

2023 TCFD Index

Using the disclosure recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), the table below provides information on climate-related risks and opportunities. The table is divided into four key areas in line with the four core categories governance, strategy, risk management, as well as metrics and targets.

Governance	Information published:
<p><b>Disclose the organization’s governance around climate-related risks and opportunities.</b></p>	
<p>a) Describe the Board’s oversight of climate-related risks and opportunities.</p> <p>b) Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>At Fresenius, sustainability was within the responsibility of the <b>Chairman of the Management Board</b> of Fresenius Management SE until June 30, 2023. The Group Management Board was informed about sustainability issues by the Investor Relations &amp; Sustainability department at least monthly. Due to the increasing importance of sustainability, the organizational anchoring has been adjusted as of July 1, 2023. The <b>Group Management Board member responsible for Legal, Compliance, Risk Management, ESG, Human Resources and for the business segment Fresenius Vamed</b> (subsequently ESG Board member) has overall responsibility for sustainability. The topic of sustainability has been separated from the Investor Relations &amp; Sustainability Group function and the Group ESG function has been established.</p> <p>The <b>ESG Steering Committee</b>, which was newly created at the end of 2023, consists of the ESG Board member (Chair), the Group ESG function, defined functions at Group level, and the ESG officers of the business segments. The committee will meet quarterly in the future starting in 2024 and will be tasked with providing information on current developments, deciding on appropriate measures to improve ESG performance, and monitoring the progress of implementation. The measures proposed by the ESG Steering Committee are submitted to the <b>Fresenius Group Management Board</b> for approval by the <b>ESG Board member</b>.</p> <p>The <b>Management Board</b> and the <b>Supervisory Board</b> review the progress and results of sustainability management, which are then published in the separate Group Non-financial Report. The Supervisory Board is supported in this process by the audit performed by the external auditors. The key figures that form part of the remuneration components of the Executive Board are audited with reasonable assurance. The <b>Audit Committee</b> of the Supervisory Board has special responsibility for reviewing the Group Non-financial Report. The Supervisory Board as a whole is also responsible for monitoring Fresenius’ sustainability performance. The <b>Chief Executive Officers (CEOs) of the business segments</b> are responsible for operational management. The management boards of the business segments define the management approaches and regulate responsibility for environmental topics, e. g., via a business allocation plan.</p> <p>The identification and assessment of potential sustainability risks (non-financial risks), including climate-related risks, initially takes place at both Group level and in the three business segments as part of the risk management system. Sustainability risks are covered by the Fresenius Group’s existing risk catalogs and risk reporting. As part of our risk management and the internal control cycle, key issues are regularly reviewed. External partners, regulators, and internal audit experts conduct audits at least every two years, or more frequently. As part of <b>risk reporting</b>, the Group Management Board is informed <b>quarterly</b>. The effectiveness of the environmental management systems is discussed if risks were identified or incidents occurred that could have a significant impact on the operating business, the reputation, or the value chain of the Group and its business segments. The Audit Committee of the Supervisory Board is informed about developments on a <b>half-year basis</b>, and the Supervisory Board as a whole is informed <b>annually</b>.</p> <p>In the fiscal year 2022, sustainability risks were recorded and assessed in a harmonized approach with the financial, legal, and compliance risks across the Group in the risk management system. At least quarterly, potential sustainability risks are evaluated at Group level by the corporate functions Risk Management &amp; Internal Control System, Business Integrity, and Investor Relations &amp; Sustainability of Fresenius SE &amp; Co. KGaA, and supplemented if necessary.</p> <p>Fresenius Group will consider TCFD in its processes were applicable in the forthcoming years.</p>
<p><b>Our Sustainability Organization</b>, please see our Group Non-financial Report 2023 (pages 107 f.)</p>	
<p><b>Organization and Responsibilities</b>, please see our Group Non-financial Report 2023 (page 185)</p>	
<p><b>Sustainability Risks and Controls</b>, please see our Group Non-financial Report 2023 (page 106)</p>	
<p><b>Sustainability Risks</b>, please see our Group Non-financial Report 2022 (page 104)</p>	
Strategy	Information published:
<p><b>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning</b></p>	
<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning</p> <p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>As part of our risk management and the internal control cycle, key issues are regularly reviewed. External partners, regulators, and internal audit experts conduct <b>audits at least every two years, or more frequently</b>. There were no deviations from the Group’s ethical standards in 2023.</p> <p>As part of a Group-wide project to implement the requirements of the Corporate Sustainability Reporting Directive (CSRD), an analysis was also conducted in the 2023 reporting year to determine whether there are any further potential sustainability risks for material topics. Additional information can be found in the Annual Report 2023 section Our materiality analysis on page 109.</p> <p>Overall, taking into account risk-mitigating measures (net risk assessment), <b>we have not identified any material non-financial risks</b> during the reporting period that are related to our business activities, business relationships, products, or services and that are very likely to have or will have a serious negative impact on the aforementioned nonfinancial aspects, or our business activities. The Group Management Report contains further information on opportunities and risks as well as a detailed presentation of the risk management and internal control system from page 87 onwards.</p> <p>Going forward, <b>water availability</b> is important to ensure business continuity. We analyze water availability using the World Resources Institute’s Aqueduct Water Risk Atlas, which contains information on current and future water risks at specific locations. We have 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. Manufacturing plants are requested to conduct a climate risk assessment including water risks such as floods, droughts, or heavy rain and set up measures in case a risk is identified. In the hospital sector, evaluation of water risks is carried out as part of Group risk management.</p> <p>By enhancing the consistency and comparability of our climate change information, we help our customers, investors and financial analysts to better evaluate our climate change performance and carbon footprint. Transparency around climate change data also plays an increasing role for other relevant stakeholders.</p> <p>Thus, we are convinced that transparency on our initiatives, the resilience of the health care industry as well as the anticipation of shifts in market and consumer preferences provides for a competitive advantage, if managed responsibly.</p> <p>Ambition: 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.</p>
<p><b>Sustainability Risks and Controls</b>, please see our Group Non-financial Report 2023 (page 106)</p>	
<p><b>Water Quality</b>, please see our Group Non-financial Report 2023 (page 188)</p>	
<p><b>Our Sustainability Goals and Programs</b>, please see our Group Non-financial Report 2022 page 105)</p>	

Risk Management		Information published:
<b>Disclose how the organization identifies, assesses, and manages climate-related risks.</b>		
a) Describe the organization's processes for identifying and assessing climate-related risks.	The identification and assessment of potential <b>sustainability risks (non-financial risks)</b> initially takes place at both Group level and in the three business segments as part of the risk management system. Sustainability risks are covered by the Fresenius Group's existing risk catalogs and risk reporting.	<b>Sustainability Risks and Controls</b> , please see our Group Non-financial Report 2023 (page 106)
b) Describe the organization's processes for managing climate-related risks	As part of our risk management and the internal control cycle, key issues are regularly reviewed. External partners, regulators, and internal audit experts conduct audits at least every two years, or more frequently.  As part of a Group-wide project to implement the requirements of the Corporate Sustainability Reporting Directive (CSRD), an analysis was also conducted in the 2023 reporting year to determine whether there are any further potential sustainability risks for material topics.	<b>Water Quality</b> , please see our Group Non-financial Report 2023 (page 188)
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	In addition to identifying potential risks, the responsible functions are also tasked with designing internal processes to ensure that business operations can be quickly resumed or, at best, not disrupted in the event of an incident. At Group level, the <b>Corporate Business Continuity function</b> is responsible for corporate security, corporate crisis management, and travel security worldwide. Due to the international nature of the Group and the wide range of security-related tasks, those responsible deal with issues relating to the continuation or resumption of business operations during or after crisis situations and also provide support in an operational context where necessary.  Example: Manufacturing plants are requested to conduct a <b>climate risk assessment including water risks</b> such as floods, droughts, or heavy rain and set up measures in case a risk is identified.	
Metrics and targets		Information published:
<b>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities</b>		
a) Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	We have developed <b>key performance indicators (KPIs)</b> at Group level to measure our environmental performance, which are included in the <b>variable compensation</b> of the Board of Management. As part of the <b>short-term variable compensation</b> short-term incentive -- STI) with an assessment period of one year, ESG (Environmental, Social, and Governance) targets will continue to be included with a weighting of 15%. The focus here is on the areas of medical quality / patient satisfaction and employees. ESG criteria account for 25% of the target achievement for the <b>long-term variable remuneration of the Management Board</b> (long-term incentive -- LTI) with an assessment period of four years. ESG target achievement in the LTI is measured on the basis of CO2 reduction. The target corridor is aligned with Fresenius' long-term goals of reducing its own direct (Scope 1) and indirect (Scope 2; marketbased) CO2 emissions (calculated as CO2 equivalents) by 50% in total by 2030 (base year 2020) and achieving climate neutrality by 2040.  Moreover, the current reporting covers KPIs such as: Energy consumption by source, energy consumption in relation to FTE or EUR 1 million revenue, water withdrawal by business segment and source, water withdrawal in relation to FTE or EUR 1 million revenue, CO2 equivalents per business segment and by Scope 1 and Scope 2 emissions, among others.	<b>Our Sustainability Goals and Programs</b> , please see our Group Non-financial Report 2023 (page 107).  <b>Environment</b> , please see our Group Non-financial Report 2023 (page 184 ff.)
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	We currently disclose <b>Scope 1 and Scope 2 greenhouse gas emissions (market- and location-based)</b> . Our Scope 1 and Scope 2 market-based emissions can be viewed in the Non-financial Report 2023 on page 193. Our Scope 1 and 2 location-based emissions can be viewed in the Non-financial Report 2023 on page 198. We survey our Scope 1 and Scope 2 emissions annually in order to identify emissions-intensive activities and derive reduction measures. For example, we are introducing new technologies with a lower environmental impact which can improve the energy efficiency of our processes and thus lead to lower greenhouse gas emissions. We are also working on recording our Scope 3 emissions so that we can also include emissions from the upstream and downstream supply chain in our climate goals.  In the reporting year, <b>no environmental incidents</b> were reported via the reporting channels whose impact would have been material to the financial position or reputation of the company. Furthermore, no incidents were recorded in which the respective environment or the general public were directly harmed due to default.	<b>Our Goals and Ambitions</b> , please see our Group Non-financial Report 2023 (page 190).  <b>Reporting systems</b> , please see our Group Non-financial Report 2023 (page 185 f.)
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In February 2022, the Management Board of Fresenius Management SE implemented a <b>climate target</b> , complementing the existing sustainability goals and programs for the Fresenius Group. The 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.	<b>Our Sustainability Goals and Programs</b> , please see our Group Non-financial Report 2022 (page 105).