

**Annual General Meeting 2023 – TOP 7  
Compensation System 2023+ for the Members of the Management  
Board of Fresenius Management SE**

**Bad Homburg, May 17, 2023**

# Management Board Compensation System 2023+

## Guiding principles

### The Compensation System 2023+ ...

-  promotes the execution of Fresenius's global strategy. In particular, the long-term and sustainable development of Fresenius is taken into account
-  is aligned with shareholders' interests. Feedback from many investors is considered in the design of the system and the link to the development of Company value has been enforced
-  is comprehensible and not complex
-  promotes long-term and sustainable value creation with its long-term oriented compensation structure
-  reflects the Company's strategy and enforces the Company's commitment towards environmental, social and governance (ESG) aspects through the performance targets without limiting the significance of financial performance
-  consists of performance targets at group as well as on business segment level. By measuring performance at the group level, a close cooperation across the Company's business segments is promoted
-  is designed to comply with the recommendations set out in the German Corporate Governance Code in the version dated 28 April 2022
-  is based on current market best practice
-  is significantly aligned to the Company's success due to its high proportion of variable compensation

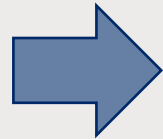
# Management Board Compensation System 2023+

## Key adjustments

### Long-Term Incentive Plan

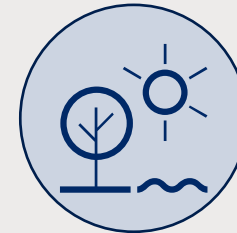


Redesign of  
Performance  
Share Plan

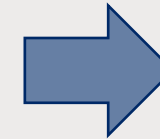


Alignment with  
Fresenius's global  
strategy

### Sustainability



Implementation of  
ESG targets in  
LTIP (and STI)

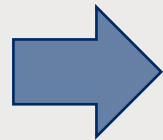


Strengthening the  
long-term and  
sustainable  
development of  
Fresenius

### Share Ownership Guidelines



Redesign of  
share ownership  
guidelines

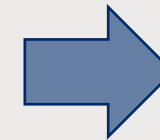


Better alignment  
with shareholders'  
interests

### Pension



Implementation of a  
pension substitute in  
cash for own provisions



Less complex and  
in line with  
market trend

# Management Board Compensation System 2023+

## Summary of major changes

Compensation System 2021+	Components	Compensation System 2023+
<ul style="list-style-type: none"> <li><b>Performance criteria:</b> <ul style="list-style-type: none"> <li>65 % Net Income (before special items)</li> <li>20 % Sales</li> <li>15 % ESG<sup>1</sup></li> </ul> </li> <li><b>Cap of payout:</b> 142.5 %<sup>2</sup> of target amount</li> </ul>	Short-term variable compensation	<ul style="list-style-type: none"> <li><b>Performance criteria:</b> <ul style="list-style-type: none"> <li>65 % Net Income (before special items)</li> <li>20 % Sales</li> <li>15 % ESG<sup>1</sup> (<b>focus on employee and customer satisfaction</b>)</li> </ul> </li> <li><b>Cap of payout:</b> <b>150 %</b><sup>2</sup> of target amount</li> </ul>
<ul style="list-style-type: none"> <li><b>Performance Share Plan</b> with a term of four years</li> <li><b>Performance criteria:</b> <ul style="list-style-type: none"> <li>50 % Relative TSR<sup>3</sup></li> <li>50 % Growth of the adjusted net income</li> </ul> </li> <li><b>Cap of payout:</b> 250 % of grant value</li> </ul>	Long-term variable compensation	<ul style="list-style-type: none"> <li><b>Performance Share Plan</b> with a term of four years</li> <li><b>Performance criteria:</b> <ul style="list-style-type: none"> <li><b>50 % Relative TSR<sup>3</sup></b></li> <li><b>25 % ROIC<sup>4</sup></b></li> <li><b>25 % ESG</b></li> </ul> </li> <li><b>Cap of payout:</b> 250 % of grant value</li> </ul>
<ul style="list-style-type: none"> <li><b>Amount:</b> 100 % (Chief Executive Officer of the Management Board / Management Board members) of the gross base salary</li> <li><b>Build-up phase:</b> Four resp. five years</li> </ul>	Share ownership guidelines	<ul style="list-style-type: none"> <li><b>Amount:</b> <b>200 %</b> / 100 % (Chief Executive Officer of the Management Board / Management Board members) of the gross base salary</li> <li><b>Build-up phase:</b> Four resp. five years<sup>5</sup></li> </ul>
<ul style="list-style-type: none"> <li><b>Definition:</b> Defined contribution plan</li> <li><b>Amount:</b> 40 % of the gross base salary, paid into a reinsurance policy and from which the future amount of the benefit is subsequently determined</li> </ul>	Pension	<ul style="list-style-type: none"> <li><b>Definition:</b> <b>Pension substitute in cash for own provisions</b></li> <li><b>Amount:</b> 40 % of the gross base salary in cash for self-provisioning</li> </ul>

<sup>1</sup> ESG Targets = Environmental, Social, Governance targets

<sup>2</sup> Cap of payout of 142.5 % for the fiscal years 2021 and 2022, 150 % as of the fiscal year 2023

<sup>3</sup> Total Shareholder Return

<sup>4</sup> Return on Invested Capital

<sup>5</sup> Newly appointed Management Board members for a period of three years must meet the SOG target after five years in the event of a follow-up agreement

Major changes

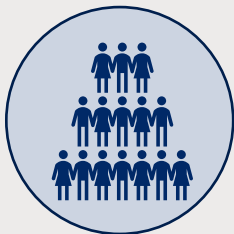
# Management Board Compensation System 2023+

## Integration of sustainability

- Sustainability is a crucial and integral part of the corporate strategy
- Thereby specific requirements placed by investors, society and market best practice of most of the DAX companies are reflected in the sustainability targets of the Compensation System 2023+
- ESG targets are selected that are relevant for Fresenius, consistent with the corporate strategy, ambitious, transparently measurable and can be integrated and applied in our corporate governance

### Targets Short-term Incentive (weighting: 15 %)

#### Employee Engagement Index



#### Quality / Patients



### Targets Long-term Incentive (weighting: 25 %)

#### Reduction of CO<sub>2</sub> emissions\*



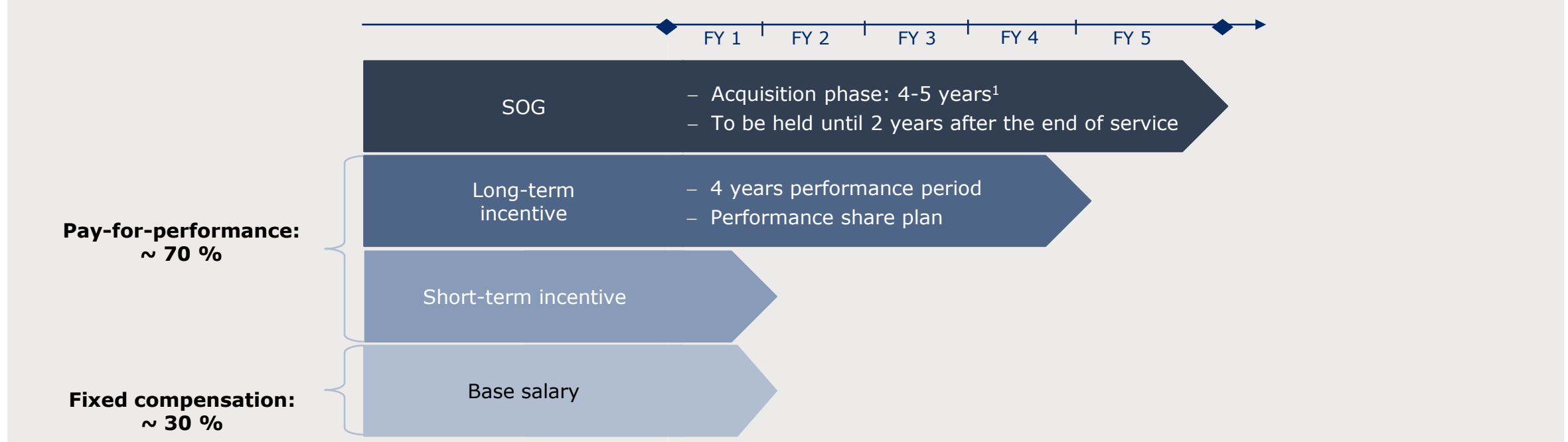
\* For the tranche 2023: Reduction in CO<sub>2</sub> emissions (in line with the objective to become climate-neutral by 2040). For future tranches, other/additional ESG targets can be used

# Management Board Compensation System 2023+

## Structure of target direct compensation

### Target direct compensation

#### Structure



- High variable proportion (~ 70 % of target direct compensation<sup>2</sup>)
- Majority of variable compensation is share-based

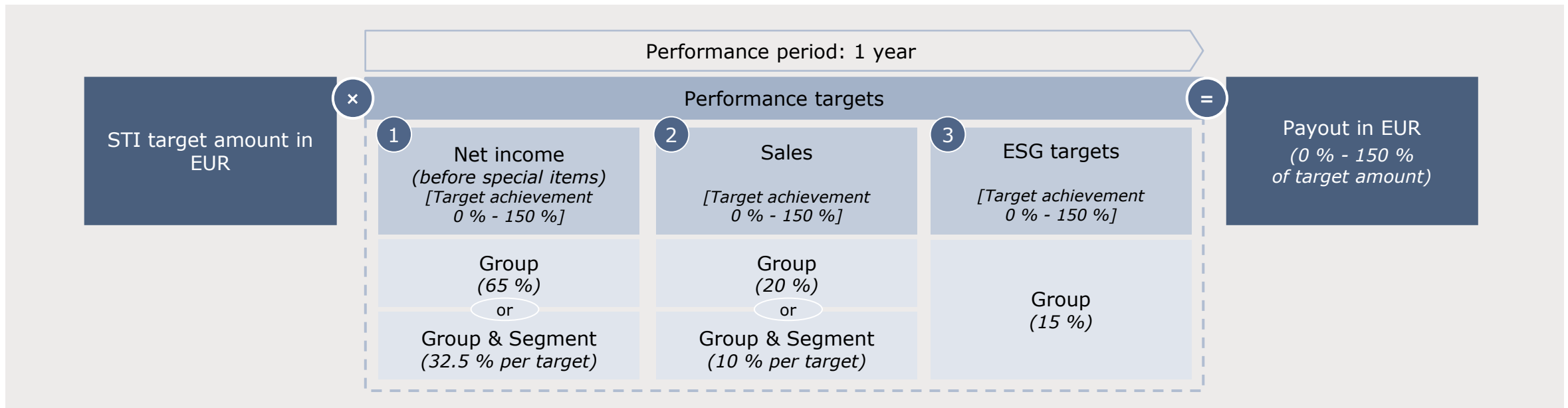
<sup>1</sup> Newly appointed Management Board members with an initial period of three years must meet the SOG target after five years in the event of a follow-up agreement

<sup>2</sup> The target direct compensation comprises the fixed compensation and the variable compensation

# Management Board Compensation System 2023+

## Overview of the Short-term Incentive Plan (STI)

### Short-term Incentive (STI)

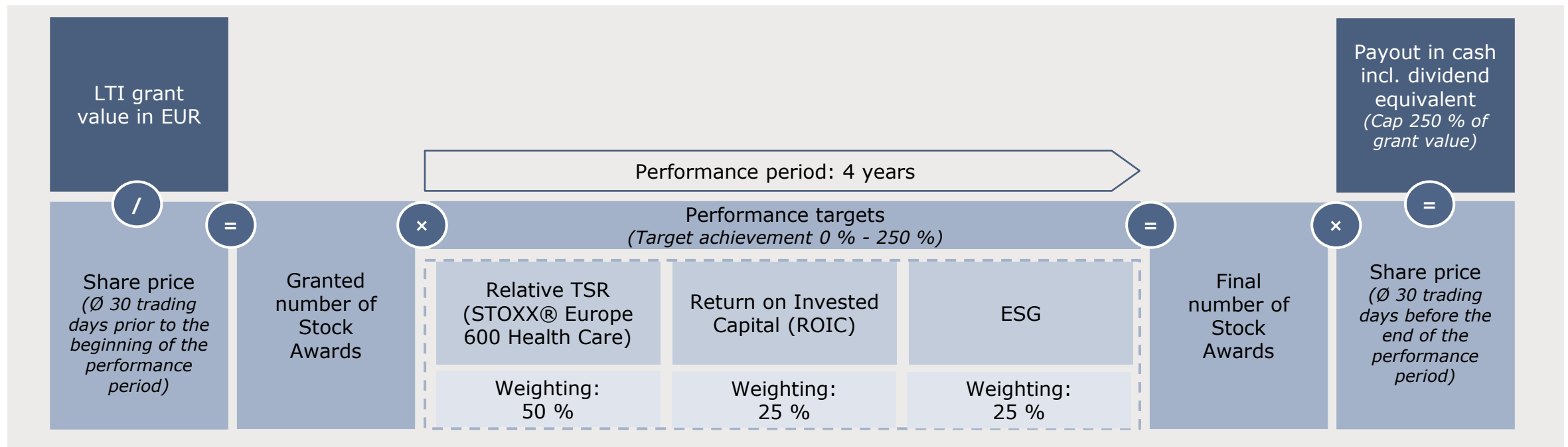


- The STI is structured as a target bonus model
- Net income (before special items), sales and ESG targets are used as financial and non- financial KPIs
- The financial performance targets are measured against the annual budget at group as well as at business segment level
- Full ex-post reporting on target values, thresholds and on the target achievement

# Management Board Compensation System 2023+

## Overview of the Long-term Incentive Plan (LTIP)

### Long-term Incentive Plan (LTIP)



- Performance share plan based on ROIC, relative TSR performance and ESG targets
- For the 2023 tranche, the reduction in CO<sub>2</sub> emissions will first be set as an ESG target. For future tranches, another ESG target or several other ESG targets can be integrated
- Full ex-post reporting on target values, thresholds and on the target achievement



# Management Board Compensation System 2023+

## Share ownership guidelines

### Share ownership guidelines 2021+

Significantly increase “skin in the game” by introducing share ownership guidelines for the first time at Fresenius:

- Investment of 100 % of annual gross base salary (SOG-target)
- Cumulative acquisition with at least a quarter of SOG-target p.a. starting not later than in the second year of service
- Automated purchase procedure to comply with insider regulations
- Permanent shareholding until two years after the end of service

### Share ownership guidelines 2023+

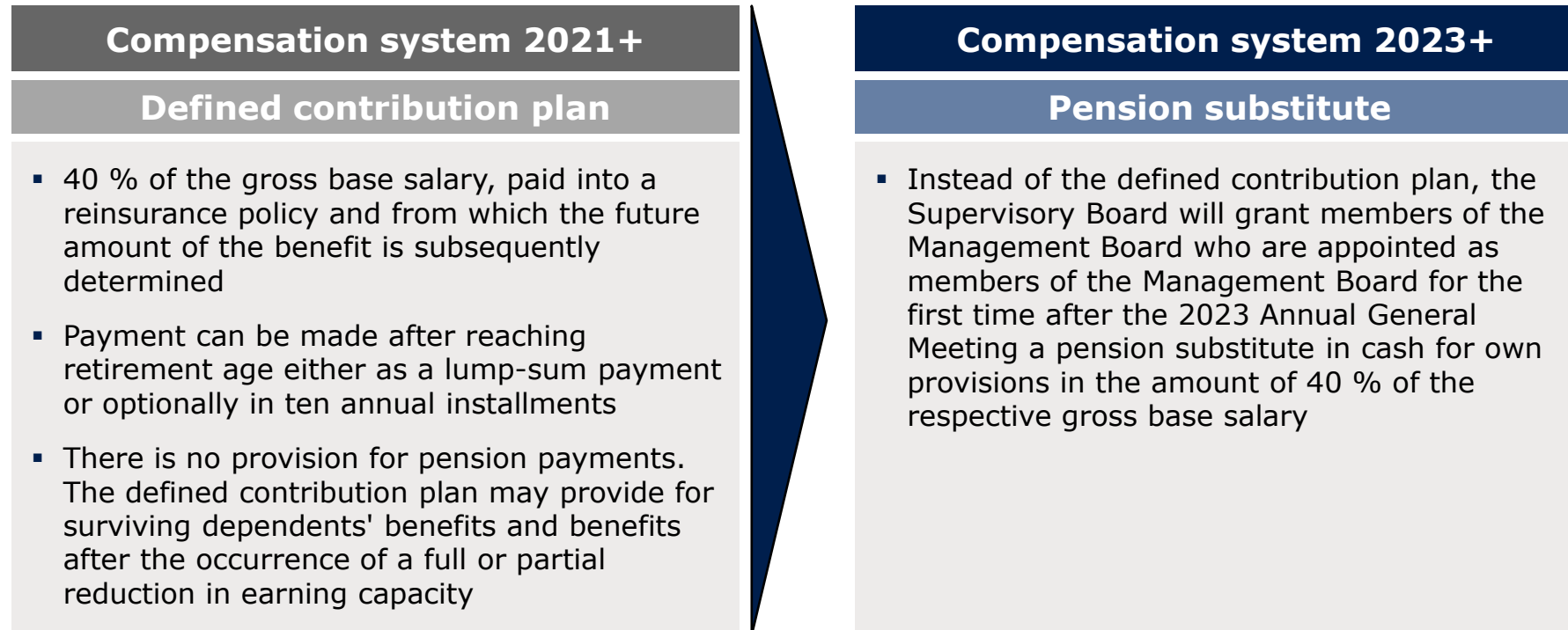
Changes to the share ownership guidelines to achieve an even stronger alignment with shareholder’s interests:

- Investment of 200 % of annual gross base salary (SOG-target) for the CEO and 100 % of annual gross base salary for Ordinary Board Members
- Cumulative acquisition with at least a quarter of SOG-target p.a. starting not later than in the second year of service
- Besides an automated purchase procedure to comply with insider regulations, Management Board members may, subject to the restrictions under insider trading law, acquire shares that count towards the fulfillment of the SOG-target
- Permanent shareholding until two years after the end of service

# Management Board Compensation System 2023+

## Pension

- Instead of a defined contribution pension commitment, a pension substitute in cash for own provisions is granted for Management Board members of the Management Board who are appointed as members of the Management Board for the first time after the 2023 Annual General Meeting





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