FRESENIUS SE & CO. KGAA

2020

Financial Statements

Management Report

Report of the Supervisory Board

Convenience Translation – The German version of these Financial Statements is legally binding

FRESENIUS SE & CO. KGAA, BAD HOMBURG V. D. HÖHE

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

ASSETS

€ in millions	Note	31.12.2020	31.12.2019
A. Fixed Assets	(4)		
I. Intangible assets		12	12
II. Tangible assets		125	122
III. Financial assets		11,797	11,192
		11,934	11,326
B. Current Assets			
I. Accounts receivable and other assets	(5)		
1. Trade accounts receivable		-	-
2. Accounts receivable from related parties		3,859	3,376
3. Other assets		169	182
		4,028	3,558
II. Cash and cash equivalents	(6)	7	2
		4,035	3,560
C. Deferred expense	(7)	50	46
		16,019	14,932

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	31.12.2020	31.12.2019
A. Shareholders' equity			
I. Subscribed capital	(8, 9, 10, 11, 12)		
Ordinary shares		557	557
II. Capital reserves	(13)	3,314	3,309
III. Other reserves	(14)	2,740	2,627
IV. Retained earnings	(15)	491	469
		7,102	6,962
B. Special reserve for government investment grants	(16)	-	-
C. Accruals	(17)		
1. Pensions and similar obligations		91	84
2. Accruals for income taxes		189	172
3. Other accruals		61	36
		341	292
D. Liabilities	(18)		
1. Senior notes		4,400	2,400
2. Convertible bonds		500	500
3. Bank loans		1,796	2,139
4. Trade accounts payable		6	5
5. Accounts payable to related parties		1,746	2,512
6. Other liabilities		124	118
		8,572	7,674
E. Deferred income	(19)	4	4
		16,019	14,932

FRESENIUS SE & CO. KGAA, BAD HOMBURG V. D. HÖHE

PROFIT AND LOSS STATEMENT JANUARY 1 TO DECEMBER 31, 2020

€ in millions	Note	2020	2019
1. Income from participations	(20)	**801**	760
2. Sales	(21)	**74**	71
3. Other operating income	(22)	**224**	141
4. Cost of materials	(23)	**-22**	-18
5. Personnel expenses	(24)	**-44**	-51
6. Depreciation and amortization on intangible assets and on property, plant and equipment	(25)	**-11**	-9
7. Other operating expenses	(26)	**-273**	-174
8. Net interest	(27)	**-70**	-89
9. Income taxes	(28)	**-73**	-50
10. After tax profit		**606**	581
11. Other taxes		**-3**	-1
12. Net income		**603**	580
13. Retained earnings brought forward		**1**	1
14. Increase of other reserves		**-113**	-112
15. Retained earnings		**491**	469

FRESENIUS SE & CO. KGAA, BAD HOMBURG V. D. HÖHE

NOTES AS OF DECEMBER 31, 2020

1. GENERAL INFORMATION

Fresenius SE & Co. KGaA, registered in Bad Homburg v.d.H. is listed under number B 11852 in the Commercial Register in Bad Homburg v.d.H.

The reporting currency of Fresenius SE & Co. KGaA is the euro. In order to make the presentation clearer, amounts are shown in €million. Amounts under €1,000,000.00 after round-ing are marked with „-“. In particular cases amounts are shown in €thousands.

The preparation of the financial statements has been done according to the rules of the German Commercial Code (HGB) and the rules of the German Stock Corporation Act (AktG - Aktiengesetz). The financial statements include the balance sheet, the profit and loss statement as well as the Notes. The profit and loss statement follows the nature of expense method (Gesamtkostenverfahren).

2. STRUCTURE

The Fresenius Group is as of December 31, 2020, divided into four legally independent business segments:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

Fresenius SE & Co. KGaA owns the stakes in the management companies and functions as an operating holding.

The list of investments of Fresenius SE & Co. KGaA is to be found in the enclosure to the Notes.

3. ACCOUNTING PRINCIPLES AND STANDARDS OF VALUATION

Acquired **intangible assets** are valued at purchase cost less regular amortization. The useful life is normally between 2 and 5 years, for personal computer auxiliary programs the useful life is 2 years, and for know-how up to 5 years.

The value of **investments in property, plant and equipment** is stated at the cost of the assets less regular linear depreciation.

The following useful lives were used for calculating depreciation:

► Office and factory buildings	10 - 40 years
► Technical equipment and machinery	5 - 10 years
► Other fixtures and fittings, tools and equipment	3 - 10 years

Assets with purchase cost of up to €250.00 are fully written off in the year of addition.

Depreciable movable non-current assets with a value of more than €250.00 and less than €1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Extraordinary depreciation is carried out, provided that the carrying book value is other than temporarily impaired.

Financial assets are valued at purchase price or, if the asset is other than temporarily impaired the lower market value.

The lower value of non-current assets resulting from write-downs to fair value has to be reversed if the reasons for the extraordinary write-down no longer apply (Section 253 (5) HGB).

Accounts receivable and other assets are stated at nominal value reduced by individual allowance if necessary.

No **deferred tax** is to be recognized for temporary differences in valuations in the tax and financial reporting balance sheets as long as the net difference would result in an asset.

The **subscribed capital** is carried at its nominal amount.

The **special reserve with equity portion** that was built according to Section 247 (3) HGB in previous years can be retained according to the option in Art. 67 (3) sentence 1 EGHGB.

The **pension obligation** is determined according to actuarial principles on the basis of biometric probabilities (Richttafeln Heubeck 2018 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Remuneration is currently adjusted depending on age by between 3% and 4% and pensions by 1.75%. The company specific fluctuation rate that is also taken into consideration for the calculation has been between 0% and 18% depending on age cohort. The actuarial interest rate applicable to the pension obligation was 2,71%. This interest rate is based on the last-ten-year-average interest rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank (Deutsche Bundesbank). Until December 31, 2015 the actuarial interest rate was based on the last-seven-year-average discount rate. According to Section 253 (6) HGB the difference from this legal change amounts to €12,835,985.

Pursuant to Section 253 (1) sentence 3 HGB (security-based pension obligations), the value of the provisions for the employee financed life work time account (Demografiefonds) is based on the performance of the asset value of the corresponding plan reinsurance.

The asset values used to offset the provisions are calculated at their fair values.

Tax accruals and other accruals are accounted for recognizable risks and uncertain liabilities at the amounts to be paid and calculated on the basis of a reasonable commercial assessment. Long term accruals are accounted for taking into account future price and cost increases and are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are valued at their settlement amounts.

Income and expenses incurred after the date of the financial statements are accounted for as accruals and deferrals.

Foreign currency items are translated with the foreign exchange rate at the time of origin or the hedging rate for hedging transactions.

Assets and liabilities with a remaining life of up to a year and carried at foreign currencies are translated at the average closing spot rate according to section 256a HGB.

Assets and liabilities with a remaining expected life of over one year and carried at foreign currencies are translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued either using the 'Durchbuchungsmethode' or the 'Einfrierungsmethode'. In the first case changes in value are recognized in the income statement. In the second case the transaction is recognized at inception only and changes in value resulting from the hedged risk are not subsequently recorded in the balance sheet or statement of income.

Gains and losses from translation to euro of items carried at foreign currencies are recognized in the statement of income under "Other operating income" or "Other operating expenses".

Income and expense from profit transfer agreements is recorded in the same reporting period in which it arises given that earnings from affiliated companies are precise enough at the time of preparing the financial statements and is assured according to reasonable commercial assessment.

Income from incorporated affiliates is recorded at the date when the distribution of earnings is decided, which is after the completion of the financial statements of Fresenius SE & Co. KGaA.

Derivative financial instruments are contracted for hedging purposes only. Both interest rate and foreign currency derivatives are contracted for hedging.

Besides hedging instruments for cash pool balances and loans in foreign currencies that Group Companies have borrowed from Fresenius SE & Co. KGaA or that Fresenius SE & Co. KGaA has borrowed from Group Companies or banks, Fresenius SE & Co. KGaA acquires hedging instruments from banks, that are mirrored by agreements between Fresenius SE & Co. KGaA and its affiliated companies at nearly the same conditions. The affiliated companies use these agreements to hedge their operating businesses against foreign currency risks.

Derivative financial instruments are measured at fair value at balance sheet date. According to German Commercial Law accounting principles and standards of valuation any remeasurement losses are recognized in earnings while remeasurement gains are not taken into account. When the conditions for hedge accounting are met, the underlying asset and the hedging instrument are considered together.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4. FIXED ASSETS

The following is a breakdown of fixed assets and their development:

€ in millions	Acquisition costs					Write-ups/Depreciation				Carrying amount	
	As of Jan. 1, 2020	Additions	Disposals	Reclassifications	As of Dec. 31, 2020	As of Jan. 1, 2020	Additions	Disposals	As of Dec. 31, 2020	**Dec. 31, 2020**	Dec. 31, 2019
Intangible assets											
Concessions, industrial and similar rights and assets as well as licenses acquired for consideration	18	3	-	-	21	6	3	0	9	**12**	12
	18	3	-	-	21	6	3	0	9	**12**	12
Tangible assets											
Land, leasehold and buildings including buildings on third party property	188	5	0	1	194	77	5	0	82	**112**	111
Plant and machinery	1	0	0	0	1	1	-	-	1	**-**	-
Other fixtures and fittings, tools and equipment	19	1	-1	2	21	12	3	-1	14	**7**	7
Payments on account and tangible assets in course of construction	4	5	0	-3	6	0	0	0	0	**6**	4
	212	11	-1	-	222	90	8	-1	97	**125**	122
Financial assets											
Shares in related parties	9,540	340	-	0	9,880	-	0	0	-	**9,880**	9,540
Loans to related parties	1,652	280	-16	0	1,916	0	0	0	0	**1,916**	1,652
Investments	0	1	0	0	1	0	0	0	0	**1**	0
	11,192	621	-16	0	11,797	-	0	0	-	**11,797**	11,192
Fixed assets	11,422	635	-17	0	12,040	96	11	-1	106	**11,934**	11,326

FINANCIAL ASSETS

As of December 31, 2020, Fresenius SE & Co. KGaA owns stakes in the following domestic management companies for business segments:

- Fresenius Medical Care AG & Co. KGaA, Hof an der Saale
- Fresenius Kabi AG, Bad Homburg v.d.H.
- Fresenius ProServe GmbH, Bad Homburg v.d.H.

The percentage of Fresenius Medical Care AG & Co. KGaA´s ("FMC-AG & Co. KGaA") subscribed capital held by Fresenius SE & Co. KGaA at the end of fiscal year 2020 was 32.23% (previous year 31.64%). 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, 2020. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in Helios Kliniken GmbH and in Helios Health GmbH (100% stakeholder of the Quirónsalud Group) as well as a 77% stake in VAMED Aktiengesellschaft.

Fresenius SE & Co. KGaA holds all of the stakes of the following domestic property management and service companies as well as foreign finance companies:

- Fresenius Biotech Beteiligungs GmbH
- Fresenius Immobilien-Verwaltungs-GmbH
- Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG
- Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG
- Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG
- Hyginus Publisher GmbH
- Fresenius Versicherungsvermittlungs GmbH
- Fresenius Medical Care Management AG
- Fresenius US Finance II, Inc.
- Fresenius Finance Holdings Ltd.
- Fresenius Vamed GmbH

All of the subscribed capital of Fresenius Netcare GmbH is indirectly held via Fresenius Versicherungsvermittlungs GmbH.

Through Fresenius Finance Holdings Ltd., Fresenius SE & Co. KGaA indirectly wholly owns Fresenius Finance Ireland PLC and Fresenius Finance Ireland II PLC. In the fiscal year 2020, Fresenius SE & Co. KGaA contributed €340 million to the additional paid-in capital of Fresenius Finance Holdings Ltd.

Additionally, Vamed Gesundheit Holding Deutschland GmbH, an indirect affiliated company of Vamed Aktiengesellschaft, was granted a loan of €280 million.

Moreover, €1 million was invested in the Futury Regio Growth GmbH & Co. KG.

5. ACCOUNTS RECEIVABLE AND OTHER ASSETS

€ in millions	Dec. 31, 2020	Dec. 31, 2019
Trade accounts receivable	-	-
(amount with a remaining term of more than one year)	(0)	(0)
Accounts receivable from related parties	3,859	3,376
(amount with a remaining term of more than one year)	(0)	(7)
Other assets	169	182
(amount with a remaining term of more than one year)	(62)	(62)
	4,028	3,558

Accounts receivable from related parties include €3,855 thousand mainly consisting of loans and financing related accounts in the context of inhouse banking (cash pool) (previous year €3,373 million) as well as €4 million of trade accounts receivables (previous year €3 million).

Other assets mainly contain stock options (call options) with a value of €62 million held for hedging market price fluctuations of the derivative embedded in the convertible bond as well as €12 million VAT receivable, and social secu-rity related receivables of €295 thousand (previous year €41 thousand).

Also included are receivables from corporation tax law (Körperschaftsteuer) and solidarity surcharge (Solidaritätszuschlag) as well as business tax (Gewerbesteuer) of €91 million thousand (previous year €113 million). Receivables from income tax (Ertragsteuer) include expected amounts of outstanding tax assessments for previous years whereby the assessment and collection years 2016, 2018 and 2019 are particularly affected.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and cash at banks of €7 million (previous year €2 million).

7. DEFERRED EXPENSE

The deferred expenses of €50 million (previous year €46 million) mainly consist of discounts with a net book value of €48 million as of December 31, 2020 (previous year: €44 million).

The placement of a convertible bond in January 2017 resulted in a discount of €62 million that will be released on a straight-line basis over the lifetime of the convertible bond. As of December 31, 2020, it is included in deferred expenses with a value of €27 million.

he placement of a convertible bond in January 2020 resulted in a discount of €16 million that will be released on a straight-line basis over the lifetime of the convertible bond. As of December 31, 2020, it is included in deferred expenses with a value of €14 million.

The bonds issued in January 2019 resulted in a discount of €8 million that will be released on a straight-line basis over the lifetime of the bond. As of December 31, 2020, it is included in deferred expenses with a value of €6 million.

Furthermore, it includes the prepayment of the Directors&Officers-Insurance (D&O-Insurance) and the accidental and product liability insurance.

8. SUBCRIBED CAPITAL

During the fiscal year 2020, 160,930 stock options were exercised.

Consequently, as of December 31, 2020, the subscribed capital of Fresenius SE & Co. KGaA consisted of 557,540,909 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

The subscribed capital developed as follows:

€ in millions	2020	2019
As of January 1	557	556
Increase due to exercise of stock options	-	1
As of December 31	**557**	557

9. OWN SHARES

Fresenius SE & Co. KGaA can purchase own ordinary shares during the year for distribution to employees entitled to the profit-sharing program.

On the basis of the agreement from February 2016, employees are awarded a profit-sharing bonus for the previous year as far as given performance targets for the given year or for a period of four years are met. If the performance targets for a given year are not met, it is possible to consider a relevant timeframe for the fiscal year of up to four years instead and award the shares subsequently.

For the years 2018 to 2020 and the relevant timeframes, the targets were not met or are not expected to be met and consequently no own shares were purchased in 2020.

As of December 31, 2020, no own shares were held.

10. NOTIFICATION BY SHAREHOLDERS

The following table shows the notifications disclosed in 2020 in accordance with Section 40 (1) of the German Securities Trading Act (WpHG).

Notifying party	Registered office	Date of exceeding or falling below	Reporting threshold	Percentage of voting rights	Number of voting rights	Attribution pursuant to WpHG
DWS Investment GmbH	Frankfurt am Main, Germany	September 10, 2020	Falling below 3%	2.99	16,635,092 6,382	section 34 section 38 (1) No. 2
Allianz Global Investors GmbH	Frankfurt am Main, Germany	May 21, 2020	Falling below 5%	4.98	27,734,602 21,598	section 34 section 38 (1) No. 2

In cases where holdings reached, exceeded or fell below the thresholds on several occasions, only the most recent notification is mentioned.

The Else Kröner-Fresenius-Stiftung as major shareholder informed Fresenius SE & Co. KGaA on December 22, 2020, that it holds 148,685,702 ordinary shares of Fresenius SE & Co. KGaA representing 26.7% of the subscribed capital on December 31, 2020. All WpHG-notifications by shareholders in 2020 are published on the website of the Company www.fresenius.com/shareholder-structure.

11. AUTHORIZED CAPITAL

Fresenius SE Co. KGaA has an Authorized Capital of €125,000000 which complies with the Articles of association.

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.

The Authorized Capital I developed as follows:

€ in millions	2020	2019
As of January 1	125	125
As of December 31	**125**	125

12. CONDITIONAL CAPITAL

The Conditional Capital IV is in place to fulfill the obligation to issue shares relating to the exercise of Stock Options on the basis of the existing 2013 Stock Option Plan. A further Conditional Capital III exists for the authorization to issue option bearer bonds and / or convertible bonds.

The Conditional Capital I for the Fresenius AG Stock Option Plan 2003 (expired) developed as follows:

in €	Ordinary shares
As of January 1, 2020	4,735,083
As of December 31, 2020	**4,735,083**

The Conditional Capital II for the Fresenius SE Stock Option Plan 2008 (expired) developed as follows:

in €	Ordinary shares
As of January 1, 2020	3,452,937
As of December 31, 2020	**3,452,937**

The Conditional Capital III, for option bearer bonds and/or convertible bonds, developed as follows:

in €	Ordinary shares
As of January 1, 2020	48,971,202
As of December 31, 2020	**48,971,202**

The Conditional Capital IV for the Fresenius SE & Co. KGaA Stock Option Plan 2013 developed as follows:

in €	Ordinary shares
As of January 1, 2020	23,947,021
Decrease due to exercise of stock options	-160,930
As of December 31, 2020	**23,786,091**

Description of the Fresenius SE & Co. KGaA share-based compensation plans in place

As of December 31, 2020, 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.

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.

a) 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 performace 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.

b) 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 stock can be granted on each stock option grant date. Phantom stock 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 performace 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 stock 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, 2020, the provision for phantom stocks issued in 2016 that will be exercised and paid out on March 1, 2021, amounted to €7 million.

The last phantom stocks were granted in 2017.

Transactions during 2020 and 2019

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.

On September 9, 2019, Fresenius SE & Co. KGaA awarded 795,741 performance shares under the LTIP 2018, the total fair value at the grant date being €36 million, including 198,415 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 €45.36.

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.

During the fiscal year 2019, Fresenius SE & Co. KGaA received cash of €33 million from the exercise of 1,154,825 stock options. The average stock price of the ordinary share at the exercise date was €48.23.

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 and employees of Fresenius SE & Co. KGaA 38,191 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.

Of the 8,435,555 outstanding stock options issued under the 2013 LTIP, 4,245,296 were exercisable at December 31,2019. The members of the Fresenius Management SE Management Board held 1,434,375 stock options. 631,021 phantom stocks issued under the 2013 LTIP were outstanding at December 31, 2019. The members of the Fresenius Management SE Management Board held 114,762 phantom stocks and employees of Fresenius SE & Co. KGaA held 62,695 phantom stocks. At December 31, 2019, the Management Board members of Fresenius Management SE held 331,849 performance shares and employees of Fresenius SE & Co. KGaA held 993,600 performance shares under the LTIP 2018.

Stock option transactions are summarized as follows:

	stock options
Number as of December 31, 2019	8,435,555
less forfeited options	-2,157,601
less exercises	-160,930
Number as of December 31, 2020	**6,117,024**

13. CAPITAL RESERVES

Capital reserves comprise the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

The capital reserves have developed during the fiscal year as follows:

€ in millions	2020	2019
As of January 1	3,309	3,277
Increase due to exercise of stock options	5	32
As of December 31	**3,314**	3,309

The capital reserve exceeds 10% of the subscribed capital and therewith conforms with the legal reserve as in section 150 (1) and (2) of the German Stock Corporation Act (AktG).

14. OTHER RESERVES

Other reserves developed as follows:

€ in millions	2020	2019
As of January 1	2,627	2,515
Additions to other reserves from net income of the period	113	112
As of December 31	**2,740**	2,627

According to the restrictions in Section 253 (6) HGB, an amount of €14 million of other reserves shall not be distributed.

15. RETAINED EARNINGS

Accumulated profits from the prior year of €935 thousand are included in retained earnings in accordance with the decision taken at the Annual General Meeting on August 20, 2020.

Given that the amount of capital that shall not be distributed is sensibly higher than retained earnings, there is no distribution restriction for this amount.

16. SPECIAL RESERVE FOR GOVERNMENT INVESTMENT GRANTS

Special reserves primarily comprise government investment grants and subsidies according to sections 1, 4 and 4b of the German Investment Subsidy Code (InvZulG). Dissolution of grants and subsidies is spread over the useful life of the subsidized assets. The yearly dissolution (€1 thousand) is included in the profit and loss statement under "Other operating income".

17. ACCRUED EXPENSES

The **pension obligation** has been determined according to the method described under Note (3) "Accounting principles and standards of valuation". Included in accrued expenses is an obligation of €28 million in favor of Fresenius Management SE for pension obligations related to its Management Board members.

In accordance with legal regulations the employee credit balances of **partial retirement agreements** are secured against insolvency. To fulfill this purpose the company buys shares of a money-market-similar investment fund in the amount of the cumulated credit balances. The securitization is done via pledging the investment fund shares to a trustee, hence the securities have the sole purpose of fulfilling the obligations derived from the partial retirement agreements and are not available to other creditors. They have been netted with their matching obligations following Section 246 (2) sentence 2 HGB. The acquisition cost of these securities at the date of issuance reflects their fair value.

€ in thousands	31.12.2020
Amount to be paid for partial retirement agreements	313
Fair value of matching securities	169
Funded status (surplus of obligations over assets)	144
Acquisition cost of securities	300

On the basis of a Works Council Agreement from 2009 and starting on January 1, 2010, employees can participate in a demography fund **(Demografiefonds)** by contributing part of their compensation or working time to an account run by Fresenius SE & Co. KGaA in exchange of time-off in the future. The credit balances of the employees are invested in an insurance product via a trust agreement so that Fresenius SE & Co. KGaA and its creditors do not have access to the funds. This construction is a security-based pension obligation in the sense of Section 253 (1) sentence 3 HGB. The amount provisioned for the time balances of the employees corresponds to the fair value of the insurance product. The fair value results from the forecasted actuarial reserves of the insurance company plus the present profit sharing on the surplus.

€ in thousands	31.12.2020
Amount to be paid for obligations from the demography fund	3,243
Fair value of matching insurance	3,243
Funded status (surplus of assets over obligations)	0
Acquisition cost of insurance	2,903

The statement of income includes €45 thousand of netted expense and income, from the valuation of the insurance product and the corresponding provision.

Accruals for income taxes mainly include income tax accruals of €144 million (previous year: €134 million). Accruals for income taxes refer to estimated amounts of outstanding tax payments from current year as well as prior years expected to be received.

Other accruals mainly include accruals to cover foreign currency risks of €34 million (previous year: €3 million) as well as for personnel expenses of €14 million (previous year: €21 million) and accruals for invoices outstanding of €8 million (previous year: €6 million).

18. LIABILITIES

	December 31, 2020				December 31, 2019			
		thereof with a remaining term of				thereof with a remaining term of		
€ in millions	**Total**	**up to 1 year**	**1 year to 5 years**	**over 5 years**	Total	up to 1 year	1 year to 5 years	over 5 years
Senior notes	**4,400**	**450**	**950**	**3,000**	2,400	500	900	1,000
Convertible bonds	**500**	**0**	**500**	**0**	500	0	500	0
Bank loans	**1,796**	**45**	**1,212**	**539**	2,139	382	1,213	544
Trade accounts payable	**6**	**6**	**0**	**0**	5	5	0	0
Accounts payable to related parties	**1,746**	**1,580**	**29**	**137**	2,512	2,110	281	121
Other liabilities	**124**	**62**	**62**	**0**	118	56	62	0
	8,572	**2,144**	**2,753**	**3,675**	7,674	3,053	2,956	1,665

SENIOR NOTES

The following table shows the liabilities from the Senior Notes as of December 31, 2020.

Issuer	Notional amount	Maturity date	Interest rate
Fresenius SE & Co. KGaA 2014 / 2021	€450 million	Feb. 1, 2021	3.00%
Fresenius SE & Co. KGaA 2014 / 2024	€450 million	Feb. 1, 2024	4.00%
Fresenius SE & Co. KGaA 2019 / 2025	€500 million	Feb. 15, 2025	1.875%
Fresenius SE & Co. KGaA 2020 / 2026	€500 million	Sep. 28, 2026	0.375%
Fresenius SE & Co. KGaA 2020 / 2027	€750 million	Oct. 8, 2027	1.625%
Fresenius SE & Co. KGaA 2020 / 2028	€750 million	Jan. 15, 2028	0.750%
Fresenius SE & Co. KGaA 2019 / 2029	€500 million	Feb. 15, 2029	2.875%
Fresenius SE & Co. KGaA 2020 / 2033	€500 million	Jan. 28, 2033	1.125%

Fresenius SE & Co. KGaA can issue bonds with different maturities under their existing debt issuance program of €10 billion. In 2020, the proceeds of the financing activities were mainly used for general corporate purposes, including refinancing of existing financial liabilities.

On September 28, 2020, Fresenius SE & Co. KGaA placed 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 eight 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 SE & Co. KGaA in the amount of €500 million which were due on July 15, 2020, were redeemed at maturity.

The bonds issued by Fresenius SE & Co. KGaA in the amount of €450 million which were due on February 1, 2021, were redeemed at maturity.

CONVERTIBLE BONDS, EQUITY-NEUTRAL

On January 31, 2017, Fresenius SE & Co. KGaA issued €500 million of equity-neutral convertible bonds due 2024. The convertible bonds will not bear any interest. The issue price was fixed at 101% of the nominal value. The proceeds were used to fund the acquisition of IDCSalud Holding S.L.U. (Quirónsalud) and for general corporate purposes. The coupon was fixed at 0%. On December 31, 2020 the conversion price was €105.8791.

The negative fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €117 thousand at December 31, 2020. Fresenius SE & Co. KGaA purchased stock options (call options) with a corresponding fair value to hedge future fair value fluctuations of this derivative. The embedded derivative and the call options build a hedge relationship and are accounted for in other assets and other liabilities at a book value of €62 million each following the "Einfrierungsmethode".

The conversions will be cash-settled. Any increase of Fresenius' share price above the conversion price would be offset by a corresponding value increase of the call options.

BANK LOANS

Schuldschein Loans

At December 31, 2020 Fresenius SE & Co. KGaA had €1,721 million (previous year: €1,827 million) liabilities from Schuldschein Loans.

The Schuldschein Loans of Fresenius SE & Co. KGaA with fixed interest rates in the amount of €106 million which were due on April 2, 2020 were redeemed at maturity.

The Schuldschein Loans of Fresenius SE & Co. KGaA are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

Commercial-Paper-Program

Fresenius SE & Co. KGaA has a commercial paper program under which Fresenius SE & Co. KGaA and Fresenius Finance Ireland PLC can issue up to €1,000 million in short-term notes. As of December 31, 2020 and as of December 31, 2019, the commercial paper program was not utilized by Fresenius SE & Co. KGaA.

ACCOUNTS PAYABLE TO RELATED PARTIES

Accounts payable to related parties comprise loans and financing accounts with affiliated companies in the context of inhouse banking (cash pool) in an amount of €1,744 million (previous year €2,522 million).

Included in this item are liabilities of €3 million (previous year €5 million) in favor of the general partner Fresenius Management SE. Moreover, liabilities of €38 million (previous year €38 million) in favor of Fresenius

Management SE are included in pension liability and other liabilities.

OTHER LIABILITIES

Other liabilities primarily include €62 million liabilities from the derivative embedded in the convertible bond (previous year €62 million) as well as interest liabilities, and liabilities from tax on wages.

Liabilities from tax on wages amount to €1 million (previous year €1 million).

19. DEFFERRED INCOME

Deferred income of €4 million (previous year €4 million) relates mainly to premiums.

The placement of the convertible bond in January 2017 resulted in a premium of €5 million that will be released on a straight-line basis over the lifetime of the convertible bond. As of December 31, 2020, it is included in deferred income with a value of €2 million.

Moreover, a premium of €2 million resulted from a senior note and shall be released on a straight-line basis over the term of the senior note. As of December 31, 2020, it is included in deferred income with a value of €1 million.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

The structure of the profit and loss statement has been adapted to the holding character of Fresenius SE & Co. KGaA and starts with income from participations

20. IINCOME FROM PARTICIPATIONS

€ in millions	2020	2019
Income from profit transfer agreements	**678**	600
Income from participations	**124**	163
(thereof amount from affiliated companies)	**(124)**	(163)
Expenses from loss transfer agreements	**-1**	-3
	801	760

21. SALES

€ in millions	2020	2019
Sales from personnel services	**55**	52
Sales from rental services	**19**	19
	74	71

22. OTHER OPERATING INCOME

Other operating income of €224 million in total (previous year €141 million) is comprised primarily of foreign currency gains of €182 million (previous year €117million), cost transfers to group companies of €33 million (previous year €22 million), as well as other income from other accounting periods mainly income from the dissolution of short-term accruals of €6 million (previous year 1 € million). The total income from other accounting periods was €6 million in the fiscal year (previous year €1 million).

The main reason for the increase in other operating income is an increase in foreign currency gains, that is leveld by foreign currency losses of the same amount included in operating expense.

23. COST OF MATERIALS

Cost of materials of €22 million (previous year €18 million) mainly consist of costs to attain sales from rentals and lease agreements such as rents and lease payments for buildings as well as repair, maintenance and cleaning costs for the mentioned buildings.

24. PERSONNEL EXPENSES

€ in millions	2020	2019
Wages and salaries	**34**	38
Social security contributions, cost of retirement pensions and social assistance	**10**	13
(thereof retirement pensions)	**(4)**	(7)
	44	51

The annual average number of employees of Fresenius SE & Co. KGaA by function is divided into the following groups:

€ in millions	2020	2019
Wage earners	**16**	17
Salaried employees	**334**	343
Apprentices	**190**	173
	540	533

25. DEPRECIATION AND AMORTIZATION OF INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

Depreciation of intangible assets and property plant and equipment of €11 million (previous year €9 million) is regular depreciation.

26. OTHER OPERATING EXPENSES

Other operating expenses of €273 million in total (previous year €174 million) were primarily foreign currency losses of €182 million (previous year €98 million). Also included are IT-related expenses, insurance premiums and consulting expenses, as well as the costs of Fresenius Management SE for business management activities of €12 million (previous year €12 million) that are passed on. Total expenses from other accounting periods were €1 million in the fiscal year (previous year €1 million).

27. NET INTEREST

€ in millions	2020	2019
Interest income from long-term loans	**33**	31
(thereof amount from affiliated companies)	**(33)**	(31)
Other interest and similar income	**49**	42
(thereof amount from affiliated companies)	**(26)**	(20)
Interest and similar expenses	**-152**	-162
(thereof amount from affiliated companies)	**(-17)**	(-26)
(thereof expense from interest accrued	**(-2)**	(-2)
	-70	-89

28. INCOME TAXES

Income taxes in the amount of €73 million (previous year €50 million) resulted from current income tax of €60 million for the year 2020 (previous year €34 million) as well as tax expense from other accounting periods in the amount of €13 million (net) (previous year €16 million).

The deferred tax for the Income-Tax-Group is calculated with a tax rate of 30.5%, which is the tax rate expected to be applicable at the time the temporary differences reverse. Deferred tax liabilities arise from differences in the valuation of accounts receivables and from other assets not recognized for tax purposes. Differences in the valuation of pensions and other provisions generate deferred tax assets that exceed the amount of deferred tax liabilities.

OTHER NOTES

29. CONTINGENT LIABILITIES

€ in millions	31.12.2020	31.12.2019
Contingencies from indemnity agreements and guarantees	**5,316**	6,634
(thereof amount in favor of and from affiliated companies)	**(5,311)**	(6,629)
Commitments from retirement provisions	**16**	16
(thereof amount to affiliated companies)	**(16)**	(16)
	5,332	6,650

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is, taking into account the positive earnings situation of the affiliated companies, currently not expected.

Commitments from retirement provisions comprise liabilities for joint commitments resulting from transferring pension obligations to affiliated companies of the business segments.

Fresenius SE & Co. KGaA has committed itself to exempt on certain preconditions various members of the managing boards of foreign affiliates from claims, in case such claims were made due to their function as members of the managing board of the affiliates concerned, and these claims were based on the law of the respective country.

Fresenius SE & Co. KGaA has committed itself, to the extent legally admissible, to indemnify the members of the Management Board of Fresenius Management SE against claims against them arising from their work for the Company and its affiliates, if such claims exceed their responsibilities under German law. To secure such obligations, the Company concluded a 'Directors & Officers' insurance with an excess, in compliance with stock corporation requirements. The indemnity applies for the time in which each member of the Management Board is in office and for claims in this connection after the ending of the membership of the Management Board in each case.

COMMERCIAL-PAPER-PROGRAM

Fresenius SE & Co. KGaA guarantees the commercial paper issued by Fresenius Finance Ireland PLC under the Commercial-Paper-Program. As of December 31, 2020, the commercial paper program was utilized by Fresenius Finance Ireland PLC in the amount of €30 million.

SENIOR NOTES

Fresenius SE & Co. KGaA guarantees the Senior Notes of Fresenius US Finance II, Inc. and Fresenius Finance Ireland PLC, all of them directly or indirectly wholly-owned subsidiaries of Fresenius SE & Co. KGaA.

The following table shows these liabilities of these subsidiaries as of December 31, 2020:

Issuer	Notional amount	Maturity date	Interest rate
Fresenius US Finance II, Inc. 2014 / 2021	US$300 million	Feb. 1, 2021	4.25%
Fresenius US Finance II, Inc. 2015 / 2023	US$300 million	Jan. 15, 2023	4.50%
Fresenius Finance Ireland PLC 2017 / 2022	€700 million	Jan. 31, 2022	0.875%
Fresenius Finance Ireland PLC 2017 / 2024	€700 million	Jan. 30, 2024	1.50%
Fresenius Finance Ireland PLC 2017 / 2027	€700 million	Feb. 1, 2027	2.125%
Fresenius Finance Ireland PLC 2017 / 2032	€500 million	Jan. 30, 2032	3.00%

All bonds of Fresenius US Finance II, Inc. and Fresenius Finance Ireland PLC, 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 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 lease-back 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, 2020, the Fresenius Group was in compliance with all of its covenants.

2013 CREDIT AGREEMENT

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the original amount of US$1,300 million and €1,250 million.

Since the initial funding of the 2013 Senior Credit Agreement in June 2013, additional tranches were added. Furthermore, scheduled amortization payments as well as voluntary repayments have been made. In August 2017, the Credit Agreement was refinanced and replaced with new facilities resulting in a total credit facility of approximately €3,800 million.
Fresenius SE & Co. KGaA is now the sole guarantor.

As of December 31, 2020, the 2013 Senior Credit Agreement consisted of:

- Revolving credit facilities of US$ 500 million and €1,100 million which will be due on September 28, 2022. The US-Dollar facility can be used by Fresenius Finance Ireland II PLC and Fresenius SE & Co. KGaA. The Euro facilities are available to Fresenius Ireland PLC and Fresenius SE & Co. KGaA. The revolving credit facilities were not utilized at December 31, 2020.
- A term loan of US$ 455 million, borrowed by Fresenius Finance Ireland II PLC and scheduled to mature on September 28, 2022. Quarterly repayments of US$ 15 million began on December 28, 2017 with the remaining balance outstanding due on the maturity date.
- A term loan of €675 million, borrowed by Fresenius Finance Ireland PLC and also scheduled to mature on September 28, 2022. Quarterly repayments of €25 million began on December 28, 2017 with the remaining balance outstanding due on the maturity date.
- A non-amortizing term loan of €750 million which is scheduled to mature on September 28, 2021. This loan was borrowed by Fresenius Finance Ireland PLC.

30. OTHER FINANCIAL COMMITMENTS

Other financial commitments in their entirety are against third parties.

€ in millions	31.12.2020	31.12.2019
Commitments from building leases, and leasing commitments		
due 2021 (prior year 2020)	13	12
due 2022-2025 (prior year 2021-2024)	32	26
due after 2025 (prior year after 2024)	4	6
	49	44
Commitments from ongoing capital expenditures	10	12
	59	56

31. Derivatives

Fresenius SE & Co. KGaA uses derivative financial instruments, normally micro-hedges, to hedge against existing or highly probable future interest and currency risks. Derivative financial instruments are contracted exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. Fresenius SE & Co. KGaA has approved guidelines for assessing risks and to control the use of financial instruments. The guidelines require a clear separation between the execution function on the one side and the clearing, accounting and control on the other side. Fresenius SE & Co. KGaA uses derivative financial instruments to reduce fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates and interest rates. The high effectiveness of the derivative financial instruments leads to the expectation that, in general, the underlying transaction and the corresponding derivative will offset each other.

FOREIGN EXCHANGE RISK

The company uses foreign exchange forward contracts to hedge foreign exchange risk.

Fresenius SE & Co. KGaA entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates. On the balance sheet date, the Company had only currency derivatives in relation with €-currency risks hedging with a nominal value of €788 million and a negative fair value of €31 million with a maximum maturity of 12 months.

For foreign exchange forward contracts contracted with banks that were closed to hedge the foreign exchange risk of Fresenius SE & Co. KGaA Group companies' and that were passed down with the same conditions to the affected Group companies via Group internal transactions, hedges were built for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revaluate these hedges for financial reporting purposes until maturity ('Einfrierungsmethode'). The positive net fair value of internal and external hedges was €0 thousand. As of December 31, 2020, the notional amount of these transactions totaled €90 million. The offsetting cash flows will level after 12 months the latest.

Further hedges were built for loans in foreign currencies that Group Companies have borrowed from the Company or that the Company has borrowed from Group Companies, and their offsetting foreign exchange forward contracts closed for hedging purposes. In this case only the spot component is designated in the valuation unit. The loan receivables and payment obligations hedged against currency risk had a net book value of €244 million (liability). External foreign currency hedging contracts for the individual loan receivables and payment obligations with a nominal value of €264 million on December 31, 2020 had a negative fair value of €20 million. The changes in value of both the loan receivables and payment obligations and the foreign currency hedging contracts have been recognized as income ('Durchbuchungsmethode'). The offsetting cash flows will nearly level after one month the latest.

The rest of the currency derivative contracts can have positive and negative fair values. Positive fair values of €1 million were not recognized for financial reporting purposes. Negative fair values amounting to €13 million were recognized as provision for contingent losses.

INTEREST RATE RISK

The Company entered into interest rate swap transactions with banks with a nominal value of US$200 million. These interest rate swap transactions are mirrored by hedge agreements with affiliated companies with the same nominal volume. These transactions were terminated before maturity as of December 10, 2020 and had a fair value of €0 at the end of the accounting period.

STANDARDS OF VALUATION

The fair values of derivative financial instruments are valuated according to customary standards that take market information (market values) on the balance sheet date into account. In detail following principles are used:

- The fair value is based on the market value of a derivative that could be reached in voluntary transactions by independent parties without taking forced or liquidation sales into account.
- To determine the market 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 balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position.
- The 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 balance sheet date.

The effectiveness of hedging relationships is measured with the Critical Terms Match-Method and the Cumulated Dollar Offset-Method for foreign exchange forward contracts and with the Cumulated Dollar Offset-Method for interest rate swaps.

32. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the audited Compensation Report (see exhibit Compensation Report), which is part of the Management Report.

The compensation of the Management Board 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 €15,017 thousand (2019: €15,468 thousand). Thereof, €6,669 thousand (2019: €6,166 thousand) is not performance-based and €8,348 thousand (2019: €9,302 thousand) is performance-based. The amount of the performance-based compensation depends on the achievement of targets relating to the net income of the Fresenius Group and business segments. As a long-term incentive component, the members of the Management Board received performance shares in the equivalent value of €9,870 thousand.

The total compensation of the Management Board was €25,070 thousand (2019: €26,872 thousand).The total compensation paid to the Supervisory Boards of Fresenius SE & Co. KGaA and Fresenius Management SE and their committees was €2,930 thousand in 2020 (2019: €4,285 thousand). Of this amount, €2,771 thousand was fixed compensation (2019: €2,775 thousand), €159 thousand was compensation for committees services (2019: €160 thousand), and €0 thousand was variable compensation (2019: €1,350 thousand).

In 2020, based on pension commitments to former members of the Management Board, €1,147 thousand (2019: €1,154 thousand) was paid. The pension obligation for these persons amounted to €23,867 thousand in 2020 (2019: €24,863 thousand).

In the fiscal years 2020 and 2019, no loans or advance payment on future compensation components were granted to any member of the Management Board of Fresenius Management SE.

33. SUBSEQUENT EVENTS

The months of January and February were characterized worldwide by a regionally varying development of the COVID-19 pandemic with continued high infection numbers, especially in Europe and the United States, as well as an increasing number of virus mutations. Currently, large-scale constraints of public and private life are therefore again enacted in various countries, for example in both Spain and Germany, in order to curtail the spread of COVID-19. The first vaccines have been licensed and vaccination has begun. The further development of the global situation and the impact on Fresenius remain uncertain.

Beyond that, there have been no significant changes in the Fresenius Group’s operating environment following the end of the fiscal year 2020 until February 22, 2021. 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.

34. 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).

35. CONSOLIDATED FINANCIAL STATEMENTS

As parent company Fresenius SE & Co. KGaA prepares and publishes consolidated financial statements and management report in accordance with the International Financial Reporting Standards (IFRS) which are binding to be applied in the EU applying Section 315e of the German Commercial Code (HGB) for the smallest group of consolidated companies. The consolidated financial statements are published in the electronic Bundesanzeiger (German Federal Gazette). Fresenius Management SE, Bad Homburg v.d.H. prepares and publishes the consolidated financial statements for the largest group of consolidated companies which is also published in the electronic Bundesanzeiger (German Federal Gazette).

36. AUDITOR’S FEES

The fees for the auditor PricewaterhouseCoopers GmbH, Frankfurt am Main (PwC), are disclosed in the company´s consolidated financial statements. They contain audit-related fees and other fees mainly related to the review of quarterly financial statements, audit services in connection with financing activities as well as audits with respect to implementation activities in the IT.

37. 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 2020 of Fresenius SE & Co. KGaA be distributed as follows:

in €	
Payment of a dividend of €0.88 per bearer ordinary share on the 557,540,909 ordinary shares entitled to dividend	490,635,999.92
Balance to be carried forward	116,035.01
Retained earnings	**490,752,034.93**

Bad Homburg v. d. H., February 22, 2021

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

M. Henriksson
R. Powell
Dr. E. Wastler

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, 2020	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2020
Dr. Gerd Krick Chair	Chairman of the Supervisory Board of Fresenius SE & Co. KGaA	1938	2003		Fresenius Management SE (Chair) Fresenius Medical Care Management AG VAMED AG, Austria (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	Dresden International University (DIU) 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 (since 01.05.2020)	Secretary of the Trade Union ver.di, Vereinte Dienstleistungsgewerkschaft	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
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]	
Klaus-Peter Müller	Honorary Chairman of the Supervisory Board of Commerzbank AG	1944	2008		Fresenius Management SE
Oscar Romero de Paco	Production staff member Fresenius Kabi España S.A.U.	1974	2016		

The term of office expires at the end of the Annual General Meeting 2021

[1] Stock-listed company

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, 2020	Fresenius Group company positions as at Dec. 31, 2020
Hauke Stars	Member of supervisory bodies	1967	2016	Kühne + Nagel International AG, Switzerland[1]	
Niko Stumpfögger Deputy Chair (until 30.04.2020)	Secretary of the Trade Union ver.di, Head of Company and Industry Politics in Health Care and Social Affairs	1955	2007		

The term of office expires at the end of the Annual General Meeting 2021

[1] Stock-listed company

COMMITTEES OF THE SUPERVISORY BOARD

Nomination Committee	Audit Committee	Joint Committee[1]
Dr. Gerd Krick (Chair)	Klaus-Peter Müller (Chair)	Dr. Dieter Schenk (Chair)
Michael Diekmann	Grit Genster (as of May 20, 2020)	Michael Diekmann
Klaus-Peter Müller	Konrad Kölbl	Dr. Gerd Krick
	Dr. Gerd Krick	Klaus-Peter Müller
	Hauke Stars	
	Niko Stumpfögger (until April 30, 2020)	

[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)

Name	Segment	Year of birth	Initial appointment	Term expires	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2020	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2020
Stephan Sturm	Chairman	1963	2005	2021	Deutsche Lufthansa AG [1]	Fresenius Kabi AG (Chair) Fresenius Medical Care Management AG (Chair) VAMED AG, Austria (Deputy Chair)
Dr. Sebastian Biedenkopf (since 01.12.2020)	Responsible for Legal, Compliance, Insurance and Human Resources, and Labor Relations Director	1964	2020	2023	EUROKAI GmbH & Co. KGaA (bis 12/2020)	
Dr. Francesco De Meo	Business Segment Fresenius Helios	1963	2008	2021		
Rachel Empey	Chief Financial Officer	1976	2017 [2]	2025	Inchcape, plc, Great Britain [1] (until 30.04.2021; Non-Executive Director)	Fresenius Kabi AG (Deputy Chair) Fresenius Medical Care Management AG (Deputy Chair)
Dr. Jürgen Götz (until 30.06.2020)	Chief Legal and Compliance Officer, and Labor Relations Director	1964	2007	2020		
Mats Henriksson	Business Segment Fresenius Kabi	1967	2013	2022		Fenwal, Inc., USA FHC (Holdings) Ltd., Great Britain Fresenius Kabi Austria GmbH, Austria (Chair) Fresenius Kabi Compounding LLC, USA Fresenius Kabi España S.A.U., Spain Fresenius Kabi Pharmaceuticals Holding, Inc., USA Fresenius Kabi USA LLC, USA Labesfal – Laboratórios Almiro, S.A., Portugal Quercus Acquisition, Inc., USA
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)
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)

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, 2020	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2020
Dr. Gerd Krick Chair	Chairman of the Supervisory Board of Fresenius SE & Co. KGaA	1938	2010		Fresenius SE & Co. KGaA [1] (Chair) Fresenius Medical Care Management AG VAMED AG, Austria (Chair)
Dr. Kurt Bock	Former Chief Executive Officer BASF SE	1958	2016	BASF SE [1] (since 18.06.2020; Chair) BMW Group [1]FUCHS PETROLUB SE [1] (Chair)	
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 (since 07.07.2020)	Former Chief Executive Officer of DZ Bank AG	1960	2020	ZF Friedrichshafen AG (since 01.01.2021) BMW AG [1] Deutsche Post AG [1]	
Wolfgang Kirsch (since 01.01.2020)	Former Chief Executive Officer of of DZ Bank AG	1955	2020	Adolf Würth GmbH & Co. KG AGCO Corporation Duluth, USA	
Klaus-Peter Müller	Honorary Chairman of the Supervisory Board of Commerzbank AG	1944	2010		Fresenius SE & Co. KGaA [1]
Dr. Dieter Schenk Deputy Chair	Lawyer and Tax Consultant	1952	2010	HWT invest AG (formerly Bank Schilling & Co. AG; Chair) 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)
Dr. Karl Schneider	Honorary Chairman of the Supervisory Board of Fresenius Management SE				

The term of office expires at the end of the Annual General Meeting 2021

[1] Stock-listed company

FRESENIUS SE & CO. KGAA, BAD HOMBURG V. D. HÖHE

MANAGEMENT REPORT AS AT DECEMBER 31, 2020

Fresenius SE & Co. KGaA acts as an operating holding that holds the shares of the Fresenius Group management companies. Fresenius SE & Co. KGaA collects income from service contracts, and in a higher amount, income from participations. The income from investments and with it, the result of operations, financial position and the assets and liabilities are highly dependent on the performance of the whole Group. Therefore, the business development of the group is described in the following paragraphs.

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 managed by the operating parent company Fresenius SE & Co. KGaA. The business segments are organized on a regional level and have a decentralized structure. There were no changes to the Group's business model in 2020.

- **Fresenius Medical Care** offers services and products for patients with chronic kidney failure. As of December 31, 2020, Fresenius Medical Care treated 346,553 patients at 4,092 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 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. The company comprises Helios Germany and Helios Spain (Quirónsalud). At the end of 2020, Helios Germany operated a total of 89 hospitals, around 131 outpatient clinics, and 6 prevention centers. In Spain, Quirónsalud operated 46 hospitals, 70 outpatient centers, and around 300 occupational risk prevention centers. In addition, Helios Spain is active in Latin America with 6 hospitals and as a provider of medical diagnostics.
- **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 44% and North America with 41% 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 marke share of about 35%.

Fresenius Kabi is among the leading companies for large parts of its product portfolio in Europe and has significant market shares in the growth markets of Asia-Pacific and Latin America. In the United States, Fresenius Kabi is one of the leading suppliers of generic IV drugs.

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.

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 an important contribution combating the COVID-19 pandemic worldwide. Despite partial government compensation, COVID-19 had an overall negative effect on the 2020 financial figures, mainly due to restrictions imposed by the authorities in many of the Group's important markets.

Nevertheless, Fresenius has come through the COVID-19 pandemic in an economically robust manner. Once again, 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.

The legal framework for the operating business of the Fresenius Group remained essentially unchanged in 2020. In 2020, 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.

We carefully monitor and evaluate country-specific, political, legal, and financial conditions. This also applies to the possible impact on our business resulting from the United Kingdom's decision to leave the European Union. We do not expect this to have any material impact on our business.

MANAGEMENT AND CONTROL

In the legal form of a KGaA, the Company's corporate bodies are the 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, 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. 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 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. 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 of this Annual Report. The Compensation Report is part of the Management Report.

CAPITAL, SHAREHOLDERS, ARTICLES OF ASSOCIATION

The subscribed capital of Fresenius SE & Co. KGaA amounted to 557,540,909 ordinary shares as of December 31, 2020 (December 31, 2019: 557,379,979).

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 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, the following **Conditional Capitals** exist in accordance with the articles of association dated August 28, 2020:

- 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 € 23,947,021.00 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, 2020.

Direct and indirect ownership interests in Fresenius SE Co. KGaA are listed in Note 10 of the Notes. As the **largest shareholder**, Else Kröner-Fresenius-Stiftung, Bad Homburg, Germany, informed the Company on December 22, 2020, that it held 148,685,702 ordinary shares of Fresenius SE & Co. KGaA. This corresponds to an equity interest of 26.7% as of December 31, 2020.

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 General Meeting.

Under certain circumstances, a **change of control** as the result of a takeover bid 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. People worldwide are not only living longer, the pace of population aging is also increasing significantly. Thus, countries around the world are facing major challenges with respect to their social and health systems. As the worldwide population ages, diminished well-being as well as chronically ill and critically ill patients are becoming a major global public health challenge[1]. 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 goal is to expand Fresenius' position as a leading global provider of products, services, and therapies for critically and chronically ill people. In line with our corporate purpose "Forward thinking health care to improve the quality of life of patients", Fresenius develops innovative, affordable, and profitable solutions for the megatrends of health and demographics. Our mission is to offer better medicine and better health care services to ever more people. Every business decision we make is consistently guided by the wellbeing of our patients. It is at the center of everything we do. At the same time, we want to grow profitably and use our capital efficiently.

We have set ourselves clear medium-term goals. Based on the key financial figures for 2019, Fresenius expects average annual organic sales growth (CAGR) in the range of 4% to 7% for the period 2020 to 2023. 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 expects that small and mid-sized acquisitions will additionally increase the CAGR for both sales and net income by approximately 1% point. However, economic success is not an end in itself for Fresenius; it rather enables us to keep investing in better medicine.

We are living 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 an important contribution combating the pandemic worldwide. Our dialysis clinics and hospitals, for example, have taken extensive measures to ensure that patients receive the best possible care throughout their treatment. 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, there is no need to adjust our strategy and goals due to the COVID-19 pandemic. On the contrary, our robust economic development in 2020 confirms our strategy. COVID-19 will even accelerate the implementation of some strategic goals, such as the further expansion of digital services. For example, a particular concern of patients during the pandemic was becoming infected in hospital. Through various digital solutions, we were able to address these and other concerns.

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 those business areas and strive to assume leading positions in the respective health care markets and segments. Fresenius has defined strategic priorities to pursue its goal to strengthen the position of the Company as a leading global provider of products and therapies for critically and chronically ill patients:

- **Profit from megatrends:** gearing businesses towards the megatrends health and demographics
- **Create value:** long-term value creation by allocating capital to profitable growth areas
- **Act responsibly:** responsible and sustainable corporate governance as part of our corporate culture
- **Collaborate:** fostering intragroup cooperation to leverage synergies

OUR CORE COMPETENCIES

QUALITY

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

For Fresenius Medical Care, patients' health as well as product safety mean creating a safe clinical environment.

[1] WHO 2018: "Ageing and health"
[2] Net income attributable to the shareholders of Fresenius SE & Co. KGaA
[3] Before special items

The quality and safety of its products and services are the foundation of Fresenius Medical Care's 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.

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. Digitization 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.

Fresenius Medical Care will focus on creating the future of health care for chronically and critically ill patients across the renal care continuum. In 2020, Fresenius Medical Care strengthened its position in acute dialysis. The U.S. Food and Drug Administration (FDA) has cleared Novalung®, a heart and lung support system for the treatment of acute respiratory or cardiopulmonary failure. 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.

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 oncology and autoimmune diseases, making affordable treatments accessible for even more patients. We were able to successfully continue all development projects in the reporting year. Although some activities – such as the collaboration with internal and external stakeholders – could only take place virtually due to the COVID-19 pandemic, no relevant delays occurred in our development projects.

Fresenius Helios' goal is to foster knowledge sharing across its international hospital network and use innovation to develop the best health care services and therapies for its patients. In order to comprehensively drive forward digitization, 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. For all clinics in Germany, Fresenius Helios has set itself the goal of introducing additional medical data such as nursing care documentation and medication in the digital patient file by the end of 2022, and fully implementing the online patient portal across the network. Moreover, Fresenius Helios also focuses on health apps for chronically ill patients.

Due to the COVID-19 pandemic, there is an increasing demand for telemedical applications. The aim is to further expand this service in the health care facilities of Fresenius Helios. All Fresenius Helios health care facilities can already set up consultation sessions via video. Some of the hospitals already offer such video consultations on a regular basis. 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 digitization 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. To contain costs, we particularly concentrate on making our production plants more efficient, exploiting economies

Statements on market position according to company research
[1] Net income attributable to the shareholders of Fresenius SE & Co. KGaA
[2] Before special items

of scale, leveraging the existing marketing and distribution infrastructure more intensively, and practicing strict cost control.

Moreover, we foster intra-Group coordination and collaboration, and continue to identify specific measures that optimize our portfolio and make Fresenius an even more effective organization.

By focusing on our operating cash flow and employing efficient working capital management, we will increase our investment flexibility and improve our balance sheet ratios. Another goal is to optimize our weighted average cost of capital (WACC) by deliberately employing a balanced mix of equity and debt funding.

In the present capital market conditions, we believe we optimize our cost of capital if we hold the net debt / EBITDA[1] ratio within a range of 3.0x to 3.5x.

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 mediumsized 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 further expansion in dialysis care and products worldwide.

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 2020, the company continued to launch Idacio in several European countries and has received marketing authorization in selected countries in Latin America and Asia-Pacific, Israel and Canada. In addition, Fresenius Kabi is one of the most important providers of transfusion technology. Fresenius Kabi plans to roll out products from its existing portfolio to the growth markets and to launch existing products in the United States. Market share is to be expanded further through the launch of new products in the fields of IV drugs, infusion therapy, clinical nutrition, biosimilars, and medical devices / transfusion technology.

With 89 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.

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.

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.

The effects of the COVID-19 pandemic did not have a significant impact on our research and development activities in 2020.

[1] 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.

Research and development **expenses** [1] were €748 million(2019: €677 million), approximately 7.2% of our product sales (2019: 6.8%). Research services provided by third parties are mainly used by Fresenius Kabi, especially in thefield of biosimilars.

As of December 31, 2020, there were 3,565 employees in research and development (2019: 3,412). Of that number, Of that number, 1,262 were employed at Fresenius Medical Care (2019: 1,200) and 2,288 at Fresenius Kabi (2019: 2,200).

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

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** of Fresenius SE & Co. KGaA at the end of 2020 was 554 (December 31, 2019: 549).

HUMAN RESOURCES MANAGEMENT

We are constantly adapting our human resources tools to meet new requirements arising from demographics, the transformation to a service economy, skills shortages, and the compatibility of job and family life. For example, we offer flexible working hours.

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.

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. As of December 31, 2020, the proportion of female employees within the

Fresenius Group was 68%. Women also held 32% of senior management positions, based on the number of worldwide participants in the Long Term Incentive Plan 2018 (LTIP 2018). Detailed information on the statutory targets for the participation of women and men in management positions is available within the Corporate Governance Declaration pursuant to Section 315d and Section 289f of the German Commercial Code (HGB) on our website, see www.fresenius.com/corporate-governance.

You can visit our award-winning **careers portal** at www.career.fresenius.com.

PROFIT-SHARING

The high expectations we place on our employees require equivalent compensation. To identify with the Company, employees must take part in its successes and understand the opportunities and risks of entrepreneurial thinking. Fresenius uses the following models:

- Profit-sharing for our employees in Germany
- Share-based compensation plans

These programs support the entrepreneurial focus of our employees to continually increase the value of the company and safeguard the interests of our shareholders.

CHANGES TO THE MANAGEMENT BOARD

The Supervisory Board of Fresenius Management SE has unanimously decided that Wolfgang Kirsch (65) should become Chairman of the Supervisory Board of Fresenius Management SE. Wolfgang Kirsch will also stand for election to the Supervisory Board of Fresenius SE & Co. KGaA at the Annual General Meeting in May 2021. In these two functions, Wolfgang Kirsch will succeed Dr. Gerd Krick (82), who will not stand for re-election at the end of his term of office and will therefore retire from both supervisory bodies at the end of the Annual General Meeting in May 2021.

Dr. Gerd Krick is to be appointed Honorary Chairman of both Supervisory Boards in recognition of his decades of service to Fresenius.

Michael Sen (51) will also be elected to the Supervisory Boards of Fresenius Management SE and Fresenius SE & Co. KGaA with the aim of becoming Chairman of the Audit Committee. Klaus-Peter Müller (76) will retire from the committees on a rotational basis.

In addition, the Supervisory Board of Fresenius Management SE has unanimously decided to appoint Stephan Sturm (57) as Chairman of the Management Board of Fresenius for another five years. Stephan Sturm has held this position since July 1, 2016. Prior to this, he was Chief Financial Officer of the Company for eleven and a half years.

[1] Before revaluations of biosimilars contingent purchase price liabilities

The Supervisory Board of Fresenius Management SE has decided to appoint Dr. Sebastian Biedenkopf (56) as the new Fresenius Management Board member responsible for Legal Affairs, Compliance, and Human Resources, as well as Labor Relations Director, effective December 1, 2020. He succeeds Dr. Jürgen Götz, who left the companyat his own request on June 30, 2020.

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.

SUSTAINABILITY

We orient our activities within the Fresenius Group to long-term 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.

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 forpatients.

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

- expanding availability and correspondingly greater
- demand for basic health care, and
- increasing national incomes and hence higher spendingon 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 8.8% of GDP in the OECD countries in 2019, with an average of US$4,224 spent per capita.

As in previous years, the United States had the highest percapita spending (US$ 11,072). Germany ranked fourth among the OECD countries with US$6,646.

In Germany, 85% of **health spending** was funded by public sources in 2019, above the average of 74% 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 2018, average life expectancy in the OECD countries was 80.7 years.

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 quality-conscious 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:

THE DIALYSIS MARKET

In 2020, the **global dialysis market** (products and services) was worth approximately €82 billion.

Worldwide, approximately 4.5 million **patients with chronic renal failure** were treated in 2020. Of these patients,around 3.7 million received dialysis treatments and about 823,000 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 3% in 2020. In the United States, Japan, and Western and Central Europe, patient growth was slower than in emerging markets, where growth is mostly above 6%.

While the pandemic has not sustainably affected the fundamental development in the number of new patients starting dialysis, excess mortality of dialysis patients significantly accelerated in the U.S. and in EMEA.

Source: Latest available data from OECD Health Data 2020; data on the dialysis market is based on company research, Database for China 2016.

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 lim ited 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 care

In 2020, the **global dialysis care market** (including renal pharmaceuticals) was worth around €67 billion.

About 9% of worldwide dialysis patients were treated by Fresenius Medical Care. With 4,092 dialysis clinics and more than 346,000 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 38% of dialysis patients in 2020. 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 expenses related to surge capacity for dialysis patients suspected or confirmed to have COVID-19.

Fresenius Medical Care North America collaborates with DaVita Inc. and other dialysis providers, who aim to support the broader kidney care community in the United States by offering isolation capacity for dialysis patients who are or may be COVID-19-positive.

By further driving our efficiency measures and with governmental support, in particular in the U.S., we managed to almost compensate the financial effects of COVID-19 in 2020.

Dialysis products

In 2020, 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 35%.

Fresenius Medical Care is the leading supplier worldwide of hemodialysis products, with a market share of 40%, 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. In 2020, Fresenius Medical Care accelerated the work on the new production line at the St. Wendel plant in response to higher demand caused by the COVID-19 pandemic. Hence, Fresenius Medical Care was able to put the new production line into operation several months ahead of schedule.

Renal care continuum, critical care solutions, and complementary assets

As part of the next level of our strategy 2025, we intend to go a step further 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.

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 gainaccess to new technologies in our core and complementarybusinesses, as well as new therapy approaches.

The number of patients requiring continuous renal replacement therapy to treat acute renal failure is set to riseto 1.6 million 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 lungfailure. We are also planning innovative solutions for multiorgan support to benefit from the growing criticalcare 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, clinical nutrition, infusion therapy, and medical devices / transfusion technology was worth about €105 billion in 2020.

Thereof, the global **market for generic IV drugs** was worth about €38 billion [2]. Fresenius Kabi was able to enter additional market 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 pre-filled syringes, among other items.

The global market for generic IV drugs remained at a stable level, adjusting in response to changes in demand during the COVID-19 pandemic. Competitors in the market for generic IV drugs include Pfizer, Sanofi, Sandoz, Viatris, and Hikma.

The relevant market for the targeted original **biopharmaceuticals**, all in the therapeutic areas of oncology and autoimmune diseases, is worth about €46 billion and grew by 6%.

In 2020, the global market for **clinical nutrition** was worth about €10 billion. In Europe, the market grew by about 3%. Higher growth rates were experienced in the emerging markets. For example, the clinical nutrition market in Latin America showed strong growth of 10%.

Similarly strong growth of 9% was achieved in Asia-Pacific,while the African clinical nutrition market grew by 7%.

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 throughshorter stays. In the market for clinical nutrition, Fresenius Kabi is one of the leading companies worldwide.

In parenteral nutrition, the company is the market leader worldwide. In the market for enteral nutrition, Fresenius Kabi is one of the leading suppliers in Europe, Latin America, and China. In parenteral nutrition, competitors include Baxter, B. Braun, JW Pharma, and Kelun Pharma. In the market for enteral nutrition, Fresenius Kabi competes with, among other companies, Abbott, Nestlé, and Danone.

In 2020, Fresenius Kabi considers its global market for **infusion therapy** to have been worth about €5 billion, slightly below the previous year's level. Affected by postponed or canceled elective surgeries due to the COVID-19 pandemic and the reduced demand for blood volume substitutes in Asia-Pacific, the total market showed a slight decline in 2020. This could not be fully compensated by the increasing product demand in emerging markets in general. In Europe and the United States, the market for infusion therapies remained rather stable. Fresenius Kabi is the market leader in infusion therapy in Europe and Latin America. Competitors in the market for infusion therapies include B. Braun and Baxter.

In 2020, the global market for **medical devices** was worth about €4 billion and grew by 5%. In the medical devices market, the main growth drivers are IT-based solutions that focus on application safety and therapy efficiency. In the medical devices segment, Fresenius Kabi ranks among the leading suppliers worldwide. International competitors in the market for medical devices include Baxter, B. Braun, and Becton, Dickinson and Company, as well as ICU Medical.

In 2020, the global market for **transfusion technology** was worth about €3 billion, which is at the previous year's level. The COVID-19 pandemic also had an impact on market demand in this product segment. The postponement of operations negatively impacted the need for blood bags and autotransfusion treatments, while the significant decrease in blood and plasma donations also had a negative impact on the demand for blood bags and, above all, plasma disposables.

The pandemic had a slightly positive impact on the demand for convalescent plasma. A possible therapy option for some COVID-19 patients is based on the use of plasma (blood component) from recovered patients. This treatment involves the collection of plasma containing antibodies from recovered COVID-19 patients. After donation and further processing, the antibody-enriched plasma is administered

[1] Market data based on company research and refers to Fresenius Kabi's relevant markets. 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] Market definition adjusted as in prior year: among other items, sales volume of non-patented branded drugs is included.

to ill COVID-19 patients. This process is made possible by devices from our portfolio such as Aurora and Alyx.

In transfusion technology, Fresenius Kabi is one of the world's leading companies. Competitors in the market for transfusion technology include Haemonetics, Macopharma, and Terumo.

THE HOSPITAL MARKET [1]

The market volume for acute care hospitals in Germany in 2018 was around €105 billion[2], as defined by total costs (gross). Personnel costs accounted for around 61% of this total and material costs for 38%, each of which increased by around 4%.

Admissions in the acute care hospital market in 2018 were roughly on the previous year's level.

With a share of sales of around 6.0%[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, Rhön-Klinikum, and Sana Kliniken.

The economic situation of German hospitals worsened compared with the previous year. Around 47% expect losses in 2020. 24% project to break even and just 29% expect to be able to generate a profit for the year. In 2019, approximately 46% of the hospitals recorded a profit and approximately 44% reported a loss. One reason for the further deterioration of the economic situation in 2020 was the COVID-19-related loss of revenues among the hospitals.

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 modernizations, as well as investments in digitalization. Moreover, the federal states have in the past failed to meet their statutory obligation to provide sufficient financial resources. This results in a continually increasing investment backlog. The German Hospital Institute (DKI)[4] estimates that the annual investment requirement at German hospitals is at least €6.5 billion. Thisis more than two times the investment funding currently being provided by the federal states.

What is know 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 2020, it was 3.66% (2019: 2.65%).

Due to the COVID-19 pandemic, in spring 2020, hospitals in Germany were asked to suspend scheduled surgery and new admissions in order to reserve capacity for COVID-19 patients. This resulted in lost revenues and additional costs. In order to provide financial support for hospitals, the German parliament (Bundestag) passed the law to ease the financial burden on hospitals (Krankenhaus-Rettungsschirm) in March 2020. Among other things, the law provided for a compensation payment of €560 for each reserved bed per day of occupancy as well as a co-investment for each newly created intensive care treatment unit with artificial respiration. Nursing costs and additional costs for personal protective equipment were also financed on a flat-rate basis. In July 2020, the uniform compensation per reserved bed was replaced by a differentiated flat-rate amount, based on the actual revenue losses of the individual hospitals.

The flat rate varied between €360 and €760. The regulationsgoverning the law to ease the financial burden on hospitals were valid until September 30, 2020.

A follow-up regulation came into force with the Third Law of Protection of the Population in an Epidemical Situation of National Dimension as well as the Hospital Future Act (Krankenhauszukunftsgesetz – KHZG). Under this act, the local infection rates and the utilization rates of the hospitals' wards were decisive for receiving financial aid. This rule ceased to apply on February 28, 2021. A draft bill stipulates, however, that the rule endures until April 11, 2021 in an unchanged form. The KHZG also provides for compensation payments to mitigate COVID-19-related revenue losses and additional costs. The revenues generated by the individual hospitals in 2019 are used as thebenchmark for these losses. The exact structure was determined as of December 31, 2020.

In addition, hospitals can negotiate per-case surcharges to compensate for the additional costs resulting from COVID-19 that have not yet been taken into account by other compensation payments. No further measures toprovide financial support to hospitals in Germany are currently planned.

In addition, the Hospital Future Act aims to further modernize and digitalize hospitals in Germany. For example, there are plans to introduce nationwide standards to enable stronger networking in 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., in patient portals, electronic documentation of nursing and treatment services, digital

[1] In each case, the most recent market data available refers to the year 2018 as no more recent data has been published: German Federal Statistical Office, 2018 data; German Hospital Institute (DKI), Krankenhaus Barometer 2020
[2] The market is defined by total costs of the German acute care hospitals (gross), less academic research and teaching.
[3] Measured by 2020 sales in relation to gross total costs of acute care hospitals minus scientific research and teaching in Germany (latest available data: Federal Statistical Office, 2018 data)
[4] German Hospital Institute (DKI), Krankenhaus Barometer 2020

medication management, IT security measures, and cross-sector telemedical network structures.

In order to give hospitals more flexibility in the deployment of personnel during the COVID-19 pandemic, the minimum level for nursing staff in the care-intensive geriatrics, intensive care, cardiology, trauma surgery, cardiac surgery, neurology, early neurological rehabilitation, and neurology / stroke unit wards in force since 2019 were in part suspended for 2020.

As a result 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. This rule was not affected by the COVID-19 pandemic.

The **private hospital market in Spain** had a volume of around €16 billion[1] in 2019.

Helios Spain is the market leader with a market share of around 13% in the private hospital market in terms of sales. Helios Spain competes with a large number of standalone private hospitals, as well as with smaller hospital chains such as HM Hospitales, Hospiten, Vithas, Ribera Salud, Hospitales Sanitas, and HLA, among others.

In particular, the increasing number of privately insured patients is opening up growth opportunities for private operators. Private supplemental insurance in Spain is relatively affordable, especially when compared to other countries, and it is a prerequisite for using the services of private hospitals. Among other factors, the comparatively short waiting times for scheduled treatments and the possibility to access specialists directly make private hospitals attractive.

The opportunity for private hospital operators to expand their networks by building additional new hospitals and outpatient medical centers opens up further potential. Since the Spanish market is highly fragmented, it also has some consolidation potential.

In view of high patient numbers with COVID-19 infections and overburdened hospitals, Spain declared a national emergency (State of Alarm) for the first time from March to late June 2020. Where medically justifiable, elective treatments were prohibited nationwide in order to free up bed capacity for COVID-19 patients. During the summer period, the pandemic situation improved, and elective treatments were performed again, recovering also some procedures (catch-up effects) that had to be canceled during the first State of Alarm. However, after the number of infections rose once again, another nationwide State of Alarm was declared in October 2020. This time, responsibility for health policy was largely delegated to the 17 autonomous regions. None of them issued a new ban on performing elective treatments.

In June 2020, the Spanish central government approved a special fund to help the autonomous regions finance the costs of the pandemic. In total, it provided around €16 billion in non-repayable grants. Around €9 billion of this amount was earmarked for financial support of the regional health care systems, particularly to rebalance their budgets after increased costs and to reinforce the public system to cope with the expected new waves of the COVID-19 pandemic.

The specific use of these funds was to be decided by the regional governments themselves, depending on their own needs and health care plans. In this respect, regional healthauthorities could support private hospitals by referring patients to them where appropriate or by reimbursing them for other kinds of provided services, but there was no specific program to compensate for reserved beds. Compensation payments for the increased costs of treating COVID-19 patients were negotiated bilaterally by private hospital operators with private health insurers and the relevant government authorities.

THE MARKET FOR PROJECTS AND SERVICES FOR HOSPITALS AND OTHERHEALTH CARE FACILITIES

The global market for projects and services for hospitals and other health care facilities was heavily impacted by the COVID-19 pandemic in 2020. Thus, the market for projects for hospitals was characterized by delays, postponements, and cancellations. These were accompanied by general delays in project execution, not least due to COVID-19-related travel and quarantine restrictions, as well as supplychain constraints. Furthermore, the COVID-19 pandemic led to health-authority-induced capacity restrictions in the service business, coupled with lower demand for rehabilitation services due to postponed elective surgeries.

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

[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).

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 ASSESSMENTOF THE EFFECT OF GENERAL ECONOMIC DEVELOPMENTS AND THOSE IN THE HEALTHCARE SECTOR FOR FRESENIUS AS WELL AS BUSINESS RESULTS AND SIGNIFICANT FACTORSAFFECTING 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 a significant contribution worldwide to combat the COVID-19 pandemic. 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 2020 financial year figures, in particular due to restrictions imposed by the authorities in many of the Group's keymarkets.

The downturn in the global economy had only an insignificant overall impact on our industry in 2020.

The Management Board is of the opinion that Fresenius has proven to be stable and resilient in the face of the enormous challenges in 2020 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 ongoing and, in some cases, significant constraints. We achieved the Group sales and earnings targets for the year 2020, which had been adjusted to reflect the effects of COVID-19. Hence, the Management Board is of the opinion that 2020 was a successful year for the Fresenius Group from a financial perspective.

Fresenius Medical Care's sales in constant currency increased by 5% to €17,859 million (2019: €17,477 million). Net income [1] attributable to shareholders of Fresenius Medical Care increased by 10% (12% in constant currency) to €1,359 million (2019: €1,236 million).

Fresenius Kabi achieved organic sales growth of 4%. EBIT [1] decreased by 9% (decreased by 6% in constant currency) to €1,095 million (2019: €1,205 million).

Organic sales growth of Fresenius Helios was 4%. EBIT remained on the prior year's level (0% in constant currency) at €1,025 million (2019: €1,025 million).

Organic sales development of Fresenius Vamed was 8%. EBIT decreased by 78% (79% [2]) to €29 million (2019: €134 million).

[1] Before special items
[2] In constant currency

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

RESULTS OF OPERATIONS

Net income of Fresenius SE & Co. KGaA in the fiscal year 2020 was €603 million (previous year €580 million). The increase in net income mainly results from higher transfers of profits.

All the following companies have profit and loss transfer agreements with Fresenius SE & Co. KGaA: Fresenius Kabi AG, Fresenius ProServe GmbH, Fresenius Biotech Beteiligungs GmbH, Fresenius Versicherungsvermittlungs GmbH and Hyginus Publisher GmbH.

Fresenius ProServe GmbH contributed with earnings of €488 million (previous year €342 million) to the net income from participations. The increase mainly results from newly signed profit and loss transfer agreements within the Helios Group.

The profit and loss transfer agreement with Fresenius Kabi AG yielded earnings of €190 million (previous year €258 million). The decrease in relation to the previous year mainly results from lower dividend income from foreign Kabi affiliated companies.

Other significant income from participations came from a €113 million Fresenius Medical Care AG & Co. KGaA dividend (previous year €110 million).

In addition to earnings from dividends and from profit and loss transfer agreements, Fresenius SE & Co. KGaA receives €74 million of income from rents and from providing personnel services (previous year €71 million). Other operating income includes €182 million (previous year €117 million) of foreign currency gains while €182 million (previous year €98 million) of foreign currency losses are included in other operating expenses.

The General Partner and Supervisory Board of Fresenius SE & Co. KGaA will propose a dividend increase to the Annual General Meeting. For 2020, a dividend of €0.88 per ordinary share shall be paid to shareholders. This is an increase of 5%. The total dividend distribution will increase by 5% to €491 million (previous year €468 million).

CASH FLOW STATEMENT

€ in millions	2020	2019
Net Income	603	580
Depreciation and amortization of non-current assets and financial assets	11	9
Increase in pension liabilities	7	11
Interest result	70	89
Income from investments	-801	-760
Cash flow	**-110**	**-71**
Increase in accruals for income taxes and other accrued expenses	42	36
Increase in trade accounts payable	1	-
Increase/Decrease in other operating assets and liabilities	15	-
Increase in working capital	**58**	**36**
Cash flows from operating activities	**-52**	**-35**
Payments for contributions to equity of subsidiaries, for loans to subsidiaries and for investments	-621	-150
Proceeds from capital reductions in subsidiaries and loans to subsidiaries	16	130
Payments for investments in intangible assets and property plant and equipment	-14	-46
Proceeds from the disposal of intangible and tangible fixed assets	-	1
Interest received	82	73
Dividends received	763	518
Cash flows from investing activities	**226**	**526**
Proceeds from bank loans	2,540	1,971
Repayment of bank loans	-883	-1,542
Change in financing activities with related parties	-1,211	-393
Proceeds from the exercise of stock options	5	33
Interest paid	-152	-162
Dividends paid	-468	-445
Cash flows from financing activities	**-169**	**-538**
Change of cash and cash equivalents	**5**	**-47**
Cash and cash equivalents at the beginning of the year	2	49
Cash and cash equivalents at the end of the year	7	2

The following paragraphs “financial position” and “investments, divestments and acquisitions” describe material positions of the cash flow statements in more detail.

Fresenius believes that its existing credit facilities, as well as the operating cash flows, income from transfer agreements and additional sources of short-term funding, are sufficient to meet the company’s foreseeable liquidity needs. More in-formation on credit facilities can be found in the notes to the financial statements.

As of December 31, 2020, Fresenius SE & Co. KGaA complied with the covenants under all the credit agreements.

FINANCIAL POSITION

Total assets of Fresenius SE & Co. KGaA increased by €1,087 million to €16,019 million (previous year €14,932 million).

On the asset side, accounts receivable from related parties increased from €11,192 million to €11,797 million, mainly due to transactions described in paragraph “investments, divestments and acquisitions” .
Moreover, receivables against related companies increased from €3,376 million to €3,859 million mainly due to higher internal Group loans taken by Proserve GmbH and Fresenius Kabi AG.

On the liability side, liabilities have increased from €7,674 million to €8,572 million. The €500 million bonds due on July 2020 and the €106 million Schuldschein Loans due in April 2020 were repaid as scheduled. For refinancing and for general company purposes, the company issued, in the fiscal year bonds for €2,5 billion. The equity ratio decreased from 46.6% to 44.3%.

INVESTMENTS, DIVESTMENTS AND ACQUISTIONS

Total investments in property, plant and equipment and intangible assets were €14 million in 2020.
Changes in the financial assets in the fiscal year 2020 mainly resulted from following transactions:

- In the fiscal year 2020 Fresenius SE & Co. KGaA contributed €340 million to the capital reserves of Fresenius Finance Holdings Ltd.
- Moreover, Vamed Gesundheit Holding Deutschland GmbH was granted a further loan of €280 million.

OVERALL ASSESSMENT OF THE BUSINESS SITUATION

Based on the current burdens and restrictions caused by the COVID-19 pandemic, the Management Board estimates that the situation will only begin to recede in the second half of 2021. This assumption is subject to considerable uncertainty. The FY / 21 earnings are, hence, expected to be very meaningfully impacted by COVID-19 effects. In particular, the significant acceleration of mortality among dialysis patients due to COVID-19 is expected to have a material impacton Fresenius Medical Care's results and hence on Fresenius Group's net income growth.

The accelerated impact of excess mortality caused by COVID-19 will persist in 2021. Accordingly, Fresenius Medical Care expects a significant adverse annualizationeffect on the number of dialysis treatments performed.

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

OUTLOOK

This Management Report contains forward-lookingstatements, including statements on future sales, expenses, and investments, as well as potential changes in the healthcare 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.

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.

Based on the current burdens and restrictions caused by the COVID-19 pandemic, the Management Board estimates that the situation will only begin to recede in the second half of 2021. This assumption is subject to considerable uncertainty. The FY/21 earnings are, hence, expected to be very meaningfully impacted by COVID-19 effects. In particular, the significant acceleration of mortality among dialysis patients due to COVID-19 is expected to have a material impact on Fresenius Medical Care's results and hence on Fresenius Group's net income growth. 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.

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 areabove-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 appropriatereimbursement structures will evolve over time in thesecountries, as economic conditions improve. We will strengthen our activities in these regions and introducefurther products from our portfolio into these markets successively.

The **expansion of our regional presence**: the fast-growing markets in Asia-Pacific, Latin America, and Africa especially offer further potential to strengthen our market position. They offer excellent mid-term growth opportunities, not only in infusion and nutrition therapies, IV drugs, and medical devices for Fresenius Kabi,but also for Fresenius Medical Care in dialysis. We plan to further roll out additional products and therapies from our existing portfolio in countries where we do notyet 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. Fresenius Vamed is driving the expansion of high-end services such as the management of medical devices, sterile services, operational technology, and ITdevelopment.

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, weplan 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. Inaddition 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 oncology and has a pipeline of molecules at various stages of development. Helios Germanyand Spain, as well as Fresenius Vamed, have been developing innovative business areas such as digital offerings.

Selective acquisitions: besides retaining organic sales growth as the basis for our business, we will continue toutilize opportunities to grow by making small and midsized acquisitions that expand our product portfolio and strengthen our regional presence. We expect small and mid-sized acquisitions to increase the CAGR for Group revenue and Group net income by an incremental 1%-point each over the medium term.

We are also exploiting any opportunities for potential withinour 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 2021 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. 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.

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 thenext 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 services. The increasing number of privately insured patients is opening up opportunities for Helios Spain.

Fresenius Helios also sees good opportunities for furtherinternational growth in Latin America, among other locations.

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 life-saving 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 1% to 4% at constant exchange rates in 2021.

The number of dialysis patients worldwide is expected to rise, depending on further developments of the global COVID-19 pandemic, by approximately 3% in 2021, 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, weforecast patient below-average 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 2021 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 ofvaccinations 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.

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

For 2021, we expect the growth of our markets will depend on the further development of the COVID-19 pandemic. Products that are used for the treatment of coronavirus patients could face an ongoing increased demand; at thesame time, further postponements of elective surgeries could moderately dampen market growth.

In 2021, the **market for generic IV drugs** is expected to grow by 5 to 7% worldwide. The demand for generic drugs is likely to grow because of their significantly lower price in comparison to the originator drugs' price. 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. A further growth driver in 2021 is expected to

be the recovery after the COVID-19-induced market declinein 2020. A factor working in the opposite direction is the price erosion for original off-patent drugs and generic drugs that are already on the market.

We expect Fresenius Kabi's relevant **market for biopharmaceuticals** to grow by 5% to 7% in terms of units sold, and by 0% to 2% in terms of sales value in 2021.

In 2021, we expect worldwide growth of 2% to 4% in the **clinical nutrition market**. Growth perspectives are supported by increasing awareness of the need for early nutritional intervention, which is reflected in the latest guidelines and the increased practice of mandatory malnutritional screening [2]. We see additional potential in the still-

[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.
Source: Company research

[2] Sources: New ESPEN guideline on clinical nutrition and hydration in geriatrics. Clin Nutr. 2019 by 38(1):10-47; 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

underlying high percentage of people affected by malnutrition who do not yet have access to nutritional services. Continued high growth potential is projected in Asia-Pacific, Latin America, and Africa. We assume growth of up to 6% to 8% in individual regions.

We expect the **market** for **infusion therapy** in Europe to be at or slightly over the prior year's level in 2021. While the blood volume substitutes market should remain stable, the standard-solutions business is expected to show a slight growth in 2021. Outside Europe, we estimate the market for infusion therapy to grow by approximately 0% to 2% in2021, whereby Latin America is expected to show mid single-digit growth.

In 2021, the market for **medical devices and the market for transfusion technology** are expected to grow in the range of 1% to 3%.

THE HOSPITAL MARKET[1]

The number of hospital admissions in Germany in 2018 remained roughly at the previous year's level. 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.

What is known as the change in value figure is crucial for the increase in reimbursement for hospital treatments in Germany. For 2021, it was set at 2.53%. 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 the so-called 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 HeliosGroup is well prepared for quality-based remuneration thanks to its clear focus on quality and transparency of medical outcomes.

The expectations with respect to their economic situation vary among the German hospitals: according to the Krankenhaus Barometer 2020 survey by the German Hospital Institute (DKI), only a quarter (24%) of the hospitals expect their economic situation to improve in 2021, whereas 40% expect it to worsen.

Due to the COVID-19 pandemic, hospitals' results of operations could further worsen, as the support measures initiated in 2020 could largely cease again in 2021 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.

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 degree of **digitalization** will play an increasing role in ensuring the sustainability of hospitals. Networking and the use of digital solutions create new opportunities to make processes more efficient and safer, and thus to break new ground in patient care. To promote digitalization in the German health care system, the digital patient file (ePA) will be introduced on a mandatory basis in 2021. This also creates an obligation for hospitals to be connected to the telematics infrastructure (TI), which is intended to standardize and simplify the exchange of data among health care players. Hospitals must then store patient data digitally or make it available via the patient file.

As a result of the Act to Strengthen Nursing Staff (Pflegepersonalstärkungsgesetz) (PpSG) a certain amount of financial support will be provided from 2020 onwards for measures that relieve the burden on nursing staff. In addition, the regulations on the binding minimum level for nursing staff, which were suspended in parts in 2020 due to COVID-19, will apply again in 2021. 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. Binding minimum levels for nursing staff could also be introduced in other areas of the hospital.

However, there is currently no timetable for the implementation of these further regulations.

In December 2020, the German Hospital Federation (DKG) and the National Association of Statutory Health Insurance Funds (GKV-SV) agreed to narrow the existing definition of nursing costs for 2021 ("Pflegepersonalabgrenzungsvereinbarung"). 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 carebudgets at costs. Helios Germany will consider measures to

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

mitigate consequences for patients and employees and financial impacts. Overall, we expect this regulation to havea negative effect on our earnings.

We expect the **private hospital market in Spain** to continue to grow by 2% to 3% in 2021. 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. This also provides opportunities for the establishment of new hospitals. In addition, the highly fragmented private Spanish hospital market offers further consolidation potential.

In Spain, the COVID-19 pandemic has not changed the basic mechanisms in the private hospital market and the growth opportunities for private hospital operators. Likewise, the important role that the private hospital operators play in supporting and complementing the overall Spanish healthcare system has become more apparent.

Overall, it can be said that digitalization has become even more important as a result of the COVID-19 pandemic.

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

For 2021, 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 bythe 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 careservices, as well as research and training facilities.

Further opportunities arise from the progress of **digitization**. 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.

ECONOMIC OUTLOOK OF FRESENIUS SE & CO. KGAA FOR THE YEAR 2021

For the fiscal year 2021 the company expects a slight lower net income mainly due to lower dividend income from foreign affiliated companies. Retained earnings are expected to increase slightly.

DIVIDEND

The dividend increases provided by Fresenius in the last 27 years show impressive continuity. Our dividend policy aims to align dividends with earnings-per-share growth (before special items) and thus broadly maintains a payout ratio of 20% to 25%. Fresenius intends to increase the dividend for 2021.

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 due to the complexity and the dynamics of its business. These risks are inevitable consequences of entrepreneurial activities. **Opportunities can only be exploited when there is a willingness to take risks.**

As a provider of products and services for the 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 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 organization and management of the Fresenius Group have a decentralized, regional structure. This enables us to recognize and analyze trends, requirements, and opportunities in the often fragmented markets and to focus our actions accordingly. We are in continuous discussion with research groups and scientific institutions regarding the development of new potential. In addition, we closely monitor our markets and the competition. Within the Group, opportunities and synergies can be exploited through continuous communication involving the exchange of information and know-how between the business segments. Anticipated future opportunities for the Fresenius Group are discussed in the **Outlook Report.**

RISK MANAGEMENT

FRESENIUS RISK MANAGEMENT SYSTEM

Risk management is a continuous process. Identifying, controlling, and managing risks are key tools of solid corporate governance. The **Fresenius risk management system** is closely linked to its corporate strategy. Opportunities are not recorded in the risk management system.

Markets are kept under constant observation and close contact is maintained with customers, suppliers, and institutions. These policies allow us to swiftly identify and react to changes in our business environment.

Using standardized processes, risk situations are evaluated regularly and compared with specified requirements. If relevant changes in the risk profile and new risks arise between the regular reporting cycles, these are assessed and reported as part of ad hoc reporting process. If negative developments emerge, responses can be initiated at an early stage.

Responsibilities for **processes flow and process control** have been assigned as follows:

- The business segments and their operational business units are responsible for identifying, assessing, and managing risks.
- The managers responsible are required to report any relevant changes in the risk profile to the Management Board without delay.
- The Management Board of the Fresenius Group has overall responsibility for effective risk management and regularly discusses the current risk situation.
- The Audit Committee of the Supervisory Board monitorsthe quality and effectiveness of the risk management system every six months.

The risk management system is supported both at Group andbusiness segment level by our **risk controlling** and our **management information system**. Detailed monthly and quarterly reports are used to identify and analyze deviations of actual versus planned business performance. In addition, therisk management system includes a **control system** consisting of organizational security measures as well as internal controls and audits. These measures help us identify significant risks at an early stage so that we can take countermeasures.

The functionality and effectiveness of our risk management system is reviewed regularly by the Audit Committee of the Supervisory Board, the Management Board, and the Internal Audit department of the Group. Conclusions arising from the audits are taken into account in the ongoing refinement of the system, in order to allow prompt reaction to changes in our environment. This system has thus far proved effective. The control system is also regularly reviewed by the Management Board and the Internal Audit department. Moreover, the auditing firm reviews whether the control system set up by the Management Board is suitable for the early identification of risks that would put the going concern of the Company in danger. The insights gained from the audit regarding the internal financial reporting controls and the early risk detection system are also taken into account in the continued development of the system.

Fresenius has ensured that the organizational structure andsystems for identifying, assessing, and controlling risks, andfor developing countermeasures, are designed appropriatelyand that they are properly functional. However, there can beno absolute certainty that this will enable us to fully identify and manage all risks.

INTERNAL FINANCIAL REPORTING CONTROLS

Fresenius employs a variety of measures and internal controls to ensure the reliability of its accounting processes and the accuracy of its financial reporting. This includes the preparation of annual financial statements and consolidated financial statements in accordance with regulations, as well as a management report and group management report. Our **four-tier reporting process** especially promotes intensive discussion and ensures control of the financial results. At each reporting level, i.e.,

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

financial data and key performance indicators 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 procedures, are further precautions put in place to assure 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, reference is made to the comprehensive consolidation of internal Group balances. To prevent abuse, wetake care to maintain a strict separation of functions. **Management control and evaluations** 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 expertsand 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 consolidatedfinancial statements.

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

RISK AREAS

OVERALL ECONOMIC RISKS AND RISKS DUE TO THE OPERATING FRAMEWORK

At present, despite the COVID-19 pandemic, the development of the global economy does not present a going-concern risk to the Fresenius Group. We expect the global economy to recover with the successful control of the COVID-19 pandemic. Depending on how the pandemic develops, we expect this to be the case in 2021. 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 by governments with regard to potential changes to the current health care programs.

This furthermore applies to the potential impact on our business activities resulting from the United Kingdom's withdrawal from the European Union. We do not expect this to have a material impact on our business.

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

RISKS ASSOCIATED WITH THE COVID-19 PANDEMIC

The rapid global spread of the COVID-19 pandemic and the measures taken to contain it have led to a substantial deterioration in conditions for the global economy and financial markets have been significantly impacted. This development also had a negative impact on our business and operating result in 2020. We expect further negative effects on our business and operating result in 2021, in particular in the first half of the year. The COVID-19 pandemic may also continue to have an adverse effect on our financial position, liquidity and the recoverability of our assets, including goodwill. The pandemic poses significantrisks 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 even higher excess mortality among our dialysis patients, 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 clinics and production sites, and a significant diversion of public health resources away from our products and services to address the COVID-19 pandemic could also negatively impact our business.

U.S. and state governments have taken broad, temporary actions in response to the COVID-19 pandemic that have affected the regulatory and legal environment. These measures include temporary exceptions and changes to certain laws, regulations and government reimbursement and financing programs. For example, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was passed 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 U.S. business. However, these measures cannot fully offset potential 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 especially Fresenius Medical Care's business, financial position and operational results in ways that cannot be quantified or predicted at this time.

Fresenius Medical Care is furthermore experiencing increased mortality among dialysis patients due to the COVID-19 pandemic. During 2020, the company had already reported on the consequences of COVID-19 with sometimes severe impact of the disease on dialysis patients. This trend accelerated significantly in November and December of last year, particularly in North America and EMEA (Europe, Middle East and Africa), resulting in an excess mortality of circa 10,000 patients compared to pre-pandemic levels. The accelerated effects of excess mortality caused by COVID-19 are continuing in 2021. Accordingly, we expect a significant adverse annualization effect on the number of dialysis treatments performed. In addition, this will have an impact on the utilization of the clinic infrastructure and, downstream, on supporting business activities. This may have a negative impact on Fresenius Medical Care's sales and earnings figures. Based on the information and analyses currently available, Fresenius Medical Care expects net income for 2021 to decline by up to 25 %, excluding any restructuring measures.

The COVID-19 pandemic has had a significant impact on our hospitals in Germany and Spain, depending on the development of the pandemic at a given time.

Spain was heavily affected during the first COVID-19 wave from March to May 2020. A national state of emergency went into effect on March 14, 2020, and hospitals were not allowed to conduct normal operations. In Germany, the first wave was milder, but the Corona Ordinance prohibited hospitals from handling elective cases. These regulatory measures in both countries had a significant negative impact on our operational results. At Helios Germany, this was largely offset by the rescue package and COVID-19 reimbursements in Germany.

In addition, the COVID-19 pandemic response has several additional economic, social and hospital implications. For example, the minimum distance of 1.5 meters between two hospital beds required for infection control has reduced bed capacity in our hospitals. In addition, travel restrictions have a significant negative effect on the number of international (private) patients in Germany and Spain. In Spain, the weaker economic situation and resulting high unemployment are also leading to fewer privately insured patients. 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 persist in 2021, particularly in the first half of 2021. This will have a negative impact on our hospital business unless there is further and sufficient reimbursement in Germany and Spain.

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 resultof travel restrictions, restricted supply chains, disrupted project execution and the construction stops imposed.

The impact on all business segments of the Fresenius Group described here will intensify the longer the COVID-19 pandemic and the measures required to contain it continue, especially considering the newly emerging variants of the virus which increase the uncertainty of the further development of the pandemic.

We have demonstrated our special responsibility of being part of the healthcare system even under the difficult circumstances of the current COVID-19 pandemic. For example, our dialysis clinics and hospitals have taken extensive measures to ensure the continuity of patient careas far as possible. Fresenius Kabi has responded to the significant increase in demand worldwide for important drugs and infusion technology for the treatment of COVID-19 patients, especially for sedation drugs such as propofol, analgesics and infusion pumps. As a result, we have maximized the supply of all appropriate manufacturing capacitydedicated 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 and reimbursement systems

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

National insurance systems are financed very differently. 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 publicor private payers, or a combination of both.

Because a large portion of our sales are generated in the U.S. market, changes in the government **reimbursement system**, in particular in the reimbursement of dialysis treatments, for example, could have a considerable impact on our business. In 2020, approximately 32% of Fresenius Medical Care's sales worldwide were attributable to U.S. federal health care benefit programs, such as **Centers of Medicare and Medicaid Services (CMS)**. Medicare and Medicaid change their reimbursement methods and funding from time to time due to changes in legislation, economic conditions and policy. A reduction in reimbursement rates or reimbursed services could result in significantly lower sales and operational results.

Based on the Budget Control Act of 2011, Medicare has implemented an end-stage renal disease (ESRD) **prospective payment system (PPS)**, which expanded the scope of the products and services covered by a bundled 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. The 2% benefit reduction was temporarily suspended from May 1, 2020 through March 31, 2021 due to the COVID-19 pandemic. In addition, Fresenius Medical Care participates in various value-oriented compensation programs under which we receive fixed compensation to cover all or a defined amountof treatment costs for a defined number of patients:

- Under CMS's Comprehensive ESRD Care Model, dialysis providers and physicians can form what are called ESRD Seamless Care Organizations (ESCOs). The goal is to improve the health of patients with chronic kidney failure while reducing CMS costs. ESCOs that achieve the program's minimum quality requirements and realize reductions in the cost of care for CMS above certain thresholds will be reimbursed a portion of the cost savings. However, ESCOs are also required to share in the risk of cost increases and reimburse CMS for a portion of those increases.
- On January 1, 2021, the treatment choices model for patients with chronic kidney failure (ESRD Treatment Choices Model (ETC model)) was started. 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 incertain randomly selected geographic regions.About 35% of Fresenius Medical Care's U.S. dialysis clinics are participating in the model.
- Under the Comprehensive Kidney Care Contracting (CKCC) model, renal health care providers participate by forming an entity known as a Kidney Care Entity (KCE). Through the KCE, renal health care providers take responsibility for the total cost and quality of care for Medicare beneficiaries with CKD stages 4 and 5 as well as Medicare beneficiaries with ESRD. The voluntary models allow KCEs to take on various amounts of financial risk.
- In addition, Fresenius Medical Care has entered into percapita 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 cost 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 and other legislative initiatives 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. Administration had announced its intention to implement significant changes to currently existing health care delivery programs, including new payment models designed to encourage earlier detection and treatment of kidney disease and to strengthen home dialysis and transplantation. Although 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, the constitutionality of this law is currently reviewed. In addition, variations on restructuring the Medicare program into a defined contribution "premium support" model and converting Medicaid funding into "block grants" or a per capita arrangement that could provide greater flexibility for states are also under consideration.

The U.S. administration also 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, in 2017. 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. We cannot predict how the ongoing litigation in this regard might be determined. As a result, significant increases in insurance premiums and a reduction in the availability of insurance through such exchanges 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 patientsto Medicare and Medicaid could have a material adverse impact on the result 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 treatment in the United States is reimbursed by **private health 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 2020, approximately 36% of Fresenius Medical Care's sales from health care services were attributable to private health insurance companies in the North American segment. 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, it would significantly reduce the sales revenues and operating earnings for the products and services of Fresenius Medical Care.

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.

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 system** (Diagnosis-Related Groups) 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 a result of the Act to Strengthen Nursing Staff (PpSG), from 2020, nursing costs will be deducted from the standardized base rates (DRG), and the costs for direct patient care will instead be fully reimbursed by the health insurance companies via separate care budgets. In 2019, each additional or increased nurse position at the bed was completely refinanced by the health insurers. Beginning in 2021, the inclusion criteria for the long-term care budget will change. The allocation of nursing staff to the care budget is adjusted to the current definitions of "nursing specialist" and "nursing assistant"/"other professions" in the Ordinance on the Minimum Requirements for Nursing Personnel in Hospitals (PpUGV). For the 2021 care budget, nursing staff costs for direct patient care in bedside wards are included. Helios Germany is reviewing appropriate measures to limit as far as possible the consequences for patients, employees and the company's economic situation.

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 adverseeffect on our business and result 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 tocompensate 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 for 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 thedevelopment of advanced technologies by competitors, could render one or more of our products and services lesscompetitive or even obsolete, and thus have a significantly negative impact on future sales, the prices of products, andour range of services. This includes the introduction of generic or patented drugs by competitors, which may havean impact on sales and operational results.

Cooperation with medical doctors and scientists allowsus to identify and support relevant technological innovations. These enable us to keep abreast of developments in alternative treatment methods and to evaluate and adjust our corporate strategy, if necessary.

OPERATING RISKS

Our operational business around the world is exposed to a number of risks and to 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, equipment, 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 releases and approvals for new products and product modifications;
- Checks 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 financialarrangements with physicians and other referral sources;
- Access to, collection, publication, use, and security of health information and other protected data.

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 materially 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

Our quality management systems enable us to ensure compliance with **product specifications and production regulations**. These systems are structured in accordance with the internationally recognized **quality standards ISO 9001 and ISO 13485**, among others, and take into account relevant international and national regulations. They are implemented by 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. These audits test compliance with requirements and regulations in all areas – from management and administration to production and clinical services, all the way to patient satisfaction. Our production facilities comply with the Good Manufacturing Practice (GMP) of the markets they supply. Our facilities are audited by local public health authorities, such as the U.S. Food andDrug Administration (FDA) or the European Medicines Agency (EMA), and other authorities. If a regulatory authority identifies deficiencies, Fresenius immediately takes comprehensive and appropriate corrective action, such as in the context of the audits at our Melrose Park production facility in the U.S. in 2020.

Failure to comply with regulatory requirements at our production facilities or at our suppliers could result in regulatory action, including warning letters, product recalls, production interruptions, fines, or delays in the approval of new products. Any of these regulatory actions could adversely affect our business reputation and our ability togenerate sales and result in significant expenses.

The global safety officers react promptly and appropriately to potential quality-related issues. They initiate and coordinate necessary actions on a global level, e.g., 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 example, 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.

These systems enable Fresenius to evaluate the safety profile of any of its products at a global level. Product recalls 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.

In addition, changes in requirements and regulations by regulatory authorities affecting our production processes, for example, may lead to lower production volumes or jeopardize production during any transition period.

Furthermore, production could be adversely affected by events such as natural disasters, infrastructure disruptions, regulatory rulings, or supply disruptions, e.g., of raw materials, or technical failures. These risks are minimized, for example, by holding inventories to bridge short-term problems.

Potential risks arising from the start-up of new production sites or the introduction of new technologies are counteredthrough 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, including 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. Structured hygiene management at Fresenius Helios, for example, is designed to prevent infections within the hospital and to stop their spread 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 risk calculations when preparing quotations. Risks are assessed even before accepting orders and are subsequently updated during regular project controlling. To avert the risk of default, financial measures are taken, such as checking creditworthiness and, as a rule, safeguarding through prepayments, letters of credit, and secured credits.

Procurement

In the procurement sector, potential risks arise mainly from price increases or the lack of availability of raw materials and goods. We counter these risks with an appropriate selection and cooperation with our suppliers, with longer-term framework agreements in certain purchasing segments, and with the bundling of quantities to be procured within the Group.

Another risk lies in the poor quality of externally sourced raw materials, semi-finished products and components. We counter this risk mainly through the precise quality requirements we impose on our suppliers. 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.

Competition

Growing competition, among other things induced by the reentry of competitors, particularly into the U.S. market, for generic IV drugs after production restrictions, may continue to have a materially adverse effect on the future pricing and sale of our products and services. 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 markets are characterized by price 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 U.S., Fresenius Kabi sells almost all injectable pharmaceutical products through agreements with group purchasing organizations (GPOs) and distributors. The GPOs have also contracted with other manufacturers. The bidding process is very competitive.

If Fresenius Kabi does not succeed in fulfilling and 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 included in the negotiation round of the National Reimbursement Drug List (NRDL), the results of which will takeeffect in January 2020 and are expected to lead to a significant decline in prices. We also expect new rounds of negotiations to be conducted through National Volume Based Procurement (NVBP) for selected high-volume products. This is likely to be the basis of the new pricing model (in addition to provincial competitive bidding) 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 does not succeed in offsetting these price reductions, for example, through cost savings and efficiency gains in production.

Referrals from doctors

Our hospitals, rehabilitation clinics, and dialysis clinics are dependent on patients selecting them for their medical treatment. Patients rely to a large extent on the recommendation of their attending physician. They make their recommendations based on a variety of factors, including the quality of medical treatment and the competence of clinic staff, as well as the accessibility of a clinic and the availability of treatment appointments. 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 2020, we again worked on the status of our receivables, by taking measures such as factoring.

Human resources

The Company addresses **potential shortages of qualified personnel** through appropriate measures for employer branding, as well as recruitment, upskilling, and retentionof qualified staff.

In order to increase the awareness and attractiveness of the Fresenius Group, our employer branding relies on a mix of university marketing, company-internal events (such as the Fresenius Career Day "Meet the Board" involving our top management), and digital employer branding (e.g., 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 5,900 apprentices and dual students, Fresenius is one of the biggest training companies in Germany. Fresenius offers 46 apprenticeships and 25 study programs throughout Germany. The number of our apprenticeships and study program offerings was further expanded nationwide. For the first time, the study programs or specializations Management in Medicine, MedicalTechnology Management and Business Informatics, as wellas Data Science were offered in cooperation with the Technical University of Central Hesse and the Baden-Württemberg Cooperative State University, among others.

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 (e.g., the career orientation app Aivy, vocational information days, Night of Apprenticeship, high school student internships, Apprentices' Navigation System). In October, a virtual training fair was held for the first time, which is integrated into the careers website. This trade show format will be offered on a regular basis in the future. Furthermore, we offer young academic talent the opportunity to gain initial practical experience and to establish contacts within our company inthe context of internships and working student positions before or during their studies or in the context of their finalpapers. Depending on their customer and market structure, our business segments adopt different approaches and measures for personnel development. We strengthen employee loyalty to our company by offering our employees attractivedevelopment opportunities and fringe benefits and variablecompensation and work 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 dedicatedpersonnel, thus ensuring our high standard of treatment quality.

Since January 1, 2019, the German hospital market has also been subject to the "Verordnung zur Festlegung von Personaluntergrenzen in pflegeintensiven Bereichen in Krankenhäusern" (PpUGV – Ordinance on the Minimum Requirements for Nursing Personnel in Hospitals). This ordinance stipulates minimum staffing levels for nursing personnel in certain areas of the hospital. Further planned 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 possibility of part-time work), attractive further and advanced training opportunities, occupational health management, and career opportunities.

The Spanish hospital market is also currently being seriously affected by a shortage of qualified nursing staff. Due to the COVID-19 pandemic and the resulting additional demand for nurses, public hospitals have hired more nurses at more attractive rates than in the past. Quirónsalud implements various measures, such as online campaigns and other employer branding measures, to attract new employees. Furthermore, long-term job security and attractive working conditions, for example, should also help to retain existing employees.

FINANCIAL RISKS

Currency and interest-rate risks

The international operations of the Fresenius Group expose us to a variety of **currency risks**. In addition, the financing of the business exposes us to certain **interest rate risks**.

We use derivative financial instruments as part of our risk management to try to avoid negative impacts of 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. The majority of our transactions are conducted with banks that have a high rating.

Our **currency management** is based on a policy approved by the Management Board. It defines the objectives, organization and sequence of 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 correspond to the decision-making structures in the other 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. Hedging transactions using derivatives are carried out by the Corporate Treasury department 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 informedof all significant risks and current hedging activities.

The Fresenius Group is protected, to a large extent, against **currency and interest rate risks**. As of December 31, 2020, 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; consequently, approximately 22% was exposed to interest rate risks. A sensitivity analysis shows that a rise of

0.5 percentage points in the reference rates relevant for Fresenius would have an impact of approximately 1% on Group net income.

As a global company, Fresenius is widely exposed to **translation effects** due to foreign exchange rate fluctuations. The exchange rate of the U.S. dollar to the euro is of particular importance because of our extensive operations in the United States. Translation risks are not hedged. A sensitivity analysis shows that a one cent change in the exchange rate of the U.S. dollar to the euro would have anannualized effect of about €115 million on Group sales, about €20 million on EBIT, and about €6 million on Groupnet 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, 2020, the Fresenius Group's cash flow at risk was €77 million. Hence, with a probability of 95%, a potential loss in relation to the forecast foreign exchange cash flows of the next 12 months willnot be higher than €77 million.

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. Goodwill and other intangible assets with an indefinite useful life carried in the Group's consolidated balance sheet **are tested for impairment** each year. In 2020, Fresenius Medical Care Latin America recorded a goodwill impairment of €195 million. A significant deterioration in our prospects for the future or in the general economic environment could resultin additional depreciation being necessary.

Taxes and duties

As a global corporation, Fresenius is subject to numerous **tax codes 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 customs, import duties, and trade barriers could lead to higher tax duties payments. For example, based on the election campaign platform program of the new U.S. President Joseph Biden, a4% to 7% increase in corporate tax rates could be implemented in the United States.

Debt and liquidity

Fresenius' debt as of December 31, 2020, was €25,913 million including the lease liabilities according to IFRS 16. The debt could limit the Company's ability to pay dividends, arrange refinancing, be in compliance with its credit covenants, or implement the corporate strategy. If Fresenius' credit rating or the conditions on the relevant financial markets deteriorate significantly, financing risks for Fresenius could arise. We reduce these risks through a high proportion of mid and long-term funding with a balanced maturity profile.

Some of our major financing agreements contain covenants requiring us to comply with certain financial ratios and additional financial criteria. Non-compliance with these covenants could result in a default and acceleration of the debt under the respective agreements. We counteract this risk by taking the relevant performance indicators into account in our Group planning and continuously monitoring their development. This enables us to take countermeasures at an early stage.

Additional information on conditions and maturities can be found in Note 18 of the Notes.

Inflation risks

As an international company, Fresenius is exposed to varying **inflation rates and price developments**. We are also active in high-inflation countries such as Argentina and Lebanon. Due to the development of inflation in Argentina and Lebanon, our subsidiaries operating there apply IAS 29, Financial Reporting in Hyper-inflationary Economies.

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 the Fresenius Kabi biosimilar products. 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, there is a risk that possible side effects of a product may not be discovered until after it has been approved or registered, so that it has to be withdrawn from the market in whole or in part. This withdrawal may be voluntary or may be based on legal or regulatory action.

For example, following the feedback from the European Medicines Agency (EMA) risk minimization measures for Fresenius Kabi's hydroxyethyl starch (HES)-containing products were initiated in 2019 (such as controlled dispensing of hydroxyethyl starch (HES)-containing drugs to accredited hospitals, training and letters to healthcare professionals, and warnings on the packaging). Based on the results of a study examining routine use of HES in accredited clinics, the effectiveness of the interventions will be evaluated.

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. We also 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 onthe 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.

Fresenius Medical Care as well as Fresenius Kabi are subject to typical patent risks. This includes an inadequate protection by patents of the technologies and products that we developed. Competitors may copy our products without bearing comparable research and 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 representations and warranties, and adherence to laws and regulations.

Non-compliance with such closing conditions by either party to an acquisition could lead to litigation between the parties or with third parties and thus to 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 with structured and detailed due diligence prior to the acquisition decision and with detailed integration plans and dedicated integration and project management thereafter. This enables us to take countermeasures at an early stage in the event of deviations from expected developments.

RISKS IN THE USE OF INFORMATION TECHNOLOGY

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 systems used to structure procedures and– increasingly – harmonize them internationally, intensifies.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 new technologies, such as cloud computing, within our business processes, there is a possibility that **cyber incidents** could compromise the confidentiality, integrity, or availability of our internal and external systems.

The loss of sensitive data or the **non-compliance with data protection laws, regulations, and standards** could damage our competitive position, our reputation, and the entire company. Moreover, significant penalties could be imposed against Fresenius or one of its subsidiaries in case 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.

Technological innovations also promise new therapeutic approaches in the treatment of diseases. Finally, IT applications and digital components offer the potential to relieve medical staff and make health care more efficient. Fresenius is also opening up new markets with digital product solutions. At the same time, we take into account the risks involved in digitalization.

To minimize cyber risks, we have implemented security architectures and concepts that include preventive and awareness-raising measures. This enables us to detect cyber threats through monitoring mechanisms in our networks and on our end devices, such as desktops, servers, and mobile devices. The security of applications that process sensitive patient or personal data is regularly checked using penetration tests that simulate targeted attacks. Critical systems, such as central communication systems or clinical information systems, are subject to special protection concepts that, for example, offset the failure of a system.

In 2017, the Management Board of Fresenius Management SE adopted the "Cybersecurity Approach, Roadmap and Execution" (CARE) approach. Since 2018, CARE has served as a holistic cybersecurity program that exists alongside the organization and combines cybersecurity initiatives. CARE focuses on strengthening our resilience to protect and defend against cyber attacks.

We generally follow internationally recognized standards for information security, e.g., 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, for example, have ISO/IEC 27001 certification.

We have implemented a Group-wide cybersecurity approach to assessing risks and protecting systems and products: The Group Cybersecurity Policy defines core risks, measures, and principles that guide our actions. The existing cyber governance structure has proven its value: The management of the Group Cybersecurity function chairs the Cybersecurity Board, which includes all cybersecurity officers from the business segments. The committeedefines risk-based measures and safety requirements across the Group and facilitates the Group-wide exchange of knowledge and best practices. We will continue to investin cybersecurity and build our capabilities to improve our resilience to cyber attack threats to our systems and digital products and services.

At the beginning of the reporting year, we redefined numerous roles and responsibilities as part of the implementation of the **new Cybersecurity Policy**. In addition, the Group Cybersecurity Office (GCSO) was established in May 2020 as the central organization for managing cybersecurity at Fresenius SE & Co. KGaA.

Our cybersecurity management is reviewed at regular intervals by Internal Audit. In addition, various certification authorities such as the U.S. Food and Drug Administration (FDA) and Germany's TÜV, as well as auditing companies, are involved in the auditing processes of our cybersecurity management.

Fresenius was the target of a deliberate cyber attack in the second quarter of 2020. Cyber criminals succeeded in infecting some IT systems at Fresenius with malware and encrypting data on them. This incident led to temporary disruptions in the IT network and IT-supported internal processes. As a precautionary measure under the safety protocol developed for such cases, steps were taken to prevent the attack's further spread. The situation was brought under control within a few days and further negative impacts were prevented.

In connection with this attack, patient data from dialysis centers in Serbia at Fresenius Medical Care were stolen and published without authorization. The company immediately filed a criminal complaint against the unknown perpetrators and reported the data protection breach to the relevant data protection authorities. The company is cooperating fully with these authorities. In addition, Fresenius Medical Care has informed the patients who were or may be affected by the data theft and its illegal publication. Internal and external specialists are working continuously to prevent further attacks, data theft or the illegal publication of data.

The damage levels of cyber incidents are assessed quantitatively. We did not identify any significant amount of damage in the Fresenius Medical Care cybersecurity incident.

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 Freseniusfail to comply with these laws or regulations.

We must comply with these rules and regulations, which particularly monitor the safety and effectiveness of our medical products and services. Corruption is a core risk area across all business segments. In addition, antitrust law, data protection, money laundering, sanctions and compliance with human rights are further significant risk areas. Therefore, it is of special importance to us that our **compliance programs** and guidelines are 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, we have implemented risk-oriented **Compliance Management Systems** in each of our business segments. These systems take into account the markets in which the 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 relevant business segment's Compliance Management System. 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 officersin 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. Despite our comprehensive Compliance Program we cannot fully exclude any misconduct of individual employees or business partners that might cause damage to the Company.

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. Violations of these regulations or the GDPR can result in high fines as well as reputational damage and loss of trust.

The core element of data protection is the secure and lawful processing of personal data in line with these regulatoryrequirements. In addition to patient data, this also includesthe personal data of employees as well as contractual partners and other persons.

Risk areas include compliance with data protection principles, information obligations, data subjects' rights, risk analysis regulations, documentation of data processing activities, and ensuring secure data processing, including the creation of an appropriate level of data protection for (inter)national data transfers.

To comply with all 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 have data protection organizations in accordance with their organizational and business structure. These include appointed independent data protection officers who report to the respective company's management. The interdependence of data protection and IT security or cybersecurity created by increasing internationalization is also taken into account by the data protection organizations by the closest possible cooperation with the relevant departments.

Based on their organizational and business structures, the business segments have implemented processes and standards that also set internal requirements for the secure and appropriate processing of personal data. Furthermore, the individual data protection management systems also include appropriate control measures to enable compliance with regulatory and internal requirements to be adequately checked.

Legal risks

Risks arising in connection with **litigation** or official proceedings are identified, assessed and reported within the Group on an ongoing basis – if necessary, from an applicable materiality threshold. 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, regardlessof whether a claim is actually justified. This is especially true for legal disputes in the United States, where costs forlegal defense and claims for damages can be exceptionally high. Furthermore, legal disputes or official proceedings decided against Fresenius may mean that risks of this kind cannot be insured against in the future or can no longer beinsured against on reasonable terms.

The Fresenius Group is involved in various litigation and regulatory proceedings arising from its business activities. However, although the outcome cannot always be reliably predicted, we generally do not expect any material adverse effect on our net assets, financial position, and results of operations from the legal disputes and proceedings currently pending.

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, armed conflict, or outbreaks of disease, e.g., pandemics, for instance caused by the coronavirus;
- Environmental risks;
- Natural disasters, terrorist attacks, and other unforeseen events;
- Different labor law conditions and difficulties in meetingthe global demand for qualified personnel;
- Different and less stable regulations protecting intellectual property;
- Delays in the transport and delivery of our products.

Risks involving management and control systems, were, based on our established risk management and controlling processes, not considered to be significant.

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 coverage for large parts of the Group. Other sub-groups ensure adequate insurance coverage through their own departments.

The aim of these efforts is to protect the company's employees and assets against possible hazards within the risk management process and 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.

ASSESSMENT OF OVERALL RISK

The established risk management system is fundamental for the assessment of the Fresenius Group's overall risk position. This system is reviewed by management on a regular basis. Potential risks for Fresenius include factorsbeyond our direct control. These also include the macroeconomic development, which we constantly monitor.

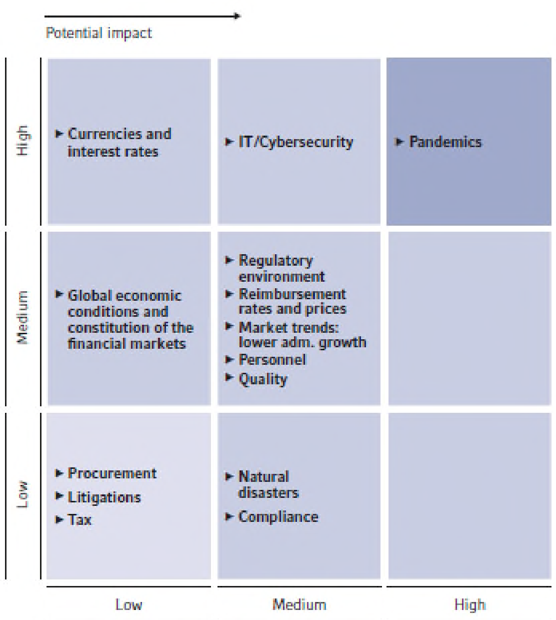
They also include factors immediately within our control, such as operating risks, which we anticipate and to which we react with appropriate measures, as required. There are currently no recognizable risks regarding future performance that appear to present a long-term and material threat to the Fresenius Group's net assets, financial position, and results of operations. We have created organizational structures that provide all the conditions needed to rapidly alert us to possible risk situations and to be able to take suitable countermeasures.

RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD

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

In classifying risk, qualitative assessments are applied first of all, followed by quantitative factors. The scales for the classification of potential impact and probabilities are shown in the tables below the risk matrix. The classification of the probability of occurrence was slightly adjusted compared

RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD



tothe previous year and is based on internal assessment and accounting, in which corresponding provisions must be considered if the probability of occurrence of an event exceeds 50%.

Compared with the previous year, the probability of occurrence and potential impact of a pandemic were increased from medium to high due to developments in connection with the COVID-19 pandemic. In addition, the probability of occurrence of information technology and cybersecurity-related risks was increased from medium to high due to the experience of a sharp rise in cyberattacks. Furthermore, the probability of occurrence of risks related to the quality of our products and services was increased from low to mediumbased on the changed ranges as well as recent developments,including requirements of healthcare authorities. Otherwise, there have been no changes in the classification and potentialimpact of risks.

Potential impact	Description of impact
High	Significant negative impact on the one-year forecast
Medium	Moderate negative impact on the one-year forecast
Low	Insignificant negative impact on the one-year forecast

Probability of occurrence	Classification
High	≥ 50 %
Medium	≤ 25 to > 50 %
Low	< 25 %

EFFECTS ON OUR MEDIUM-TERM GOAL

Fundamentally, all the risk areas and risks listed in the risk report could lead to our failing to achieve our medium-term goal. 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);
- Risks arising from the financing of health systems and potential changes in reimbursement systems (see Risks in the health care sector.);
- Risks arising from the regulatory environment and compliance with laws and regulations (see General economic risks and risks in the general operating framework).
- Risks arising from medium and long-term impacts of the COVID-19 pandemic, such as changes in demand and the cost base (see Risks related to the COVID-19 (see Pandemic).

Bad Homburg v.d.H., February 22, 2021

COMPENSATION REPORT

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 in this regard notably explains the amounts and structure of the compensation paid to the Management Board as well as the principles for determining the compensation of the Supervisory Board and the amounts of the compensation. The compensation report is part of the Management Report of the annual financial statements and the annual consolidated financial statements of Fresenius SE & Co. KGaA as of December 31, 2020 and was prepared in accordance with the regulations of the German Commercial Code.

COMPENSATION OF THE MANAGEMENT BOARD

The Supervisory Board of Fresenius Management SE is responsible for determining the compensation of the Management Board. The Supervisory Board is assisted in this task by a personnel committee which is also responsible for the tasks of a compensation committee. The personnel committee of Fresenius Management SE was composed of Dr. Gerd Krick, Dr. Dieter Schenk, and Michael Diekmann.

The Annual General Meeting of Fresenius SE & Co. KGaA approved the compensation system for the members of the Management Board of the general partner on May 18, 2018, with an approval rate of approximately 63%.

At its meeting on December 3, 2020, the Supervisory Board of Fresenius Management SE resolved to further develop the existing system for the compensation of the members of the Management Board. The aim is, with effect from January 1, 2021, to ensure compliance with the provisions of the German Stock Corporation Act as amended by the German Act Implementing the Second Shareholder Rights Directive and the recommendations of the German Corporate Governance Code as amended on December 16, 2019. The revised system for the compensation of the members of the Management Board is to be submitted for approval to the Annual General Meeting in 2021 in accordance with the provisions of the Stock Corporation Act as amended by the German Act Implementing the Second Shareholders Rights Directive.

The objective of the current compensation system, applicable in 2020, is to enable the members of the Management Board to participate reasonably in the sustainable development of the company's business and to reward them based on their duties and performance as well as their successes in managing the company's economic and financial position, giving due regard to the peer environment.

The compensation of the Management Board 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)

In addition, there are pension commitments for the members of the Management Board.

COMPENSATION ELEMENTS

Non-performance-based compensation	Fixed compensation	
	Fringe benefits	
Performance-based compensation	Short-term	Bonus
	Long-term	Postponed payment of the bonus
		Long Term Incentive Plan 2018

Dr. Jürgen Götz quit the Management Board of Fresenius Management SE with effect as of June 30, 2020, such date being the end of his term of office as a member of the Management Board. He received non-performance-based compensation and short-term performance-based compensation on a pro rata basis for the fiscal year. As a consequence of his departure, he was not granted any performance shares under the Long Term Incentive Plan 2018 for the 2020 fiscal year. The terms and conditions of the 2013 Stock Option Plan stipulate that, in the event of mutually agreed departure, participants may exercise stock options within 60 calendar days (plus any blackout periods) of their departure, provided that the waiting period has expired and the performance target has been met. Dr. Jürgen Götz made use of this option and exercised 45,000 stock options after leaving the company. Stock options, performance shares and phantom stocks not exercised forfeited without replacement following his departure, because their scheduled waiting period had not yet expired or the exercise price had not been reached. Dr. Jürgen Götz's contractual pension commitment remains unaffected by his departure.

The design of the individual elements of the Management Board compensation is based on the following criteria:

PERFORMANCE-BASED COMPENSATION

Short-term	**Bonus**	▶ Annual cash payment after the end of the fiscal year ▶ Depending on the achievement of certain target parameters based on the net income attributable to Fresenius SE & Co. KGaA or the relevant business segments
Long-term	**Postponed payments of the bonus**	▶ The maturity of the one-year variable compensation can be postponed by two years. ▶ Payment only if (i) no subsequent adjustment is made to the relevant consolidated net income attributable to Fresenius SE & Co. KGaA or the relevant business segment outside a tolerance range and (ii) the consolidated net income attributable to Fresenius SE & Co. KGaA or the relevant business segment in the two relevant years is not significantly lower than the consolidated net income attributable to Fresenius SE & Co. KGaA or the relevant business segment in the respective preceding years.
	LTIP 2018	▶ Performance Share Plan with a vesting period of four years and cash payment ▶ Two performance targets: growth rate of adjusted net income and relative total shareholder return based on the STOXX Europe 600 Health Care Index ▶ Overall target achievement: 0 – 200%

The fixed compensation was generally paid in monthly installments in the fiscal year 2020. Where Mr. Rice Powell received his base salary as part of his fixed compensation components from Fresenius Medical Care North America, such compensation was paid in 26 installments. Moreover, the members of the Management Board received fringe benefits. These consisted mainly of insurance premiums, the private use of a company car, special payments such as rent supplements and reimbursement of certain other charges, tuition fees, and costs for the operation of intrusion detection systems, as well as contributions to pension and health insurance.

The performance-based compensation will be granted for the fiscal year 2020 as a short-term cash component (one-year variable compensation) and as compensation components with long-term incentive effects (performance shares and postponed payments of the one-year variable compensation).

The amount of the one-year variable compensation in each case is dependent on certain target parameters oriented on the net income attributable to Fresenius SE & Co. KGaA and / or to the relevant business segments being achieved. In the case of the members of the Management Board with functional responsibility for the entire Group – such members being Mr. Stephan Sturm, Ms. Rachel Empey, Dr. Jürgen Götz[1] and Dr. Sebastian Biedenkopf[2] – the amount of the one-year variable compensation is based in its entirety on the respective net income attributable to Fresenius SE & Co. KGaA (after deduction of noncontrolling interests). For Mr. Mats Henriksson and Dr. Francesco De Meo, approximately half of the amount of the one-year variable compensation depends on the development of the net income attributable to Fresenius SE & Co. KGaA and for the remainder on the development of the net income of the business segment (in each case after deduction of noncontrolling interests) for which the respective member of the Management Board is responsible. Approximately half of the amount of the one-year variable compensation of Dr. Ernst Wastler is oriented on the net income attributable

[1] Dr. Jürgen Götz quit the Management Board of Fresenius Management SE with effect as of June 30, 2020. He will receive pro rata short-term performance-based compensation for 2020 contractually accruing to his term of office until June 30, 2020.

[2] Dr. Sebastian Biedenkopf was appointed to the Management Board of Fresenius Management SE with effect as of December 1, 2020. The payment of his pro rata variable compensation for the period from December 1, 2020 to December 31, 2020 was postponed in full by two years.

to Fresenius SE & Co. KGaA (after deduction of noncontrolling interests), as well as on the net income before tax and extraordinary income / expenditures of the VAMED Group.

For the one-year variable compensation, there are no target values or comparable values for Board members who receive their compensation from Fresenius Management SE. The one-year variable compensation is calculated on the basis of bonus curves that are valid for several years.

Mr. Rice Powell receives his compensation exclusively from Fresenius Medical Care in accordance with the revised remuneration system of Fresenius Medical Care entering into effect as of January 1, 2020, in accordance with the provisions of the German Stock Corporation Act as amended by the Act Implementing the Second Shareholder Rights Directive.

The service agreements do not provide for a discretionary bonus.

For the fiscal years 2020 and 2019, the amount of cash payment to the Management Board of the general partner of Fresenius SE & Co. KGaA consisted of the following:

	Non-performance-based compensation				Short-term performance-based compensation		Cash compensation (without long-term incentive components)	
	Fixed compensation		Fringe benefits[3]		Bonus			
€ in thousands	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Stephan Sturm	**1,100**	1,100	**82**	55	**1,838**	1,866	**3,020**	3,021
Dr. Sebastian Biedenkopf (since December 1, 2020)	**50**	n.a.	**4**	n.a.	**-**	n.a.	**54**	n.a.
Dr. Francesco De Meo	**630**	630	**41**	32	**1,388**	1,403	**2,059**	2,065
Rachel Empey	**704**	600	**196**	198	**799**	812	**1,699**	1,610
Dr. Jürgen Götz (up to June 30, 2020)	**255**	510	**36**	45	**475**	950	**766**	1,505
Mats Henriksson	**660**	660	**88**	114	**1,345**	1,369	**2,093**	2,143
Rice Powell[1]	**1,769**	1,340[2]	**429**	256[2]	**1,734**	1,970[2]	**3,932**	3,566[2]
Dr. Ernst Wastler	**550**	550	**75**	76	**769**	932	**1,394**	1,558
Total	**5,718**	5,390	**951**	776	**8,348**	9,302	**15,017**	15,468

[1] Mr. Rice Powell's compensation is exclusively paid by Fresenius Medical Care, of which Fresenius SE & Co. KGaA held around 32.23% of the total subscribed capital. As a member of the Management Board of Fresenius Management SE, his compensation has to be included in the compensation report of the Fresenius Group.
[2] With regard to the comparability of the amounts reported for 2019 with those for the fiscal year, it should be noted that the contractually agreed compensation payments in U.S. dollar for Mr. Rice Powell may be subject to fluctuations in the exchange rate. The U.S. dollar amounts were translated using the average exchange rate for the calendar year in question.
[3] Includes insurance premiums, private use of a company car, contributions to pension and health insurance, as well as other benefits. As compensation for long-term incentives from her former employer that were forfeited due to her change to Fresenius, Ms. Rachel Empey receives a fixed, additional special payment of €166,667 for each full year of service, limited to three such payments.

In the fiscal year 2020, the one-year variable compensation, excluding the payment of the short-term variable compensation to Mr. Rice Powell, amounted to €6,614 thousand. This equals 97% of the total one-year variable compensation. The remaining part in an amount of €183 thousand was converted into a component based on a multi-year assessment and the payment was postponed by two years.

To ensure that the overall system of compensation of the members of the Management Board is oriented towards long-term and sustained corporate development, the compensation system provides that the share of long-term variable compensation components is at least equal in its amount to half of the total variable compensation components granted to the respective member of the Management Board. As a means of ensuring this minimum ratio in favor of the variable compensation components oriented towards the long term, it is expressly provided that the Supervisory Board may determine that the one-year variable compensation to be paid as a rule annually is converted (pro rata) into a variable compensation component based on a multi-year assessment, in order to also take account of any negative developments within the performance period. This is done in such a way that the maturity of the one-year variable compensation earned yearly on a variable basis is postponed at the discretion of the Supervisory Board, either on a pro rata basis or in its entirety, by two years. At the same time, it is ensured that any payment is made to the member of the Management Board after expiration of such multi-year period only if (i) no subsequent adjustment of the net income (adjusted for extraordinary effects) attributable to Fresenius SE & Co. KGaA or the relevant business segment (after deduction of noncontrolling interests) decisive for assessing the one-year variable compensation beyond an amount equal to a tolerance range of 10% is made, and (ii) the amount of net income attributable to Fresenius SE & Co. KGaA or the relevant business segment (adjusted for extraordinary effects) in the two relevant subsequent years is not substantially less than the net income attributable to Fresenius SE & Co. KGaA or the relevant business segment (adjusted for extraordinary effects, after deduction of noncontrolling interests) of the respective preceding fiscal years. In the event of the aforementioned conditions for payment being missed only to a minor and / or partial extent, the Supervisory Board may resolve on a corresponding pro rata payment of the converted portion of the one-year variable compensation. No interest is payable on the converted one-year variable compensation claim from the time when it first arises until the time of its effective payment. In this way, the one-year variable compensation can be converted pro rata or in its entirety into a genuine variable compensation component on a multi-year assessment basis, which also participates in any negative developments during the relevant performance period.

In the fiscal year 2020, as a further component with long-term incentive effect, the Management Board members were granted performance shares under the Fresenius SE & Co. KGaA Long Term Incentive Plan 2018 (LTIP 2018). Mr. Rice Powell was granted performance shares under the Fresenius Medical Care Management Board Long Term Incentive Plan 2020 (MB LTIP 2020) of Fresenius Medical Care AG & Co. KGaA. Based on the LTIP 2018, both members of the Management Board and other executives were granted performance shares. In accordance with the division of powers under stock corporation law, 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 performance shares for Management Board members to be granted was determined by the Supervisory Board at the Supervisory Board's own due discretion, provided that generally all acting Management Board members as of December 31, 2020 received the same amount of performance shares, with the exception of the Chairman of the Management Board, who received approximately double the respective amount of performance shares, and Dr. Sebastian Biedenkopf who was not granted performance shares for the year 2020. Dr. Jürgen Götz was not granted any performance shares for the fiscal year on grounds of his departure from the Management Board of Fresenius Management SE with effect as of June 30, 2020.

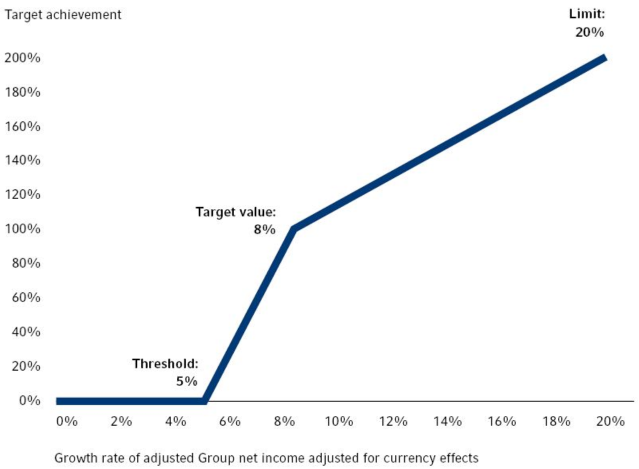
The vesting of the performance shares granted under the LTIP 2018 is subject to several conditions, such as the expiration of a four-year performance period, the absence of a compliance violation, the achievement or exceeding of two performance targets, and the continuation of the service or employment relationship. The number of performance shares may change over a period of four years, depending on the level of achievement of the performance targets. This could entail the entire loss of all performance shares or also – at maximum – the doubling of their number.

The LTIP 2018 has two equally weighted performance targets: firstly, the growth rate of the adjusted 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% p. a. over the four-year performance period. If the growth rate falls below or corresponds to only 5% p. a., the level of target achievement is 0%. If the growth rate is between 5% p. a. and 8% p. a., the level of target achievement is between 0% and 100%, while, where the growth rate is between 8% p. a. and 20% p. a., the level of target achievement will be between 100% and 200%. Intermediate values are calculated through linear interpolation.

The following graph shows the degree of target achievement between the threshold of 5% p. a. and the limit of 20% p. a.

GROWTH RATE OF
ADJUSTED GROUP NET INCOME
ADJUSTED FOR CURRENCY EFFECTS

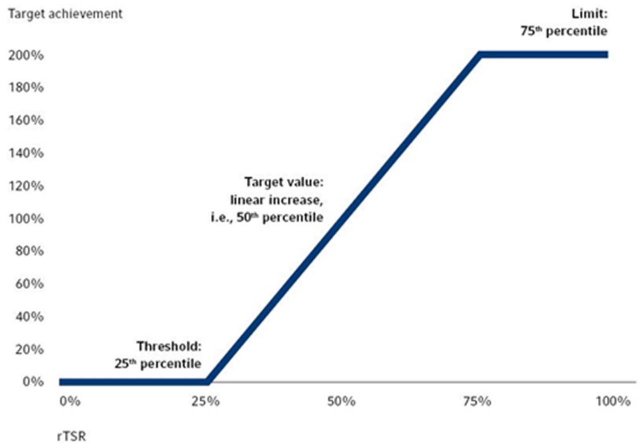


For the "Total Shareholder Return" performance target, a target achievement of 100% is met when the Total Shareholder Return of Fresenius SE & Co. KGaA in comparison with the Total Shareholder Return of the other companies of the STOXX Europe 600 Health Care Index achieves an average ranking within the 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.

The degree of target achievement between the threshold at the 25th percentile and the limit at the 75th percentile is presented in the adjacent graph.

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.

RELATIVE TOTAL SHAREHOLDER RETURN
(STOXX EUROPE 600 HEALTH CARE)



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. Four years after the grant, the vested performance shares will be paid out in cash. 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 possible disbursement entitlement of a Management Board member is limited to a maximum of 250% of the grant value (cap).

In the event of violation of compliance rules, the Supervisory Board, 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. 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.

If a member of the Management Board leaves the company, the performance shares are forfeited as a matter of principle.

Until the end of the fiscal year 2017, benefits under LTIP 2013 of Fresenius SE & Co. KGaA were granted as another component with long-term incentive effect, which resulted in an inflow in the 2020 fiscal year and may result in an inflow 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 granted stock options and phantom stocks. In accordance with the division of powers under stock corporation law, 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 at 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 elect 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 granted 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.The principles of the LTIP 2018 and the LTIP 2013 of Fresenius SE & Co. KGaA and of the Management Board Long Term Incentive Plan 2019 (MB LTIP 2019) and the MB LTIP 2020 of Fresenius Medical Care AG & Co. KGaA are described in more detail in note 36 of the notes of the Fresenius Group, Share-based compensation plans.

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 granted under LTIP 2013 apply to them.

For the fiscal years 2020 and 2019, the number and the value of performance shares issued and the value of the postponed performance-based compensation, is shown in the following table.

LONG-TERM INCENTIVE COMPONENTS

	Performance shares[1]				Postponed payment of the one-year variable compensation		Total	
	Number		Value, € in thousands		Value, € in thousands		Value, € in thousands	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Stephan Sturm	**59,552**	55,115	**2,500**	2,500	**0**	0	**2,500**	2,500
Dr. Sebastian Biedenkopf (since December 1, 2020)	**0**	n.a.	**0**	n.a.	**50**	n.a.	**50**	n.a.
Dr. Francesco De Meo	**30,967**	28,660	**1,300**	1,300	**88**	103	**1,388**	1,403
Rachel Empey	**30,967**	28,660	**1,300**	1,300	**0**	0	**1,300**	1,300
Dr. Jürgen Götz (up to June 30, 2020)	**0**	28,660	**0**	1,300	**0**	0	**0**	1,300
Mats Henriksson	**30,967**	28,660	**1,300**	1,300	**45**	69	**1,345**	1,369
Rice Powell	**35,030**	25,127	**2,170**	2,232[2]	**0**	0	**2,170**	2,232
Dr. Ernst Wastler	**30,967**	28,660	**1,300**	1,300	**0**	0	**1,300**	1,300
Total	**218,450**	223,542	**9,870**	11,232	**183**	172	**10,053**	11,404

[1] The amounts comprise all performance shares including performance shares and share based awards of Fresenius Medical Care AG & Co. KGaA that were granted in 2020 and 2019.
[2] With regard to the comparability of the amounts reported for 2019 with those for the fiscal year, it should be noted that the contractually agreed compensation payments in U.S. dollar for Mr. Rice Powell may be subject to fluctuations in the exchange rate. The U.S. dollar amounts were translated using the closing price on the day on which the performance shares in question were granted.

The stated values for the year 2020 correspond to the fair value of the performance shares at the time of grant, namely a value of €41.98 per performance share of Fresenius SE & Co. KGaA and a value of US$72.17 per performance share of Fresenius Medical Care AG & Co. KGaA (2019: €45.36 per performance share of Fresenius SE & Co. KGaA and US$69.71 per performance share of Fresenius Medical Care AG & Co. KGaA).

At the end of the fiscal year 2020, the members of the Management Board held a total of 467,335 performance shares (2019: 331,849) and 43,150 phantom stocks (2019: 138,385) of Fresenius SE & Co. KGaA and 97,213 performance shares (2019: 92,700) of Fresenius Medical Care AG & Co. KGaA. Furthermore, they held a total of 890,156 stock options (2019: 1,434,375) of Fresenius SE & Co. KGaA as well as 224,100 stock options (2019: 256,781) of Fresenius Medical Care AG & Co. KGaA.

The development and the status of the stock options of the Management Board in the fiscal year 2020 are shown in the following table:

	Stephan Sturm	Dr. Francesco De Meo	Rachel Empey	Mats Henriksson	Rice Powell [1]	Dr. Ernst Wastler	**Total[2]**
Options outstanding on January 1, 2020							
Number	371,250	247,500	28,125	247,500	256,781	270,000	**1,164,375**
Average exercise price in €	61.03	61.65	64.69	56.15	66.06	56.97	**59.27**
Options exercised during the fiscal year							
Number	0	0	0	0	32,681	0	**0**
Average exercise price in €	0				52.99		**0**
Average stock price in €	0				72.00		**0**
Options forfeited during the fiscal year							
Number	101,250	50,625	21,094	50,625	0	50,625	**274,219**
Average exercise price in €	74.77	74.77	64.69	74.77	n.a.	74.77	**73.79**
Options outstanding on December 31, 2020							
Number	270,000	196,875	7,031	196,875	224,100	219,375	**890,156**
Average exercise price in €	55.88	58.27	64.69	51.36	67.97	52.87	**54.74**
Average remaining life in years	2.8	2.9	4.9	2.4	2.2	2.5	**2.6**
Range of exercise prices in €	33.10 to 74.77	36.92 to 74.77	64.69	33.10 to 74.77	49.93 to 76.99	33.10 to 74.77	**33.10 to 74.77**
Exercisable options on December 31, 2020							
Number	236,250	180,000	0	180,000	224,100	202,500	**798,750**
Average exercise price in €	53.18	56.73		49.17	67.97	51.04	**52.53**

[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 table shows the total compensation of the Management Board of the general partner of Fresenius SE & Co. KGaA for the years 2020 and 2019:

	Cash compensation (without long-term incentive components)		Long-term incentive components		Total compensation (including long-term incentive components)	
	2020	2019	**2020**	2019	**2020**	2019
Stephan Sturm	**3,020**	3,021	**2,500**	2,500	**5,520**	5,521
Dr. Sebastian Biedenkopf (since December 1, 2020)	**54**	n.a.	**50**	n.a.	**104**	n.a.
Dr. Francesco De Meo	**2,059**	2,065	**1,388**	1,403	**3,447**	3,468
Rachel Empey	**1,699**	1,610	**1,300**	1,300	**2,999**	2,910
Dr. Jürgen Götz (up to June 30, 2020)	**766**	1,505	**0**	1,300	**766**	2,805
Mats Henriksson	**2,093**	2,143	**1,345**	1,369	**3,438**	3,512
Rice Powell	**3,932**	3,566[1]	**2,170**	2,232[1]	**6,102**	5,798[1]
Dr. Ernst Wastler	**1,394**	1,558	**1,300**	1,300	**2,694**	2,858
Total	**15,017**	15,468	**10,053**	11,404	**25,070**	26,872

[1] With regard to the comparability of the amounts reported with those for the fiscal year, it should be noted that the contractually agreed compensation benefits in U.S. dollar for Mr. Rice Powell may be subject to fluctuations in the exchange rate. The U.S. dollar amounts were translated using the average exchange rate for the calendar year in question; the U.S. dollar amounts for performance shares granted under the MB LTIP 2020 (for the fiscal year) and under the MB LTIP 2019 (for 2019) were translated using the closing price on the day on which the performance shares in question were granted.

The entitlement to cash payment of a share-based compensation (performance shares and phantom stocks) only arises after the expiry of a four-year vesting period, just as stock options can only be exercised after a vesting period of four years. Their value is recognized over the vesting period as expense in the respective fiscal year. The expenses and income attributable to the fiscal years 2020 and 2019 are stated in the following table. In the case of Dr. Jürgen Götz, the values for 2020 include adjustments to the expenses of previous years for the stock options, phantom stocks and performance shares that were forfeited due to his departure.

EXPENSES / INCOME FOR LONG-TERM INCENTIVE COMPONENTS

€ in thousands	Performance shares / Phantom stocks		Stock options		Total expenses / income for share-based compensation	
	2020	2019	**2020**	2019	**2020**	2019
Stephan Sturm	**-556**	913	**-650**	909	**-1,206**	1,822
Dr. Sebastian Biedenkopf (since December 1, 2020)	**-**	n.a.	**0**	n.a.	**-**	n.a.
Dr. Francesco De Meo	**-323**	569	**-287**	616	**-610**	1,185
Rachel Empey	**-180**	223	**-135**	75	**-315**	298
Dr. Jürgen Götz (up to June 30, 2020)	**-912**	650	**-2,433**	568	**-3,345**	1,218
Mats Henriksson	**-344**	713	**-338**	482	**-682**	1,195
Rice Powell	**2,666**	2,588[1]	**0**	327	**2,666**	2,915
Dr. Ernst Wastler	**-330**	650	**-287**	568	**-617**	1,218
Total	**21**	6,306	**-4,130**	3,545	**-4,109**	9,851

[1] Includes expenses for performance shares, phantom stocks and share based awards of Fresenius Medical Care AG & Co. KGaA

The short-term performance-based compensation is limited in its amount. As regards stock options, phantom stocks and performance shares, there are contractually agreed limitation possibilities. This makes it possible to adequately take account in particular of those extraordinary developments that are not in any relevant proportion to the performance of the Management Board.

With regard to the compensation granted to the members of the Management Board starting fiscal year 2018, the service agreements with Fresenius Management SE provide for a cap regarding both every single variable compensation amount and overall compensation. Furthermore, they include an allocation cap in the amount of €6,000 thousand for Ms. Rachel Empey, Dr. Francesco De Meo, Dr. Jürgen Götz (Management Board member until June 30, 2020), Mr. Mats Henriksson, and Dr. Ernst Wastler and €9,000 thousand for Mr. Stephan Sturm.

The compensation of Dr. Sebastian Biedenkopf (Management Board member since December 1, 2020) is based on the revised compensation system for members of the Management Board entered into effect on January 1, 2021. For the period from December 1, 2020 to December 31, 2020, the compensation components granted to Dr. Sebastian Biedenkopf were contractually fixed. With regard to the compensation granted to Mr. Rice Powell, the Fresenius Medical Care compensation system, which was amended with effect as of January 1, 2020, stipulates a maximum amount of total compensation (maximum compensation) of €12.000 thousand (or US$13.434 thousand.

Under the compensation system, the amount of the fixed and the total compensation of the members of the Management Board was, and will be, assessed giving particular regard to the relevant comparison values of other DAX companies and similar companies of comparable size and performance from the relevant industrial sector.

COMMITMENTS TO MEMBERS OF THE MANAGEMENT BOARD IN THE EVENT OF THE TERMINATION OF THEIR APPOINTMENT

There are individual contractual pension commitments for the Management Board members Mr. Stephan Sturm, Dr. Francesco De Meo, and Rachel Empey based on their service agreements with the general partner of Fresenius SE & Co. KGaA. The member of the Management Board, Dr. Jürgen Götz, who retired on June 30, 2020, is entitled to an individual pension commitment on the basis of his terminated service agreement with the general partner of Fresenius SE & Co. KGaA. The Management Board member Dr. Ernst Wastler has a pension commitment from VAMED Aktiengesellschaft, Vienna; Fresenius SE & Co. KGaA has issued a guarantee for the commitments thereunder. The Management Board member Mr. Mats Henriksson has an individual contractual pension commitment from Fresenius Kabi AG. The Management Board member Mr. Rice Powell has received an individual contractual 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, and during the fiscal year 2020, he participated in the U.S.-based 401(k) Savings Plan. This plan generally enables employees in the United States to invest part of their gross income into retirement plans. The Management Board member Dr. Sebastian Biedenkopf does not have a pension commitment. With regard to the pension commitments for acting Management Board members as of December 31 of the fiscal year, the Fresenius Group had pension obligations of €46,446 thousand as of December 31, 2020 (2019: €46,870 thousand). The additions to pension liability in the fiscal year 2020 amounted to €-424 thousand (2019: €9,988 thousand).

The pension commitments are as follows:

€ in thousands	As of January 1, 2020	Additions	**As of December 31, 2020**
Stephan Sturm	8,259	457	**8,716**
Dr. Sebastian Biedenkopf (since December 1, 2020)	n.a.	0	**0**
Dr. Francesco De Meo	4,816	-1,107	**3,709**
Rachel Empey	0	1,150	**1,150**
Dr. Jürgen Götz (up to June 30, 2020)	4,176	-11	**4,165**
Mats Henriksson	6,733	20	**6,753**
Rice Powell	16,249	-1,522	**14,727**
Dr. Ernst Wastler	6,637	589	**7,226**
Total	46,870	-424	**46,446**

As of December 31, 2020, the settlement amount of the pension obligation under the German Commercial Code totaled €38,558 thousand (previous year: €36,720 thousand). Thereof attributable to Mr. Stephan Sturm €7,291 thousand, to Dr. Francesco De Meo €3,071 thousand, to Ms. Rachel Empey €873 thousand, to Dr. Jürgen Götz €3,449 thousand, to Mr. Mats Henriksson €5,444 thousand, to Mr. Rice Powell €12.791 thousand and to Dr. Ernst Wastler €5,639 thousand. No pension obligations in the fiscal year and in the previous year are attributable to Dr. Sebastian Biedenkopf.

Each of the pension commitments provides for a pension and survivor benefit, depending on the amount of the most recent fixed compensation, from the 63rd year of life (or 65th year for Mr. Rice Powell), or, in the case of termination because of professional or occupational incapacity, from the time of ending active work.

The pension's starting percentage of 30% of the last fixed compensation increases with every full year of service as a Management Board member by 1.5 percentage points, 45% being the attainable maximum.

Current pensions increase according to legal requirements (Section 16 of the German law to improve company pension plans, BetrAVG).

30% of the gross amount of any post-retirement income from an occupation of the Management Board member is offset against the pension for professional or occupational incapacity.

In the event of the death of one of the Management Board members, the surviving spouse receives a pension equivalent to 60% of the pension entitlement accruing at the time of death. In addition, biological children of the deceased Management Board member and/or, in individual cases, biological children of the deceased Management Board member's spouse who were adopted by the deceased Management Board member as children, receive an orphan's pension equivalent to 20% of the pension entitlement accruing at the time of death until completion of their vocational training, but at the most until the age of 25 years. However, all surviving dependents' pensions are capped at an aggregate 90% of the Management Board member's pension entitlement.

If a Management Board member's service as a member of the Management Board of Fresenius Management SE (or Mr. Rice Powell as a member of the Management Board of Fresenius Medical Care Management AG) ends before the age of 63 years (or 65 years for Mr. Rice Powell) for reasons other than professional or occupational incapacity, the rights to the said pension benefits vest, but the pension payable upon the occurrence of a pensionable event is reduced pro rata according to the actual length of service as a Management Board member compared to the potential length of service until the age of 63 years (or 65 years for Mr. Rice Powell).

The pension commitment for Dr. Ernst Wastler provides for a normal pension, a professional incapacity pension, and a widow's and orphan's pension. The normal pension is payable at the earliest at the age of 62 years. The pension benefits are equivalent to 1.2% per year of service based on the last fixed compensation, with a cap of 40%. The widow's pension (60%) and the orphan's pension (20% each) are capped in aggregate at not more than Dr. Ernst Wastler's pension entitlement at the time of death. Pensions, retirement, and other benefits from third parties are set off against the pension benefit if the credited periods of service overlap.

The Management Board member Mr. Mats Henriksson has solely a pension commitment from Fresenius Kabi AG from the period of his previous service as simple member of the Management Board of Fresenius Kabi AG. This pension commitment remained unaffected by the service agreement with Fresenius Management SE, beginning on January 1, 2013. It is based on the pension policy of the Fresenius companies, and provides for retirement, incapacity, and survivors' pensions. It does not set forth any deduction of other income or pension benefits. The widow's pension amounts to 60% of the incapacity or retirement pension to be granted at the time of death; the orphan's pension amounts to 10% (half-orphans) or 20% (orphans) of the incapacity or retirement pension to be granted at the time of death. The total entitlements of widows and orphans are limited to 100% of Mr. Mats Henriksson's pension entitlements.

A post-employment non-competition covenant was agreed upon for all Management Board members. If such a covenant becomes applicable, the Management Board members receive a waiting allowance that is generally equivalent to half of the sum of the most recently received fixed compensation and the minimum amount of bonus for each year of respective application of the non-competition covenant, up to a maximum of two years.

The service agreements of the Management Board members do not contain any explicit provision for the event of a change of control.

Payments in the event of premature termination of a member's services for the Management Board, including fringe benefits, are limited to two years' compensation, at maximum no more than the compensation due for the remaining term of the respective service agreement (severance payment cap).

No severance payments will be due in the event of termination of the service agreement for cause on grounds attributable to the relevant member of the Management Board. The calculation of the severance payment cap is based on the total compensation within the meaning of Section 285 No. 9a of the German Commercial Code (HGB) for the past fiscal year as well as the anticipated total compensation for the fiscal year in which the termination occurs (whereby only the non-performance-based compensation components are taken into account for the calculation of the relevant annual compensation of Mr. Rice Powell).

In the event of termination of his employment, Dr. Ernst Wastler is entitled to a severance payment based on contractual agreements with VAMED Aktiengesellschaft. 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). With regard to the severance payment entitlement of Dr. Ernst Wastler, a severance payment provision of €1,283 thousand (IFRS DBO (defined benefit obligation)) is in place as of December 31 of the fiscal year.

MISCELLANEOUS

All members of the Management Board have received 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 maximum, however, until the expiry of the respective employment agreement.

During the fiscal year 2020, no loans or advance payment on future compensation components were granted to any member of the Management Board of Fresenius Management SE.

Fresenius SE & Co. KGaA 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 purchased a directors' & officers' insurance, the deductible complying with the requirements of stock corporation law. The indemnification covers the period during which the respective member of the Management Board holds office, as well as any claim in this regard after termination of the service on the Management Board.

Based on pension commitments to former members of the Management Board, €1,147 thousand were paid in the fiscal year 2020 (2019: €1,154 thousand). The benefit obligation for these persons amounted to €23,867 thousand (2019: €24,863 thousand).

In the fiscal year 2019, €568 thousand were paid to Dr. Ben Lipps as a result of a consultancy agreement entered into with Fresenius Medical Care Management AG. Also in 2019, an amendment to the agreement was made which provided for a one-off payment of €1,129 thousand for the remaining term of the agreement until 2021. This payment was made in the fiscal year 2019 as well. All payments for services to be performed by him under the consulting agreement have thus been made.

Due to the post-employment non-competition covenant applicable following his departure on June 30, 2020, Dr. Jürgen Götz obtained a waiting allowance of €303 thousand for the period from July 1, 2020 to December 31, 2020.

REVISION OF THE COMPENSATION SYSTEM FOR MEMBERS OF THE MANAGEMENT BOARD

The Supervisory Board attaches great importance to good corporate governance – also with regard to Management Board compensation. This includes ensuring an effective incentive system that is in line with the market. For this reason, in the 2020 fiscal year, the Supervisory Board dealt intensively with the system for compensating the members of the Management Board of the general partner, continuously and closely monitored the ongoing development of the standards of good corporate governance, and identified suitable measures for adapting the existing compensation arrangements. On the basis of intensive discussions – also with external stakeholders – and the provisions of the German Stock Corporation Act as amended by the Act Implementing the Second Shareholder Rights Directive and the recommendations of the German Corporate Governance Code as amended on December 16, 2019, the system for the compensation of the members of the Management Board of the general partner was comprehensively revised.

The Supervisory Board is convinced that the changes to the compensation system will make a significant contribution to creating greater incentives to harmonize the long-term strategic business alignment even more closely with the changing interests of the shareholders of the company, while giving due consideration to the changed regulatory environment. Furthermore, the basic system for compensating the members of the Management Board was adjusted, its complexity reduced and the performance-related nature of the variable compensation enhanced.

The company’s commitment to environmental, social and governance (ESG) aspects will be reinforced by the introduction of ESG performance targets to the compensation of the Management Board. The guaranteed payment of short-term variable compensation will be abolished in order to further enhance the performance-related nature of the compensation system, thereby giving due consideration to a key concern of our shareholders. Short-term variable compensation will be fully variabilized, as a result of which the new compensation system will be significantly aligned to the company’s performance through the significant share of variable compensation. In the future, malus and clawback clauses will also be implemented to the short-term variable compensation in line with the LTIP 2018. Furthermore, the new compensation system stipulates mandatory share retention rules that will give a further boost to share ownership and an ownership culture. The possibility of paying a discretionary special payment (discretionary bonus) is expressly excluded. In addition, the company pension scheme will be decoupled from the basic compensation; for newly appointed members of the Management Board it will be structured as a defined contribution plan. In addition, a maximum compensation will be fixed for each Management Board member, which will cover all compensation components.

The comprehensively revised system for compensating the members of the Management Board of the general partner is to be submitted for approval to the Annual General Meeting of the company on May 21, 2021, in accordance with the provisions of the German Stock Corporation Act as amended by the Act Implementing the Second Shareholder Rights Directive and will apply from the fiscal year 2021 onward.

TABLES DISPLAYING THE VALUE OF BENEFITS GRANTED AND ALLOCATIONS

The German Corporate Governance Code dated February 7, 2017, stipulated that specific information shall be presented in the compensation report pertaining to the benefits granted for the year under review as well as the allocations and service costs in / for the year under review. The model tables provided in the appendix of the German Corporate Governance Code in the stated version shall be used to present the information.

The following tables contain disclosures on both the value of the benefits granted and on the allocations. They conform to the structure and to the specification of the model tables of the German Corporate Governance Code as amended on February 7, 2017, to enable the best possible comparability with the previous year's figures. The table displaying allocations additionally shows the allocation for the fiscal year, that is, without multi-year variable compensation / components with long-term incentive effect. This illustrates clearly which allocation is to be attributed to the activity in the respective year under review and which allocation results from the compensation components that were granted in the previous reporting year – or even several years. Through differentiation, the comparability of the respective development in compensation is also increased.

	Stephan Sturm Chairman of the Management Board (since July 1, 2016) Board member since January 1, 2005				**Dr. Sebastian Biedenkopf** Chief Legal, Compliance and Insurance Officer, and Labor Relations Director Board member since December 1, 2020				**Dr. Francesco De Meo** CEO Fresenius Helios Board member since January 1, 2008				**Rachel Empey** Chief Financial Officer Board member since August 1, 2017			
Benefits granted Value € in thousands	**2020**	2020 min.	2020 max.	2019	**2020**	2020 min.	2020 max.	2019	**2020**	2020 min.	2020 max.	2019	**2020**	2020 min.	2020 max.	2019
Fixed compensation	**1,100**	1,100	1,100	1,100	**50**	50	50	n.a.	**630**	630	630	630	**704**	704	704	600
Fringe benefits	**82**	82	82	55	**4**	4	4	n.a.	**41**	41	41	32	**196**	196	196	198
Total non-performance-based compensation	**1,182**	1,182	1,182	1,155	**54**	54	54	n.a.	**671**	671	671	662	**900**	900	900	798
One-year variable compensation[1]	**1,838**	1,750	2,300	1,866	**0**	0	0	n.a.	**1,388**	1,050	1,750	1,403	**799**	760	1,000	812
Multi-year variable compensation / components with long-term incentive effect	**2,500**	0	6,250	2,500	**50**	50	50	n.a.	**1,388**	0	3,250	1,403	**1,300**	0	3,250	1,300
Thereof postponed one-year variable compensation	**0**	0	n.a.	0	**50**	50	50		**88**	0	n.a.	103	**0**	0	n.a.	0
Thereof performance shares (LTIP 2018) (five-year term)	**2,500**	0	6,250	2,500	**0**	0	0		**1,300**	0	3,250	1,300	**1,300**	0	3,250	1,300
Total non-performance-based and performance-based compensation	**5,520**	2,932	9,732	5,521	**104**	104	104	n.a.	**3,447**	1,721	5,671	3,468	**2,999**	1,660	5,150	2,910
Service cost	**541**	541	541	468	**0**	0	0	n.a.	**391**	391	391	336	**1,150**	1,150	1,150	0
Value of benefits granted[2]	**6,061**	3,473	10,273	5,989	**104**	104	104	n.a.	**3,838**	2,112	6,062	3,804	**4,149**	2,810	6,300	2,910

1 For the one-year variable compensation, there are no target values or comparable values for Board members who receive their compensation from Fresenius Management SE. The one-year variable compensation is calculated on the basis of bonus curves that are valid for several years. For this reason, the allocation from the one-year variable compensation is stated for the years 2020 and 2019.

2 Furthermore, an allocation cap in the amount of €6,000 thousand for Ms. Rachel Empey, Dr. Francesco De Meo, Dr. Jürgen Götz, Mr. Mats Henriksson, and Dr. Ernst Wastler and €9,000 thousand for Mr. Stephan Sturm applies. The maximum amount of total compensation (maximum compensation) of €12,000 thousand (or US$13,434 thousand) under the Fresenius Medical Care compensation system, as amended with effect from January 1, 2020, shall apply to Mr. Rice Powell.

Benefits granted Value € in thousands	Dr. Jürgen Götz Chief Legal and Compliance Officer, and Labor Relations Director (up to June 30, 2020) Board member since July 1, 2007				Mats Henriksson CEO Fresenius Kabi Board member since January 1, 2013				Rice Powell CEO Fresenius Medical Care Board member since January 1, 2013				Dr. Ernst Wastler CEO Fresenius Vamed Board member since January 1, 2008			
	2020	2020 min.	2020 max.	2019	**2020**	2020 min.	2020 max.	2019	**2020**	2020 min.	2020 max.	2019[2]	**2020**	2020 min.	2020 max.	2019
Fixed compensation	**255**	255	255	510	**660**	660	660	660	**1,769**	1,769	1,769	1,340	**550**	550	550	550
Fringe benefits	**36**	36	36	45	**88**	88	88	114	**429**	429	429	256	**75**	75	75	76
Total non-performance-based compensation	**291**	291	291	555	**748**	748	748	774	**2,198**	2,198	2,198	1,596	**625**	625	625	626
One-year variable compensation[1]	**475**	350	475	950	**1,345**	1,300	1,800	1,369	**1,857**	0	2,228	2,211	**769**	650	950	932
Multi-year variable compensation/ components with long-term incentive effect	**0**	0	0	1,300	**1,345**	[4] 0	3,250	1,369	**2,170**	0	9,361	2,232[3]	**1,300**	0	3,250	1,300
Thereof postponed one-year variable compensation	**0**	0	n.a.	0	**45**	0	n.a.	69					**0**	0	n.a.	0
Thereof performance shares (LTIP 2018) (five-year term)	**0**	0	0	1,300	**1,300**	0	3,250	1,300					**1,300**	0	3,250	1,300
Total non-performance-based and performance-based compensation	**766**	641	766	2,805	**3,438**	2,048	5,798	3,512	**6,225**	2,198	13,787	6,039	**2,694**	1,275	4,825	2,858
Service cost	**292**	292	292	251	**252**	252	252	216	**0**	0	0	828	**189**	189	189	153
Value of benefits granted[4]	**1,058**	933	1,058	3,056	**3,690**	2,300	6,050	3,728	**6,225**	2,198	13,787	6,867	**2,883**	1,464	5,014	3,011

[1] For the one-year variable compensation, there are no target values or comparable values for Board members who receive their compensation from Fresenius Management SE. The one-year variable compensation is calculated on the basis of bonus curves that are valid for several years. For this reason, the allocation from the one-year variable compensation is stated for the years 2020 and 2019.

[2] With regard to the comparability of the amounts reported with those for the fiscal year, it should be noted that the contractually agreed compensation benefits in U.S. dollar for Mr. Rice Powell may be subject to fluctuations in the exchange rate. The U.S. dollar amounts were translated using the average exchange rate for the calendar year in question; the U.S. dollar amounts for performance shares granted under the MB LTIP 2020 (for the fiscal year) and under the MB LTIP 2019 (for 2019) were translated using the closing price on the day on which the performance shares in question were granted.

[3] Mr. Rice Powell was granted share-based payments from the programs of Fresenius Medical Care AG & Co. KGaA as follows:
in 2020: €2,170 thousand from the Management Board Long Term Incentive Plan 2020
in 2019: €657 thousand from the Share Based Award and €1,575 thousand from the Management Board Long Term Incentive Plan 2019

[4] Furthermore, an allocation cap in the amount of €6,000 thousand for Ms. Rachel Empey, Dr. Francesco De Meo, Dr. Jürgen Götz, Mr. Mats Henriksson, and Dr. Ernst Wastler and €9,000 thousand for Mr. Stephan Sturm applies. The maximum amount of total compensation (maximum compensation) of €12,000 thousand (or US$13,434 thousand) under the Fresenius Medical Care compensation system, as amended with effect from January 1, 2020, shall apply to Mr. Rice Powell.

Allocations Value € in thousands	Stephan Sturm Chairman of the Management Board (since July 1, 2016) Board member since January 1, 2005		Dr. Sebastian Biedenkopf Chief Legal, Compliance and Insurance Officer, and Labor Relations Director Board member since December 1, 2020		Dr. Francesco De Meo CEO Fresenius Helios Board member since January 1, 2008		Rachel Empey Chief Financial Officer Board member since August 1, 2017	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fixed compensation	**1,100**	1,100	**50**	n.a.	**630**	630	**704**	600
Fringe benefits	**82**	55	**4**	n.a.	**41**	32	**196**	198
Total non-performance-based compensation	**1,182**	1,155	**54**	n.a.	**671**	662	**900**	798
One-year variable compensation	**1,838**	1,866	**0**	n.a.	**1,388**	1,403	**799**	812
Multi-year variable compensation/ components with long-term incentive effect	**633**	2,524	**0**	n.a.	**506**	654	**0**	0
Thereof postponed one-year variable compensation					**148**			
Thereof Stock Option Plan 2008 (five-year term)								
Issue 2012		1,870						
Thereof Stock Option Plan 2013 (five-year term)								
Issue 2013								
Thereof Phantom Stock Plan 2013 (five-year term)								
Issue 2014		523				523		
Issue 2015	**550**				**275**			
Thereof further phantom stocks								
Issue 2014		131				131		
Issue 2015	**83**				**83**			
Other	**0**	0	**0**	n.a.	**0**	0	**0**	0
Total non-performance-based and performance-based compensation	**3,653**	5,545	**54**	n.a.	**2,565**	2,719	**1,699**	1,610
Service cost	**541**	468	**0**	n.a.	**391**	336	**1,150**	0
Allocation including multi-year variable compensation/ components with long-term incentive effect	**4,194**	6,013	**54**	n.a.	**2,956**	3,055	**2,849**	1,610
Allocation for the year under review (not including multi-year variable compensation/ components with long-term incentive effect)	**3,561**	3,489	**54**	n.a.	**2,450**	2,401	**2,849**	1,610

Allocations Value € in thousands	Dr. Jürgen Götz (up to June 30, 2020) Chief Legal and Compliance Officer, and Labor Relations Director Board member since July 1, 2007		Mats Henriksson CEO Fresenius Kabi Board member since January 1, 2013		Rice Powell CEO Fresenius Medical Care Board member since January 1, 2013		Dr. Ernst Wastler CEO Fresenius Vamed Board member since January 1, 2008	
	2020	2019	**2020**	2019	**2020**	2019[1]	2020	2019
Fixed compensation	**255**	510	**660**	660	**1,769**	1,340	550	550
Fringe benefits	**36**	45	**88**	114	**429**	256	75	76
Total non-performance-based compensation	**291**	555	**748**	774	**2,198**	1,596	625	626
One-year variable compensation	**475**	950	**1,345**	1,369	**1,734**	1,970	769	932
Multi-year variable compensation/ components with long-term incentive effect	**672**	654	**633**	654	**4,331**[2]	494[2]	633	654
Thereof postponed one-year variable compensation								
Thereof Stock Option Plan 2008 (five-year term)								
Issue 2012								
Thereof Stock Option Plan 2013 (five-year term)								
Issue 2013	**39**[3]							
Thereof Phantom Stock Plan 2013 (five-year term)								
Issue 2013		523		523				523
Issue 2014	**550**		**550**				550	
Thereof further phantom stocks								
Issue 2013		131		131				131
Issue 2014	**83**		**83**				83	
Other	**0**	0	**0**	0	**0**	0	0	0
Total non-performance-based and performance-based compensation	**1,438**	2,159	**2,726**	2,797	**8,263**	4,060	2,027	2,212
Service cost	**292**	251	**252**	216	**0**	828	189	153
Allocation including multi-year variable compensation/ components with long-term incentive effect	**1,730**	2,410	**2,978**	3,013	**8,263**	4,888	2,216	2,365
Allocation for the year under review (not including multi-year variable compensation/ components with long-term incentive effect)	**1,058**	1,756	**2,345**	2,359	**3,932**	4,394	1,583	1,711

[1] With regard to the comparability of the amounts reported with those for the fiscal year, it should be noted that the contractually agreed compensation benefits in U.S. dollar for Mr. Rice Powell may be subject to fluctuations in the exchange rate. The terms and conditions of the Share Based Award and the Long Term Incentive Program 2011 stipulate an entitlement to an inflow in euro at all times. The U.S. dollar amounts were generally translated using the average exchange rate for the relevant calendar year; the U.S. dollar amounts for the LTIP 2016 were translated using the closing rate on the respective vesting date.

[2] Mr. Rice Powell had this allocation from the share-based compensation plans of Fresenius Medical Care:
in 2020: €659 thousand from the Share Based Award issue 2016, €171 from the Long Term Incentive Program 2011 – Stock Option Plan 2011 issue 2012, €450 thousand from the Long Term Incentive Program 2011 – Stock Option Plan 2011 issue 2013, €748 thousand from the Long Term Incentive Program 2011 – Phantom Stock Plan 2011 issue 2015, €2,303 thousand from the Long Term Incentive Program 2011 – Phantom Stock Plan 2011 issue 2016
in 2019: €150 thousand from the Share Based Award issue 2015 and €344 thousand from the Long Term Incentive Program 2011 – Phantom Stock Plan 2011 issue 2014

[3] This inflow originates from stock options exercised by Dr. Jürgen Götz in accordance with the terms and conditions of the 2013 Stock Option Plan following his retirement on June 30, 2020.

COMPENSATION OF THE SUPERVISORY BOARD

The compensation of the Supervisory Board is determined by the Annual General Meeting and is governed by Section 13 of the Articles of Association of Fresenius SE & Co. KGaA applicable to the compensation of the Supervisory Board in the fiscal year.

Each member of the Supervisory Board shall receive an amount of €150 thousand annually for each full fiscal year as fixed compensation, payable after the end of the fiscal year. In addition, each member of the Supervisory Board shall receive variable success-oriented compensation for each full fiscal year that is oriented on the respective average growth rate of the net income attributable to shareholders of Fresenius SE & Co. KGaA for the compensation year and the two preceding fiscal years (three-year average growth of the net income attributable to shareholders of Fresenius SE & Co. KGaA).

The calculation of the amount of this variable compensation shall be made in accordance with the following formula:

Three-year average growth of net income attributable to shareholders of Fresenius SE & Co. KGaA	Variable compensation
> 0 to 2.5%	€30,000
> 2.5 to 5%	€60,000
> 5 to 7.5%	€90,000
> 7.5 to 10%	€120,000
> 10%	€150,000

A claim to grant variable compensation shall only accrue from the achievement of three-year annual growth of the net income attributable to shareholders of Fresenius SE & Co. KGaA of more than 0%. On the achievement of the five percentage corridors described above, the amounts of variable compensation shall each be provided in full, i.e., no interpolation shall take place within these corridors. The net income attributable to shareholders of Fresenius SE & Co. KGaA disclosed in the consolidated annual financial statements shall be authoritative in each case. This variable compensation is limited to a maximum amount of €150 thousand p. a. The disbursement of variable compensation shall generally be made annually, provided targets have been reached and in each case at the end of the calendar quarter in which the annual financial statements of the company are approved by the Annual General Meeting. If the Annual General Meeting approves a resolution providing higher compensation, this shall apply.

The Chairman of the Supervisory Board receives three times and his deputies one and a half times the fixed compensation of a member of the Supervisory Board.

A member of the Audit Committee of the Supervisory Board shall for their membership receive additional fixed compensation of €20 thousand and the Chairman of the Audit Committee twice this amount.

If a fiscal year does not encompass a full calendar year or if a member of the Supervisory Board is on the Supervisory Board only for a part of the fiscal year, the compensation shall be paid on a pro rata temporis basis. This applies accordingly to membership of the Audit Committee of the Supervisory Board.

The members of the Supervisory Board shall be refunded expenses incurred when exercising their functions, which also includes applicable value-added tax due for payment.

Fresenius SE & Co. KGaA shall provide members of the Supervisory Board with insurance coverage to an appropriate extent for exercising Supervisory Board activities.

If a member of the Supervisory Board of Fresenius SE & Co. KGaA is at the same time a member of the Supervisory Board of the general partner Fresenius Management SE and receives compensation for his services on the Supervisory Board of Fresenius Management SE, compensation shall be reduced by half. The same applies with respect to the additional part of compensation for the Chairman, provided he is simultaneously the Chairman of the Supervisory Board of Fresenius Management SE; this applies to his deputies accordingly, provided the deputies are at the same time the deputies of the Chairman of the Supervisory Board of Fresenius Management SE. If a deputy of the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA is at the same time the Chairman of the Supervisory Board of Fresenius Management SE, he shall not receive compensation for his service as Deputy Chairman of the Supervisory Board of Fresenius SE & Co. KGaA. According to Section 7 of the articles of association of Fresenius SE & Co. KGaA, the compensation 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, Dr. Gerd Krick was reimbursed for the costs for the operation of an intrusion detection system in the amount of €1.0 thousand.

For the fiscal years 2020 and 2019, the compensation for the members of the Supervisory Boards of Fresenius SE & Co. KGaA and Fresenius Management SE (excluding expenses and reimbursements), including compensation for committee services, was as follows:

	Fixed compensation				Compensation for committee services				Variable compensation				Total compensation	
	Fresenius SE & Co. KGaA		Fresenius Management SE		Fresenius SE & Co. KGaA		Fresenius Management SE		Fresenius SE & Co. KGaA		Fresenius Management SE			
€ in thousands	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Dr. Gerd Krick	**225**	225	**225**	225	**20**	20	**20**	20	**0**	45	**0**	45	**490**	580
Michael Diekmann	**150**	150	**75**	75	**0**	0	**10**	0	**0**	45	**0**	45	**235**	315
Grit Genster (since May 1, 2020)	**147**	0	**0**	0	**12**	0	**0**	0	**0**	0	**0**	0	**159**	0
Dr. Dieter Schenk	**0**	0	**225**	225	**0**	0	**10**	10	**0**	0	**0**	90	**235**	325
Niko Stumpfögger (up to April 30, 2020)	**74**	225	**0**	0	**7**	20	**0**	0	**0**	90	**0**	0	**81**	335
Prof. Dr. med. D. Michael Albrecht	**150**	150	**0**	0	**0**	0	**0**	0	**0**	90	**0**	0	**150**	240
Stefanie Balling	**150**	150	**0**	0	**0**	0	**0**	0	**0**	90	**0**	0	**150**	240
Bernd Behlert	**150**	150	**0**	0	**0**	0	**0**	0	**0**	90	**0**	0	**150**	240
Dr. Kurt Bock (up to June 30, 2020)	**0**	0	**75**	150	**0**	0	**0**	0	**0**	0	**0**	90	**75**	240
Dr. Heinrich Hiesinger (since July 1, 2020)	**0**	0	**75**	0	**0**	0	**0**	0	**0**	0	**0**	0	**75**	0
Wolfgang Kirsch (since January 1, 2020)	**0**	0	**150**	0	**0**	0	**0**	0	**0**	0	**0**	0	**150**	0
Konrad Kölbl	**150**	150	**0**	0	**20**	20	**0**	0	**0**	90	**0**	0	**170**	260
Frauke Lehmann	**150**	150	**0**	0	**0**	0	**0**	0	**0**	90	**0**	0	**150**	240
Prof. Dr. med. Iris Löw-Friedrich	**150**	150	**0**	0	**0**	0	**0**	0	**0**	90	**0**	0	**150**	240
Klaus-Peter Müller	**75**	75	**75**	75	**40**	40	**0**	0	**0**	45	**0**	45	**190**	280
Oscar Romero De Paco	**150**	150	**0**	0	**0**	0	**0**	0	**0**	90	**0**	0	**150**	240
Dr. Karl Schneider (up to December 31, 2019)	**0**	0	**0**	150	**0**	0	**0**	10	**0**	0	**0**	90	**0**	250
Hauke Stars	**150**	150	**0**	0	**20**	20	**0**	0	**0**	90	**0**	0	**170**	260
Total	**1,871**	1,875	**900**	900	**119**	120	**40**	40	**0**	945	**0**	405	**2,930**	4,285

ADJUSTMENT OF THE COMPENSATION OF MEMBERS OF THE SUPERVISORY BOARD

The compensation of the members of the Supervisory Board shall be adjusted in line with the recommendations of the German Corporate Governance Code as amended on December 16, 2019. The compensation of the Supervisory Board shall be changed to purely fixed compensation and no longer include any variable compensation components. It is intended to present the adjusted compensation system to the Annual General Meeting in 2021.

DIRECTORS' & OFFICERS' INSURANCE

Fresenius SE & Co. KGaA has taken out a consequential loss liability insurance policy (D & O insurance), on an excess amount basis, for the members of the Management Board and the Supervisory Board of the general partner of Fresenius SE & Co. KGaA and for the Supervisory Board of Fresenius SE & Co. KGaA, as well as for all representative bodies of affiliates in Germany and elsewhere. The insurance policy stipulates a deductible for the Management Board in line with the requirements of stock corporation law. The D & O policy applies throughout the world and runs until the end of June 2021. The policy covers the legal defense costs of a member of a representative body when a claim is made and, where relevant, any damages to be paid that are covered by the policy.

GLOSSARY

Health care terms/Products and services

Administrative data
Data transmitted to sickness funds as part of the billing process or to federal agencies like the German Federal Statistical Office due to legal requirements. In Germany, this includes information about coded diagnoses and procedures.

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.

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 reinfused into the patient with better characteristics than before. In the patient's body, they activate the immune system and destroy cancer cells.

Catalog effect
Change in severity applied to own case number portfolio.

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".

Enteral nutrition
Application of liquid nutrition as a tube or sip feed via the gastrointestinal tract.

EPO (Erythropoietin)
Hormone that stimulates red blood cell production. Recombinant (i.e., artificially produced) human EPO is commonly prescribed to patients on dialysis who suffer from anemia.

FDA (U.S. Food & Drug Administration)
Official authority for food observation and drug registration in the United States.

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.

Hemoglobin
Component of red blood cells that transports oxygen around the body. An insufficient level of hemoglobin is indicative of anemia, which typically occurs in patients with chronic kidney failure. Besides dialysis, anemia is treated with iron supplements and the hormone compound erythropoietin (EPO).

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.

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.

GLOSSARY

Health care terms/Products and services

PD (Peritoneal dialysis)
Dialysis treatment method using the patient's peritoneum as a filter to cleanse their blood.

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.

Three-chamber bag
The three-chamber bag contains all the macronutrients like amino acids, glucose, and lipids, as well as electrolytes, in three 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.

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 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 Management Report

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the 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 ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, which comprise the statement of financial position as at 31 December 2020, and the statement of profit and loss for the financial year from 1 January to 31 December 2020 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Fresenius SE & Co. KGaA for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the 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 annual 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 Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company 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 annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the annual 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. Measurement of shares in affiliated companies and loans to these affiliated companies

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. Measurement of shares in affiliated companies and loans to these affiliated companies

1. In the annual financial statements of the Company shares in affiliated companies amounting to EUR 9.880 Mio and loans to these affiliated companies amounting to EUR 1916 Mio are reported under the "Financial assets" balance sheet item. Together, the carrying amount of this total engagement amounts to EUR 11.796 (73.6% of total assets). Shares in affiliated companies and loans are measured in accordance with German commercial law at the lower of cost and fair value in the event of an impairment that is expected to be permanent. The evaluation of a possible impairment is based on stock exchange and market prices – if available – and otherwise using discounted cash flow models based on present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are taken into account. In addition, expectations about the progress of the Corona pandemic were also formed and the corresponding effects were also taken into account. The discount rate used is the individually determined cost of capital. On the basis of the values determined and supplementary documentation, no write-downs were required for the financial year.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore, also against the background of the ongoing Corona pandemic, subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used by the Company for the purposes of the valuation of shares in affiliated companies and loans to these affiliated companies, among other things. In particular, we assessed whether the evaluation of a possible impairment had been performed appropriately based on discounted cash flow models taking the relevant measurement standards into account. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In this context we also evaluated the assessment of the executive directors regarding the effects of the Corona pandemic and examined how they were taken into account in determining the future cash flows. In the knowledge that even relatively small changes in the discount rate and rates of growth applied can have a material impact on the value of the entity calculated in this way, we focused our testing with the support of our internal valuation specialists in particular on the parameters used to determine the discount rate and rates of growth applied, and assessed the calculation models. Finally, we evaluated whether the values calculated in this way were properly compared against the carrying amount in order to determine any write-downs or reversals of write-downs.

   In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies and loans to these affiliated companies.

3. The Company's disclosures relating to the financial assets and loans to affiliated companies are contained number 3 and 4 of the notes to the 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 other information comprises further the remaining parts of the publication "Fresenius SE Financial Statements 2020 (HGB)" – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the 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 and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or 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 Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this 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 annual financial statements and of the 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.
- 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the 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 annual 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

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the “ESEF documents”) contained in the attached electronic file FSE_KGaA_JA_LB_ESEF-2020-12-31.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 engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2020 contained in the “Report on the Audit of the Annual Financial Statements and on the Management Report” above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the “Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents” section. Our audit firm has applied the IDW Standard on Quality Management: 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 reproduction of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 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 executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Engagement 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 engagement. 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 conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement 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 conclusion 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 applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 28 August 2020. We were engaged by the supervisory board on 13 October 2020. We have been the 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).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Bernd Roese.

Frankfurt am Main, February 22, 2021
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Ulrich Störk	Dr. Bernd Roese
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Company management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Bad Homburg v. d. H., February 22, 2021

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

M. Henriksson

R. Powell

Dr. E. Wastler

REPORT OF THE SUPERVISORY BOARD

Dr. Gerd Krick
Chairman

REPORT OF THE SUPERVISORY BOARD

In 2020, 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, on the management of the Company. It also monitored the management as part of its responsibilities as Supervisory Board.

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 business events.

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 2020 – in March, May, October and December. 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 in detail the sales and earnings growth and decisions of importance to the Company, based on the reports provided by 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 business events 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.

All meetings of the Supervisory Board and its committees in 2020 were attended by all current members of the Supervisory Board of Fresenius SE & Co. KGaA or of the respective committee.

Participation in meetings of the Supervisory Board and the Audit Committee is reported individually for each member on the Company's website. Information on this can be found under "Supervisory Board".

MAIN FOCUS OF THE SUPERVISORY BOARD'S ACTIVITIES

In 2020, the Supervisory Board mostly focused its monitoring and consulting activities on 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 for 2021
- medium-term planning of the Fresenius Group
- business segment strategies (particularly the business outlook for Fresenius Medical Care and Fresenius Helios)
- FCPA monitor at Fresenius Medical Care
- Management and Supervisory Board remuneration system

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

At the meeting on March 12, 2020, the Supervisory Board dealt in detail with the audit and approval of the financial statements, the consolidated financial statements (IFRS) as well as the management report and the Group management report of Fresenius SE & Co. KGaA. The results for 2019 were discussed on the basis of a detailed report provided by the Chairman of the Audit Committee and statements by the auditor. 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 2019. In addition, the business segments reported in detail on the course of business in the first two months of the fiscal year. The focus was on Fresenius Medical Care. Another item discussed was the agenda of the Annual General Meeting of Fresenius SE & Co. KGaA, which was planned for May 20, 2020. Finally, the Supervisory Board conducted its annual efficiency review at this meeting.

At its meeting on May 20, 2020, the Supervisory Board elected Ms. Grit Genster as Deputy Chairwoman of the Supervisory Board and as a member of the Audit Committee. In addition, the Management Board reported on business performance for the months January through April 2020. The focus was on the consequences of the COVID-19 pandemic. The Supervisory Board also discussed the holding of the Annual General Meeting, which was postponed due to the COVID-19 pandemic.

At the Supervisory Board meeting on October 13, 2020, the members of the Supervisory Board were informed in detail about business performance from January through September 2020. The focus was on the Fresenius Helios business segment. Information was also provided on the declaration of conformity with the German Corporate Governance Code.

The meeting of the Supervisory Board on December 3, 2020, focused on the development of business in 2020. In addition, plans for the years 2021 to 2023 for the Group and separately for all four segments were also presented and discussed in detail. The Chairman of the Audit Committee reported in detail on the status of preparation of the financial statements. In addition, the Supervisory Board dealt with the Management Board remuneration system. Furthermore, a resolution was passed on the declaration of conformity with the German Corporate Governance Code.

CORPORATE GOVERNANCE

On December 20, 2020, the Supervisory Board and the Management Board of the general partner jointly issued a Declaration of Conformity in accordance with the German Corporate Governance Code under Section 161 of the German Stock Corporation Act (AktG).

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 2020.

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 184 to 197 of the Annual Report. Fresenius has disclosed the information on related parties on page 316 of the Annual Report.

SEPARATE GROUP NON-FINANCIAL REPORT

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the separate Group Non-financial Report for 2020.

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 15 and 16, 2021, 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 16, 2021, the Supervisory Board approved the separate Group Non-financial Report submitted by the general partner.

The separate Group Non-financial Report is published on pages 106 to 181 of the Annual Report and the auditor's findings are published on page 182 f. of the Annual Report.

WORK OF THE COMMITTEES

The Audit Committee held three meetings in the reporting year. It also held four teleconferences. The focus of its monitoring activities was on the preliminary audit of the annual financial statements and the consolidated financial statements for 2019. It also discussed the audit reports and the focal points of the audit with the auditor. 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 2020. The Supervisory Board has proposed to the 2020 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 2020 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.

This proposal was based on a recommendation to this effect by the Audit Committee. The Audit Committee also dealt with the following items in detail:

- the 2020 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 KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, and PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main.

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

The Chairman of the Audit Committee maintains a regular dialog between the Supervisory Board and the Audit Committee, on the one hand, and auditors on the other, even outside of meetings.

The Company's Nomination Committee did not meet in 2020.

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 2020, no transactions were carried out that required its approval. For this reason, the Joint Committee did not meet in 2020.

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 184 to 195 and page 328 f. of the Annual Report.

PERSONNEL

Dr. Karl Schneider resigned from the Joint Committee as of December 31, 2019. Mr. Klaus-Peter Müller was appointed his successor with effect from January 1, 2020. Mr. Niko Stumpfögger resigned from the Supervisory Board and the Audit Committee as of April 30, 2020. Ms. Grit Genster succeeded him on the Supervisory Board with effect from May 1, 2020, and on the Audit Committee with effect from May 20, 2020. Dr. Jürgen Götz resigned from the Management Board of the general partner Fresenius Management SE as of June 30, 2020. Dr. Sebastian Biedenkopf was appointed to the Management Board effective December 1. Otherwise, there were no changes to the composition of the Management Board of the general partner Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA and its committees in 2020.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the accounting records, the annual financial statements and the Company's management report and the consolidated financial statement, and the Group management report for 2020. The firm was elected as auditor in accordance with a resolution passed at the Annual General Meeting of Fresenius SE & Co. KGaA on August 28, 2020, 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 Company's financial statements, management report and Group management report were prepared in accordance with the accounting principles of the German Commercial Code (HGB) and the consolidated financial statements were prepared in accordance with IFRS accounting principles, as applicable in the EU, and with the regulations governing such statements under Section 315e of the German Commercial Code (HGB). The auditors of KPMG 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 15 and 16, 2021. 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 16, 2021, the Supervisory Board approved the financial statements and management reports submitted by the general partner. It also approved the statements they contained on the future development of the Company.

The Supervisory Board concurs with the general partner's proposal for the 2020 profit distribution.

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

Bad Homburg v. d. H., March 16, 2021

The Supervisory Board of Fresenius SE & Co. KGaA

Dr. Gerd Krick
Chairman