend (Dividend Base Portion) will always be paid in cash.

Bad Homburg v. d. H., February 21, 2022

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board

S. Sturm

Dr. S. Biedenkopf

Dr. F. De Meo

R. Empey

R. Powell

M. Sen

Dr. E. Wastler

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., February 21, 2022

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board

S. Sturm | Dr. S. Biedenkopf | Dr. F. De Meo | R. Empey

R. Powell | M. Sen | Dr. E. Wastler

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the consolidated financial statements and the group management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

INDEPENDENT AUDITOR'S REPORT

To Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Fresenius SE & Co. KGaA for the financial year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

I. Recoverability of goodwill

Our presentation of this key audit matter has been structured as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matter:

I. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to EUR 28.943 Mio (40,2% of total assets or 98,8% of equity) is reported under the "Goodwill" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the cash-generating units to which the relevant goodwill is allocated individually or as a group. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the approved three-year budgets as well as projections for years 4 to 10 of the respective cash-generating units form the starting point which are extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. In addition, expectations about the continuation of the Corona pandemic were formed and the corresponding effects on the budgets of the respective cash-generating units were taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that no write-downs were necessary.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore also against the background of the ongoing Corona pandemic, subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed with the support of our internal valuation specialists the methodology used for the purposes of performing the impairment test, among other things. In doing so, we also assessed the acceptability of projecting beyond the budget period. Moreover, we reconciled, among other things, the future cash inflows used for the calculation with the approved three-year budgets and projections for years 4 to 10 of the respective cash-generating units. In doing so, we also assessed the appropriateness of the calculation including the applied growth rates, in particular by reconciling it with underlying documentation, the expected growth rate in respective markets and general and sector-specific market expectations. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona pandemic on the budgets of the respective cash-generating units and examined how they were taken into account in estimating the future cash flows. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate or the growth rates applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate as well as growth rates applied, and assessed the calculation models. In order to reflect the uncertainty

inherent in the projections, we evaluated the sensitivity analyses performed by the Company and carried out our own sensitivity analyses for those groups of cash-generating units with low headroom (recoverable amount compared to carrying amount) and verified that the necessary disclosures were made in the notes to the consolidated financial statements.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on the balance sheet item "Goodwill" are contained in note 1. III. o), note 1.IV. a) and note 20 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information.

The other information comprises

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial group report pursuant to § 315b Abs. 3 HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file FSE_KGaA_KA_KLB_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic

Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 21 May 2021. We were engaged by the supervisory board on 13 October 2021. We have been the group auditor of the Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Bernd Roese.

Frankfurt am Main, February 21, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(Original German Version signed by:)

Dr. Ulrich Störk	Dr. Bernd Roese
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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BOARDS

SUPERVISORY BOARD FRESENIUS SE & CO. KGAA

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2021	Fresenius Group company positions as at Dec. 31, 2021
Wolfgang Kirsch (Chair since May 21, 2021)	Member of various Supervisory Boards	1955	2021	Adolf Würth GmbH & Co. KG AGCO Corporation, USA [1] (until April 22, 2021)	Fresenius Management SE (Chair since May 21, 2021)
Dr. Gerd Krick [2] (until May 21, 2021, Chair)	Honorary Chairman of the Supervisory Board of Fresenius SE & Co. KGaA and Fresenius Management SE	1938	2003		Fresenius Management SE (until May 21, 2021; Chair) Fresenius Medical Care Management AG (until May 20, 2021) VAMED AG, Austria (until July 08, 2021; Chair)
Prof. Dr. med. D. Michael Albrecht	Medical Director and Spokesman of the Management Board of the University Hospital Carl Gustav Carus Dresden	1949	2011	Universitätsklinikum Aachen	
Stefanie Balling	Full-time Works Council Member Fresenius Medical Care Deutschland GmbH	1968	2016		
Bernd Behlert	Full-time Works Council Member Helios Vogtland-Klinikum Plauen GmbH	1958	2018		Helios Vogtland-Klinikum Plauen GmbH
Michael Diekmann Deputy Chair	Member of various Supervisory Boards	1954	2015	Allianz SE [1] (Chair) Siemens AG [1]	Fresenius Management SE
Grit Genster Deputy Chair	Secretary of the Trade Union ver.di, Vereinte Dienstleistungsgewerkschaft Division Manager Health Care/ Health Policy	1973	2020		
Konrad Kölbl	Full-time Works Council Member VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H.	1959	2007		VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m. b. H., Austria (until February 28, 2021)
Frauke Lehmann	Full-time Works Council Member Helios Kliniken Schwerin GmbH	1963	2016		Helios Kliniken Schwerin GmbH (Deputy Chair)
Prof. Dr. med. Iris Löw-Friedrich	Chief Medical Care Officer and Executive Vice President, Head of Development, UCB S.A.	1960	2016	Evotec AG [1] (Chair since June 15, 2021)	

The term of office expires at the end of the Annual General Meeting 2025.

[1] Stock-listed company
[2] Dr. Krick resigned from the Supervisory Board of Fresenius Management SE on May 21, 2021. He was appointed Honorary Chairman of the Supervisory Board.

BOARDS

SUPERVISORY BOARD FRESENIUS SE & CO. KGAA

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2021	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2021
Klaus-Peter Müller	Honorary Chairman of the Supervisory Board of Commerzbank AG	1944	2008		Fresenius Management SE (until May 21, 2021)
Oscar Romero de Paco	Production staff member Fresenius Kabi España S.A.U.	1974	2016		
Hauke Stars (until January 31, 2022)	Member of supervisory bodies	1967	2016	Kühne + Nagel International AG, Switzerland[1] RWE AG (since April 28, 2021)	
Susanne Zeidler (since February 9, 2022)	Member of various Supervisory Boards	1961	2022	DWS Investment GmbH	Fresenius Management SE (since May 21, 2021)

The term of office expires at the end of the Annual General Meeting 2025.

[1] Stock-listed company

COMMITTEES OF THE SUPERVISORY BOARD

Nomination Committee	Audit Committee	Joint Committee[1]
Wolfgang Kirsch (since May 21, 2021; Chair)	Klaus-Peter Müller (Chair)	Dr. Dieter Schenk (Chair)
Michael Diekmann	Grit Genster	Michael Diekmann
Dr. Gerd Krick (until May 21, 2021; Chair)	Wolfgang Kirsch (since May 21, 2021)	Wolfgang Kirsch (since May 21, 2021)
Klaus-Peter Müller	Konrad Kölbl	Dr. Gerd Krick (until May 21, 2021)
	Dr. Gerd Krick (until May 21, 2021; Chair)	Klaus-Peter Müller (until May 21, 2021)
	Hauke Stars	Hauke Stars (since May 21, 2021)

[1] The committee consists equally of two members each of the Supervisory Board of Fresenius SE & Co. KGaA and of Fresenius Management SE

BOARDS

MANAGEMENT BOARD FRESENIUS MANAGEMENT SE

(General partner of Fresenius SE & Co. KGaA)

					Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies	
Name	Segment	Year of birth	Initial appointment	Term expires	External positions as at Dec. 31, 2021	Fresenius Group company positions as at Dec. 31, 2021
Stephan Sturm	Chairman	1963	2005	2026	Deutsche Lufthansa AG [1] (until May 4, 2021)	Fresenius Kabi AG (Chair) Fresenius Medical Care Management AG (Chair) VAMED AG, Austria (Chair since July 8, 2021; formerly Deputy Chair)
Dr. Sebastian Biedenkopf	Responsible for Human Resources (Labor Relations Director), Risk Management and Legal	1964	2020	2023		
Dr. Francesco De Meo	Business Segment Fresenius Helios	1963	2008	2026		
Rachel Empey	Chief Financial Officer	1976	2017	2025	BMW Group [1] (since May 12, 2021) Inchcape, plc, Great Britain [1] (until April 30, 2021; Non-Executive Director)	Fresenius Kabi AG (Deputy Chair) Fresenius Medical Care Management AG
Mats Henriksson (until March 16, 2021)	Business Segment Fresenius Kabi	1967	2013	2022		
Rice Powell	Business Segment Fresenius Medical Care	1955	2013	2022		Fresenius Medical Care Holdings, Inc., USA (Chair) Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland [1] (Deputy Chair)
Michael Sen (since April 12, 2021)	Business Segment Fresenius Kabi	1968	2021	2024		
Dr. Ernst Wastler	Business Segment Fresenius Vamed	1958	2008	2025		Vamed-KMB Krankenhausmanagement und Betriebsführungsges. m. b. H., Austria (Chair)

[1] Stock-listed company

BOARDS

SUPERVISORY BOARD FRESENIUS MANAGEMENT SE

(General partner of Fresenius SE & Co. KGaA)

				Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies	
Name	Occupation	Year of birth	Initial appointment	External positions as at Dec. 31, 2021	Fresenius Group company positions as at Dec. 31, 2021
Wolfgang Kirsch (Chair since May 21, 2021)	Member of various Supervisory Boards	1955	2020	Adolf Würth GmbH & Co. KG AGCO Corporation Duluth, USA	Fresenius SE & Co. KGaA [1] (Chair since May 21, 2021)
Dr. Gerd Krick [2] (until May 21, 2021; Chair)	Honorary Chairman of the Supervisory Board of Fresenius SE & Co. KGaA and Fresenius Management SE	1938	2010		Fresenius SE & Co. KGaA [1] (until May 21, 2021; Chair) Fresenius Medical Care Management AG (until May 20, 2021) VAMED AG, Austria (until July 08, 2021; Chair)
Dr. Frank Appel (since May 21, 2021)	Chief Executive Officer Deutsche Post DHL Group [1]	1961	2021		
Michael Diekmann	Member of various Supervisory Boards	1954	2015	Allianz SE [1] (Chair) Siemens AG [1]	Fresenius SE & Co. KGaA [1] (Deputy Chair)
Dr. Heinrich Hiesinger	Member of various Supervisory Boards	1960	2020	ZF Friedrichshafen AG (Chair since January 01, 2022) BMW AG [1] Deutsche Post AG [1]	
Klaus-Peter Müller (until May 21, 2021)	Honorary Chairman of the Supervisory Board of Commerzbank AG	1944	2010		Fresenius SE & Co. KGaA [1]
Dr. Dieter Schenk Deputy Chair	Member of various Supervisory Boards	1952	2010	HWT invest AG Gabor Shoes AG (Chair) TOPTICA Photonics AG (Chair) Else Kröner-Fresenius-Stiftung (Chair of Foundation Board)	Fresenius Medical Care AG & Co. KGaA [1] (Chair) Fresenius Medical Care Management AG (Deputy Chair)
Susanne Zeidler (since May 21, 2021)	Member of various Supervisory Boards	1961	2021	DWS Investment GmbH	
Dr. Karl Schneider	Honorary Member of the Supervisory Board of Fresenius Management SE				

The term of office expires at the end of the Annual General Meeting 2025.

[1] Stock-listed company
[2] Dr. Krick resigned from the Supervisory Board of Fresenius Management SE on May 21, 2021. He was appointed Honorary Chairman of the Supervisory Board.

GLOSSARY

Health care terms/Products and services

Apheresis
A medical technology in which the blood of a person is passed through a device that separates out one particular blood component and returns the remainder to the circulation. This technology is used for the collection of various blood components by donors, as well as for therapeutic applications for patients.

Bioequivalence
The active pharmaceutical ingredient of the generic product is the same as that of the reference product. Both are therefore interchangeable with each other.

Biosimilars
A biosimilar is a drug that is "similar" to another biologic drug already approved.

Blood volume substitutes
They are used for the temporary stabilization and/or maintenance of blood volume, for example, in the event of major blood loss.

CAR T cell therapy
In this therapy form, the immune cells of patients are collected, genetically modified, and reinfused into the patient with better characteristics than before. In the patient's body, they activate the immune system and destroy cancer cells.

CUE
Cue is an automated cell processing system capable of washing, concentrating, and preparing white blood cell suspensions for cryopreservation (freezing in liquid nitrogen) and/or dispensing into final containers.

Dialysis
Form of renal replacement therapy where a semipermeable membrane – in peritoneal dialysis the peritoneum of the patient, in hemodialysis the membrane of the dialyzer – is used to clean a patient's blood.

Dialysis machine
The hemodialysis process is controlled by a dialysis machine, which pumps blood, adds anticoagulants, regulates the cleansing process, and controls the mixture of dialysate and its flow rate through the system.

Dialysis solution/Dialysate
Fluid used in the process of dialysis in order to remove the filtered out substances and excess water from the blood.

Dialyzer
Special filter used in hemodialysis for removing toxic substances, waste products of metabolic processes, and excess water from the blood. The dialyzer is sometimes referred to as the "artificial kidney".

DRG flat rate per case
The Diagnosis Related Group (DRG) is a flat rate per case and forms the basis for the reimbursement of inpatients treated in German hospitals.

Enteral nutrition
Application of liquid nutrition as a tube or sip feed via the gastrointestinal tract.

FDA (U.S. Food & Drug Administration)
Official authority for food observation and drug registration in the United States.

Hemocompatibility
Blood compatibility

HD (Hemodialysis)
A treatment method for dialysis patients where the blood of the patient is cleansed by a dialyzer. The solute exchange between blood and dialysate is dominated by diffusive processes.

Immunogenicity
The ability of an antigen to cause an immune response (immunization, sensitization).

Immunosuppression
The suppression of the body's own defense system.

LOVO
LOVO is a cell processing system to wash differentiated and undifferentiated white blood cells for laboratory and research use. It is designed to offer a simple, fast, and automated method to remove supernatant, add and reduce volume in a fully closed system.

Medicare/Medicaid
A program developed by the federal U.S. Social Security Administration that reimburses health insurance companies and providers of medical services for medical care to individuals over 65, people with chronic kidney failure, or the disabled.

Outpatient clinic
Interdisciplinary facility for outpatient care, managed by physicians. The responsible body of a medical care center includes all service providers (such as physicians, pharmacists, health care facilities) that are authorized to treat patients with statutory health insurance.

GLOSSARY

Health care terms/Products and services

Parenteral nutrition
Application of nutrients directly into the bloodstream of the patient (intravenously). This is necessary if the condition of a patient does not allow them to absorb and metabolize essential nutrients orally or as sip and tube feed in a sufficient quantity.

PD (Peritoneal dialysis)
Dialysis treatment method using the patient's peritoneum as a filter to cleanse their blood.

Pharmacokinetics
The effect of the body on the drug.

Pharmacodynamics
The effect of the drug on the body.

Prevalence
Number of all patients who suffer from a specific disease within a defined period. The prevalence rate indicates the number of people with this specific disease (e.g., terminal kidney failure) treated per million population.

PPP (public-private partnership model)
Public-private partnership describes a government service or private business venture that is funded and operated through a partnership of government and one or more private-sector companies. In most cases, PPP accompanies a part-privatization of governmental services.

Subcutaneous injection
An injection of vaccines or drugs into the subcutaneous fat tissue.

Telematics infrastructure
The telematics infrastructure is intended to network all those involved in the German health care system and enable a secure exchange of information across sectors and systems.

Multi-chamber bag
The multi-chamber bag contains all the macronutrients like amino acids, glucose, and lipids, as well as electrolytes, in separate chambers. Immediately before infusion, all nutrients are mixed thoroughly within the bag simply by opening individual chambers. This reduces the risk of contamination and saves time when preparing the infusions.

UNE
The Spanish Association for Standardization, UNE, is the body legally responsible for the development of standards in Spain. It is the Spanish representative in ISO.

GLOSSARY

Financial terms[1]

After adjustments
In order to measure the operating performance extending over several periods, key performance measures are "adjusted" where applicable. Adjusted measures are labelled with "after adjustments". A reconciliation table is available within the respective quarterly or annual report and presents the composition of special items.

Before special items
In order to measure the operating performance extending over several periods, key performance measures are adjusted by special items, where applicable. Adjusted measures are labelled with "before special items". A reconciliation table is available within the respective quarterly or annual report and presents the composition of special items.

Cash flow
Financial key figure that shows the net balance of incoming and outgoing payments during a reporting period.

Operating cash flow
Operating cash flow is a financial measure showing cash inflows from operating activities during a period. Operating cash flow is calculated by subtracting non-cash income and adding non-cash expenses to net income.

Cash flow from investing activities
Cash flow from investing activities is a financial measure opposing payments for the acquisition or purchase of property, plant and equipment and investments versus proceeds from the sale of property, plant and equipment and investments.

Cash flow from financing activities
Cash flow from financing activities is a financial measure showing how the investments of the reporting period were financed.

Cash flow from financing activities is calculated from additions to equity plus proceeds from the exercise of stock options, less dividends paid, plus proceeds from debt increase (loans, bonds, etc.), less repayments of debt, plus the change in noncontrolling interests, plus proceeds from the hedge of exchange rate effects due to corporate financing.

Cash flow before acquisitions and dividends
Fresenius uses the cash flow before acquisitions and dividends as the financial measure for free cash flow. Cash flow before acquisitions and dividends is calculated by operating cash flow less investments (net). Net investments are calculated by payments for the purchase of property, plant and equipment less proceeds from the sale of property, plant and equipment.

[1] Integral part of Group Management Report

GLOSSARY

Financial terms[1]

Constant currencies
Constant currencies for income and expenses are calculated using prior-year average rates; constant currencies for assets and liabilities are calculated using the mid-closing rate on the date of the respective statement of financial position.

CSR (Corporate Social Responsibility)
CSR refers to the social responsibility of companies. Their operations can affect economic, social, and environmental conditions all over the world.

DSO (Days Sales Outstanding)
Indicates the average number of days it takes for a receivable to be paid.

EBIT (Earnings before Interest and Taxes)
EBIT does include depreciation and write-ups on property, plant and equipment.

EBIT is calculated by subtracting cost of sales, selling, general, and administrative expenses, and research and development expenses from sales.

EBIT margin
EBIT margin is calculated as the ratio of EBIT to sales.

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)
EBITDA is calculated from EBIT by adding depreciations recognized in income and deducting write-ups recognized in income, both on intangible assets as well as property, plant and equipment.

EBITDA margin
EBITDA margin is calculated as the ratio of EBITDA to sales.

Net debt / EBITDA
Net debt / EBITDA is a financial measure reflecting the ability of Fresenius to fulfill its payment obligations. Net debt and EBITDA are calculated at LTM (last-12-month) average exchange rates, respectively.

Calculation of net debt:
Short-term debt
+ Short-term debt from related parties
+ Current portion of long-term debt and capital lease obligations
+ Current portion of Senior Notes
+ Long-term debt and capital lease obligations, less current portion
+ Senior Notes, less current portion
+ Convertible bonds
= Debt
- Less cash and cash equivalents
= Net debt

NOPAT
Net Operating Profit After Taxes (NOPAT) is calculated from operating income (EBIT), as stated in the profit and loss statement, less income taxes.

Organic growth
Growth that is generated by a company's existing businesses and not by acquisitions, divestitures, or foreign exchange impact.

ROE (Return on Equity)
Measure of a corporation's profitability revealing how much profit a company generates with the money shareholders have invested.
ROE is calculated by fiscal year's net income / total equity × 100.

ROIC (Return on Invested Capital)
Calculated by: (EBIT - taxes) / Invested capital.

Invested capital = total assets + accumulated amortization of goodwill - deferred tax assets - cash and cash equivalents - trade accounts payable - accruals (without pension accruals) - other liabilities not bearing interest.

ROOA (Return on Operating Assets)
Calculated as the ratio of EBIT to operating assets (average).

Operating assets = total assets - deferred tax assets - trade accounts payable - cash held in trust - payments received on account - approved subsidies.

SOI (Scope of Inventory)
Indicates the average number of days between receiving goods as inventory and the sale of the finished product.

Calculated by: (Inventories / Costs of goods sold) × 365 days.

Working capital
Current assets (including prepaid expenses) - accruals - trade accounts payable - other liabilities - deferred income.

[1] Integral part of Group Management Report

GLOSSARY

Financial terms[1]

RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC

€ in millions, except for ROIC	December 31, 2021	December 31, 2020
Total assets	**71,962**	66,646
Plus: Cumulative goodwill amortization	**719**	690
Minus: Cash and cash equivalents	**-2,764**	-1,837
Minus: Loans to related parties	**-63**	-62
Minus: Deferred tax assets	**-858**	-812
Minus: Accounts payable	**-2,039**	-1,816
Minus: Accounts payable to related parties	**-92**	-67
Minus: Provisions and other current liabilities[1]	**-8,925**	-8,649
Minus: Income tax payable	**-495**	-504
Invested capital	**57,445**	53,589
Average invested capital as of December 31, 2021/2020[2]	**55,893**	54,648
Operating income[3,4]	**4,260**	4,614
Income tax expense	**-964**	-1,065
NOPAT[3,4]	**3,296**	3,549
ROIC in %	**5.9%**	6.5%

[1] Includes non-current provisions and payments outstanding for acquisition; does not include pension liabilities and noncontrolling interests subject to put provisions.
[2] Includes adjustments for acquisitions in the respective reporting period with a purchase price above a certain level (2021: €752 million; 2020: €220 million).
[3] Includes adjustments for acquisitions in the respective reporting period with a purchase price above a certain level (2021: €8 million; 2020: €2 million).
[4] Before special items

For a detailed overview of special items and adjustments please see the reconciliation tables on pages 74–76.

RECONCILIATION OF AVERAGE OPERATING ASSETS AND ROOA

€ in millions, except for ROOA	December 31, 2021	December 31, 2020
Total assets	**71,962**	66,646
Minus: Contract liabilities	**-535**	-962
Minus: Payments received on account	**0**	0
Minus: Cash held in trust	**-154**	-121
Minus: Loans to related parties	**-63**	-62
Minus: Deferred tax assets	**-858**	-812
Minus: Accounts payable	**-2,039**	-1,816
Minus: Accounts payable to related parties	**-92**	-67
Minus: Approved subsidies due to Hospital Funding Act ("Krankenhausfinanzierungsgesetz", KHG)	**-118**	-82
Operating assets	**68,103**	62,724
Average operating assets as of December 31, 2021/2020[1]	**65,384**	62,976
Operating income[2,3]	**4,260**	4,614
ROOA in %	**6.5%**	7.3%

[1] Includes adjustments for acquisitions in the respective reporting period with a purchase price above a certain level (2021: €868 million; 2020: €346 million).
[2] Includes adjustments for acquisitions in the respective reporting period with a purchase price above a certain level (2021: €8 million; 2020: €2 million).
[3] Before special items

For a detailed overview of special items and adjustments please see the reconciliation tables on pages 74–76.

[1] Integral part of Group Management Report

SOURCE

Market dynamics of business segments

Fresenius Medical Care
Page 8

~1.6 million patients require renal replacement therapy by 2030
Source: own research Fresenius Medical Care

Home dialysis
By 2025, the Company aims to perform 25% of all treatments in the U.S. in a home setting
Source: own research Fresenius Medical Care

Global market for dialysis products and services ~€79 bn
Source: own research Fresenius Medical Care

Big Data is driving new treatment models ~53 m dialysis treatments in 2021
Source: own research Fresenius Medical Care

Quality in dialysis treatments enables saving in the U.S. market
Source: Kidney Care Partners: United States Renal Data System. 2018 USRDS annual data report: Epidemiology of kidney disease in the United States. National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 2018.

Fresenius Kabi
Page 11

Continuing growth of generics and biopharmaceuticals in 2022 expected
Source: own research Fresenius Kabi

Global addressable market 2021 ~€114 bn
Source: own research Fresenius Kabi

Increase of the population older than 60 years
Source: https://www.un.org/en/development/desa/population/publications/pdf/ageing/WorldPopulationAgeing2019-Highlights.pdf

Rising cost consciousness in health care spending – significant savings from generics
Source: Association for Accessible Medicines (AAM): 2019 Generic Drug and Biosimilars Access and Savings in the U.S.; IMS Health 2015, The Role of Generic Medicines in Sustaining Healthcare Systems – A European Perspective

Expected market growth of biosimilars 2021 to 2028
Source: https://www.fortunebusinessinsights.com/industry-reports/u-s-biosimilars-market-100990

Growing health care spending in emerging markets
Source: UBS, Longer Term Investments: EM health-care (2018)

Fresenius Helios
Page 14

Inpatient treatments could be performed in outpatient settings in 25% of cases.
Source: Bertelsmann Stiftung, Spotlight Gesundheit, 2019, Ärztliche Vergütung

Hospital market in Germany ~€111 bn
Source: German Federal Statistical Office, 2019 data (most recent market data available refers to the year 2019 as no more recent data has been published); own research Helios Germany

Downloads of e-health apps
Source: McKinsey & Company, eHealth Monitor 2020

Average increase of private health insurance policies in Spain of ~2.5% p.a.
Source: Asociación ICEA (Investigación Cooperativa entre Entidades Aseguradoras y Fondos de Pensiones), data from 2011 to 2019

Private hospital market in Spain ~€16 bn
Source: market data based on own research and refers to the addressable market for Quirónsalud.

Most common positive benefit for e-health applications.
Source: McKinsey & Company, eHealth Monitor 2020

Fresenius Vamed
Page 17

Telemedicine market in Europe is estimated to grow 19.1% p.a. from 2020 to 2026
Source: https://www.graphicalresearch.com/industry-insights/1476/europe-telemedicine-market

Global preventive health care is estimated to grow 9.5% p.a. till 2025
Source: World Health Organization, 2013–2015, www.who.org

The share of the EU population aged 80 years or older
Source: EC Europe, Eurostat, 2021

Outsourcing of non-medical services provided by public institutions to private providers in Germany.
Source: German Federal Statistical Office, 2019 data (most recent market data available refers to the year 2019 as no more recent data has been published)

Emerging markets' share of global health expenditure will grow to 33% by 2022.
Source: https://www.ihealthcareanalyst.com/

IMPRINT

Commercial Register: Bad Homburg v. d. H.; HRB 11852
Chairman of the Supervisory Board: Wolfgang Kirsch

General Partner: Fresenius Management SE
Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673
Management Board: Stephan Sturm (President and CEO), Dr. Sebastian Biedenkopf, Dr. Francesco De Meo, Rachel Empey, Rice Powell, Michael Sen, Dr. Ernst Wastler
Chairman of the Supervisory Board: Wolfgang Kirsch

The German version of this Annual Report is legally binding.
The editorial closing date of this Annual Report was on March 17, 2022, and it was published on March 24, 2022. Rounding differences may occur.

The Annual Report and the financial statements of Fresenius SE & Co. KGaA are available on our website at: https://www.fresenius.com/financial-reports-and-presentations .

You will find further information and current news about our company on our website at: www.fresenius.com.

Forward-looking statements:
This Annual Report contains forward-looking statements. These statements represent assessments that we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based not occur, or if risks should arise – as mentioned in the risk report and the SEC filings of Fresenius Medical Care AG & Co. KGaA – the actual results could differ materially from the results currently expected.

Design concept/realization: Hilger Boie Waldschütz Design, Wiesbaden

FINANCIAL CALENDAR

Report on 1st quarter 2022 Conference call, live webcast	May 4, 2022
Virtual Annual General Meeting, Bad Homburg, Germany	May 13, 2022
Report on 2nd quarter 2022 Conference call, live webcast	August 2, 2022
Report on 3rd quarter 2022 Conference call, live webcast	November 1, 2022

Schedule updates, information on live webcasts, and other events at www.fresenius.com/events-and-roadshows

FRESENIUS SHARE / ADR

	Ordinary share		ADR
Securities identification no.	578 560	CUSIP	35804M105
Ticker symbol	FRE	Ticker symbol	FSNUY
ISIN	DE0005785604	ISIN	US35804M1053
Bloomberg symbol	FRE GR	Structure	Sponsored Level 1 ADR
Reuters symbol	FREG.de	Ratio	4 ADR = 1 share
Main trading location	Frankfurt/Xetra	Trading platform	OTC

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