

Additional information regarding the Compensation Report 2021

In 2021, Fresenius presented a **fundamentally re-designed compensation system** at the AGM taking into account former investors' and proxy advisors' criticism (regarding e.g. guaranteed bonus, discretionary bonus, no share ownership guidelines, no malus/clawback, defined benefit pension scheme).

Shareholders approved this system with an **overwhelming majority of 92,23%**. The new system, which is in place for the entire Management Board since January 1, 2021 takes into account the following guiding 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 barely 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 16 December 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.

Source: AGM Agenda 2021, page 20

A major change refers to the short-term incentive (STI) to strengthen the alignment with the performance of Fresenius. For this purpose, the STI mechanic was changed from a profit sharing model to a target bonus scheme and the **previously guaranteed payment from the STI was eliminated**:

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.
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Source: AGM Agenda 2021, page 20

and the STI was set a **comparably low maximum of 150% of the target STI amount**:

After the one-year performance period for the Short-Term Incentive has ended, the Supervisory Board determines whether and to what extent the targets have been achieved. The following applies to the financial targets: The target 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%. 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.

Source: AGM Agenda 2021, page 32

In addition, the **possibility of paying a discretionary bonus was abolished**:

2.6 No Discretionary Special Payments

Under the Compensation System 2021+, the Supervisory Board is not entitled to grant special payments for outstanding performance to the Management Board members (also known as "Ermessenstantieme").

Source: AGM Agenda 2021, page 25

Other key features to strengthen the pay-for-performance alignment include the **introduction of a malus and clawback mechanism**:

2.7 Malus and Clawback

Under the Compensation System 2021+, the Supervisory Board 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.

Source: AGM Agenda 2021, page 25

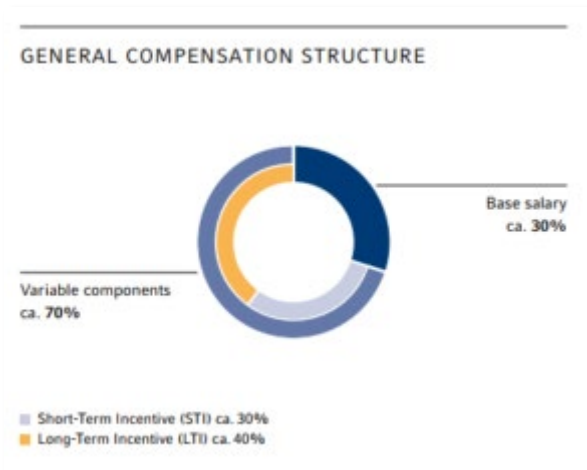
as well as the **implementation of share ownership guidelines**:

2.5 Share Ownership Guidelines

In addition to the Long-Term Incentive, the Compensation System 2021+ provides for a share ownership guideline 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.

Source: AGM Agenda 2021, page 24

The revision of the STI and abolition of the guaranteed bonus required a **fundamental revision of the target compensation structure**. The new pay mix is as follows:



Source: AGM Agenda 2021, page 26

By doing so, Fresenius implemented an **ambitious and highly variable pay mix which is also in line with market best practice**. The base salary accounts for 30% while the large majority of 70% is fully variable.

A comparison between the former base salary and the former guaranteed bonus with the new base salary shows that **de facto the fixed remuneration has been significantly reduced** (-29% up to -44%):

in kEUR	Stephan Sturm		Francesco De Meo		Rachel Empey		Ernst Wastler	
	2020	2021	2020	2021	2020	2021	2020	2021
Base Salary	1.100	1.600	630	1.000	704	850	550	850
Guaranteed bonus	1.750	-	1.050	-	760	-	650	-
Fixed compensation (total)	2.850	1.600	1.680	1.000	1.464	850	1.200	850
Change		-44%		-40%		-42%		-29%

Source 2020: annual report, pages 212/213

Source 2021: annual report, pages 262-264

In addition, the **pension commitments were changed**. The legacy **defined benefit pension scheme** was **decoupled from the base salary** and a **defined contribution pension scheme was set up** for newly appointed Management Board members:

4.1.3 Pension Commitments

Management Board members who have been appointed to the Management Board prior to 1 January 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. The pensionable income is adjusted annually based on the development of the consumer price index. 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%.

Management Board members that have been or will be appointed to the Management Board as of 1 January 2020, are granted a pension commitment within the framework of a defined contribution plan. This is promised at the beginning of the service contract with a waiting period of the first three (3) years regarding the granting of benefits. Under such defined contribution plan, the respective Board Management 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 in ten (10) annual installments or optionally as a one-off payment. An annuity respectively 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*).

Source: AGM Agenda 2021, page 29

All decisions regarding the design as well as the quantum of the Management Board compensation were **benchmarked against the German market (DAX) and are in line with market best practice**. In addition, **all regulatory requirements** arising from the German Stock Corporation Act and the German Corporate Governance Code **were met**. Finally, all compensation decisions were also **reviewed against investors' and proxy advisors' expectations** and sounded in personal investor discussions.