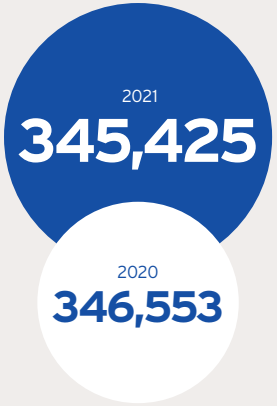
FRESENIUS
MEDICAL CARE

2021

ANNUAL REPORT

EMPLOYEES [1]

PATIENTS



DIALYSIS CENTERS

REVENUE

in € BN

NET INCOME [2]

in € BN

DIVIDEND PER SHARE [8]

in €

Fresenius Medical Care is the world's leading provider of products and services for individuals with kidney diseases, of whom around 3.8 million worldwide depend on dialysis treatment. Thanks to our decades of experience in dialysis, our innovative research, and our value-based care approach, we help our patients enjoy the very best quality of life.

SELECTED KEY FIGURES

	2021	2020	Change
Revenue in € BN	17.62	17.86	2 % cc
Net income [2] in € BN	0.97	1.16	(14 %) cc
Net income [2] excl. special items [3] in € BN	1.02	1.36	(23 %) cc
Operating income in € BN	1.85	2.30	(17 %) cc
Operating income excl. special items [3] in € BN	1.92	2.50	(21 %) cc
Basic earnings per share in €	3.31	3.96	(14 %) cc
Basic earnings per share excl. special items [3] in €	3.48	4.62	(23 %) cc
Net cash provided by (used in) operating activities in € BN	2.49	4.23	70 %
Free cash flow [4] in € BN	1.66	3.20	(48 %)
Capital expenditures, net in € BN	(0.83)	(1.04)	(25 %)
Acquisitions and investments excl. investments in debt securities in € BN	(0.43)	(0.26)	68 %
Operating income margin excl. special items [3] in %	10.9	14.0	
Return on invested capital (ROIC) [5] in %	4.9	5.8	
Net leverage ratio [6]	3.3	2.7	
Equity ratio (equity/total assets) [7] in %	40.7	38.9	

cc = at constant currency

[1] Full-time equivalents.
[2] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA.
[3] 2021: costs related to the FME25 program; 2020: impairment of goodwill and trade names in the Latin America Segment.
[4] Net cash provided by (used in) operating activities, after capital expenditures, before acquisitions, investments, and dividends.
[5] See calculation in the Group Management Report, chapter "Overview of the Group", section "Performance management system" starting on PAGE 24.
[6] See calculation in the Group Management Report, chapter "Economic Report", section "Results of operations, financial position, and net assets – Financial position – Financing strategy" starting on PAGE 52.
[7] As of December 31 of the respective year.
[8] Proposal to be approved by the Annual General Meeting on May 12, 2022.

TOGETHER AHEAD.

Our patients are our reason for being. Since Fresenius Medical Care was founded in 1996, our aim has been to improve our patients' quality of life by offering them high-quality products as well as innovative technologies and therapies. The aim of our Strategy 2025 is to make this vision reality and to continue being the care partner of choice for our patients in the future. 2021 and the COVID-19 pandemic reminded us once again of the vulnerable patient population we serve. The 2021 Annual Report puts our worldwide commitment into facts and figures. In our Corporate Magazine 2021 we show through various articles how our vision becomes reality.

FIND OUT MORE IN OUR CORPORATE MAGAZINE:
www.freseniusmedicalcare.com/en/magazine

TO OUR SHAREHOLDERS

GROUP MANAGEMENT REPORT

NON-FINANCIAL GROUP REPORT

CORPORATE GOVERNANCE

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

TO OUR SHAREHOLDERS

INTERVIEW WITH RICE POWELL

In an interview with Rice Powell, CEO and Chairman of the Management Board, he talks about fiscal year 2021, his plans for 2022, and the strategic outlook for the Company.

RICE POWELL
Chief Executive Officer and Chairman of the Management Board

Mr. Powell, how would you describe fiscal year 2021?

POWELL: Last year, we celebrated Fresenius Medical Care's 25th anniversary. The Company was founded with the aim of continuously improving patients' quality of life by offering high-quality products as well as innovative technologies and treatment concepts. Vertical integration is the secret of our success and has helped us to become the market leader. We intend to continue leading the market in the future. In 2021, we launched the FME25 program to support our strategy 2025 and to further improve our profitability. This program focuses on transforming our operating model and aligning it with our key value drivers: our products and services.

However, 2021 was one of the most challenging years in our history. The COVID-19 pandemic had a major impact on each of us and placed considerable demands on our Company. The same is true for healthcare systems and companies around the world.

How does the COVID-19 pandemic impact people with kidney disease?

POWELL: People with advanced kidney disease are among the most vulnerable patient groups. Dialysis patients are older than 65 on average, and often have comorbidities and a weakened immune system. The emergence of the Delta variant last year additionally led to a disproportionally high number of deaths among our dialysis patients. While the Omicron variant resulted in a significant rise in infection rates in many countries, Omicron proved more virulent but less deadly. "Excess mortality" is a statistical term. We well understand that we are dealing with the loss of individual lives. I would like to express my deepest sympathy to the families of those affected at this difficult time.

How did you try to protect our patients?

POWELL: We implemented extensive measures at our more than 4,000 dialysis centers around the world, to avoid infections among our patients. This included providing personal protective equipment and setting up isolation centers. We also made it our priority to ensure that our patients and their caregivers were vaccinated as soon as possible. In Portugal, the U.S., and several other countries, we were able to offer COVID-19 vaccines to patients and employees directly at our dialysis centers, thus making an important contribution to the speeding up of the uptake of vaccination globally. As of the end of 2021, about 81 percent of our patients around the world had received thier vaccination.

Dialysis treatment can be administered at a dialysis center or at home. In particular in home dialysis, you have always seen growth potential. Could you please elaborate on that?

POWELL: Yes, that is correct. For many patients it is easier to integrate the home treatment into their daily routine. In these cases, home dialysis is the ideal solution as it offers greater flexibility.

In the fourth quarter of 2021, we provided more than 15 percent of dialysis treatments at home in the U.S., thereby achieving the 15 percent target we originally set for ourselves for 2022. To underline the importance of home dialysis as a strategic growth area, Fresenius Medical Care has set itself an aspirational target: We intend to carry out 25 percent of all treatments in the U.S. in patients' homes by 2025.

Did you achieve your targets for 2021 despite the challenges?

POWELL: The COVID-19 pandemic changed our business environment in the past year. The global spread of the different coronavirus variants led to a higher excess mortality than initially expected. This was compounded by inflation-related cost increases and high labor costs, particularly in the U.S.

"We intend to carry out 25 percent of all treatments in the U.S. in patients' homes by 2025."

The result was a significant decline in earnings. However, despite the very difficult circumstances last year, we achieved revenue and net income targets, albeit at the lower end of our target range: Revenue at constant currency increased by two percent, while net income at constant currency and excluding special items declined by 23 percent compared with 2020.

Will shareholders of Fresenius Medical Care receive a dividend for fiscal year 2021 despite the difficult conditions?

POWELL: In line with the Company's commitment to increase shareholder returns and strive for dividend continuity, Fresenius Medical Care will propose a dividend of 1.35 euros per share to the Annual General Meeting in May 2022. This would be the 25th consecutive dividend increase. We firmly believe that the fundamental drivers of our business and growth remain unchanged, despite the unprecedented but temporary effects of the COVID-19 pandemic.

You mentioned the FME25 transformation program earlier. What does it involve?

POWELL: The FME25 transformation program launched in early 2021 will help us become more agile, efficient, and competitive, and create further sustainable and profitable growth. In short, FME25 will make Fresenius Medical Care fit for the future.

In November 2021, we announced as part of our FME25 program that we would transform our operating model with a significantly simplified structure. We expect to complete the roll-out of the new operating model around 2023, and most of the cost saving measures implemented by 2024. Thanks to the new operating model, we assume to reduce our annual cost base by 500 million euros by the end of 2025. One-time investments in FME25 are expected to amount to approximately 450 to 500 million euros.

How does this new global operating model look like?

POWELL: We are orienting our future operating model to our key value drivers. That means there will be just two global segments in the future: Care Delivery, which is our services business, and Care Enablement, our medical technology business.

We have also adapted the composition of the Management Board to the new operating model. As of January 1, 2022, Bill Valle has taken on the role of being Head of the Care Delivery segment, Dr. Katarzyna Mazur-Hofsäß has assumed responsibility for Care Enablement. Frank Maddux, MD, remains Head of the Global Medical Office. Helen Giza continues as CFO and has additionally taken on the role of Chief Transformation Officer. I myself will continue to be CEO and Chairman of the Management Board. This new organization represents a considerable change, but I am confident that we have laid the foundation for the future success of Fresenius Medical Care with FME25.

We have laid the foundation for the future success of Fresenius Medical Care with FME25."

Fresenius Medical Care recently set itself climate targets. How are they defined?

POWELL: We are aiming to halve our direct and indirect CO_2 emissions by 2030 and become fully carbon-neutral by 2040. These targets are undoubtedly stringent, but they demonstrate that we do not simply talk about Sustainability – we take action. Operating globally implies global responsibility, not only for protecting the climate. We are aware of this responsibility and have made Sustainability a key element of our strategy. We have continuously expanded our Sustainability measures in recent years. In 2021 alone, we defined 17 new global policies and other standards in areas such as environment, human and labor rights as well as working conditions. We defined new global key performance indicators that allow us to measure for example, how satisfied our patients around the world are with our services. I am delighted that we have been able to make considerable progress in this area in 2021, despite the difficult circumstances during the pandemic.

Where do you see growth potential beyond 2022?

POWELL: Looking to the future, it is clear that digitalization will play a key role in opening up new possibilities in kidney therapy, especially in the field of telemedicine and home dialysis. Regenerative medicine also offers numerous opportunities, particularly in areas such as cell therapies, tissue engineering, and transplants. We have set up the world's largest database for clinical data relating to advanced kidney disease. This is supplemented by the world's largest genomic registry for kidney diseases with the purpose of better understanding kidney disease and developing innovative treatments.

In addition, we intend to build partnerships with payors to support the transition from a fee-for-service payment system to an outcome-based payment model. Known as value-based care models, these allow us to create medical added value while ensuring affordable care. Thanks to our many years of experience in providing value-based care and applying proprietary predictive analytics models, we are able to slow down the progression of kidney disease and reduce hospital admissions. We anticipate that the number of our patients with chronic kidney disease and end-stage kidney disease receiving care as part of value-based care models will increase from more than 20,000 at the end of 2021 to around 80,000 in 2022. Furthermore, we expect to manage more than six billion U.S. dollars in medical costs in value-based care in 2022.

What is your revenue forecast for the coming years?

POWELL: We expect to grow in the low to mid-single-digit percentage range at constant currency before special items for revenue and net income in 2022. Based on current forecasts, we confirmed our targets for 2025. As part of our Strategy 2025, we target to achieve a compounded annual average mid-single-digit growth rate for revenue and a high-single-digit growth rate for net income until 2025. We expect FME25 to mitigate the ongoing negative impact of COVID-19.

We do not simply talk about Sustainability – we take action."

"Together Ahead" was the motto of Fresenius Medical Care's 25th anniversary celebrations in 2021. What does that mean to you?

POWELL: Thanks to a constant improvement in treatment options, today patients with chronic kidney disease enjoy a higher quality of life and have a longer life expectancy. Fresenius Medical Care has been part of this development from the very beginning.

Since the Company was formed 25 years ago, we have provided our patients with high-quality products as well as innovative technologies and therapies. By leveraging and further developing these core competencies, we intend to go one step further and reach the next level with our Strategy 2025, to ensure that we remain the preferred care partner for our patients in the future. We owe our position as technology and market leader to the innovative minds and high standards of our more than 120,000 employees. They do their very best every day for our 345,000 patients in good and in difficult times, including the pandemic, natural disasters, and different types of challenges around the world. I am deeply impressed and immensely grateful for the personal dedication of our employees.

Mr. Powell, thank you for the interview.

"We owe our position as technology and market leader to the innovative minds and high standards of our more than 120,000 employees. They do their very best every day for our 345,000 patients."

MANAGEMENT BOARD[1]

Rice Powell
CEO and Chairman
(since January 2013)

Helen Giza
Finance
(since November 2019)

Franklin W. Maddux, MD
Global Medical Office
(since January 2020)

Dr. Katarzyna Mazur-Hofsäß
Europe, Middle East and Africa
(since September 2018)

Dr. Olaf Schermeier
Global Research and Development
(from March 2013 until December 2021)

William Valle
North America
(since February 2017)

Kent Wanzek
Global Manufacturing, Quality and Supply
(from January 2010 until December 2021)

Harry de Wit
Asia-Pacific
(from April 2016 until December 2021)

[1] As announced on November 2, 2021, we are launching a new global operating model in 2023. The changes in the structure will result in changed responsibilities, starting at Management Board level, effective as of January 1, 2022. More information can be found here: https://www.freseniusmedicalcare.com/en/about-us/management-board/.

CAPITAL MARKETS AND SHARES

Fresenius Medical Care's business performance in 2021 was materially affected by the ongoing COVID-19 pandemic. This was clearly reflected in the price development of Fresenius Medical Care shares.

PRICE DEVELOPMENT OF FRESENIUS MEDICAL CARE SHARES

After a significant rise in COVID-19-related excess mortality among patients of Fresenius Medical Care already in fiscal year 2020, cases accumulated to more than 9.800 patients in the 2021 reporting year. On February 1, 2021, Fresenius Medical Care informed the capital markets about the significant negative impact of COVID-19 on organic growth, profitability, clinic utilization and adjacent business areas based on initial estimates. The share price dropped in response to this news.

Besides the impact of COVID-19-related excess mortality among dialysis patients, Fresenius Medical Care's full-year earnings performance was also affected by additional COVID-19-related costs, including expenditure on personal protective equipment and increased personnel expenses in the Dialysis Services business. In fiscal year 2020, these costs were largely covered by public relief funding, particularly under the U.S. Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In 2021, however, Fresenius Medical Care did not receive relief funding in the same order of magnitude. Positive earnings effects from a higher share of patients with Medicare Advantage insurance, the suspension of Medicare sequestration and a slight increase in the dialysis reimbursement paid in the U.S. government insurance program, were by far not sufficient to offset the pronounced impact of the pandemic.

At the time of publishing its forecast for fiscal year 2021, Fresenius Medical Care expected the COVID-19-related excess mortality among its patients to continue to accumulate in the first half of the year under review before normalizing in the second half. Thanks to global vaccination campaigns and the downturn in infection levels, the Company reported a significant drop in excess mortality in the second quarter. After declining at the start of the year, Fresenius Medical Care shares gradually recovered from early March onward, reaching a high for the year of €70.96 in July.

Contrary to the Company's original expectations, excess mortality among patients of Fresenius Medical Care rose again in the second half of the year, in particular due to the global spread of the Delta variant of the coronavirus. As a result, Fresenius Medical Care's revenue and net income as at December 31, 2021, were at the lower end of the forecast ranges published in early 2021. Even the positive newsflow toward the end of 2021 failed to change the trend in the share price development: In October, the U.S. government announced a stronger increase in dialysis reimbursement for 2022 than had been expected. In early November, Fresenius Medical Care published its plans for the transformation of its operating model as part of the FME25 program, which the Company anticipates to reduce its annual cost base by €500 M by 2025.

Fresenius Medical Care shares closed the year at €57.14, a decrease of 16 % in 2021. Further information on the share price and index performance can be found in TABLES 1.1 AND 1.9 ON PAGE 16 AS WELL AS CHARTS 1.2, 1.3 AND 1.4 STARTING ON PAGE 12.

In spite of the COVID-19 impact as described above, a long-term view highlights the strength and stability of Fresenius Medical Care shares: Since 1996 – the year of the Company's IPO – the share price has risen by more than 150 %. With reinvested dividends, this corresponds to an appreciation of around 5 % per annum. Fresenius Medical Care's market capitalization (the number of shares outstanding multiplied by the current share price) amounted to €16.7 BN at the end of 2021.

T 1.1 **STOCK INDICES / SHARES**

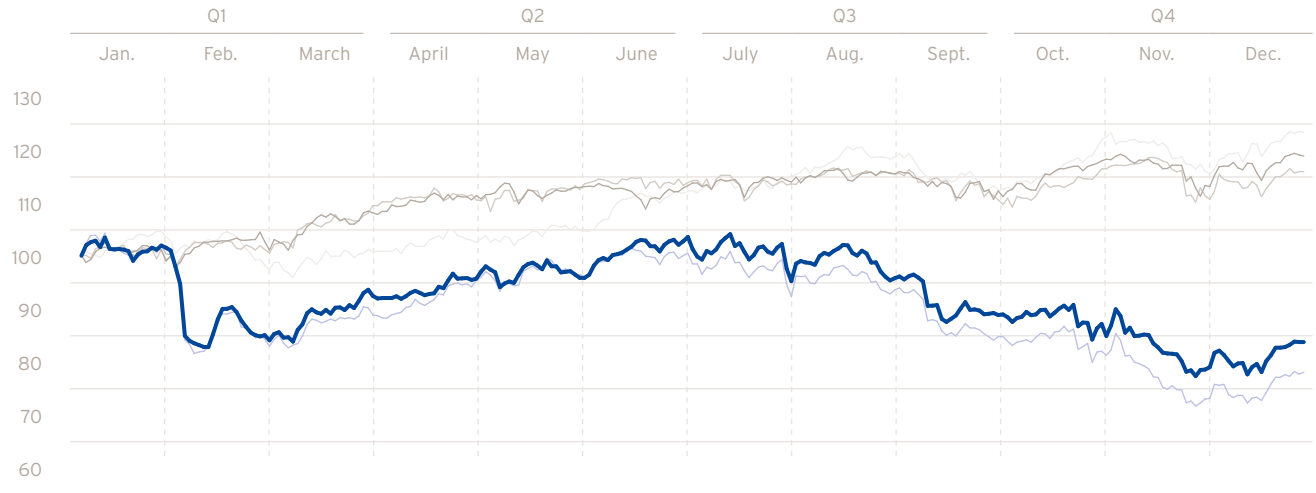
	Country / region	Dec. 31, 2021	Dec. 31, 2020	Change	High	Low
Dow Jones Industrial Average	USA	36,338	30,606	19 %	36,489	29,983
DAX	DE	15,885	13,719	16 %	16,251	13,433
STOXX Europe 600 Health Care	EUR	1,082	879	23 %	1,084	843
FRESENIUS MEDICAL CARE SHARES IN €	**DE**	**57.14**	**68.20**	**(16 %)**	**70.96**	**52.78**
FRESENIUS MEDICAL CARE ADRS IN $	**USA**	**32.46**	**41.56**	**(22 %)**	**43.32**	**29.82**

Source: Bloomberg data, own calculations

C 1.2 **SHARE PRICE PERFORMANCE, ABSOLUTE, JANUARY 1, 2021 – DECEMBER 31, 2021**
IN €

Fresenius Medical Care share
Source: Bloomberg data

C 1.3 **INDEX AND SHARE PRICE PERFORMANCE**
INDEXED, JANUARY 1, 2021 – DECEMBER 31, 2021 (DECEMBER 31, 2020 = 100), IN %

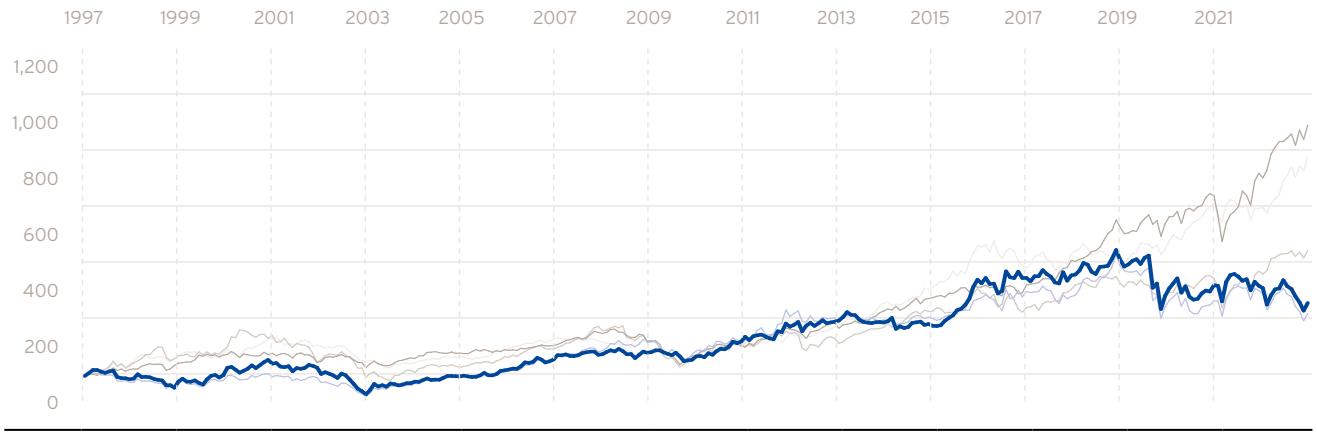


Fresenius Medical Care shares (€) Fresenius Medical Care-ADRs (US$) Dow Jones Industrial Average DAX STOXX Europe 600 Health Care
Source: Bloomberg data, own calculations

PRICE DEVELOPMENT OF AMERICAN DEPOSITARY RECEIPTS

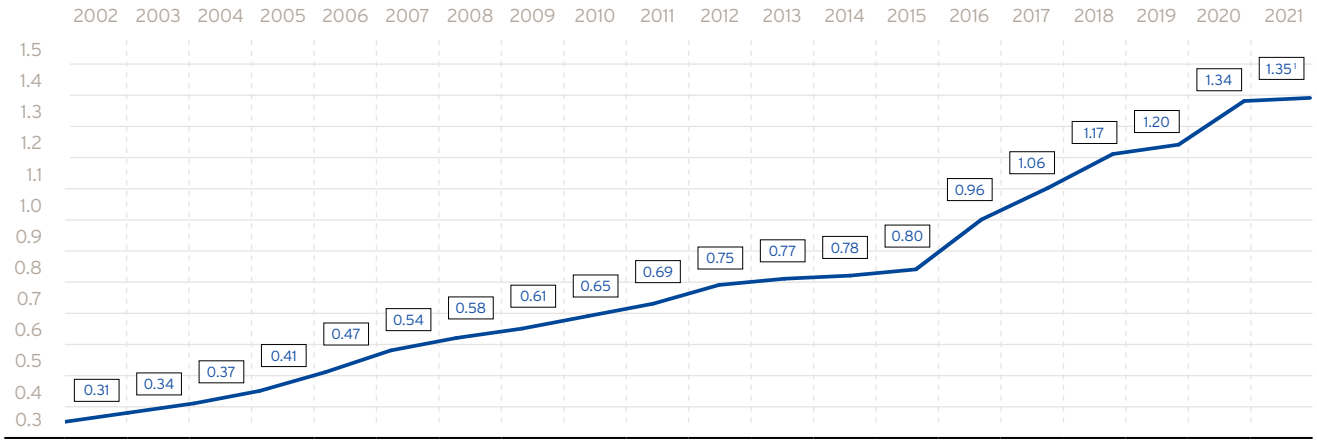
In 2021, the price of the Fresenius Medical Care shares listed on the New York Stock Exchange in the form of American Depositary Receipts (ADRs) fell by around 22 %. The price movement of ADRs is tied to that of Fresenius Medical Care shares, taking into account the development of the euro / U.S. dollar exchange rate. Two ADRs correspond to one share. Based on the number of traded shares (or ARDs, respectively), ADRs accounted for around 36 % of the entire trading volume for 2021. This represents an increase of 12 percentage points compared to 2020. All in all, the number of ADRs in circulation was up by 91 % in 2021, due to the share price development in fiscal year 2021 as well as increasing interest from U.S. investors.

C 1.4 **INDEX AND SHARE PRICE PERFORMANCE IN A 25-YEAR COMPARISON**
WITH DIVIDENDS REINVESTED, INDEXED, JANUARY 1, 1997 – DECEMBER 31, 2021 (DECEMBER 31, 1996 = 100), IN %



Source: Bloomberg data, own calculations

C 1.5 **DEVELOPMENT OF THE DIVIDEND**
IN €



[1] Proposal to be approved by the Annual General Meeting on May 12, 2022.

DIVIDEND

At the virtual Annual General Meeting on May 12, 2022, the General Partner and the Supervisory Board will propose a dividend to shareholders of €1.35 per share. This would equate to an increase of 1 % compared with the previous year, and an annual growth of around 9 % since 1997 (SEE CHART 1.5). With 293.0 M shares entitled to receive dividends (as at December 31, 2021), the total dividend payout would amount to €396 M; the payout ratio in relation to net income for 2021 would come to around 41 %. The substantial rise in the payout ratio compared with the previous year (2020: around 34 %) is due to the lower level of net income in particular. Based on the proposed dividend and the closing share price for 2021, the dividend yield on the shares would be 2.4 % (2020: 2.0 %).

Fresenius Medical Care remains committed to creating shareholder return and continues to strive for dividend continuity.

SHAREHOLDER STRUCTURE

In our analysis of the shareholder structure as at December 31, 2021, around 96 % of the approximately 293.0 M outstanding Fresenius Medical Care shares were matched with their owners (SEE TABLE 1.6 ON PAGE 14). Accordingly, the largest shareholder, Fresenius SE & Co. KGaA, continues to hold around 94.4 M shares, corresponding to an equity holding of 32 %. In addition, we identified 13 institutional investors each with at least 1 % of the capital stock.

According to the most recent analysis, 653 institutional investors own Fresenius Medical Care shares. The largest 20 institutional investors account for approximately 57 % of the identified free float, i.e., the identified shares excluding shares held by Fresenius SE & Co. KGaA (previous year: 51 %).

As at December 31, 2021, 58 % of the institutional free float was held by investors from North America. The U.K. accounted for 13 %. The Company was able to identify 7 % of the institutional free float in Germany, 5 % in France and a further 4 % in Canada (SEE TABLE 1.7).

T 1.6 NUMBER OF IDENTIFIED SHARES AS PER SHAREHOLDER STRUCTURE ANALYSIS
FIGURES ROUNDED IN M

	Number of shares	in %	in % of free float
Number of shares outstanding as at December 31, 2021	293.0	100	-
Identified shares	280.4	96	94
Unidentified shares	12.6	4	6
Shares in free float	198.6	68	-

T 1.7 GEOGRAPHICAL DISTRIBUTION OF INSTITUTIONAL FREE FLOAT
FIGURES ROUNDED IN M

	Dec. 2021		Dec. 2020	
	Number of shares	in %	Number of shares	in %
United States	103.9	58	69.3	41
United Kingdom	23.6	13	34.7	21
Germany	11.9	7	13.6	8
France	8.6	5	12.3	7
Canada	7.3	4	2.5	1
Rest of Europe	17.0	9	24.6	15
Rest of World	7.4	4	11.2	7
REGIONALLY ATTRIBUTED SHARES	**179.9**	**100**	**168.2**	**100**

VOTING RIGHTS NOTIFICATIONS

Based on the notifications received, a total of four investors (besides Fresenius SE & Co. KGaA) each held more than 3 % of the voting rights in Fresenius Medical Care at the end of 2021.

All voting rights notifications in accordance with sections 33, 38, and 39 of the German Securities Trading Act (WpHG) are published on our website at www.freseniusmedicalcare.com/en/investors/shares/shareholder-structure.

SUSTAINABLE INVESTMENT

Institutional investors are increasingly basing their investment decisions on whether companies act in a sustainable and responsible way. They consult sustainability ratings and rankings to help them assess how companies perform in this area. Since 2008, Fresenius Medical Care has participated in the scoring conducted by the non-profit organization CDP. In 2021, the Company was again classified in the second-highest category for "Climate" and "Water" ("Climate": B; "Water": B-). This makes Fresenius Medical Care one of the leading health care companies in this area.

In 2021, Fresenius Medical Care was also represented in the Dow Jones Sustainability Europe Index for the twelfth time. The index tracks those companies among the largest 600 listed in Europe that S&P Global, a world-leading provider of financial data and analysis, considers to be the best in economic, ecological, and social terms.

More information on Fresenius Medical Care's sustainability activities can be found in the Non-Financial Group Report starting on PAGE 83.

ANALYSTS' ASSESSMENTS OF OUR SHARES

Financial analysts continue to show great interest in Fresenius Medical Care. In 2021, 24 equity sell-side analysts reported on the Company and on Fresenius Medical Care shares. At the end of the year, seven of them issued a buy recommendation, 16 issued a hold recommendation, and one issued a sell recommendation. Two brokers added Fresenius Medical Care to their coverage in 2021.

RATING AND FINANCING

Fresenius Medical Care is rated investment grade by the three leading rating agencies Standard & Poor's, Moody's, and Fitch. The rating of all three agencies remained unchanged in the period under review. An overview can be found in TABLE 5.63 ON PAGE 241.

In May 2021, Fresenius Medical Care issued bonds with a total volume of $1.5 BN, broken down into a $850 M tranche maturing in December 2026 and a $650 M tranche maturing in December 2031. The bonds issued in fiscal year 2021 have allowed Fresenius Medical Care to lower its financing costs and optimize the currency mix and maturity profile of its liabilities, thereby further strengthening its sound financing. To enable the improvement of short-term financing options, the volume of the existing commercial paper program was increased from €1 BN to €1.5 BN in October 2021.

In July 2021, Fresenius Medical Care concluded a new syndicated revolving credit facility with a group of 34 banks. The credit facility has a volume of €2 BN and a term of five years with two one-year extension options. It can be utilized in different currencies. The new credit facility serves to additionally

secure liquidity for general business purposes. The increased volume compared with the previous credit facility provides the Company with an even stronger liquidity position and additional financial flexibility.

Reflecting Fresenius Medical Care's commitment to creating value successfully from an ecological, social and economic standpoint, a sustainability component has been included in the new credit facility. Accordingly, the margin of the revolving credit facility may rise or fall depending on the sustainability performance.

INVESTOR RELATIONS ACTIVITIES

Fresenius Medical Care's investor relations activities focus on ensuring continuous and transparent information for all capital market participants. The Company's strategy, operational and financial business development and sustainability activities are key elements of its capital market communications. Target groups include shareholders, analysts, and other capital market participants, as well as employees, journalists, and the general public. Fresenius Medical Care aims to make a significant contribution to its long-term value growth through transparent capital market communications.

In fiscal year 2021, the Investor Relations team hosted more than 900 investor meetings to inform about the Company's development. To this end, Fresenius Medical Care presented at numerous roadshows and investment conferences in 2021, which took place in virtual form. In addition to communicating the current business development, the Investor Relations team organized a number of virtual events with various members of the Management Board to provide capital market participants with an insight into medium and long-term value drivers. The topics addressed included the ongoing digitalization of patient care, innovations in products and treatments, and Fresenius Medical Care's sustainability activities with a view to following an increasingly patient-centered treatment approach. This way, the dialog with capital market participants in 2021 was significantly intensified, despite the ongoing COVID-19 pandemic.

Corporate governance is a key element of Fresenius Medical Care's capital market communications and investor relations activities. Most recently, Dr. Dieter Schenk, Chairman of the Supervisory Board, and Dr. Dorothea Wenzel, member of the Supervisory Board appointed to the newly established position of Lead Independent Director, together with experts from various departments and the Head of Investor Relations, answered questions on corporate governance and control, the Global Sustainability Program, remuneration structure and compliance at a virtual multi-day roadshow in December 2021.

Further information on Fresenius Medical Care's investor relations activities can be found on our website at www.freseniusmedicalcare.com/en/investors.

T 1.8 **KEY SHARE DATA**

Share type	No par value bearer share
Stock exchanges	
Germany	Frankfurt Stock Exchange / Prime Standard
U.S. (ADR)	New York Stock Exchange (NYSE)
Securities identification numbers and ticker symbols	
Deutsche Börse	FME
NYSE (ADR)	FMS
WKN	578 580
ISIN	DE0005785802
CUSIP number (NYSE)	358029106
Reuters	FMEG.DE (Xetra) or FMS.N (NYSE)
Bloomberg	FME GY (Xetra) or FMS US (NYSE)

T 1.9 KEY FIGURES FOR FRESENIUS MEDICAL CARE SHARES

		2021	2020	2019	2018	2017
NUMBER OF SHARES[1]	in M	293.0	292.88	304.44	306.88	306.45
Share prices (Xetra trading)						
High for the year	in €	70.96	79.00	76.32	93.00	88.90
Low for the year	in €	52.78	56.00	55.58	56.64	74.69
Year-end	in €	57.14	68.20	65.96	56.64	87.78
Share prices (ADR NYSE)						
High for the year	in $	43.32	46.55	42.75	57.51	52.72
Low for the year	in $	29.82	29.21	31.10	31.30	39.70
Year-end	in $	32.46	41.56	36.83	32.39	52.55
Market capitalization[2]						
Year-end	in € M	16,742	19,974	20,081	17,382	26,900
Index weighting						
DAX	in %	0.7	1.5	1.3	1.4	1.8
Dividend						
Dividend per share	in €	1.35[3]	1.34	1.20	1.17	1.06
Dividend yield[4]	in %	2.36[3]	1.96	1.82	2.1	1.2
Total dividend payout	in € M	396[3]	392	358	359	325
Earnings per share (EPS)						
Number of shares[5]	in M	292.94	294.06	302.69	306.54	306.56
Earnings per share (EPS)	in €	3.31	3.96	3.96	6.47	4.17

[1] Shares outstanding on December 31 of the respective year.
[2] Based on shares outstanding.
[3] Based on the proposal to be approved by the Annual General Meeting on May 12, 2022.
[4] With reference to the respective year-end.
[5] Weighted average number of shares outstanding.

GROUP MANAGEMENT REPORT

GENERAL INFORMATION ABOUT THIS GROUP MANAGEMENT REPORT

The following discussion and analysis of the group management report of Fresenius Medical Care AG & Co. KGaA and its subsidiaries (together referred to as "we", "our", "FMC AG & Co. KGaA", "Fresenius Medical Care", "the Group" or "the Company") was prepared in accordance with sections 315 of the German Commercial Code and German Accounting Standards No. 20, and should be read in conjunction with our consolidated financial statements and related notes contained elsewhere in this report. Some of the statements, including those concerning future revenue, costs and capital expenditures, possible changes in our industry as well as the competitive and financial conditions include forward-looking statements. We made these forward-looking statements based on the expectations and beliefs of the Management Board of the Company's General Partner (Management Board) pertaining to future events that may affect us, but which we cannot assure that such events will occur or that the results will be as anticipated. Because these statements involve opportunities, risks and uncertainties, the actual results may differ materially (positive as well as negative) from the results which the forward-looking statements express or imply. The statements cover the content of and are subject to the uncertainties described in the discussions in this report in the chapters "Outlook" starting on PAGE 58 and "Risks and opportunities report" starting on PAGE 62 as well as in NOTE 2 AND 22 of the notes to the consolidated financial statements.

Our business is also subject to other opportunities, risks and uncertainties that we describe in our public filings. Developments in any of these areas could cause our results to differ materially to those that we or others have projected or may project.

The non-financial group declaration is not part of the Group Management Report. It is part of a separate chapter of the Annual Report and will be disclosed as separate Non-Financial Group Report starting on PAGE 83 together with the Group Management Report.

Rounding adjustments applied to individual numbers and percentages shown in this and other reports may result in these figures differing immaterially from their absolute values. Some figures (including percentages) in this report have been rounded in accordance with commercial rounding conventions. In some instances, such rounded figures and percentages may not add up to 100 % or to the totals or subtotals contained in this report. Furthermore, totals and subtotals in tables may differ slightly from unrounded figures contained in this report due to rounding in accordance with commercial rounding conventions. A dash ("–") indicates that no data were reported for a specific line item in the relevant financial year or period, while a zero ("0") is used when the pertinent figure, after rounding, amounts to zero.

OVERVIEW OF THE GROUP

We provide high-quality health care solutions for patients with renal diseases. Our innovative products and therapies set high standards in dialysis treatment.

BUSINESS MODEL

Operations and company structure

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and the number of patients treated. We provide dialysis and related services for individuals with renal diseases as well as other health care services. We also develop, manufacture and distribute a wide variety of health care products, which we sell to customers in around 150 countries as well as using them in our own health care service operations. Our dialysis business is therefore vertically integrated.

We continue to generate most of our revenue with dialysis products and dialysis care services. In our 4,171 proprietary dialysis clinics in around 50 countries worldwide, we provide care for over 345,000 dialysis patients. We are continuously expanding this network of clinics, which is the largest in the world based on the number of patients treated, to accommodate the ever-rising number of dialysis patients. At the same time, we operate 42 production sites in around 20 countries. The most important plants for dialyzer production are in St. Wendel (Germany), Ogden, Utah (U.S.), Changshu (China), L'Arbresle (France), and Buzen (Japan). Dialysis machines are manufactured in Schweinfurt (Germany) and in Concord, California (U.S.).

Fresenius Medical Care has a decentralized structure and is divided into the regions North America, Europe, Middle East and Africa (EMEA), Asia-Pacific and Latin America. Our operating segments correspond to this regional breakdown (the term "North America Segment" refers to our North America operating segment, the term "EMEA Segment" refers to the Europe, Middle East and Africa operating segment, the term "Asia-Pacific Segment" refers to our Asia-Pacific operating segment, and the term "Latin America Segment" refers to our Latin America operating segment).

To support the implementation of its Strategy 2025, Fresenius Medical Care launched its FME25 program. As announced on November 2, 2021, we are entering the next phase of this program focusing on the transformation of our global operating model to strengthen profitability and enable execution on our Strategy 2025 (FME25 Program). In around 2023, Fresenius Medical Care will manage its business in the two global operating segments "Care Enablement" and "Care Delivery", adopting a more centralized approach. In Care Enablement, the Company will consolidate the previously decentralized health care products business. Within Care Delivery we will combine our global health care services business. Our Global Medical Office will continue to leverage the vertically integrated approach to optimize clinical outcomes for our patients. General and administrative functions will also be globalized using a three pillars model of business partnering, centers of excellence and global shared services.

Fresenius Medical Care's company headquarters is in Bad Homburg v. d. Höhe, Germany. The headquarters in North America, our most important region in terms of revenue, is in Waltham, Massachusetts (U.S.).

CHART 2.1 ON PAGE 20 provides an overview of our most important production sites and headquarters.

Our products and services

Fresenius Medical Care provides dialysis and related services for individuals with renal diseases as well as other health care services. We also develop, manufacture and distribute a wide variety of health care products. Our health care products and health care services for the fiscal year 2021 are shown in CHART 2.2 ON PAGE 21.

Approximately 3.8 M (2020: 3.7 M) patients worldwide regularly underwent dialysis treatment at the end of 2021. Dialysis is a life-saving blood cleansing procedure that substitutes the function of the kidney in case of kidney failure. Healthy kidneys clean the blood of waste products, regulate water levels, and produce important hormones. If the kidneys are irreparably damaged and are therefore no longer able to function adequately over a longer period of time, this is known as chronic kidney failure or end-stage kidney disease (ESKD). Many diseases can lead to chronic kidney failure, particularly diabetes, chronic nephritis or high blood pressure. There are currently two treatment options for ESKD: kidney transplant and dialysis.

Our health care products

The health care products we offer in around 150 countries around the world focus on the following therapies:

- Hemodialysis (HD) – HD is by far the most common type of therapy for chronic kidney failure. Fresenius Medical Care provides a wide range of HD products in dialysis centers as well as for use at home. They include machines, dialyzers, bloodline systems, HD solutions and concentrates, water treatment systems, as well as data processing and analysis systems.
- Peritoneal dialysis (PD) – In PD the peritoneum is used as a natural filter. We offer systems and solutions for continuous ambulatory peritoneal dialysis (CAPD) and automated peri-

C 2.1 **MAJOR LOCATIONS**

North America

- **WALTHAM, U.S.**
  Regional headquarters North America
- **01 OGDEN, U.S.**
  Dialyzers, PD solutions
- **02 CONCORD, U.S.**
  Dialysis machines
- **03 OREGON, U.S.**
  Concentrates
- **04 MONTREAL, CA**
  Concentrates
- **05 IRVING, U.S.**
  Concentrates
- **06 ERIKA DE REYNOSA, MX**
  Bloodlines
- **07 GUADALAJARA, MX**
  Dialysis solutions
- **08 TIJUANA, MX**
  Cycler, concentrates

Latin America

- **RIO DE JANEIRO, BR**
  Regional headquarters Latin America
- **09 BOGOTÁ, CO**
  Dialysis solutions
- **10 JAGUARIÚNA, BR**
  Dialysis solutions
- **11 PILAR, AR**
  Concentrates

Europe

- **BAD HOMBURG, DE**
  Company headquarters and regional headquarters Europe, Middle East and Africa
- **12 SCHWEINFURT, DE**
  Dialysis machines
- **13 ST. WENDEL, DE**
  Dialyzers, PD solutions
- **14 L'ARBRESLE, FR**
  Dialyzers, concentrates
- **15 PALAZZO PIGNANO, IT**
  Bloodlines
- **16 KREMS, AT**
  Adsorbers
- **17 VRŠAC, RS**
  Dialyzers, bloodlines
- **18 ANTALYA, TR**
  Bloodlines

Asia-Pacific

- **HONG KONG, CN**
  Regional headquarters Asia-Pacific
- **19 INUKAI, JP**
  Fibers
- **20 BUZEN, JP**
  Dialyzers, PD bags
- **21 CHANGSHU, CN**
  Dialyzers, PD bags
- **22 ENSTEK, MY**
  Concentrates, PD bags
- **23 SMITHFIELD, AU**
  Concentrates
- **24 SCORESBY, AU**
  Dialysis chairs, packs

C 2.2 **OUR PRODUCTS AND SERVICES**

HEALTH CARE SERVICES
- End-Stage Renal Disease-related treatments
- End-Stage Renal Disease-related laboratory testing services
- Acute dialysis services

OTHER HEALTH CARE SERVICES
- Value and risk-based care programs
- Pharmacy services
- Vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services
- Physician nephrology and cardiology services
- Ambulant treatment services

HEALTH CARE PRODUCTS
- Hemodialysis machines and peritoneal dialysis cyclers
- Dialyzers
- Peritoneal dialysis solutions
- Hemodialysis concentrates, solutions and granulates
- Bloodlines
- Renal pharmaceuticals
- Systems for water treatment
- Other equipment and medical devices

OTHER HEALTH CARE PRODUCTS
- Acute cardiopulmonary products
- Apheresis products

toneal dialysis (APD) in dialysis centers as well as for use at home.
- Acute dialysis – In case of a sudden loss of renal function, continuous renal replacement therapy is used in intensive care units. Fresenius Medical Care also provides products for this.

We also offer other health care products including acute cardiopulmonary products and products for apheresis therapy, which involves the removal of excess blood fats or pathogenic antibodies.

Our health care services

Dialysis patients receive life-saving dialysis treatment and other associated services such as laboratory tests in our 4,171 (2020: 4,092) dialysis clinics worldwide. Dialysis treatment at our clinics is usually performed three times a week over a period of several hours by trained medical staff. We also provide advice on medical support and training for home dialysis patients in our dialysis centers.

In 2021, we treated most of our patients (60 %) (2020: 61 %) in the North America Segment, followed by 19 % (2020: 19 %) in the EMEA Segment, 11 % (2020: 11 %) in the Latin America Segment and 10 % (2020: 9 %) in the Asia-Pacific Segment.

Fresenius Medical Care is able to operate its own dialysis clinics in countries where the health care system allows private-sector companies to provide medical services and an appropriate reimbursement system is in place.

In addition to our dialysis treatments, we also provide other health care services which include value and risk-based care programs, pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology and cardiology services and ambulant treatment services.

Our value and risk-based care programs allow for partnerships with payors and the government to reduce the overall cost of care while helping people with kidney disease. We support the entire spectrum of kidney care, from chronic kidney disease (CKD) to ESKD, including kidney transplantation, supportive care, and all modalities of dialysis. With our industry expertise, we leverage artificial intelligence, analytics, technological capabilities, and platforms to support early interventions.

Major markets and competitive position

According to our estimates, the number of dialysis patients worldwide reached around 3.8 M in 2021 (2020: 3.7 M) – a 2 % growth rate. Fresenius Medical Care is the global leader in dialysis care, providing treatment to about 9 % of all dialysis patients (2020: 9 %). In the same period, 345,425 patients were treated in Fresenius Medical Care's network of dialysis centers (2020: 346,553). More information on the number of patients can be found in CHART 2.3 ON PAGE 22.

Fresenius Medical Care is also the global market leader for dialysis products. Products made by Fresenius Medical Care for use in our own dialysis centers or for sale to third-party customers accounted for a market share of 36 % in 2021 (2020: 36 %). In the case of hemodialysis products, we had a 42 % share of the global market (2020: 42 %), making us the world leader in this field as well.

Dialyzers for hemodialysis are the largest product group in the dialysis market with a worldwide sales volume of around 378 M units in 2021 (2020: 366 M). Approximately 158 M (around 42 %) of these were made by Fresenius Medical Care (2020: 158 M or around 43 %), giving us by far the biggest market share. Hemodialysis machines constitute another key compo-

nent of our product business. Here, too, we are the clear market leader. Of the estimated around 92,000 machines installed in 2021 (2020: 91,000), approximately 48,000, or around 52 % (2020: 45,000 or around 50 %), were produced by Fresenius Medical Care.

Furthermore, we hold a strong position in the market for peritoneal dialysis products: Around 16 % (2020: around 16 %) of all peritoneal dialysis patients use products made by Fresenius Medical Care.

The overall market for dialysis care services in the U.S. is consolidated. Across all market segments, we treat around 37 % of all dialysis patients here (2020: 37 %). In the U.S., home dialysis is becoming increasingly important. In 2021, about 15 % (2020: 14 %) of our U.S dialysis treatments were performed at home. Outside the U.S., the dialysis services business is much more fragmented. With over 1,490 dialysis centers (2020: 1,470) and approximately 139,000 patients (2020: 140,000) in around 50 countries (2020: 50), Fresenius Medical Care operates by far the largest network of clinics.

Global Manufacturing, Quality and Supply

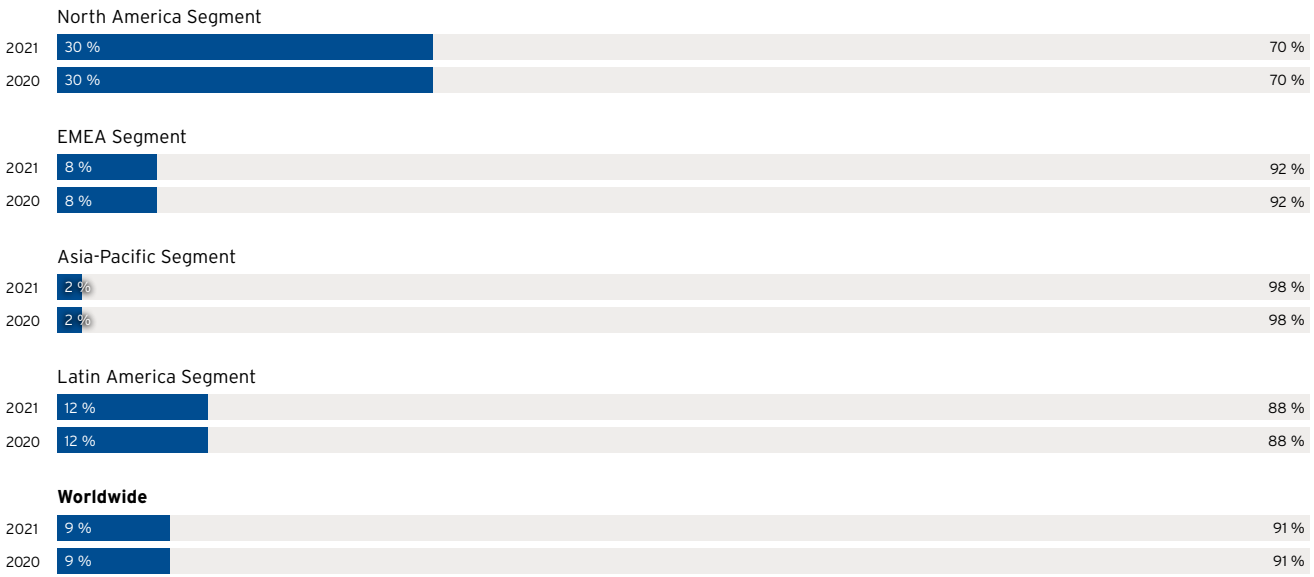
Global Manufacturing, Quality and Supply (GMQS) is the operations division within Fresenius Medical Care that manages the procurement, production, distribution and supply of renal and multi-organ therapy products. GMQS strives to ensure reliable product quality and effective product supply at optimized total cost with efficient utilization of capital.

The objective of our production strategy is to manufacture high-quality products in the right place at the right time on the best possible terms. We are able to implement this strategy thanks to a network of large production sites, where we make products for sale worldwide, as well as smaller production sites that primarily supply products regionally.

Strategic purchasing at Fresenius Medical Care is geared toward ensuring the availability, safety and quality of the materials used in production with the aim of further expanding our competitive and internationally balanced supplier network.

At the end of 2021, GMQS had 16,203 employees (full-time equivalents) (2020: 16,307).

C 2.3 **PATIENTS TREATED**



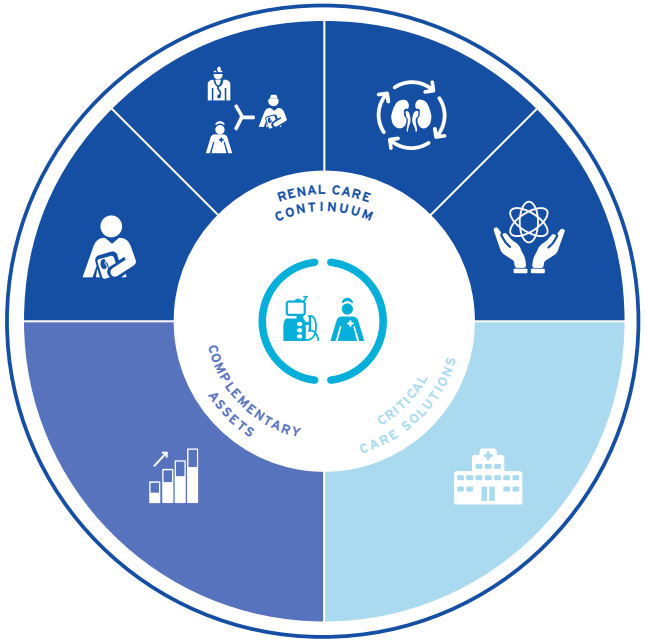
Fresenius Medical Care Other providers
Source: Company data and estimates

CORPORATE STRATEGY AND OBJECTIVES

"Creating a future worth living. For patients. Worldwide. Every day." This vision guides us in our efforts to give our patients around the world a better life by offering them high-quality products and outstanding health care.

At the same time, we expect to face a multitude of challenges in the coming years: an aging population, a rise in chronic diseases, fragmented care, staff shortages, cost pressure, digitalization and the COVID-19 pandemic, all of which require new approaches and solutions in health care.

C 2.4 **OUR WAY FORWARD – STRATEGY 2025**



Renal care continuum

To meet the challenges of the future, we are leveraging our core strategic competencies: innovating products, operating outpatient facilities, standardizing medical procedures and coordinating patients effectively.

Between now and 2025, we intend to go a step further and take our strategy (SEE CHART 2.4) to the next level to bring us closer to our goal of providing health care for chronically and critically ill patients across the renal care continuum. We aim to use our innovative, high-quality products and services to offer sustainable solutions at a reliable cost.

The renal care continuum encompasses the following aspects:

› New renal care models:
We intend to use digital technologies such as artificial intelligence and big data analytics to develop new care models for patients with kidney failure, including personalized dialysis and holistic home treatment.

› Value and risk-based care models:
These models allow us to offer care that is not only better, but also affordable in the long term. Our aim is to establish sustainable partnerships with payors around the world to drive forward the transition from fee-for-service payment to pay-for-performance models.

› Chronic kidney disease and transplantation:
We want to provide patients with holistic care along their entire treatment path. To this end, we have extended our value & risk-based care programs to include the treatment of chronic kidney disease with a view to slowing disease progression, enabling a smoother start to dialysis, and preventing unnecessary hospital stays. We also intend to incorporate kidney transplants into value-based care models in the future.

› Future innovations:
Through our subsidiary, Fresenius Medical Care Ventures, we invest in start-ups and early-stage companies in the health care sector with the goal of gaining access to new and disruptive technologies and treatment concepts for our core business and complementary assets.

Critical care solutions

The number of patients requiring continuous renal replacement therapy to treat acute kidney failure is set to rise in the next decade to more than 1.6 million per year. We will expand our existing acute care portfolio to include other extracorporeal critical care therapy areas, such as the treatment of acute heart, lung and multi-organ failure.

Complementary assets

We will supplement and strengthen our existing network where feasible through additional partnerships, investments and acquisitions. This will help us to create medical value added while saving costs, enabling us to build an even more solid foundation for our future growth to 2025 and beyond.

Integrating sustainability

For us, sustainability is about being successful in the long term and creating lasting value – economically, ecologically and socially. Our commitment to sustainability is incorporated in our vision and our mission. It is also reflected in our strategy. We have launched our Global Sustainability Program to step up our efforts to integrate sustainability into our business activities from 2020 to 2022. In this context, we have introduced sustainability as a non-financial performance target for management compensation. The aim of the sustainability program is to set global standards, responsibilities, targets and metrics for sustainability performance.

For further information, see the separate Non-Financial Group Report starting on PAGE 83 and the Compensation Report within the chapter "Corporate Governance" starting on PAGE 137.

Globalizing our operating model

Related to the changes according to the FME25 Program we are structuring our operating model along the relevant future value drivers. The new operating model continues the strategy to globalize and simplify our structure in the course of

implementing Strategy 2025. The objective is to better capture identified growth opportunities, thereby generating additional value, enhance capital allocation, further realize the advantages of our vertical integration, increase transparency both internally and externally, reduce the administrative burden in terms of cost and speed, and promote a culture of agility, innovation and accountability.

We expect to complete the transition to the new global operating model around 2023 and most of the saving initiative to be implemented by 2025.

For further information, see the section "Business Model" in the chapter "Overview of the group" starting on PAGE 19 and the section "FME25" in the chapter "Outlook" starting on PAGE 61.

PERFORMANCE MANAGEMENT SYSTEM

The Management Board oversees our Company by setting strategic and operational targets and measuring various financial key performance indicators used for internal management determined in euro based upon IFRS.

The key performance indicators used for internal management are identical in the individual operating segments.

Each operating segment is evaluated based on target figures that reflect the revenue and expenses they control. The effects of certain transactions and income taxes are not included as we believe these items to be outside the operating segments' control. Financing is a corporate function, which the operating segments do not control. Therefore, we do not include interest expense relating to financing as an operating segment measurement. Similarly, we do not allocate certain costs which relate primarily to certain headquarters' overhead charges, including accounting and finance, certain legal and IT costs, global research and development, global manufacturing, quality and supply chain management and costs attributable to the Global Medical Office because we believe that these costs are also not within the control of the individual operating segments.

Certain of the following key performance indicators and other financial information as well as discussions and analyses set out in this report include measures that are not defined by IFRS (Non-IFRS Measure). We believe this information, along with comparable IFRS financial measurements, is useful to our investors as it provides a basis for assessing our performance, payment obligations related to performance-based compensation, our compliance with covenants and enhanced transparency as well as comparability of our results. Non-IFRS financial measures should not be viewed or interpreted as a substitute for financial information presented in accordance with IFRS.

In 2021, the internal management system was updated due to adjustments in the remuneration of the Management Board and the way in which the Management Board manages and represents the Company. As a result, we adjusted the primary financial key performance indicators of the internal management system. These metrics are included in our outlook for 2022 and subsequent financial years as part of our announcements of our quarterly and annual results.

Primary key performance indicators for internal management from 2021 onwards are as follows:

› revenue
› revenue growth
› operating income
› net income
› net income growth
› Return on invested capital (ROIC).

These metrics, with the exception of ROIC, are presented both in accordance with IFRS and at Constant Currency. ROIC and each of these indicators presented at Constant Currency are considered non-IFRS measures. For the purposes of management compensation, these metrics are also benchmarked at the underlying exchange rates used in the calculation of our incentive compensation targets. Net cash provided by (used in) operating activities and free cash flow, as well as in % of revenue, capital expenditures and net leverage ratio (as described below) are included as secondary financial performance indicators.

Our presentation of some key performance indicators and other financial measures used in this report such as changes in revenue, operating income and net income attributable to shareholders of FMC AG & Co. KGaA (or "net income") includes the impact of translating local currencies to our reporting currency for financial reporting purposes. We calculate these Non-IFRS financial measures at constant exchange rates in our publications to show changes in our revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items without giving effect to period-to-period currency fluctuations. Under IFRS, amounts received in local (non-euro) currency are translated into euro at the average exchange rate for the period presented. Once we translate the local currency for the constant currency, we then calculate the change, as a percentage, of the current period calculated using the prior period exchange rates versus the prior period. This resulting percentage is a Non-IFRS Measure referring to a change as a percentage at constant currency. These currency-adjusted financial measures are identifiable by the designated terms "Constant Exchange Rates" or "Constant Currency".

We believe that the measures at Constant Currency are useful to investors, lenders and other creditors because such information enables them to gauge the impact of currency fluctuations on our revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items from period to period. In addition, under our long-term incentive plans, we measure the attainment of certain pre-determined financial targets for revenue growth and net income growth in Constant Currency. However, we limit our use of Constant Currency period-over-period changes to a measure for the impact of currency fluctuations on the translation of local currency into euro. We do not evaluate our results and performance without considering both:

1. period-over-period changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items prepared in accordance with IFRS and

2. Constant Currency changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items.

We caution the readers of this report not to consider these measures in isolation, but to review them in conjunction with changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items prepared in accordance with IFRS. We present the growth rate derived from non-IFRS measures next to the growth rate derived from IFRS measures such as revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items. As the reconciliation is inherent in the disclosure included within section "Results of operations, financial position and net assets" below in the chapter "Economic Report" starting on PAGE 45, we believe that a separate reconciliation would not provide any additional benefit.

Primary key performance indicators

Revenue and revenue growth in accordance with IFRS and at Constant Currency (Non-IFRS Measures)

The management of our operating segments is based on revenue and revenue growth as key performance indicators. We believe that the key to continue growing our revenue is to attract new patients and increase the number of treatments performed each year. The number of treatments performed each year is therefore an indicator of both the absolute amount of revenue as well as continued revenue growth. For further information regarding revenue recognition and measurement, refer to NOTE 1 K of the notes to the consolidated financial statements. Revenue and revenue growth are also benchmarked based on movement at Constant Exchange Rates (Non-IFRS-Measures).

Operating income in accordance with IFRS and at Constant Currency (Non-IFRS Measure)

Operating income is the most appropriate measure for evaluating the profitability of the operating segments and therefore is also a key performance indicator. Operating income is also benchmarked based on movement at Constant Exchange Rates.

Net income and net income growth in accordance with IFRS and at Constant Currency (Non-IFRS Measure)

As net income represents the profitability of our business after all costs including operating costs, interest income and expense, taxes and the impacts of noncontrolling interests in our subsidiaries, these metrics show our profit for the period after taking into account all aspects of our business. On a consolidated level, percentage growth in net income (net income attributable to shareholders of FMC AG & Co. KGaA) at Constant Currency is an additional key performance indicator used for internal management. Net income and net income growth are also benchmarked based on movement at Constant Exchange Rates.

Return on invested capital (Non-IFRS Measure)

ROIC is the ratio of operating income after tax ("net operating profit after tax" or "NOPAT") of the last 12 months to the average invested capital of the last five quarter closing dates, including adjustments for acquisitions and divestitures made during the year with a purchase price above a €50 M threshold, consistent with the respective adjustments made in the determination of adjusted EBITDA above (see "Net leverage ratio (Non-IFRS Measure)"). ROIC expresses how efficiently we allocate the capital under our control or how well we employ our capital with regard to investment projects. Additionally, in calculating ROIC, we have excluded the 2020 impairment of goodwill and trade names in the Latin America Segment driven by a macro-economic downturn and increasing risk adjustment rates for certain countries in the region (Impairment Loss) (SEE NOTE 2 A) of the notes to the consolidated financial statements) to increase comparability of the underlying financial figures of certain Management Board compensation performance targets with the Company's operating performance and to adequately recognize the actual performance of the members of the Management Board. An adjustment to exclude amounts related to the implementation of IFRS 16, Leases, which replaced the straight-line operating lease expense for former leases under International Accounting Standard 17, Leases, with a depreciation charge for the lease asset and an interest expense on the lease liability as well as the classification of certain IAS 17

leases (such effects being, collectively "Effect from IFRS 16") is included for the purpose of increasing the comparability of previously reported information in accordance with our long-term incentive plans in 2019 (see the Compensation Report in the chapter "Corporate Governance" starting on PAGE 137 for additional information regarding these adjustments).

TABLES 2.5 UNTIL 2.16 are showing the reconciliation of average invested capital to total assets, which we believe to be the most directly comparable IFRS financial measure, and how ROIC is calculated.

T 2.5 RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, UNADJUSTED)
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020
Total assets	34,367	33,831	32,987	33,159	31,689
Plus: Cumulative goodwill amortization	612	604	602	598	583
Minus: Cash and cash equivalents	(1,482)	(1,562)	(1,408)	(1,073)	(1,082)
Minus: Loans to related parties	(15)	(4)	(6)	(1)	(1)
Minus: Deferred tax assets	(315)	(374)	(359)	(333)	(351)
Minus: Accounts payable to unrelated parties	(736)	(706)	(685)	(635)	(732)
Minus: Accounts payable to related parties	(121)	(94)	(102)	(105)	(95)
Minus: Provisions and other current liabilities[1]	(3,319)	(3,516)	(3,528)	(3,436)	(3,180)
Minus: Income tax liabilities	(174)	(224)	(218)	(232)	(197)
Invested capital	**28,817**	**27,955**	**27,283**	**27,942**	**26,634**
Average invested capital as of December 31, 2021	**27,725**				
Operating income	1,852				
Income tax expense[2]	(490)				
NOPAT	1,362				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[2] Adjusted for noncontrolling partnership interests.

T 2.6 ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021[3]	June 30, 2021[3]	March 31, 2021[3]	Dec. 31, 2020[3]
Total assets	-	115	186	189	291
Minus: Cash and cash equivalents	-	-	-	-	(3)
Minus: Provisions and other current liabilities[1]	-	-	-	-	(6)
Invested capital	**-**	**115**	**186**	**189**	**282**
Adjustment to average invested capital as of December 31, 2021	**154**				
Adjustment to operating income[3]	12				
Adjustment to income tax expense[3]	(3)				
Adjustment to NOPAT	9				

[3] Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold.

T 2.7 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021[3]	June 30, 2021[3]	March 31, 2021[3]	Dec. 31, 2020[3]
Total assets	34,367	33,946	33,173	33,348	31,980
Plus: Cumulative goodwill amortization and Impairment Loss	612	604	602	598	583
Minus: Cash and cash equivalents	(1,482)	(1,562)	(1,408)	(1,073)	(1,085)
Minus: Loans to related parties	(15)	(4)	(6)	(1)	(1)
Minus: Deferred tax assets	(315)	(374)	(359)	(333)	(351)
Minus: Accounts payable to unrelated parties	(736)	(706)	(685)	(635)	(732)
Minus: Accounts payable to related parties	(121)	(94)	(102)	(105)	(95)
Minus: Provisions and other current liabilities[1]	(3,319)	(3,516)	(3,528)	(3,436)	(3,186)
Minus: Income tax liabilities	(174)	(224)	(218)	(232)	(197)
Invested capital	**28,817**	**28,070**	**27,469**	**28,131**	**26,916**
Average invested capital as of December 31, 2021	**27,879**				
Operating income[3]	1,864				
Income tax expense[2, 3]	(493)				
NOPAT	1,371				
ROIC IN %	**4.9**				

[2] Adjusted for noncontrolling partnership interests.
[3] Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold.

T 2.8 **ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC (EXCLUDING IMPAIRMENT LOSS)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020
Total assets	195	195	195	195	195
Plus: Impairment Loss	(195)	(195)	(195)	(195)	(195)
Invested capital	**-**	**-**	**-**	**-**	**-**
Adjustment to average invested capital as of December 31, 2021	**-**				
Adjustment to operating income	-				
Adjustment to income tax expense	-				
Adjustment to NOPAT	-				

T 2.9 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, EXCLUDING IMPAIRMENT LOSS)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021[3]	June 30, 2021[3]	March 31, 2021[3]	Dec. 31, 2020[3]
Total assets	34,562	34,141	33,368	33,543	32,175
Plus: Cumulative goodwill amortization	417	409	407	403	388
Minus: Cash and cash equivalents	(1,482)	(1,562)	(1,408)	(1,073)	(1,085)
Minus: Loans to related parties	(15)	(4)	(6)	(1)	(1)
Minus: Deferred tax assets	(315)	(374)	(359)	(333)	(351)
Minus: Accounts payable to unrelated parties	(736)	(706)	(685)	(635)	(732)
Minus: Accounts payable to related parties	(121)	(94)	(102)	(105)	(95)
Minus: Provisions and other current liabilities[1]	(3,319)	(3,516)	(3,528)	(3,436)	(3,186)
Minus: Income tax liabilities	(174)	(224)	(218)	(232)	(197)
Invested capital	**28,817**	**28,070**	**27,469**	**28,131**	**26,916**
Average invested capital as of December 31, 2021	**27,879**				
Operating income[3]	1,864				
Income tax expense[2, 3]	(493)				
NOPAT	1,371				
ROIC IN % (EXCLUDING IMPAIRMENT LOSS)	**4.9**				

[2] Adjusted for noncontrolling partnership interests.
[3] Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold.

T 2.10 **ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC FOR THE EFFECT FROM IFRS 16**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021[3]	June 30, 2021[3]	March 31, 2021[3]	Dec. 31, 2020[3]
Total assets	(4,292)	(4,198)	(4,177)	(4,242)	(4,129)
Minus: Deferred tax assets	(29)	(39)	(35)	(30)	2
Minus: Provisions and other current liabilities[1]	(139)	(136)	(132)	(134)	(128)
Minus: Income tax liabilities	1	1	1	1	1
Invested capital	**(4,459)**	**(4,372)**	**(4,343)**	**(4,405)**	**(4,254)**
Adjustment to average invested capital as of December 31, 2021	**(4,367)**				
Adjustment to operating income	(105)				
Adjustment to income tax expense	28				
Adjustment to NOPAT	(77)				

[3] Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold.

T 2.11 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, EXCLUDING IMPAIRMENT LOSS AND THE EFFECT FROM IFRS 16)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021[3]	June 30, 2021[3]	March 31, 2021[3]	Dec. 31, 2020[3]
Total assets	30,270	29,943	29,191	29,301	28,046
Plus: Cumulative goodwill amortization	417	409	407	403	388
Minus: Cash and cash equivalents	(1,482)	(1,562)	(1,408)	(1,073)	(1,085)
Minus: Loans to related parties	(15)	(4)	(6)	(1)	(1)
Minus: Deferred tax assets	(344)	(413)	(394)	(363)	(349)
Minus: Accounts payable to unrelated parties	(736)	(706)	(685)	(635)	(732)
Minus: Accounts payable to related parties	(121)	(94)	(102)	(105)	(95)
Minus: Provisions and other current liabilities[1]	(3,458)	(3,652)	(3,660)	(3,570)	(3,314)
Minus: Income tax liabilities	(173)	(223)	(217)	(231)	(196)
Invested capital	**24,358**	**23,698**	**23,126**	**23,726**	**22,662**
Average invested capital as of December 31, 2021	**23,512**				
Operating income[3]	1,759				
Income tax expense[2, 3]	(465)				
NOPAT	1,294				
ROIC IN % (EXCLUDING IMPAIRMENT LOSS AND THE EFFECT FROM IFRS 16)	**5.5**				

[2] Adjusted for noncontrolling partnership interests.
[3] Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold.

T 2.12 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, UNADJUSTED)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	31,689	33,049	34,190	34,072	32,935
Plus: Cumulative goodwill amortization and Impairment Loss	583	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(351)	(429)	(391)	(382)	(361)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities[1]	(3,180)	(3,641)	(3,799)	(2,577)	(2,452)
Minus: Income tax liabilities	(197)	(269)	(212)	(200)	(180)
Invested capital	**26,634**	**26,604**	**27,457**	**29,002**	**28,446**
Average invested capital as of December 31, 2020	**27,628**				
Operating income	2,304				
Income tax expense[2]	(688)				
NOPAT	1,616				
ROIC IN %	**5.8**				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[2] Adjusted for noncontrolling partnership interests.

T 2.13 **ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC (EXCLUDING IMPAIRMENT LOSS)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	195	–	–	–	–
Plus: Impairment Loss	(195)	–	–	–	–
Invested capital	–	–	–	–	–
Adjustment to average invested capital as of December 31, 2020	–				
Adjustment to operating income	195				
Adjustment to income tax expense	19				
Adjustment to NOPAT	214				

T 2.14 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, EXCLUDING IMPAIRMENT LOSS)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	31,884	33,049	34,190	34,072	32,935
Plus: Cumulative goodwill amortization	389	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(351)	(429)	(391)	(382)	(361)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities[1]	(3,180)	(3,641)	(3,799)	(2,577)	(2,452)
Minus: Income tax liabilities	(197)	(269)	(212)	(200)	(180)
Invested capital	**26,635**	**26,604**	**27,457**	**29,002**	**28,446**
Average invested capital as of December 31, 2020	**27,628**				
Operating income	2,499				
Income tax expense[2]	(669)				
NOPAT	1,830				
ROIC IN % (EXCLUDING IMPAIRMENT LOSS)	**6.6**				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[2] Adjusted for noncontrolling partnership interests.

T 2.15 **ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC FOR THE EFFECT FROM IFRS 16**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	(4,130)	(4,261)	(4,421)	(4,388)	(4,356)
Minus: Deferred tax assets	2	4	3	3	2
Minus: Provisions and other current liabilities[1]	(128)	(134)	(140)	(143)	(140)
Minus: Income tax liabilities	1	–	–	–	–
Invested capital	**(4,255)**	**(4,391)**	**(4,558)**	**(4,528)**	**(4,494)**
Adjustment to average invested capital as of December 31, 2020	**(4,445)**				
Adjustment to operating income	(134)				
Adjustment to income tax expense	40				
Adjustment to NOPAT	(94)				

T 2.16 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, XCLUDING IMPAIRMENT LOSS AND THE EFFECT FROM IFRS 16)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	27,754	28,788	29,769	29,684	28,579
Plus: Cumulative goodwill amortization	389	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(349)	(426)	(388)	(380)	(359)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities[1]	(3,309)	(3,775)	(3,940)	(2,720)	(2,592)
Minus: Income tax liabilities	(196)	(269)	(212)	(200)	(180)
Invested capital	**22,379**	**22,212**	**22,898**	**24,473**	**23,952**
Average invested capital as of December 31, 2020	**23,183**				
Operating income	2,365				
Income tax expense[2]	(629)				
NOPAT	1,736				
ROIC IN % (EXCLUDING IMPAIRMENT LOSS AND THE EFFECT FROM IFRS 16)	**7.5**				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[2] Adjusted for noncontrolling partnership interests.

Secondary financial performance indicators

Operating income margin

Operating income margin represents the ratio of operating income to revenue. We believe operating income margin shows the profitability of each of our operating segments and our company on a consolidated basis.

Basic earnings per share growth in accordance with IFRS and at Constant Currency (Non-IFRS Measure)

Percentage growth in basic earnings per share at Constant Currency is a key performance indicator to evaluate our profitability. This indicator helps to manage our overall performance. Basic earnings per share is calculated by dividing net income attributable to shareholders by the weighted-average number of outstanding shares over the course of the year.

Net cash provided by (used in) operating activities in % of revenue

Our consolidated statement of cash flows indicates how we generated and used cash and cash equivalents. In conjunction with our other primary financial statements, it provides information that helps us evaluate changes to our net assets and our financial structure (including liquidity and solvency). Net cash provided by (used in) operating activities is applied to assess whether a business can internally generate the cash required to make the necessary replacement and expansion of investments. This indicator is impacted by the profitability of our business and the development of working capital, mainly receivables. Net cash provided by (used in) operating activities in percent of revenue shows the percentage of our revenue that is available in terms of financial resources. This measure is an indicator of our operating financial strength.

Free cash flow in % of revenue (Non-IFRS Measure)

Free cash flow (which we define as net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments) refers to the cash flow we have at our disposal, including cash flows that may be restricted for other uses. This indicator shows the percentage of revenue available for acquisitions and investments, dividends to shareholders, reducing debt financing or for repurchasing shares.

For a reconciliation of cash flow performance indicators for 2021 and 2020 which reconciles free cash flow and free cash flow in percent of revenue to Net cash provided by (used in) operating activities and Net cash provided by (used in) operating activities in percent of revenue, see section "Results of operations, financial position and net assets – Financial position – Sources of Liquidity" in the chapter "Economic Report" starting on PAGE 52.

Capital expenditures, acquisitions and investments

We manage our investments using a detailed coordination and evaluation process. The Management Board sets our complete investment budget as well as the investment targets. Before realizing specific investment projects or acquisitions, our internal Acquisition & Investment Committee examines the individual projects and measures considering the expected return on investment and potential yield. Investment projects are evaluated using common methods such as net present value, internal interest rate methods and payback periods. We utilize this evaluation methodology to ensure that we only make and implement investments and acquisitions that increase shareholder value. Capital expenditures for property, plant and equipment and capitalized development costs is an indicator used for internal management. It influences the capital invested for replacement and expansion.

Net leverage ratio (Non-IFRS Measure)

The net leverage ratio is a performance indicator used for capital management. To determine the net leverage ratio, debt and lease liabilities less cash and cash equivalents (net debt) is compared to adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted for:

- the effects of acquisitions and divestitures made during the year with a purchase price above a €50 M threshold as defined in our Syndicated Credit Facility (SEE NOTE 14 of the notes to the consolidated financial statements),
- non-cash charges,
- impairment loss, and
- costs related to our FME25 Program.

The ratio is an indicator of the length of time the Company needs to service the net debt out of its own resources. We believe that the net leverage ratio provides alternative information that management believes to be useful in assessing our ability to meet our payment obligations in addition to considering the absolute amount of our debt. We have a strong market position in a growing, global and mainly non-cyclical market. Furthermore, most of our customers have a high credit rating as the dialysis industry is characterized by stable and sustained cash flows. We believe this enables us to work with a reasonable proportion of debt.

For a reconciliation of the net leverage ratio as of December 31, 2021 and 2020, see section "Results of operations, financial position and net assets – Financial position – Financing strategy" in the chapter "Economic Report" starting on PAGE 52.

Operating performance excluding special items (Non-IFRS Measure)

Management believes that there are special items which should be excluded from certain metrics to enhance transparency and comparability (Special Items).

In the presentation of the expected development of our business in our outlook, we identified Special Items which, when excluded from the results disclosed, may provide a reader with further useful information in assessing our performance. These results excluding Special Items are presented as part of the comparison of the actual business results with the outlook and in our outlook, together with reconciliations of the performance indicators for our Consolidated financial statements prepared in accordance with IFRS to the performance indicators excluding Special Items. These results excluding Special Items should only be viewed as a supplement to our results disclosed in accordance with IFRS.

T 2.17 **PRIMARY KEY PERFORMANCE INDICATORS**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

	Results 2021		Results 2020
	As reported	Constant Currency[2]	
Revenue	17,619	18,182	17,859
Revenue growth at Constant Currency in %	2	2	5
Operating income	1,852	1,908	2,304
Net income[1]	969	997	1,164
Net income growth at Constant Currency in %[1]	(14)	(14)	(1)
ROIC in %	4.9	n.a.	5.8

[1] Net income attributable to shareholders of FMC AG & Co. KGaA.
[2] For further information on Constant Currency, see above in this section.

TABLE 2.17 provides an overview of our primary key performance indicators.

RESEARCH AND DEVELOPMENT

Developing innovative products and continuously improving our renal therapies are intrinsic elements of our growth strategy. Our worldwide research and development activities, which are centrally managed by the Global Research and Development division (GRD), enable us to develop products and renal therapies efficiently and to systematically promote the exchange of knowledge and technology between regions.

Global research and development strategy

Health care systems face major financial challenges. We aim to direct our research and development activities toward developing innovative products and renal therapies that not only meet high quality standards that improve clinical outcomes but are also affordable. As an operator of proprietary dialysis clinics and a provider of products for treating patients at home, we believe that these aims are entirely compatible. We are also in a strong position to provide life-saving therapies and treatments to patients suffering from acute kidney failure due to COVID-19.

Our research and development strategy contributes to our strategy 2025 which aims to provide health care for chronically and critically ill patients across the renal care continuum, in critical settings and by acquiring and developing complementary assets. It is globally orientated, enabling us to respond even better to the worldwide rise in demand for high-quality yet cost-efficient treatment and therapy methods. In doing so, we also take regional market conditions into account and offer a differentiated product range across all three key areas of our strategy 2025 (see section "Corporate strategy and objectives" starting on PAGE 22).

In the future, we intend to deliver innovative, competitive products even more efficiently. As part of our organizational realignment, we will therefore consolidate our previously decentralized health care products business including research and development in the Care Enablement segment. The products business will be organized along the three treatment modalities that we serve: In-center, Home and Critical Care. We aim to complete the roll-out of the new organizational model in 2023. In addition to research and development activities within our Company, we collaborate with external partners with the aim of expanding our comprehensive innovation and technology network. These partners include numerous academic institutions, such as research institutes at prestigious universities in the U.S. Another partner is the Renal Research Institute in New York. This subsidiary of Fresenius Medical Care North America is a renowned institution in the field of clinical research into all aspects of chronic kidney failure. Together, we are working on fundamental issues relating to renal therapies. Fresenius Medical Care Ventures was established to increasingly collaborate with start-ups and early-stage companies in the health care sector with the objective of promoting an open culture of innovation and enabling access to the latest technologies.

Innovations in 2021

Our aim is to continuously improve our patients' quality of life and the outcomes of their treatment as well as to ensure our growth in the medium to long term. To this end, we are not only working on new products that are close to market launch, but also on an extensive portfolio of innovation projects. These focus on technologies in our core business as well as related areas of strategic interest.

The next generation of dialyzers

The new FX CorAL dialyzer was officially introduced at the ERA-EDTA Virtual Congress (European Renal Association-European Dialysis and Transplant Association Congress) in June 2021. In developing the FX CorAL, the focus was on clinical performance and hemocompatibility, both important factors in patient-centered dialysis. This dialyzer is based on the innovative Helixone® hydro membrane which forms a hydrolayer on the inner membrane surface. This reduces protein adsorption, resulting in a membrane with a low immune response and high selective permeability. The goal is to reduce the side effects of dialysis treatment.

The Optiflux® Enexa™ F500 with Endexo® technology is a new dialyzer designed to support the treatment of patients with acute kidney injury or chronic kidney disease without the need for heparin. Endexo is a surface-modifying polymer that is blended into the dialyzer fibers during manufacturing. It makes the surface of the membrane less thrombogenic, so that the blood is less likely to clot. The Optiflux® Enexa™ F500 received FDA (Food and Drug Administration) 510(k) clearance – the most important admission procedure for medical products – in July 2020 as a dialyzer intended for patients with acute kidney injury or chronic kidney disease in cases where conventional therapy is judged to be inadequate. In gaining clearance, this device has passed a key hurdle prior to market launch and is now in the final stage of development for heparin-free hemodialysis.

New home dialysis system in development

For many patients, peritoneal dialysis is the preferred treatment modality and the gentlest option during the first years of renal replacement therapy. The new VersiPD 510K is the world's most lightweight, digitally advanced automated peritoneal dialysis (APD) cycler with the smallest footprint. Key features include a voice-guided set-up and Bluetooth connectivity to peripheral devices such as a blood pressure cuffs and weighing scales. It has an internet connection, allowing for seamless movement of therapy data between the clinic and the patient's home. This digital application will allow providers to better monitor and manage patients, their therapy, and their equipment remotely. The VersiPD has been accepted for review and approval by the FDA at this point, with market launch initially planned in the U.S.

Critical care

The multiFiltratePRO is a state-of-the-art CRRT (continuous renal replacement therapy) platform that offers advanced functions such as kidney replacement therapy using successfully established Ci-Ca® regional citrate anticoagulation and therapeutic plasma exchange. The multiFiltratePro has been granted emergency use authorization (EUA) in the United States and was launched in China and further countries in Latin America in 2020, creating a broad market base. In 2022, based on the significant growth in the number and distribution of machines, we will introduce new expansion and optimization measures that have been developed in 2021 and are now close to completion.

In-center dialysis

The 4008A hemodialysis system is an entry-level device designed for emerging markets worldwide. In future, health care will depend on treatments such as dialysis being recorded to electronic health record (EHR) systems to manage patients, treatments, workflow optimization and personalized AI-based therapy. The 4008A is a fully connected, low-cost digital solution. It uses QR codes and tablets that are connected to the cloud. Online treatment data is available at the Point-of-Care via the connection to theHub. Furthermore, in 2021, the 4008A was the first active medical product to be manufactured in the Company's Changshu plant and sold to the Chinese market. This allows it to be sold under the "Buy China" policy, which effectively means that products must be produced in China to be sold there. As China is an important emerging market the 4008A together with theHub fulfills all the criteria for future market expansion in a digital world with a growing population of patients suffering from end-stage renal disease.

Digitalization in health care

Starting in 2021, customers have benefited from a virtual reality (VR) tool, stay•safe MyTraining VR, to support their patient training for continuous ambulatory peritoneal dialysis (CAPD). With stay•safe MyTraining VR, patients can perform virtual dialysis treatment to learn about key aspects of the dialysis process. Home dialysis patients undergo extensive therapy training at the dialysis center with a trainer when they start renal replacement therapy. VR-based training gives them additional practice at their own learning pace, allowing them to repeat the training as often as they need. stay•safe MyTraining VR is initially available in Germany. Rollouts to other countries in the Europe, Middle East and Africa region are planned for 2022.

Connected care will make it possible to tailor therapies to individual patients, help decode the warning signs and underlying causes of renal disease. The overarching goal is to better connect people at the point of care and in home care scenarios with the aim of improving outcomes and reducing costs. We have built the world's largest repository of clinical data on advanced kidney disease. The database will be augmented by the world's largest genomic registry targeting kidney disease. Frenova Renal Research, the Company's clinical research arm, has started signing up patients in the U.S. who are willing to provide their genetic data to enable researchers to better understand kidney disease and develop innovative therapies.

Research in the field of regenerative medicine

Our independent affiliate Unicyte AG made significant progress in the field of regenerative medicine in 2021. Unicyte started its first clinical trial program for patients suffering from orphan metabolic liver disorders. Pre-clinical experiments conducted in 2021 reaffirmed the pivotal role we believe Unicyte's technologies will play in delivering the curative potential of regenerative medicine in both kidney and liver diseases, and beyond.

Xenotransplant technology developed by eGenesis, a gene editing and genome engineering company in which Fresenius Medical Care has also invested, is committed to developing safe and effective human transplantable organs, tissues and cells to address the global organ crisis. eGenesis is at the forefront of pioneering clinical studies for solid organ xenotransplantation. Their lead programs are for kidney and islet cell transplantation, which are both currently in preclinical development. eGenesis has a platform technology that allows for a broad pipeline of applications. The company is actively investigating additional indications such as liver, heart, and lung as well as cell therapies. Xenotransplantation may offer a solution to overcome the shortage of transplantable human kidneys.

In 2021, we expanded our collaboration with the U.S. medical company Humacyte, Inc. (Humacyte) with an additional $25 M investment. In connection with Humacyte's merger with a special-purpose acquisition company, as a result of which Humacyte is now listed on the stock market, we have consolidated our position in the newly combined entity as the lead investor of a private investment in public equity.

Fresenius Medical Care Ventures

Established in early 2016, Fresenius Medical Care Ventures actively invests in early-stage companies in the field of diagnostics, therapies, medical devices, digital solutions, xenotransplantation and remote monitoring technologies to improve outcomes for patients suffering from chronic diseases or requiring acute care. In 2021, Fresenius Medical Care Ventures managed a portfolio of nine companies with minority interests, covering a broad range of areas such as chronic kidney disease, chronic heart failure, peripheral artery disease, bloodstream infections, behavioral health and patient transportation. Memo Therapeutics was a new addition to the portfolio in 2021. Based on a proprietary antibody discovery platform, Memo Therapeutics is developing therapeutics for kidney transplant patients who suffer from a viral infection.

Research and development resources

In fiscal year 2021, Fresenius Medical Care spent a total of around €221 M on research and development (2020: €194 M), corresponding to around 6 % (2020: 5 %) of our health care product revenue. At the end of 2021, our patent portfolio comprised some 10,048 property rights in approximately 1,622 patent families, i.e. groups of patents linked to the same invention. Our research and development work in fiscal year 2021 produced around 103 additional patent families. Our broad portfolio of patents shall provide us with a wide range of treatment options in this highly competitive field in the future.

At December 31, 2021, 1,187 employees (full-time equivalents) worked for Fresenius Medical Care in research and development worldwide (December 31, 2020: 1,218). They come from various backgrounds: Physicians work side by side with software specialists, business economists and engineers in interdisciplinary teams. More than 720 employees – the majority of our research and development staff – are based in Europe. Most research and development activities are carried out at our facilities in Schweinfurt and Bad Homburg v. d. Höhe (Germany). Other development sites are in St. Wendel (Germany), Bucharest (Romania), Palazzo Pignano (Italy) and Krems (Austria). In the U.S., the Company maintains centers of excellence for the development of devices in Concord (California) and for dialyzers and other disposable products in Ogden (Utah). Development activities in Shanghai and Changshu (China) are focused on the growing demand for cost-effective dialysis systems in Asia and emerging markets. The Global Research and Development organization coordinates collaboration and technology exchange among the various sites. Carrying out research and development responsibly is an intrinsic element of our innovative culture. Further information is shown in TABLE 2.18.

T 2.18 RESEARCH AND DEVELOPMENT

	2021	2020	2019
Research and development expenditures in € M	221	194	168
Number of patents[1]	10,048	11,223	10,658
Employees[1, 2]	1,187	1,218	1,157

[1] As of December 31, for the respective period presented.
[2] Full-time equivalents.

EMPLOYEES

Fresenius Medical Care owes its business success to the commitment of its employees. At a functional level, our human resources management is conducted globally to ensure a uniform strategic approach in line with the overriding corporate objectives.

At December 31, 2021, Fresenius Medical Care employed a total of 122,909 members of staff (full-time equivalents) in 68 countries worldwide. Our workforce therefore decreased by 2 % year-on-year, or by 2,455 employees in absolute terms. For further information on the movement in employees see section "Results of operations, financial position and net assets" in the chapter "Economic Report" starting on PAGE 45.

TABLE 2.19 shows the breakdown of employees by operating segment as well as by products and services.

Staff costs at Fresenius Medical Care decreased to €6,962 M in 2021 (2020: €7,067 M), corresponding to 40 % (2020: 40 %) of revenue. Average staff costs per employee (annual average based on full-time equivalents) amounted to €56,262 (2020: €56,770).

More information about our employees can be found in the Non-Financial Group Report starting on PAGE 83. For more information on diversity, see the chapter "Corporate Governance" starting on PAGE 112 in this Annual Report.

T 2.19 **EMPLOYEES BY OPERATING SEGMENT**
FULL-TIME EQUIVALENTS

	December 31, 2021	December 31, 2020	Change	Share
NORTH AMERICA SEGMENT	**60,782**	**62,925**	**(2,143)**	**49 %**
Health care services	55,825	56,554		
Health care products	4,957	6,371		
EMEA SEGMENT	**20,156**	**20,826**	**(670)**	**16 %**
Health care services	16,670	16,964		
Health care products	3,486	3,862		
ASIA-PACIFIC SEGMENT	**11,766**	**11,984**	**(218)**	**10 %**
Health care services	9,419	9,416		
Health care products	2,347	2,568		
LATIN AMERICA SEGMENT	**11,652**	**11,640**	**12**	**10 %**
Health care services	10,369	10,325		
Health care products	1,283	1,315		
Corporate[1]	18,553	17,989	564	15 %
WORLDWIDE	**122,909**	**125,364**	**(2,455)**	**100 %**

[1] Including the divisions Global Manufacturing, Quality and Supply, Global Research and Development as well as Global Medical Office.

QUALITY MANAGEMENT

At Fresenius Medical Care, we have a clear focus: we want to offer high-quality and reliable products and therapies to ensure the best possible medical care for our patients and customers. We operate production facilities worldwide to meet the demand for our dialysis products and other health care products.

Quality management at our production sites

Over the last several years, GMQS has introduced a stable infrastructure with efficient processes and systems. All production sites follow the "Lean Manufacturing" approach which, in our North America Segment and nine of twelve plants in our EMEA Segment, includes the "Lean Six Sigma" management system. The focus of Lean Manufacturing and Six Sigma is on the continuous improvement of manufacturing processes to achieve a low defect rate resulting in improved product quality, while reducing manufacturing times. We have successfully harmonized all local Quality Management Systems (QMS) in all manufacturing and development sites of our EMEA Segment, Latin America Segment and Asia-Pacific Segment under one Consolidated QMS (CQMS). Every medical device plant within these segments has a local QMS directed by CQMS that is certified either to ISO 13485:2016 and / or ISO 9001:2015 under Medical Device Single Audit Program (MDSAP). The QMS of each site is

reviewed through periodic corporate and local management review and internal audits.

Quality management in our dialysis clinics

Our clinics work in conformance with the generally accepted quality standards of the industry, particularly the U.S. Kidney Disease Outcomes Quality Initiative (KDOQI) guidelines, the European Renal Best Practice standard, and increasingly the Kidney Disease: Improving Global Outcomes (KDIGO), an industry initiative for global clinical practice guidelines. Clinical data management systems are used to routinely collect certain medical parameters, which we evaluate in anonymized form in compliance with these guidelines.

More information about our quality management including our quality data can be found in the Non-Financial Group Report.

Quality-based reimbursement systems

We participate in quality-based reimbursement models, which we describe in the section "Macroeconomic and sector-specific environment – Sector-specific environment – Health care and reimbursement systems vary from country to country" in the chapter "Economic Report" starting on PAGE 40.

SUSTAINABILITY MANAGEMENT

Operating on a global scale means having global responsibility. Fresenius Medical Care is aware of this responsibility.

Over the past years, we have continuously stepped-up our sustainability activities. We have launched a Global Sustainability Program to further drive the integration of sustainability into our business.

Acting in a responsible and sustainable manner is a fundamental component of our strategy; it is the basis for our future as a globally operating company in the health care industry.

Further information can be found in the separate Non-Financial Group Report starting on PAGE 83.

ECONOMIC REPORT

The dialysis market is a sustainable growth market with steadily rising demand for products and services to treat patients with chronic kidney disease.

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Macroeconomic environment

Dependency on economic cycles

Our business is exposed to economic cycles only to a relatively small extent. This sets us apart from manufacturers of consumer goods, for instance, whose products are subject to more cyclical demand.

Our business is impacted more by government remuneration systems and reimbursement rates. Dialysis is a vital medical service, which is why it is usually paid for by the responsible health care system.

Overall, the rapid global spread of the COVID-19 pandemic resulted in a material deterioration of the conditions for the global economy and greatly reduced economic growth. The conditions also changed for our business in fiscal year 2021.

Exchange rate developments

As Fresenius Medical Care has a worldwide presence, the results of its operations are significantly impacted by exchange rate developments. Movements in the U.S. dollar and the euro are especially crucial as we generate a major part of our revenues in the U.S. On average over the course of the year, the euro traded stronger against the U.S. dollar compared to fiscal year 2020. The global exchange rate development in fiscal year 2021 was characterized by a relatively strong euro against the U.S. dollar in the first half of 2021 and the continued deterioration of the euro against the U.S. dollar in the second half of 2021.

In addition, Fresenius Medical Care's operating results are influenced by changes in the exchange rate between the euro and local currencies. This is partly due to intra-Group sales from large production sites in the euro zone to Group companies with different functional currencies, but also because the euro is the currency we use for financial reporting. Regarding intra-Group sales, individual subsidiaries are exposed to fluctuations in the exchange rate between the invoicing currencies and the currencies in which they conduct their local operations. Fresenius Medical Care reduces transaction risks, i.e. risks from foreign currency exposures or exchange rate fluctuations, through a global network of production facilities, which is geared toward demand in the Company's dialysis product business. As the production facilities are often based in the markets they serve, costs are incurred in the same currency in which revenue is generated. The risk of exchange rate fluctuations is relatively low for health care services because they are provided locally and are therefore invoiced in the respective currency.

Sector-specific environment

Chronic kidney failure (end-stage kidney disease, ESKD) is a global disease. The number of patients requiring renal replacement therapy is increasing worldwide: At the end of 2021, approximately 4.6 M patients (2020: 4.5 M) underwent dialysis treatment or received a donor organ.

Further information can be found in TABLE 2.20.

For many years now, the number of donated organs worldwide has been significantly lower than the number of patients on transplant waiting lists. Despite extensive efforts by regional initiatives to increase awareness of kidney donation and the willingness to donate, the share of patients worldwide receiving kidney transplantation compared with other treatment methods has remained relatively unchanged over the past ten years.

T 2.20 **PATIENTS WITH CHRONIC KIDNEY FAILURE (ESKD)**

	2021	Share	2020	Share
Patients with chronic kidney failure	**4,644,000**	**100 %**	**4,547,000**	**100 %**
of which patients with transplants	890,000	19 %	865,000	19 %
Of which dialysis patients	**3,754,000**	**81 %**	**3,682,000**	**81 %**
In-center hemodialysis	3,306,000	71 %	3,245,000	71 %
Peritoneal dialysis	424,000	9 %	413,000	9 %
Home hemodialysis	24,000	1 %	24,000	1 %

Source: Company information and estimates.

The prevalence of chronic kidney failure varies between regions. There are several reasons for this:

- The countries differ demographically, as age structures in the population vary worldwide.
- The prevalence of risk factors for kidney disease, such as diabetes and high blood pressure, varies widely.
- The genetic predisposition for kidney disease also differs significantly around the world.
- Access to dialysis remains restricted in many countries, meaning that many patients suffering from chronic kidney failure are not treated and therefore do not appear in prevalence statistics.
- Cultural factors, such as nutrition, play a role.

The number of dialysis patients rose worldwide by around 2 % in 2021 (2020: 3 %).

Comparison of dialysis treatment methods

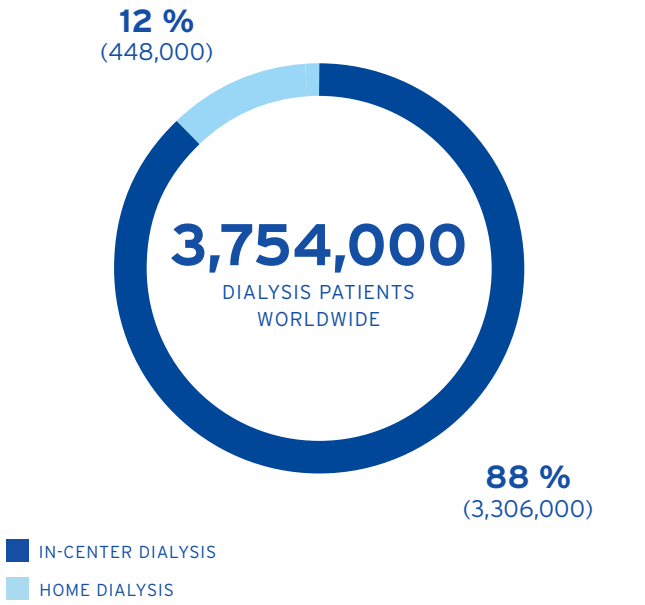
In 2021, most dialysis patients were treated in one of more than 48,000 dialysis centers worldwide (2020: 47,000), with an average of more than 75 patients per center (2020: 75). However, this figure varies considerably from country to country.

Hemodialysis is by far the most common form of therapy for chronic kidney failure. A total of 88 % of dialysis patients were treated in this way at a dialysis center in 2021 (2020: 88 %). Home hemodialysis is an alternative to treatment at a dialysis center. A total of 1 % of all patients are currently treated in this way (2020: 1 %). In the year under review, 11 % of all dialysis patients were treated with peritoneal dialysis, usually at home (2020: 11 %). As a result, 12 % of the dialysis patients were treated with home dialysis (2020: 12 %). In 2021, about 14 % (2020: 14 %) of all dialysis patients in the U.S. were treated with home dialysis.

CHART 2.21 shows a comparison of in-center and home dialysis:

For Acute Renal Failure (ARF), the predominant treatment method is continuous renal replacement therapy (CRRT). Almost 50 % or 950,000 acute patients were treated with this method in 2021 (2020: 46 % or 890,000). It is expected, that by 2030 the number of patients requiring continuous renal replacement therapy to treat acute kidney failure will increase in the next decade to more than 1.6 M per year. In this field, Fresenius Medical Care is well positioned with a market share of approximately 34 % (2020: 34 %).

C 2.21 **IN-CENTER VS. HOME DIALYSIS**



Volume of the dialysis market

According to our estimates, the volume of the global dialysis market decreased to around €79 BN in 2021 (2020: €81 BN). We expect the following approximate breakdown for this market volume: around €15 BN (2020: €15 BN) for dialysis products and approximately €64 BN (2020: €66 BN) for dialysis services (including dialysis drugs).

Other health care services

Chronic conditions, such as diabetes and cardiovascular diseases, are becoming increasingly common and are responsible for approximately two out of three deaths worldwide. In many countries, a large proportion of health care spending goes toward treating chronic diseases. To counteract the resultant increase in cost pressure, more and more health care systems, such as that in our largest market, the U.S., are starting to promote coordinated, holistic care rather than reimbursing individual services.

Due to the large number of different services offered in the area of other health care services, we cannot provide a meaningful estimate of the market volume. We currently offer medical services in other health care services primarily in the North America and Asia-Pacific Segments and have adapted our services in this area to these markets. The extent to which we roll out our other health care services outside the U.S. may vary in individual countries and regions depending on the respective reimbursement system and market environment.

Our customers are mostly health insurers and companies

Fresenius Medical Care's most important customers are state-owned or public health insurers, private health insurers, and companies.

Health care and reimbursement systems vary from country to country

As renal replacement therapy is a life-saving medical service, patients often do not have to pay for dialysis themselves. Instead, the costs are borne by the responsible health care system. The reimbursement systems for dialysis treatment – in other words, the structures used by health care systems to regulate reimbursement for dialysis services – differ from country to country and sometimes even within countries. The business activities of dialysis service providers and the reimbursement of dialysis therapy are affected by various factors including regional conditions, the treatment method, regulatory issues, and the type of provider (public or private).

Our ability to influence the reimbursement of our services is limited. The environment for reimbursement and the conditions for prescribing ancillary services significantly influence our business.

The reimbursement system in the U.S.

In the U.S., our biggest market, most of our patients are insured by the governmental health authority, the so-called Centers for Medicare and Medicaid (CMS). In fiscal year 2021, around 27 % (2020: 32 %) of our total revenue was attributable to reimbursements by CMS, which also determines the reimbursement rates for its patients (Medicare / Medicaid patients).

Due to pressure to reduce health care costs, the reimbursement rates in the U.S. only increased slightly in the past. On October 29, 2021, CMS issued a final rule for the reimbursement rate for chronic kidney failure treatments for the calendar year (CY) 2022 which they set annually as part of its prospective payment system (PPS) (known as the End-Stage Renal Disease (ESRD) PPS rate). The final base rate per treatment for CY 2022 is $257.90, which represents a 1.9 % increase from the CY 2021 base rate of $253.13. The increase of 1.9 % is based on a market basket increase of 2.4 % partially offset by a 0.5 % multifactor productivity adjustment that is mandated by the Affordable Care Act (ACA). The updated base rate includes an adjustment for the wage index budget-neutrality. CMS estimates that, on average, large dialysis organizations will receive a 2.4 % increase in payments in CY 2022 compared to CY 2021 under this final rule. The Acute Kidney Injury payment rate for CY 2022 is to equal the CY 2022 ESRD PPS base rate. The CY 2021 ESRD PPS final rule ended the transitional drug add-on payment adjustment (TDAPA) for calcimimetics which will now be paid for as part of the ESRD PPS base rate. Starting January 1, 2021, the revised drug designation policy, including the revised TDAPA payment policy took effect. CMS no longer pays for Sensipar® and Parsabiv® under the TDAPA policy.

Any significant reduction in Medicare reimbursement rates could have a material adverse effect on our health care services business. As demand for dialysis products is affected by Medicare reimbursement rates, this could have consequences for the development of our product business. To the extent that inflation, for example in the form of higher costs for personnel and disposables, is not fully compensated by an increase in reimbursement rates, our business, and results of operations may also be adversely affected.

More information can be found in the section "Results of operations, financial position, and net assets" starting on PAGE 45 and in the chapter "Risk and Opportunities Report" starting on PAGE 62.

In the U.S., reimbursement by private insurers and so-called managed care organizations is higher than reimbursement by government institutions. At the same time, payments from private insurers constitute a substantial portion of our profits, meaning our business is directly influenced by changes in the share of reimbursements by private insurers in North America. In fiscal year 2021, 40 % of the Group's health care services revenue was related to private insurers in the North America Segment (2020: 36 %).

Transitional add-on payments for new drugs and devices in the U.S.

Under the ESRD PPS drug designation process, CMS provides payment using a TDAPA for new renal dialysis drugs and biologicals with the exception of drugs that are available only in oral forms. For drug and biologicals that fit into an existing ESRD PPS functional category, CMS will pay for the drug using the TDAPA for two years. At the end of the transitional period, CMS will not update the base rate to reflect the cost and utilization of the new drug. For new drugs and biologicals that do not fit into an existing functional category, CMS will pay for the drug using the TDAPA for a period of at least two years to allow for sufficient gathering of cost and utilization data. At the conclusions of the transitional period, CMS would update the base rate to reflect the inclusion of the new drug or biological.

In 2021, CMS started to make transitional add-on payment adjustment for new and innovative equipment and supplies (TPNIES) approved after January 1, 2020 and provided by dialysis facilities. These new equipment and supplies must satisfy defined material clinical improvement criteria and will be reimbursed at 65 % of the invoice price, as determined by each Medicare Administrative Contractor. Applications for the TPNIES are due by February 1 of the year prior to the add-on payment year. CMS reviewed two TPNIES applications for CY 2022 and granted approval to one. CMS estimates total TPNIES payment amounts to facilities in CY 2022 would be approximately $2.5 M, of which approximately $490 thous would be attributed to beneficiary coinsurance. This is the beneficiary's own share which is to be paid after reaching the deductible amount.

Quality-based reimbursement

The health care debate in some countries is currently focused on establishing reimbursement structures based on treatment quality (pay for performance). This transfers more responsibility to the medical service provider. The goal of reimbursement models of this kind is to maintain a high quality of care combined with lower overall costs for the health care system.

The reimbursement system in the U.S. is also an example of a model based on qualitative criteria. For example, CMS defines quality standards for dialysis centers as part of its quality improvement program (QIP). Failure to reach these standards can lead to a reduction in annual reimbursements of up to 2 %.

In the CY 2022 final rule, CMS will adopt a special scoring and payment policy for Performance Year (PY) 2022 of the ESRD QIP to address the issues in the scoring system caused by the impact of the COVID-19 Public Health Emergency on QIP data. The scoring and payment methodologies will be modified in PY 2022 to provide that no facility would receive a payment reduction for PY 2022. CMS finalized the ESRD QIP measure set for PY 2024 and 2025. CMS will also set performance standards for PY 2024 using CY 2019 data, which is the most recently available full calendar year of usable data due to the impact of COVID-19 on CY 2020 data.

Reimbursement in a value and risk-based environment in the U.S.

We are also working closely with CMS in the area of value and risk-based care programs. One example is our participation in a CMS ESRD care model that ended March 31, 2021: To improve the health of patients with chronic kidney failure while reducing costs for CMS, dialysis providers and physicians could join forces to form entities known as ESCOs (End-Stage Renal Disease (ESRD) Seamless Care Organizations). We participated in 23 ESCOs in this pilot project. ESCOs that fulfilled the minimum quality standards specified by the program while generating reductions in the cost of care above certain thresholds for dialysis patients covered by the model received a portion of the cost savings as reimbursement. ESCOs that involve dialysis chains with more than 200 clinics are required to share in the risk of cost increases and reimburse part of any such increases to CMS if the actual costs exceed the agreed thresholds. As of March 2021, approximately 34,800 patients were aligned to ESCOs in which we participated.

We have also entered into value and risk-based care programs with private payors to provide care to commercial and Medicare Advantage ESRD and CKD patients. Under these payment arrangements, our financial performance is based on our ability to manage a defined scope of medical costs within certain parameters for clinical outcomes. If we provide care for less than the baseline, we retain the difference. If the cost of complete care exceeds the baseline, we may owe the payor the difference.

2019 Executive Order on new reimbursement models

On July 10, 2019, the then U.S. President signed an Executive Order (EO) on advancing kidney health. Among other things, the EO directs the Department of Health and Human Services (HHS) to develop new Medicare reimbursement models that enable diagnosis and treatment earlier in the course of kidney disease and support the expansion of home dialysis as well as promoting kidney transplants. One of these, the ESRD Treatment Choices (ETC) model, is mandatory and creates financial incentives for home dialysis treatments and kidney transplants. Due to start in January 2021 and end in June 2027, the ETC model consists of two partial reimbursement programs: on the one hand it envisages increases to the reimbursement for home dialysis treatments for a period of three years, on the other hand a performance-based reimbursement adjustment on all dialysis claims. The performance-based reimbursement adjustment is based on the rates of home dialysis and kidney transplants and will amount to between -5 % and +4 % in the first year of reimbursement and between -10 % and +8 % in the final year. Performance based payment adjustments are scheduled to start in July 2022 and run for six and a half years. Participants in the model are selected at random. As of December 31, 2021, there was a total of 981 U.S. dialysis clinics, approximately 35 % of these belong to Fresenius Medical Care.

On October 29, 2021, CMS finalized aspects of the ETC model with an effective date of January 1, 2022, including changes to the home dialysis rate calculation and transplant beneficiary inclusion and transplant participation rates, the achievement and improvement benchmarking and scoring methodology, and a process for sharing certain beneficiary attribution and performance data with ETC participants. CMS finalized additional programmatic waivers and other flexibilities regarding the Kidney Disease Education (KDE) benefit under the ETC model such that the KDE benefit can be furnished via telehealth. CMS finalized changes to the ETC model to address health and socioeconomic disparities by adding a Health Equity Incentive to the improvement scoring methodology and stratifying achievement benchmarks for beneficiaries who are dual-eligible for Medicare and Medicaid or low-income-subsidy recipients.

The Executive Order also announced voluntary Medicare reimbursement models aimed at providing financial incentives for health care providers in the area of chronic kidney disease and transplantation. Our applications for the voluntary Comprehensive Kidney Care Contracting (CKCC) model were accepted in June 2020. This model allows health care providers to assume various amounts of financial risk by forming so-called Kidney Care Entities (KCE). Of the 29 accepted applications, 28 KCEs have elected to participate in the implementation period, which started on October 15, 2020 on a no-risk basis. We began participation in the first Performance Year of the

CKCC model on January 1, 2022, at which time each participating entity starts to assume financial risk. The KCEs started assuming financial risk at the start of the first PY on January 1, 2022. Of the 28 KCEs participating in the implementation period, we moved forward with 22 of the KCEs during the first PY. Once implemented, the CKCC model is expected to run through 2026. We are presently unable to predict the effects on our business of the ETC payment model and the voluntary payment models.

Changes related to the Affordable Care Act

The delivery of health care services and products is highly regulated in most of the countries in which we operate. Proposals for legislative reforms in these countries are often introduced to improve access to care, address quality of care issues, and manage costs of the health care system. In the U.S., the Trump administration publicly announced its desire to pursue significant changes to existing health care programs. This has included the Affordable Care Act (ACA), also known as Obamacare, which regulates access to health insurance in the U.S.

In October 2017, the Trump administration discontinued making cost-sharing reduction (CSR) reimbursements to insurers, arguing that the Congress had failed to appropriate funding for them. These subsidies reduce deductibles, coinsurance, and co-payments for individuals and families at or below 250 % of the federal poverty level. Under the law, insurers are still mandated to provide lower out-of-pocket costs for low-income individuals; as a result, ending CSR payments has caused many insurers to increase premiums in the individual insurance market to offset the loss of the federal support.

In its financial year 2019, 2020, and 2021 budget proposals, the Trump administration altered course and requested authority to fund CSR payments. Neither the financial year 2019, 2020, nor 2021 CSR budget proposal were ultimately included in appropriations authorized by the Congress. Although the Biden Administration has promised major changes in premium tax credits and cost sharing subsidies, President Biden's first budget request to Congress for fiscal year 2022 does not specifically include appropriations for CSR payments, and it is too early to predict which policies Congress will choose to enact concerning CSR payments.

Throughout 2020, insurers continued to challenge the previous administration's non-payment of CSR subsidies in litigation. On April 27, 2020, the Supreme Court issued its decision in Main Community Health Options vs. United States, in which the Supreme Court held that the government was obligated to make full risk corridor payments. More recently, on August 14, 2020, the Court of Appeals for the Federal Circuit issued decisions in two cases (Sanford Health Plan v. United States and Community Health Choice v. United States) holding that the previous Administration owed CSRs to health plans in 2017 and directed the Court of Federal Claims to decide the status of payments owed in 2018 and later, a process that is ongoing. On June 21, 2021, the Supreme Court denied petitions to review the decisions of the Court of Appeals for the Federal Circuit in these cases. On January 28, 2021, President Biden issued an Executive Order on Strengthening Medicaid and the Affordable Care Act, which directs the Secretaries of the Departments of Health and Human Services, Treasury and Labor to, among other things, review and examine policies or practices. Further efforts to repeal or revise the ACA may affect the project's future prospects in ways which we currently cannot quantify or predict.

U.S. ballot initiatives

Further U.S. legislation or regulations may be enacted in the future through legislative and public referendum processes, which could substantially modify the amounts paid for services and products offered by us and our subsidiaries, and mandate new or alternative operating models and payment models. Ballot initiatives that are successfully introduced at the state level in the U.S. require the vote of state citizens to directly adopt or reject proposed new legislation. These ballot initiatives require a material expenditure of resources by us to participate in public discourse regarding the proposed new legislation underlying the initiatives, which if passed, could further regulate multiple aspects of our operations including, for instance, clinic staffing requirements, state inspection requirements, and profit margins on commercial business. It is also possible that statutes may be adopted, or regulations may be promulgated in the future that impose additional eligibility requirements for participation in the federal and state health care programs. Such new legislation or regulations could, depending upon the detail of the provisions, have positive or adverse effects, possibly material, on our businesses and results of operations.

COVID-19 relief measures

In some countries, we have received COVID-19-related relief measures, for instance in the U.S., the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) has been passed to mitigate certain adverse financial impacts of the COVID-19 pandemic, including in the health care sector. Additional funding under the CARES Act and other COVID-19 relief provides some financial support to our business in the U.S. This includes suspension of the 2 % Medicare payment sequestration reduction to March 31, 2022 (following this, a 1 % reduction will become effective from April 1 to June 30, 2022 and the full 2 % sequester will resume from July 1, 2022), and also accelerated and advance payments of Medicare reimbursement and grants to cover expenses and mitigate the loss of revenues due to the COVID-19 pandemic. During the fourth quarter of 2021, we received, for entities in which we have less than 100 % ownership, new U.S. Department of Health and Human Services funding (Provider Relief Fund Phase 4) available for health care pro-

viders affected by the COVID-19 pandemic. However, these measures may not fully offset any lost revenues and increased costs we may incur. For further information, see the consolidated financials within "Results of operations, financial position, and net assets" starting on PAGE 45 and NOTE 4 H of the notes to the consolidated financial statements.

Charitable Premium Assistance

On August 18, 2016, CMS issued a request for information (RFI) seeking public comment about providers' alleged steering of patients inappropriately to individual plans offered on the Patient Protection and Affordable Care Act individual health insurance market. Fresenius Medical Care and other dialysis providers, commercial insurers, and other industry participants responded to the RFI, and in that response, we reported that we do not engage in such steering. On December 14, 2016, CMS published an Interim Final Rule (IFR) entitled "Medicare Program; Conditions for Coverage for ESRD Facilities-Third Party Payment" that would amend the Conditions for Coverage for dialysis providers, like Fresenius Medical Care. The IFR would have effectively enabled insurers to reject premium payments made by patients who received grants for individual market coverage from the American Kidney Fund (AKF) and, therefore, could have resulted in those patients losing their individual market health insurance coverage. The loss of individual market coverage for these patients would have had a material and adverse impact on our operating results. On January 25, 2017, a federal district court in Texas, responsible for litigation initiated by a patient advocacy group and dialysis providers including Fresenius Medical Care, preliminarily enjoined CMS from implementing the IFR (Dialysis Patient Citizens v. Burwell (E.D. Texas, Sherman Div.)). The preliminary injunction was based on CMS's failure to follow appropriate notice-and-comment procedures in adopting the IFR. The injunction remains in place and the court retains jurisdiction over the dispute. On June 22, 2017, CMS requested a stay of proceedings in the litigation pending further rulemaking concerning the IFR. Plaintiffs in the litigation, including Fresenius Medical Care, consented to the stay, which was granted by the court.

The operation of charitable assistance programs like that of the AKF is also receiving increased attention by state insurance regulators and legislators. The result may be a regulatory framework that differs from state to state. Even in the absence of the IFR or similar state actions, insurers are likely to continue efforts to thwart charitable premium assistance to our patients for individual market plans and other insurance coverages. If successful in a material area or scope of our U.S. operations, these efforts would have a material adverse impact on our business and operating results.

OVERALL BUSINESS DEVELOPMENT

Highlights

Impact of the COVID-19 pandemic

The COVID-19 pandemic resulted in an increased mortality of our patients in 2020. The excess mortality continued in 2021.

To be able to continue caring for our patients and maintain an adequate workforce, we implemented a number of measures, both operational and financial, to protect our patients and employees through expanded personal protective equipment protocols and expenses related to surge capacity for patients suspected or confirmed to have COVID-19.

In addition to introducing comprehensive measures to reduce infection risks and maintain safe operations in our dialysis centers, vaccinations are crucial for containing the COVID-19 pandemic. In several countries, we have made our dialysis clinics available for the direct vaccination of patients and, where requested, the general public.

Also in 2021, governments in various regions in which we operate have provided economic assistance programs to address the consequences of the pandemic on companies and support healthcare providers and patients.

We experienced a loss of revenue due to the pandemic in certain parts of our business. Overall, COVID-19 resulted in a negative impact to net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA which we estimate to be around €338 M, net of COVID-19 related governmental funding, in 2021, primarily driven by COVID-19-related impacts in certain of our operating segments, as well as various other effects in connection with the pandemic including, but not limited to, increased costs for personal protective equipment and labor costs, partially offset by certain lower operating costs including patient screening, facilities management, and marketing.

For more information, see the consolidated financials within "Results of operations, financial position, and net assets" starting on PAGE 45 and NOTE 4 H of the notes to the consolidated financial statements.

Financing

On May 18, 2021, we issued bonds with an aggregate principal amount of $1.5 BN (€1.2 BN) across two tranches: a $850 M (€695 M) bond with a maturity of five years and seven months and a $650 M (€532 M) bond with a ten-year and seven-month maturity. The proceeds have been used for general corporate purposes, including the refinancing of outstanding indebtedness.

On July 1, 2021, we entered into a new €2 BN sustainability-linked syndicated revolving credit facility with a term of five years plus two one-year extension options. It can be drawn in different currencies and will be used as a back-up line for general corporate purposes.

FME25 Program

As part of the FME25 Program launched in 2021, Fresenius Medical Care has announced on November 2, 2021, a new operating model that will be launched in 2023. The objective is to better capture identified growth opportunities, thereby generating additional value, enhance capital allocation, further exploit the advantages of the Company's vertical integration, increase transparency both internally and externally, reduce the administrative burden in terms of cost and speed, and promote a culture of agility, innovation, and accountability. The Company is significantly streamlining its operating model to create two global segments – Care Delivery and Care Enablement along the relevant future value drivers taking a more centralized approach. On December 1, 2021, we announced that these changes in structure will result in changed responsibilities, starting at Management Board level. The new Management Board has taken effect on January 1, 2022. For more information, see section "Changes in management structure" in chapter "Corporate Governance Fundamentals" starting on PAGE 81.

Overall, the costs related to the FME25 Program resulted in a negative impact to net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA in the amount of €49 M in 2021.

Comparison of actual business results with the outlook

The COVID-19 pandemic continued to impact significantly our business environment in 2021. A significantly higher than expected impact from COVID-19, inflationary cost increases, higher personnel expense, and negative remeasurement effects on the fair value of investments, driven by Humacyte, weighed heavily on our earnings development. Despite these challenging headwinds our results for the fiscal year 2021 were in line with our guidance.

Our 2021 outlook included the effects from COVID-19 and excluded Special Items. Special Items include costs related to the FME25 Program and effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. Accordingly, we have adjusted for the costs related to the FME25 Program the actual results dddrelated to the FME25 Program include mainly costs for the impairment of right-of-use assets and consulting expense.

The growth rates are based on the results in 2020 excluding the Special Item of Impairment Loss. A reconciliation of the results for 2021 and 2020 to the respective results for 2021 and 2020 excluding Special Items can be found at the end of this section. The outlook for fiscal year 2021 is based on Constant Currency.

We expected revenue growth at a low-to-mid-single-digit percentage rate at Constant Currency at the beginning of the year. We generated revenue of €18.2 BN in 2021 at Constant Currency (2020: €17.9 BN), resulting in an increase of 2 %, which is at the lower end of our expectations. We therefore met our outlook.

The Asia-Pacific Segment and the Latin America Segment in particular contributed to the expansion of our business. Further details on the development of revenue can be found in the section "Results of operation, financial position, and net assets" starting on PAGE 45.

T 2.22 **RESULTS AND OUTLOOK FOR 2021**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

	Results 2021	Results 2021	Outlook 2021
	as reported	excl. Special Items	(at Constant Currency, except for ROIC)[1, 2, 3]
Revenue	17,619	18,182	growth: low-to-mid-single-digit percentage rate
Revenue growth at Constant Currency	2 %	2 %	growth: low-to-mid-single-digit percentage rate
Operating income	1,852	1,972	decline: mid-teens-to-low-twenties percentage rate
Net income[4]	969	1,047	decline: high-teens-to-mid-twenties percentage rate
Net income growth at Constant Currency[4]	(14 %)	(23 %)	decline: high-teens-to-mid-twenties percentage rate
ROIC	4.9 %	5.1 %	≥ 5.0 %

[1] The outlook for 2021 included the effects from COVID-19 and excluded Special Items. Special Items include costs related to the FME25 Program and effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates are based on the results in 2020 excluding the Special Item of Impairment Loss.
[2] The results for 2021 have been adjusted for Special Items in order to make business performance comparable with the outlook for 2021. A reconciliation of the results for 2021 and 2020 to the results for 2021 and 2020 excluding Special Items as a basis for the 2021 targets can be found in TABLE 2.23 ON PAGE 45.
[3] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.
[4] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA.

T 2.23 **OPERATING PERFORMANCE EXCLUDING SPECIAL ITEMS**
IN € M

	Results 2021	FME25 Program	Results 2021 excl. Special Items	Currency translation effects	Results 2021 excl. Special Items at Constant Currency[2]	Results 2020	Impairment Loss	Results 2020 excl. Special Items
Revenue	17,619	–	17,619	563	18,182	17,859	–	17,859
Operating income	1,852	63	1,915	57	1,972	2,304	195	2,499
Net income[1]	969	49	1,018	29	1,047	1,164	195	1,359

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA.
[2] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.

We expected operating income excluding Special Items to decline at a percentage rate in the mid-teens to low twenties at Constant Currency for the fiscal year 2021. Operating income excluding Special Items in 2021 was €2.0 BN at Constant Currency (2020: €2.5 BN), a decrease of 21 %. This is at the lower end specified in our outlook.

At the beginning of the year, we set a target range for the decline in net income excluding Special Items at a high-teens-to-mid-twenties percentage rate at Constant Currency. Net income excluding Special Items for the fiscal year 2021 decreased to €1.0 BN at Constant Currency (2020: €1.4 BN). This 23 % decrease at Constant Currency is at the lower end of the range of our expectations.

ROIC excluding Special Items was at 5.1 %. This was in line with our expectation of at least 5.0 %.

TABLE 2.22 ON PAGE 44 shows the actual results and our outlook for the fiscal year 2021.

TABLE 2.23 provides a reconciliation of the results for 2021 and 2020 to the respective results for 2021 and 2020 excluding Special Items as well as a reconciliation of the currency translation effects on the results for 2021 at Constant Currency.

In 2021, ROIC or ROIC excluding the costs related to the FME25 Program were 4.9 % and 5.1 %. In the calculation of ROIC excluding the costs related to the FME25 program, the average invested capital was adjusted by €7 M and the NOPAT by €46 M. In 2020, ROIC was 5.8 %, or ROIC excluding Impairment Loss was 6.6 % (see the reconciliation to the calculation of ROIC in the section "Performance management system – Return on invested capital (Non-IFRS Measure)" in the chapter "Overview of the group" starting on PAGE 25.

RESULTS OF OPERATIONS, FINANCIAL POSITION, AND NET ASSETS

The following sections summarize our results of operations, financial position, and net assets as well as key performance indicators by reporting segment, as well as Corporate, for the periods indicated. We prepared the information consistent with the manner in which management internally disaggregates financial information to assist in making operating decisions and evaluating management performance.

In 2020, we updated our Company strategy to leverage our core strategic competencies in order to achieve our goal of providing health care for chronically and critically ill patients across the renal care continuum (Strategy 2025), which encompasses new renal care models, value-based care models, chronic kidney disease, and transplantation as well as future innovations. Accordingly, we have adjusted the presentation of consolidated and operating segment data to reflect the integration of Dialysis and Care Coordination, now referred to as "Other Health Care Services", in our business model.

T 2.24 **SEGMENT DATA (INCLUDING CORPORATE)**
IN € M

	2021	2020
Total revenue		
North America Segment	12,088	12,478
EMEA Segment	2,765	2,763
Asia-Pacific Segment	2,010	1,894
Latin America Segment	703	684
Corporate	53	40
TOTAL	**17,619**	**17,859**
Operating income		
North America Segment	1,644	2,120
EMEA Segment	309	412
Asia-Pacific Segment	350	344
Latin America Segment	12	(157)
Corporate	(463)	(415)
TOTAL	**1,852**	**2,304**
Interest income	73	42
Interest expense	(353)	(410)
Income tax expense	(353)	(501)
NET INCOME	**1,219**	**1,435**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(250)**	**(271)**
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FRESENIUS MEDICAL CARE AG & CO. KGAA	**969**	**1,164**

Therefore, we do not present dialysis and other health care services metrics separately. As such, other health care services information previously presented separately for the North America Segment and the Asia-Pacific Segment is now included within the corresponding health care metric. This presentation also more closely aligns our external financial reporting with the manner in which management reviews financial information to make operating decisions and evaluate performance of our business.

Results of operations

For further information on the results of operations of Fresenius Medical Care, SEE TABLE 2.24.

Revenue and operating income generated in countries outside the eurozone are subject to the effects of currency fluctuations. TABLE 2.25 summarizes the development of the euro against the U.S. dollar, as well as the revenue and the operating income generated in U.S. dollars, as a percentage of the consolidated results for the years ended December 31, 2021 and December 31, 2020.

T 2.25 **CURRENCY DEVELOPMENT AND PORTION OF TOTAL REVENUE AND OPERATING INCOME**

	2021	2020
Currency development of euro against the U.S. dollar	negative impact	positive impact
Percentage of revenue generated in U.S. dollars	69 %	70 %
Percentage of operating income generated in U.S. dollars	89 %	92 %

Consolidated financial statements

An overwiew of the performance indicators for the consolidated financial statements, SEE TABLE 2.26 ON PAGE 47.

Health care services revenue decreased by 2 % as compared to the year ended December 31, 2020 (+2 % at Constant Exchange Rates), driven by a negative impact from foreign currency translation (-4 %), partially offset by organic growth (+1 %) despite impacts from COVID-19, including, but not limited to, excess mortality rates among patients due to COVID-19 ("COVID-19-Related Impacts") in certain of our operating segments, which are further described in the discussions of our segments below, and despite lower reimbursement for calcimimetics, as well as contributions from acquisitions (+1 %). For additional information regarding COVID-19-Related Impacts, SEE NOTE 4 H of the notes to the consolidated financial statements.

Dialysis treatments decreased by 1 % as a result of negative Same Market Treatment Growth (-2 %), partially offset by contributions from acquisitions (+1 %). COVID-19-Related Impacts contributed significantly to the decreases in treatments and Same Market Treatment Growth.

At December 31, 2021, we owned, operated, or managed 4,171 dialysis clinics compared to 4,092 dialysis clinics at December 31, 2020. During the year ended December 31, 2021, we acquired 61 dialysis clinics, opened 74 dialysis clinics, and combined or closed 56 clinics. The number of patients treated in dialysis clinics that we own, operate, or manage decreased slightly to 345,425 as of December 31, 2021 (December 31, 2020: 346,553).

Health care product revenue remained stable (+2 % at Constant Exchange Rates), as higher sales of machines for chronic treatment, home hemodialysis products, and renal pharmaceuticals were offset by a negative impact from foreign currency translation and lower sales of products for acute care treatments.

Gross profit decreased by 8 % (-6 % at Constant Exchange Rates), primarily driven by COVID-19-Related Impacts (includ-

T 2.26 **PERFORMANCE INDICATORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

			Change in %		
	2021	2020	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	17,619	17,859	(1)	(3)	2
Health care services	13,876	14,114	(2)	(4)	2
Health care products	3,743	3,745	0	(2)	2
Number of dialysis treatments	52,871,887	53,575,255	(1)		
Same Market Treatment Growth in %[2]	(1.9)	2.2			
Gross profit in € M	5,077	5,537	(8)	(2)	(6)
Gross profit as a % of revenue	28.8	31.0			
Selling, general and administrative costs in € M	3,096	3,134	(1)	(3)	2
Selling, general and administrative costs as a % of revenue	17.6	17.5			
Operating income in € M	1,852	2,304	(20)	(3)	(17)
Operating income margin	10.5	12.9			
Net income attributable to shareholders of FMC AG & Co. KGaA in € M	969	1,164	(17)	(3)	(14)
Basic earnings per share in €	3.31	3.96	(16)	(2)	(14)

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.
[2] Same market treatment growth represents growth in treatments, adjusted for certain reconciling items including (but not limited to) treatments from acquisitions, closed or sold clinics and differences in dialysis days (Same Market Treatment Growth).

ing lower U.S. federal relief funding), inflationary cost increases and higher personnel expense and a negative impact from foreign currency translation across all regions as well as higher implicit price concessions (North America Segment). These impacts were partially offset by a higher average reimbursement rate driven by an increased number of patients with Medicare Advantage coverage and other payor mix effects as well as increased treatment volumes (including growth from acquisitions) as normalized for COVID-19, both within in the North America Segment.

Selling, general and administrative (SG&A) expense decreased by 1 % (+2 % at Constant Exchange Rates), primarily driven by the absence in 2021 of the prior year Impairment Loss in the Latin America Segment (SEE NOTE 2 A) of the notes to the consolidated financial statements) and a positive impact from foreign currency translation across all regions. The decrease was partially offset by remeasurement effects on the fair value of investments in the current year, driven by our investment in Humacyte, and unfavorable impacts from gains on the sale of vascular and cardiovascular clinics in the prior year (North America Segment), costs associated with the FME25 Program (North America Segment, EMEA Segment and Corporate), higher personnel expense in the North America Segment and the Latin America Segment and COVID-19-related impacts (including lower U.S. federal relief funding) (North America Segment, EMEA Segment and Asia-Pacific Segment).

Research and development expenses increased by 14 % to €221 M from €194 M. The increase was largely driven by in-center and critical care program development, higher amortization of capitalized development costs as well as activities in the field of regenerative medicine and research and development activities in the area of home dialysis, partially offset by a positive impact from foreign currency translation.

Income from equity method investees decreased by 2 % to €92 M from €95 M. The decrease was primarily driven by prior year income from the sale of a license for certain renal pharmaceuticals, partially offset by a prior year impairment for a license held by Vifor Fresenius Medical Care Renal Pharma Ltd. based on an unfavorable clinical trial.

Operating income decreased by 20 % (-17 % at Constant Exchange Rates), largely driven by the decrease in gross profit as well as a negative impact from foreign currency translation, partially offset by the decrease in SG&A expenses, as discussed above.

Net interest expense decreased by 24 % to €280 M from €368 M, primarily due to lower interest rates on lease liabilities and refinancing activities (including the issuance of bonds at lower interest rates), a release of interest accruals related to uncertain tax treatments, lower variable interest rates, a positive impact from foreign currency translation and the recognition of interest related to royalty receivables.

Income tax expense decreased by 30 % to €353 M from €501 M. The effective tax rate decreased to 22.4 % from 25.9 % for the

same period of 2020 largely driven by the prior year non-deductible Impairment Loss (SEE NOTE 2 A) and several favorable prior year impacts, including impacts related to changes in tax risk estimates, and a higher portion of tax-free income attributable to noncontrolling interests, partially offset by an increase of non-deductible expenses, and unrecognized deferred tax assets in multiple countries.

Net income attributable to noncontrolling interests decreased by 8 % (-5 % at Constant Currency) to €250 M from €271 M due to lower earnings in entities in which we have less than 100 % ownership and a positive impact from foreign currency translation, partially offset by amounts received under Provider Relief Fund Phase 4 relief funding attributable to noncontrolling interests.

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA decreased by 17 % (-14 % at Constant Currency) to €969 M from €1,164 M as a result of the combined effects of the items discussed above as well as a negative impact from foreign currency translation. The effect of COVID-19-related impacts, including lower U.S. federal relief funding as compared to the prior year, was estimated to be around €338 M in reduced net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA for the year ended December 31, 2021 as compared to €49 M for the year ended December 31, 2020.

Basic earnings per share decreased by 16 % (-14 % at Constant Exchange Rates), primarily due to the decrease in net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA described above coupled with a negative impact from foreign currency translation, partially offset by a decrease in the average weighted number of shares outstanding for the period. The average weighted number of shares outstanding for the period decreased to approximately 292.9 M in 2021 (2020: 294.1 M), primarily as a result of our share buy-back program which concluded on April 1, 2020 (SEE NOTE 17 of the notes to the consolidated financial statements included in this report), partially offset by the exercise of stock options.

We employed 122,909 people (full-time equivalents) as of December 31, 2021 (December 31, 2020: 125,364). This 2 % decrease is largely due to a labor shortage for employees in the health care sector of the North America Segment, including production and clinical staff, due to COVID-19 and a reduction in the number of temporary employees in the North America Segment who were hired to manage the COVID-19 pandemic.

The following discussions pertain to our operating and reportable segments and the measures we use to manage these segments.

North America Segment

Information about performance indicators for the North America Segment can be found in TABLE 2.27.

Revenue

Health care services revenue decreased by 3 % (remained stable at Constant Exchange Rates), mainly due to a negative impact from foreign currency translation (-3 %) and a negative impact from a reversal of a revenue recognition adjustment for accounts receivable in legal dispute which was beneficial in the prior year (-1 %), partially offset by contributions from acquisitions (+1 %). Including the effects from COVID-19-related impacts and lower reimbursement for calcimimetics, organic growth was flat (0 %) as compared to the year ended December 31, 2020.

Dialysis treatments decreased by 2 % largely due to negative Same Market Treatment Growth (-3 %), partially offset by contributions from acquisitions (+1 %). At December 31, 2021, 209,291 patients (December 31, 2020: 210,260) were treated in the 2,695 dialysis clinics (December 31, 2020: 2,639) that we own or operate in the North America Segment. COVID-19-Related Impacts contributed significantly to the decreases in treatments and Same Market Treatment Growth.

T 2.27 **PERFORMANCE INDICATORS FOR THE NORTH AMERICA SEGMENT**

			Change in %		
	2021	2020	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	12,088	12,478	(3)	(3)	0
Health care services	11,020	11,364	(3)	(3)	0
Health care products	1,068	1,114	(4)	(3)	(1)
Number of dialysis treatments	32,334,280	32,843,592	(2)		
Same Market Treatment Growth in %	(2.5)	1.6			
Operating income in € M	1,644	2,120	(22)	(2)	(20)
Operating income margin in %	13.6	17.0			

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.

Health care product revenue decreased by 4 % (-1 % at Constant Exchange Rates), driven by a negative impact from foreign currency translation and lower sales of products for acute care treatments, partially offset by higher sales of home hemodialysis products, in-center disposables, machines for chronic treatment, and acute cardiopulmonary products.

Operating income

Operating income decreased by 22 % (-20 % at Constant Exchange Rates), primarily related to unfavorable effects from COVID-19-related impacts (including lower U.S. federal relief funding), inflationary cost increases, higher personnel expense, the remeasurement effect on the fair value of investments (driven by Humacyte), higher implicit price concessions, a negative impact from foreign currency translation, and unfavorable business development in our health care product business, partially offset by a higher average reimbursement rate driven by an increased number of patients with Medicare Advantage coverage and other payor mix effects as well as increased treatment volumes (including growth from acquisitions) as normalized for COVID-19.

EMEA Segment

Information about performance indicators for the EMEA Segment can be found in TABLE 2.28.

Revenue

Health care service revenue increased by 1 % (+2 % at Constant Exchange Rates), largely due to contributions from acquisitions (+2 %) and organic growth (+1 %) despite COVID-19 related impacts, partially offset by the effect of closed or sold clinics (-1 %) and a negative impact resulting from foreign currency translation (-1 %).

T 2.28 **PERFORMANCE INDICATORS FOR THE EMEA SEGMENT**

			Change in %		
	2021	2020	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	2,765	2,763	0	(1)	1
Health care services	1,379	1,365	1	(1)	2
Health care products	1,386	1,398	(1)	(1)	0
Number of dialysis treatments	9,885,319	10,189,373	(3)		
Same Market Treatment Growth in %	(3.2)	1.4			
Operating income in € M	309	412	(25)	0	(25)
Operating income margin in %	11.2	14.9			

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.

Dialysis treatments decreased by 3 % mainly due to negative Same Market Treatment Growth (-3 %) and the effect of closed or sold clinics (-1 %), partially offset by contributions from acquisitions (+1 %). As of December 31, 2021, 65,599 patients, a decrease of 1 % (December 31, 2020: 66,008), were treated at the 821 dialysis clinics (December 31, 2020: 804) that we own, operate or manage in the EMEA Segment. COVID-19-related impacts contributed significantly to the decreases in treatments and Same Market Treatment Growth.

Health care product revenue decreased by 1 % (remained stable at Constant Exchange Rates), primarily due to lower sales of in-center disposables, a negative impact from foreign currency translation and lower sales of peritoneal dialysis products, partially offset by higher sales of machines for chronic treatment, home hemodialysis products, renal pharmaceuticals, and acute cardiopulmonary products.

Operating income

Operating income decreased by 25 % (-25 % at Constant Exchange Rates), mainly due to inflationary cost increases, unfavorable effects from COVID-19-related impacts, costs associated with the FME25 Program, unfavorable foreign currency transaction effects and higher bad debt expense, partially offset by reimbursement rate increases in certain countries.

Asia-Pacific Segment

Information about performance indicators for the Asia-Pacific Segment can be found in TABLE 2.29 ON PAGE 50.

Revenue

Health care services revenue increased by 7 % (+10 % at Constant Exchange Rates), largely as a result of organic growth, including a recovery in elective procedures, (+9 %) and contributions from acquisitions (+2 %), partially offset by a negative impact from foreign currency translation (-3 %) and the effect of closed or sold clinics (-1 %).

Dialysis treatments increased by 2 % mainly due to Same Market Treatment Growth (+5 %), partially offset by the effect of closed or sold clinics (-3 %). As of December 31, 2021, 33,760

patients, an increase of 2 % (December 31, 2020: 33,106) were treated at the 405 dialysis clinics (December 31, 2020: 400) that we own, operate, or manage in the Asia-Pacific Segment.

Health care product revenue increased by 5 % (+4 % at Constant Exchange Rates), mainly due to higher sales of machines for chronic treatment, in-center disposables, and a positive impact from foreign currency translation, partially offset by lower sales of products for acute care treatments.

T 2.29 PERFORMANCE INDICATORS FOR THE ASIA-PACIFIC SEGMENT

			Change in %		
	2021	2020	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	2,010	1,894	6	(1)	7
Health care services	942	876	7	(3)	10
Health care products	1,068	1,018	5	1	4
Number of dialysis treatments	4,766,472	4,660,875	2		
Same Market Treatment Growth in %	4.8	8.5			
Operating income in € M	350	344	2	(1)	3
Operating income margin in %	17.4	18.1			

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.

T 2.30 PERFORMANCE INDICATORS FOR THE LATIN AMERICA SEGMENT

			Change in %		
	2021	2020	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	703	684	3	(13)	16
Health care services	499	485	3	(15)	18
Health care products	204	199	2	(9)	11
Number of dialysis treatments	5,885,816	5,881,415	0		
Same Market Treatment Growth in %	(1.1)	2.1			
Operating income in € M	12	(157)	n.a.		n.a.
Operating income margin in %	1.7	(22.9)			

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.

Operating income

Operating income increased by 2 % (+3 % at Constant Exchange Rates), primarily due to business growth and a favorable effect from a recovery in elective procedures in certain countries, partially offset by inflationary cost increases, the prior year effect of a gain from the deconsolidation of clinics, and unfavorable foreign currency transaction and translation effects.

Latin America Segment

Information about performance indicators for the Latin America Segment can be found in TABLE 2.30.

Revenue

Health care service revenue increased by 3 % (+18 % at Constant Exchange Rates), primarily as a result of organic growth (+17 %) and contributions from acquisitions (+2 %), partially offset by a negative impact from foreign currency translation (-15 %) and the effect of closed or sold clinics (-1 %).

Dialysis treatments remained relatively stable period over period, as contributions from acquisitions (+3 %) were offset by the effect of closed or sold clinics (-1 %), negative Same Market Treatment Growth (-1 %), and a decrease in dialysis days (-1 %). As of December 31, 2021, 36,775 patients, a decrease of 1 % (December 31, 2020: 37,179), were treated at the 250 dialysis clinics (December 31, 2020: 249) that we own, operate, or manage in the Latin America Segment. COVID-19-related impacts contributed significantly to the decrease in Same Market Treatment Growth.

Health care product revenue increased by 2 % (+11 % at Constant Exchange Rates), primarily due to higher sales of in-center disposables, other health care products, and products for

acute care treatments, partially offset by a negative impact from foreign currency translation.

Operating income

Operating income increased to a profit of €12 M from a loss of €157 M, primarily due to the absence in 2021 of the prior year Impairment Loss in the amount of €195 M and favorable foreign currency transaction effects, partially offset by inflationary cost increases.

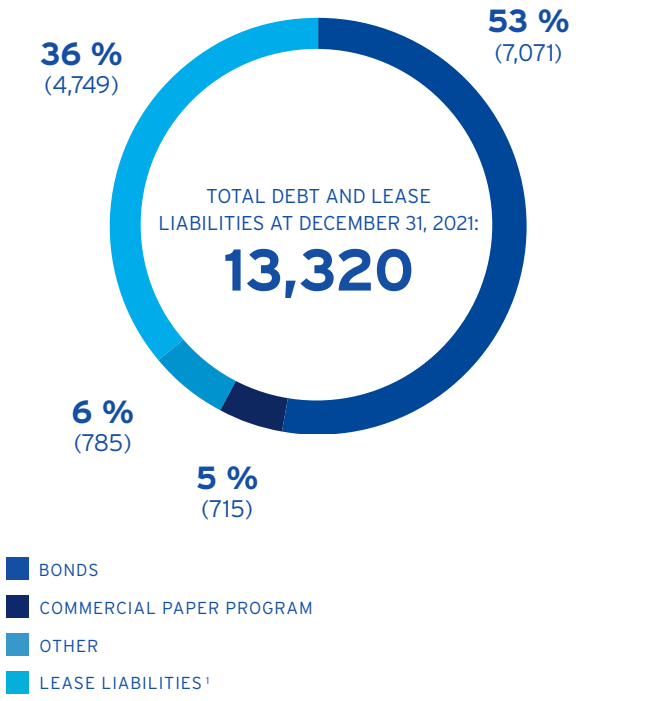
Financial position

Our investment and financing strategy did not change substantially in the past fiscal year as our business model, which is based on stable and high cash flows, allows for a reasonable proportion of debt. We regard our refinancing options as being very stable and flexible. During the past fiscal year, the focus of our investing activities was on our health care services business.

Financing strategy

Our financing strategy aims at ensuring financial flexibility, managing financial risks, and optimizing our financing cost. We ensure our financial flexibility through maintaining sufficient liquidity. Our refinancing risks are limited due to our balanced maturity profile, which is characterized by a wide range of maturities of up to 2031. Corporate bonds in euro and U.S. dollar form the basis of our mid- and long-term financing instruments. Corporate bonds in euro are issued under our €10 BN debt issuance program. For short-term financing, we use our €1.5 BN commercial paper program, Accounts Receivable Facility in U.S. dollar, and bilateral credit lines. The €2 BN Syndicated Credit Facility, signed in July 2021, serves as a backup facility and was undrawn at December 31, 2021.

C 2.31 **FINANCING MIX**
IN € M



[1] Includes lease liabilities with related and unrelated parties.

T 2.32 **RECONCILIATION OF ADJUSTED EBITDA AND NET LEVERAGE RATIO TO THE MOST DIRECTLY COMPARABLE IFRS FINANCIAL MEASURE**
IN € M, EXCEPT FOR NET LEVERAGE RATIO

	December 31, 2021	December 31, 2020
Debt and lease liabilities [1]	13,320	12,380
Minus: Cash and cash equivalents	(1,482)	(1,082)
NET DEBT	**11,838**	**11,298**
Net income	1,219	1,435
Income tax expense	353	501
Interest income	(73)	(42)
Interest expense	353	410
Depreciation and amortization	1,586	1,587
Adjustments [2]	125	249
ADJUSTED EBITDA	**3,563**	**4,140**
NET LEVERAGE RATIO	**3.3**	**2.7**

[1] Debt includes the following balance sheet line items: short-term debt, current portion of long-term debt and long-term debt, less current portion.
[2] Acquisitions and divestitures made for the last twelve months with a purchase price above a €50 M threshold as defined in the Syndicated Credit Facility (2021: €13 M), non-cash charges, primarily related to pension expense (2021: €49 M; 2020: €50 M), impairment loss (2021: €38 M; 2020: €199 M), and costs related to the FME25 Program (2021: €25 M).

CHART 2.31 summarizes our main financing debt mix as of December 31, 2021.

In our long-term financial planning, we focus primarily on the net leverage ratio, a non-IFRS measure (see section "Performance management system" in the chapter "Overview of the group" starting on PAGE 24). Our self-set target for the net leverage ratio is less than 3.5, which management considers appropriate for the Company. TABLE 2.32 shows the reconciliation of net debt and adjusted EBITDA and the calculation of the net leverage ratio as of December 31, 2021 and 2020.

The key financial risks we are exposed to include foreign exchange risk and interest rate risk. To manage these risks, we enter into various hedging transactions that have been authorized by the Management Board. Counterparty risks are managed via internal credit limits, taking into account the external credit ratings of the respective hedging counterparty. We do

not use financial instruments for trading or other speculative purposes (for liquidity and financing risks, see the section "Other risks" in the chapter "Risks and opportunities report" on PAGE 72 as well as NOTE 23 of the notes to the consolidated financial statements).

Fresenius SE, under a service agreement, conducts treasury services for us under the control of a single centralized department. We have established guidelines for risk management procedures and controls which govern the use of financial instruments. These guidelines include a clear segregation of duties with regards to execution on the one hand and administration, accounting, and controlling on the other.

We also utilize Fresenius SE's cash management system as well as an unsecured loan agreement with Fresenius SE (SEE NOTE 13 of the notes to the consolidated financial statements).

We are rated investment grade by the three leading rating agencies, Moody's, Standard & Poor's, and Fitch. For further information on our credit ratings, SEE NOTE 18 of the notes to the consolidated financial statements. A rating is not a recommendation to buy, sell, or hold securities of the Company, and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.

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

We are not involved in off-balance-sheet transactions that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements, or capital resources.

Sources of liquidity

Our primary sources of liquidity are typically cash provided by operating activities, cash provided by short-term debt, proceeds from the issuance of long-term debt, and divestitures. We require this capital primarily to finance working capital needs, fund acquisitions, operate clinics, develop free-standing renal dialysis clinics, and other health care facilities, purchase equipment for existing or new renal dialysis clinics and production sites, repay debt and pay dividends (see "Net cash provided by (used in) investing activities" and "Net cash provided by (used in) financing activities" below).

As of December 31, 2021, our available borrowing capacity under unutilized credit facilities amounted to approximately €2.5 BN, including €2.0 BN under the Syndicated Credit Facility, which we maintain as a backup for general corporate purposes.

At December 31, 2021, we had cash and cash equivalents of €1,482 M (December 31, 2020: €1,082 M).

Free cash flow (Net cash provided by (used in) operating activities, after capital expenditures, before acquisitions and investments) is a Non-IFRS Measure and is reconciled to net cash provided by (used in) operating activities, the most directly comparable IFRS measure (see the section "Performance management system" in the chapter "Overview of the group" starting on PAGE 24).

TABLE 2.33 shows the cash flow performance indicators for 2021 and 2020 and reconciles free cash flow and free cash flow in percent of revenue to net cash provided by (used in) operating activities and net cash provided by (used in) operating activities in percent of revenue, respectively.

T 2.33 **CASH FLOW MEASURES**
IN € M

	2021	2020
Revenue	**17,619**	**17,859**
Net cash provided by (used in) operating activities	**2,489**	**4,233**
Capital expenditures	(854)	(1,052)
Proceeds from sale of property, plant, and equipment	25	16
Capital expenditures, net	**(829)**	**(1,036)**
Free cash flow	**1,660**	**3,197**
Net cash provided by (used in) operating activities in % of revenue	**14.1**	**23.7**
Free cash flow in % of revenue	**9.4**	**17.9**

Net cash provided by (used in) operating activities

During 2021, net cash provided by operating activities was €2,489 M (2020: €4,233 M). Net cash provided by operating activities accounted for 14 % of revenue in 2021 (2020: 24 %). Net cash provided by (used in) operating activities is impacted by the profitability of our business, the development of our working capital, principally inventories, receivables and cash outflows that occur due to a number of specific items as discussed below. The decrease in net cash provided by operating activities in 2021 was driven by non-recurring payments received in 2020 under the Medicare Accelerated and Advance Payment Program in the amount of $1,050 M (€919 M) (as well as the recoupment of these advanced payments, the majority of which began in the second quarter of 2021, in the amount of $603 M (€510 M) during 2021), and other COVID-19 relief, including lower tax payments in the prior year within the North America Segment.

The profitability of our business depends significantly on reimbursement rates for our services. Approximately 79 % of our revenue is generated by providing health care services, a major portion of which is reimbursed by either public health care organizations or private insurers. In 2021, approximately 27 % of our consolidated revenue was attributable to reimbursements from U.S. federal health care benefit programs, such as Medicare and Medicaid. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide as well as the scope of Medicare coverage. A decrease in reimbursement rates or the scope of coverage could have a material adverse effect on our business, financial position, and results of operations and thus on our capacity to generate cash flow.

In recent years, the stability of reimbursement in the U.S. has been affected by (i) the implementation of the ESRD PPS in January 2011, (ii) across-the-board spending cuts in payments to Medicare providers by the U.S. federal government, commonly referred to as "U.S. Sequestration" (temporarily suspended from May 1, 2020 through March 31, 2022), and (iii) the phased reduction to the ESRD PPS rate to account for the decline in utilization of certain drugs and biologicals associated with dialysis pursuant to the American Taxpayer Relief Act of 2012, as subsequently modified under the Protecting Access to Medicare Act of 2014.

We intend to continue to address our current cash and financing requirements using net cash provided by operating activities, issuances under our commercial paper program (SEE NOTE 13 of the notes to the consolidated financial statements), as well as from the use of our Accounts Receivable Facility and bilateral credit lines. The Syndicated Credit Facility is also available for backup financing needs. In addition, to finance acquisitions or meet other needs, we expect to complete long-term financing arrangements, such as the issuance of bonds.

Net cash provided by (used in) operating activities depends on the collection of accounts receivable. Commercial customers and government institutions generally have different payment cycles. Lengthening their payment cycles could have a material adverse effect on our capacity to generate cash flow. In addition, we could face difficulties enforcing and collecting accounts receivable under the legal systems of and due to the economic conditions in some countries. Accounts receivable balances, net of expected credit losses, represented Days Sales Outstanding (DSO) of 62 days at December 31, 2021, an increase as compared to 50 days at December 31, 2020.

DSO by segment is calculated by dividing the respective segment's accounts and other receivables from unrelated parties less contract liabilities, converted to euro using the average exchange rate for the period presented, less any sales or value-added tax included in the receivables, by the average daily sales for the last twelve months of that segment, converted to euro using the average exchange rate for the period. Receivables and revenues are adjusted for amounts related to acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold, consistent with the respective adjustments in the determination of adjusted EBITDA (see section "Performance management system" in the chapter "Overview of the Group" starting on PAGE 24).

The development of DSO by reporting segment is shown in the TABLE 2.34.

Due to the fact that a large portion of our reimbursement is provided by public health care organizations and private insurers, we expect that most of our accounts receivable will be collectible.

For information regarding litigation exposure as well as ongoing and future tax audits, SEE NOTE 22 of the notes to the consolidated financial statements.

Net cash provided by (used in) investing activities

Net cash used in investing activities was €1,196 M for 2021 (2020: €1,335 M). TABLE 2.35 ON PAGE 54 shows our capital expenditures for property, plant and equipment, and capital-

T 2.34 **DEVELOPMENT OF DAYS SALES OUTSTANDING**
IN DAYS

	December 31, 2021	December 31, 2020	Increase / decrease primarily driven by:
North America Segment	44	26	CMS's recoupment of advanced payments received in 2020 under the Medicare Accelerated and Advance Payment Program and a shift in patients to Medicare Advantage plans which have longer payment cycles
EMEA Segment	88	90	Improvement of payment collections in the region
Asia-Pacific Segment	102	110	Improvement of payment collections in the region
Latin America Segment	130	134	Improvement of payment collections in the region
FRESENIUS MEDICAL CARE AG & CO. KGAA AVERAGE DAYS SALES OUTSTANDING	**62**	**50**	

ized development costs, net of proceeds from sales of property, plant and equipment as well as acquisitions, investments and purchases of intangible assets for 2021 and 2020.

The majority of our capital expenditures were used for maintaining existing clinics and centers, capitalization of machines provided to our customers, capitalization of certain development costs, equipping new clinics and centers, and IT implementation costs. Capital expenditures accounted for approximately 5 % of total revenue in 2021 (2020: 6 %).

Investments in 2021 were primarily comprised of purchases of debt securities and equity investments. In 2021, we received €197 M from divestitures. These divestitures were mainly related to the divestment of debt securities. Acquisitions in 2021 relate primarily to the purchase of dialysis clinics.

Investments in 2020 were primarily comprised of purchases of debt securities. In 2020, we received €57 M from divestitures. These divestitures were mainly related to the divestment of debt securities and certain research & development investments. Acquisitions in 2020 relate primarily to the purchase of dialysis clinics.

In 2022, we anticipate capital expenditures of €0.9, to €1.1 BN and expect to make acquisitions and investments, excluding investments in debt securities, of approximately €0.4, to €0.6 BN.

Net cash provided by (used in) financing activities

Net cash used in financing activities was €1,024 M in 2021 (2020: €2,664 M).

In 2021, cash was mainly used in the repayments of short-term debt from unrelated parties, repayment of long-term debt (including the repayment at maturity of bonds in an aggregate principal amount of $650 M (€473 M as of the date of issuance) and €300 M, as well as the early repayment of the U.S. dollar term loan 2017 / 2022 in the amount of $1,050 M (€860 M as of the date of repayment) and the euro term loan 2017 / 2022 in the amount of €245 M, both under the Amended 2012 Credit Agreement), the repayment of lease liabilities (including lease liabilities from related parties), payment of dividends, and distributions to non-controlling interests, partially offset by proceeds from short-term debt (including borrowings under our commercial paper program) and proceeds from long-term debt (including proceeds from the issuance of bonds in an aggregate principal amount of $1,500 M (€1,227 M)). SEE NOTE 14 of the notes to the consolidated financial statements.

In 2020, cash was mainly used in the repayment of short-term debt (including repayments under our commercial paper program and short-term debt from related parties) and long-term debt (including the repayment of Convertible Bonds at maturity in January 2020, the early repayment of the euro term loan 2017 / 2020 under the Amended 2012 Credit Agreement (originally due on July 30, 2020) on May 29, 2020 and the repayment of bonds (originally due on October 15, 2020) on July 17, 2020), the repayment of lease liabilities (including lease liabilities from related parties), repayments of the Accounts Receivable Facility, distributions to non-controlling interests, shares repurchased as part of a share buy-back program as well as payments of dividends, partially offset by proceeds from long-term debt (including proceeds from the issuance of bonds in an aggregate principal amount of €1,250 M on May 29, 2020 and the issuance of bonds in an aggregate principal amount of $1,000 M on September 16, 2020) and short-term debt (including short-term debt from related parties).

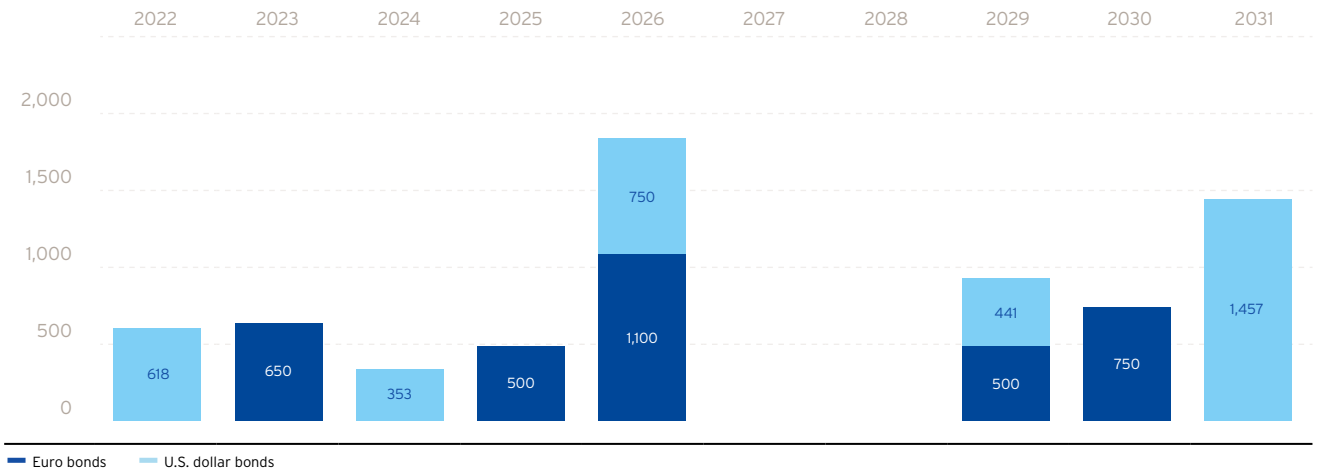
On May 26, 2021, we paid a dividend of €1.34 per share for 2020 (€1.20 per share for 2019 paid in 2020). The total dividend payment was €392 M in 2021 (2020: €351 M).

CHART 2.36 ON PAGE 55 summarizes our significant long-term financing instruments as well as their maturity structure at December 31, 2021.

T 2.35 **CAPITAL EXPENDITURES (NET), ACQUISITIONS, INVESTMENTS, PURCHASES OF INTANGIBLE ASSETS AND INVESTMENTS IN DEBT SECURITIES**
IN € M

	Capital expenditures, net		Acquisitions, investments, purchases of intangible assets, and investments in debt securities	
	2021	2020	2021	2020
North America Segment	399	535	476	237
EMEA Segment	106	126	28	38
Asia-Pacific Segment	46	74	7	20
Latin America Segment	34	32	17	34
Corporate	244	269	35	26
TOTAL	**829**	**1,036**	**563**	**355**

C 2.36 **MATURITY STRUCTURE OF OUR SIGNIFICANT LONG-TERM FINANCING INSTRUMENTS (BASED ON NOMINAL AMOUNTS OUTSTANDING)**
IN € M



T 2.37 **AVAILABLE SOURCES OF LIQUIDITY**
IN € M

		Expiration per period of			
	Total	Less than 1 year	1–3 years	3–5 years	Over 5 years
Accounts Receivable Facility[1]	784	–	784	–	–
Syndicated Credit Facility	2,000	–	–	2,000	–
Other unused lines of credit	477	477	–	–	–
	3,261	**477**	**784**	**2,000**	**–**

[1] Subject to availability of sufficient accounts receivable that meet funding criteria. At December 31, 2021, the Company had letters of credit outstanding in the amount of $13 M (€11 M), which reduces the availability under the Accounts Receivable Facility to the amount shown in this table.

The bonds issued by Fresenius Medical Care US Finance II, Inc. in the amount of $700 M (€533 M as of the date of issuance on January 26, 2012) and included in the "2022" column in the chart on the left were redeemed at maturity on January 31, 2022.

For a description of our short-term debt, SEE NOTE 13 of the notes to the consolidated financial statements. For a description of our long-term sources of liquidity, SEE NOTE 14 of the notes to the consolidated financial statements.

TABLE 2.37 summarizes our available sources of liquidity at December 31, 2021.

An additional source of liquidity is our commercial paper program, under which up to €1,500 M of short-term notes can be issued on a flexible and continuous basis. As of December 31, 2021, we utilized €715 M and as of December 31, 2020, we utilized €20 M of the commercial paper program.

At December 31, 2021, we had short-term debt from unrelated parties (excluding the current portion of long-term debt) and short-term debt from related parties in the total amount of €1,256 M.

For information regarding our Syndicated Credit Facility, bonds, and the Accounts Receivable Facility, SEE NOTE 14 of the notes to the consolidated financial statements. For information regarding other contractual commitments, SEE NOTE 21 of the notes to the consolidated financial statements.

Although current and future economic conditions could adversely affect our business and our profitability, we believe that we are well positioned to continue to grow our business while meeting our financial obligations as they come due. Because of the non-discretionary nature of the health care services we provide, the need for health care products utilized to provide such services and the availability of government reim-

bursement for a substantial portion of our health care services, our business is generally not cyclical. A substantial portion of our accounts receivable is generated by governmental payors. While payment and collection practices vary significantly between countries and even between agencies within one country, government payors usually represent low to moderate credit risk. However, limited or expensive access to capital could make it more difficult for our customers to do business with us, or to do business generally, which could adversely affect our business by causing our customers to reduce or delay their purchases of our health care products (see section "Results of operations" on PAGE 46). If the conditions in the capital markets worsen, this could increase our financing costs and limit our financial flexibility.

At our Annual General Meeting scheduled to be held on May 12, 2022, our General Partner and our Supervisory Board will propose to the shareholders a dividend of €1.35 per share for 2021, payable in 2022 (for 2020 paid in 2021: €1.34). The total expected dividend payment is approximately €396 M compared to dividends of €392 M for 2020 paid in 2021.

Our principal financing needs in 2022 relate to repayments of bonds that were repaid at maturity in January 2022. The dividend payment in May 2022, anticipated capital expenditures, and further acquisition payments are expected to be covered by our cash flow, including the use of existing credit facilities and, if required, additional debt financing. We currently have sufficient flexibility to meet our financing needs in the near future. Generally, we believe that we will have sufficient financing to achieve our goals in the future and to continue to promote our growth.

Net assets

Our total consolidated assets in the past fiscal year amounted to €34,367 M, an increase of €2,678 M (8 %) over the prior year. In addition to a 6 % positive impact resulting from foreign currency translation, total assets increased by 2 % to €32,436 M from €31,689 M.

Non-current assets increased by €1,986 M (8 %) to €26,400 M in 2021 and represented 77 % of total assets (2020: 77 %). This increase includes a positive effect from foreign currency translation of 6 %. Non-current assets increased primarily due to an increase in goodwill related to acquisitions as well as an increase in other non-current assets mainly as a result of royalty receivables and investments in debt securities.

Current assets increased by 10 % to €7,967 M, including a positive effect from foreign currency translation of 5 %. This increase was mainly a result of increased cash and cash equivalents due to increased security holdings. Additionally, trade accounts and other receivables from unrelated parties increased related to timing of payments. The increase was partially offset by a decrease in other current assets, primarily due to decreased advanced payments for COVID-19-related personal protective equipment.

Total liabilities amounted to €20,388 M at December 31, 2021, an increase of €1,030 M (5 %) from €19,358 M in 2020, including a positive effect from foreign currency translation of 5 %. This increase was primarily the result of an increase in short-term debt, partially offset by the reduction in long-term debt (including the current portion of long-term debt) and in other non-current term liabilities. The decrease in other non-current liabilities was primarily driven by CMS's recoupment of advanced payments received in 2020 under the Medicare Accelerated and Advance Payment Program, which are recorded as contract liabilities.

Current liabilities accounted for €1,924 M of our debt, from €1,088 M in the prior year, an increase of €836 M (77 %), including a positive effect from foreign currency translation of 5 %. Furthermore, the increase resulted from proceeds from short-term debt (including borrowings under our commercial paper program), as well as the reclassification of bonds denominated in U.S. dollar to the current portion of long-term debt, as these will mature in 2022. The increase was partially offset by the repayment of bonds denominated in U.S. dollar and in euro from the current portion of long-term debt.

Long-term debt decreased to €6,647 M from €6,800 M in the prior year, a decrease of €153 M (2 %), including a positive effect from foreign currency translation of 4 %. Furthermore, the decrease of long-term debt was mainly a result of the repayment of the U.S. dollar term loan and euro term loan under the Amended 2012 Credit Agreement as well as the reclassification of bonds denominated in U.S. dollar to the current portion of long-term debt. It was partially offset by the proceeds from the issuance of bonds with a total volume of $1,500 M (€1,227 M).

Shareholders' equity increased by 13 % to €13,979 M. The increase was driven by a positive effect from foreign currency translation of 7 % and net income as well as the purchase / sale of noncontrolling interests. It was partially offset by dividend payments and distributions to non-controlling interests as well as changes in fair value of put option liabilities recognized in other comprehensive income. The equity to assets ratio increased to 41 % at December 31, 2021 from 39 % at December 31, 2020, primarily driven by an increase in equity and a decrease in long-term debt (including the current portion of long-term debt). This was partially offset by an increase in short-term debt.

At Group level, ROIC decreased to 4.9 % at December 31, 2021 from 5.8 % at December 31, 2020, driven by the decline in operating income. Excluding the 2020 Impairment Loss in the Latin America Segment as well as excluding both the 2020 Impairment Loss in the Latin America Segment and the Effect

from IFRS 16, ROIC was 4.9 % and 5.5 %, respectively, at December 31, 2021 (2020: 6.6 % and 7.5 %, respectively) (see reconciliation in the section "Performance management system – Return on invested capital (Non-IFRS Measure)" in the chapter "Overview of the group" starting on PAGE 25). Goodwill, included in the item "Invested capital", has a significant impact on the calculation of ROIC. The weighted average cost of capital (WACC), including weighted risk premiums for country risks, was 4.9 %.

For supplementary information on capital management and our capital structure, SEE NOTE 18 of the notes to the consolidated financial statements.

Management's general assessment

Throughout 2021, COVID-19 has significantly impacted our patients' and employees' lives as well as Fresenius Medical Care as a company. Although excess mortality among our patients in the fourth quarter had moderated, the accumulated impact of COVID-19 weighed heavier on our earnings development than we had anticipated in the beginning of 2021. Given these challenging headwinds, we are proud that we have continuously been there for our patients and, on the back of this, were able to deliver on our 2021 guidance.

Despite the ongoing impact of the pandemic and an increasingly inflationary cost environment, we target to return to earnings growth in 2022. At the same time, we will continue to execute on the key priorities of our Strategy 2025, advancing on our transformational FME25 program as well as progressing on our Sustainability agenda.

SUBSEQUENT EVENTS

Refer to NOTE 27 of the notes to the consolidated financial statements.

OUTLOOK

The outlook describes how Fresenius Medical Care expects to perform in fiscal year 2022. These statements take into account all events known at the time the financial statements were prepared which could affect the development of our business in 2022.

BUSINESS POLICY

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and the number of patients treated. We aim to further expand this position in the years ahead. Our products and health care services are at the core of our strategy. To support the implementation of Strategy 2025, 2022 will be a transition year, in which the new operating model with two future global segments, Care Enablement and Care Delivery, will be gradually introduced. We expect the rollout of the new global operating model, with a more centralized approach, to be completed in 2023. To take it to the next level until 2025, we will concentrate on three key areas: the renal care continuum, critical care solutions, and complementary assets. Aspects of the renal care continuum include new renal care models, value-based care, chronic kidney disease and transplantation, and future innovations. Over the next few years, we will use our competence in the critical care business to address a variety of health challenges and continue to leverage our core competencies through partnerships, investments, and acquisitions. This approach constitutes our commitment to long-term sustainable development and growth.

SECTOR-SPECIFIC ENVIRONMENT – DIALYSIS MARKET

The Company expects the number of dialysis patients worldwide to grow by about 5 % in 2022 depending on the further development of the global COVID-19 pandemic. The accelerating effects of excess mortality due to the COVID-19 pandemic are continuing into 2022. The further development significantly depends on the adoption and speed of the roll out of vaccinations to our worldwide patient population. Fresenius Medical Care expects to have a significant adverse annualization effect on treatment volumes. Some significant regional differences are likely to remain: The Company anticipates below average growth rates in the U.S., Japan and Western and Central Europe. The number of patients with chronic kidney disease is already relatively high in these countries and regions and patients generally have reliable access to treatment, normally dialysis. In economically weaker regions we expect the growth rates partly to be considerably higher. We expect patient numbers to continue growing in the coming years – SEE TABLE 2.38.

Our growth strategy is based on an in-depth analysis of the major trends affecting Fresenius Medical Care:

- Demographic factors: Demographic factors are one of the main reasons for the continued growth of dialysis markets. As average life expectancy rises worldwide, the share of older people in the population is also growing. However, kidney function deteriorates with age. Therefore, demographic change is an important indicator for the future number of dialysis patients, which is expected to increase from around 3.8 M worldwide in 2021 to over 6.1 M in 2030.
- Increase in lifestyle diseases: Diseases such as high blood pressure and diabetes are on the rise around the world. They can cause damage to the entire organism and also often impair kidney function in the long-term.
- Improved access to medical care: Thanks to ongoing efforts to establish and expand balanced and sustainable health care systems in many countries around the globe, a growing number of patients are gaining access to suitable dialysis treatments for the first time. We expect this trend to continue and drive demand for high-quality products and treatments.
- Changes in the health care industry: The health care industry is constantly changing. We believe that demand for the holistic care of chronic patients will continue to rise. In future, the focus when treating kidney patients will no longer be simply on offering individual dialysis products or services, but also on combining all fields of application related to dialysis and coordinating them more effectively.

T 2.38 **EXPECTED GROWTH IN PATIENT NUMBERS**

	Growth 2022
North America Segment	~2 %
EMEA Segment	~3 %
Asia-Pacific Segment	~7 %
Latin America Segment	~3 %
WORLDWIDE	**~5 %**

Source: Internal estimates.

Hemodialysis will remain the treatment of choice, accounting for 88 % to 89 % of all dialysis therapies. Peritoneal dialysis will continue to be the preferred treatment for 11 % to 12 % of all dialysis patients.

The volume of the worldwide dialysis market last year was influenced by the ongoing COVID-19 pandemic and exchange rate effects and amounted to about €79 BN according to preliminary estimates. Going forward, we expect an increase of 1 % to 4 % per year. This is based on the assumption that exchange rates will remain stable in the forecasting period. The overall volume of the dialysis market could thus reach around €80 BN to €82 BN by 2022.

In addition, the reimbursement and ancillary services utilization environment significantly influences our business. In the U.S., our biggest sales market, the reimbursements of governmental institutions are lower than the reimbursements of private insurers. Therefore, a change in the portion of reimbursements by private insurers in the U.S. influences our business.

KEY PERFORMANCE INDICATORS DEVELOPMENT OF FRESENIUS MEDICAL CARE IN 2022

Fresenius Medical Care's outlook for 2022 is at Constant Exchange Rates and excludes Special Items. Special items include further costs related to the FME25 Program and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. These targets are based on the following assumptions:

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

The growth rates are based on the results in 2021 excluding the costs related to the FME25 Program. For a reconciliation of the results 2021 to the results 2021 excluding the costs related to the FME25 Program as a basis for the targets 2022, SEE TABLE 2.40 ON PAGE 60.

Revenue

We expect revenue to increase at a low-to-mid-single-digit percentage rate at Constant Exchange Rates in 2022.

Revenue growth

We expect revenue to increase at a low-to-mid-single-digit percentage rate at Constant Exchange Rates in 2022.

Result of Operations

Operating income

We expect operating income to increase at a low-to-mid-single-digit percentage rate at Constant Exchange Rates in 2022. This increase for 2022 is based on operating income in 2021 excluding the costs related to the FME25 Program.

Net income

We expect net income (net income attributable to shareholders of FMC AG & Co. KGaA) to increase at a low-to-mid-single-digit percentage rate at Constant Exchange Rates in 2022. This increase is based on net income in 2021 excluding the costs related to the FME25 Program.

Net income growth

We expect net income (net income attributable to shareholders of FMC AG & Co. KGaA) to increase at a low-to-mid-single-digit percentage rate at Constant Exchange Rates in 2022. This increase is based on net income in 2021 excluding the costs related to the FME25 Program.

Profitability

We expect ROIC excluding Special Items to be at least 5.0 % in 2022 compared to 5.1 % excluding the costs related to the FME25 Program in 2021.

Dividend

Regarding our dividend policy, we will propose a dividend that focuses on the continuity of historical payments as we believe that the fundamental drivers of our business and growth remain unchanged, despite the unprecedented but temporary effects of the COVID-19 pandemic.

The expected developments might be influenced by developments described in the risks and opportunities report.

Our outlook for the financial year 2022 is summarized in TABLE 2.39.

T 2.39 OUTLOOK PRIMARY KEY PERFORMANCE INDICATORS 2022

	Results 2021	Outlook 2022 (at Constant Currency, except for ROIC)
Revenue[1]	€17,619 M	growth: low to mid single digit percentage rate
Revenue growth at Constant Currency[1]	–	growth: low to mid single digit percentage rate
Operating income[1]	€1,915 M	growth: low to mid single digit percentage rate
Net income[1,2]	€1,018 M	growth: low to mid single digit percentage rate
Net income growth at Constant Currency[1,2]	–	growth: low to mid single digit percentage rate
ROIC[1,3]	5.1 %	≥ 5.0 %

[1] Outlook 2022 is based on the assumptions outlined above and excludes Special Items. Special items include further costs related to the FME25 Program and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates are based on the results 2021 excluding the costs related to the FME25 Program. For a reconciliation of results 2021 to results 2021 excl. the costs related to the FME25 Program as a basis for targets 2022, SEE TABLE 2.40. For further information on Constant Currency, see section "Performance management system" in the chapter "Overview of the Group" starting on PAGE 24.
[2] Net income attributable to shareholders of FMC AG & Co. KGaA.

T 2.40 RECONCILIATION OF RESULTS 2021 TO RESULTS 2021 EXCL. THE COSTS RELATED TO THE FME25 PROGRAM AS A BASIS FOR TARGETS 2022
IN € M

	Results 2021	FME25 Program	Results 2021 excl. Special items
Revenue	17,619	–	17,619
Operating income	1,852	63	1,915
Net income[1]	969	49	1,018

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

FINANCIAL TARGETS: 2020 – 2025

As part of the 2025 strategy, Fresenius Medical Care is aiming for the growth rates over the next years in CHART 2.41.

C 2.41 **OUR FINANCIAL TARGETS: GUIDANCE 2020 – 2025** [1]

REVENUE GROWTH CAGR	MID SINGLE DIGIT
NET INCOME GROWTH CAGR	HIGH SINGLE DIGIT

[1] at constant currency excluding special items

Based on current projections, Fresenius Medical Care confirms its mid-term targets that are based on the Company's mid-term strategy. Until 2025 the Company expects compounded annual average increases in the mid-single-digit percentage range for revenue and in the high-single-digit percentage range for net income. Fresenius Medical Care expects FME25 savings to mitigate the ongoing negative effects of COVID-19.

FME25: TRANSFORMING GLOBAL OPERATING MODEL TO STRENGTHEN PROFITABILITY

As part of the FME25 Program launched in 2021, Fresenius Medical Care has announced on November 2, 2021, a new operating model that will be launched in 2023.The objective is to better capture identified growth opportunities, thereby generating additional value, enhance capital allocation, further exploit the advantages of the Company's vertical integration, increase transparency both internally and externally, reduce the administrative burden in terms of cost and speed, and promote a culture of agility, innovation and accountability. The Company is significantly streamlining its operating model to create two global segments – Care Delivery and Care Enablement along the relevant future value drivers taking a more centralized approach.

Until 2025 we plan to invest up to €500 M in our FME25 program to sustainably reduce the cost base. We expect for each euro invested in FME25 to sustainably reduce the annual cost and minimally improve operating income by the same amount by 2025.

On December 1, 2021, we announced that these changes in structure will result in changed responsibilities, starting at Management Board level. The new Management Board has taken effect on January 1, 2022.

MANAGEMENT'S GENERAL ASSESSMENT

Despite the ongoing impact of the pandemic and an increasingly inflationary cost environment, we target to return to earnings growth in 2022. At the same time, we will continue to execute on the key priorities of our Strategy 2025, advancing on our transformational FME25 program as well as progressing on our Sustainability agenda.

Based on its Strategy 2025, Fresenius Medical Care aims to capture further growth potential along the Renal Care Continuum and beyond – by leveraging its core competencies and offering sustainable solutions with innovative products and services of the highest quality and at reliable costs. To this end, the Company is continuing to steadily drive forward its strategic priorities.

RISKS AND OPPORTUNITIES REPORT

As a company with global operations, we are naturally exposed to risks associated with our business activities. Ultimately, we can leverage opportunities for our business only if we are willing to take certain risks. Based on our many years of experience and our extensive knowledge of the markets, we are able to identify and assess risks and opportunities for our business.

RISK AND OPPORTUNITY MANAGEMENT

We see risk management as the ongoing task of determining, analyzing and evaluating the spectrum of actual and potential risks arising from our business operations in our environment and, where possible, taking pre-emptive and corrective measures. Our risk management system provides us with a basis for these activities. It enables management to identify risks that could jeopardize our growth or going concern and to take steps to minimize any negative impact. Accordingly, it is an important component of our management and governance.

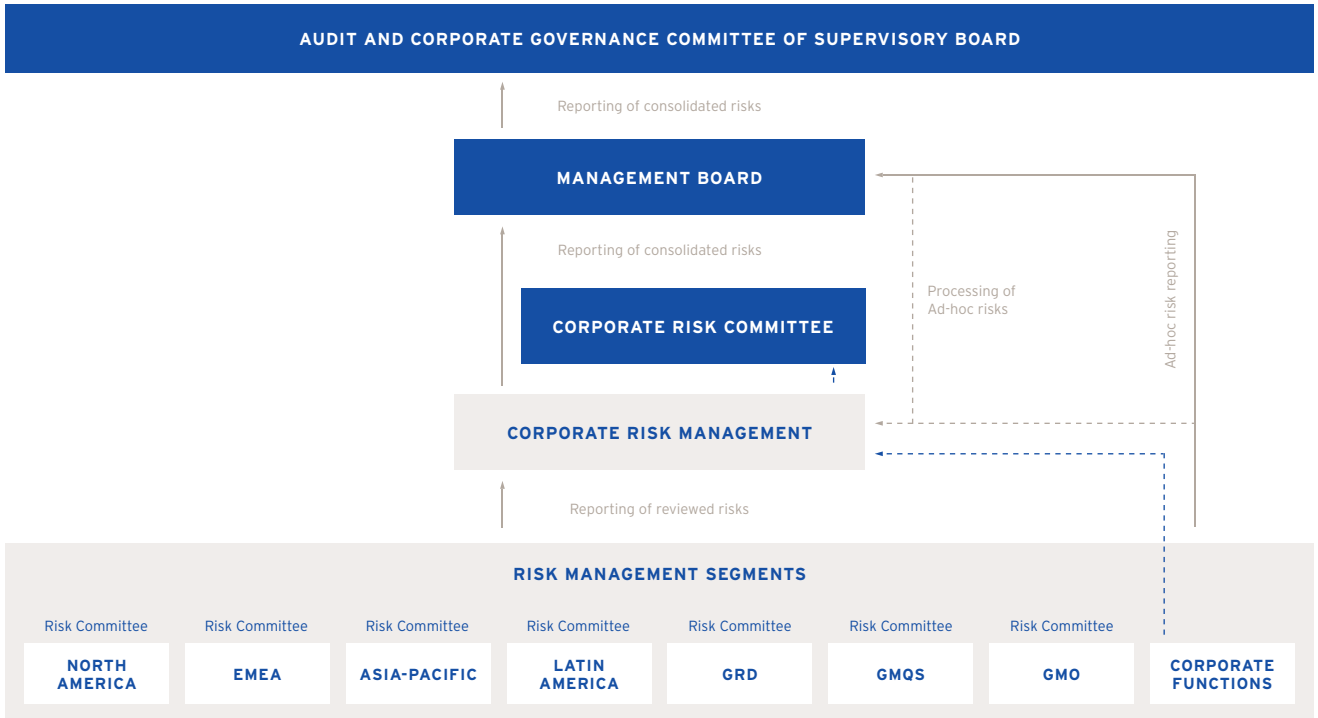
In addition, we ensure our long-term success by actively managing opportunities. The aim here is to identify and assess opportunities as early as possible, and initiate appropriate measures so that opportunities can be turned into business success for Fresenius Medical Care. Long-term and mid-term opportunities are taken into account in our strategy and budget planning. We exploit opportunities that can be implemented at short notice as part of ongoing business operations, provided this is meaningful and in line with our business targets.

RISK MANAGEMENT

Risk management system

The main objective of the risk management system is to identify potential risks as early as possible to assess their impact on business activities and enable us, where necessary, to take appropriate countermeasures. Due to constantly changing external as well as internal requirements and conditions, our risk management system is continuously evolving. In the past financial year, the completeness and validity of risk information within our risk management approach as well as its effectiveness was strengthened by an enhancement of the effectiveness review of countermeasures as well as by the application of a newly defined concept for the analysis of our risk-bearing capacity and our aggregated risk position. This was comple-

C 2.42 **RISK REPORTING**



mented by the definition of our risk appetite in an internal guideline, which reflects the respective risk tolerance levels for our individual business activities.

The organizational structure of our risk management as well as the previously described processes are shown in CHART 2.42 ON PAGE 62.

The structure of the internal risk management system is based on the internationally recognized framework for company-wide risk management, the "Enterprise Risk Management – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Opportunities are not covered by the implemented risk management system.

As part of the risk management system, regional risk coordinators, utilizing risk management software, assume the task of coordinating risk management activities within our operating segments, in particular the risk identification and assessment with individual risk owners by means of, among other things, workshops, interviews and queries. These activities relate to existing and potential emerging short-term as well as mid-term risks. Semi-annually, identified risk information is processed by the risk coordinators, reviewed by the respective corporate functions and discussed in regional / functional risk committees. Subsequently, the central risk management function gathers the risks and risk responses from regions and functions, analyses and discusses them in the corporate risk committee and communicates the compiled results to the Management Board. The analysis of the risk environment also includes determining the degree of a potential threat to the company's going concern by aggregating all risks with the aid of a software-supported risk simulation.

The Management Board and the central risk management are promptly informed of new risks that are estimated to be high or develop into high risks in order to ensure appropriate responses (Information regarding the classification of risks as "high", "medium" and "low" can be derived from the risk matrix depicted in the section "Risks" in this chapter). The effectiveness of the risk management system is monitored by the Audit and Corporate Governance Committee of the Supervisory Board.

In addition to risk reporting, standard reporting to management is an important tool for managing and controlling risks, as well as for taking preventive measures in a timely manner. Therefore, our Management Board is informed on a monthly basis about the industry situation, our operating and non-operating business, and the outcome of analyses of our earnings and financial position, as well as of the assets position on a quarterly basis.

The Global Internal Audit department is regularly informed about the results of the risk management system. This department determines risk focus areas and audits a selected number of our departments, subsidiaries and IT applications worldwide each year. Determined risk focus areas are audited across all business segments. The department works according to the internationally accepted standards of the Institute of Internal Auditors (IIA), which was confirmed by a quality assessment in 2017. The next quality assessment is planned for 2022. The scope of internal auditing is widespread and involves, among other activities, periodic assessment of the effectiveness of controls (including legal compliance controls) over business processes, IT security, the reliability of financial reporting and compliance with accounting regulations and internal policies. Since 2021 Global Internal Audit is also conducting third-party audits of selected sales intermediaries in order to give assurance that business transactions with Fresenius Medical Care products are in accordance with applicable compliance standards. Our locations and units to be audited are determined annually on the basis of a selection model taking various risks into consideration. This annual audit plan is reviewed and approved by the Management Board and the Audit and Corporate Governance Committee of the Supervisory Board. All audit reports with material observations are presented to the Management Board. The Global Internal Audit department is also responsible for monitoring the implementation of measures mitigating identified deficiencies. The Management Board is informed about the mitigation status on a quarterly basis. The Audit and Corporate Governance Committee of the Supervisory Board is also informed of the audit results. Due to COVID-19, the Global Internal Audit department suspended on-site audits from March 2020 onwards and conducted all audits remotely. In 2021 a total of 41 audits and 25 sales intermediary audits were carried out. Risk focus areas were compliance and cybersecurity.

Nevertheless, it is important to note that a functioning and adequate risk management system cannot guarantee that all risks are fully identified and controlled.

Internal control and risk management system for the Group's accounting process

Our internal control system over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with IFRS as issued by the IASB and endorsed by the EU Commission. Our internal reporting process is designed for the reliable recording, processing and control of financial data and key figures. Figures and data are compared and discussed regularly on a monthly and quarterly basis with the previous year's values, budget targets and the latest projections. In addition, the Management Board and the departments responsible for preparing the financial statements discuss all parameters, assumptions and estimates that substantially affect the externally reported consolidated and segment results. The Audit and Corporate Governance Committee of the Supervisory Board also

reviews current quarterly results and compares them with budgets and projections.

The internal control system contains guidelines and instructions designed for the appropriate and accurate recording and presentation of Company transactions.

Further control mechanisms aimed at achieving reliable financial reporting and correct recording of transactions within the accounting and the consolidation process include automated and manual reconciliations, as well as the separation of certain personnel functions to prevent potential conflicts of interest. Furthermore, several preventive approval steps as well as detective plausibility checks are in place in various core finance and finance-related processes to ensure correct financial reporting. All process owners identify and assess the risks of their respective processes in terms of the implications for accounting and financial reporting. These process owners also determine that corresponding controls are in place to minimize these risks. Changes to accounting standards are discussed on an ongoing basis and considered in the preparation of the financial statements. Employees responsible for financial reporting are provided with regular training regarding changes in accounting standards. The consolidation is performed centrally by the department which is responsible for the group accounting. The basis for the consolidation is derived from reporting packages and sub-group consolidated financial statements prepared and submitted by local group entities. The preparation of reporting packages and sub-group consolidated financial statements is performed according to central requirements and guidelines.

As we are also listed on the New York Stock Exchange, it is required to adhere to the requirements of the U.S. Sarbanes-Oxley Act (SOX). Section 404 of this federal law stipulates that management of companies listed in the U.S. are responsible for implementing and adhering to an effective internal control system to produce reliable financial reporting. A yearly scoping takes place to determine entities, processes and controls which are subject to SOX requirements. The design and operating effectiveness of the internal control system over financial reporting are routinely tested and considered in regular internal audits. Control testing results are being regularly discussed with the respective stakeholders and remediation of control deficiencies is closely monitored. These criteria are also included in the annual audit by our independent registered public accounting firm. A quarterly certification process has been implemented as a formal accountability and responsibility mechanism for countries, regions, shared services centers as well as corporate entities which aims at the accuracy of financial reporting and the associated disclosure controls and procedures.

The internal control system over financial reporting follows the criteria of the COSO model, Internal Control – Integrated Framework (2013), which was developed by the Committee of Sponsoring Organizations of the Treadway Commission and is recognized as a standard by the Securities and Exchange Commission (SEC). In accordance with the COSO model, the internal control system over financial reporting is divided into five components: control environment, risk assessment, control activities, information and communication, as well as the monitoring of the internal control system. Each of these components is regularly documented, tested and assessed. We aligned our internal controls to fulfill the requirements of the COSO model.

Our review of the internal control system over financial reporting complies with a specific SEC guideline (Guidance Regarding Management's Report on Internal Control Over Financial Reporting) and is conducted with software support. Initially, regional internal control teams coordinate the assessment of the controls in each region, after which the results are consolidated for the whole Group. Based upon this assessment, management evaluates the effectiveness of the internal control system for the current fiscal year. External advisers are consulted as needed. A corporate steering committee meets several times a year to review regulatory developments and changes of relevant internal control requirements, to discuss possible control deficiencies, and derive further measures. In addition, in its meetings, the Audit and Corporate Governance Committee of the Supervisory Board is informed regularly of the results of management's assessment.

As of December 31, 2021, management assessed our internal control system over financial reporting and determined that our internal control over financial reporting is effective.

Internal control systems over financial reporting are subject to inherent limitations, irrespective of how carefully these systems are designed. As a result, there is no absolute assurance that financial reporting objectives can be met, nor that misstatements will always be prevented or detected.

Risks

The following section describes significant risks which could have an impact on our business operations. In the course of the risk assessment an estimation of the risks takes place regarding the likelihood of occurrence and the potential impact in the respective assessment period, allowing a prioritization of the risks into the classifications "low" "medium" and "high". Besides quantitative factors, qualitative factors are also applied when assessing the potential impact of a risk. For the identification of strategic developments, besides the short-term consideration (one year), risks can also be assessed in terms of a mid-term effect within five years.

The scales for classification of potential impact and likelihood as well as the localization of the risks within the risk matrix are depicted in CHART 2.43 ON PAGE 65. The above depicted risk

areas as well as mitigating measures within these areas are described in the following section.

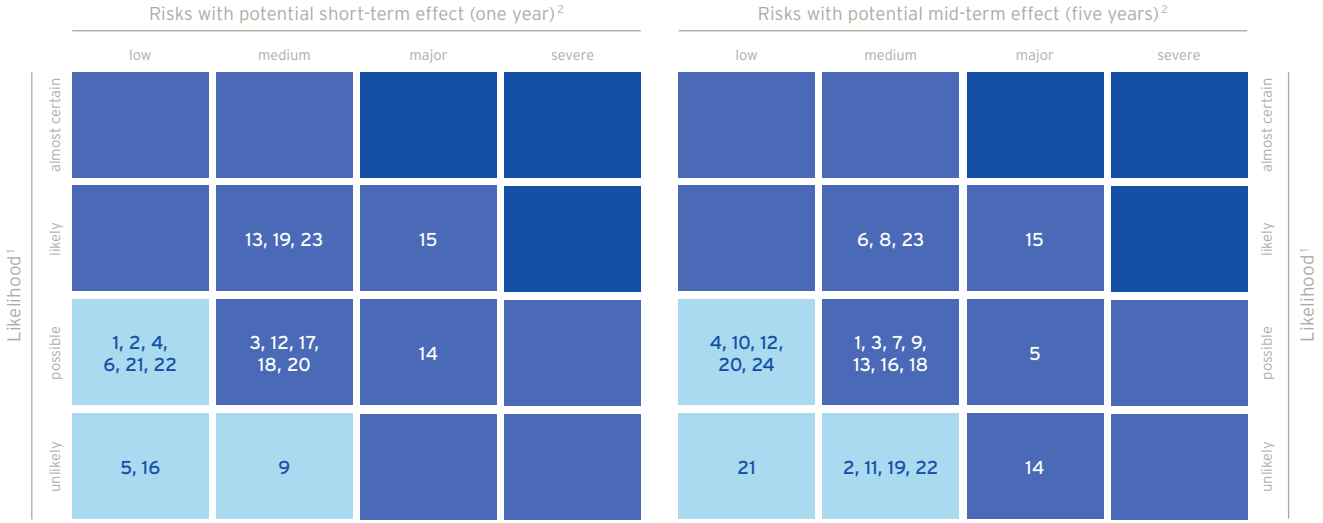
Sector-specific risks

Regulatory environment, product quality

Our operations in both health care services business and products business are subject to extensive governmental regulation in virtually every country in which we operate. We are also subject to other laws of general applicability, including anti-trust laws. The applicable regulations, which differ from country to country, cover areas that include:

- the quality, safety and efficacy of medical and pharmaceutical products and supplies;
- regulatory approvals and oversight of clinical and certain non-clinical research and development activities;
- product approvals and regulatory approvals for new products or product improvements;
- the operation and licensure of manufacturing facilities, laboratories, dialysis clinics, ambulatory surgery centers and other health care facilities;
- audits and reviews by enforcement authorities, including the Food and Drug Administration (FDA), for compliance with applicable drug regulations;
- product labeling, advertising and other promotion;
- accurate reporting and billing for government and third-party reimbursement including accurate and complete medical records to support such billing;
- the discounting of reimbursed drug and medical device products and the reporting of drug prices to government authorities;
- limits on our ability to make acquisitions or certain investments and the terms of those transactions;

C 2.43 RISKS WITH POTENTIAL SHORT-TERM EFFECT (ONE YEAR) AND MID-TERM EFFECT (FIVE YEARS)



RISK AREA

1	Regulatory environment	**13**	Personnel
2	Quality	**14**	Corruption and Fraud
3	U.S. federal health care programs	**15**	Information systems and business processes
4	Composition of our customer base	**16**	Liquidity and financing
5	Reimbursement by private insurers	**17**	Currencies and interests
6	Health care reforms	**18**	Litigation and potential exposures
7	Growth	**19**	Taxes
8	Competitors	**20**	Global operations
9	Research and development	**21**	Unpredictable events
10	Intellectual Property	**22**	Global economic conditions and disruptions in financial markets
11	Referral practices	**23**	COVID-19
12	Procurement	**24**	ESG requirements

low risk — medium risk — high risk

[1] Likelihood: **unlikely:** 0 to 10 %, **possible:** > 10 to 50 %, **likely:** > 50 to 90 %, **almost certain:** > 90 to 100 %.
[2] Potential impact: **low:** small negative impact, **medium:** moderate negative impact, **major:** significant negative impact, **severe:** material negative impact.

- the collection, dissemination, access, use, security and privacy of protected health information and other protected data;
- compliance with due diligence, warranty obligations and product liability rules; and
- compensation of medical directors and other financial arrangements with physicians and other referral sources.

In addition to the risks from non-compliance with the regulatory environment, as a manufacturing company we face the risk that products, as a result of unsuitable product designs or issues in the production process, do not fulfill our standards of quality and could lead to the possibility of not achieving expected treatment results which may result in product recalls that might lead to significant adverse financial results or reputational damage.

If we fail to comply with one or more of these laws or regulations or incur a quality incident, this may give rise to a number of adverse legal and financial consequences. These include, in particular, loss or suspension of governmental certifications, loss or suspension of licenses under the laws of governmental authority from which we generate substantial revenues, monetary and administrative penalties, recall actions and claims for damages, increased costs for compliance with government orders, complete or partial exclusion from government reimbursement programs, refunds of payments received from government payors and government health care program beneficiaries due to any failures to meet applicable requirements or complete or partial curtailment of our authority to conduct business. In the end, these types of risks may no longer be insurable. Including the considerable costs of legal defense, all the consequences mentioned above could have a material adverse effect on our business, results of operations and financial condition.

A number of the health care businesses in the U.S., that the Company operates, is owned or managed by entities in which one or more hospitals, physicians or physician practice groups hold an interest. We also have arrangements with physician practices to collaborate on our value and risk-based care programs with public and private payors. While the Company has structured its arrangements with physicians to comply with many of the criteria for safe harbor protection and waivers under the federal and state Anti-Kickback Statutes as well as other state fraud and abuse laws, its arrangements do not satisfy all elements of such safe harbor. If one or more of our arrangements, including value and risk-based care programs, were found to be in violation of the Anti-Kickback Statute, the Stark Law or analogous state laws, we could be required to restructure or terminate them. We also could be required to repay to Medicare, Medicaid as well as other federal health care program amounts pursuant to any prohibited referrals, and we could be subject to monetary penalties and exclusion from federal and state health care programs. Imposition of any of these penalties could have a material adverse impact on our business, results of operations and financial condition.

Compliance programs implemented in the regions reduce the risk of legal violations by providing general and specific rules of conduct and procedures as well as regular training of the employees according to the relevant specifications. To ensure that our products and services comply with the quality requirements, we implemented quality management systems in the different regions. The employees have access to procedures and work instructions to ensure that the applicable quality requirements are met. In addition, we conduct internal reviews of the production sites and clinics to monitor compliance with quality standards of our products and services. Regulatory initiatives and changes are closely monitored in order to quickly adapt to new regulations.

U.S. federal health care programs

As stated in the report in section "Macroeconomic and sector-specific environment" in the chapter "Economic Report" starting on PAGE 38, our dialysis clinics in the US participate in the Quality Incentive Program (QIP) within the End-Stage Renal Disease (ESRD) prospective payment system (PPS). Payment reductions of up to 2 % of Medicare reimbursements can be made if the quality standards of the QIP are not met in the clinics. Should we fail to meet the QIP's minimum requirements to a greater extent, this could have a material adverse effect on our business, financial condition and results of operations.

Through our value and risk-based care programs, we assume the risk of both medical and administrative costs for certain patients in return for fixed periodic payments or potential reimbursement based on our achievement against set benchmark targets from governmental and commercial insurers. We currently participate in the "Comprehensive ESRD Care initiative" of the Centers for Medicare and Medicaid Services (CMS) as well as in remuneration agreements with insurers. (Details and detailed descriptions of the above mentioned and other programs in which we participate can be found in the report in section "Macroeconomic and sector-specific environment" in the chapter "Economic Report" starting on PAGE 38).

The profitability in our value and risk-based care programs is dependent in part upon our ability to negotiate favorable financial terms, to manage a patient's care, to collaborate with our payer partners, to coordinate with other health care providers, to accurately document patients' health conditions for risk adjustment, and to find cost efficient, medically appropriate sites of service for our patients. Any failure to do so would limit our ability to improve the quality of patient care and health outcomes and to reduce medically unnecessary costs, which could lead to poorer performance under value and risk-based care programs.

The reserves that we establish in connection with the operation of our value and risk-based care programs as well as estimations of the amount of revenues from health care services that we recognize in a reporting period are based upon assumptions and judgments concerning a number of factors which are subject to uncertainties. Those factors include trends in health care costs, expenses, the complicated billing and collection process, complex and changing laws and regulations subject to interpretation, determination of primary and secondary insurance coverage and other factors. Additionally, collections, refunds and payor retractions may continue to occur for up to three years or longer after services are provided. To the extent the actual claims experience is less favorable than estimated based on our underlying assumptions, the timing and amount of our recognition of revenues as well as future earnings could be adversely affected or incurred losses could increase.

CMS relied on authority granted by the Affordable Care Act (ACA) to implement the Comprehensive ESRD Care Model, which ended March 31, 2021 and sought to deliver better health outcomes for ESRD patients while lowering CMS' costs. Although efforts to repeal the ACA have been unsuccessful, further efforts to repeal or revise the ACA, may affect the project's future prospects in ways we currently cannot quantify or predict. We applied, and were accepted, for participation in CMS' Comprehensive Kidney Care Contracting (CKCC) model. The implementation period for the CKCC model began on October 15, 2020, on a no-risk basis, and we began participation in the first performance year of the CKCC model on January 1, 2022, at which time each participating entity starts to assume financial risk. We do not yet know whether we and our partners will be able to deliver better health outcomes while lowering CMS' costs.

We cannot give any assurance that we will achieve the cost savings required or contemplated by these programs, which could have a material adverse effect on our operating results. In addition, we may experience higher write-offs of Medicare deductibles and other cost-sharing amounts due to secondary uninsured and underinsured patients, resulting in an increase in uncollectible accounts.

We mitigated the impact of the ESRD PPS and the other legislative initiatives referenced above with two broad measures. First, we work with medical directors and treating physicians to make clinical protocol changes used in treating patients consistent with the QIP and good clinical practices, and we negotiate pharmaceutical acquisition cost savings. In addition, we achieved greater efficiencies and better patient outcomes by introducing new initiatives to improve patient care upon initiation of dialysis, increase the percentage of patients using home therapies and achieve additional cost reductions in its clinics.

Moreover, constantly refined actuarial models are used to estimate revenues and as a basis for a monitoring process that evaluates actual experience and allows to develop interventions for at risk patients to reduce hospitalizations and other potentially avoidable medical expense, to improve quality outcomes and to deliver reductions in total population cost of care.

Composition of our customer base

Our health care product business and our dialysis services business differ across the regions in which we operate. In many cases, our products and services are paid, either directly or indirectly, by government institutions. We believe the risk of default from a government payor is generally low to moderate worldwide. On a country level, the payor base is characterized by distinct customer or payor groups which can range in volume from a few customers to a considerable amount of customer types which have varying levels of risk associated with default or non-payment of receivables as well as risks for dependencies based upon the competition within low volume customer base environments. In certain cases, a resulting dependency on the payment behavior and decision-making of our business partners can affect the collectability of accounts receivable and can adversely affect our business, results of operations and financial condition.

Our measures aim to mitigate these risks by actively negotiating long-term contracts with major customers, targeted marketing activities, developing new product and pricing models as well as improving the quality of our services and products. In addition, outstanding receivables are closely monitored and followed up as part of a comprehensive receivables management system.

Reimbursement by private insurers

In the U.S. a portion of the dialysis treatments is reimbursed by private insurers and integrated care organizations; these reimbursements are in general higher than the reimbursements of the public health care systems. As a result, the payments we receive from private payors contribute a substantial portion of our profit. In 2021, approximately 40 % of our consolidated Health Care services revenue were attributable to private payors in the North America Segment. If these payors succeed in lowering reimbursement rates in the USA, change the extent or conditions of their networks or if the portion of reimbursements by private insurers in general drops, this could result in a significant reduction in our revenue and operating profit. As of January 1, 2021, for the first time, all ESRD patients are eligible to enroll in Medicare Advantage plans. As a result, some patients with commercial coverage, may elect to move to Medicare Advantage plans which generally pay less than other commercial plans.

A portion of our patients who are currently covered by private insurers may be unable to continue to pay the premiums and may become uninsured for dialysis services or elect to transition to government funded reimbursement programs that

reimburse us at lower rates for our services if legislative or regulatory efforts to restrict or eliminate the charitable funding of patient insurance premiums are successful.

In addition, the health care insurance industry is experiencing continuing consolidation among insurers and pharmacy benefit managers, including increasing buyer power and impacts on referral streams. This may have an adverse impact on our ability to negotiate favorable coverage terms and commercially reasonable rates with such insurers.

We monitor the relationships with private health insurance companies continuously and try to hedge the business through long-term contracts to maintain profitability.

Health care reforms

A number of governments have been considering proposals to modify their current health care systems to improve quality of and access to health care and to control costs. Policymakers in several countries are also considering reforms that could change the methodology used to reimburse providers of health care services. Furthermore, standards and regulations compulsory for providing dialysis service can be subject to extensive changes.

In fiscal year 2021, we derived approximately 27 % of our worldwide revenue from Medicare and Medicaid reimbursements in the U.S. Consequently, changes in legislation, interpretation of government regulations by the courts or reimbursement practices regarding e.g. the End-Stage Renal Disease Prospective Payment System (ESRD PPS), the Physician Fee Schedule, the Clinical Laboratory Fee Schedule, and the Ambulatory Surgical Center Payment System could influence the volume of Medicare and Medicaid reimbursements for services provided and the insurance coverage.

A decrease in reimbursement rates, covered services or changes to standards, regulations or state funding in countries in which the Group operates, especially significant changes in the U.S. Medicare and Medicaid programs could reduce our revenue and profitability and have a material adverse effect on our business, financial condition and results of operations.

In this context it might happen that the annually adjusted ESRD PPS rates may not provide fully compensating reimbursement for the services or products consumed during service. This especially refers to the reimbursement of pharmaceuticals depending on their status as outside of or as part of the bundled rate. Pharmaceuticals included within the bundled rate are subjected to increased reimbursement pressure. If we are unable to secure appropriate reimbursement arrangements for the pharmaceuticals we provide in our dialysis clinics, we could experience a material adverse effect on our operating results. Further, an increased utilization of bundled pharmaceuticals or decreases in reimbursement for pharmaceuticals outside the bundled rate may result in a material adverse impact on our results of operations.

In the U.S., the previous administration publicly announced its intention to pursue significant changes to existing health care insurance programs. That administration's efforts to repeal or replace the ACA were unsuccessful and the current U.S. Administration has stated its intention to maintain and strengthen the ACA. In addition, options to restructure the Medicare program in the direction of a defined-contribution, "premium support" model and to shift Medicaid funding to a block grant or per capita arrangement, with greater flexibility for the states, are also being considered.

In October 2017, the U.S. administration discontinued making cost-sharing reduction (CSR) reimbursements to insurers, arguing that Congress had failed to appropriate funding for them. In response, many state departments of insurance (DOIs) either allowed or required insurers to mitigate their losses by increasing the 2018 premiums on their ACA plans. Many insurers also mitigated the impact to themselves by "silver loading", a practice whereby the premiums for silver-level plans, which are the most common health care plans under the ACA, were increased to offset the loss of CSR payments. Silver loading may also have mitigated the impact of premium increases to some low-income consumers by increasing their premium tax credits. In 2019 and 2020, all states either permitted or required silver loading. In 2017, several insurers sued the U.S. federal government to reinstate CSR payments. On June 21, 2021, the U.S. Supreme Court denied requests from multiple insurers to review lower court decisions that held they were not entitled to full unpaid CSR payments. As a result, insurers are entitled to the unpaid CSRs, but the total amount they are owed must be offset by any excess premium tax credits received from premium increases for 2018 and beyond. While the Biden administration is expected to reinstate CSR reimbursements and to limit states' access to waivers allowing silver loading, we cannot predict, the extent to which silver loading will continue or how the ongoing litigation over the U.S. federal government's obligation to pay the CSRs might be resolved. As a result, a reduction in the availability of insurance through insurance exchanges established by the ACA could reduce the number of our commercially insured patients and shift such patients to Medicare and Medicaid.

Challenges of this nature could have significant effects on our businesses, both positive and negative, but the outcomes are impossible to predict.

We closely monitor legislative and regulatory developments affecting the Company's businesses so that we are positioned to act proactively as needed.

Risks relating to the Company's business

Growth

The health care industry experiences continuing consolidation particularly among health care providers, as well as pressure on reimbursement and increasing costs, which requires us to identify both growth opportunities and efficiencies in the way we operate. Continuing consolidation in our industry could adversely affect our ability to find suitable acquisition targets and to increase future growth and product sales. We also compete with other health care companies in seeking suitable acquisition targets and developing our core dialysis and non-core businesses. Our ability to make future acquisitions as well as to develop our core dialysis and non-core business depends, in part, on the appropriate strategic target selection, the availability of financial resources and the current restrictions imposed by competition laws. The integration of acquired businesses may cause problems, e.g. by assuming unknown liabilities, underperformance subsequent to integration, associated requirements from competition authorities or non-compliant business practices not disclosed by the seller or not uncovered during due diligence, any or all of which may result in incurring unanticipated costs. Travel restrictions and restrictions on in-person meetings imposed as precautions to deal with the COVID-19 pandemic limit our ability to conduct onsite due diligence, which could increase the risk that non-compliant business practices or other problems at companies we acquire will not be detected.

In order to respond to rising costs, especially in the face of economic downturns and rising inflation, and to improve growth, we announced the next stage in the implementation of our strategy in November 2021: the transformation of our operating model into a significantly simplified future structure of two global operating segments embodying a more centralized approach (FME25 Program). The new global operating model will enable the further consolidation of general and administrative functions in our Company.

We assume that we will reduce our annual cost base by €500 M until 2025. Failure to realize the expected cost savings from the FME25 Program within our announced timeframe could adversely impact the market for our securities and availability of financing, which, in addition, could limit our future growth, including growth in either our revenues or earnings within our health care services and products businesses. The various effects of the COVID-19 pandemic described in other risk areas could increase the uncertainty regarding these estimates and assumptions. Any or all of these factors generally could have an adverse effect on our business, financial condition and results of operations.

For further information on the FME25 Program, see the section "Business Model" in the chapter "Overview of the group" starting on PAGE 19 and the section "FME25" in the chapter "Outlook" starting on PAGE 61.

Competitors

We face numerous competitors in both our health care services business and dialysis products business, some of which may possess substantial financial, marketing or research and development resources. Competition from new and existing competitors and especially new competitive developments and innovations in technology, pharmaceuticals and care delivery models could materially adversely affect the future pricing and sale of our products and services. In particular, technological innovation has historically been a significant competitive factor in the dialysis products business. The introduction of new products or services by competitors could qualify them for certain additional payments for new and innovative equipment or render one or more of our products or services less competitive or even obsolete, which could also affect our sales and distribution of pharmaceuticals for which, to some extent, we are obligated to make certain minimum annual royalty payments.

To ensure our permanent competitiveness, we work closely together with physicians and scientists. Important technological and pharmaceutical innovations are intended to be quickly identified and further developed, if necessary also by adapting our business strategy. Moreover, we secure our competitiveness by ongoing analyzes of our market environment as well as the regulatory framework. The market activity, especially our competitors' products and newly launched dialysis-related products are thoroughly monitored. The cooperation between the various technical, medical and academic institutions within our company also ensures our competitiveness, which is finally further enhanced by our consequent execution of programs devoted to cost saving and efficiency increase.

Research and development

The development of new products and therapies proposes a risk that the desired development goal will not be achieved or achieved significantly later than planned. Costly and extensive preclinical and clinical examinations are necessary until admission. All products, packaging, applications and technologies are constantly and systematically monitored, tested and improved. We address potential risks in the area of research and development (R&D) by continually analyzing, evaluating and assessing whether the R&D projects fit into our overall strategy. As a vertically integrated company, we also benefit from direct contact with our patients and medical professionals. Due to this close proximity to the market, we have the potential to gather important information to develop and offer products and therapies that meet the needs of our customers.

Referral practices

In providing services within our health care business, we depend upon patients choosing our health care facilities as the location for their care. Patients may select a facility based, in whole or in part, on the recommendation of their physician. Physicians and other clinicians typically consider a number of factors when recommending a particular dialysis facility, dialysis home program, pharmacy, physician practice, vascular surgery center or cardiac catheterization center to an ESKD patient, including, the quality of care, the competency of staff, convenient scheduling, location and physical condition. Physicians may change their recommendations, which may result in the movement of new or existing patients to competing facilities, including facilities established by the physicians themselves. At most of our dialysis clinics and home programs, a relatively small number of physicians often account for the referral of all or a significant portion of the patient base. We have no ability to control these recommendations and referrals. If a significant number of physicians or other referral sources cease referring their patients to our facilities and home programs or stop purchasing or prescribing our dialysis products, this would reduce our health care revenue and could materially adversely affect our overall operations.

Intellectual property

One of the typical intellectual property risks faced by us is inadequate protection of sensitive knowledge in the form of patents for technologies and products we developed. This means that competitors could copy our products without incurring comparable development costs. Moreover, a loss of sensitive knowledge could occur due to industrial spying or insufficient employee-non-compete restrictions. In addition, certain countries in which we market, manufacture or sell our products do not have laws which protect our intellectual property to the same degree as those in the U.S. or elsewhere and our competitors may gain market position by designing products that infringe upon our intellectual property rights. An inadequate protection of our intellectual property could have an adverse impact on our financial condition and results of operations.

In addition, we could infringe the patent of a competitor and thus be liable for damages; this could result in a ban on us further selling the affected product.

We mitigate the risks of inadequate protection of sensitive knowledge by, among other things, stipulating employee-compete-restrictions, where necessary, and by reviewing and controlling access to certain information and areas within the company. To avoid infringing patents of competitors standardized monitoring and assessment processes are in place.

Procurement

Our business is dependent on the reliable supply of several raw materials and finished components for production and service purposes. If we are unable to obtain sufficient quantities of these materials at times of limited availability of such materials, this could result in delays in production or loss of sales and hence have an adverse effect on our results of operations. Disruptions in supply, coupled with labor shortages, high turnover and heightened employee absenteeism due to COVID-19 surges, could result in a negative impact on our business which may also expose us to legal liability in the delivery of our goods and services. Similarly, price increases by suppliers (including inflation impacts) and the inability to access new products or technology could also adversely affect our results of operations. In certain necessary cases products are obtained from a sole supplier. A failure of such a supplier could adversely affect our ability to manufacture, distribute or sell our products in a timely or cost-effective manner. Due to the stringent regulations and requirements of regulatory agencies we may not be able to quickly establish additional or replacement sources.

Our purchasing strategy is aimed at developing partnerships with strategic suppliers through long-term contracts and at the same time ensuring, where reasonably practicable, that we have at least two sources for all supply and price-critical primary products (dual sourcing, multiple sourcing). To prevent loss of suppliers, we monitor our supplier relationships on a regular basis. Suppliers which are integral to our procurement functions are also subject to performance and risk analyses as well as continuous supply chain monitoring. Through constant market analyses, a demands-based design of supplier-relationships and -contracts, as well as the use of financial instruments, we seek to mitigate disruptive goods shortages and potential price increases and to provide access to new product and technology developments.

Personnel

Our continued growth in the health care business will depend upon the ability to attract and retain skilled workforce, including highly skilled nurses and other medical personnel. Our health care products business depends on the development of new products, technologies and treatment concepts to be competitive, and for that we need to attract the best and most talented people, especially in research and development. Competition for those employees is intense and shortages for these sought-after employees, such as nurses, or skilled engineers and research and development personnel, may increase our personnel and recruiting costs and/or impair our reputation for production of technologically advanced products. Greater employee absenteeism, turnover and longer recruiting cycles as an effect from the COVID-19 pandemic further contribute to the experienced shortages in personnel. Additionally, evolving guidelines and requirements regarding vaccine mandates for our employees may have an impact on our ability to attract and retain qualified clinical personnel. Moreover, we consider that future success in the provider business depends on the ability to attract and retain qualified physicians to serve as employees

of or consultants to our health care services businesses. Additionally, in recruiting, employing and retaining personnel we may be exposed to increasing risks relating to various labor and staffing laws, legislative, union or other labor-related activities or changes. These factors could also impact the integration of acquired companies into our operations, which could increase our costs, decrease our productivity and prevent us from realizing synergies from acquisitions. If we are unable to manage the risks mentioned, then our growth and results of operations could be adversely impacted.

We address potential risks in the area of Personnel by further developing our recruiting and retention strategies, by continuing our training and development measures for employees and by having an adequate succession planning in place.

Corruption and fraud

We operate many facilities and engage with other business associates to help us carry out our health care activities. In such widespread, global operations, it is difficult to maintain the desired level of oversight and control over the thousands of persons employed by many affiliated companies and its business associates. Training, oversight and compliance programs cannot ensure protection from deliberate, reckless or inadvertent acts of employees or third-party intermediaries that violate our compliance policies or anti-corruption laws. Such violations could disrupt our business and result in a material adverse effect on results of operations or financial condition.

Beginning in 2012, we received certain communications alleging conduct in countries outside the United States that might violate the Foreign Corrupt Practices Act (FCPA) or other anti-bribery laws. We conducted investigations with the assistance of outside counsel and, in a continuing dialogue, advised the Securities and Exchange Commission (SEC) and the United States Department of Justice (DOJ) about these investigations. The DOJ and the SEC also conducted their own investigations, in which we cooperated.

In the course of this dialogue, we identified and reported to the DOJ and the SEC, and took remedial actions with respect to, conduct that resulted in the DOJ and the SEC seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around the Company's products business in countries outside the United States. On March 29, 2019, we entered into a non-prosecution agreement with the DOJ and a separate agreement with the SEC intended to resolve fully and finally the U.S. government allegations against us arising from the investigations.

In 2015, we self-reported to the German prosecutor conduct with a potential nexus to Germany and continued to cooperate with government authorities in Germany in their review of the conduct that prompted our and the United States government investigations.

Since 2012, we have made and continue to make further significant investments in our compliance and financial controls and in our compliance, legal and financial organizations. Our remedial actions included separation from those employees responsible for the above-mentioned conduct. We are dealing with post-FCPA review matters on various levels. We continue to be fully committed to compliance with the FCPA and other applicable anti-bribery laws.

Further information on these investigations can be found in NOTE 22 of the notes to the consolidated financial statements.

Information systems and business processes

As we continue to grow and introduce more international operations, our processes are increasingly complex. Accordingly, we are more and more dependent on information and communication technologies and -systems to structure our processes and harmonize them between different regions. An insufficient design of those systems and business processes as well as insufficient resources could lead to non-availability of certain information, causing inefficient workflows, deficient internal and external communication and intransparencies regarding operations. A breakdown of these systems could temporarily lead to standstill of parts of our provider and product business and consequently cause heavy damages.

Additionally, cyber-attacks or privacy and data breaches regarding both our internal systems as well as systems of third-party service providers could result in the misappropriation or compromise of sensitive information. We and our third-party service providers gather and handle sensitive personal information of our patients as well as financial data in many regions of the world and thus need to adhere to various data protection and privacy regulations. Increased reliance on, and utilization of, telemedicine for delivery of health care services could also increase this risk. Any loss, impermissible use, access or disclosure of this sensitive information or non-compliance with data protection and privacy related laws, regulations and standards could threat our position in competition, our reputation as well as our ability to continue normal operations.

Our IT systems have been attacked in the past, resulting, in one case, in certain patient data being illegally published. When appropriate, we have filed complaints against the unknown attackers and we contacted the patients who were affected by the illegal data publication as well as other relevant regulatory agencies and stakeholders. Furthermore, we intensified our efforts to implement response measures, which include for example Network monitoring for suspicious activity, endpoint threat protection and improvements in the back-up and data loss recovery plans. There was no material impact to the financial condition and results of operations as a result of these attacks.

Using our Information Security Management System (ISMS), which is based on the internationally recognized security standard ISO 27002, our security guidelines and processes are enhanced continuously. Business data is backed up regularly and disaster recovery plans, which are regularly tested and improved, are in place. We operate data centers at geographically separate locations to maximize the availability and data security of IT systems. A mirrored infrastructure that creates a copy of critical systems is in use. In general, we continue to enhance our internal information and reporting systems to ensure that their structure meets evolving needs. In addition, a comprehensive IT and cybersecurity strategy has been established with an implementation plan of initiatives to address gaps and improve our overall cybersecurity risk posture.

Furthermore, among others, company guidelines relating to data protection and privacy, which also regulate the assignment of access rights and third-party collaboration, must be considered, trainings for employees are conducted and governance structures are continuously adapted. Compliance is monitored with controls including those relating to Section 404 of SOX. Operational and security audits are carried out every year both internally and by external auditors. The existing IT security architecture with different layers of security measures protects the systems in our data centers. The access to sensitive or critical data from outside of the secured data center networks is protected by the usage of secure protocols and cryptographic measures. Besides that, annual penetration tests for applications with critical data (e.g. patient or personnel data) are conducted.

Other risks

Liquidity and financing

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations or to fund other purposes. Our Management Board manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. Our Management believes that existing credit facilities, cash flow from operating activities and additional short-term borrowings are sufficient to meet our foreseeable demand for liquidity.

Furthermore, inadequate indebtedness could jeopardize the successful execution of our business strategy, increase our vulnerability to general adverse economic conditions as well as limit our ability to maintain our Investment Grade rating and obtain necessary financing. A loss of our current rating would cause the reintroduction of bank covenants and increase our financing costs. At December 31, 2021, respectively December 31, 2020, the Group had financial debt and lease liabilities of €13.32 BN respectively €12.38 BN.

Our measures aim to mitigate these risks by executing a prudent financial policy that includes the early refinancing of upcoming maturities, the active and conservative management of financial headroom and maintaining a balanced debt maturity profile.

Currencies and interests

We actively manage foreign currency and interest rate exposures that are part of our normal business activities. Risk management procedures for foreign currencies and interest rate exposures are based on strategies defined and, if necessary, adapted in close cooperation with the Management Board, including, for example, guidelines that cover all steps and levels of the risk management process. They define responsibilities for the determination of risks, the careful use of financial instruments for hedging purposes and for accurate financial reporting. The use of derivative instruments is restricted to micro hedges which are used in order to hedge exposures that arise in the ordinary course of business. We do not enter into transactions for trading or other speculative purposes. We enter into transactions with banks, which generally have ratings in a minimum required Category or better. The effectiveness of the hedging relationships of the hedging instruments and the hedged items is tested on a quarterly basis.

We enter into derivatives, particularly interest rate swaps and to a certain extent, interest rate options to protect against the risk of rising interest rates. These interest rate derivatives are designated as cash flow hedges and have been entered into in order to effectively convert payments based on variable interest rates into payments at a fixed interest rate. On December 31, 2021, no interest rate swaps were in place.

Derivative foreign currency contracts are entered into for the purpose of limiting the exchange rate exposure from sales and purchases as well as lendings and borrowings between our subsidiaries located in different countries and reporting in different currencies. A large portion of the transaction exposures arise from sales of products from our subsidiaries in the euro region to other international business units. The aggregate notional amount of foreign currency hedge contracts as of December 31, 2021, was €1,045 M, primarily for hedging Euro exposure to the U.S. dollar and various other currencies. Economic hedges, which we use, are accounted for as recognized hedges in the consolidated financial statements, when necessary.

The estimation and quantification of transaction risks from foreign currencies is determined according to the statistical risk measure Cash Flow at Risk (CFaR). CFaR indicates the maximum amount of a potential loss of the forecasted foreign exchange cash flow of the next twelve months that occurs with a probability of 95 %. As of December 31, 2021, our CFaR amounts to €29.3 M.

To mitigate our counterparty risks we are also monitoring the probability of default of our counterparties and have constantly reviewed bank deposit limits in place.

Further information on market, default and liquidity risks is included in NOTE 23 of the notes to the consolidated financial statements.

Litigation and other exposures

Risks associated with investigations and litigations are continuously identified, assessed and reported within the Company. We are involved in various legal proceedings and investigations resulting from our business operations. A negative outcome of these legal proceedings or investigations leading to legal proceedings could have an adverse impact on our financial condition and results of operations.

External legal consulting support is always used to defend us against risks associated with litigations. If necessary accounting measures like accruals are used.

For the matters in which we believe a loss is both reasonably possible and assessable, an estimate of the loss or range of loss exposure is provided in NOTE 22 of the notes to the consolidated financial statements. For other proceedings the Company believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time.

For details on ongoing proceedings and further information on material legal risks to which we are exposed, reference is made to NOTE 22 of the notes to the consolidated financial statements.

Taxes

We are subject to ongoing tax audits in the U.S., Germany and other jurisdictions. We could potentially receive notices of unfavorable adjustments and disallowances in connection with certain of these audits. If we are unsuccessful in contesting unfavorable determinations we could be required to make additional tax payments, which could have a material adverse impact on our business, financial condition and results of operations in the relevant reporting period.

In general, tax-relevant issues are, as necessary, coordinated with internal tax experts regarding compliance with applicable tax laws. If necessary, statements and opinions by external consultants are obtained to minimize tax risks. In addition, we monitor our tax planning strategies to be in line with implemented internal policies and external tax regulations.

Global operations

We operate dialysis clinics in around 50 countries and sell a range of equipment, products and services to customers in around 150 countries. Our global operations are subject to a number of risks, including but not limited to the following:

- The economic and political situation in certain countries could deteriorate or become unstable.
- We could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems.
- Local regulations could restrict our ability to obtain a direct ownership interest in dialysis clinics or other operations.
- Some countries or economic unions may impose charges or restrictions, such as local content requirements, which restrict the importation of our products; or give local manufacturers an advantage in tenders or provide large discounts to providers for certain purchases of our products;
- Potential increases in tariffs and trade barriers could occur upon any withdrawal by the United States or other countries from unions, including the exit from major multilateral trade agreements or the imposition of retaliatory tariffs and other countermeasures in the wake of trade disputes.
- We could experience transport delays or interruptions.
- International growth and expansion into emerging markets could cause us difficulty due to greater regulatory barriers than in the United States or Western Europe, the necessity of adapting to new regulatory systems, and problems related to entering new markets with different economic, social, legal and political systems and conditions.
- We may not prevail in competitive contract tenders.

We conduct humanitarian-related business directly or indirectly in sanctioned countries. In case of violation of applicable economic sanctions or export controls laws and regulations, we could be subject to enforcement actions, which vary between jurisdictions and depend on the factual circumstances of the given violation, but could include criminal penalties, imprisonment of responsible individuals, administrative or civil penalties, restricted access to certain markets and reputational harm, among others.

Our internal control policies and procedures may not protect us from deliberate, reckless or inadvertent acts of our employees or agents that contravene our compliance policies or violate applicable laws.

Any one or more of these or other factors relevant to global operations could increase our costs, reduce revenues, or disrupt operations, with possible material adverse effects on our business and financial condition.

Developments of this nature are continuously monitored and analyzed and response measures like the extension of local

production capacities, the adaptation of product designs, organizational changes and various others are set in place based on case-by-case decisions. Furthermore, a global trade governance compliance program is in place in order to ensure adherence to trade-related regulations such as export controls, trade sanctions and customs.

Unpredictable events

We operate dialysis facilities or manufacturing facilities in many regions of the world, with diverse geographic, societal, political and economic conditions. Events such as natural disasters, terrorist attacks, political instability, epidemics as well as other unforeseeable events, could affect our services and our ability to deliver in a limited time and place.

Through forward-looking planning and prevention programs, we are trying to limit possible effects of such events already in advance. To maintain operations in the event of an onset and to reduce potential impact on our patients and the organization, we have spare capacity and safety stock of certain resources as well as emergency and recovery plans in place. Residual risks are eventually covered when possible and expedient by taking out insurance.

Global economic conditions and disruptions in financial markets

We are dependent on the conditions of the financial markets and the global economy. In order to pursue our business, we are reliant on capital, as are our renal product customers and commercial health care insurers. Limited or more expensive access to capital in the financial markets could adversely affect our business and profitability. Additionally, inflationary cost increases may have an unfavorable effect on our business, especially if the prices for our products and services remain unchanged or do not adequately track against cost increases.

Among other things, the potential decline in federal and state revenues may create additional pressures to contain or reduce reimbursements for our services from public payors around the world, including Medicare, Medicaid in the U.S. and other government sponsored programs in the U.S. and other countries around the world.

Job losses or increases in unemployment rates may result in a smaller percentage of our patients being covered by employer group health plans and a larger percentage being covered by lower paying government reimbursement programs. To the extent that public and private payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, a further slowdown in collections and a reduction in the amounts we expect to collect. These developments as well as devaluations of currencies, unfavorable interest rate changes and worsening economic conditions, including inflationary cost increases in various markets in connection with deteriorating country credit ratings also increase the risk of a goodwill impairment, which could lead to a partial or total goodwill write-off in the affected cash generating units, or have a negative impact on our investments and external partnerships. Furthermore, these factors could also adversely affect the valuations of certain of our investments as well as interest rate-sensitive assets or liabilities.

In addition, these developments may have adverse effects in other risk areas like U.S. federal health care programs, health care reforms, reimbursement by private insurers, liquidity and financing, currencies and interest, as well as procurement and are reflected in the respective assessments.

Furthermore, the rapid global spread of the COVID-19 pandemic has resulted in a material deterioration of the conditions for the global economy and financial markets have been materially and adversely affected. The extent to which the COVID-19 pandemic continues to impact our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted.

Any or all of the above mentioned factors, or other consequences of the continuation, or worsening, of domestic and global economic conditions which cannot currently be predicted, could continue to have an adverse effect on our businesses and results of operations.

COVID-19

Although the financial impact of COVID-19 on our financial condition and results as of and for the year ended December 31, 2020, has not been material, COVID-19 resulted in a material, negative impact to net income attributable to shareholders of the Company which we estimate to be around €338 M, net of COVID-19-related government funding, for the year ended December 31, 2021.

Going forward, the COVID-19 pandemic may continue to have an adverse impact on our operations, manufacturing, supply chains and distribution channels and increase our expenses, as a result of impacts associated with preventive and precautionary measures that we, our suppliers, customers and other businesses or governments implement or impose on a local, regional, national or international level.

Given the already compromised health condition of typical dialysis patients, our patients represent a heightened at-risk population. Increased mortality rates in either the pre-ESKD patient population or in our ESKD patient population compared to the historical average may continue to materially and adversely affect our operating results in 2022 and beyond. Patients suffering from ESKD generally have comorbidities which has resulted, and may continue to result, in more of our dialysis patients requiring hospitalization. Also, it appears that COVID-19 has resulted in an increase in persons experiencing

temporary renal failure in many areas in which we operate. We expect to continue to experience additional staffing shortages as well as incur additional staffing costs, required to meet the resulting increased demand for dialysis treatment and/or to provide equipment and medical staff needed for emergency treatments, for example in hospitals. We expect negative effects through 2022 and in the mid-term on our business depending mainly upon the adoption and speed of the rollout of vaccinations as well as resistance to vaccinations and vaccination mandates.

Various governments in regions in which we operate have provided economic assistance programs to address the consequences of the pandemic on companies and to support health care providers and patients. In the U.S., the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and various other measures have been enacted to mitigate certain adverse financial impacts of the pandemic, including impacts in the health care sector. Additional funding provided under the CARES Act and other COVID-19 relief provided some financial support to our business in the U.S. through a series of suspensions of the 2 % Medicare payment sequestration reduction from May 2020 to March 31, 2022, as well as through accelerated and advance payments of Medicare reimbursement and grants to defray expenses and mitigate the loss of revenues related to the COVID-19 pandemic. Additionally, during the fourth quarter of 2021, we received for entities in which we have less than 100 % ownership, $122 M (€103 M) in new U.S. Department of Health and Human Services funding (Provider Relief Fund Phase 4) available for health care providers affected by the COVID-19 pandemic, of which we recognized operating income of $58 M (€49 M) used to offset eligible costs in 2021. However, this relief funding may not fully offset potential lost revenues and increased costs.

Further legislation and amendments to existing legislation intended to fight the COVID-19 pandemic and its adverse economic consequences may be enacted in the markets in which we operate.

In addition, to the extent that the COVID-19 pandemic adversely affects our business, net assets, financial condition and results of operations, it could also have adverse effects in other risk areas described in this report which is reflected in the respective assessments.

As one reaction to the COVID-19 pandemic, a crisis response team has been established and protocol responses were implemented to address the issues related to patient care and employee safety. Furthermore, operational changes were made to ensure continued supply of clinical materials and programs were modified to assist direct patient care providers.

ESG requirements

Our companies' ESG activities are facing increased scrutiny from stakeholders such as institutional and other investors, regulatory bodies and non-governmental organizations (NGOs). Failure to effectively identify, carry out and manage the necessary sustainability activities as required or expected, as well as effectually manage the impact of factors beyond our control, could cause us to incur additional costs or damage our brand. We could also be subject to financial and other penalties imposed by the respective authorities in the jurisdictions in which we do business. In addition, a rise in prices for carbon emission rights stemming from the requirements of the European Climate Law could increase production costs. Cost increases could narrow our profit margins and have a material impact on our operations if we do not accurately plan for and efficiently implement the necessary sustainable business practices.

In addition to environmental risks, we also face several social risks. Our continued growth in the health care business depends on the ability to attract and retain a skilled workforce, including highly skilled nurses and other medical personnel. Competition for those employees is intense and shortages for these sought-after employees could potentially lead to the closure of some clinics and the inability to treat parts of our patients.

Furthermore, companies are increasingly expecting their suppliers to share their commitment to sustainability and demonstrate sustainable business practices across their supply chains, including the ability to identify and mitigate risks related to human rights in their entire value chain. If we fail to comply with our legal obligations related to supply chain due diligence, we could face significant fines and be excluded from public tenders and contracts. We could also suffer reputational damage, especially given that our performance in this area is closely monitored by NGOs, investors and others.

In light of these expectations, among other aspects, we have incorporated sustainability as a performance target for the compensation of our Management Board. Should management fail to meet these outcomes, investors and/or debt providers may not deem us the correct fit for their investment or financing purposes, thereby negatively impacting our share price or our ability to source funding through debt financing. Our new €2 BN syndicated multicurrency sustainability-linked revolving credit facility agreement includes a sustainability component, pursuant to which the credit facility's margin will rise or fall depending on our sustainability performance.

Heightened scrutiny on ESG topics may result in more extensive regulatory requirements aimed at mitigating the effects of climate change and other current and future ESG concerns. Should further regulation or stakeholder expectations be more stringent in the future, we may experience increased compliance burdens and costs to meet regulatory obligations and we cannot currently estimate what impact existing and future reg-

ulations will have on our business, financial condition and results of operations.

We have set up a Global Sustainability department and have launched a Global Sustainability Program. In addition, cross-functional task forces were established to work on the implementation of new regulations, such as the German Supply Chain Due Diligence Law.

Changes in the risk situation

We operate in a constantly changing environment. Accordingly, the risk situation is also subject to constant change.

Regarding the classification of single risks in terms of probability and potential impact, the following significant changes occurred compared to the previous year:

One-year period:

The risk connected to our Growth (7) was dismissed from a short-term perspective as concerns regarding certification of new facilities have been dissolved.

Five-year period:

The risk from Global Operations (20) is now considered a low risk from a mid-term perspective mainly due to certain regulatory efforts being paused or postponed which allows us more time to establish compliance with these initiatives.

As we have to fulfill different ESG related requirements and stakeholders expect from us to comply with such requirements, the risk regarding ESG requirements (24) was assessed for the first time and is considered a low risk.

To account for the expected increase in interest rates in the future the risk regarding Liquidity and financing (16) was also assessed from a mid-term perspective and is considered as a medium risk.

OPPORTUNITIES MANAGEMENT

Opportunities Management System

As a vertically integrated dialysis company we are able to identify industry-specific trends and requirements along our value drivers as well as the resultant opportunities at an early stage and gear our actions to them. We also perform comprehensive quantitative and qualitative analyses to enable us to capture business opportunities. This involves systematically evaluating relevant market data, closely examining research projects and taking general social trends into consideration. Our analyses focus on general economic, industry-specific, regional and local developments as well as regulatory changes. In addition, our strategy and planning departments and the managers of other divisions cooperate closely to allow us to identify global opportunities as early as possible.

Opportunities

Fresenius Medical Care offers almost all of the products and services that seriously and chronically ill patients require across the renal care continuum. Our network of 4,171 dialysis clinics in around 50 countries is the largest of its kind in the world. As a result, we possess valuable dialysis expertise that is unique in the industry. Thanks to this wealth of experience, we know that high quality is not only the key to a better quality of life for patients, but can also make a significant contribution to reducing the costs of health care. In this context, we see vast opportunities in digitalization, which offers us new possibilities in kidney therapy, especially in the field of telemedicine and home dialysis. Digital enablement allows us to personalize therapeutic options more quickly. By applying analytics, AI and machine learning and predictive models, we can create actionable insights for better patient care and thereby improve therapy outcomes and economics. In the long-term regenerative medicine will open up major opportunities, especially in the area of cell therapies, tissue engineering and transplants.

Based on this understanding and our business model, major opportunities arise that could have a positive impact on the results of operations, financial position and net assets of Fresenius Medical Care as things stand today. Unless otherwise stated, the opportunities mentioned apply to all segments.

Industry-specific opportunities

Growth in patient numbers and demographic development

The increasing demand for dialysis products and services due to the rise in dialysis patients is a substantial opportunity for us. The dialysis market is a growth market that is largely unaffected by common macroeconomic influences. According to estimates, the number of people worldwide suffering from chronic kidney failure and requiring dialysis treatment is rising at a rate of around 3 % to 6 % annually. It is expected to reach around 3.8 M patients in 2022 and more than 6 M by 2030 (SEE CHART 2.44 ON PAGE 77). Social trends play a role in this increase in patient numbers. In Europe and the U.S. in particular, they include the aging population and the increasing incidence of diabetes and hypertension, two illnesses that frequently precede the onset of chronic kidney failure. In developing and emerging countries, the growing population and steadily improved access to dialysis as a result of increasing wealth are key factors that further boost demand for dialysis products and services. We want to continue to make a significant contribution to meeting this demand in the future.

Changes in legal and political conditions

Whether private companies are allowed to offer dialysis treatment and in what form depends on a country's health care system and its legal framework. For Fresenius Medical Care, opportunities arise to tap into new markets or to expand its market share whenever a country opens up to private dialysis providers. This decision is also increasingly influenced by the following factors:

- Health care systems are under pressure to deliver ever more comprehensive medical care (longer life expectancy, increase in concomitant diseases, health care provision still being established).
- Dialysis is a complex, life-sustaining procedure, which places high demands on health care systems in terms of expertise and efficiency. Therefore, public health care providers are increasingly collaborating with private providers to find solutions.

Growing demand for holistic, value- and risk-based health care

As a result of increasing cost pressure and the growing number of patients, demand for holistic and value- and risk-based health care concepts for patients with chronic kidney failure is evolving worldwide. Value-oriented models are changing the role of health care providers: In systems of this kind, we not only offer dialysis but also take responsibility for the patient's medical well-being beyond dialysis. We believe this is a substantial opportunity beyond dialysis patient growth.

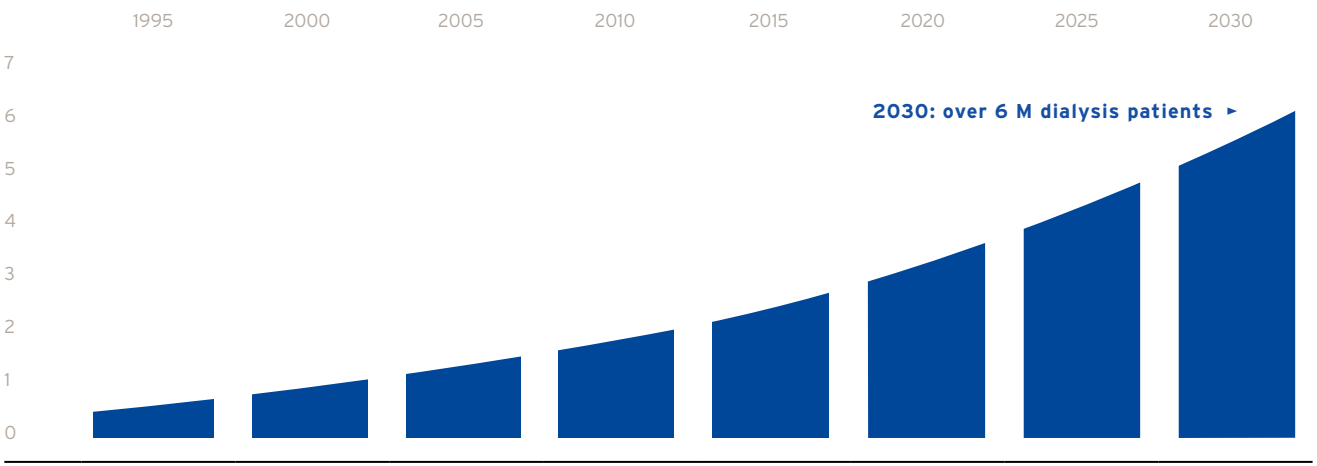
Value- and risk-based health care models help to deliver higher-quality treatment and better results at a lower cost. The aim here is to establish sustainable partnerships with payors around the world with the aim of driving forward the transition from fee-for-service payment to pay-for-performance models.

We have supported this development from the start, because we know the needs of our dialysis patients best. We have combined the coordination of all aspects of medical care in our other health care services business. This encompasses all services that help us to offer our dialysis patients treatment across the renal care continuum.

In 2019, the U.S. president signed an Executive Order on advancing kidney health. Among other things, it directs the U.S. Department of Health and Human Services to develop new Medicare reimbursement models. One of these, the ESRD Treatment Choices Model (ETC Model), is mandatory and creates financial as well as other incentives for home dialysis treatments and kidney transplants. The model went into effect January 1, 2021 and provides fundamental opportunities for expanding home dialysis and kidney transplants, particularly in the U.S.

Another value-based care model is the new Kidney Care Choices model offered by the Center for Medicare and Medicaid Innovation (CMMI). This includes the Comprehensive Kidney Care Contracting (CKCC) option for Medicare beneficiaries with late-stage CKD and end-stage renal disease that came into effect as of January 1, 2022. It is designed to reduce Medicare expenditures while preserving or enhancing the quality of care for patients with advanced renal disease. Participants deliver coordinated, cost-effective care and receive payment based on the risk assumed. As we are dedicated to being a leader in value-based care, we participate in the CKCC model and we will help manage care for more than 50,000 individuals by providing specialized education and support services to slow the progression of kidney disease, increase preemptive transplants,

C 2.44 **NUMBER OF DIALYSIS PATIENTS WORLDWIDE – FORECAST TO 2030**
IN M



Source: Internal estimates

and increase the prevalence of a planned start to life-sustaining treatment.

Expansion of home dialysis

If patient numbers grow as strongly as anticipated, cost pressure continues to rise and clinics reach full capacity, home therapies are expected to take on a more important role in dialysis, not only as a result of the ETC Model. This development could be advantageous for Fresenius Medical Care, as it presents us with growth opportunities. We offer a host of different products and innovative solutions for home dialysis. With NxStage products and solutions for home dialysis, we offer a comprehensive product portfolio for home dialysis. Digital solutions in the field of telehealth and applications underpin our plans and are essential to be able to offer this form of therapy to more people. We focus firmly on the needs of our patients by presenting them with the widest possible range of therapy options. This gives them the freedom to choose what form of treatment is currently best for them. Self-determination is a key pillar of our vision to improve our patients' quality of life. In the U.S. in particular, home dialysis is becoming increasingly important. In 2021, approximately 15 % of our dialysis treatments were performed in a home setting, meaning that we have already reached the 15 % target originally set for 2022. Based on its strategic business planning, Fresenius Medical Care has set a new aspirational target for the further expansion of home dialysis: By 2025, the Company aims to perform 25 % of all treatments in the U.S. at home.

Opportunities related to our business operations

New products and technologies

Developing innovative products and technologies that deliver lasting added value for patients and remuneration systems right up until they are market-ready is another crucial factor in our long-term success. We advance dialysis-related innovations through our in-house research and development activities. In addition, we are able to enhance existing products ourselves and adapt them to the markets in which we operate. We will continue to add innovative products and technologies to our range in the future to capture growth opportunities and meet the demand for integrated care as effectively as possible.

New forms of kidney therapy through digitalization

We aim to develop new forms of kidney therapy with the help of digital technologies such as artificial intelligence, the Internet of Things and use of Big Data. In North America, for example, we collect over one terabyte of patient data every day to calculate risk models and forecast multiple treatment paths. This data enables us to assess the health of each patient more effectively. We can use the information not only to reduce negative outcomes for patients, but also to make costs, clinical workflows, production and development processes more efficient.

As part of its growth strategy 2025, Fresenius Medical Care is using digital technologies and the capability to analyze huge amounts of data to develop new forms of renal therapy. The information will be used to potentially make a diagnosis earlier, slow the progressive course of chronic kidney disease and enable intervention with new innovative therapies. Frenova's new genomic registry will contain genetic sequencing data from chronic kidney disease patients worldwide, which will be used by researchers to improve the understanding of kidney disease. Remnant samples of blood will be stored from samples already taken monthly from end-stage kidney disease patients which will be used for genomic analysis. As the program expands to include individuals not on dialysis, samples of blood or saliva may be used for the same information. By combining clinical and genetic sequencing data from ethnically, demographically, geographically and pathologically diverse participants, this invaluable resource will help scientists better understand how genetic variations in patients can lead to more precise diagnoses and therapies that help improve outcomes by individualizing care, known as Precision Medicine.

COVID-19 in particular, has prompted a significant acceleration in the implementation of digital projects in telehealth and integrated health care. They are key to our ability to increase the share of home dialysis. We have already taken important steps with Kinexus, a digital solution that comprehensively connects our devices and our digital hubs for patients, providers and care teams. In addition, we are digitalizing numerous business processes to provide even better support for those working from home. This offers us greater flexibility at a lower cost.

Disruptive treatment options through regenerative medicine

We are investing in promising technologies and research approaches in the field of regenerative medicine, which we hope will present us with new, increasingly disruptive treatment options in the long term. The focus here is on cell therapies, tissue engineering and transplants. As a result of our investment in Humacyte, we expect our patients to have fewer complications, infections and surgical procedures. Humacyte grows blood vessels from donated muscle cells in a bioreactor. Depending on the results of research trials, these blood vessels could provide safer and more stable vascular access and reduce catheter contact time for hemodialysis patients in the future. Beyond its use for dialysis access, the human acellular vessel (HAV) is also promising for treating peripheral arterial occlusive disease (PAOD) and traumas.

Fresenius Medical Care holds further participations in the field of regenerative medicine through Unicyte AG and Fresenius Medical Care Ventures GmbH. These have enabled us to expand

our range of treatments in this area, particularly in the early phases of chronic kidney disease. In addition, we have made substantial progress in the field of transplants through eGenesis, a company that has developed a multiplex platform based on the CRISPR/Cas9 technology. We expect this approach to enable safe and effective xenotransplantation, e.g., from pigs to humans.

Thanks to our extensive commitment to regenerative medicine, our aim is not only to provide state-of-the-art options for renal replacement in the future but also to substitute the function of other organs. We are confident that patients with diabetes or cardiovascular diseases can also benefit from our innovative and transformative therapies.

Long-term we see major growth opportunities in this field should regenerative medicine therapies become widely available.

Growing demand for critical care solutions

The number of patients requiring continuous renal replacement therapy to treat acute kidney failure is set to rise to 1.6 M per year by 2030. Fresenius Medical Care will expand its acute care portfolio to include other extracorporeal critical care therapy areas, such as the treatment of acute heart, lung and multi-organ failure. Hence in the medium term, we see major growth opportunities in critical care solutions.

Investments and complementary assets

We generate ideas for growth initiatives from market analyses and assess them as part of our annual budget planning, or more frequently if necessary. We manage the investments required for implementing projects using a detailed coordination and evaluation process. The Management Board sets the investment budget for the Group as well as the focus of investment. Before realizing investment projects, an internal committee examines the individual projects and measures, taking into account their yield requirements and potential return on investment. Projects are undertaken only if they help to increase the Company's value.

We will supplement and strengthen our existing network where feasible through additional partnerships, investments and acquisitions in the field of research and development. This will help us to create added medical value while saving costs. The close collaboration between our Strategy and Planning departments and the managers responsible for our acquisitions means that we can identify suitable potential purchases worldwide at an early stage. It will allow us to build an even stronger and more resilient foundation for our future growth to 2025 and beyond.

Internal organization and procedures

Fresenius Medical Care`s business model

Our business model itself also provides opportunities for Fresenius Medical Care's future growth. As a vertically integrated dialysis company, we not only offer almost all of the products and services that a patient with chronic kidney failure requires for treatment, but also use these on a daily basis in our own clinics. As a result, we can incorporate the feedback from our patients, physicians and nurses worldwide in developing and manufacturing new products as well as in organizing our clinic management. This gives us a crucial competitive edge. As part of the 2025 growth strategy, we developed the new operating model as the continuation of the plan to globalize and simplify. It is designed to further leverage the advantages of the Company's vertical integration, to better capture identified growth opportunities, leverage expertise to accelerate value creation, enhance capital allocation, increase transparency both internally and externally, reduce administrative burden as it relates to cost and speed, and to advance a culture of agility, innovation and accountability.

Fresenius Medical Care benefits from a number of long-term opportunities in the way it is organized and designs its business operations. For example, all production sites follow the lean manufacturing approach. In North America and at our Schweinfurt plant, this includes the Lean Six Sigma management system. The focus of lean manufacturing and Lean Six Sigma is on continuously improving manufacturing processes to achieve a low defect rate and, consequently, better product quality while reducing manufacturing times. In addition, constantly improving business processes and rigorously optimizing cost structures will allow Fresenius Medical Care to become even more profitable and competitive. Thanks to its global efficiency program, the Company has brought about a continuous and sustainable increase in efficiency.

Sustainability

To identify, assess and capture the opportunities associated with sustainability, Fresenius Medical Care continuously analyzes key economic, social and environmental issues. In doing so, we look at the entire value chain of our business activities. Developing an effective global sustainability management system is an opportunity for us to embed sustainability in our business activities systematically and structurally. Our sustainability management system helps us to meet increased demand for sustainability in our business operations from key stakeholders and to maintain our reputation and acceptance in society. This results in further opportunities for Fresenius Medical Care to position itself as a reliable, efficient partner and an attractive employer. Opportunities can also arise from the increasing number of political regulations aimed at sustainability. For example, if we differentiate ourselves from the competition through proven sustainability management and qualify for new contracts.

ASSESSMENT OF THE OVERALL RISK POSITION AND THE OPPORTUNITIES BY THE MANAGEMENT

Our risk management system forms the basis for assessing overall risk. The overall risk position of Fresenius Medical Care is determined by the individual risks described above. Changes in the Group's risk situation compared to the previous year occurred as stated in the paragraph of the same name starting on PAGE 72. Based on the comparison of the aggregated risk position with the established risk-bearing capacity, there are, to a reasonable degree of certainty, currently no indications that the going concern of Fresenius Medical Care is at risk. In the course of the Company-wide review as part of the integrated management system, we also monitor the effectiveness of the implemented risk management system and make improvements where necessary. The Management Board will continue to expand our risk management as well as the review of the associated management system to be able to identify, examine and evaluate potential risks even more quickly and initiate appropriate countermeasures. We believe that we have taken all necessary organizational steps to recognize potential risks early on and to respond to them appropriately.

We furthermore remain confident that our integrated global business model and our earning power provide us with a sound basis for our business development, allowing us to capture the opportunities arising for the Company. In view of our leading position in the dialysis market, our innovative strength, our dedicated staff and our structured processes for identifying risks early on and managing opportunities, we are convinced that we can continue to make the most of any opportunities that arise for our business in a responsible manner in the future.

CORPORATE GOVERNANCE FUNDAMENTALS

Fresenius Medical Care has the legal form of a partnership limited by shares (KGaA). The Company's corporate structure is set out in the appendix of the notes to the consolidated financial statements starting on page 176. The Company's management and supervisory structure is set out in the "Corporate Governance Declaration" in the chapter "Corporate Governance" in the Annual Report starting on page 112.

CORPORATE GOVERNANCE DECLARATION

In fiscal year 2021, the Company made use of the option to publish the Corporate Governance Declaration (Erklärung zur Unternehmensführung) on the Company's website pursuant to sec. 315d German Commercial Code (HGB) in conjunction with sec. 289f para. 1 HGB. The Corporate Governance Declaration is available on the Company's website at https://www.freseniusmedicalcare.com/en/investors/corporate-governance/declaration-on-corporate-governance.

It is also set out in the chapter "Corporate Governance" starting on PAGE 112.

CHANGES IN MANAGEMENT STRUCTURE

Reflecting the transformation of the company's new operating model due to the FME25 Program, the following changes to the Management Board came into effect on January 1, 2022:

- William Valle, previously CEO of Fresenius Medical Care North America, was appointed to head the new, globally operating Care Delivery segment, in which the company is combining its global health care services business.
- Dr. Katarzyna Mazur-Hofsäß, previously CEO of the EMEA segment, was appointed to take over responsibility for the new, globally operating Care Enablement segment, in which Fresenius Medical Care is consolidating its previously decentralized health care products business under a global MedTech umbrella.
- Chief Financial Officer Helen Giza was appointed to take on the additional role of Chief Transformation Officer (CTO).
- Harry de Wit, CEO for Asia-Pacific, Kent Wanzek, CEO for GMQS, and Dr. Olaf Schermeier, CEO for Global Research and Development, moved from the Fresenius Medical Care Management Board to the Fresenius Medical Care Executive Committee.

COMPENSATION REPORT

The description of both the compensation system and individual amounts paid to the Management Board and the Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA are included in the Compensation Report according to § 162 of the German Stock Corporation Act (AktG) which is part of the chapter "Corporate Governance" in the Annual Report.

TAKEOVER-RELATED DISCLOSURES

The share capital held by the Company's shareholders as of December 31, 2021, totals approximately €293 M, divided into 293,004,339 non-par bearer shares, and a nominal value of €1 each. As of December 31, 2021, the Company does not hold any treasury shares.

The rights of the shareholders are governed by the German Stock Corporation Act (AktG) and the Company's Articles of Association. According to these, each share shall be entitled to one vote at the Company's general meeting.

The General Partner, Fresenius Medical Care Management AG, in accordance with the Articles of Association is responsible for managing and representing the Company. It does not participate in the profit or loss or the net assets of the Company. The General Partner's management authority also encompasses exceptional management measures which do not require the approval of the shareholders. Vis-à-vis the General Partner, the Company is represented by its Supervisory Board.

The General Partner will cease to be General Partner of the Company if and when all shares in the General Partner entity are no longer held directly or indirectly by one party, which at the same time must hold, directly or indirectly by means of controlled company as defined in Section 17 (1) AktG, more than 25 % of the Company's share capital. This does not apply if all the shares of the General Partner are held directly or indirectly by the Company. Additionally, the General Partner will cease to be the Company's General Partner if the shares in the General Partner are acquired by another person:

- who does not at the same time acquire shares of the Company in the amount of more than 25 % of the Company's share capital, or
- who has not, within three months after the effectiveness of such an acquisition, submitted a voluntary or mandatory takeover offer to the Company's shareholders according to the rules of the German Securities Acquisition and Takeover Act (WpÜG); the fair consideration offered to the shareholders must also reflect the consideration which the purchaser pays for the shares in the General Partner, if the amount for such consideration exceeds the amount of its equity capital.

The grounds for withdrawal of the General Partner as provided by the law remain unaffected.

As of December 31, 2021, Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, Germany holds 94,380,382 shares of the Company, which corresponds to a 32.21 % holding and hence exceeds 10 % of the Company's total share capital.

The appointment and removal of members of the Management Board of the General Partner by its Supervisory Board are governed by Sections 84 and 85 AktG.

Amendments to the Articles of Association of the Company can be made in accordance with Sections 278 (3), 119 (1) No. 6, 179 in conjunction with 133 AktG. The Articles of Association entitle the Company's Supervisory Board to make amendments to the Articles of Association which concern only its wording without resolution of the general meeting.

The General Partner is entitled, subject to approval by the Supervisory Board, to increase the Company's share capital as follows in accordance with the resolutions passed by the shareholders at the general meeting:

- Authorization to increase on one or more occasions until August 26, 2025 the Company's share capital by up to a total of €35 M by issuing new bearer ordinary shares in return for cash contributions (Authorized Capital 2020 / I).
- Authorization to increase on one or more occasions until August 26, 2025 the Company's share capital by up to a total of €25 M by issuing new bearer ordinary shares in return for cash contributions and / or contributions in kind (Authorized Capital 2020 / II).

In both cases, the General Partner is entitled, with the approval of the Supervisory Board and in accordance with the resolutions passed at the general meeting, to take a decision on the exclusion of shareholders' pre-emption rights.

In addition, the share capital is subject to a conditional increase of up to €9.366 M. This conditional capital increase will only be carried out to the extent that options were issued in accordance with the Stock Option Plan 2011 based on the shareholders' resolutions of May 12, 2011 and May 12, 2016, provided the holders of such options exercises their rights and the Company does not issue any of its own treasury shares to settle those options. With regard to options issued to members of the Management Board of the General Partner, the Supervisory Board of that entity shall be responsible. Options under the Stock Option Plan 2011 could be issued for the last time in 2015 and can be exercised until 2023 at the latest if the exercise conditions are met.

In accordance with the resolution taken at the general meeting on May 20, 2021, the General Partner is authorized to acquire treasury shares until May 19, 2026 and up to a maximum of 10 % of the share capital in place on the date of the resolution. At no time shall the acquired shares together with the treasury shares held by the Company or attributable to it pursuant to Sections 71a ff. AktG exceed 10 % of the Company's share capital. The acquisition can be made via the stock exchange or by means of a public invitation to submit offers for sale. The authorization may not be used for the purposes of trading in its own shares. The General Partner is authorized to use the shares of the Company acquired on the basis of this or an earlier authorization for all legally admissible purposes, in particular also (i) to redeem them without any requirement for a further resolution to be taken at the general meeting, (ii) to sell them to third parties in return for contributions in kind, (iii) rather than using conditional capital, to award them to employees of the Company and its affiliates (including to members of the executive managements of affiliates) and to use them to service rights or commitments to acquire shares of the Company, and (iv) to service bonds with option or conversation rights issued by the Company or by affiliated companies as defined by Section 17 AktG.

Under certain circumstances, a change of control resulting from a takeover offer could impact several of the Company's long-term financing arrangements which include market standard change of control clauses. These clauses give creditors the right to call for early repayment of outstanding amounts in the event of a change of control. However, with regard to most of these financing agreements – in particular in case of bonds placed on the capital markets – this right to terminate only exists if the change of control involves the Company's rating or the corresponding financing instrument being downgraded.

Hof an der Saale, February 25, 2022

Fresenius Medical Care AG & Co. KGaA

Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

NON-FINANCIAL GROUP REPORT

ABOUT THIS REPORT

This report documents the sustainability performance of Fresenius Medical Care in 2021. It contains relevant information relating to social, employee, and environmental matters, combatting bribery and corruption, and respect for human rights. We demonstrate how we integrate sustainability in our business, and how our activities contribute to our success and create value for our stakeholders.

The report fulfills the requirements of Section 315c in conjunction with Sections 289c to 289e of the German Commercial Code and the EU Taxonomy Regulation. It covers the reporting period from January 1 to December 31, 2021. Unless stated otherwise, the information provided refers to fully consolidated subsidiaries.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) has assessed this report against the relevant legal requirements of the German Commercial Code and the EU Taxonomy Regulation. It has performed a limited assurance engagement according to ISAE 3000 (Revised). For the Independent Practitioner's Report, please SEE PAGE 110.

Our reporting approach is based on Global Reporting Initiative (GRI) international sustainability standards. Applied GRI standards are Disclosure 102-46 from GRI 102: General Disclosures 2016, and Disclosures 103-1, 103-2, and 103-3 from GRI 103: Management Approach 2016. We use these standards as a framework in accordance with Section 289d of the German Commercial Code. We also consider the ten principles of the UN Global Compact in our reporting.

References other than those to the Group Management Report and Fresenius Medical Care's consolidated financial statements are for information only. They are not subject to the assurance engagement.

Due to rounding, individual numbers and percentages presented in this report may not precisely reflect the absolute figures.

C 3.1 **SUSTAINABILITY IMPACT**

ENVIRONMENT	Through our Green & Lean initiative, each year we expect to: › prevent almost 5,500 tons of CO_2 equivalent emissions › save 20,000 MWh of energy › save 220,000 m^3 of water › recycle or reuse about 700 tons of waste
	More than 1,000 tons of plastic waste were diverted from landfill because of a reusable container program at our U.S. dialysis clinics
	Approximately half of the dialysis machines we produced belong to an eco-friendly machine generation
SOCIAL	78 % of our patients would highly recommend our services
	71 % of our employees feel a sense of belonging at work
GOVERNANCE	17 new global ESG policies and other standards approved
	Almost 90 % of employees completed compliance training
	More than 50 aspects of our Global Sustainability Program were evaluated to measure its success

BUSINESS MODEL

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases, based on publicly reported revenue and the number of patients treated. We provide dialysis and related services, as well as other health care services. We also develop, manufacture, and distribute a wide variety of health care products, which we sell to customers in around 150 countries in addition to using them in our own health care service operations.

In our more than 4,000 proprietary dialysis clinics in around 50 countries worldwide, we provide care for over 345,000 dialysis patients. We are continuously expanding this network of clinics to accommodate the ever-rising number of patients. In addition, we operate 42 production sites in around 20 countries.

Further information on our business model is provided in the Group Management Report starting on PAGE 19.

SUSTAINABILITY MANAGEMENT

We took further steps to embed sustainability in our operations, business development, and finances as part of our Global Sustainability Program. For example, a sustainability component was included in our recent loan agreement, and we developed new global targets and policies across the program's eight focus areas.

STRATEGY

At Fresenius Medical Care, our focus is on serving patients. This shapes how we integrate sustainability into our business and tackle global health care challenges. Our commitment to sustainability is incorporated in our mission to provide the best possible care to a growing number of patients in diverse health care systems. It is also reflected in our strategy to deliver sustainable solutions with innovative products and services of the highest quality at a reliable cost. Our long-term focus is on activities that support this goal.

Managing sustainability successfully means creating lasting economic, ecological, and social value. For us, it also means driving the integration of sustainability in our business. Our Global Sustainability Program supports our efforts in this respect. Its overall objective is to establish global standards, processes, and measurements to help us continually improve. The program provides us with a basis for further analyzing our global impact and leveraging sustainability-related opportunities. Our business activities touch upon various aspects of the UN Sustainable Development Goals (SDGs). In line with our corporate purpose, we particularly support SDG 3, which focuses on good health and well-being. In addition, we seek to make further meaningful contributions to SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 12 (Responsible Consumption and Production) in particular.

We aim to continuously incorporate sustainability in our business processes. This includes our operations, business development, and finances, as well as our internal controls. For example, in 2021 our Acquisitions and Investment Committee started to include defined sustainability criteria in its decision making, considering for instance the environmental impact of investments, as well as access to health care and education. We are also in the process of analyzing our customers' sustainability requirements, including in tenders, and plan to integrate these in future tender offers. Furthermore, in 2021 we signed a new €2 BN credit agreement with an embedded sustainability component. As part of efforts to include sustainability in internal controls, more than 90 % of internal audits in 2021 included an environmental, social, and governance (ESG) aspect. Most audits focused on topics related to compliance.

We strive to spread awareness of our sustainability activities throughout the Company. For example, we have integrated further topics such as human rights and the environment into our mandatory Code of Ethics and Business Conduct training. This updated training was rolled out in the reporting year.

More information on our strategy can be found in the Group Management Report starting on PAGE 22. For further information on the sustainability-linked credit agreement, please see the Group Management Report starting on PAGE 43.

GLOBAL TARGETS

Our Global Sustainability Program reflects the increasing requirements for sustainability management, as well as our commitment to continuously improving our performance. It defines global company targets for eight focus areas in the period between 2020 and 2022. We selected these areas based on the results of our materiality analysis, which identifies the most relevant sustainability topics for our business. Our focus areas are our responsibility towards our patients, as well as our employees, anti-bribery and anti-corruption, data protection and privacy, human and labor rights, sustainable supply, environment, and occupational health and safety. We highlight key targets for our focus areas in this report.

The success of our Global Sustainability Program depends on cooperation between all regions and global functions and the exchange of best practices. We strive to leverage our scale and expertise and take regional needs into account in our sustainability activities. In 2021, we established 17 new global policies and other standards, for example in the areas of environment, occupational health and safety, human and labor rights, and working conditions. We also defined new global performance indicators for various areas of the sustainability program, including the global hospitalization rate and the number of patient grievances. The success of our Global Sustainability Program is measured annually using an audited control and calculation model that evaluates more than 50 aspects. The program's progress is linked with Management Board compensation via a sustainability target.

In the year under review, we stepped-up internal communication on our sustainability activities and the sustainability program's targets to raise awareness among employees. In addition, we communicated our progress and results externally to increase transparency for stakeholders. On our webpage, we disclose information in accordance with the GRI's core option, and the disclosure recommendations of the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) standards. These disclosures are part of our commitment to provide transparent

and relevant information on our economic, environmental, and social performance to our stakeholders.

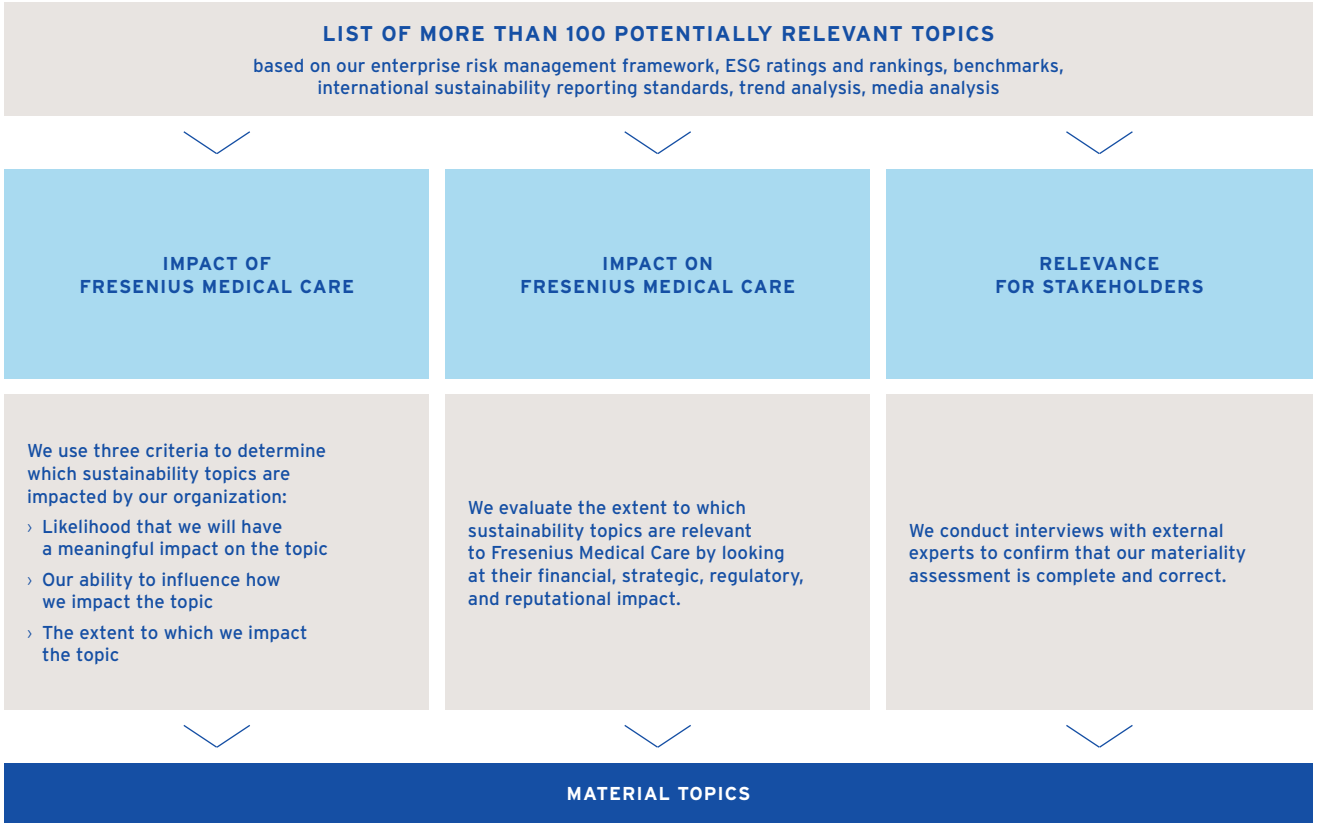
As part of our Global Sustainability Program, in January 2022 the Management Board established global climate targets.

More information on sustainability in the compensation system can be found in the Compensation Report starting on PAGE 137. For further information on sustainability-related policies and commitments, please see our website. For more information on our global targets, please refer to the "Environment" section starting on PAGE 106.

MATERIAL TOPICS

We carry out a comprehensive materiality analysis every three years. This analysis identifies and prioritizes the sustainability topics that have the biggest impact on our business, and those that are affected most by our business. In the years between, we review the results of the analysis. In our most recent comprehensive materiality analysis in 2019, we selected and grouped topics from a list of more than 100. In building this list, we used various sources as a guide. These included our enterprise risk management framework, ESG ratings and rankings, and competitor benchmarks. Further sources were international sustainability reporting standards like those of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), and the results of our trend and media analysis. To help us define the materiality of and prioritize the different topics, we involved internal stakeholders from different regions and functions and reviewed the outcomes with external experts. Our latest review in 2021 confirmed that the topics identified in our analysis in 2019 were still the most relevant for our business. We continuously monitor and evaluate upcoming topics and areas of interest for our stakeholders (SEE CHART 3.2).

C 3.2 **MATERIALITY ANALYSIS**



SUSTAINABILITY GOVERNANCE

The highest governing body for our sustainability activities is our Sustainability Decision Board. Headed by CEO Rice Powell, it is responsible for integrating sustainability into our strategy and business. Together with the Sustainability Decision Board, the Management Board decides on strategic initiatives. In 2021, for example, the Sustainability Decision Board approved several global policies that are relevant for our sustainability performance. The Management Board and the Supervisory Board review the progress of our sustainability management, which is then published in the separate Non-Financial Group Report (SEE CHART 3.3).

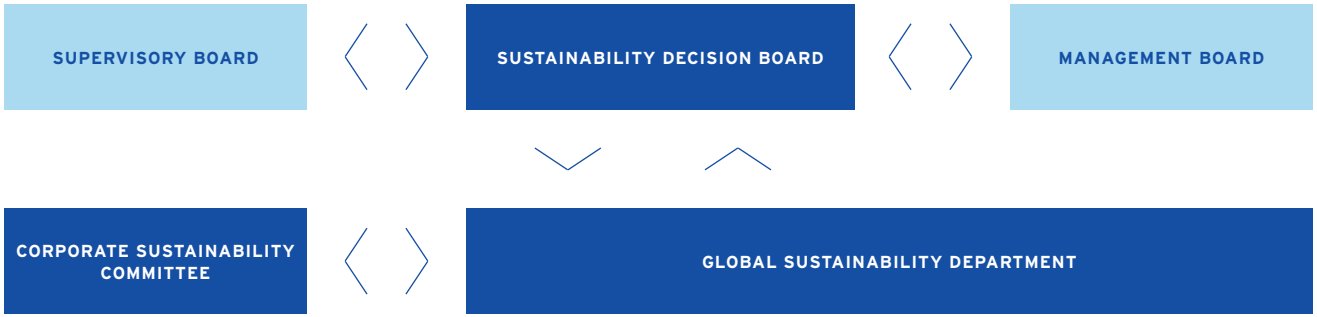
Two further committees support our decision-making processes for sustainability initiatives. The Corporate Sustainability Committee is an advisory committee for global sustainability activities. It comprises senior representatives nominated by the Management Board to represent the interests of our business and corporate functions. The Corporate Risk Committee analyzes and discusses sustainability risks as part of our enterprise risk management. The results are compiled twice a year and communicated to the Management Board.

The Global Sustainability department drives our strategic sustainability activities. It manages the Global Sustainability Program in close cooperation with the relevant teams across our regions and other functions. The Global Head of Sustainability regularly informs the Management Board about the program's progress and the status of target achievement.

In the reporting year, a member of the Supervisory Board was appointed to the position of Lead Independent Director. Her responsibilities include addressing matters relating to ESG aspects of the Company.

More information on the Lead Independent Director can be found in the Declaration on Corporate Governance on PAGE 126.

C 3.3 **SUSTAINABILITY GOVERNANCE**



RISK MANAGEMENT

We monitor and assess non-financial risks as part of our enterprise risk management. Our assessment is based on a list of potential sustainability risks, which is reviewed regularly. In accordance with the German Commercial Code, we report on known significant risks related to our own operations, business relationships, products, or services that are very likely to have an adverse effect on material sustainability-related topics. We did not identify any material non-financial risks of this kind in 2021.

In the reporting year, we extended our enterprise risk management system to include a new risk perspective. We now additionally assess the impact of our business activities on affected rightsholder groups, as well as the environment. Furthermore, we are in the early stages of integrating the TCFD recommendations into our enterprise risk management approach, as well as aligning it with the requirements of the upcoming German Supply Chain Due Diligence Law.

In addition to the regular corporate risk management assessments, in 2021 we also analyzed potential climate change risks in line with TCFD recommendations, as well as risks related to water stress. We did not identify any significant risks for our business model in either area. Therefore, we do not currently expect any material impact of sustainability risks on our accounting.

We also performed detailed human rights risk assessments covering our workforce, our patients, and our supply chain. With the help of external platforms and interviews with subject-matter experts, we looked at country and industry-specific risks for the topics in question. Based on the results, we have started to define focus areas for activities.

More information on our enterprise risk management system can be found in the Group Management Report starting on PAGE 62. For information on our environmental risk assessments, see the "Environment" section starting on PAGE 106. More information on our risk assessment on human and labor rights can be found in the "Human rights" section starting on PAGE 105, and the "Supplier management" section starting on PAGE 104.

EU TAXONOMY

For 2021, we report on the eligibility of our economic activities in accordance with the EU Taxonomy Regulation for the first time. This refers to the Regulation's first delegated act, which focuses on the two environmental objectives of climate change mitigation and climate change adaptation. We report the related shares of our group revenue, capital expenditure, and operating expenses.

To determine EU Taxonomy-eligible economic activities, we conducted an EU Taxonomy impact analysis along our operations. We compared the Regulation's description of eligible economic activities relating to the environmental targets of climate change mitigation and climate change adaptation (delegated acts for climate taxonomy) with our products and services, investment expenditures, and operating expenditures. We consolidated relevant information about which activities could be considered Taxonomy-eligible. In addition, we conducted interviews with internal experts from various regions and business areas to gather and verify information.

As a vertically integrated health care company focused on products and services for dialysis, our products and services are not included in the EU Taxonomy Regulation in its current design. Therefore, we focused on investment expenditure (Capex) and operating expenditure (Opex) (SEE TABLE 3.4). We established that our construction and real estate activities can be classified as Taxonomy-eligible activities that contribute to climate change mitigation. These activities do not generate revenue, but they represent a share of our investments and operating expenses. We based the determination of the EU Taxonomy KPIs on our financial reporting system, which ensures reconciliation with the corresponding items in the annual financial statements.

For the allocation of Capex and Opex, we have identified the relevant purchases and measures, and identified the primarily related economic activity in the Climate Delegated Act. This way, we aim to ensure that no Capex or Opex is considered more than once.

T 3.4 **SHARE OF TAXONOMY-ELIGIBLE ACTIVITIES OF TOTAL REVENUE, CAPEX, AND OPEX**
IN %

	Taxonomy-eligible shares	Non-Taxonomy-eligible share
Revenue	0	100
Capex	53	47
Opex	1	99

Revenue

No Taxonomy-eligible activities are applicable for Fresenius Medical Care within the current design of the Taxonomy regulation, as explained above.

The share of Taxonomy-eligible economic activities in our total revenue has been calculated as the part of revenue derived from products and services associated with Taxonomy-eligible economic activities divided by total revenue for the reporting year 2021.

Capex

Our EU Taxonomy-eligible Capex share in 2021 (53 %) relates to investments in lease agreements, new construction, and renovation of buildings, such as clinics or production facilities (EU Taxonomy Annex I, economic activities listed within sector 7 – Construction and real estate activities except economic activity 7.6: Installation, maintenance, and repair of renewable energy technologies). For Fresenius Medical Care, Capex in the construction and real estate sector relate to buildings and their improvements, right-of-use assets for buildings and improvements, and any building activity that is considered construction in progress.

The Capex KPI is defined as Taxonomy-eligible Capex divided by total Capex for the reporting year. Capex covers additions to tangible and intangible assets during the fiscal year considered before depreciation, amortization, and any re-measurements. This includes those resulting from revaluations and impairments, for the relevant fiscal year and excluding fair value changes. It also includes additions to fixed assets (IAS 16), intangible assets (IAS 38), and right-of-use assets (IFRS 16). Capex also covers additions to tangible and intangible assets resulting from business combinations, but goodwill is not included.

Opex

Our EU Taxonomy-eligible Opex share in 2021 (1 %) relates to expenses for new construction and renovation of buildings, such as clinics or production facilities (EU Taxonomy Annex I, economic activity 7, see above).

The Opex KPI is defined as Taxonomy-eligible operating expenses divided by total opex for the reporting year. For Opex, the basis is costs that relate to research and development, building renovation measures, short-term leases, main-

tenance, and repair. Also, it includes any other direct expenditure relating to the day-to-day servicing of assets of property, plant, and equipment carried out by a third party to whom activities are outsourced.

Research and development expenses include research and non-capitalizable development costs, as well as depreciation and amortization expenses related to capitalized development costs. For more information, please refer to "Notes to the consolidated statements of income" of the notes to the consolidated financial statements on PAGE 205. Short-term leases were determined in accordance with IFRS 16 (see note "Leases" of the notes to the consolidated financial statements on PAGE 249).

Maintenance and repair expenses and other direct expenditure relating to the day-to-day servicing of assets of property, plant, and equipment (including building renovation measures) are determined based on maintenance and repair costs. They can be found in the following areas of the income statement: costs of revenue, selling, general and administrative expenses and research and development expenses. In general, this includes staff costs, costs for services, and material costs for daily servicing, as well as for regular and unplanned maintenance and repairs.

For total revenue for the fiscal year 2021, please refer to the consolidated statements of income, line "Revenue" on PAGE 177. For total Capex please refer to notes "Property, plant and equipment" on PAGE 217, "Intangible assets and goodwill" on PAGE 220, and "Leases" on PAGE 249 in the notes to the consolidated financial statements, columns "Additions" and "Changes in consolidation group". Please note that column "Changes in consolidation group" also includes disposals of business in the amount of €8 M.

STAKEHOLDER INCLUSION

As a company with global operations, our business activities affect many stakeholder groups. These include our patients, employees, shareholders, suppliers, and the communities in which we work. Representatives from academia, politics, media, and international organizations are also important interest groups. Engaging with relevant stakeholders is essential to understand their expectations of our Company. It is also part of building trust and reliable partnerships and helps us to share knowledge and promote scientific progress.

In 2021, we continued to participate in several expert groups such as Kidney Care Partners and the Dialysis Patient Citizens Education Foundation in the U.S. We also participated in technical expert panels for the Centers for Medicare and Medicaid Services, the national federal public health care authority. Sustainability-related topics were discussed in more than 100 investor meetings. Topics included climate impact, sustainability initiatives, and governance matters.

We are subject to a wide range of legislative and regulatory processes that affect our business. Therefore, we periodically engage in policy discussions and collaborate with third parties to assist in lobbying efforts. Our principles in relation to these political activities are stated in our Code of Ethics and Business Conduct. They provide the basis for our political dialogue in compliance with applicable laws and regulations. These principles also apply to our interactions with associations. In the reporting year, we published a position paper on political engagement and advocacy. In the U.S. we have a Political Action Committee. This committee provides eligible U.S. employees the opportunity to participate voluntarily in public policy advocacy that impacts our business and patients.

More information on our collaboration with research and innovation partners can be found in the Group Management Report starting on PAGE 33. For information about our dialogue with employee representatives, see the "Employees" section starting on PAGE 96. For information on how we collaborate to improve health care, see our "Patients" section starting on PAGE 90.

PATIENTS

We continued to employ various COVID-19 mitigation measures to help better protect our patients. As part of our Global Sustainability Program, we defined a new global KPI for quality of care, and now target a Net Promoter Score that continues to reflect high levels of patient satisfaction with the services in our dialysis clinics.

Our patients' well-being is our top priority. As part of our commitment to delivering safe, high-quality care to patients with chronic illnesses, we continually monitor the performance of our products and services. Our focus is on quality, safety, accessibility, and patient experience. We make further improvements where necessary, keeping in mind our goal to expand access to high-quality health care. We invest in innovations and new technologies, and leverage insights from scientific research and collaboration with partners.

QUALITY OF CARE

The Global Medical Office drives our medical strategy and coordinates our activities related to the advancement of medical science and patient care. It is part of our network that promotes scientific and medical progress worldwide. The Global Medical Office is led by our Global Chief Medical Officer, who is also a member of the Management Board. Key findings of the Global Medical Office are reviewed by dedicated committees. They are published on a regular basis and shared with the medical community.

Our commitment to continuously improve the quality of our care is included in our Code of Ethics and Business Conduct. The Global Patient Care Policy outlines the principles, responsibilities, and processes related to patient experience surveys and grievance mechanisms. In 2021, we included a chapter on our medical strategy and quality management in this policy. Responsibility for integrating the policy into operations lies with senior medical leadership and the interdisciplinary patient care teams in each of our regions.

As part of our global patient experience program, we aim to conduct patient experience surveys at least every two years. We use the information collected to evaluate the services provided by our dialysis clinics and implement global improvement processes. Our goal is to establish measures that enable more personalized care and improve the quality of our services. Based on the results of the 2020 survey, in 2021 we sharpened our focus on improving patient education, individualized patient care, and service excellence. For example, we developed patient education material to help clinic staff better inform their patients about health-related topics.

We measure patient experience and customer loyalty using the Net Promoter Score (NPS). The NPS reflects patients' overall satisfaction with our services. In 2021, our NPS was 71, compared with 67 in 2020. The increase can be attributed to comprehensive local improvement measures, such as those mentioned in the paragraph above. In line with our mission to provide a future worth living for our patients, we are continuously working towards improving our patients' experience. Having recently achieved our internal NPS target, we are now aiming for a NPS score of at least 70. As part of our NPS calculations, we measure the percentage of patients that would recommend Fresenius Medical Care. In the reporting year, 78 % of our patients answered in our survey that they would highly recommend our services.

TARGET
HIGH PATIENT SATISFACTION
Achieve a Net Promoter Score of at least 70

In addition to the NPS, we also track survey coverage and response rates. In 2021, we achieved a global coverage rate of 91 %, in line with our target of 75 % or above. In 2021, the response rate was 75 % (SEE TABLE 3.5).

T 3.5 MEASURING PATIENT EXPERIENCE AND CUSTOMER LOYALTY

	2021[1]	2020
NPS[2]	71	67
Coverage rate[3] (%)	91	78
Response rate[4] (%)	75	76

[1] Figures are based on the latest data from patient surveys rolled-out in Fresenius Medical Care dialysis clinics. In some cases, this is data from 2020 because surveys are only conducted bi-annually in some regions.
[2] The NPS is a value between -100 and 100.
[3] The coverage rate reflects the percentage of eligible patients that were invited to participate in the patient experience survey.
[4] The response rate reflects the percentage of eligible patients that answered the survey (including the question relating to the NPS).

In addition to the experience survey, we provide patients and their representatives with other feedback channels. They can use these to make any suggestions or raise concerns, anonymously if they wish. Channels include dedicated hotlines and email addresses, complaint and suggestion boxes, and a feedback form on our website. We are committed to resolving issues in a timely manner (SEE TABLE 3.6).

T 3.6 PATIENT REPORTS

	2021[1]
Number of patient reports	24,449

[1] Only 2021 data is available because the performance indicator is new as of this year. Patient reports are included from countries where a grievance process has been implemented, with the exception of Guatemala, Curacao, and Mexico. These three countries will be included in 2022.

Our policies allow patients to file reports without fear of reprisal or denial of services. We also provide training at local level to support staff in following patient grievance guidelines.

We continually measure and assess the quality of care provided in our dialysis clinics based on generally recognized quality standards and international guidelines. These include those of the global nonprofit Kidney Disease: Improving Global Outcomes, the Kidney Disease Outcomes Quality Initiative, and European Renal Best Practice. We also consider industry-specific clinical benchmarks and our own quality targets.

Additionally, we evaluate a set of medical indicators on an ongoing basis to measure the quality of care provided in our dialysis clinics. This year we defined our first global KPI for quality of care – the global hospitalization rate. It measures the length of time a patient spends in hospital. In 2021, the global hospitalization rate was 10.7 days per patient. This is an important indicator, given hospitalization has a significant impact on a patient's quality of life. It also reflects our impact on the respective health care system, which is especially relevant during the ongoing pandemic. Other quality of care KPIs are currently measured on a regional level as we continue to harmonize these criteria. We are also planning to develop a quality index focusing on the most relevant quality indicators to reflect improvements and achievements related to global patient care (SEE TABLE 3.7 ON PAGE 92).

During the COVID-19 pandemic, we have worked to keep the clinical care environment as stable as possible and deliver a high quality of care. However, in 2021 our key quality indicators demonstrated more variability and trends that are indicative of the impact of the pandemic on patients and multiple aspects of our care delivery. This broader variability is likely due to the changing population baseline during the pandemic, as well as adjustments to patients' nutritional intake, physical activity, and care delivery. We would expect quality indicators to return to a more predictable pattern once the pandemic abates.

ACCESS TO HEALTH CARE

As an international health care company, we recognize the importance of improving access to health care and are working to provide affordable treatment to a growing number of patients worldwide. The Global Medical Office leadership team frequently discusses how to best manage this topic as part of our medical strategy. Our focus is on both improving access to care and level-of-care outcomes. We consider, for example, barriers to access such as cost and ease of travel to our dialysis clinics, lack of education on kidney disease, and unsustainable health care systems in developing countries. We aim to increase the number of patients on home dialysis and have improved our digital offering to make it easier for patients to access our services. Additionally, the development of renal care infrastructure is an important part of our strategy. This includes continuing to expand our network of dialysis clinics, for example. We also have processes in place that allow patients' treatment to continue during crisis and emergency situations.

Treatment in the home

We treat patients across the full spectrum of chronic kidney disease. In our view, listening to their therapy preferences is critical. We aim to give patients an informed choice and provide treatment options that best fit their circumstances. Home dialysis provides patients with the opportunity for greater independence and control over their time and health outcomes. It allows us to expand our health care capacity, increasing the number of patients that can be treated by a dialysis clinic. In addition, by facilitating treatment for patients living in more remote regions, we aim to widen our geographical reach and reduce patient travel. In 2021, we provided home therapy to more than 54,000 peritoneal and hemodialysis patients globally. In 2017, we set ourselves the goal of performing over 15 % of treatments in the U.S. in a home setting by 2022. We achieved this in the third quarter of 2021, and set a new target in 2022. Globally, the number of our home dialysis patients increased by about 10,000. In the U.S. alone, we informed more than 56,000 people living with chronic kidney disease or end-stage kidney disease about home dialysis options in 2021. We did this with the support of more than 180 kidney care experts.

More information on the home dialysis target can be found in the Group Management Report starting on PAGE 78.

Supporting patients in underserved communities

We consider health equity in our efforts to increase access to care worldwide and to support the development of sustainable health care systems. This means striving to make treatment and kidney health education available to those in need, irrespective of age, income distribution, race or ethnicity, or education.

Demand for affordable health care products and services is increasing in emerging markets. To facilitate access to dialysis treatment, we developed the 4008A dialysis machine series. These machines meet high therapy standards while reducing costs for health care systems. They are designed to be easy to handle, and combine high-quality hemodialysis treatment with proven reliability and operational efficiency. Since 2019, the 4008A series has been successfully launched in nine Asian emerging markets. This series represents more than 35 % of all our dialysis machines brought to market between 2017 and 2021.

Crisis and emergency response

Our goal is to continue to provide access to health care under difficult circumstances, for example in the case of a health

T 3.7 QUALITY PARAMETERS BY OPERATING SEGMENT[1]
RELATING TO THE FOURTH QUARTER OF THE RESPECTIVE YEAR IN %

	Description	Possible impact	Global	
			2021	
Global hospitalization rate[2]	Result of complications during dialysis	Restrictions in quality of life	10.7	

			Further clinical quality indicators per region							
			North America		Europe, Middle East and Africa		Latin America		Asia-Pacific	
			2021	2020	2021	2020	2021	2020	2021	2020
Kt / V[3,4] ≥ 1.2	Effectiveness of dialysis: measures how well the body is cleaned of uremic toxins	More days spent in hospital; increased mortality	97	97	93	93	93	91	95	94
Hemoglobin[5,6,7] = 10 – 12 g / dl	Hemoglobin is responsible for transporting oxygen around the body	Indicator for anemia	72	71	82	82	49	48	52	52
Calcium[4,9] = 8.4 – 10.2 mg / dl	Measures the patient's nutritional status and mineral balance	Marker for increased mortality	84	81	81	78	76	73	72	72
Albumin[8,9] ≥ 3.5 g / dl			83	80	89	90	90	89	88	91
Phosphate[4,9,10] ≤ 5.5 mg / dl			56	59	79	80	75	76	64	64
Patients without catheter (after 90 days)[11]	Measures the number of patients with vascular access	More days spent in hospital	78	79	76	77	78	78	80	81

[1] 2021 numbers are based on the quality parameters of 91 % of our dialysis clinics worldwide. This includes 83 % of our dialysis clinics in Europe, Middle East, and Africa, and 50 % in Asia-Pacific.
[2] The number of days patients are hospitalized over a one-year dialysis treatment period per patient.
[3] Kt / V provides information about the effectiveness and efficiency of dialysis.
[4] Kidney Disease Outcome Quality Initiative guidelines.
[5] The hemoglobin value in patient blood should be kept within a defined range. Hemoglobin is the component of red blood cells that transports oxygen within the human body. An insufficient level of hemoglobin in the blood indicates anemia.
[6] Kidney Disease: Improving Global Outcomes and European Renal Best Practice guidelines.
[7] Europe, Middle East, and Africa data includes patients with Hb > 12 g / dl without erythropoiesis-stimulating agents (ESA).
[8] Certified reference material for human albumin based on specifications from the Joint Research Centre of the European Commission (#ERM-DA470k) was obtained to achieve consistent results over time.
[9] Calcium, albumin, and phosphate levels in the blood are indicative of a patient's general nutritional status and point to disorders in the mineral and bone metabolism of patients with chronic kidney disease.
[10] Phosphate specified as mg / dl of phosphorus.
[11] Catheters are associated with a serious risk of infection and an increase in the number of days spent in hospital. We record the number of patients who do not need to use a catheter as a vascular access for dialysis. Where we as the care provider are directly responsible, the proportion of patients with permanent vascular access serves as an indirect quality indicator.

crisis or natural disaster. We have dialysis clinics in many regions of the world with diverse geographic, social, and economic conditions, serving a vulnerable population of patients who need regular dialysis treatment multiple times a week. To allow us to continue treating our patients in extreme conditions, we have developed an emergency response system comprising regional disaster response teams. These teams seek to ensure that treatments continue under difficult circumstances. For example, in February 2021, a team assisted patients affected by extreme weather in Texas that caused a water shortage. More than 160 of our dialysis clinics were forced to temporarily close as a result, affecting about 5,000 patients. Our disaster response teams brought in generators and water tankers to assist in getting clinics operational. Additionally, we provided hospitals with dialysis equipment and supplies to help manage the surge of patients seeking treatment. Furthermore, we regularly test our emergency response procedures to assess service safety and continue to donate funds, dialysis machines, and medical supplies to organizations that require support.

COVID-19

In 2021, the fallout from the COVID-19 pandemic continued to present us with extraordinary challenges. These were exacerbated by the fact that acute kidney injury is common in critically ill COVID-19 patients, and that our patients have a high risk of complications should they contract the virus. To help improve the level of protection for our patients and staff, safety protocols were established in our dialysis clinics at the beginning of the pandemic to maintain the provision of essential treatments. We provided guidance on measures to mitigate the spread of COVID-19 through interventions such as masks. Additionally, patients and staff entering dialysis clinics are screened for the virus and given personal protective equipment. We have also encouraged patients to get vaccinated. In addition, we have set up isolation centers and treated more than 17,000 patients infected with COVID-19 in North America.

To broaden our contribution to the fight against COVID-19, we donated €250,000 to UNICEF to support its vaccination initiative in about 140 countries. UNICEF will put this money towards measures aimed at protecting teachers and medical workers against the COVID-19 virus. This in turn should support the care and education of children impacted by the pandemic. We also provided hundreds of acute dialysis devices and further supplies to hospitals for emergency treatment.

Despite increased safety measures, we were able to continue producing and delivering life-saving products, even when our operations and supply chains were hampered by global restrictions. During the pandemic, we have continuously looked at ways to improve our care. We provided our patients and staff with information about the effects of long COVID and how the vaccination can mitigate the risk of severe illness. Our ongoing COVID-19 research focuses on ways to identify patients with the virus, as well as vaccination effectiveness and response.

More information on new products geared towards emerging markets can be found in the Group Management Report starting on PAGE 34. For more information on measures to protect our employees during the pandemic, see the "Employees" section starting on PAGE 96. For further information on COVID-19 relief measures, please see the notes to the consolidated financial statements starting on PAGE 205.

COLLABORATING TO IMPROVE HEALTH CARE

We work with external organizations to facilitate scientific progress and explore new ways of improving quality of care. In 2021, we were involved in more than 60 key partnerships with academia, research institutes, and peers. Our focus areas included cardio-protection, personalized and precise medicine, public health, and the impact of COVID-19 on vulnerable patient populations. We are also a member of several professional organizations such as the Renal Physicians Association, the European Renal Association, and the American Society of Nephrology. The latter established the Ben J. Lipps Research Fellowship Program in 2012 with a grant from Fresenius Medical Care. The program's aim is to advance new research on kidney disease and to help find a cure. We have contributed $10 M and supported 45 studies since the fellowship was created in 2012. In addition, we collaborate with the Renal Support Network and the Medical Education Institute in the U.S. to educate patients on treatment options.

A further focus area is expanding access to and understanding of transplant medicine. Our newly appointed Head of Transplantation Medicine leads our worldwide efforts to achieve this. The Fresenius Medical Care Foundation collaborates with several leading organizations to raise awareness and provide support to people living with kidney disease. Through these partnerships, the foundation supports efforts to make sure that every eligible person who needs a kidney, receives one. As an example of our collaboration, in 2021 we finalized a $106,000 grant to the United Network of Organ Sharing (UNOS). Through our investment, we are helping UNOS learn more about ways to improve transportation and logistics for organ donation.

More information on our collaboration with research and innovation partners can be found in the Group Management Report starting on PAGE 33.

DIGITALIZATION AND INNOVATION

Digitalization plays an important role for both our health care services and products. We aim to develop innovative, safe, and user-friendly digital products and systems that meet high quality standards. Our goal is to further improve the quality and efficiency of treatments. We continually develop products and digital services that improve access to health care, which has become more critical during the pandemic.

Our Global Research and Development division manages our global research and development activities related to product engineering. The Global Medical Office is responsible for our clinical digitalization strategies and the use of digital clinical data for research and operations. The basis of our commitment to continuous innovation is articulated in our Code of Ethics and Business Conduct.

We have extended our digital options to facilitate better access to information for the patients under our care. Our digital platforms enable virtual contact, which has, for example, reduced the risk of infection for patients and staff during the pandemic. Keeping patients and care teams connected and giving them

access to recent treatment data is vital for continuously improving medical outcomes, user experience, and the effectiveness of care. We have two main platforms that we provide via apps. One is used predominantly in North America and the other is accessible across more than 20 countries in Europe, Africa, Asia-Pacific, and Latin America. Combined, these apps had more than 26,000 active users in December 2021. We use digital platforms in more than 20 countries to overcome the challenges presented by COVID-19. In the U.S., we recorded over 410,000 remote visits between patients, care teams, and physicians by the end of 2021.

In North America, we have also established telehealth platforms aimed at giving extra support to patients on home dialysis. For example, our cloud-based solutions for home dialysis are designed to keep patients connected to their care teams, with better access to recent treatment data. By making this data more easily accessible to clinicians, care teams can resolve treatment issues earlier and reduce hospitalizations. For our peritoneal dialysis patient education experience app, we received two Bronze Awards for Excellence in Technology by the research and analyst firm Brandon Hall Group.

We are also now using virtual reality (VR) and gamification technology to support health care professionals in training their patients in home dialysis procedures. Our new VR training tool is currently available in Germany. We plan to roll it out to further countries in Europe, Middle East, and Africa in 2022.

We continuously engage in the research and development of innovative products and enhanced therapies. As part of this, we facilitate clinical trials, which are a crucial step in developing new treatments. We are also further exploring non-interventional methods by means of mathematic modelling and virtual clinical trial simulations. Our research and development activities follow regulatory guidance for clinical research practices. Additionally, they are conducted in compliance with ethical standards. In a global statement, we outlined the principles with which we commit to advancing health care and managing related risk, as well as advocating patient rights, patient well-being, and animal welfare. We plan to make this publicly available in 2022. It is important to us that our research partners follow similar bioethics guidelines to ours.

Our Frenova Renal Research division provides research services to third parties and has also started enrolling patients in a new initiative to develop the largest renal-focused genomic registry in the world. We aim to enroll over 100,000 patients by 2025. This new registry will contain genetic data from chronic kidney disease patients worldwide, which will help researchers improve their understanding of kidney disease.

In 2021, we started the process of further integrating specific environmental criteria in our research and development activities. We are also working to include sustainability topics in the early stages of innovation projects.

For more information about research and development, please see the Group Management Report starting on PAGE 33. For more information on data privacy, please see our "Data protection and cybersecurity" section starting on PAGE 102.

PRODUCT SAFETY AND QUALITY

We aim to develop safe and high-quality products for patients. With our network of production sites around the world, we control the procurement, production, distribution, and supply of renal and multi-organ therapy products. We manage quality and safety in our product business over the entire product life cycle, from design and development to operation and application.

The Global Research and Development and the Global Manufacturing, Quality, and Supply divisions are responsible for our product business. They report directly to the Management Board. Together, they have developed our Global Quality Policy, which outlines our commitment to product and service quality. The policy also covers our obligation to comply with relevant regulations and maintain environmentally sound and efficient operations. It is the basis for regional quality manuals and further policies covering responsibilities, training, risk assessments, and audits. The Management Board is regularly informed about our global quality performance.

Our safety and quality processes are embedded in quality management systems, in line with legal and regulatory requirements. This means that products must comply with safety and quality standards concerning product development, manufacturing, their use in clinics, customer training, and complaint handling. Over the past few years, we have merged our quality management systems in Europe, Middle East, and Africa, Latin America, and Asia-Pacific. We aim to implement a global quality management system by 2024. Additionally, our IT tool for audit management has already been harmonized globally, and we plan to introduce a global electronic training system by 2024.

Certification and audits

Following a risk-based approach, we carry out internal audits at least once a year at each of our production sites. We assess our quality management systems against internal and regulatory standards. Internal quality audits at our local sites help us determine the effectiveness of these systems.

Our consolidated quality management system is certified according to ISO 9001 and ISO 13485 (SEE TABLE 3.8 ON PAGE 95). We also completed the Medical Device Single Audit Program (MDSAP) for this system. Our production sites are subject to regular external quality audits and reviews in accordance with local requirements. Audits are carried out according to the Good Manufacturing Practice (GMP), the Current

Good Manufacturing Practice (cGMP), ISO 9001, ISO 13485, or MDSAP.

T 3.8 CERTIFICATION OF OUR PRODUCTION SITES
IN %

Certification[1]	ISO 9001/13485	GMP/cGMP	MDSAP
Production sites certified[2]	74	49	29

[1] Increased scope in 2021 following the integration of Xenios plants into the Global Manufacturing, Quality, and Supply division.
[2] Production sites managed by the Global Manufacturing, Quality, and Supply division.

We have defined KPIs to monitor our quality objectives and prevent adverse events. In 2021, more than 50 certification audits were performed at our production sites managed by our Global Manufacturing, Quality, and Supply division. The audit score was 0.1 (SEE TABLE 3.9). This score indicates the ratio of major and critical findings to the number of external audits. We target an average global audit score not exceeding 1.0 to maintain the effectiveness of our quality management systems and certifications. All audit findings are documented and escalated depending on their criticality, and are used to determine and implement appropriate corrective and preventive measures.

T 3.9 AUDIT SCORE

Year[1]	2021	2020
Audit score[2]	0.1	0.2

[1] Increased scope in 2021 following the integration of Xenios plants into the Global Manufacturing, Quality, and Supply division.
[2] Production sites managed by the Global Manufacturing, Quality, and Supply division.

TARGET

PRODUCT SAFETY AND QUALITY

Keep global key performance indicator for critical and major audit findings below 1.0

Product improvements

We continuously strive to enhance the quality and safety of our products. The number of product improvements is an indicator of our performance. Improvements are defined as changes that focus on at least one of the following: patient safety and quality, product performance and delivery capability, or customer service. This could involve process improvements in production, for example, but also improvements already made by our suppliers to the items we purchase from them. In 2021, we made more than 2,000 improvements to our dialysis machines, dialyzers, filters, and solution products. We have expanded our reporting on this topic. In 2020, we reported on improvements to dialysis machines only.

Our aim is to improve our portfolio through product innovation. To access the latest technologies, we invest in research and development and collaborate with external partners, including academic institutions. We also invest in startups that develop products, technologies, and therapies in the health care sector.

Post-market surveillance is an integral part of our quality management. It is essential that our products and services are effective and reliable, and pose as low a risk as possible to patients. Our standards for planning, conducting, and monitoring clinical studies help us to enhance product quality and safety, and improve patients' health. Should any issue arise concerning the safety of our products, we take corrective action. This could include publishing further information and data on the product after market introduction, or product recall.

We strive to comply with legal and regulatory requirements in monitoring the adverse effects of drugs – also called pharmacovigilance – and medical devices. In this context, we collect and review information relating to adverse events and product complaints. We have also incorporated the topic of adverse event and product complaint reporting in our Code of Ethics and Business Conduct.

More information on quality management at our production sites can be found in the Group Management Report starting on PAGE 36.

EMPLOYEES

We have developed new global guidelines on key employee-related topics such as employee engagement, talent management, and inclusion and diversity.

Our people have always been key to our success. It is important that we continuously hire and retain the best people for the job, inspire them to stay with us long term, and support their development during their employment. This helps to create an attractive, fair, and trusting work environment for all our employees.

We use our Global People Strategy as a framework for our activities. Responsibility for defining and implementing this strategy lies with our global Human Resources (HR) function, which reports to the CEO. This function provides and manages the relevant standards, policies, and processes in accordance with the evolving requirements of our employees and the business. Our Global People Strategy has four priorities: (1) engage employees; (2) make the right capabilities available to support our business goals; (3) continuously advance our organization; and (4) foster excellent people practices.

In line with these priorities, we continually develop and improve the HR policies and guidelines that steer our global activities. In 2021, we established new global employee guidelines on a broad range of topics such as employee engagement, talent management practices, and inclusion and diversity. For example, we developed a guideline stipulating that the interview round for senior-level positions should, where possible, include at least one qualified candidate from an underrepresented group. The objective is to increase diversity levels in the Company, taking global ambitions and local environments into account. We also regularly complete audits of our employee-related activities. In 2021, more than 20 % of internal audits had an HR focus.

The COVID-19 pandemic continued to present us with health care challenges throughout 2021. We have introduced various measures to protect and support our employees during this health crisis. For example, we increased employee opportunities for flexible working, created new opportunities for virtual learning, and continued to adapt our organization to the requirements of a virtual environment. During the pandemic, many non-essential employees have shifted to a work-from-home schedule. In the U.S. we provided our employees with COVID-19-related pay and incentives, as well as other resources to help them overcome financial challenges and to support their overall well-being. We also established an initiative to recruit and register volunteers to assist in areas most in need. We assessed their competencies, provided the necessary training, assisted with applying for licenses, and made travel arrangements for more than 200 volunteers.

More information on COVID-19 measures can be found in the "Patients" section starting on PAGE 90.

EMPLOYEES WORLDWIDE

At the end of 2021, the number of employees at Fresenius Medical Care worldwide had decreased to 130,251 from 133,129 in 2020. Most of our employees work in production and services (85 %), followed by administrative functions (10 %). The region with the largest number of employees is North America (49 %), followed by Europe, the Middle East, and Africa (16 %). In the year under review, we hired more than 31,000 new employees. We gained more than 1,000 new employees through acquisitions.

After declining to 11.9 % in 2020, our voluntary turnover rate rose to 16.5 % in 2021. This increase reflects an increasingly competitive labor market, especially in clinics and the manufacturing business. To counteract this increase, we implemented several measures. These included various measures to help managers and HR professionals improve employee retention. The average tenure of our employees increased from 7.3 years in 2020 to 7.6 years in 2021.

To help establish a better overview of our workforce and to support the development of future performance indicators, we are implementing a global HR information system. The system is already in place in Asia-Pacific and Latin America, and we plan to implement it in North America, our biggest region, in the first quarter of 2022. We expect to complete the global rollout in early 2023.

ATTRACTING AND DEVELOPING TALENT

When it comes to hiring talented staff, we face increasingly strong competition. As a result, we are working to continuously improve our employer brand. We aim to remain an attractive employer and recruit, engage, and retain excellent employees. In 2021, we started to set various internal targets to help us achieve this aim. These relate to, for example, employee engagement, survey participation, and voluntary turnover. In 2021, we were named one of Newsweek's Most Loved Workplaces in North America, ranking among the top-100 companies recognized for employee happiness and satisfaction at work.

We are committed to supporting the learning and development of our employees around the world. In this context, we provide learning opportunities to all employees irrespective of their location or position in the Company. As a health care company operating in a regulated environment, it is critical that we continuously build on our employees' skills and knowledge to maintain operational and regulatory compliance.

Our learning platforms allow employees to pursue their career goals and interests in a self-directed manner. We are in the process of assessing the industry standard for average training hours undertaken per employee annually, and plan to meet or exceed this standard, if we have not already done so, by the end of 2024. We also expanded our digital learning platform globally in third-quarter 2021. Since then, more than 16,000 employees have participated in training via this platform. In addition, we provided certain employee groups with specific training. We provided our top 450 leaders leadership resilience training via virtual classroom events, as well as training in employee engagement strategies. New leaders also received courses on employee development. In the U.S. alone, nearly 8,000 leaders have completed our regional leadership development program since 2014.

We identify individual learning needs through development and career discussions that are often part of a performance management process. Since 2019, we have intensified efforts to train managers and employees in how they can contribute to these career conversations. We provide them with online resources such as webinars and virtual classroom trainings. In 2020, we also introduced a new global performance and development platform, which was made available to all employees.

We place great value on leadership. In this context, we have an established organizational and talent review process in place. Through this process, we identify high-performing and high-potential talent among our top leaders. This process allows us to assist identified employees in building their readiness to tackle future challenges and take on more responsibility.

Information on personnel expenses can be found in the Group Management Report starting on PAGE 36.

TARGET

Achieve proportion of women in leadership positions by 2025:
- 22 % in the first level below the Management Board
- 32 % in the second level below the Management Board

EMPLOYEE ENGAGEMENT

The primary objective of our employee engagement activities is to give every employee the opportunity to provide feedback and engage with us in an ongoing and open dialogue. In doing so, we hope to create an attractive work environment, and to boost our employees' commitment and performance. We want to encourage them to contribute to our company mission and vision. Our global employee engagement survey is a tool that helps us do this. We conduct one full employee engagement survey every two years and "pulse checks" in the years between. Through the survey, we identify strengths, as well as opportunities to improve our working environment. We use the results to initiate global and local measures with the aim of increasing engagement levels in the long term. In 2021, we conducted a global engagement survey. Almost 90,000 employees worldwide responded, reflecting a participation rate of 74 % – up from 68 % in the last full survey in 2019. The latest survey revealed that 56 % of employees who participated are actively engaged – the same rate as in 2019. This was despite the challenging environment created by the COVID-19 pandemic. The employee engagement score is based on three aspects: how many employees would speak positively about Fresenius Medical Care, how many intend to stay at Fresenius Medical Care, and how many feel motivated to perform at Fresenius Medical Care. In 2021, we trained about 10,000 managers on how to read and act upon the results from our global engagement survey.

Inclusion and diversity

We place great value on inclusion and diversity. Our goal is to promote a culture where our employees' different perspectives, ideas, and skills can contribute to our success, irrespective of their age, gender identity, nationality, cultural and ethnic origin, sexual orientation, ability, educational background, or work experience. We strive to make everyone feel safe, welcome, and valued, and to foster a sense of belonging. Based on the results of our global employee survey, in 2021 71 % of our employees felt a sense of belonging at work. Our commitment to inclusion and diversity is also incorporated in our Code of Ethics and Business Conduct.

In 2021, we built on our past efforts to foster a diverse and inclusive workplace, and to raise awareness of the benefits we believe such an environment brings. We further developed our global inclusion and diversity initiatives. For instance, we held an inclusion workshop for the Management Board. In addition, our Asia-Pacific Women's Leadership Initiative was launched in 2021 as a catalyst to continue driving diversity and inclusion among our 13,000-strong workforce in the region. We also established a main contact for Diversity, Equity, and Inclusion (DE&I) in North America, who is focused on supporting the advancement of our key objectives in this area in alignment with our global inclusion and diversity work. She is supported by both our DE&I Executive Committee and our DE&I Council. Together these form a diverse group of employees who provide input on our continued efforts to build a more trusting and inclusive culture.

In our view, our staff should reflect our international footprint in the different markets. We have employees in 68 countries. Of the more than 1,300 employees who take part in our Long-Term Incentive Plan (LTIP), 86 % are non-German.

As of December 31, 2021, women accounted for 69 % of our total workforce and 26 % of positions in the first two management levels. In terms of all participants in our LTIP, 34 % of our managers are female. Gender diversity in our main governance bodies and at management level has remained stable over the past two years. In 2020, the Management Board defined a new target of 22 % for the share of women in the first management level below the Management Board and 32 % in the second management level. We aim to achieve these targets by 2025. Since 2021, positions at first and second management level are determined based on a global job evaluation system that considers criteria such as the impact of the position, as well as the required skills relating to knowledge, innovation, and communication.

We intend to further strengthen inclusion and diversity beyond gender diversity over the next few years. For example, we plan to increase our focus on ethnic diversity in the future. To support these efforts, we plan to help establish new employee resource groups (ERGs) across the regions. These groups refer to employees who meet based on shared common interests. In the U.S. alone, we have 14 ERGs dedicated to different employee interests and aspects of diversity.

More information on gender diversity in our leadership population can be found in the Declaration on Corporate Governance starting on PAGE 129.

Dialogue with employees and their representatives

We believe the best way to interact with our employees is through open and direct communication. We are committed to responding promptly and fairly to questions, concerns, or issues raised by employees. We encourage employees to speak directly with their supervisors, managers, or HR regarding concerns. They can also use any other available channels, such as our Compliance Action Line, to raise any issues.

We are committed to complying with applicable social and labor standards. We have defined this commitment in our Code of Ethics and Business Conduct and our Global Social and Labor Standards Policy. In 2021, we continued to roll out our global HR compliance framework, which sets out our principles and defines how we apply them in our HR processes. Employees received training on the framework, and the roll-out was accompanied by supporting materials to help employees understand what is expected of them.

It is important that we work constructively with elected or established collective bodies, such as recognized trade unions, labor unions, or employee associations. In cases where our employees choose to be represented by one of these organizations, we cooperate with it in good faith and in accordance with applicable laws and practices. Important partners in this respect include our workplace representative bodies, such as the local works councils in Germany, as well as the Fresenius SE European Works Council. The latter represents the Fresenius workforce in Europe, which includes our employees. In Germany, where we are headquartered, we concluded seven agreements with our works councils in 2021. These agreements covered topics such as mobile working, expense reimbursement, COVID-19-related issues, and our HR information system. We also finalized other agreements with local works councils related to site-specific workplace matters.

Collective bargaining agreements apply to different groups of employees within Fresenius Medical Care, depending on local laws and practices. In Europe, these apply to 51 % of our employees, and worldwide to 23 %.

Fresenius SE European Works Council meets once a year and its executive committee convenes three times a year. Labor rights, as well as social and other business matters are discussed in these meetings, which are led by management representatives of Fresenius SE. We take part in these meetings when invited to by the European Works Council. Our management representatives also attend an annual meeting with representatives of three global unions.

Our business units and entities at country or site level are responsible for working with local workplace representative bodies and trade unions. Discussions with these representatives focus on local matters and conditions. For example, in Germany, management and the works council agreed on a workplace policy on mobile working for office-based roles.

More information on employee grievance mechanisms can be found in the "Compliance" section starting on PAGE 100. For more information on our labor standards and human rights principles, see the "Human rights" section starting on PAGE 105.

OCCUPATIONAL HEALTH AND SAFETY

We are committed to providing a safe and healthy work environment for our employees and contractors. In 2021, we established our new global Occupational Health and Safety Policy, which outlines our key principles in this area. The policy was approved by the Management Board.

Responsibility for occupational health and safety lies with regional and local management. This structure allows us to comply with different regulatory and legal requirements and report incidents to authorities based on local specifications. Representatives at local level collect relevant data and report it to regional representatives. Our management regularly reviews this information.

We strive to prevent work-related accidents and hazards to protect our employees and contractors. We track and analyze accidents and injuries at local and regional levels, identify their root causes, and take corrective action. In 2021, we are reporting on work-related fatalities for the first time. No work-related fatalities were reported between 2019 and 2021.

We are planning to include further global indicators in our internal reporting from 2023 to reflect our performance: the total recordable injury frequency rate and the lost time injury frequency rate. In certain segments of our regional businesses, we have already defined targets for incident rates, safety training, or the monitoring of occupational health and safety performance. We plan to set global targets for occupational health and safety by 2023.

As part of the Global Sustainability Program, we began a global risk assessment in 2021. We identified the biggest physical risks as injuries from needlesticks, slips, trips, and falls. We are working to identify and prioritize high-risk areas and plan to develop specific risk mitigation measures in the coming years. We have also piloted an initiative in our production sites in Europe, Middle East, and Africa. It aims to facilitate the sharing of information concerning significant accidents, near misses, and occupational health and safety best practices. In recognition of the success of our safety programs and initiatives, in 2021 we won the national CNA Safety in Excellence Award in North America for the 20th time.

Some of our production sites and dialysis clinics are certified according to international health and safety standards. These include ISO 45001 in Europe, Middle East, and Africa, Latin America, and Asia-Pacific, and the Australian Council of Health Care Standards (ACHS) in Asia-Pacific. In addition to external audits by relevant authorities, we conduct internal reviews and audits to monitor our compliance with corresponding regulations, policies, and procedures. We are working on harmonizing

T 3.10 **EMPLOYEE OVERVIEW AS OF DECEMBER 31, 2021**

Employee overview	2021	2020
Employees[1]	130,251	133,129
Employees (FTE)	122,909	125,364
Staff costs (€ M)	6,962	7,067
Average annual staff costs per employee (€)	56,262	56,770

Employees per region[2] (%)	2021	2020
EMEA (incl. Germany)	16	17
Germany	6	6
North America	49	50
Asia-Pacific	10	10
Latin America	10	9
Corporate[3]	15	14

Employees per functional area[2] (%)	2021	2020
Production and services	85	86
Administration	10	10
Sales and marketing	4	3
Research and development	1	1

Employee retention	2021	2020
Voluntary turnover rate[4] (%)	16.5	11.9
External hire rate[5] (%)	23.7	23.1
Average service length in years	7.6	7.3

Demographic	2021	2020
Average age in years	42	42
Share of employees under 30 (%)	16	17
Share of employees between 30 and 50 (%)	58	58
Share of employees 50+ (%)	26	25

Women overall and at different leadership levels (%, headcount)	2021	2020
Company overall	69	69
Supervisory Board	33	33
Management Board	25	25
First management level[6]	18	18
Second management level[7]	28	28

Employee engagement (%)	2021	2020
Engagement score[8]	56	64
Participation rate[9]	74	36

[1] Calculation based on headcount if not otherwise stated.
[2] Employees calculated as full-time equivalents (FTEs).
[3] Including the Global Manufacturing, Quality, and Supply and Global Research and Development divisions, and the Global Medical Office.
[4] Calculated as the number of employees who left the organization voluntarily in relation to the number of employees at the end of the year.
[5] Calculated as the number of employees who joined the organization in relation to the number of employees at the end of the year.
[6] Changed definition: Includes all managers in respective leadership positions (see above) according to our new global job evaluation system. See Declaration on Corporate Governance on PAGE 130. In previous reporting, the definition included all direct reports to a Management Board member that participate in our Long-Term Incentive Plan (LTIP). In this Non-Financial Group Report, figures for 2020 are restated based on the new definition.
[7] Changed definition: Includes all managers in respective leadership positions (see above) according to our new global job evaluation system. See Declaration on Corporate Governance on PAGE 130. In previous reporting, the definition included all direct reports to a first-level leader that participate in our Long-Term Incentive Plan (LTIP). In this Non-Financial Group Report, Figures for 2020 are restated based on the new definition.
[8] Calculated based on the percentage of affirmative responses to questions in the engagement survey in 2021.
[9] Number of employees that participated in our engagement survey compared with the number of invited employees. In 2020 the rate was lower, as we conducted a pulse survey with a representative sample of employees.

our management concepts for occupational health and safety as part of our Global Sustainability Program.

To prevent incidents and increase awareness, we provide health and safety training. Employee training courses in our dialysis clinics cover, for example, the safe use of sharps and disposables, hand hygiene, infection prevention, and emergency management. Training provided in our production sites focuses on, among other topics, the safe handling of work equipment and chemicals, and emergency prevention and response. In the U.S. alone, more than 48,000 employees completed health and safety training in 2021.

During the ongoing COVID-19 pandemic, the health and safety of our patients, employees, their families, and the communities in which we work has been the focus of our response activities. We have implemented various measures to protect our employees and patients against exposure to the virus, and have stepped-up infection control practices in our dialysis clinics. In our production sites, we have introduced stricter hygiene measures, such as more frequent disinfection and social distancing. We also offered COVID-19 vaccinations to our employees at various locations.

Where possible, we offer flexible working conditions. Depending on regional requirements, we have also implemented further measures to support our employees' well-being. In North America, for example, we offer employees access to a digital platform that provides personal recommendations and activities to help employees stay fit, eat better, manage stress, and improve their sleep. Over 28,000 employees were actively using this platform by the end of 2021. As part of our global 25th anniversary celebrations, we introduced a new health awareness initiative. We challenged employees to walk 10,000 steps a day during September 2021. More than 2,000 employees participated, covering a total of over 200,000 km.

TABLE 3.10 ON PAGE 99 shows the employee overview.

COMPLIANCE

We rolled out our updated compliance training, which included topics recently added to the Code of Ethics and Business Conduct, such as supplier selection and environmental protection. Our third-party training approach was implemented at a global level.

We have a global compliance program in place. The program aims to ensure that we operate our business in accordance with the law and that employees adhere to all internal guidelines. It is based on our Code of Ethics and Business Conduct, a binding framework that governs how our employees interact with patients, colleagues, business partners, officials, and society (SEE CHART 3.11).

The Code of Ethics and Business Conduct covers topics that are relevant for our business. These include, for example, patient care, product and service quality, anti-corruption and anti-bribery, health and safety, data privacy, supplier selection, and human rights. All employees must follow the guidelines set out in this Code. These guidelines apply to the operations of all direct and indirect subsidiaries that are majority-owned or otherwise controlled by us.

Our Chief Compliance Officer (CCO) is responsible for managing and enhancing our compliance management processes.

C 3.11 **COMPLIANCE CULTURE SUPPORTED BY OUR COMPLIANCE MANAGEMENT SYSTEM**

The CCO reports to the CEO and is supported by a global network of more than 200 compliance professionals. As partners of our business units, these professionals provide advice and support in all regions. Additionally, we have established a Global Compliance Oversight Committee, which the CEO is part of. The committee meets regularly to discuss all relevant compliance matters.

PREVENT, DETECT, AND RESPOND

We are committed to adhering to all relevant laws and regulations. The primary goal of the compliance program is to prevent, detect, and respond to potential misconduct and violations. We want to foster a corporate culture where compliance is recognized as everyone's responsibility.

A key element in the prevention of compliance violations is our training program, which we are continuously expanding. We make compliance training mandatory for employees in all countries where we are legally permitted to do so. In 2021, we updated our global training to include information on the topics added to our Code of Ethics and Business Conduct in 2020, including supplier selection and environmental protection. Globally, almost 90 % of employees completed compliance training in 2021. This is despite the impact of COVID-19, which allowed less time for clinic staff to complete training (SEE TABLE 3.12). We also offered three training courses for specific target groups.

T 3.12 NUMBER OF PARTICIPANTS IN COMPLIANCE TRAINING

	2021	2020
Employees	100,099	106,927
Management Board	8	8
Supervisory Board	N/A[1]	6

[1] Due to a bi-annual cycle, no Supervisory Board training took place in 2021.

MONITORING ADHERENCE TO STANDARDS

Our compliance program defines our standards and procedures, including those that determine how we respond to misconduct. We evaluate the likelihood of compliance violations as part of our enterprise risk management. Risks can also be detected during our periodic internal audits, as well as when employees or third parties raise concerns.

Employees are required to report potential cases of non-compliance and perceived or actual misconduct that violate laws, our Code of Ethics and Business Conduct, or other company guidelines. We have an anti-retaliation policy in place to protect employees against any reprisal. There are several ways in which reports can be made. Employees can reach out to their managers, their superiors, Compliance, Legal, or HR. In addition, we have set up an external reporting hotline operated by an independent and certified third-party vendor. Our employees and related third parties can use this hotline to report potential violations of laws or company guidelines. Where legally permitted, reports can also be made anonymously. The hotline is available 24 hours a day and reports can be made in several languages. In North America, our hotline is set up to report compliance concerns. However, we also receive non-compliance related calls on patient care, information security reports, and human resources. These calls are forwarded to the appropriate departments.

In 2021, we received a total of 2,854 reports via our feedback channels. Each report is documented and reviewed based on more than 30 allegation categories. The reports covered topics such as anti-corruption (1.8 %), data protection (22.2 %), and human resources / workplace (33.4 %) (SEE TABLE 3.13).

T 3.13 SUBJECT OF REPORTS RECEIVED

Topics[1]	2021	2020
Business integrity including anti-corruption	52	52
Data protection	633	342
Human resources / workplace	954	906
Other	244	187

[1] In 2020, we received 1,516 reports concerning patient care and products., which are not included in the table in order to maintain comparability. For 2021, these figures can be found in the "Patients" section starting on PAGE 90.

We investigate all cases of potential misconduct, take corrective measures on a case-by-case basis, and track their implementation. Of 106 compliance investigations in 2021, about half were found to be actionable. Actionable means that the investigations established findings that led us to improve processes, adjust policies or internal controls, or disciplinary action. In 2021, 299 disciplinary matters occurred outside of the U.S. Out of these, 76 led to termination of the employment relationship. Our global disciplinary action guideline outlines our worldwide standards and our procedures for responding to misconduct. Misconduct can refer to, for example, violation of laws and policies and workplace misbehavior. We have established Disciplinary Action Committees across our regions that assess disciplinary cases and determine the appropriate response. The Global Disciplinary Action Committee oversees the process to maintain its consistency.

TABLE 3.14 shows the number of reports processed by different departments.

T 3.14 NUMBER OF REPORTS PROCESSED BY DIFFERENT DEPARTMENTS

Department	2021	2020
Compliance	127	84
Legal	20	15
Patient care[1]	963	1,090
Human resources	942	945
Other	802	869

[1] Unlike in TABLE 3.13 ON PAGE 101, the reports concerning patient care and products received in 2020 and 2021 are included in these figures.

STRENGTHENING OUR COMPLIANCE PROGRAM

In 2021, we continued to strengthen our global compliance program. Following the appointment of an Independent Compliance Monitor in August 2019, we have sharpened our focus on several ongoing compliance initiatives. To successfully coordinate all activities, the relevant teams are in almost daily contact with the Compliance Monitor. We enhanced our global internal audit activities by expanding our resources and focusing on anti-corruption in high-risk areas. More than 80 % of internal audits in 2021 included a compliance focus. Prior to entering new business relationships, and as part of our continuous monitoring of existing business relationships, we assess third parties for compliance risks. In 2021, we assessed and approved about 29,000 third parties. In addition, we implemented our third-party training approach at global level. In the scope of our training, third parties refer to those in the sales channel. These include distributors, re-sellers, wholesalers, commercial or sales agents, and any other third parties involved in the sales of our products that potentially interact with government officials or health care professionals for sales of our products. We also continued to conduct anti-corruption-related audits of third-party business partners. We undertook 17 audits, exceeding our target to complete 15 audits in the reporting year.

More information on compliance measures can be found in the Group Management Report starting on PAGE 71.

DATA PROTECTION AND CYBERSECURITY

We started the roll out of a global IT transformation program and developed performance indicators to measure its effectiveness.

Our patients, employees, customers, business partners, and other stakeholders entrust us with their personal data. We are committed to respecting their privacy and protecting their information. We recognize the importance of protecting our data and technology assets against cyberattacks. Should they materialize, information security threats could pose a real risk to our business and reputation.

CYBERSECURITY

In 2021, we intensified our efforts to reduce cybersecurity risks along the value chain and mature information security practices. Our goal is to provide uninterrupted digital patient care and secure sensitive data. We initiated a global IT transformation program to centralize our IT and cybersecurity teams and establish a unified global technology and innovation organization. The program is under the leadership of our newly appointed Global Chief Information Officer (CIO), supported by global centers of excellence, shared services, regional business partners, as well as cybersecurity and risk management teams. The CIO has a direct reporting line to the Management Board, which receives regular updates and oversees the program. To further strengthen our cybersecurity practices, we have also hired a new Global Chief Information Security Officer who reports to the CIO. We have defined a three-year program roadmap until 2024, which underpins a global information security strategy to harmonize our activities across the organization. The aim of the IT transformation program is to establish a cen-

tralized global governance model, a cohesive policy framework, and a unified IT risk management strategy. To measure the program's effectiveness, we have developed three performance indicators: 1) the number of security incidents; 2) the number of audit findings; and 3) the mean time to respond to incidents.

We are constantly working to reduce our cyberattack surface and prioritize access management, data protection, and business continuity. We have developed several cybersecurity measures in line with the National Institute of Standards and Technology (NIST) framework. Further measures include a global incident response plan that was successfully tested at the end of 2021. We have several mechanisms in place to rapidly prevent, detect, and mitigate cyberattacks. For example, we have established reporting channels that enable employees to report cybersecurity concerns. In addition, we are leveraging automation to develop faster attack indicators. Our Cyber Emergency Response Team investigates potential attacks on our IT infrastructure, production sites, and health care facilities. It also examines suspected breaches and intelligence from affected individuals and regulatory authorities.

We regularly assess risks related to data protection and IT security. Responsibility for carrying out data protection measures, including risk assessments and monitoring, lies with the functional departments. We have local and regional policies and procedures in place that are based on public common standards for information security. For example, in North America, regional policies and procedures are developed based on the ISO 27001 and 27002 standards for information security. Going forward, we plan to further harmonize these local and regional policies. Procedures that involve the processing of personal data are also subject to regular audits carried out by our Global Internal Audit department. In 2021, more than 10 % of our internal audits had a focus on data protection and IT security.

DATA PRIVACY

The Management Board is informed on a bi-annual basis about the status of our data privacy program and any relevant privacy-related issues. Our Code of Ethics and Business Conduct defines our privacy standards and outlines how our employees should proceed when dealing with personal information. We have a Global Data Privacy team that is responsible for putting our privacy policy in place, supported by a company-wide network of more than 60 privacy liaisons. In addition, we have Data Protection Officers in jurisdictions where legally required, such as in Germany.

As a company with international operations, we are subject to different national and international data protection laws and regulations. Our local and regional policies for data protection and the handling of personal data are complemented by further guidelines, standards, and standard operating procedures. We assess the privacy requirements of all our programs and projects, and incorporate them in the relevant processes, systems, and services as early as possible. Our data protection management systems are enhanced continuously to adapt to new requirements or technologies.

We are committed to respecting and protecting the rights of all those whose data we hold. We are transparent about how we collect and store their personal data, and about their rights. These include the right to be informed, the right to access, rectify, or erase personal data, the right to restrict processing, the right to object, and the right to data portability. We have several procedures in place to help us respond quickly to requests to exercise such rights.

As part of our international business operations, we may transfer personal data to third parties that undertake business activities on our behalf or within the Fresenius Group. We expect these third parties to meet applicable laws, our own standards of conduct, and to comply with our information security and privacy policies. We prioritize the protection of data in all transfers, in line with the EU General Data Protection Regulation (GDPR) and other international data transfer laws. New developments concerning international data transfers have been assessed internally. We consider the results of these assessments in our new guidance and our process for engaging with third parties based outside of the European Economic Area. Corresponding training has been developed and rolled out to relevant employees.

Since 2021, we have included privacy awareness in our mandatory Code of Ethics and Business Conduct training. We offer a range of e-learning opportunities and classroom training courses and combine general training with targeted measures for specific employee groups.

In 2021, we offered more than 60 training classes on data privacy to our employees and contractors around the world. More than 93,000 employees participated in training on data privacy and security globally (SEE TABLE 3.15). Training in North America is aligned with HIPAA (Health Insurance Portability and Accountability Act of 1996) requirements. In the European Union, it covers GDPR requirements.

T 3.15 DATA PRIVACY TRAINING PARTICIPANTS

	2021	2020
Participants	93,082	89,894

In 2021, we launched an awareness campaign as part of our first International Privacy Day celebrations. This involved the introduction of a privacy website in countries in Europe, Middle East, and Africa, as well as Latin America, and Asia-Pacific.

More information on our risk management can be found in the Group Management Report starting on PAGE 62.

SUPPLIER MANAGEMENT

We updated our supplier risk assessment to consider the new German Supply Chain Due Diligence Law. We also developed a new onboarding process for suppliers and a global e-learning course focused on sustainable supplier management.

As a global health care company, we understand the responsibilities that come with managing a complex international supply chain. We have established policies and procedures that comply with applicable laws and with our own standards in each of the countries we do business. Our responsible procurement principles reflect our commitment to promoting sustainable business practices in our daily operations. We expect our suppliers to share our commitment to sustainability and demonstrate sustainable business practices across their supply chains. Our requirements are laid out in our Global Supplier Code of Conduct. These will form the basis of human rights and environmental criteria for selecting suppliers. We aim to define these criteria by the end of 2022.

In our vertically integrated organization, responsibility for procurement is shared between our manufacturing business, our health care services business, and headquarters. The procurement departments for our manufacturing and our health care services businesses have a direct reporting line to the Management Board. In 2021, we defined a global governance structure that will oversee our activities related to sustainable supplier management.

We are working with suppliers to increase transparency around the environmental and social impact associated with our supply chain. Our Global Supplier Code of Conduct covers topics such as integrity and ethics, human rights and labor conditions, quality, occupational health and safety, and environmental protection. It also forms the basis of our contractual relationships with suppliers. We continue to incorporate the requirements of the Global Supplier Code of Conduct in supplier contracts. In addition, we have updated all relevant procurement guidelines across the regions to reference this document. In 2021, we also developed an onboarding process for suppliers to inform them of our sustainability requirements. This includes procedures to manage situations where suppliers do not wish to or are unable to adhere to these requirements. In the past year, more than 230 employees working in Procurement, as well as those in Legal, Finance, and Compliance, participated in internal training courses on this Code. In addition, we developed a global e-learning course on sustainable supplier management in 2021, with the goal of reaching procurement staff in all countries by the end of 2022. Should employees or suppliers have any questions or concerns regarding the Global Supplier Code of Conduct, they can contact us via our publicly available email address. We have developed an internal process to manage their feedback, which we plan to roll out in 2022.

In the context of our Global Sustainability Program, we launched an initiative to evaluate suppliers based on sustainability risks. We cluster our suppliers according to these risks, which will enable us to monitor them more closely and take corrective action when necessary. In 2021, we further developed our risk assessment procedures, taking into account the requirements of the new German Supply Chain Due Diligence Law. As part of this initiative, we plan to ask our critical suppliers to provide information about their sustainability performance, for example via a self-assessment form. We aim to use this information to identify suppliers that do not yet fully comply with our sustainability standards and initiate appropriate follow-up action. In addition, we continued to screen social media for negative reports regarding our suppliers' business conduct related to sustainability. In 2021, we screened 100 % of our most important suppliers based on relevant spend compared with 20 % in 2020. These suppliers represented more than 80 % of our total external spend in 2021.

TARGET

Train procurement staff in all countries with a global e-learning course on sustainable supplier management by the end of 2022

HUMAN RIGHTS

We launched our Global Social and Labor Standards Policy and continued with our human rights impact risk assessment. We have also stepped-up communication on human rights topics to raise awareness among our employees.

Respecting human rights and upholding labor and employment standards is an integral part of our corporate responsibility. We are committed to our global Human Rights, Workplace Rights and Labor and Employment Principles and to complying with the laws of the countries in which we do business. Our activities are guided by the principles enshrined in the UN Universal Declaration of Human Rights and the International Labour Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work. Our human rights commitments are embedded in our Code of Ethics and Business Conduct.

The Global Labor Law function oversees human rights topics, including the ongoing development of a human rights strategy. We plan to finalize this strategy by the end of 2022 and implement it thereafter. Cross-functional teams work together to develop human rights policies and procedures. A Human and Labor Rights Steering Committee, together with the Management Board, monitors our overall progress.

Our goal is to embed awareness of and respect for human rights in our day-to-day work, and to continuously improve our human rights due diligence processes. We consider the possible impact of our activities on our patients, employees, local communities, our suppliers' employees, and other rightsholders. In 2021, we developed a Global Social and Labor Standards Policy. This will be our leading document concerning human rights topics related to our employees. It outlines, among other things, our global commitments regarding fair and transparent working conditions, a discrimination and harassment-free workplace, freedom of association, and the right to collective bargaining. The policy also covers the prohibition of child labor, modern slavery, and retaliation. We plan to roll out the policy in 2022. In this reporting year, we also rolled out our Global Policy on the Prohibition of Discrimination, Harassment, Sexual Harassment, Bullying, and Retaliation. During policy roll outs, we provide employees with supporting materials to help them understand and implement these policies.

IDENTIFYING AND MANAGING OUR HUMAN RIGHTS IMPACT

Steered by the UN Guiding Principles on Business and Human Rights, we carry out human rights due diligence activities. We aim to identify, prevent, mitigate, and account for how we address our potential adverse human rights impact. As part of this, in 2020 we began a comprehensive and ongoing human rights risk assessment covering our own workforce, patients, direct suppliers, and communities, identifying both actual and potential risks. Our supplier sustainability risk assessment also takes human rights into consideration. Based on these assessments, we have added two risks related to workplace rights to our enterprise risk management. We continue to further develop our risk monitoring, mitigation, and prevention measures and processes. These include human and labor rights trainings, which we aim to roll out to all relevant managers and employees in support functions by the end of 2022.

Various channels are available to employees, patients, and third parties to report potential violation of human or workplace rights, laws, or company policies. One such channel is the Compliance Action Line. Based on an analysis of our grievance mechanisms in 2020, we are working on improving our complaint handling practices and to establish globally consistent processes.

AWARENESS AND COLLABORATION

We have stepped-up our communication on our commitments and activities relating to human rights. Our aim is to raise awareness of this topic among employees. In 2021, we included information on human rights in our mandatory Code of Ethics and Business Conduct training, as well as in our Global Supplier Code of Conduct training. We also integrated human rights topics into the scope of regular internal audits. In 2021, more than 20 % of internal audits included topics related to human rights.

We engage with sector-specific associations and peer group networks to exchange experiences and practices regarding human rights. For example, in 2021, we participated in the Human Rights Working Group of Business for Social Responsibility (BSR). We were also involved with the Global Industrial Relations Network (GIRN), a global network of corporate human rights specialists organized by the International Organisation of Employers (IOE).

More information on our patient grievance mechanisms can be found in the "Patients" section starting on PAGE 90. For more information on employee and third-party grievance mechanisms, see the "Compliance" section starting on PAGE 100.

TARGET

Provide managers and support functions with human and labor rights training by the end of 2022

ENVIRONMENT

Our new Global Environmental Policy outlines our commitment to environmentally friendly business practices. We expanded the scope of our water stress assessment, and established a global network of environmental experts. We have also set global climate targets to reduce emissions.

We strive to continually improve our environmental performance and are dedicated to developing, producing, and providing our products and services in an environmentally sustainable way. We are committed to business practices that promote environmental protection.

In 2021, we launched our Global Environmental Policy, which was approved by the Management Board. It provides a framework for environmental management at a global level and will serve as a basis for developing improvement targets. It addresses how we manage and monitor our environmental impact. It also acts as a framework for other policies and manuals. In addition, we introduced manuals and guidelines for managing global data and reporting environmental indicators related to energy, greenhouse gas (GHG) emissions, and water. These include guidelines on how to report information using our new digital eco-reporting tool. Furthermore, we have included information on our environmental standards in the mandatory employee training on our Code of Ethics and Business Conduct.

We regularly identify and evaluate environmental risks as part of our enterprise risk management. In 2021, we used Task Force on Climate-related Financial Disclosures standards to guide us in this process for the first time. We added additional risk examples to our risk catalog and performed specific assessments, for example concerning water stress and climate change vulnerability.

Responsibility for environmental management is shared between global and regional functions. Our Global Manufacturing, Quality, and Supply division is accountable for sustainable operations in our production business. Responsibility for environmental protection in our dialysis clinics lies with the respective management in our four regions. In 2021, we also set up a network of environmental experts to regularly exchange information and work together on environmental deliverables at a global level. This is an important step toward establishing global governance, with the aim of driving strategic environmental initiatives across the whole organization.

More information on our risk management can be found in the Group Management Report starting on PAGE 62. For more information on the Code of Ethics and Business Conduct training, please refer to the "Compliance" section starting on PAGE 100.

ENVIRONMENTAL MANAGEMENT

As a large international company, we recognize our responsibility to protect the environment and use natural resources carefully. Therefore, we track and analyze environmental data generated by our dialysis clinics and production sites worldwide, including energy consumption and water withdrawal levels. This helps us manage resources more effectively. Eco-reporting across regions and functions is facilitated by specific tools. In 2021, we rolled out a new digital tool at our production sites to improve the data quality and the efficiency of our reporting. At our dialysis clinics in Asia-Pacific, we introduced the eco-reporting software that is already used in dialysis clinics in the Europe, Middle East, and Africa region, and in Latin America. Manufacturing and clinic staff received the necessary training on these new solutions.

TABLE 3.16 shows the coverage of certified production sites.

We monitor national and international regulations concerning environmental issues on an ongoing basis so that our internal policies and manuals are up to date. We have established internal environmental standards, which we complement with external certifications if it adds value. Our production sites, distribution centers, laboratories, and dialysis clinics are subject to internal and external audits. This involves checking their compliance with environmental laws and regulations, certification requirements, and internal guidelines. Due to the COVID-19 pandemic, audits in 2021 took place virtually.

At our production sites, we are involved in local environmental projects that we report as part of our global Green & Lean initiative. This initiative enables best practices to be shared across the organization. Our objective is to reduce emissions, promote the efficient use of natural resources, and increase recycling rates. By the end of 2021, more than 100 projects were reported. They were aimed at, for example, improving processes and recycling. As a result of these projects, per year we expect to save more than 20,000 MWh of energy (0.8 % of our total energy consumption), prevent nearly 5,500 tons of CO_2 equivalent emissions (0.7 % of our total Scope 1 and 2 emissions), save more than 220,000 m^3 of water (0.5 % of our total water consumption), and recycle or reuse roughly 700 tons of waste.

T 3.16 COVERAGE OF CERTIFIED PRODUCTION SITES
IN %

Certification	2021	2020[1]
ISO 14001	25	23
ISO 50001	5	5

[1] The values have been adjusted based on the current reporting approach and corrected accordingly.

WATER

Large volumes of water are required in both our production sites and in our dialysis clinics – dialysis requires a significant quantity. It is critical that the water we use for dialysis is of high quality, which is why we generally use municipal water that is treated further in our dialysis clinics. In 2021, our reported water withdrawal decreased by 1 % compared with 2020 (SEE TABLE 3.17). This was mainly due to efficiency measures at various production sites and lower production volumes. We are working to develop global water-related targets in addition to those we already have at regional level. We plan to define these global targets by the end of 2022.

In 2020, we assessed water stress at our production sites. This determined that 7 % of sites are in areas defined as locations with an extremely high risk of water stress. We define water stress as a situation when the demand for water surpasses the available amount during a certain time, or when poor quality restricts its use. In 2021, we followed up on the results of this assessment in various ways. For example, we conducted interviews with teams at selected sites in areas with an extremely high risk of water stress to raise awareness of the issue and to assess the need for potential remedial measures. We expanded the scope of our water stress assessment to include the majority of our dialysis clinics. We used the World Resource Institute's Aqueduct tool to collect the data. According to the results, 12 % of included dialysis clinics are in areas defined as a location with an extremely high risk of water stress. Additionally, we have started to analyze water stress scenarios for 2030 and 2040. We aim to complete the assessment by the end of 2022, and plan to integrate the findings into our risk management.

To generate water savings at our production sites, we initiated several projects in 2021. For example, in the U.S., we optimized the maintenance cycle of our pre-treatment filters for our water purification system at our dialysis clinics. This allowed us to properly maintain and operate the water equipment while reducing the system's water consumption. As part of the Green & Lean initiative, we implemented projects that aimed to, for example, save water through improvements in our internal water treatment procedures and improve processes within our water cooling and recovery system.

T 3.17 WATER WITHDRAWAL

	2021	2020
Water (M m³)[1]	**41.4**	**41.7**
Municipal water[2]	41.0	41.2
Ground water	0.5	0.5

[1] Including the water consumption of our production sites and in-center treatments in our dialysis clinics.
[2] Subject in part to extrapolations.

ENERGY AND CLIMATE PROTECTION

We are committed to developing measures to reduce our energy consumption and greenhouse gas (GHG) emissions across our business. At the same time, we continue to prioritize the safety and quality of our products and services.

In the reporting year, we initiated various measures with a view to establishing a global environmental management approach. This includes defining global targets. In January 2022, the Management Board approved new climate targets. We plan to be climate neutral by 2040. By 2030, we aim to reduce Scope 1 (direct) and Scope 2 (indirect) emissions by 50 % compared with 2020. In addition, we will assess the impact of Scope 3 emissions in the future so that they can be included in our targets.

We monitor the energy consumption at our production sites, as well as electricity usage in our dialysis clinics (SEE TABLE 3.18). In Europe, Middle East, and Africa, we have set local electricity-related targets.

T 3.18 ENERGY CONSUMPTION

	2021	2020
Energy (M MWh)[1, 2]	**2.6**	**2.5**
Electricity	1.3	1.3
Natural gas	1.2	1.1
Others[3]	< 0.1	< 0.1

[1] Including the energy consumption of our production sites and the electricity consumption of in-center treatments in our dialysis clinics.
[2] Subject in part to extrapolations.
[3] Including fuel oil, diesel, liquid gas, and district heating. Excluding mobile assets.

In 2021, we introduced measures to reduce energy consumption at several of our sites. For example, we have started piloting an energy management system in some of our dialysis clinics in the U.S. that aims to improve energy efficiency by centralizing the control of energy use. The system is expected to be rolled out in 2022 across some 800 locations. In addition, we implemented various projects as part of our Green & Lean Initiative. For example, we continued to replace fluorescent lighting with LED lighting in selected warehouses and production areas to save energy.

We also assessed the share of renewable energy impact within our total electricity consumption. To do this, we considered the country-specific average share of renewables needed to produce electricity. According to this calculation, renewables accounted for 22 % of total electricity consumption in 2021 compared with 21 % in 2020. In the U.S., we purchased 140,000 MWh worth Green-e certified Renewable Energy Certificates (RECs) in 2021. These correspond to about 54,000 tons of Scope 2 CO_2 equivalent and account for 10.7 % of our global

Scope 2 emissions (calculated based on location-specific emission factors). We bought these certificates as part of our climate strategy. Through this purchase, we support projects that promote the expansion of renewable energy.

Our GHG emissions are calculated based on energy data reported by our production sites and electricity data reported by our dialysis clinics (SEE TABLE 3.19). For our calculations, we use a location-based method that quantifies emissions based on emission factors per country. We calculate our Scope 1 and Scope 2 emissions following the methodology of the Greenhouse Gas Protocol, using the UK Department for Environment, Food and Rural Affairs' latest version of this guidance. We use International Energy Agency (IEA) emission factors for electricity consumption to calculate indirect emissions from electricity. Compared with 2020, our total emissions (Scope 1 and Scope 2) decreased by 1 %. Our reported Scope 1 emissions increased by 8 % in 2021. This increase is due to more accurate data reporting and a change in our reporting approach, with our reporting tool now automatically calculating conversions for natural gas. Our reported Scope 2 emissions decreased by 5 % due to enhanced data reporting as well as lower emission factors provided by the IEA. Most of our Scope 1 and Scope 2 GHG emissions stem from energy consumption. We are currently assessing Scope 3 emissions that arise from activities or assets that we do not own or control along our value chain.

T 3.19 GREENHOUSE GAS EMISSIONS

	2021	2020
Total Scope 1 + 2 CO_2 equivalents (K tons)[1, 2]	**765.5**	**769.5[3]**
Scope 1 CO_2 equivalents (K tons)	**262.6**	**242.2**
Natural gas	248.1	228.0
Liquid gas	13.6	13.6
Fuel oil	0.2	0.3
Diesel[4]	0.6	0.3
Scope 2 CO_2 equivalents (K tons)	**502.9**	**527.2**
Electricity	502.4	526.8
District heating	0.6	0.4

[1] Including the Scope 1 and 2 emissions of our production sites and the Scope 2 emissions of in-center treatments in our dialysis clinics.
[2] Subject in part to extrapolations.
[3] 769.456 K tons CO_2 equivalents serves as the base value for the climate targets. The value was rounded to 769 K tons CO_2 equivalents.
[4] Excluding mobile assets.

We are working on different projects to reduce GHG emissions. At out plant in St. Wendel, Germany, one of our biggest production sites, we operate our own gas power plant with heat recovery steam generators. This allows us to generate close to 100 % of the electricity used at this site. For this reason, we were able to save approximately 15,900 more tons of CO_2 equivalent compared with buying the average German electricity mix from the grid. As a result, we prevented CO_2 emissions reflecting 2 % of our total global emissions.

TARGETS

- By 2030, reduce our Scope 1 and Scope 2 emission by 50 % compared with 2020
- Achieve climate neutrality for Scope 1 and Scope 2 emissions by 2040

WASTE

We are committed to initiatives and programs aimed at reducing waste and seek to continually improve waste management. We strive to dispose of waste in a safe manner that does not pose a danger to patients, employees, or the environment.

In 2021, we continued to analyze the waste streams of our production sites and dialysis clinics in all regions. Waste is managed on a local and regional level, allowing us to adhere to all applicable laws and regulations. In the context of our Global Sustainability Program, we are planning to develop a global approach to consolidating waste data and to defining reduction targets. As part of this, in 2021 we introduced new measures to improve our waste data collection processes at four pilot production sites. We plan to roll these measures out to all sites at the beginning of 2022. Additionally, we are assessing opportunities at our sites for stepping up the recycling or reuse of resources.

We have ongoing waste initiatives to help us reduce our environmental footprint. For example, our Reusable Sharps Container Program in the U.S. enables us to reuse each container up to 600 times, reducing the amount of plastic ending up in landfill. Thanks to this program, in 2021, we have reused more than 1.2 M containers, diverting more than 1,000 tons of plastic waste from landfill and preventing more than 400 tons of CO_2 emissions. We have ongoing initiatives at various sites to encourage employees to recycle various materials.

ECO-PERFORMANCE OF PRODUCTS AND SERVICES

We strive to continually improve our environmental performance, as highlighted in our Global Environmental Policy. To do this, we rely for example on innovations and lifecycle assessments to develop and produce our products and services in an environmentally sustainable way.

Our latest dialysis machine generations, the 5008 and 6008 series, are both designed to be more eco-efficient. These machines automatically adjust the dialysate flow to the patient's blood flow, which allows us to save significant amounts of dialysate, water, and energy while maintaining a consistently high dialysis quality. The 2008T BlueStar software is another example of our ongoing efforts to limit the environmental footprint of dialysis. This software, unlike that in similar devices, enables the dialysis machine to switch to idle mode. Using idle mode reduces dialysate and water flow rates by up to two thirds, saving additional costs. It further enables low power mode, which directs power only to the machine's electronics when dialysis is not taking place. Pumps, valves, and modules are turned off. In 2021, almost every second dialysis machine we produced belonged to one of these resource-friendly machine generations.

To help us understand the environmental impact of our products, we conduct simplified product life cycle assessments (Screening-LCAs) for selected products. These assessments identify the life cycle phase with the highest impact and the processes and materials we need to focus on to improve the eco-performance of our products and services. Based on international guidelines and the requirements of ISO 14001 and IEC 60601-1-9 standards, we calculate the environmental impact caused during each different stage of a product's life cycle. The IEC 60601-1-9 standard applies to efforts to reduce the adverse environmental impact of medical electrical equipment. We used Screening-LCAs to assess most of our active medical device product lines and are gradually extending them to disposables. In addition, we have conducted detailed comparative product life cycle assessments for important disposables. These follow the structure and requirements of ISO 14040 / 44 standards and compare the eco-performance of several of our acid concentrates and dialyzers.

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING[1]

To Fresenius Medical Care AG & Co. KGaA, Hof an der Saale

We have performed a limited assurance engagement on the separate non-financial group report of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, (hereinafter the "Company") for the period from 1 January to 31 December 2021 (hereinafter the "Separate Non-financial Group Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in the section "EU taxonomy" of the Separate Non-financial Group Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the section "EU taxonomy" of the Separate Non-financial Group Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate Non-financial Group Report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in the section "EU taxonomy" of the Separate Non-financial Group Report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of (if any) material misstatement in the Separate Non-financial Group Report
- Evaluation of the implementation of central management requirements, processes, and specifications regarding data collection through targeted sample testing at selected sites
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE OPINION

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 1 January to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in the section "EU taxonomy" of the Separate Non-financial Group Report. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 22 February, 2022

PRICEWATERHOUSECOOPERS GMBH
Wirtschaftsprüfungsgesellschaft

NICOLETTE BEHNCKE **PPA. MIRJAM KOLMAR**
Wirtschaftsprüfer
[German public auditor]

CORPORATE GOVERNANCE

REPORT BY THE SUPERVISORY BOARD

The past fiscal year – the year of the 25th anniversary of Fresenius Medical Care – continued to be characterized by the lasting COVID-19 pandemic which confronted the company with extraordinary challenges. As a healthcare company and global market leader in dialysis, Fresenius Medical Care has a particular responsibility to improve the lives of patients around the world. Despite the COVID-19 pandemic and the accompanying restrictions, Fresenius Medical Care has ensured medical care with its products and services and maintained high-quality production, supply chains and medical services.

In economic terms, the year under review was characterized for the company by the continuing significant burdens of the COVID-19 pandemic. Excess mortality attributable to COVID-19 among the company's patients negatively impacted on the organic growth of the health care services business, profitability, the utilization of the clinic infrastructure and adjacent business areas. At the same time, additional costs caused by the pandemic remained at a high level. This included, for example, expenses for personal protective equipment and higher staff costs for dialysis treatments. In 2020, a large portion of these costs had been compensated by government relief funding, in particular under the CARES (Coronavirus Aid, Relief, and Economic Security) Act in the United States. In the year under review, the company did not receive support funding in a comparable amount. The burdens caused by the pandemic could be offset only partially by positive effects, such as the increased number of patients with Medicare Advantage insurance in the United States and a slight increase of the reimbursement for dialysis treatments.

Within the scope of its growth strategy 2025 presented in October 2021, Fresenius Medical Care started to realign its operating model in the past fiscal year as part of the "FME25" transformation program. The introduction of the new global operating model is scheduled to be completed in 2023. In future, the Company will operate in a significantly simplified structure with only two global segments – Care Enablement and Care Delivery. In Care Enablement, Fresenius Medical Care is consolidating its previously decentralized healthcare products business including research and development, manufacturing, supply chain and commercial operations as well as supporting functions, such as regulatory and quality management under a global MedTech umbrella. Fresenius Medical Care's global healthcare services business will be combined in the Care Delivery segment.

The greater cost efficiency and additional growth opportunities arising in the new, leaner structure along the relevant future value drivers is also intended to effectively counter the ongoing negative effects of the COVID-19 pandemic, the challenging macroeconomic environment and inflationary trends. With the implementation of the new global operating model, Fresenius Medical Care expects to reduce its annual costs by €500 M by 2025. Approximately 5,000 jobs worldwide are expected to be eliminated as part of the realignment. Fresenius Medical Care will implement the necessary measures in a socially responsible manner and in constructive exchange with the respectively competent employee representatives.

Significant events concerning the organization and composition of the management board of the General Partner, Fresenius Medical Care Management AG, (hereinafter the "Management Board") or the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (hereinafter the "Company") were:

› Adjustment of the composition of the Management Board to the new operating model
The realignment of Fresenius Medical Care's operating model within the framework of FME25 also led to changes in the

DR. DIETER SCHENK
Chairman of the Supervisory Board

composition of the Management Board and in the allocation of responsibilities among the members of the Management Board remaining in office.

Pursuant to the allocation of responsibilities for the members of the Management Board implemented as of January 1, 2022, Dr. Katarzyna Mazur-Hofsäß (previously member of the Management Board for Europe, Middle East and Africa) is responsible for the new Care Enablement business segment and Mr. William Valle (previously member of the Management Board for North America) for the new Care Delivery business segment. Mr. Rice Powell remains Chairman of the Management Board and CEO, and Mr. Franklin W. Maddux, MD, continues to be Global Medical Director, respectively. Ms. Helen Giza has assumed the position as Chief Transformation Officer in addition to her role as Chief Financial Officer and is therefore responsible for the implementation of FME25.

The previous members of the Management Board Dr. Olaf Schermeier (previously Management Board member for Research and Development), Mr. Kent Wanzek (previously member of the Management Board for Global Manufacturing, Quality and Supply) and Mr. Harry de Wit (previously member of the Management Board for Asia-Pacific) have agreed to leave the Management Board early and already at the end of the fiscal year in the course of the implementation of FME25. However, they will continue to work for Fresenius Medical Care in other functions.

› New elections of the members of the Supervisory Board and the members of the Joint Committee

The terms of office of all members of the Supervisory Board and of the two members from the Supervisory Board of the Company who were elected by the Annual General Meeting to the Joint Committee expired by rotation at the end of the Annual General Meeting 2021. New elections were therefore necessary in the year under review. The Annual General Meeting 2021 of the Company elected Dr. Dieter Schenk, Mr. Rolf A. Classon, Mr. Gregory Sorensen, MD, Dr. Dorothea Wenzel, Ms. Pascale Witz and Prof. Dr. Gregor Zünd as members of the Supervisory Board and Mr. Classon and Mr. Sorensen, MD, as members of the Joint Committee, each for four years until the end of the Annual General Meeting 2025. At its constituent meeting, the newly elected Supervisory Board elected Dr. Schenk as its Chairman and Mr. Classon as its Vice Chairman.

› Introduction of the function of a Lead Independent Director

In the year under review, the Supervisory Board introduced the function of Lead Independent Director, which is performed by its member Dr. Dorothea Wenzel.

The Lead Independent Director is to ensure that the interests of all shareholders are adequately taken into account in the actions, negotiations, discussions and decisions of the Supervisory Board. The tasks of the Lead Independent Director therefore include developing and maintaining a balanced understanding of the issues and concerns of the shareholders and other stakeholders. In addition to the willingness of the Chairman of the Supervisory Board to discuss with investors topics specific to the Supervisory Board in accordance with suggestion A.3 of the German Corporate Governance Code, the Lead Independent Director within the framework of the statutory provisions, too, is available for discussions with shareholders and other stakeholders. The Lead Independent Director is further responsible for dealing with affairs related to environmental, social and governance (ESG) aspects of the company and is entitled to develop and propose corresponding measures.

The requirements for the person of the Lead Independent Director as well as the rights and duties associated with this function are governed by Article 11 of the rules of procedure of the Supervisory Board of the Company, which are publicly available on the Company's website at www.freseniusmedicalcare.com in the "About us" section in the sub-section "Supervisory Board".

The Supervisory Board also in the past fiscal year observed all duties imposed on it by law, the Articles of Association and the rules of procedure. In this context it also took into account the recommendations of the German Corporate Governance Code. The Supervisory Board supervised the General Partner within its responsibility, regularly advised the Management Board and was involved in decisions of fundamental importance to the company.

All relevant questions of the business policy, the company's planning and the strategy were subject to the deliberations of the Supervisory Board. Reports of the Management Board on the progress of the business, the profitability and liquidity as well as on the situation and perspectives of the Company and the group formed the basis for the work of the Supervisory Board. Further topics were the risk situation and risk management. Additional items on the agenda were discussions on acquisition and investment projects. The Supervisory Board and its competent committees comprehensively discussed these as well as also all further significant business events. Furthermore, the Supervisory Board also in the past year reviewed the development of the acquisitions of the previous years. The Supervisory Board passed resolutions within its competencies according to law and the Articles of Association.

MEETINGS

In the past fiscal year, ten meetings of the Supervisory Board, some of which lasted several days, were held. The meetings were predominantly held as video conferences due to the COVID-19 pandemic and the associated travel and meeting restrictions. The Supervisory Board also met regularly without

T 4.1 **PARTICIPATION OF THE MEMBERS OF THE SUPERVISORY BOARD IN MEETINGS IN 2021**

	Supervisory Board	Audit and Corporate Governance Committee	Nomination Committee	Joint Committee
Dr. Dieter Schenk (Chairman)	10/10	-	1/1	-
Rolf A. Classon (Vice Chairman)	10/10	9/9	1/1	0/0
William P. Johnston (until the Annual General Meeting on May 20, 2021)	5/5	5/5	-	0/0
Gregory Sorensen, MD (since the Annual General Meeting on May 20, 2021)	4/5	-	-	0/0
Dr. Dorothea Wenzel[1]	10/10	4/4	0/0	-
Pascale Witz	10/10	9/9	-	-
Prof. Dr. Gregor Zünd	10/10	-	-	-

[1] Dr. Dorothea Wenzel is a member of the Nomination Committee since May 20, 2021.

the Management Board. To the extent that the auditor was called upon as an expert at meetings of the Supervisory Board or its committees, members of the Management Board, in accordance with the applicable rules under the German Act on Strengthening Financial Market Integrity (Gesetz zur Stärkung der Finanzmarktintegrität – FISG), attended the meetings only to the extent deemed necessary by the Supervisory Board or the committee, respectively.

The participation rate of the members at the meetings of the Supervisory Board and its committees in total was 98.8 %. TABLE 4.1 shows the participation of the individual members at the meetings of the Supervisory Board and the committees in the past fiscal year.

The Management Board and the Supervisory Board cooperate on a trust basis to the benefit of the company. The Supervisory Board was in regular contact with the Management Board and was always promptly and comprehensively informed by it. Between meetings, the Management Board reported to the Supervisory Board in writing. During the meetings, the Management Board also informed the Supervisory Board verbally. In addition, the Supervisory Board also last year was in contact with members of the senior management level. The members of the Management Board were further available to the Supervisory Board for follow-up queries. The Chairman of the Supervisory Board maintained continuous contact with the Management Board outside the meetings, in particular with the Chairman of the Management Board, on questions regarding strategy, business development, the risk situation, risk management and compliance of the company. In case of important occasions or events, the Chairman of the Management Board promptly informed the Chairman of the Supervisory Board. In such cases, the Chairman of the Supervisory Board subsequently informed the other members of the Supervisory Board in the next meeting at the latest. During the entire fiscal year, the Chairman of the Supervisory Board also was in close contact with the other members of the Supervisory Board.

FOCUS OF THE DISCUSSIONS IN THE SUPERVISORY BOARD

One of the main focus areas of the Supervisory Board's discussions also in the past year was supporting the Management Board in dealing with the challenges of the COVID-19 pandemic.

In addition, the Supervisory Board focused on the preparation of the transformation program FME25 by the Management Board in several meetings and was comprehensively involved in its implementation by the Management Board to the extent it took place in the year under review.

The Supervisory Board in the year under review also dealt with investments. In connection with the initial public offering (IPO) of the U.S. medical company Humacyte, Fresenius Medical Care invested additional US$25 M in the year under review and thus remains the main investor in the company. Fresenius Medical Care had already acquired a stake in Humacyte in 2018 for US$150 M and agreed a strategic partnership. In Mississippi, U.S., Fresenius Medical Care North America opened a new laboratory, which is the company's largest facility of its kind, covering around 19,000 square meters. At the Schweinfurt site, Fresenius Medical Care has opened a new technology center for the development of dialysis machines, where around 220 employees from various departments work together on projects.

The business development, the competitive situation and the Management Board's planning for the individual regions and functions were also focal points of the Supervisory Board's discussions. In joint consultations with the Management Board, the development of the production quantities and their expansion were discussed.

In the past fiscal year, the Supervisory Board again discussed the development of cost reimbursement in the various health care systems, in particular in the U.S. With a view to the continued aim of increasing efficiency, the Supervisory Board further informed itself also in the past year about the success of the measures taken by the management already in previous years to improve the cost situation.

Due to the COVID-19 pandemic, the Annual General Meeting of the Company in the year under review was held as a virtual general meeting without the physical presence of shareholders or their proxies. Further details can be found in the Declaration on Corporate Governance starting on PAGE 121.

In May 2021, Fresenius Medical Care issued bonds with a total volume of US$ 1.5 BN. With the bond issues in fiscal year 2021, Fresenius Medical Care has reduced financing costs, optimized the currency composition and the maturity profile of its debt, thus further strengthening its solid financing. In addition, Fresenius Medical Care signed a new €2 BN syndicated revolving credit facility in July. As part of the company's commitment to ecological, social and at the same time economically successful value creation, a sustainability component was anchored in the new credit facility. The margin of the revolving credit line can increase or decrease depending on the company's sustainability performance.

The Supervisory Board was also in the year under review regularly informed about the company's compliance. Findings of the internal audit department were also taken into account. In particular, the Supervisory Board has also informed itself intensively and on an ongoing basis about the findings, assessments and recommendations of the independent expert (Monitor) engaged by the company in fulfillment of its obligations under the agreements it entered into in March 2019 with the U.S. Department of Justice (DoJ) and the U.S. Securities and Exchange Commission (SEC) with a view to provisions of the U.S. Foreign Corrupt Practices Act (FCPA). The Supervisory Board will continue to closely monitor this topic.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has formed professionally qualified committees from among its members that support the Supervisory Board as a whole in its supervisory and advisory functions. The respective chairmen have regularly reported to the Supervisory Board on the work of the committees. Details of the composition of the Supervisory Board's committees can be found in the Declaration on Corporate Governance starting on PAGE 121.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee convened nine times in the past fiscal year.

All members of this committee – Messrs. Rolf A. Classon (Chairman) and William P. Johnston (until May 20, 2021, until then also Vice Chairman) as well as Ms. Pascale Witz (since May 20, 2021 also Vice Chairwoman, until then further member) and Dr. Dorothea Wenzel (since May 20, 2021) – are financial experts according to section 100 paragraph 5 of the German Stock Corporation Act (AktG). Based on their many years of experience, they each have expertise in both accounting and auditing and are each independent within the meaning of the applicable provisions. The Chairman of the Audit and Corporate Governance Committee, Mr. Classon, also has special knowledge and experience in the application of internal control procedures due to his many years of activity as a member and chairman of audit committees. Further details on the qualifications and independence of the members of the Audit and Corporate Governance Committee in office can be found in the Declaration on Corporate Governance starting on PAGE 121.

In the past year, the committee dealt with the annual and consolidated financial statements, the proposal for the allocation of profit and the report according to Form 20-F for the SEC. It also discussed the quarterly reports with the Management Board. Also, the engagement pertaining to the audit of the consolidated financial statements according to the International Financial Reporting Standards (IFRS) and the internal controls concerning the financial reporting, which are part of the report according to Form 20-F, was issued by the committee. The committee further negotiated the fee agreement with the auditor. Audit focal points and further key audit matters of the past fiscal year were the assessment of the recoverability of goodwill for the group of cash-generating units "EMEA", the valuation of receivables from dialysis treatments in the U.S., the valuation of put options over shares of non-controlling interest shareholders, the impact of the COVID-19 pandemic on the reporting including the treatment of funding received under the CARES Act, the impact of the IPO of Humacyte on the accounting as well as the recognition of the effects of the transformation program FME25 in the consolidated financial statements and, for the Company's annual financial statements, the measurement of investments in affiliated companies as well as the recognition of net income from investments.

Representatives of the auditor participated in all meetings of the committee and informed the members of the committee of their auditing activities. In addition, they provided information on any significant results of their audit and were available for additional information. In the absence of the members of the Management Board, they reported on the cooperation with them. The Chairman of the Audit and Corporate Governance Committee also had regular exchanges with representatives of the auditor outside the meetings of the committee.

The Audit and Corporate Governance Committee dealt with the supervision of the accounting and its process, with the effectiveness of the internal control system, the risk management system and the internal audit system as well as with the audit – here in particular the selection and independence of the auditor, the quality of the audit and the additional services provided by the auditor – as well as the compliance management system.

In the course of its audit, the auditor audited the internal control system in relation to the accounting processes, the electronic reproduction of the consolidated financial statements and the group management report pursuant to section 328 paragraph 1 of the German Commercial Code (HGB) (so-called ESEF documents) as well as the early risk recognition system. The audit showed that the General Partner has appropriately implemented the measures required under section 91 paragraph 2 AktG, in particular regarding the establishment of a monitoring system, and that the monitoring system is suitable for the early identification of developments that may endanger the continued existence of the Company. The Management Board periodically reported to the committee on larger individual risks. It also regularly informed the committee on the compliance situation as well as on the audit plans and results of the internal audit.

The committee again reviewed the business relations of the Fresenius Medical Care group companies to Fresenius SE & Co. KGaA and the latter's affiliated companies. It was confirmed in each case that these relationships corresponded to those between unrelated third parties.

Certain transactions of the Company with related parties may be subject to the approval of the Supervisory Board pursuant to section 111b paragraph 1 AktG. The Supervisory Board has made use of the option to delegate the responsibility for the approval resolution to the Audit and Corporate Governance Committee. In the year under review, there were no transactions requiring such approval. In accordance with section 111a paragraph 2 sentence 2 AktG, the Audit and Corporate Governance Committee reviewed whether transactions between the Company and related parties were conducted in the ordinary course of business and at arm's length. No objections were raised in this respect.

The Chairman of the Audit and Corporate Governance Committee has regularly reported to the Supervisory Board on the results of the discussions and resolutions in the committee.

In accordance with the German Act on Strengthening Financial Market Integrity (FISG), the members of the Audit and Corporate Governance Committee are entitled to obtain information from the heads of certain central departments of the Company. As in previous years, it was once again standard practice for the heads of central departments to report directly to the Supervisory Board and to be available for questions and for discussion.

Nomination Committee

The Nomination Committee prepares candidate proposals and proposes to the Supervisory Board of the Company suitable candidates for its election proposals to the General Meeting. In the past fiscal year, the Nomination Committee convened one-time to prepare the proposals for the election of the members of the Supervisory Board by the Annual General Meeting 2021.

Joint Committee

The Company has a Joint Committee which is composed of two members of the Supervisory Board of the General Partner as well as two members of the Supervisory Board of the Company. For certain matters, the Management Board requires the approval of the Joint Committee. In the past fiscal year, the Joint Committee did not convene since no meeting was required.

Dialog with investors

The Chairman of the Supervisory Board and – since the introduction of this function – the Lead Independent Director were also available for discussions with investors in the year under review to the extent permitted by law and in close consultation with the Management Board. In these discussions, investors were given the opportunity to exchange views with the Chairman of the Supervisory Board and the Lead Independent Director on corporate governance issues falling within the remit of the Supervisory Board. Key topics in the year under review were the introduction of the Lead Independent Director function and the consideration of environmental, social and governance (ESG) aspects also in the Supervisory Board.

CORPORATE GOVERNANCE

The members of the Supervisory Board in principle self-responsibly undertake educational and training measures required for their tasks, such as on changes in the legal framework and on new, future-oriented developments technologies, and are adequately supported in this respect by the Company.

In addition to the information provided to them by various external experts, also experts of the Company's departments regularly report on relevant developments, such as – for example – relevant new developments in the revision of legal rules or in jurisprudence and also about recent developments in regulations on accounting and audit. In this way, the Supervisory Board, with the company's adequate assistance, ensures an ongoing qualification of its members and also a further development and updating of their expertise, power of judgment and experience, which is required for the Supervisory Board including its committees to duly perform their tasks.

New members of the Supervisory Board can meet the members of the Management Board and specialist managers for a discussion of fundamental and current topics and thereby gain an overview of the relevant topics of the company (onboarding). For targeted further training, internal information events are offered as required. In the year under review, further training was provided for the members of the Supervisory Board on current developments in corporate governance and upcoming relevant legal regulations. In the year under review, this included the new legal regulations introduced by the German Act on Strengthening Financial Market Integrity (FISG) and the Act on Due Diligence to Prevent Human Rights Violations in Supply Chains (Supply Chain Due Diligence Act), as well as regulatory developments in the area of environmental, social and governance (ESG).

The Supervisory Board reports to the General Meeting on possible conflicts of interests of its members and on the treatment of such conflicts. In the year under review, there were no conflicts of interest of board members that would have been required to be disclosed to the Chairman of the Supervisory Board and of which the Supervisory Board would inform the General Meeting.

Further details on corporate governance, in particular on the independence of the Supervisory Board members, on the membership in the Supervisory Boards of the General Partner or Fresenius SE & Co. KGaA or the latter's general partner, the profile of skills and expertise for the Supervisory Board and the age limit for membership in the Company's Supervisory Board, as well as the self-assessment of the activities of the Supervisory Board and its committees, can be found in the Declaration on Corporate Governance starting on PAGE 121. The Declaration on Corporate Governance was discussed by the Supervisory Board and approved in its meeting of March 15, 2022.

The Declaration on Corporate Governance also includes the Declaration of Compliance in relation to the German Corporate Governance Code according to section 161 AktG as resolved by the Management Board and Supervisory Board and published in December 2021. The Declaration of Compliance is permanently available to the public on the Company's website www.freseniusmedicalcare.com in the section "Investors" and there in the sub-section "Corporate Governance". The update to the Declaration of Compliance resolved by the Management Board and the Supervisory Board in January 2022 can be found there, too.

COMPENSATION REPORT

In accordance with the new legal provisions introduced by the Act Implementing the Second Shareholder Rights Directive (ARUG II), the Management Board and the Supervisory Board for the first time for the year under review prepared a compensation report in accordance with section 162 AktG. In accordance with section 162 paragraph 3 AktG, the compensation report was reviewed by the auditor to determine whether the legally required disclosures pursuant to section 162 paragraphs 1 and 2 AktG were made. In addition to the statutory requirements, the content of the report was also reviewed by the auditor. The auditor confirmed that the compensation report, in all material respects, complies with the accounting provisions of section 162 AktG. In accordance with section 120 paragraph 4 AktG, the compensation report will be submitted to the General Meeting of the Company for approval.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements and the management report of Fresenius Medical Care AG & Co. KGaA were prepared in accordance with the regulations of the German Commercial Code (HGB). The consolidated financial statements and group management report follow section 315e of the German Commercial Code (HGB) in accordance with IFRS as applicable in the European Union. Accountancy, the annual financial statements, the management report as well as the consolidated financial statements and the group management report for fiscal year 2021 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft is the auditor of the Company since fiscal year 2020 and was elected as auditor by resolution of the Annual General Meeting of May 20, 2021 for the year under review and mandated by the Supervisory Board. The auditor provided each of the aforementioned documents with an unqualified certificate. Mr. Peter Kartscher and Mr. Holger Lutz signed the respective audit certificate as the responsible auditors. The audit reports of the auditor were made available to the Audit and Corporate Governance Committee and the Supervisory Board. The Audit and Corporate Governance Committee reviewed the annual and consolidated financial statements as well as the management reports and included the audit reports of, and the discussions with, the auditor in its discussions. The Audit and Corporate Governance Committee reported to the Supervisory Board on this.

The Supervisory Board also reviewed the annual financial statements, the management report, the consolidated financial statements and the group management report in each case for the past fiscal year. The documents were provided to it in good time. The Supervisory Board declared its agreement with the result of the audit of the annual financial statements and the consolidated financial statements by the auditor. The representatives of the auditor who signed the audit reports participated in the discussions of the Supervisory Board of the annual and consolidated financial statements. They reported to the Supervisory Board on the significant findings of their audit and were available for additional information. Also according to the final results of its own review, no objections are to be raised by the Supervisory Board as regards the annual financial statements, the management report, the consolidated financial statements and the group management report.

In its meeting on February 21, 2022 the Supervisory Board discussed the draft of the report according to Form 20-F. The report according to Form 20-F was filed with the SEC on February 22, 2022.

The annual financial statements and management report of Fresenius Medical Care AG & Co. KGaA as well as the consolidated financial statements and the group management report for the past fiscal year, as presented by the General Partner, were approved by the Supervisory Board at its meeting on March 15, 2022.

The Supervisory Board also approved the General Partner's proposal for the application of profit which provides for a dividend of € 1.35 for each share.

SEPARATE NON-FINANCIAL GROUP REPORT

The separate Non-Financial Group Report of Fresenius Medical Care AG & Co. KGaA was prepared in accordance with the regulations of the German Commercial Code (HGB) and the EU Taxonomy Regulation (Regulation (EU) 2020/852) and will be published separately from the Group Management Report. Fresenius Medical Care therein reports selected non-financial information based on the international sustainability standards of the Global Reporting Initiative (GRI) (GRI Standards 2016).

The Supervisory Board made use of the option to have the separate Non-Financial Group Report verified by an external auditor. The separate Non-Financial Group Report was subjected to a limited assurance engagement review by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, in accordance with the international standard on assurance engagements ISAE 3000 (Revised). PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft issued a corresponding assurance statement.

The Supervisory Board, too, reviewed the separate Non-Financial Group Report. The documents were provided to it in good time. The Supervisory Board declared its agreement with the result of the limited assurance engagement by the auditor. The representatives of the auditor who signed the note on the limited assurance engagement participated in the discussions of the Supervisory Board of the separate Non-Financial Group Report. They reported to the Supervisory Board on the significant findings of their limited assurance engagement and were available for additional information. Also according to the final results of its own review, no objections are to be raised by the Supervisory Board as regards the separate Non-Financial Group Report.

DEPENDENCY REPORT

The General Partner prepared a report on the Company's relationships to Fresenius SE & Co. KGaA and the latter's affiliates in accordance with section 312 AktG for the past fiscal year. The report contains the following final declaration:

"With regard to the legal transactions listed in this report on the relationships to affiliated companies, FMC AG & Co. KGaA received appropriate compensation for each legal transaction in accordance with the circumstances of which we were aware at the time that the legal transactions were conducted. No reportable measures were taken or omitted in the reporting year."

Both the Audit and Corporate Governance Committee and the Supervisory Board received the dependency report in good time and reviewed it. The auditor participated in the relevant meeting. It reported on the main results of its audit and was available for additional information. On February 25, 2022, the auditor added the following certificate to the dependency report:

"On the basis of our proper audit and judgment we confirm that 1. the factual disclosures provided in the report are correct, 2. the consideration paid by the Company for the legal transactions stated in the report was not inappropriately high."

The Audit and Corporate Governance Committee and the Supervisory Board concur with the assessment of the auditor. Following the final results of its own review, the Supervisory Board does not raise any objections against the declaration of the General Partner at the bottom of the report on the relationships to affiliates.

CHANGES IN THE SUPERVISORY BOARD AND ACKNOWLEDGEMENTS

Mr. William P. Johnston, who had been a member of the Supervisory Board since 2006, at the end of the Annual General Meeting 2021 ceased to hold office in the Supervisory Board, the Joint Committee and the other committees of which he had been a member. Mr. Johnston contributed in many ways to the success of Fresenius Medical Care. The Supervisory Board thanks Mr. Johnston for his many years of service and for his important contribution to the success of Fresenius Medical Care.

The Supervisory Board would also like to thank the former members of the Management Board Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit, who agreed to leave the Management Board early and already at the end of the year under review in order to implement the FME25 transformation program. In their daily work, they all made a significant contribution to the success of Fresenius Medical Care. The Supervisory Board would like to thank them for their active and valuable commitment to Fresenius Medical Care as members of the Management Board and for their willingness to continue working for the company in a new capacity.

Finally, the Supervisory Board would like to thank the members of the Management Board as well as all employees of the group for their outstanding and tireless efforts in an extremely challenging environment marked also in the year under review by the COVID-19 pandemic. Their very successful work performed under difficult conditions in the past fiscal year is highly appreciated!

Bad Homburg v. d. Höhe, March 15, 2022

On behalf of the Supervisory Board

DR. DIETER SCHENK
Chairman

DECLARATION ON CORPORATE GOVERNANCE

The Management Board and the Supervisory Board of Fresenius Medical Care are committed to responsible management that is focused on achieving a sustainable increase in the value of the Company. The implementation of long-term strategies, solid financial management, strict adherence to legal and ethical business standards, and a transparent communication of the Company are its key elements.

The Management Board of the General Partner, Fresenius Medical Care Management AG (hereinafter: the Management Board), and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (hereinafter: FMC AG & Co. KGaA or the Company) hereunder report on the fiscal year 2021 as the year under review (hereinafter: the year under review) pursuant to section 289f of the German Commercial Code (Handelsgesetzbuch – HGB) and in accordance with principle 22 of the German Corporate Governance Code in the version dated December 16, 2019 (hereinafter also: the Code), as published in the German Federal Gazette (Bundesanzeiger) on March 20, 2020, on the Company's corporate governance (Unternehmensführung) and thereby also comment on recommendations and suggestions of the Code.

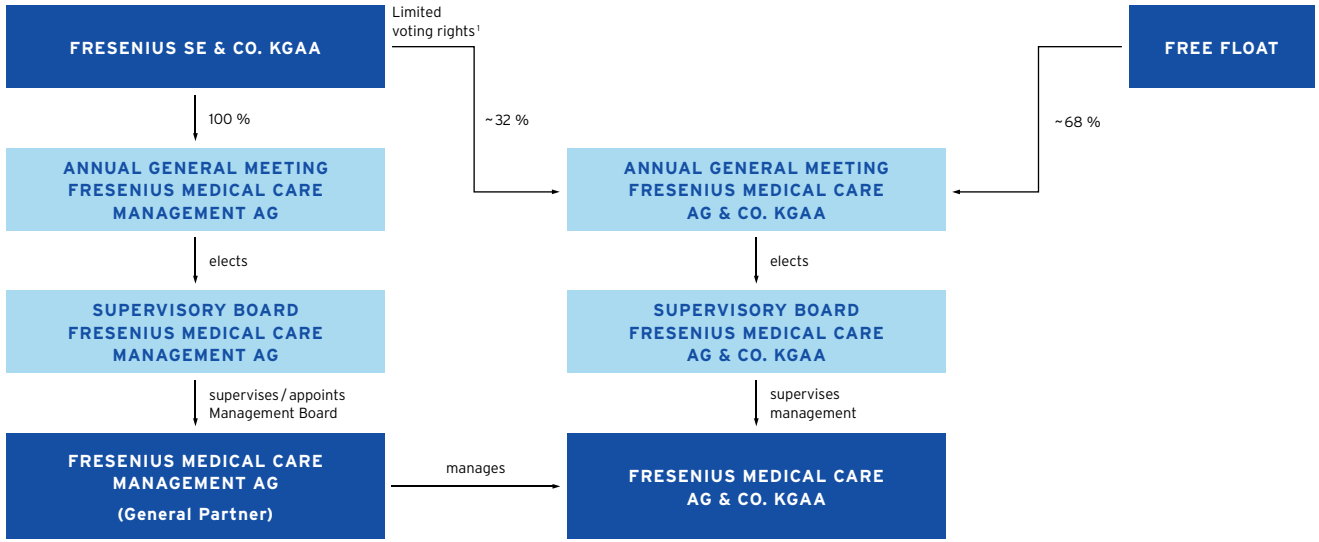
The Declaration on Corporate Governance is publicly available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

GROUP MANAGEMENT AND SUPERVISION STRUCTURE

The Company is a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA). Its corporate bodies provided for by law are the General Meeting, the Supervisory Board and the General Partner, which is Fresenius Medical Care Management AG. In the year under review, there were no significant changes to the group's management and supervision structure. The group's management and supervision structure are shown in CHART 4.2.

For stock corporations (Aktiengesellschaft) as well as for partnerships limited by shares (Kommanditgesellschaft auf Aktien) the German Stock Corporation Act (Aktiengesetz – AktG) prescribes a dual management system (so-called two-tier management system) consisting of a management body and a supervisory board. The business activities of a partnership limited by shares are conducted by one or several personally liable partners (General Partner). In the case of FMC AG & Co. KGaA, this is Fresenius Medical Care Management AG. The General Partner's Management Board as its management body is also responsible for conducting the business activities of the KGaA. Within the scope of statutory allocation of competences, the Supervisory Board is responsible for supervising and advising

C 4.2 **STRUCTURE OF FRESENIUS MEDICAL CARE AG & CO. KGAA**
BASED ON DATA AS OF DECEMBER 31, 2021



[1] For certain items, there are no voting rights, e. g. for the election of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA, for the formal approval of the actions of the General Partner and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA, for the election of the auditor of the annual financial statements.

the Management Board and is involved in making decisions that are fundamental to the Company. The duties and responsibilities of both bodies are in each case statutorily defined and are strictly separated from one another. Each of FMC AG & Co. KGaA and Fresenius Medical Care Management AG has its own Supervisory Board.

The Articles of Association of FMC AG & Co. KGaA, which also specify the responsibilities of the bodies of the Company in more detail, are available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

THE GENERAL PARTNER AND ITS BODIES

The Management Board of Fresenius Medical Care Management AG

The General Partner – Fresenius Medical Care Management AG – represented by its Management Board, which acts on its own responsibility, manages the Company and conducts the Company's business. Its actions and decisions are directed towards the interests of the Company.

Composition

As part of the realignment of the operating model under the transformation program "FME25" and the focus on two global business segments – Care Delivery and Care Enablement – the Supervisory Board of the General Partner resolved changes in the composition and allocation of responsibilities of the Management Board, which have been implemented effective January 1, 2022. The composition of the Management Board and the responsibilities for the year under review and for the period from January 1, 2022 are shown in TABLE 4.3.

T 4.3 **COMPOSITION AND RESPONSIBILITIES OF THE MANAGEMENT BOARD**

Management Board member	Responsibilites until December 31, 2021	Responsibilities since January 1, 2022
Rice Powell	Chairman of the Management Board	Chairman of the Management Board
Helen Giza	Chief Financial Officer	Chief Financial Officer and Chief Transformation Officer
Franklin W. Maddux, MD	Global Chief Medical Officer	Global Chief Medical Officer
Dr. Katarzyna Mazur-Hofsäß	Chief Executive Officer for Europe, Middle East and Africa (EMEA)	Care Enablement
Dr. Olaf Schermeier	Chief Executive Officer for Research & Development	–
William Valle	Chief Executive Officer for North America (NA)	Care Delivery
Kent Wanzek	Chief Executive Officer for Global Manufacturing, Quality and Supply	–
Harry de Wit	Chief Executive Officer for Asia-Pacific (AP)	–

In Care Enablement, Fresenius Medical Care is consolidating its previously decentralized healthcare products business including research and development, manufacturing, supply chain and commercial operations as well as supporting functions, such as regulatory and quality management under a global MedTech umbrella. Fresenius Medical Care's global healthcare services business will be combined in the Care Delivery segment. The Management Board members Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit left the Management Board at the end of the year under review, but each remain active for the company and support the transformation process in the course of the FME25 program.

Curricula vitae and duration of appointment

The members of the Management Board and their areas of responsibility are introduced on the Company's website at www.freseniusmedicalcare.com in the "About us" section. The curricula vitae made available there also contain information on the duration of appointment as members of the Management Board and on positions held at group-internal and group-external listed and non-listed companies.

Initial appointments of Management Board members are made for a maximum of three years in accordance with recommendation B.3 of the Code. Information on the diversity of the Management Board can be found in the section "Diversity concept and targets".

Rules of procedure

The Management Board of the General Partner manages the Company's business in accordance with the applicable laws and the Articles of Association as well as the rules of procedure within the meaning of section 77 paragraph 2 German Stock Corporation Act. The rules of procedure stipulate the principles of the cooperation. They also provide for the schedule of responsibilities which determines the departmental responsibilities of the individual Management Board members. The rules of procedure determine that meetings of the Management Board are held as the circumstances require, but at least twelve times a year. The meetings and the adoption of resolutions by the Management Board are chaired by the Chairman of the Management Board. If he is unavailable, this task resides with the Management Board member named by the Chairman,

or, if no member has been named, with the participating Management Board member most senior in office. The Chairman of the meeting determines the order of the agenda items and the voting procedure. As a rule, the Management Board adopts resolutions at meetings by simple majority of votes cast, and outside the meetings by simple majority of its members. In case of a tie, the Chairman of the Management Board has the casting vote.

Without prejudice to the overall responsibility of the entire Management Board, each Management Board member is responsible for his or her own area of departmental responsibility. Based on the rules of procedure, the Management Board members are required to keep each other informed on an ongoing basis about all relevant business occurrences in their areas of departmental responsibility. In the case of interdepartmental matters, the Management Board members concerned are requested to coordinate with each other. The Chairman of the Management Board coordinates the affairs of the individual departments.

Matters of outstanding importance and significance are resolved on by the entire Management Board pursuant to the rules of procedure. In order to increase the efficiency of the Management Board's work, the Supervisory Board of the General Partner established a Management Board Committee for certain cross departmental matters. If necessary, such Management Board Committee essentially deals with corporate matters of subsidiaries of FMC AG & Co. KGaA or with acquisitions that do not reach the minimum relevance and importance level required for being referred to the entire Management Board. The Management Board Committee must be composed of at least three members, among them the Chairman of the Management Board and the Chief Financial Officer as well as the Management Board member responsible for the respective matter or another Management Board member appointed by the Chairman at his reasonable discretion exercised in the individual case. In its meetings the Management Board Committee decides with a simple majority of the votes cast; outside of meetings the Management Board Committee decides with a simple majority of its members.

In various relevant cases, the rules of procedure require the Management Board to obtain the prior approval of the Supervisory Board or the competent committee of the Supervisory Board of the General Partner and also regulate the Management Board's information duties vis-à-vis the Supervisory Board.

Age limit

The Supervisory Board of the General Partner resolved an age limit for the Management Board members in accordance with recommendation B.5 of the Code. Management Board members of the General Partner who have reached the age of 65 years shall, as a rule, retire from the Management Board at the end of such calendar year. The Supervisory Board of the General Partner will take this age limit into account for each appointment of Management Board members. The age limit for the Management Board members of the General Partner does not apply to the current term of office of Mr. Rice Powell, which had already started before the age limit was introduced.

The Supervisory Board of Fresenius Medical Care Management AG

As a stock corporation, Fresenius Medical Care Management AG has its own Supervisory Board, which according to its Articles of Association consists of six members. The Supervisory Board of Fresenius Medical Care Management AG appoints the members of the Management Board, determines their compensation and monitors and advises the Management Board in its management duties. It has adopted rules of procedure.

Composition

Mr. Stephan Sturm is Chairman of the Supervisory Board of Fresenius Medical Care Management AG. Other members of the Supervisory Board of Fresenius Medical Care Management AG in the year under review were Dr. Dieter Schenk (Vice Chairman), Mr. Rolf A. Classon, Ms. Rachel Empey, Mr. William P. Johnston (until May 20, 2021) and Dr. Gerd Krick (until May 20, 2021) as well as Mr. Gregory Sorensen, MD (since May 20, 2021) and Ms. Pascale Witz (since May 20, 2021).

Dr. Dieter Schenk, Mr. Rolf A. Classon, Mr. William P. Johnston (until May 20, 2021), Mr. Gregory Sorensen, MD, and Ms. Pascale Witz are, respectively were, at the same time members of the Supervisory Board of FMC AG & Co. KGaA. Further information on these and on the other members of the Supervisory Board of FMC AG & Co. KGaA are available in the section "Supervisory Board of the Company" and on the Company's website at www.freseniusmedicalcare.com in the "About us" section.

In addition, the information in TABLE 4.4 ON PAGE 124 is provided for the year under review with regard to the mandates exercised by the Chairman of the Supervisory Board of Fresenius Medical Care Management AG, Mr. Stephan Sturm, and by the other members of the Supervisory Board of Fresenius Medical Care Management AG, Ms. Rachel Empey and Dr. Gerd Krick, who are, respectively were, not at the same time members of the Supervisory Board of FMC AG & Co. KGaA.

Because of his extraordinary contributions to the development of the company and his comprehensive experience, Dr. Ben Lipps is honorary chairman of the Supervisory Board of Fresenius Medical Care Management AG.

T 4.4 MANDATES EXERCISED BY MEMBERS OF THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE MANAGEMENT AG WHO ARE RESP. WERE NOT MEMBERS OF THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE AG & CO. KGAA

Member	Membership in supervisory boards	Membership in comparable foreign controlling bodies
Stephan Sturm Chairman of the Management Board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA	Fresenius Kabi AG (Chairman) Deutsche Lufthansa AG (until May 4, 2021)	VAMED AG, Austria (Chairman since July 8, 2021; until then Vice Chairman)
Rachel Empey Member of the Management Board of Fresenius Management SE (Chief Financial Officer), the general partner of Fresenius SE & Co. KGaA	Fresenius Kabi AG (Vice Chairwoman) Bayerische Motoren Werke AG (since May 12, 2021)	Inchcape plc, United Kingdom (Non-executive director) (until April 30, 2021)
Dr. Gerd Krick Consultant	Fresenius SE & Co. KGaA (Chairman) (until May 21, 2021) Fresenius Management SE (Chairman) (until May 21, 2021)	VAMED AG, Austria (Chairman) (until July 8, 2021)

T 4.5 COMMITTEES OF THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE MANAGEMENT AG

Supervisory Board committee	Responsibility	Number of meetings
Human Resources Committee **Chairman** Mr. Stephan Sturm **Vice Chairman** Dr. Dieter Schenk (since May 20, 2021, until then other member) **Other members** Mr. Rolf A. Classon Mr. William P. Johnston (until May 20, 2021) Dr. Gerd Krick (until May 20, 2021, until then also Vice Chairman)	Advice on complex special matters such as the appointment of Management Board members and their compensation	As required
Regulatory and Reimbursement Assessment Committee (until May 20, 2021) **Chairman** Mr. William P. Johnston **Vice Chairman** Mr. Rolf A. Classon **Other member** Dr. Dieter Schenk	Advice on complex special matters such as regulatory provisions and reimbursement in particular in the dialysis segment	As required
Nomination Committee **Chairman** Mr. Stephan Sturm **Vice Chairman** Dr. Dieter Schenk (since May 20, 2021, until then other member) **Other member** Dr. Gerd Krick (until May 20, 2021)	Preparing recommendations to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting on suitable candidates for an election to the Supervisory Board	As required

Independent members within the meaning of the Pooling Agreement

Irrespective of the independence requirements according to statutory rules and of the recommendations of the German Corporate Governance Code in its respectively applicable form, the so-called Pooling Agreement entered into, among others, between Fresenius Medical Care Management AG and Fresenius SE & Co. KGaA provides that at least one third (and at least two) of the members of the Supervisory Board of Fresenius Medical Care Management AG must be independent. Pursuant to the Pooling Agreement, an "independent member" is a member of the Supervisory Board with no substantial business or professional relationship with FMC AG & Co. KGaA, with its General Partner (Fresenius Medical Care Management AG), with Fresenius SE & Co. KGaA, or with its general partner (Fresenius Management SE), or with any affiliate of these companies. The Supervisory Board of Fresenius Medical Care Management AG has appointed Mr. Rolf A. Classon and Mr. Gregory Sorensen, MD, as independent members within the meaning of the Pooling Agreement. Independent within the meaning of this definition further are the Supervisory Board member Ms. Pascale Witz as well as also the members of the Supervisory Board of FMC AG & Co. KGaA Dr. Dorothea Wenzel and Prof. Dr. Gregor Zünd, who both, however, are not at the same time members of the Supervisory Board of Fresenius Medical Care Management AG.

Committees of the Supervisory Board of Fresenius Medical Care Management AG

For the efficient exercise of its responsibilities, the Supervisory Board of the General Partner has formed qualified committees from the midst of its members, which prepare the matters for deliberation and resolutions of the Supervisory Board. The Supervisory Board regularly and timely receives briefings on the committees' work (SEE TABLE 4.5).

The Regulatory and Reimbursement Assessment Committee was dissolved; the topics it dealt with have since been discussed in the entire Supervisory Board.

SUPERVISORY BOARD OF THE COMPANY

The Supervisory Board of FMC AG & Co. KGaA advises and supervises the management of the Company by the General Partner and performs the other duties assigned to it by law and the Articles of Association. It is involved in strategy and planning as well as all matters of fundamental importance for the company.

Simultaneous membership in both the Supervisory Board and the Management Board is in principle not permissible. The members of the Company's Supervisory Board are independent in their decisions and are not bound by requirements or instructions of third parties.

Composition

The Supervisory Board of FMC AG & Co. KGaA in the year under review consisted of the following members: Dr. Dieter Schenk (Chairman), Mr. Rolf A. Classon (Vice Chairman), Mr. William P. Johnston (until May 20, 2021), Mr. Gregory Sorensen, MD (since May 20, 2021), Dr. Dorothea Wenzel, Ms. Pascale Witz and Prof. Dr. Gregor Zünd. The members of the Supervisory Board of FMC AG & Co. KGaA are introduced on the Company's website at www.freseniusmedicalcare.com in the "About us" section. The curricula vitae made available there in accordance with recommendation C.3 of the Code also include information on their term of office on the Company's Supervisory Board and information on positions held at group-internal and group-external listed and non-listed companies.

Because of his extraordinary contributions to the company's development and his comprehensive experience, Dr. Ben Lipps is also honorary chairman of the Supervisory Board of FMC AG & Co. KGaA.

The Supervisory Board of the Company is composed exclusively of shareholder representatives. It does not include any members who were previously members of the Management Board.

The members of the Company's Supervisory Board are elected by the General Meeting of FMC AG & Co. KGaA as the competent election body according to the provisions of the German Stock Corporation Act by a simple majority of the votes cast. Fresenius SE & Co. KGaA is excluded from voting on this item; further explanations on this can be found in the section "Shareholders". The elections are conducted in accordance with recommendation C.15 of the Code as individual elections.

The term of office of the members of the Supervisory Board is five years unless the General Meeting resolves a shorter term of office. The incumbent members of the Supervisory Board were elected by the 2021 Annual General Meeting of the Company for four years until the end of the Annual General Meeting which resolves on the discharge for the financial year 2024, i.e. until the end of the 2025 Annual General Meeting.

Rules of Procedure

Details on the election, constitution and term of office of the Supervisory Board, its meetings and the adoption of resolutions, as well as its rights and obligations, are set out in the Company's Articles of Association available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section. In accordance with recommendation D.1 of the Code, the Supervisory Board has furthermore adopted rules of procedure which set out, among other things, the modalities for convening meetings and the manner in which resolutions are adopted. In accordance with these, the Supervisory Board meets regularly at least twice per calendar half year. The convocation period for meetings of the Supervisory Board is generally two weeks. The deliberations of the Supervisory Board are chaired by the Chairman or, if he is unavailable, by the Vice Chairman. The Chairman of the meeting also determines the order of the agenda items and the voting procedure. As a rule, the Supervisory Board decides, if decisions are taken in physical meetings, by simple majority of votes cast, and otherwise with a simple majority of its members unless other majorities are prescribed by a mandatory provision of law in the individual case. The provisions of the rules of procedure for the Supervisory Board of the Company also apply to its committees, unless their rules of procedure contain deviating provisions. The Chairman of the Supervisory Board coordinates the work and direction of the Supervisory Board; he in principle also represents the Supervisory Board vis-à-vis third parties. The rules of procedure of the Supervisory Board of the Company are publicly available on the Company's website at www.freseniusmedicalcare.com in the "About us" section in the sub-section "Supervisory Board".

Profile of skills and expertise

The Supervisory Board in its own initiative pays attention to have in its entirety the knowledge, capabilities and professional expertise required for the due observation of the duties of the Supervisory Board of a listed company operating internationally in the dialysis business. Against this background and in accordance with the recommendations of the German Corporate Governance Code, the Supervisory Board has resolved a profile of skills and expertise for the entire Supervisory Board in 2018 and has lastly updated this in March 2022. The profile of skills and expertise contains requirements for the individual Supervisory Board members as well as requirements for the entire Supervisory Board and is available on the Compa-

ny's website at www.freseniusmedicalcare.com in the "About us" section.

When discussing its recommendations for the election of members of the Supervisory Board to the General Meeting, the Supervisory Board considers, in accordance with recommendation C.1 of the Code and within the framework of the profile of skills and expertise as determined by it, in particular the international activities of the company, what it considers to be an adequate number of independent Supervisory Board members, and diversity criteria. Pursuant to the profile of skills and expertise the Supervisory Board is in accordance with section 111 paragraph 5 German Stock Corporation Act to be composed of at least 30 % women and at least 30 % of men. Comprising four male and two female of in total six Supervisory Board members, the proportion of each of male and female Supervisory Board members exceeds the Supervisory Board's self-defined target of 30 % at the end of the year under review (see also the section "Gender diversity and targets").

The current composition of the Supervisory Board is in line with the profile of skills and expertise for the Supervisory Board and fulfills the objectives for the composition of the board designated therein.

Age limit

The Supervisory Board has further resolved an age limit for the Supervisory Board members in accordance with recommendation C.2 of the Code. Accordingly, the Supervisory Board shall, as a rule, only include persons who have not reached the age of 75 years at the time of their election or appointment. The Supervisory Board will observe this age limit in its election proposals for membership in the Supervisory Board.

Independence

According to recommendation C.7 of the Code, more than half of the members of the Supervisory Board shall be independent from the Company and the Management Board. Members of the Supervisory Board are to be considered independent from the Company and its Management Board if they have no personal or business relationship with the Company or its Management Board that may cause a substantial – and not merely temporary – conflict of interest. When assessing the independence of members of the Supervisory Board from the Company and its Management Board, the Supervisory Board shall particularly take into consideration whether the respective Supervisory Board member itself or a close family member was a member of the Company's Management Board in the two years prior to appointment, is currently maintaining or has maintained a material business relationship with the Company or one of the entities dependent upon the company in the year up to his or her appointment, directly or as a shareholder, or in a leading position of a non-group entity, or is a close family member of a Management Board member, or has been a member of the Supervisory Board for more than twelve years.

The Supervisory Board resolved that at least four of its members shall be independent within the meaning of the Code. Independent within the meaning of recommendation C.7 of the Code are, in the view of the Supervisory Board, in any case Mr. Rolf A. Classon, Mr. Gregory Sorensen, MD, Dr. Dorothea Wenzel, Ms. Pascale Witz and Prof. Dr. Gregor Zünd. The Supervisory Board did not need to consider whether Dr. Dieter Schenk is to be regarded as independent within the meaning of recommendation C.7 of the Code in view of his term of office on the Supervisory Board of the Company of more than twelve years, because the number of those Supervisory Board members who have been members of the Supervisory Board for no more than twelve years and are otherwise to be qualified as independent already complies with recommendation C.7 of the Code.

Recommendation C.9 of the Code, according to which, in the event that the Company has a controlling shareholder within the meaning of the Code, in the case of a Supervisory Board with six or fewer members at least one shareholder representative shall be independent of the controlling shareholder, does not apply to the Company, because Fresenius SE & Co. KGaA is no controlling shareholder in this meaning given the lack of a sustainable majority at the Annual General Meeting. However, assuming the applicability of this recommendation, Mr. Classon, Mr. Sorensen, Dr. Wenzel, Ms. Witz and Prof. Dr. Zünd would be considered independent in this meaning.

Lead Independent Director

The Supervisory Board has introduced the function of a Lead Independent Director. The Lead Independent Director is to ensure that the interests of all shareholders are adequately taken into account in the actions, negotiations, discussions and decisions of the Supervisory Board. The tasks of the Lead Independent Director therefore include developing and maintaining a balanced understanding of the issues and concerns of the shareholders and other stakeholders. In addition to the willingness of the Chairman of the Supervisory Board to discuss with investors topics specific to the Supervisory Board in accordance with suggestion A.3 of the Code, the Lead Independent Director within the framework of the statutory provisions, too, is available for discussions with shareholders and other stakeholders. The Lead Independent Director is further responsible for dealing with affairs related to environmental, social and governance (ESG) aspects of the company and is entitled to develop and propose corresponding measures.

The requirements for the person of the Lead Independent Director as well as the rights and duties associated with this function are governed by Article 11 of the rules of procedure of the Supervisory Board of the Company, which are publicly available on the Company's website at www.freseniusmedicalcare.com in the

"About us" section in the sub-section "Supervisory Board". The function of the Lead Independent Director has been exercised by Dr. Dorothea Wenzel since May 20, 2021.

Self-assessments

In accordance with recommendation D.13 of the Code, the members of the Supervisory Board regularly carry out self-assessments with regard to their work. These take place in the form of open discussions in plenary meetings and on the basis of a corresponding questionnaire. On these annual occasions, also the complexity and the design of the presentations as well as the meetings' procedure and structuring are discussed. If necessary, the Supervisory Board may seek the assistance of an external service provider for its self-assessment. The results of the self-assessment carried out have shown that each of the Supervisory Board and its committees are efficiently organized and that the cooperation of the Supervisory Board and the Management Board works very well.

Professional competence

All members of the Supervisory Board have the capabilities as well as the knowledge required for the proper exercise of their duties. The Supervisory Board members are in their entirety familiar with the sector FMC AG & Co. KGaA operates in. The members of the Supervisory Board regularly update themselves via in-house sources and via external sources about the current status of supervisory requirements. Details of the support provided by the Company to the members of the Supervisory Board for their induction into office and for their training and development measures can be found in the Report by the Supervisory Board starting on PAGE 113.

Committees of the Supervisory Board of the Company

For the efficient exercise of its responsibilities, the Supervisory Board of the Company has formed qualified committees from the midst of its members in accordance with recommendations D.2 through D.5 of the Code, which prepare the matters for deliberation and resolutions of the Supervisory Board (SEE TABLE 4.6). The Supervisory Board regularly and timely receives briefings on the committees' work. Details of the committees' activities can be found in the Report by the Supervisory Board starting on PAGE 113.

Audit and Corporate Governance Committee

The Supervisory Board of the Company has formed an audit committee, the Audit and Corporate Governance Committee (hereinafter: the Audit and Corporate Governance Committee). The Audit and Corporate Governance Committee with the consent of the Supervisory Board adopted rules of procedure which regulate the composition as well as the work and tasks of the Audit and Corporate Governance Committee on the basis of section 12 paragraph 2 of the Articles of Association of the Company.

T 4.6 **COMMITTEES OF THE SUPERVISORY BOARD OF FMC AG & CO. KGAA**

Supervisory Board committee	Responsibility	Number of meetings
Audit and Corporate Governance Committee **Chairman** Mr. Rolf A. Classon **Vice Chairman** Ms. Pascale Witz (since May 20, 2021, until then other member) **Other members** Dr. Dorothea Wenzel (since May 20, 2021) Mr. William P. Johnston (until May 20, 2021, until then also Vice Chairman)	› Supervision of the accounting, the accounting process, the effectiveness of the internal control system, of the risk management system, of the internal audit system, the annual audit and of compliance › Supervision of the annual auditing, in particular with regard to the independence of the auditor and the additional services provided by it, issuing the auditing mandate, determining the focus areas of the auditing and the fee agreement › Addressing the report pursuant to Form 20-F, which contains, inter alia, the consolidated group financial statements and the consolidated group financial report › Assessment of the General Partner's report on relations to affiliated companies › Review and, if required, approval of transactions of the Company with related parties	At least four times per year and additionally as required
Nomination Committee **Chairman** Dr. Dieter Schenk (since May 20, 2021, until then Vice Chairman) **Vice Chairman** Mr. Rolf A. Classon (since May 20, 2021, until then Chairman) **Other member** Dr. Dorothea Wenzel (since May 20, 2021)	› Preparing recommendations to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting on suitable candidates for an election to the Supervisory Board	As required

Tasks

The Audit and Corporate Governance Committee shall in particular perform all the duties incumbent upon an audit committee pursuant to section 107 paragraph 3 sentence 2 German Stock Corporation Act and the applicable rules of the U.S. Securities and Exchange Commission (SEC) and the New York Stock Exchange, or which it shall deal with pursuant to recommendation D.3 of the Code. In addition to other tasks, the Supervisory Board of the Company has delegated to the Audit and Corporate Governance Committee the responsibility for adopting resolutions on the approval of transactions with related parties in accordance with sections 111a et seqq. of the German Stock Corporation Act. In accordance with recommendation D.11 of the Code, the Audit and Corporate Governance Committee also regularly assesses the quality of the audit of the financial statements.

Independence and financial expertise

According to the Articles of Association of the Company, the Audit and Corporate Governance Committee shall consist of at least three and not more than five exclusively independent members who, in particular, are to meet the independence criteria pursuant to section 12 paragraph 2 sentence 3 of the Articles of Association as well as pursuant to the applicable rules of the New York Stock Exchange. In addition, pursuant to section 107 paragraph 4 of the German Stock Corporation Act in connection with section 100 paragraph 5 of the German Stock Corporation Act at least one member must have expertise in the field of accounting and at least one other member expertise in the field of auditing.

Mr. Rolf A. Classon has been in a responsible position for auditing financial statements for more than 25 years and has, among other things, more than 15 years of experience as a member and chairman of audit committees of listed companies in the U.S. and Europe.

Ms. Pascale Witz holds a Master of Business Administration (MBA) in Business Administration from the Graduate Business School INSEAD. She worked for more than seven years in leadership roles at Sanofi and GE Healthcare and held financial controls responsibilities in this capacity. In addition, she has been member of audit committees of listed companies for several years.

Dr. Dorothea Wenzel has a total of approximately twelve years of experience in management positions directly related to the fields of accounting and auditing, most of which she served as Chief Financial Officer (CFO) of the MerckSerono and Healthcare divisions of Merck KGaA, some of which as CFO of the Performance Materials division and some as Head of the Surface Solutions business unit. The activities of Dr. Wenzel in these functions included various aspects of accounting as well as corresponding reviews and discussions with the auditors. She is also chairwoman of the audit committee of the Board of Directors of H. Lundberg A / S, Denmark.

Mr. Rolf A. Classon, the Chairman of the Audit and Corporate Governance Committee, also has special knowledge and experience in the application of internal control procedures due to his many years of activity as a member and chairman of audit committees. He is, in accordance with recommendations D.4 and C.7 of the Code, in particular neither the Chairman of the Supervisory Board of the Company nor a former member of the Management Board whose appointment has ended less than two years ago. Mr. Classon further is – as are the other members of the Audit and Corporate Governance Committee – independent within the meaning of recommendation C.10 of the Code.

In the opinion of the Supervisory Board, the composition of the Audit and Corporate Governance Committee meets all aforementioned requirements as to the independence and financial expertise of its members. Mr. Rolf A. Classon, Ms. Pascale Witz and Dr. Dorothea Wenzel each are financial experts in the meaning of section 100 paragraph 5 German Stock Corporation Act. Due to their many years of experience, they each have expertise in both the accounting and auditing fields. That the members of the Audit and Corporate Governance Committee Mr. Rolf A. Classon and Ms. Pascale Witz are also members of the Supervisory Board of Fresenius Medical Care Management AG, which is an affiliate of the Company, does not preclude their independence under the U.S. Securities and Exchange Commission (SEC) audit committee rule permitting such dual board membership by directors of non-U.S. corporations (so-called "foreign private issuers").

JOINT COMMITTEE

FMC AG & Co. KGaA has established a Joint Committee whose composition and activity are provided for in sections 13a et seqq. of the Articles of Association of the Company. The Joint Committee is convened only as required, namely for certain legal transactions defined in the Articles of Association to be qualified as substantial transactions and for which the General Partner requires the consent of the Joint Committee (SEE TABLE 4.7 ON PAGE 129).

T 4.7 **JOINT COMMITTEE**

Joint Committee	Responsibility	Number of meetings
Members from the Supervisory Board of Fresenius Medical Care Management AG Mr. Stephan Sturm (Chairman) Ms. Rachel Empey (since May 20, 2021) Dr. Gerd Krick (until May 20, 2021)	Approval of certain legal transactions as defined in the Articles of Association, such as material acquisitions or divestments	As required
Members from the Supervisory Board of Fresenius Medical Care AG & Co. KGaA Mr. Rolf A. Classon Dr. Dorothea Wenzel (since May 20, 2021, Vice Chairwoman) Mr. William P. Johnston (until May 20, 2021)		

T 4.8 **DIVERSITY LEVEL OF THE MANAGEMENT BOARD OF THE GENERAL PARTNER**

Management Board	Gender	Nationality	Education	Age
Rice Powell	Male	U.S.-American	Biology	66
Helen Giza	Female	British and U.S.-American	Business	53
Franklin W. Maddux, MD	Male	U.S.-American	Medicine and Mathematics	64
Dr. Katarzyna Mazur-Hofsäß	Female	Polish and German	Medicine	58
Dr. Olaf Schermeier[1]	Male	German	Engineering	49
William Valle	Male	U.S.-American	Business	61
Kent Wanzek[1]	Male	U.S.-American	Business	62
Harry de Wit[1]	Male	Dutch	Medicine and Physiotherapy	59

[1] The members of the Management Board Dr. Olaf Schermeier, Kent Wanzek and Harry de Wit have left the Management Board at the end of the year under review.

T 4.9 **DIVERSITY LEVEL OF THE SUPERVISORY BOARD OF THE COMPANY**

Supervisory Board of the Company	Gender	Nationality	Education	Age
Dr. Dieter Schenk	Male	German	Law	69
Rolf A. Classon	Male	U.S.-American and Swedish	Political Science	76
Gregory Sorensen, MD	Male	U.S.-American	Medicine	59
Dr. Dorothea Wenzel	Female	German	Business and Business Informatics	52
Pascale Witz	Female	French	Biochemistry	55
Prof. Dr. Gregor Zünd	Male	Swiss	Medicine	62

DIVERSITY CONCEPT AND TARGETS

Diversity concept for governance bodies

Fresenius Medical Care considers inclusion and diversity a strength of the company. A high degree of inclusion and diversity in the composition of the Management Board and Supervisory Board and the workforce is one of Fresenius Medical Care's core objectives and is in the interest of the Company because this creates an integrative working environment and lays the foundation for personal and corporate success. Diversity at Fresenius Medical Care is defined in a broad way, including – but not limited to – age, gender, nationality, cultural and ethnical origin, sexual orientation, disability, educational background, and work experience. The goal is the integration of differing perspectives and various aspects in the cooperation and decision-making in order to increase the understanding for the manifold requirements on a globally active company with heterogeneous groups of customers. Inclusion and diversity are an integral part of the Code of Ethics and Business Conduct at Fresenius Medical Care.

The existing diversity concept for the composition of the Management Board of the General Partner and the Supervisory Board of the Company reflects this understanding and is part of the staffing processes. The individual qualification – this includes expertise as well as skills and experience – continues to be the core selection criterion for the proposals to the General Meeting for the election of new members to the Supervisory Board; diversity aspects are considered to ensure a comprehensive and balanced decision process. For preparation of any nomination proposal, the respective competent governance body or the competent committee, as the case may be, thoroughly evaluates the current composition of the body to be filled and carefully analyzes each potential candidate's profile

with regard to the diversity criteria. Thereby, the above-mentioned standard age limits for the Management Board of the General Partner and for the Supervisory Board of the Company and the profile of skills and expertise for the Supervisory Board are taken into account.

Diversity is further actively managed in senior management levels below the Management Board in accordance with recommendation A.1 of the Code. To this end, diversity aspects such as gender are particularly taken into account in the evaluation of the "talent pipelines". Additional reports, for example on the number and share of female junior talents in talent evaluation and the succession planning process, support the focus on diversity in development planning and the preparation for filling vacancies. This serves to strengthen the pursued diversity concept and to identify suitable talents at an early stage.

The diversity level of the Management Board of the General Partner and Supervisory Board of the Company across selected aspects at the end of the year under review is displayed in the TABLES 4.8 AND 4.9 ON PAGE 129.

Gender diversity and targets

The Supervisory Board of FMC AG & Co. KGaA is statutorily obliged to define targets for the representation of female members in the Supervisory Board as well as an implementation period and to report on the defined targets and their achievement during the relevant reference period or in the event of a failure to meet these targets, on the reasons for this, as part of the Declaration on Corporate Governance. The definition of targets for the composition of the Management Board for companies which, like Fresenius Medical Care, are organized in the legal form of a partnership limited by shares, is by contrast expressly not required. Likewise, also the Supervisory Board of Fresenius Medical Care Management AG is not required to define targets for the Management Board, because Fresenius Medical Care Management AG is not in the scope of the relevant legal provisions. With two of in total eight members of the Management Board in the year under review being female, the share of women in the Management Board of Fresenius Management AG amounted to 25 % in the year under review. In terms of the composition of the Management Board existing from January 1, 2022, two out of five and thus 40 % of the members of the Management Board are female.

The Supervisory Board of FMC AG & Co. KGaA has resolved on May 10, 2017 to set the target for the representation of female Supervisory Board members at 30 % and has set an implementation period ending on May 9, 2022. With two female members (33 %), the composition of the Supervisory Board in the year under review was in line with this target.

The Management Board is statutorily obliged to determine targets for female representation in the two top management levels below the Management Board and a respective implementation period. The implementation period for the first-time application in target figures adopted in 2015 expired on December 31, 2020. Against this background, the Management Board has determined new targets for female representation in the two top management levels below the Management Board and the respective new implementation periods. In this context, the definition of the two management levels below the Board of Management for which targets are to be set has also been adjusted. The positions of the first and second management levels are now determined on the basis of a global job evaluation system considering impact and contribution of the position, the required skills relating to communication and innovation as well as general knowledge and expertise. The target figure for the first management level to be achieved by the end of the implementation period on December 31, 2025 is 22 %. At the end of the year under review, 17.5 % (2020: 18.3 %) of managers in this first management level were female. The target figure for the second management level to be achieved by the end of the implementation period on December 31, 2025 is 32 %. At the end of the year under review, 27.9 % (2020: 28.3 %) of managers in this second management level were female.

The status of implementation of the targets for the share of women at the end of each year is shown in TABLE 4.10.

T 4.10 **TARGETS FOR THE SHARE OF WOMEN**

	Target (in %)	Status 2020 (in %)	Status 2021 (in %)
Supervisory Board of the Company	30[1]	33	33
Management Board	–[2]	25	25[3]
First Management Level	22[4]	18.3	17.5
Second Management Level	32[4]	28.3	27.9

[1] Implementation period until May 9, 2022.
[2] The definition of targets for the Management Board is not required.
[3] Since January 1, 2022, the share of women in the Management Board amounts to 40 %.
[4] Implementation period until December 31, 2025.

Overall, the recruiting and staffing practice of Fresenius Medical Care as well as the selection decisions regarding the hiring and promotion to top management levels will also in the future be taken with a focus on the specific qualifications of the individual. For this reason, the Management Board will select candidates for the top management of Fresenius Medical Care according to the candidate's excellence and suitability for the specific role and function in such management positions, regardless of their race, gender or other non-performance related attributes. The number and proportion of female Supervisory Board members and Management Board members, the continuous achievement and increase of our diversity targets as well as the anchoring within the Company's Global Sustainability Program demonstrate the considerable importance of diversity for Fresenius Medical Care.

LONG-TERM SUCCESSION PLANNING

Together with the Management Board, the Supervisory Board of the General Partner takes care for the long-term succession planning in accordance with recommendation B.2 of the Code. For this purpose, the Chairman of the Supervisory Board of the General Partner liaises with the respective members of the Management Board sufficiently in advance and, as a rule, not later than one year before the end of the respective term of office about their willingness to continue their respective mandate. In addition, the Supervisory Board of the General Partner continuously reviews whether the Management Board continues to be composed in the best possible way. To this end, the Chairman of the Supervisory Board of the General Partner discusses with the Chairman of the Management Board, in particular, what knowledge, experience and professional as well as personal competencies in the Management Board should be represented also with regard to the strategic development of the Company and a possible changing regulatory environment and to what extent the Management Board is already staffed in accordance with these requirements.

If there is need for action regarding the composition of the Management Board, potential internal or external candidates for the corresponding addition to the Management Board are identified. For the identification of suitable external candidates, the Supervisory Board of the General Partner obtains the support of external consultants, where necessary. When evaluating suitable candidates, not only their individual knowledge and experience, but also their personality and its added value to the best possible composition of the Management Board is taken into account. With the composition of the Management Board, a cooperative working environment across all departments and in the interest of the entire Company shall be created that not only allows but rather also promotes constructive criticism. The Chairman of the Management Board is closely involved in the entire selection process.

The Supervisory Board of the General Partner pays attention to diversity in the composition of the Management Board in accordance with recommendation B.1 of the Code.

The Supervisory Board of the General Partner has satisfied itself that the Management Board continues to be optimally composed also in terms of the new number of its members and with a view to the concentration on the two business segments Care Delivery and Care Enablement envisaged under the future operating model and therefore with regard to the changed allocation of responsibilities.

COMPLIANCE AND OTHER DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

Global business activities mean having global responsibility. As the global market leader in providing dialysis services and products, Fresenius Medical Care is aware of its responsibility. Every day, Fresenius Medical Care strives to improve the lives of its patients world-wide with high-quality products and services.

Highest medical standards form Fresenius Medical Care's benchmark for quality. The Company is committed to conducting its business activities in compliance with all relevant legal standards as well as internal and external provisions and requirements. The patients, customers, payors, investors and regulators of Fresenius Medical Care as well as all other stakeholders rightly expect Fresenius Medical Care's business to be conducted based on responsible management, as well as integrity, sound corporate governance and adherence to compliance principles to be the basis of entrepreneurial activities.

Fresenius Medical Care's Code of Ethics and Business Conduct

Fresenius Medical Care's Code of Ethics and Business Conduct is the basis for everything Fresenius Medical Care and its employees do, whether in their dealings with patients, colleagues and suppliers or with a view to communities in general. The Code of Ethics and Business Conduct defines corporate governance practices beyond the legal requirements. It covers non-financial topics material to Fresenius Medical Care such as patient care, quality and innovation, anti-corruption, worker protection, environment, health and safety, as well as non-discrimination. The Code of Ethics and Business Conduct together with the underlying global values also includes Fresenius Medical Care's commitment to respecting human rights. The Code of Ethics and Business Conduct applies to every function and division worldwide, to every employee of Fresenius Medical Care, and to the Company's direct and indirect majority-owned or controlled affiliates anywhere in the world. Employees must adhere to the principles in the Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct is publicly available on the Company's website at www.freseniusmedicalcare.com in the "About us" section in the sub-section "Compliance".

Ensuring compliance

Compliance with rules is essential for the long-term success of Fresenius Medical Care, determines the corporate culture and is an integral part of day-to-day work. Specialized functions at a global, regional and local level have the responsibility to implement and communicate these principles and global values within the organization. Code of Ethics and Business Conduct training programs increase awareness and an understanding of the applicable rules and help employees comply with these

rules. These trainings are held regularly and are mandatory for all relevant employees. There are processes in place to enable employees to take part in the courses.

Fresenius Medical Care fosters an open working atmosphere and encourages its employees to question everything that does not seem to comply with the rules and to report any indications of possible violations to their superiors or the Compliance, Legal or Human Resources departments. In addition, both Fresenius Medical Care employees and – in accordance with the corresponding suggestion in A.2 of the Code – external parties can anonymously (to the extent permitted by law) report suspected unethical or inappropriate business practices of employees via a hotline – the Compliance Action Line – and via appropriate e-mail addresses. In accordance with Fresenius Medical Care's policy, there must be no negative consequences for whistleblowers if they have made such report in good faith.

The company has made and continues to make further significant investments in its compliance and financial controls and in its compliance, legal and financial organizations. Fresenius Medical Care is fully committed to compliance with applicable anti-bribery laws. Further information regarding the investigations in connection with the U.S. Foreign Corrupt Practices Act (FCPA) and regarding the settlements reached with the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DoJ) in 2019 can be found on PAGE 71.

Further information on the compliance management system can be found in the "Compliance" section of the Non-Financial Group Report starting on PAGE 100.

RISK AND OPPORTUNITY MANAGEMENT

At Fresenius Medical Care, an integrated management system is in place to ensure that risks and opportunities are already identified at an early stage, optimizing the risk profile and minimizing the costs potentially related to the occurrence of risks through timely intervention. Fresenius Medical Care's risk management is therefore an important component of the corporate management of Fresenius Medical Care. The adequateness and effectiveness of the internal control systems of Fresenius Medical Care for the financial reporting are reviewed on a regular basis by the Management Board and the auditor.

Further information about the risk and opportunity management system can be found in the "Risks and opportunities report" of the Management Report starting on PAGE 62.

GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF COMPLIANCE

The objective of the German Corporate Governance Code is to make the dual German corporate governance system transparent and understandable. The Code includes principles, recommendations and suggestions governing the management and monitoring of German listed companies that are accepted nationally and internationally as standards of good and responsible governance. It aims to promote confidence in the management and supervision of German listed companies by investors, customers, employees and the general public.

The Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA as well as the Supervisory Board of Fresenius Medical Care Management AG endorse the standards set forth in the German Corporate Governance Code. The vast majority of the recommendations and suggestions in the Code have been an integral and active part of Fresenius Medical Care's day-to-day operations since the founding of the company.

The current, annually to be issued Declaration of Compliance according to section 161 of the German Stock Corporation Act issued by the Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA as of December 2021 as well as the update to this Declaration of Compliance resolved by the Management Board and the Supervisory Board in January 2022 are reported hereinafter. They and previous Declarations of Compliance and other extensive information on corporate governance are permanently made publicly available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

Declaration by the Management Board of the general partner of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Management AG, and by the Supervisory Board of Fresenius Medical Care AG & Co. KGaA on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (Aktiengesetz)

The Management Board of Fresenius Medical Care Management AG (hereafter: the Management Board), as the general partner of Fresenius Medical Care AG & Co. KGaA, and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA declare that since issuance of the declaration of compliance in December 2020 and, respectively, the update of the declara-

tion of compliance in February 2021 the recommendations of the "German Corporate Governance Code Government Commission" published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette in the version of December 16, 2019 (hereafter: the Code) have been complied with and will be complied with in the future. Only the following recommendations of the Code have not been complied with or will not be complied with to the extent described below:

Code recommendation C.10: Independence of the Chairman of the Supervisory Board

Pursuant to the Code recommendation C.10, the Chairman of the Supervisory Board shall be independent of the Company and the Management Board.

As a precautionary measure, a deviation from this recommendation was and is declared with regard to the term of office of the Chairman of the Supervisory Board, Dr. Dieter Schenk, on the Supervisory Board of the Company. Whether Dr. Schenk in view of his term of office on the Supervisory Board of the Company of more than 12 years is to be regarded as independent of the Company and the Management Board within the meaning of the Code did not need to be considered, because the number of those Supervisory Board members who have been members of the Supervisory Board for no more than 12 years and are otherwise to be qualified as independent already complies with the Code recommendation C.7, pursuant to which more than half of the shareholder representatives shall be independent of the Company and the Management Board.

In all other respects, the Code recommendation C.10 has been and will be complied with. The Chairman of the Audit Committee has been and is independent within the meaning of this recommendation.

Code recommendation G.8: No subsequent changes to the target values or comparison parameters

Pursuant to the Code recommendation G.8, subsequent changes to the target values or comparison parameters of the variable compensation of the members of the Management Board shall be excluded. This recommendation was deviated from in the manner described below.

For the 2020 fiscal year, an impairment of goodwill and tradenames in the Latin America segment has materialized with an impact of almost €195 M as a consequence of the macro-economic downturn and increasing risk adjustment rates for several countries in Latin America. In particular to ensure the comparability of the underlying financial figures of the performance targets with the Company's operating performance and to adequately recognize the actual performance of the members of the Management Board, the Supervisory Board of the general partner – in accordance with the Code recommendation G.11, pursuant to which the Supervisory Board shall have the possibility to account for extraordinary developments to an appropriate extent – has decided to exclude the impairment in the Latin America segment in question, which solely relates to the carrying amounts, when determining the relevant target achievement.

Bad Homburg v. d. Höhe, December 2021

Management Board of the general partner of
Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Management AG, and
Supervisory Board of Fresenius Medical Care AG & Co. KGaA

Update of the Declaration by the Management Board of the general partner of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Management AG, and by the Supervisory Board of Fresenius Medical Care AG & Co. KGaA on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (Aktiengesetz) dated December 2021

The Management Board of Fresenius Medical Care Management AG (hereafter: the Management Board), as the general partner of Fresenius Medical Care AG & Co. KGaA (hereafter: the Company), and the Supervisory Board of the Company last issued a declaration of compliance on the recommendations of the German Corporate Governance Code (hereafter: the Code) pursuant to section 161 of the German Stock Corporation Act in December 2021. This declaration is updated as follows:

Code recommendation G.12: Continuation of agreed due dates and holding periods for variable compensation components in the event of termination of the Management Board service agreement

Pursuant to the Code recommendation G.12, if a Management Board member's service agreement is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until termination of the service agreement shall be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the service agreement. A deviation from this recommendation is declared.

As announced in December 2021, the transformation program "FME25" also leads to changes in the composition of the Management Board. The Supervisory Board of the general partner has agreed with Mr. Harry de Wit, who has resigned from the Management Board in the course of the implementation of the "FME25" program, that in deviation of the applicable plan terms the performance shares awarded to him under the long-term variable compensation in fiscal year 2021 will vest if any service relationship between Mr. de Wit and Fresenius Medical Care has definitively ended at December 31, 2023, Mr. de Wit has not been dismissed and has not and will not engage in any other service or employment relationship. Under these conditions, Mr. de Wit will in deviation of the applicable plan terms also not be required to invest the corresponding proceeds from the performance shares in shares of the Company. This agreement serves to avoid the forfeiture of the performance shares awarded to Mr. de Wit in 2021 and is in the opinion of the Supervisory Board appropriate in order to avoid undue hardship in the course of the implementation of FME25. The vesting dates and holding periods for all other variable compensation components of Mr. de Wit remain unaffected by the early termination of his Management Board service agreement in line with the Code recommendation G.12.

In all other respects, the declaration of compliance of December 2021 remains unaffected.

Bad Homburg v. d. Höhe, January 2022

Management Board of the general partner
of Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Management AG, and
Supervisory Board of Fresenius Medical Care AG & Co. KGaA

FURTHER DETAILS ON CORPORATE GOVERNANCE

Shareholders

The shareholders of the Company exercise their rights and voting powers in the General Meeting. The share capital of FMC AG & Co. KGaA is divided exclusively into ordinary shares. Each share of FMC AG & Co. KGaA entitles the holder to one vote at the General Meeting. Shares with multiple or preference voting rights do not exist. As a matter of principle, the General Partner (as far as it would be a shareholder in the Company, which was not the case in the year under review) respectively its sole shareholder, Fresenius SE & Co. KGaA, can exercise at the General Meeting the voting rights connected with the shares they hold in FMC AG & Co. KGaA. However, the General Partner and its sole shareholder are subject to various rules preventing them by law from voting on certain resolutions. These include, among others, the election of the Supervisory Board, the formal approval of the actions of the General Partner and the members of the Supervisory Board of FMC AG & Co. KGaA, as well as the election of the auditor of the annual financial statements. This is to guarantee that the other shareholders in the partnership limited by shares (KGaA) can solely decide on these matters concerning the control of the management.

General Meeting

Shareholders can exercise their voting rights at the General Meeting either themselves or by proxy via a representative of their choice or by a Company-nominated proxy acting on their instructions. Proxy voting instructions to a Company nominee can be issued before and during the General Meeting at least until the end of the general debate.

In accordance with suggestion A.4 of the Code, the Chairman is guided by the principle that an Annual General Meeting should be concluded after four to six hours at the latest. The speech by the Chairman of the Management Board is generally made publicly available on the Company's website one week before the General Meeting.

The 2021 Annual General Meeting of FMC AG & Co. KGaA took place at the Company's offices in Bad Homburg v. d. Höhe (Germany) on May 20, 2021 and, against the background of the COVID-19 pandemic, was held as a virtual General Meeting without the physical presence of shareholders or their proxies. Approximately 81.5 % of the share capital was represented at the General Meeting. In addition to the legal requirements, shareholders were given the opportunity to submit statements in the form of video messages for publication prior to the General Meeting. At the General Meeting, resolutions were passed on the following topics:

- approval of the annual financial statements for fiscal year 2020,
- allocation of distributable profit,
- approval of the actions of the General Partner for fiscal year 2020,
- approval of the actions of the Supervisory Board for fiscal year 2020,
- election of the auditor and group auditor for fiscal year 2021 as well as the auditor for the potential review of the half year financial report for fiscal year 2021 and other interim financial information,
- elections to the Supervisory Board and to the Joint Committee,
- authorization to purchase and use treasury shares pursuant to section 71 paragraph 1 no. 8 AktG and on the exclusion of subscription rights.

All documents and information on the Annual General Meeting are available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

Legal relationships with members of the Company's corporate bodies

When making decisions and in connection with the tasks and activities performed by them, the members of the Management Board of the General Partner and of the Supervisory Board of FMC AG & Co. KGaA, as well as the Supervisory Board of Fresenius Medical Care Management AG, do not pursue personal interests or give unjustified advantages to other people. Any business dealings with the Company by members of the corporate bodies are to be disclosed to the Chairman of the Supervisory Board without undue delay and are subject to the Supervisory Board's approval, if necessary. The Supervisory Board reports to the General Meeting on possible conflicts of interests of its members and on the treatment of such conflicts. In the year under review, there were no conflicts of interest of board members that would have been required to be disclosed to the Chairman of the Supervisory Board and of which the Supervisory Board would inform the General Meeting.

Mr. Rice Powell, the Chairman of Fresenius Medical Care Management AG's Management Board, is, with the approval of Fresenius Medical Care Management AG's Supervisory Board, at the same time a member of the management board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA.

The member of the Supervisory Board of FMC AG & Co. KGaA Dr. Dieter Schenk (Chairman) is also a member and the Vice Chairman of the Supervisory Board of Fresenius Medical Care Management AG and of the Supervisory Board of Fresenius Management SE.

Dr. Dieter Schenk further continues to be the Chairman of the foundation board of the Else Kröner-Fresenius-Stiftung, which is the sole shareholder of Fresenius Management SE as well as a limited shareholder of Fresenius SE & Co. KGaA, and, in addition, continues to be a member and the Chairman of the economic board of the Else Kröner-Fresenius-Stiftung, which tasks include the administration of the Else Kröner-Fresenius-Stiftung's participation in Fresenius SE & Co. KGaA and the exercise of the voting rights attached thereto.

The members of the Supervisory Board of FMC AG & Co. KGaA Mr. Rolf A. Classon and Mr. Gregory Sorensen, MD, as well as Ms. Pascale Witz are also members of the Supervisory Board of Fresenius Medical Care Management AG.

During the year under review, there were no consulting or other service relationships between members of the Supervisory Board and the Company.

Managers' transactions

According to Article 19 of the Regulation (EU) No 596/2014 (Market Abuse Regulation), the members of the Management Board and the Supervisory Board as well as other persons discharging managerial responsibilities and all persons who are closely associated with the aforementioned persons shall notify the issuer (i.e., the Company) of any subsequent transaction with shares in the Company and additional related financial instruments conducted on their own account once a total amount of EUR 20,000 has been reached within a calendar year. The Company is required to publish the respective information.

The managers' transactions undertaken in the year under review are, inter alia, published on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

Transparency of reporting

Fresenius Medical Care meets all applicable transparency and external reporting requirements imposed by chapter F of the Code. Fresenius Medical Care attaches special importance to informing its shareholders simultaneously and uniformly about the company in its regular financial reporting events. Ad hoc releases and the website of Fresenius Medical Care play an essential role in these efforts. They provide investors and other interested persons equally with direct and timely access to the information Fresenius Medical Care releases.

Financial accounting and audit, stock exchange listing

Fresenius Medical Care prepares consolidated financial statements and a group management report as well as interim consolidated quarterly reports in accordance with the "International Financial Reporting Standards" (IFRS) as to be applied in the European Union as well as in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch - HGB). The financial reporting is based on these statements. The consolidated financial statements are published within the first 90 days of the end of each fiscal year, and the consolidated quarterly reports within the first 45 days of the end of each quarter in accordance with recommendation F.2 of the Code. The dates for the publication of the financial results can be found in the financial calendar published on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

The annual financial statements and the management report of FMC AG & Co. KGaA are prepared in accordance with the legal requirements of the German Commercial Code. The annual financial statements are decisive for the allocation of the annual profit. In addition, an Annual Report of Fresenius

Medical Care, which includes the consolidated financial statements and the group management report in accordance with IFRS and the German Commercial Code, is published each year. Since 2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has been the auditor.

Fresenius Medical Care's shares are listed on the stock exchange in the U.S. (in the form of so-called American Depositary Receipts) and in Germany. Fresenius Medical Care is therefore subject to a number of regulations and recommendations regarding the management, administration and monitoring of the Company. In addition to mandatory requirements under stock corporation and commercial law, Fresenius Medical Care complies with the regulations of Deutsche Börse and adheres to most of the recommendations of the German Corporate Governance Code. Further, being a non-U.S. company (a so-called "foreign private issuer") Fresenius Medical Care is subject to the regulations connected to Fresenius Medical Care's listing in the U.S. In particular, filing of an annual report on Form 20-F in accordance with the regulations of the U.S. Securities and Exchange Commission (SEC) and the associated observance of the provisions of the Sarbanes-Oxley Act (SOX) as well as certain provisions of the Corporate Governance Rules of the New York Stock Exchange is required. The Sarbanes-Oxley Act includes provisions governing companies and their auditors and is aimed at improving financial reporting, ensuring auditor independence and implementing other matters. The extension of regulations for financial reporting and internal control systems is intended to increase the trust of investors and other parties interested in the companies. Fresenius Medical Care fully complies with the current requirements applicable to the company.

COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Compensation Report for the year under review and the auditor's report pursuant to section 162 of the German Stock Corporation Act, the applicable compensation system pursuant to section 87a paragraph 1 and paragraph 2 sentence 1 of the German Stock Corporation Act for the members of the Management Board of the General Partner as approved by the Company's General Meeting as well as the latest resolution of the Company's General Meeting on the remuneration of the members of the Supervisory Board of the Company pursuant to section 113 paragraph 3 of the German Stock Corporation Act are made publicly available on the following Company's websites:

www.freseniusmedicalcare.com/en/about-us/management-board/compensation

www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration

The 2022 Annual General Meeting of the Company will in accordance with the legal provisions resolve upon the approval of the compensation report for the year under review.

COMPENSATION REPORT

The Compensation Report of Fresenius Medical Care AG & Co. KGaA (the "Company") for the fiscal year 2021 (the "Fiscal Year") was prepared in accordance with the requirements of section 162 of the German Stock Corporation Act (Aktiengesetz – "AktG") as amended by the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – ARUG II). The Compensation Report includes individualized and comprehensive information on the compensation within the meaning of section 162 para. 1 AktG awarded and due to current and former members of the management board and of the supervisory board in the Fiscal Year and benefits within the meaning of section 162 para. 2 AktG awarded and promised to members of the management board.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the Compensation Report from a procedural perspective pursuant to section 162 para. 3 AktG. In addition to such audit from a procedural perspective which is required by law with respect to the existence of the information required by law, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was instructed to carry out an audit from a substantive perspective of the information included in the Compensation Report. The auditor's report is annexed to this Compensation Report.

THE FISCAL YEAR IN RETROSPECT

The compensation awarded and due in the Fiscal Year rewarded the performance of the members of the general partner's management board in achieving the strategic goals in the Fiscal Year and, at the same time, provided effective incentives for the long-term value-creation of the Company – taking into account the interests of patients, shareholders, employees and other stakeholders. Therefore, the compensation of the members of the general partner's management board reported in this Compensation Report made a significant contribution to promoting the business strategy and the long-term sustainable development of the Company and the group.

In the Fiscal Year, too, the Company's business performance was affected by the continuing COVID-19 pandemic. Excess mortality attributable to COVID-19 among the company's patients negatively impacted on the organic growth of the health care services business, profitability, the utilization of the clinic infrastructure and adjacent business areas. At the same time, additional costs caused by the pandemic remained at a high level. This included, for example, expenses for personal protective equipment and higher staff costs for dialysis treatments. In 2020, a large portion of these costs had been compensated by government relief funding, in particular under the CARES Act in the United States. In the Fiscal Year, the company did not receive support funding in a comparable amount. The burdens caused by the pandemic could be offset only partially by positive effects, such as the increased number of patients with Medicare Advantage insurance in the United States and a slight increase of the reimbursement for dialysis treatments. Despite the negative impact of COVID-19, the group revenue decreased, compared to the previous year, only by 1 % (+ 2 % at constant currency) to €17,619 M, net income (net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA) decreased by 17 % (-14 % at constant currency) to €969 M – in both cases in line with the Company's expectations for the Fiscal Year.

Short-term incentive target achievement for the Fiscal Year

In the Fiscal Year, this business performance was reflected by an overall target achievement of 73.45 % to 97.57 % for the short-term incentive for the Fiscal Year depending on the function of the relevant member of the management board. For further details see the section "Short-term incentive" – MBBP 2020+".

Multi-year variable compensation target achievement for the performance period ending at the end of the Fiscal Year

The performance period of the allocation made under the Management Board Long Term Incentive Plan 2019 (MB LTIP 2019) in the fiscal year 2019 also ended upon the end of the Fiscal Year. The annual target values and target achievements for the 2019, 2020 and 2021 performance periods were each as shown in TABLE 4.11 ON PAGE 138.

Subject to the other conditions of the MB LTIP 2019, the resulting compensation is paid out in 2023. Further details will be included in the Compensation Report for the fiscal year 2023 in accordance with section 162 AktG.

THE COMPANY'S STRUCTURE AND CORPORATE BODIES' COMPENSATION

The Company is a German partnership limited by shares (Kommanditgesellschaft auf Aktien), which does not have any management board itself but has a general partner, Fresenius Medical Care Management AG (the "General Partner"), which manages the Company's affairs according to the Articles of

Association. Each of the Company and the General Partner has its own supervisory board, the activities of which are remunerated in accordance with the Articles of Association of the Company and the General Partner, respectively. For further information on the Company's corporate governance, please see the Company's Declaration on Corporate Governance (Erklärung zur Unternehmensführung), which is publicly available on the Company's website. Hence, the Company's Compensation Report includes not only information on the compensation of the General Partner and the Company's supervisory board (the "Supervisory Board"), but also on the compensation of the General Partner's management board (the "Management Board") and the General Partner's supervisory board.

General Partner's compensation

Pursuant to Article 7 para. 4 of the Company's Articles of Association, the General Partner receives non-profit-and-loss-related annual compensation of 4 % of its share capital for managing the Company's affairs and the liability associated therewith. The General Partner's share capital amounted to €3 M in the Fiscal Year. The compensation due in this respect in the Fiscal Year was therefore €120 THOUS.

In addition, pursuant to Article 7 para. 3 of the Company's Articles of Association, the General Partner is reimbursed for any expenses incurred in connection with managing the Company's affairs. This includes, in particular, the compensation of its board members as set out below.

T 4.11 **TARGET VALUES AND TARGET ACHIEVEMENT FOR THE ALLOCATION 2019 UNDER THE MB LTIP 2019**

	Target values			Actual values			Target achievement	
	0 %	100 %	200 %	As reported	Adjustments[1]	According to plan terms	Per performance target	Annual
2019								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	5.6 %	(2.7 %)	**2.9 %**	**41 %**	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	(39.5 %)	1.1 %	**(38.4 %)**	**0 %**	**14 %**
Return on invested capital (ROIC)	≤ 7.7 %	= 7.9 %	≥ 8.1 %	6.1 %	0.7 %	**6.8 %**	**0 %**	
2020								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	2.2 %	3.1 %	**5.3 %**	**75 %**	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	(2.9 %)	17.8 %	**14.9 %**	**200 %**	**92 %**
Return on invested capital (ROIC)	≤ 7.9 %	= 8.1 %	≥ 8.3 %	5.8 %	1.7 %	**7.5 %**	**0 %**	
2021								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	(1.3 %)	3.1 %	**1.8 %**	**26 %**	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	(16.8 %)	2.4 %	**(14.4 %)**	**0 %**	**9 %**
Return on invested capital (ROIC)	≤ 7.9 %	= 8.1 %	≥ 8.3 %	4.9 %	0.6 %	**5.5 %**	**0 %**	
OVERALL TARGET ACHIEVEMENT								**38 %**

[1] Revenue growth and net income growth were determined at constant currency. To ensure comparability, the figures underlying the achievement of the revenue growth target and of the net income growth target for the performance period 2019 and of the ROIC target for the performance periods 2019, 2020 and 2021 were adjusted for effects resulting from the application of IFRS 16. Furthermore an impairment in the Latin America Segment, which solely related to the carrying amounts, was excluded for the determination of the target achievement for the performance period 2020. Further details on the impairment are included in the section "Financial performance targets" on PAGE 146.

Management Board members' compensation

The General Partner's supervisory board is responsible for determining the compensation of the members of the Management Board. The General Partner's supervisory board is supported in this task by a personnel committee established from among its members, the Human Resources Committee, which is also responsible for the tasks of a compensation committee. In the Fiscal Year, the Human Resources Committee consisted of Mr. Stephan Sturm (Chairman), Dr. Gerd Krick (Vice Chairman) (until May 20, 2021), Mr. Rolf A. Classon, Mr. William P. Johnston (until May 20, 2021) and Dr. Dieter Schenk (since May 20, 2021 also Vice Chairman).

Unless otherwise indicated, the following information relates to the compensation of the members of the Management Board in office during the Fiscal Year. For the amounts, please see the section "Compensation tables for the Management Board members in office during the Fiscal Year".

For information on compensation of former members of the Management Board in the Fiscal Year, including the amounts of such compensation, please see the section "Former Management Board members' compensation". Former members of the Management Board within the meaning of this Compensation Report are those who ceased to hold office before the end of the Fiscal Year.

Compensation systems applying to compensation in the Fiscal Year

The compensation of the Management Board members for the Fiscal Year was determined in accordance with the "Compensation System 2020+" as approved by the Company's Annual General Meeting on August 27, 2020 with a majority of more than 95 % of the votes cast and as implemented with effect from January 1, 2020 in the service agreements of all members of the Management Board. The compensation components awarded and due in the Fiscal Year under the provisions of the Compensation System 2020+, i.e. the fixed compensation and the one-year variable compensation, are in accordance with the Compensation System 2020+.

Details of the Compensation System 2020+ are available on the Company's website at www.freseniusmedicalcare.com/en/about-us/management-board/compensation/. The main elements of the Compensation System 2020+ are also set out in this Compensation Report in the section "The Compensation System 2020+".

To the extent that compensation based on multi-year variable compensation, i.e. on cash-settled share-based compensation, which had been allocated in fiscal years preceding the Compensation System 2020+, was paid out to members of the Management Board in the Fiscal Year or to the extent that the latter exercised stock options awarded in fiscal years preceding the Compensation System 2020+, this was in each case done in accordance with the respectively applicable compensation systems approved by the Company's Annual General Meeting in 2010, 2011 and 2016.

Please refer to the section "Variable compensation components from allocations made prior to the Compensation System 2020+" of this Compensation Report for details on each such amount of multi-year variable compensation and for details on stock options.

Overview of the Management Board members' compensation in the Fiscal Year

The compensation awarded and due to the members of the Management Board in the Fiscal Year consisted of fixed and variable components:

- fixed compensation, consisting of a base salary and fringe benefits,
- one-year variable compensation (short-term incentive) and
- multi-year variable compensation, consisting of payments under share-based cash-settled compensation allocated in previous fiscal years.

In addition, some members of the Management Board exercised stock options awarded in previous fiscal years.

Payments under the multi-year variable compensation component provided for under the Compensation System 2020+, the Management Board Long Term Incentive Plan 2020 (MB LTIP 2020), will only be possible for the first time in 2023. The amounts received are to be invested in shares of the Company, which are to be held for at least one year. The members of the Management Board will therefore be able to dispose of the corresponding amounts not before 2024.

Horizontal and vertical compensation reviews

In determining the individual Management Board members' total compensation, the General Partner's supervisory board takes into account their different functions and responsibilities within the Management Board and the Company's economic situation. Furthermore, the General Partner's supervisory board takes into account that total compensation should also be appropriate considering the relevant market practice and benchmarks, using results of vertical and horizontal compensation reviews and external benchmark data. In addition, the total compensation contractually agreed with each member of the Management Board takes into account the best interest of the Company to retain the Management Board members and to attract potential new talent for the Management Board.

In order to assess the appropriateness of the compensation system and the individual compensation of the Management Board members, the General Partner's supervisory board conducts a horizontal review of compensation amounts and structures. The amounts of the target total direct compensation (base salary and the target short-term incentive amount and the allocation amount under the long-term incentive) and the relevant underlying components contractually agreed with each member of the Management Board are compared to compensation market data of companies of a comparable sector, country-coverage and size. In addition, the base salary as well as the target amounts of the variable compensation components of the Management Board members are benchmarked against those of companies of relevant peer groups (these include DAX companies as well as U.S. companies of comparable sector and size). For the Fiscal Year, the DAX companies in the composition of December 31, 2020 and – depending on the specific tasks of the relevant member of the Management Board – the following companies listed in the U.S. were used: Anthem Inc., Baxter International Inc., Boston Scientific Corporation, Cigna Corporation, CVS Health Corporation, DaVita Inc., Encompass Health Corporation, Humana Inc., McKesson Corporation, Medtronic plc and UnitedHealth Group Incorporated.

The General Partner's supervisory board also conducts a vertical review with respect to the compensation levels of the Company's employees when determining the compensation system and the compensation of the Management Board members. For this purpose, the ratio between the average compensation of the Management Board and that of the upper management of the Company's group in Germany was determined for the Fiscal Year in accordance with the Compensation System 2020+. The "upper management of the Company's group in Germany" included all employees having a position of Vice President and above and reporting to a Management Board member. In addition, the ratios between the average compensation of the Management Board, of the employees of the Company's group in Germany and of the employees of the Company's group worldwide were determined and, to the extent practicable, compared to corresponding ratios of companies included in the DAX. When conducting the vertical review, the General Partner's supervisory board also took into account the development of compensation levels over time.

THE COMPENSATION SYSTEM 2020+

The guiding principles and components of the Compensation System 2020+ and the compensation structure as well as the caps and maximum compensation under the Compensation System 2020+ are described in detail below.

Guiding principles of the Compensation System 2020+

The objective of the Compensation System 2020+ is to enable the members of the Management Board to participate reasonably in a sustainable and long-term development of the company's business and to reward them based on their duties and performance as well as their success in managing the company's economic and financial position giving due regard to the peer environment and to make a significant contribution to the implementation and further development of the business strategy.

The Compensation System 2020+ is based on the guiding principles provided in CHART 4.12.

Components of the Compensation System 2020+

CHART 4.13 ON PAGE 142 shows the compensation components and further design elements of the Compensation System 2020+, which are described in more detail below.

Compensation structure under the Compensation System 2020+

The compensation structure of the target total direct compensation for a full fiscal year consists of 29 % base salary, 31 % short-term incentive and 40 % long-term incentive (SEE CHART 4.14 ON PAGE 142).

Owing to a 71 % share of performance-based variable compensation components in target total direct compensation, the compensation of the Management Board is, as a whole, performance-based. Owing to a 40 % long-term incentive share (56 % of variable compensation components), the compensation of the Management Board is geared to promoting sustainable and long-term corporate development.

C 4.12 **GUIDING PRINCIPLES OF THE COMPENSATION SYSTEM 2020+**

GUIDING PRINCIPLES OF THE COMPENSATION SYSTEM 2020+	
Link to strategy	The Compensation System 2020+ for the Management Board members promotes the execution of the company's global strategy.
Alignment with shareholders' interests	With the aim of achieving sustainable and profitable growth, the Compensation System 2020+ is aligned with shareholders' interests. Feedback from many investors has been considered in the design of the system.
Simplified structure	The Compensation System 2020+ is simply structured and easy to understand.
Long-term focus	The compensation components and the long-term oriented compensation structure promote long-term and sustainable value creation.
Reward financial performance & sustainability	The applied performance targets reflect the business strategy and ensure the Company's strong commitment towards environmental, social and governance aspects (ESG).
Collaboration across operating segments	Depending on the Management Board member's function, both regional and global performance targets are applied for the members of the Management Board. By measuring predominantly on a global basis, a close collaboration across the Company's operating segments is promoted.
Good corporate governance	The Compensation System 2020+ is designed to comply with the recommendations set forth in the German Corporate Governance Code in the version dated December 16, 2019.
Best market practice	The design of the Compensation System 2020+ is based on current best market practice.

C 4.13 **COMPONENTS OF THE COMPENSATION SYSTEM 2020+**

COMPENSATION SYSTEM 2020+

Fixed components

Base salary

+

Fringe benefits

+

Pension commitment

Variable components

Short-Term Incentive

(Multiplier: 1.05 times base salary)

Financial performance targets

- 20 % Revenue
- 20 % Operating Income
- 40 % Net Income

Non-financial performance target

- 20 % sustainability

Target achievement cap: 120 %

Long-Term Incentive

(Multiplier: 1.35 times base salary)

Financial performance targets

- 1/3 Revenue Growth
- 1/3 Net Income Growth
- 1/3 ROIC

Target achievement cap for financial performance targets: 200 %

Overall proceeds cap incl. share price development: 400 %

Maximum compensation amount

Maximum compensation for each Management Board member depending on the function

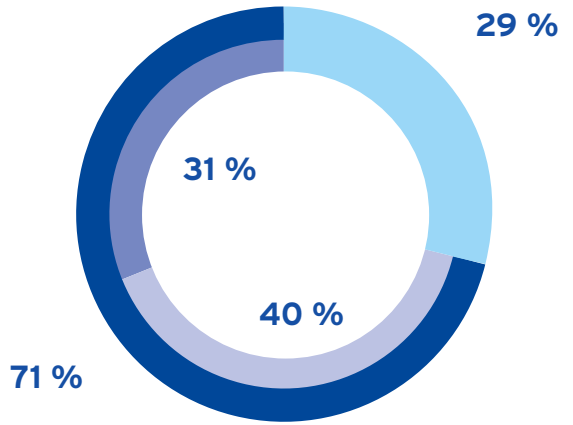
Further design elements

Share ownership

Malus and clawback

Severance payment cap

C 4.14 **COMPENSATION STRUCTURE UNDER THE COMPENSATION SYSTEM 2020+**



- BASE SALARY
- VARIABLE COMPONENTS
- SHORT-TERM INCENTIVE
- LONG-TERM INCENTIVE

Caps and maximum compensation

The Management Board members' total compensation under the Compensation System 2020+ is limited, for one thing, by a cap applying to each variable compensation component and, for another, by maximum compensation.

For the short-term incentive, the target achievement and payout are capped at 120 % of the relevant target short-term incentive amount. For the long-term incentive, the target achievement is capped at 200 % for each allocation. In addition, the amounts received from each allocation of the long-term incentive are capped at 400 % of the allocation amount, thus also capping the opportunity of benefiting from the Company's share price development in the relevant vesting period. The General Partner's supervisory board has also agreed a cap option for the variable compensation components in the event that extraordinary developments occur.

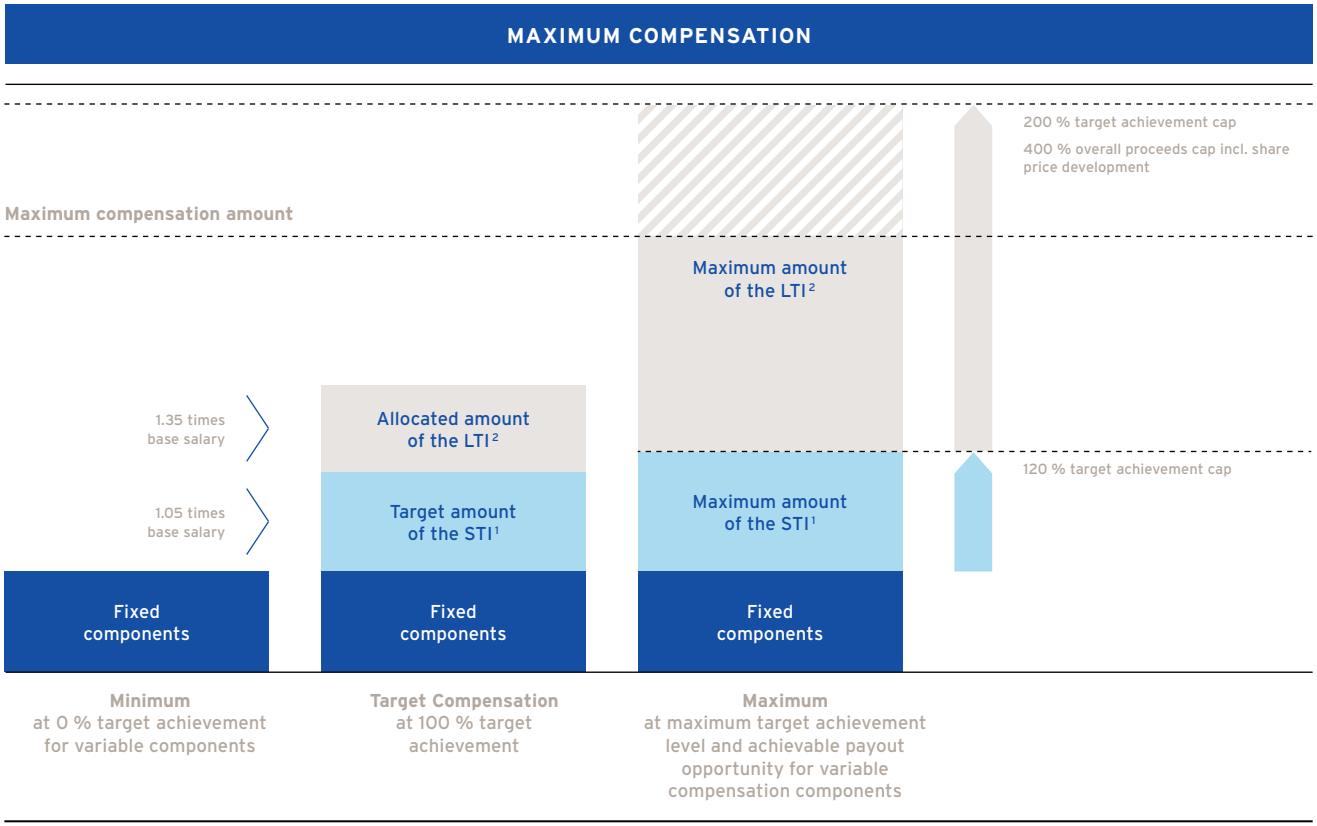
The Compensation System 2020+ provides for a maximum amount of total compensation for each member of the Management Board (maximum compensation). Such maximum compensation limits the amounts potentially paid out to and received by a member of the Management Board as compensation from determinations or allocations for a fiscal year, irrespective of the dates on which such amounts are paid out or received. The maximum compensation takes into account all amounts paid out and received under the fixed and variable compensation components and the pension expense of the pension commitment attributable to the relevant fiscal year. A Management Board member's maximum compensation may be lower than the sum of the potentially achievable payouts from the individual compensation components determined or allocated for a fiscal year.

The maximum compensation is defined based on the currency of the base salary as stated in the relevant Management Board member's service agreement and amounts to €12,000 THOUS or $13,434 THOUS for the Chairman of the Management Board (CEO), €9,500 THOUS or $10,635 THOUS for the CEO North America and €7,000 THOUS or $7,836 THOUS for any other current Management Board function.

The review of compliance with the maximum compensation for 2020 may for the first time be conducted in 2023, i.e. when the vesting period of the long-term incentive allocated in 2020 has expired and the amount to be paid out has been finally determined.

The caps and maximum compensation under the Compensation System 2020+ are shown in CHART 4.15.

C 4.15 **CAPS AND MAXIMUM COMPENSATION COMPENSATION SYSTEM 2020+**



[1] Short-Term Incentive (STI)
[2] Long-Term Incentive (LTI)

MANAGEMENT BOARD MEMBERS' COMPENSATION IN THE FISCAL YEAR

The compensation in the Fiscal Year of the Management Board members in office during the Fiscal Year will be described in more detail below. Tables showing the total compensation of each Management Board member in office during the Fiscal Year are set out in the section "Compensation tables for the Management Board members in office during the Fiscal Year" and tables showing that of each Management Board member that ceased to hold office before expiry of the Fiscal Year are set out in the section "Former Management Board members' compensation".

Fixed compensation components

The Management Board members receive a base salary and fringe benefits as fixed compensation components.

In the Fiscal Year, the fringe benefits awarded or due to the Management Board members under their service agreements mainly consisted of the private use of company cars, special payments such as school fees, housing, rent and relocation payments, reimbursement of fees for the preparation of tax returns, reimbursement of charges, contributions to pension schemes (other than the pension commitments set out herein), contributions to accident, life and health insurances or other insurances as well as tax equalization compensation due to varying tax rates applicable in Germany and the country in which the relevant Management Board member may be personally taxable. Please see the section "Further information" for details of such tax equalization compensation.

In addition, a performance-based pension commitment was made to individual Management Board members – depending on their individual contractual commitment. Payments under pension commitments will only become payable when the covered event occurs. No payments under pension commitments were awarded or due in the Fiscal Year to the Management Board members in office during the Fiscal Year. The pension commitments are set out in the section "Pension commitments".

Variable compensation components

The variable compensation components under the Compensation System 2020+ comprise a short-term and a long-term incentive component, the latter of which includes a mandatory share ownership element. Amounts from this long-term incentive component may be received for the first time in 2023 and are to be invested in shares of the Company which need to be held for at least one year.

In addition, some Management Board members received for their Management Board activities a long-term incentive from outstanding compensation components allocated in previous fiscal years under any of the compensation systems applicable until December 31, 2019. Furthermore, some Management Board members exercised stock options awarded in previous fiscal years. For more detailed information, please see the section "Variable compensation components from allocations made prior to the Compensation System 2020+".

C 4.16 **VARIABLE COMPENSATION COMPONENTS UNDER THE COMPENSATION SYSTEM 2020+**

VARIABLE COMPENSATION	
SHORT-TERM INCENTIVE	Annual payment in cash after completion of the fiscal year
	Financial targets: Revenue, Operating income and Net income
	Non-financial targets: Sustainability
	Overall target achievement: 0 – 120 %
LONG-TERM INCENTIVE	Performance Share Plan with a performance period of three years
	Investment of the proceeds in Company shares acquired on the stock exchange with a holding period of at least one year
	Targets: Revenue growth, Net income growth and Return on invested capital (ROIC)
	Overall target achievement: 0 – 200 %

Variable compensation components under the Compensation System 2020+

The variable compensation components applicable under the Compensation System 2020+ to activities in the Fiscal Year are shown in CHART 4.16 ON PAGE 144.

Short-term incentive – MBBP 2020+

Under the Compensation System 2020+, the Management Board members are entitled to receive a short-term incentive in accordance with the Fresenius Medical Care Management Board Bonus Plan 2020+ (MBBP 2020+), which may result in a cash payment. The short-term incentive rewards the Management Board members for the Company's performance in the relevant fiscal year. The short-term incentive is linked to the achievement of three financial and one non-financial performance targets.

The target short-term incentive amount to be allocated to each Management Board member (which is paid out at a target achievement level of 100 %) equals 105 % (multiplier of 1.05) of the Management Board member's relevant base salary.

Functioning

The functioning of the MBBP 2020+ is shown in CHART 4.17.

The short-term incentive is measured based on the achievement of four performance targets: 20 % relate to revenue, 20 % to operating income, 40 % to net income and 20 % to the achievement of specific and measurable sustainability criteria.

The supervisory board of the General Partner defines for each performance target the specific target values that lead to a target achievement of 0 % (lower threshold), 100 % and 120 % (cap).

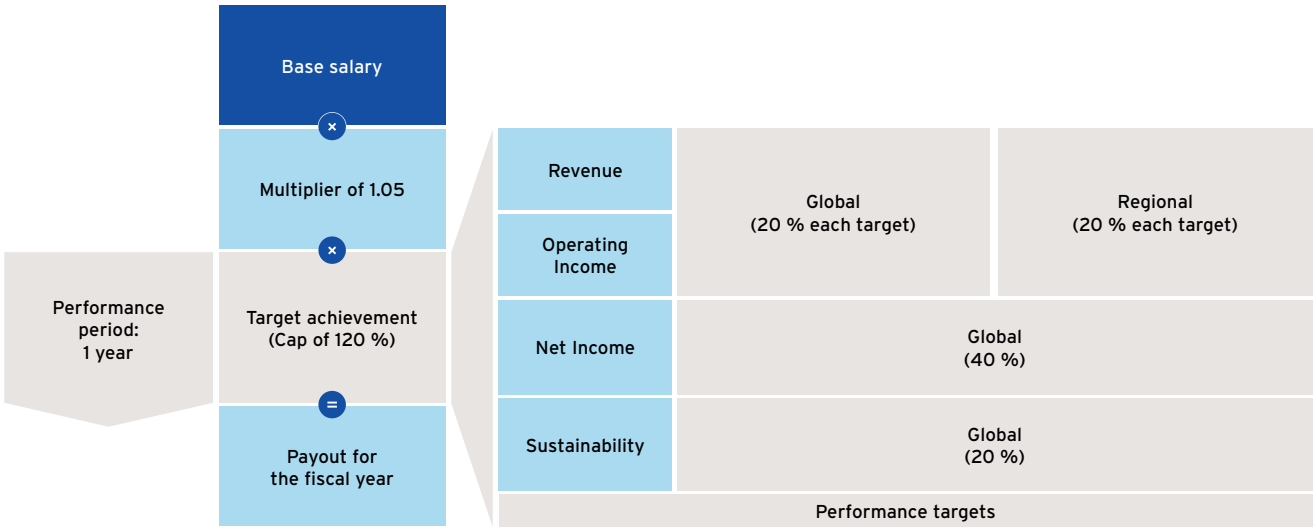
The following applies to each of the performance targets: If the lower threshold of a target value is not exceeded, the target achievement is 0 %. If the upper target value is reached or exceeded, the target achievement is 120 % (cap). If the financial performance values achieved or the achieved total score for the sustainability target are between the relevant target values for a target achievement of 0 % to 50 %, 50 % to 100 % or 100 % to 120 %, the relevant target achievement are determined by linear interpolation.

The short-term incentive is paid out in the year following the year of target achievement.

Link to strategy

The financial performance targets reflect key performance indicators of the Company and support the Company's strategy of achieving sustainable and profitable growth. The non-financial performance target underlines the Company's commitment to implement its Global Sustainability Program (SEE CHART 4.18 ON PAGE 146).

C 4.17 **SHORT-TERM INCENTIVE – MBBP 2020+**



C 4.18 MBBP 2020+ – LINK OF PERFORMANCE TARGETS TO STRATEGY

PERFORMANCE TARGET	WEIGHTING	RATIONALE AND LINK TO STRATEGY
REVENUE	20 %	The management of our regions is based on Revenue as a key performance indicator. The key to continue growing Revenue is to attract new product customers, new patients and increase the number of treatments performed each year as well as delivering in the other healthcare businesses.
OPERATING INCOME	20 %	Operating Income is the most appropriate measure for evaluating the profitability of the regions and therefore is also a key performance indicator. Operating Income reflects the profit contribution of the regions as well as the overall profitability of the Company.
NET INCOME	40 %	On a group level, the Net Income is a key performance indicator used for internal management. Net Income reflects the profitability of the Company.
SUSTAINABILITY	20 %	Sustainability target (relating to different sustainability areas) reflects the Company's commitment and strategy with respect to environmental, social and governance aspects.

T 4.19 MEASUREMENT OF THE FINANCIAL PERFORMANCE TARGETS BASED ON THE MANAGEMENT BOARD MEMBERS' FUNCTIONS

Member of the Management Board	Function	Revenue and operating income	Net income
Rice Powell	Chairman and Chief Executive Officer	Global	Global
Helen Giza	Chief Financial Officer	Global	Global
Franklin W. Maddux, MD	Global Chief Medical Officer	Global	Global
Dr. Katarzyna Mazur-Hofsäß	Chief Executive Officer for Europe, Middle East and Africa (EMEA)	Regional (EMEA)	Global
Dr. Olaf Schermeier	Chief Executive Officer for Research and Development	Global	Global
William Valle	Chief Executive Officer for North America (NA)	Regional (NA)	Global
Kent Wanzek	Chief Executive Officer for Global Manufacturing, Quality and Supply	Global	Global
Harry de Wit	Chief Executive Officer for Asia Pacific (AP)	Regional (AP)	Global

Financial performance targets

By measuring the performance targets at group (global) level and – depending on the relevant Management Board member's function – at regional level, both the financial performance of the individual regions and that of the group are reflected (SEE TABLE 4.19).

The target values applied to the financial targets in the Fiscal Year and in the previous year as well as their achievement are set out in the TABLES 4.20 AND 4.21 ON PAGE 147; for the previous year, this information is provided on a voluntary basis as additional information.

As already set out in the Company's 2020 Compensation Report, an impairment of goodwill and tradenames in the Latin America Segment has materialized with an impact of €194,468 THOUS as a consequence of the macro-economic down-turn and increasing risk adjustment rates for several countries in the Latin America Segment. In particular to ensure comparability of the underlying financial figures of the performance targets with the Company's operating performance and to adequately recognize the actual performance of the members of the Management Board, the General Partner's supervisory board decided in the Fiscal Year to exclude the Latin America Segment impairment in question, which solely relates to the carrying amounts, when determining the relevant target achievement for the short-term incentive for the year 2020.

T 4.20 **TARGET VALUES AND TARGET ACHIEVEMENT IN THE FISCAL YEAR**

	Target values in € M				Actual values in € M			Target achievement in %
	0 %	50 %	100 %	120 %	As reported	Adjustments[1]	According to plan terms	
Revenue								
Group	≤ 15,837	= 16,717	= 17,597	≥ 17,949	17,619	(553)	**17,066**	**69.82**
NA	≤ 10,957	= 11,566	= 12,175	≥ 12,418	12,088	(465)	**11,623**	**54.70**
EMEA	≤ 2,474	= 2,611	= 2,748	≥ 2,803	2,765	(21)	**2,744**	**98.47**
AP	≤ 1,774	= 1,873	= 1,971	≥ 2,011	2,010	(32)	**1,978**	**103.58**
Operating income								
Group	≤ 1,601	= 1,801	= 2,001	≥ 2,081	1,852	(2)	**1,850**	**62.29**
NA	≤ 1,430	= 1,609	= 1,788	≥ 1,859	1,644	(41)	**1,603**	**48.28**
EMEA	≤ 259	= 291	= 324	≥ 337	309	14	**323**	**98.76**
AP	≤ 268	= 302	= 336	≥ 349	350	(1)	**349**	**119.99**
Net income	< 938	= 938	= 1,042	≥ 1,125	969	15	**984**	**72.14**

[1] According to the plan terms, the target values were set at budgeted exchange rates; consequently, the financial figures underlying the target achievements were calculated at budgeted exchange rates. The financial figures underlying the target achievements were, in accordance with the plan terms, adjusted for costs and savings related to the program FME25 to the extent they were not yet included in the target values.

T 4.21 **TARGET VALUES AND TARGET ACHIEVEMENT IN THE YEAR 2020**

	Target values in € M				Actual values in € M			Target achievement in %
	0 %	50 %	100 %	120 %	As reported	Adjustments[1]	According to plan terms	
Revenue								
Group	≤ 17,477	= 18,179	= 18,880	≥ 19,229	17,859	536	**18,395**	**65.44**
NA	≤ 12,195	= 12,682	= 13,168	≥ 13,412	12,478	254	**12,732**	**55.14**
EMEA	≤ 2,693	= 2,751	= 2,809	≥ 2,863	2,763	77	**2,840**	**111.55**
AP	≤ 1,859	= 1,922	= 1,985	≥ 2,023	1,894	29	**1,923**	**50.68**
Operating income								
Group	≤ 2,444	= 2,489	= 2,533	≥ 2,572	2,304	215	**2,519**	**83.88**
NA	≤ 1,989	= 2,021	= 2,053	≥ 2,080	2,120	10	**2,130**	**120.00**
EMEA	≤ 389	= 396	= 402	≥ 407	412	7	**419**	**120.00**
AP	≤ 325	= 330	= 335	≥ 340	344	1	**345**	**120.00**
Net income	≤ 1,285	= 1,317	= 1,349	≥ 1,377	1,164	185	**1,349**	**98.86**

[1] According to the plan terms, the target values were set at constant exchange rates; consequently, the financial targets underlying the target achievements were calculated at constant exchange rates. The financial figures underlying the target achievements were, in accordance with the plan terms, adjusted for effects from certain acquisitions and divestments. Furthermore, an impairment in the Latin America Segment, which solely related to the carrying amounts, was excluded for the determination of the target achievement.

Sustainability target

In addition to the financial performance targets, the Compensation System 2020+ has incorporated sustainability as a non-financial performance target of the short-term incentive. This performance target underlines the Company's commitment to implement its Global Sustainability Program and is based on a qualitatively measurable sustainability target that relates to various environmental, social and governance aspects (ESG).

The achievement of the sustainability target is measured at the group level to ensure close collaboration across the Company's operating segments in the field of sustainability. For this purpose, eight material sustainability areas were defined: responsibility towards our patients as well as our employees, anti-bribery and anti-corruption, data protection and privacy, human and labor rights, sustainable supply, environment, and occupational health and safety. The progress in each sustainability area is measured by the degree of implementation of the following pre-defined management concepts: purpose, goals and objectives, responsibility and ownership, coverage, reporting and communication, results and progress as well as policy, guideline and training. The eight sustainability areas and seven management concepts result in 56 sustainability criteria.

For the period from 2020 to 2022, the annual progress of the implementation of these sustainability criteria is measured in two steps using a control and calculation model. Further information can be found in the non-financial reporting of the company.

Within the control and calculation model, the degree of implementation of these sustainability criteria is evaluated in a first step using a predefined questionnaire. For each question, 0 points, 0.25 points, 0.5 points, 0.75 points or 1 point can be achieved depending on the degree of implementation. Based on the evaluation of the questionnaire, the score for each sustainability criterion is determined in a second step. The score for each sustainability criterion can also be 0 points, 0.25 points, 0.5 points, 0.75 points or 1 point. To calculate the achieved score for each sustainability criterion, the average of the points over the number of questions per sustainability criterion is calculated. If the thus calculated average deviates from the aforementioned scores, it is rounded down to the next lower score. For example, a score of 0.45 points would lead to a score of 0.25 points for a sustainability criterion.

To determine the total score for the sustainability target, the sum of the points achieved for the 56 sustainability criteria is calculated. The target values set by the General Partner's supervisory board for the Fiscal Year and for 2020 as well as the target achievement are set out in TABLE 4.22.

T 4.22 **SUSTAINABILITY TARGET**

	Target values			Target achievement	
	0 %	100 %	120 %	Absolute	Relative
	in points	in points	in points	in points	in %
2021	≤ 18.00	= 28.00	≥ 34.00	40.25	120.00
2020	≤ 10.75	= 18.00	≥ 20.00	24.50	120.00

Overall target achievement

The degree of the overall target achievement for the short-term incentive is determined based on the weighted arithmetic mean of the target achievement of each performance target. Multiplying the degree of the respective overall target achievement with the target short-term incentive amount results in the final short-term incentive amount. After the corresponding resolution of the General Partner's supervisory board, the final short-term incentive amount is paid to the respective Management Board member in cash. Since the overall target achievement is capped at 120 %, the final short-term incentive amount is also capped at 120 % of the respective target short-term incentive amount.

TABLE 4.23 ON PAGE 149 shows the target achievement per performance target as well as the overall target achievement of the individual Management Board members for the Fiscal Year.

The amounts to be paid out to the individual Management Board members in 2022 on the basis of this overall target achievement for the Fiscal Year, taking into account the target amount (base salary multiplied by the multiplier) and in compliance with the cap, can be found in the TABLE 4.24 ON PAGE 149.

TABLE 4.25 ON PAGE 150 shows, on a voluntary basis as additional information, the target achievement per performance target and the overall target achievement of the individual Management Board members for the year 2020.

The amounts paid out to the individual Management Board members in the Fiscal Year on the basis of this overall target achievement for 2020, taking into account the target amount (base salary multiplied by the multiplier) and in compliance with the cap, are as shown in the TABLE 4.26 ON PAGE 150 and are provided on a voluntary basis as additional information.

Long-term incentive – MB LTIP 2020

On the basis of the Compensation System 2020+, so-called Performance Shares were allocated to the Management Board members in the Fiscal Year under the MB LTIP 2020 as a long-term incentive.

The Performance Shares allocated to the members of the Management Board under the MB LTIP 2020 are non-equity, cash-settled virtual compensation instruments with a performance period of three years. Any amounts received from the Performance Shares are subject to the achievement of three equally weighted performance targets and further depend on the development of the stock exchange price of the shares of the Company. The amounts received from the Performance Shares (after taxes and duties) are transferred to a credit institution which uses them to purchase shares of the Company on the stock exchange. The shares so acquired are subject to a holding period of at least one year. The amounts resulting from the long-term incentive are therefore not accessible to the Management Board members before the expiry of a period of at least four years.

T 4.23 OVERALL TARGET ACHIEVEMENT IN THE FISCAL YEAR
IN %

	Target achievement				Overall target achievement
	Revenue	Operating income	Net income	Sustainability target	
Rice Powell	69.82	62.29	72.14	120.00	79.28
Helen Giza	69.82	62.29	72.14	120.00	79.28
Franklin W. Maddux, MD	69.82	62.29	72.14	120.00	79.28
Dr. Katarzyna Mazur-Hofsäß	98.47	98.76	72.14	120.00	92.30
Dr. Olaf Schermeier	69.82	62.29	72.14	120.00	79.28
William Valle	54.70	48.28	72.14	120.00	73.45
Kent Wanzek	69.82	62.29	72.14	120.00	79.28
Harry de Wit	103.58	119.99	72.14	120.00	97.57

T 4.24 AMOUNTS TO BE PAID IN THE YEAR 2022 FOR THE PERFORMANCE IN THE FISCAL YEAR
IN € THOUS

	Base salary	Multiplier	Target amount	Cap (120%)	Overall target achievement	Payout amount
Rice Powell[1]	1,708	1.05	1,793	2,152	79.28 %	1,422
Helen Giza	855	1.05	898	1,078	79.28 %	712
Franklin W. Maddux, MD[1]	778	1.05	817	980	79.28 %	648
Dr. Katarzyna Mazur-Hofsäß	920	1.05	966	1,159	92.30 %	892
Dr. Olaf Schermeier	830	1.05	872	1,046	79.28 %	691
William Valle[1]	1,319	1.05	1,385	1,662	73.45 %	1,017
Kent Wanzek[1]	791	1.05	831	997	79.28 %	658
Harry de Wit	760	1.05	798	958	97.57 %	779

[1] Please note for the amounts as set out herein that the compensation components for Messrs. Rice Powell, Franklin W. Maddux MD, William Valle and Kent Wanzek are denominated in U.S. dollar and that the amounts may be subject to currency fluctuations. The translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year

The allocation amount for the Performance Shares equals 135 % (multiplier of 1.35) of the relevant base salary of the respective Management Board member.

In order to determine the number of Performance Shares to be allocated to the relevant Management Board member, the relevant allocation amount is divided by the value per Performance Share determined in accordance with IFRS 2 and considering the average price of the Company's shares over a period of 30 calendar days prior to each relevant allocation date. The number of Performance Shares to vest for each Management Board member depends on the achievement of the performance targets.

Functioning

The functioning of the MB LTIP 2020 is shown in CHART 4.27 ON PAGE 151.

Revenue growth and net income growth are determined at constant currency. The underlying financial figures of the financial performance targets may be adjusted for certain effects to ensure comparability of the financial figures with respect to the operational performance, e.g. effects from certain acquisitions and divestments and changes in IFRS accounting standards.

The supervisory board of the General Partner defines for each performance target the specific target values that lead to a target achievement of 0 % (lower threshold), 100 % and 200 % (cap).

T 4.25 OVERALL TARGET ACHIEVEMENT IN THE YEAR 2020
IN %

	Target achievement				Overall target achievement
	Revenue	Operating income	Net income	Sustainability target	
Rice Powell	65.44	83.88	98.86	120.00	93.41
Helen Giza	65.44	83.88	98.86	120.00	93.41
Franklin W. Maddux, MD	65.44	83.88	98.86	120.00	93.41
Dr. Katarzyna Mazur-Hofsäß	111.55	120.00	98.86	120.00	109.85
Dr. Olaf Schermeier	65.44	83.88	98.86	120.00	93.41
William Valle	55.14	120.00	98.86	120.00	98.57
Kent Wanzek	65.44	83.88	98.86	120.00	93.41
Harry de Wit	50.68	120.00	98.86	120.00	97.68

T 4.26 AMOUNTS PAID IN THE FISCAL YEAR FOR THE PERFORMANCE IN THE YEAR 2020
IN € THOUS

	Base salary	Multiplier	Target amount	Cap (120 %)	Overall target achievement	Payout amount
Rice Powell[1]	1,769	1.05	1,857	2,228	93.41 %	1,734
Helen Giza	855	1.05	898	1,078	93.41 %	839
Franklin W. Maddux, MD[1]	805	1.05	845	1,014	93.41 %	790
Dr. Katarzyna Mazur-Hofsäß	910	1.05	956	1,147	109.85 %	1,050
Dr. Olaf Schermeier	725	1.05	761	913	93.41 %	711
William Valle[1]	1,366	1.05	1,434	1,721	98.57 %	1,414
Kent Wanzek[1]	792	1.05	832	998	93.41 %	777
Harry de Wit	735	1.05	772	926	97.68 %	754

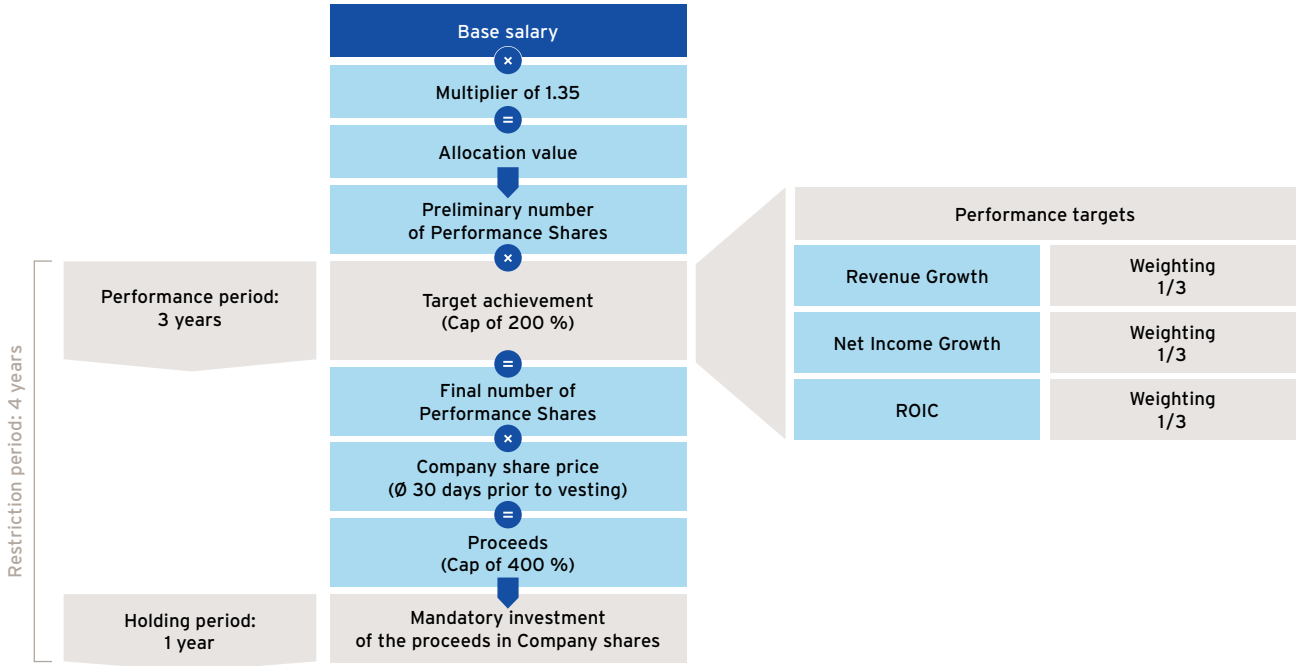
[1] Please note for the amounts as set out herein that the compensation components for Messrs. Rice Powell, Franklin W. Maddux MD, William Valle and Kent Wanzek are denominated in U.S. dollar and that the amounts may be subject to currency fluctuations. The translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year.

The following applies to each performance target: If the lower target value is not exceeded, a target achievement of 0 % applies. If the upper target value is reached or exceeded, a target achievement of 200 % (cap) applies. If the actual financial figures range between the relevant target values applicable to a target achievement of 0 % to 100 % or 100 % to 200 %, the target achievement is determined by linear interpolation. The achievement of each performance target is determined annually. The three performance targets are weighted equally to determine the annual target achievement. At the end of the three-year performance period, the supervisory board of the General Partner determines the overall target achievement by taking the average of the annual target achievements of the applicable performance period.

Based on the degree of the overall target achievement, the number of Performance Shares to vest is determined for each member of the Management Board. The number of Performance Shares may increase or decrease over the performance period. A total loss as well as (at most) doubling of the allocated Performance Shares in case of a target achievement of 200 % (cap) is possible. After the final determination of the overall target achievement, the number of Performance Shares to vest is multiplied by the average price of the Company's share over the 30 calendar days preceding the relevant vesting date in order to calculate the corresponding amount received from the Performance Shares to vest. The total proceeds from the Performance Shares is capped at 400 % of the relevant allocation amount.

Amounts from Performance Shares allocated under the MB LTIP 2020 may be received for the first time in 2023 (from the allocation in 2020). Given the fact that the amounts received will be invested in shares to be held for at least one year, the Management Board members will therefore not have access to the corresponding amounts before 2024.

C 4.27 **LONG-TERM INCENTIVE – MB LTIP 2020**



Link to strategy

In order to achieve long-term profitable growth, the three performance targets revenue growth, net income growth and return on invested capital (ROIC) have been chosen as they reflect the Company's strategic priorities of increasing the business activities and at the same time ensuring a certain level of return of the Company's investments. These performance targets form part of the Company's key performance indicators and support the execution of the Company's long-term strategy (SEE CHART 4.28 ON PAGE 152).

Target values for the Fiscal Year

The target values for the Fiscal Year applied for Performance Shares allocated in the Fiscal Year under the MB LTIP 2020 are shown in TABLE 4.29.

Allocation in the Fiscal Year

In the Fiscal Year, the Performance Shares shown in TABLE 4.30 ON PAGE 153 were allocated; their number was determined taking into account the allocation amount (basic compensation multiplied by the multiplier) and the value per Performance Share on the allocation date.

An overview of the status in the Fiscal Year of the Performance Shares allocated under the MB LTIP 2020 can be found in the section "Overview of outstanding share-based compensation components".

Variable compensation components from allocations made prior to the Compensation System 2020+

Individual members of the Management Board received variable compensation for their activities on the Management Board in the Fiscal Year based on outstanding compensation components allocated in previous fiscal years under one of the compensation systems applicable until December 31, 2019 or exercised stock options awarded to them in previous fiscal years under one of the compensation systems applicable until December 31, 2019. Further allocations based on these compensation components (including further awards of stock options) are no longer possible.

An overview of the status of these compensation components can be found in the section "Overview of outstanding share-based compensation components".

Share Based Award

To the extent members of the Management Board holding office at that time were entitled to the so-called Share Based Award under one of the compensation systems applicable until December 31, 2019, they may in principle receive share-based compensation, at the earliest, after a period of three years following the relevant allocation date. Such compensation is paid in cash and its amount depends on the stock exchange price of the Company's share on the exercise date. In special cases (e.g. disability to work, retirement, non-renewal of expired service agreements by the company) a shorter period may apply. The Share Based Award is to be classified as long-term compensation.

The Share Based Award is the amount of the one-year variable compensation component that under the compensation systems applicable until December 31, 2019 was to be converted into virtual shares of the Company not backed by equity of the

C 4.28 **MB LTIP 2020 – LINK OF PERFORMANCE TARGETS TO STRATEGY**

PERFORMANCE TARGET	WEIGHTING	RATIONALE AND LINK TO STRATEGY
REVENUE GROWTH	1/3	The key to continue growing Revenue is to attract new product customers, new patients and increase the number of treatments performed each year as well as delivering in other healthcare businesses. Revenue Growth also reflects the continuous importance of growth for the long-term success of the group.
NET INCOME GROWTH	1/3	On a group level, percentage growth in Net Income is a key performance indicator used for internal management. Net Income Growth reflects the long-term profitability of the group.
ROIC	1/3	ROIC is a profitability measure and expresses how efficiently capital under the Company's control is allocated in the long-term or how well the Company's capital with regard to a specific investment project is employed.

T 4.29 **TARGET VALUES**

	Target value	Target achievement	Weighting
Performance target 1: Revenue growth	≤ 1 %	0 %	1/3
	= 6 %	100 %	
	≥ 11 %	200 %	
Performance target 2: Net income growth	≤ 0 %	0 %	1/3
	= 5 %	100 %	
	≥ 10 %	200 %	
Performance target 3: Return on invested capital (ROIC)	≤ 5.5 %	0 %	1/3
	= 6 %	100 %	
	≥ 6.5 %	200 %	

T 4.30 PERFORMANCE SHARES ALLOCATED IN THE FISCAL YEAR UNDER THE MB LTIP 2020

	Base salary in € THOUS	Multiplier	Allocation amount in € THOUS	Value per Performance Share at allocation[1] in €	Number of Performance Shares	Cap (400%) in € THOUS
Rice Powell[2]	1,708	1.35	2,306	55.12	40,894	9,224
Helen Giza	855	1.35	1,154	55.12	20,941	4,616
Franklin W. Maddux, MD[2]	778	1.35	1,050	55.12	18,625	4,200
Dr. Katarzyna Mazur-Hofsäß	920	1.35	1,242	55.12	22,533	4,968
Dr. Olaf Schermeier	830	1.35	1,121	55.12	20,328	4,484
William Valle[2]	1,319	1.35	1,781	55.12	31,582	7,124
Kent Wanzek[2]	791	1.35	1,068	55.12	18,929	4,272
Harry de Wit	760	1.35	1,026	55.12	18,614	4,104

[1] The value per Performance Share as set out herein and relevant for the number of Performance Shares to be allocated is determined according to the plan terms considering the average price of the Company's shares over a period of 30 calendar days prior to the allocation date, which is why it may deviate from the Fair Value according to IFRS 2.
[2] Please note for the amounts shown that the compensation components for Messrs. Rice Powell, Franklin W. Maddux MD, William Valle and Kent Wanzek are denominated in U.S. dollar and that the amounts may be subject to currency fluctuations. The translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year.

T 4.31 PAYOUT FROM THE SHARE BASED AWARDS ALLOCATED IN THE YEAR 2018 FOR THE YEAR 2017

	Allocation amount in € THOUS	Number of virtual shares	Share price at exercise in €	Payout amount in € THOUS
Members of the Management Board in office during the Fiscal Year				
Rice Powell	916	11,138	60.78	**677**
Helen Giza	-	-	-	**-**
Franklin W. Maddux, MD	-	-	-	**-**
Dr. Katarzyna Mazur-Hofsäß	-	-	-	**-**
Dr. Olaf Schermeier	323	3,932	65.90	**259**
William Valle	600	7,295	65.76	**480**
Kent Wanzek	394	4,793	61.86	**296**
Harry de Wit	317	3,852	60.76	**234**
Former members of the Management Board				
Dominik Wehner	244	2,968	66.84	**198**

Company as an amount to be deferred. In principle, 25 % of the total amount of the one-year variable compensation was to be converted into such virtual shares; this amount was determined by multiplying the degree of the relevant overall target achievement by the relevant base salary and a further fixed multiplier. The amount to be paid out under Share Based Awards is calculated by multiplying the number of virtual shares by the stock exchange price of the Company's share on the relevant exercise date.

In the Fiscal Year, individual current and former members of the Management Board received payments resulting from Share Based Awards allocated to them in 2018 for the achievement of the performance targets in 2017 (Allocation 2017) that vested in the Fiscal Year (SEE TABLE 4.31).

An overview of the status in the Fiscal Year of the virtual shares allocated under the Share Based Award can be found in the section "Overview of outstanding share-based compensation components".

Long-term incentive plans

To the extent Performance Shares were allocated in earlier fiscal years to then members of the Management Board under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2016 (LTIP 2016) or the Fresenius Medical Care Management Board Long Term Incentive Plan 2019 (MB LTIP 2019), they may under certain conditions – and, under the MB LTIP 2019, for the first time in 2023 – receive share-based, cash-settled compensation from these Performance Shares. Furthermore, under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011 (LTIP 2011) individual members of the Management Board may under certain conditions exercise previously awarded stock options or could, for the last time in 2020, receive share-based, cash-settled compensation from Phantom Stock allocated under the LTIP 2011.

An overview of the development in the Fiscal Year of the Performance Shares allocated under the LTIP 2016 and the MB LTIP 2019 as well as of the stock options awarded under the LTIP 2011 can be found in the section "Overview of outstanding share-based compensation components".

LTIP 2016

In the Fiscal Year, individual current and former members of the Management Board were awarded compensation from Performance Shares allocated to them in 2017 under the LTIP 2016. The Performance Shares allocated to the members of the Management Board under the LTIP 2016 are non-equity, cash-settled virtual compensation instruments with a performance period of three years. Performance Shares will generally vest, and will be paid out, at the end of a period of four years from each relevant allocation date.

T 4.32 **TARGET VALUES AND TARGET ACHIEVEMENT FOR THE ALLOCATION 2017 UNDER THE LTIP 2016**

	Target values			Actual values			Target achievement	
	0 %	100 %	200 %	As reported	Adjustments[1]	According to plan terms	Per performance target	Annual
2017								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	7.3 %	2.0 %	**9.3 %**	**126 %**	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	11.9 %	2.5 %	**14.4 %**	**200 %**	**175 %**
Return on invested capital (ROIC)	≤ 7.3 %	= 7.5 %	≥ 7.7 %	8.6 %	0.0 %	**8.6 %**	**200 %**	
2018								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	(7.0 %)	7.6 %	**0.6 %**	**8 %**	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	54.9 %	4.8 %	**59.7 %**	**200 %**	**136 %**
Return on invested capital (ROIC)	≤ 7.5 %	= 7. 7 %	≥ 7.9 %	12.4 %	0.0 %	**12.4 %**	**200 %**	
2019								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	5.6 %	(2.7 %)	**2.9 %**	**41 %**	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	(39.5 %)	1.1 %	**(38.4 %)**	**0 %**	**14 %**
Return on invested capital (ROIC)	≤ 7.7 %	= 7.9 %	≥ 8.1 %	6.1 %	0.7 %	**6.8 %**	**0 %**	
OVERALL TARGET ACHIEVEMENT							**108 %**	

[1] Revenue growth and net income growth were determined at constant currency. To ensure comparability, the figures underlying the achievement of the performance targets were adjusted for effects resulting from the application of IFRS 16 for the performance period 2019; the figures underlying the achievement of the revenue growth target and of the net income growth target were adjusted for effects resulting from the application of IFRS 15 for the performance period 2018.

In order to determine the number of Performance Shares to be allocated to the relevant Management Board member, the relevant allocation amount was divided by the value per Performance Share determined in accordance with IFRS 2 and considering the average price of the Company's shares over a period of 30 calendar days prior to each relevant allocation date. The number of Performance Shares to vest for each member of the Management Board depended on the achievement of the performance targets. As regards the allocation in 2017, the performance targets relating to the 2017, 2018 and 2019 performance periods were decisive.

The degree of the overall target achievement during the three-year performance period was determined based on the three performance targets revenue growth, net income growth and return on invested capital (ROIC). The annual target values and target achievements for the 2017, 2018 and 2019 performance periods were each as follows, according to TABLE 4.32 ON PAGE 154.

If the actual financial figures were between the relevant target values for a target achievement of 0 % and 100 % or 100 % and 200 %, the target achievement was determined by linear interpolation. If the 2019 ROIC target achievement was higher than or equal to the target achievement in each of the previous two years, the 2019 ROIC target achievement applied to all years of the performance period. The average of the annual target achievements over the three-year performance period was used to determine the overall target achievement.

Based on the degree of the overall target achievement, the number of Performance Shares to vest was determined for each member of the Management Board. The number of Performance Shares could increase or decrease over the performance period. A total loss as well as (at most) doubling of the allocated Performance Shares in case of a target achievement of 200 % (cap) was possible. After the final determination of the overall target achievement, the number of Performance Shares to vest was multiplied by the average price of the Company's shares over the 30 calendar days preceding the relevant vesting date in order to calculate the corresponding amount received from the Performance Shares to vest.

TABLE 4.33 provides the amounts paid out in the Fiscal Year from the allocation 2017 under the LTIP 2016.

T 4.33 PAYOUT FROM THE ALLOCATION 2017 OF THE LTIP 2016

	Fair Value at allocation in € THOUS	Number of allocated Performance Shares	Overall target achievement in %	Number of final Performance Shares	Share price at payout in €	Payout amount in € THOUS
Members of the Management Board in office during the Fiscal Year						
Rice Powell[1]	1,331	18,063	108	19,508	69.01	**1,302**
Helen Giza	–	–	–	–	–	**–**
Franklin W. Maddux, MD[1,2]	415	5,524	108	5,966	69.01	**398**
Dr. Katarzyna Mazur-Hofsäß	–	–	–	–	–	**–**
Dr. Olaf Schermeier	716	9,529	108	10,291	69.01	**710**
William Valle[1]	665	9,032	108	9,755	69.01	**651**
Kent Wanzek[1]	665	9,032	108	9,755	69.01	**651**
Harry de Wit	716	9,529	108	10,291	69.01	**710**
Former members of the Management Board						
Michael Brosnan[1]	665	9,032	108	9,755	69.01	**651**
Dominik Wehner	716	9,529	108	10,291	69.01	**710**

[1] Please note for the amounts. paid out that the compensation components for Messrs. Rice Powell, Franklin W. Maddux MD, William Valle, Kent Wanzek and Michael Brosnan are denominated in U.S. dollar and that the amounts may be subject to currency fluctuations. The translation of U.S. dollar amounts for the awarded long-term incentive (payout amount) was done at the closing rates of the vesting date.
[2] The payout shown for Mr Franklin W. Maddux, MD was made based on an allocation prior to his appointment as a member of the Management Board.

LTIP 2011

In the Fiscal Year, individual current and former members of the Management Board exercised stock options awarded to them in previous years under the LTIP 2011.

The stock options awarded under the LTIP 2011 – for the last time in 2015 – may be exercised after the expiry of a four-year vesting period, which begins on the award date, within a further

four years – thus for the last time in 2023 – taking into consideration certain blackout periods, the achievement of the performance targets and, subject to deviating agreements in individual cases, the continuation of the service relationship.

The performance target will be achieved in each case if, within the vesting period, either the adjusted earnings per ordinary share have increased by at least eight percent per year compared to the respective previous year or, if this is not the case, the compound annual growth rate of the adjusted earnings per ordinary share has increased by at least eight percent per year in the four-year vesting period. If, with respect to one or more of the four reference periods within the vesting period, neither the adjusted earnings per share have increased by at least eight percent per year compared to the respective previous year nor the compound annual growth rate of the adjusted earnings per share has increased by at least eight percent per year in the four-year vesting period, the relevant stock options issued will be forfeited to the extent that the performance target has not been achieved within the vesting period, i.e. by one quarter, by two quarters, by three quarters or in full.

Stock options may generally be exercised at any time after the end of the vesting period outside blackout periods. Blackout periods under the LTIP 2011 are the periods (i) from December 15 to January 15, (ii) from the 21st calendar day before the Annual General Meeting of the Company until the expiry of the day of such Annual General Meeting, (iii) from the date on which the Company publishes an offer to its shareholders to subscribe for new shares in an official stock exchange journal or in the Federal Gazette (Bundesanzeiger) until the date on which the shares of the Company entitled to subscription are listed "ex subscription right" for the first time on the Frankfurt Stock Exchange and (iv) from the 15th calendar day prior to the publication of the quarterly or annual results until the publication of such quarterly or annual results. Any restrictions under capital markets law regarding the exercise of stock options will remain unaffected by the blackout periods.

The exercise price is the closing price of the Company's shares in the electronic "Xetra" trading of Deutsche Börse AG in Frankfurt am Main or a comparable successor system on the 30 calendar days preceding the relevant award date in euros. The exercise price will be adjusted under certain circumstances (e.g. in the event of capital measures of the Company).

Proceeds from the exercise of stock options are, with a view to the new provisions of section 162 AktG, not regarded as compensation awarded or due and, hence, not included in this Compensation Report. An overview of the status of the stock options can be found in the following section "Overview of outstanding share-based compensation components". Further information on exercises of stock options requiring notifications are published on www.dgap.de in the section "Directors' Dealings" as well as on the Company's website in the "Investors" section.

Overview of outstanding share-based compensation components

The status of the outstanding share-based compensation components of the current and former members of the Management Board in the Fiscal Year as well as further information are set out in the TABLES 4.34, 4.35 AND 4.36 STARTING ON PAGE 157.

CHART 4.37 ON PAGE 161 shows the temporal profile of the outstanding share-based compensation components already described in detail in the preceding tables and in the respective text sections.

Malus and clawback

Under the Compensation System 2020+, the supervisory board of the General Partner is entitled to withhold or reclaim variable compensation components in cases of a Management Board member's misconduct or non-compliance with his duties or internal Company guidelines, considering the characteristics of the individual case. Within this framework, the supervisory board ensures that contractual provisions are in place determining detailed requirements for withholding or reclaiming variable compensation components and setting forth the consequences thereof, including the forfeiture, in full or in part, of all or some variable compensation components.

In the Fiscal Year, there was no reason for the General Partner's supervisory board to make use of these authorizations.

T 4.34 **OVERVIEW OF OUTSTANDING PERFORMANCE SHARES (CONTINUATION SEE NEXT PAGE)**

	Allocation date	Vesting date	Fair Value at allocation in € THOUS	Number of allocated Performance Shares	Overall target achievement in % (if final)	Number of Performance Shares as of December 31, 2021
Members of the Management Board in office during the Fiscal Year						
Rice Powell						
Allocation 2018 (LTIP 2016)	July 30, 2018	July 30, 2022	1,413	17,548	81	14,214
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	1,575	25,127	38	9,548
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	2,170	35,030		35,030
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	2,231	40,894		40,894
TOTAL				**118,599**		**99,686**
Helen Giza						
Allocation 2019 (MB LTIP 2019)	December 2, 2019	December 2, 2023	812	13,399	38	5,092
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	1,070	17,465		17,465
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,138	20,941		20,941
TOTAL				**51,805**		**43,498**
Franklin W. Maddux, MD						
Allocation 2018 (LTIP 2016) [1]	July 30, 2018	July 30, 2022	432	5,365	n.a. [1]	5,365
Allocation 2019 (LTIP 2019) [1]	July 29, 2019	July 29, 2022	564	8,869	n.a. [1]	8,869
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	988	15,954		15,954
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,016	18,625		18,625
TOTAL				**48,813**		**48,813**
Dr. Katarzyna Mazur-Hofsäß						
Allocation 2018 (LTIP 2016)	December 3, 2018	December 2, 2022	734	10,637	81	8,616
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	803	12,927	38	4,912
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	1,139	18,588		18,588
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,225	22,533		22,533
TOTAL				**64,685**		**54,649**

[1] This allocation for Mr. Franklin W. Maddux, MD was made prior to his appointment as a member of the Management Board. The final determination of the overall target achievement for the Performance Shares allocated before the appointment as a member of the Management Board will be made in accordance with the applicable plan terms in preparation of the payout.

OVERVIEW OF OUTSTANDING PERFORMANCE SHARES (CONTINUATION OF THE PREVIOUS PAGE)

	Allocation date	Vesting date	Fair Value at allocation in € THOUS	Number of allocated Performance Shares	Overall target achievement in % (if final)	Number of Performance Shares as of December 31, 2021
Members of the Management Board in office during the Fiscal Year						
Dr. Olaf Schermeier						
Allocation 2018 (LTIP 2016)	July 30, 2018	July 30, 2022	757	9,404	81	7,617
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	803	12,927	38	4,912
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	907	14,809		14,809
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,105	20,328		20,328
TOTAL				**57,468**		**47,666**
William Valle						
Allocation 2018 (LTIP 2016)	July 30, 2018	July 30, 2022	707	8,774	81	7,107
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	788	12,564	38	4,774
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	1,676	27,053		27,053
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,723	31,582		31,582
TOTAL				**79,973**		**70,516**
Kent Wanzek						
Allocation 2018 (LTIP 2016)	July 30, 2018	July 30, 2022	707	8,774	81	7,107
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	788	12,564	38	4,774
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	972	15,694		15,694
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,033	18,929		18,929
TOTAL				**55,961**		**46,504**
Harry de Wit						
Allocation 2018 (LTIP 2016)	July 30, 2018	July 30, 2022	757	9,404	81	7,617
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	803	12,927	38	4,912
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	920	15,014		15,014
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,012	18,614		18,614
TOTAL				**55,959**		**46,157**
Former member of the Management Board						
Michael Brosnan						
Allocation 2018 (LTIP 2016)	July 30, 2018	July 30, 2022	707	8,774	81	7,107
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	788	12,564	38	4,774
TOTAL				**21,338**		**11,881**

T 4.35 **OVERVIEW OF OUTSTANDING VIRTUAL SHARES ALLOCATED UNDER THE SHARE BASED AWARD**

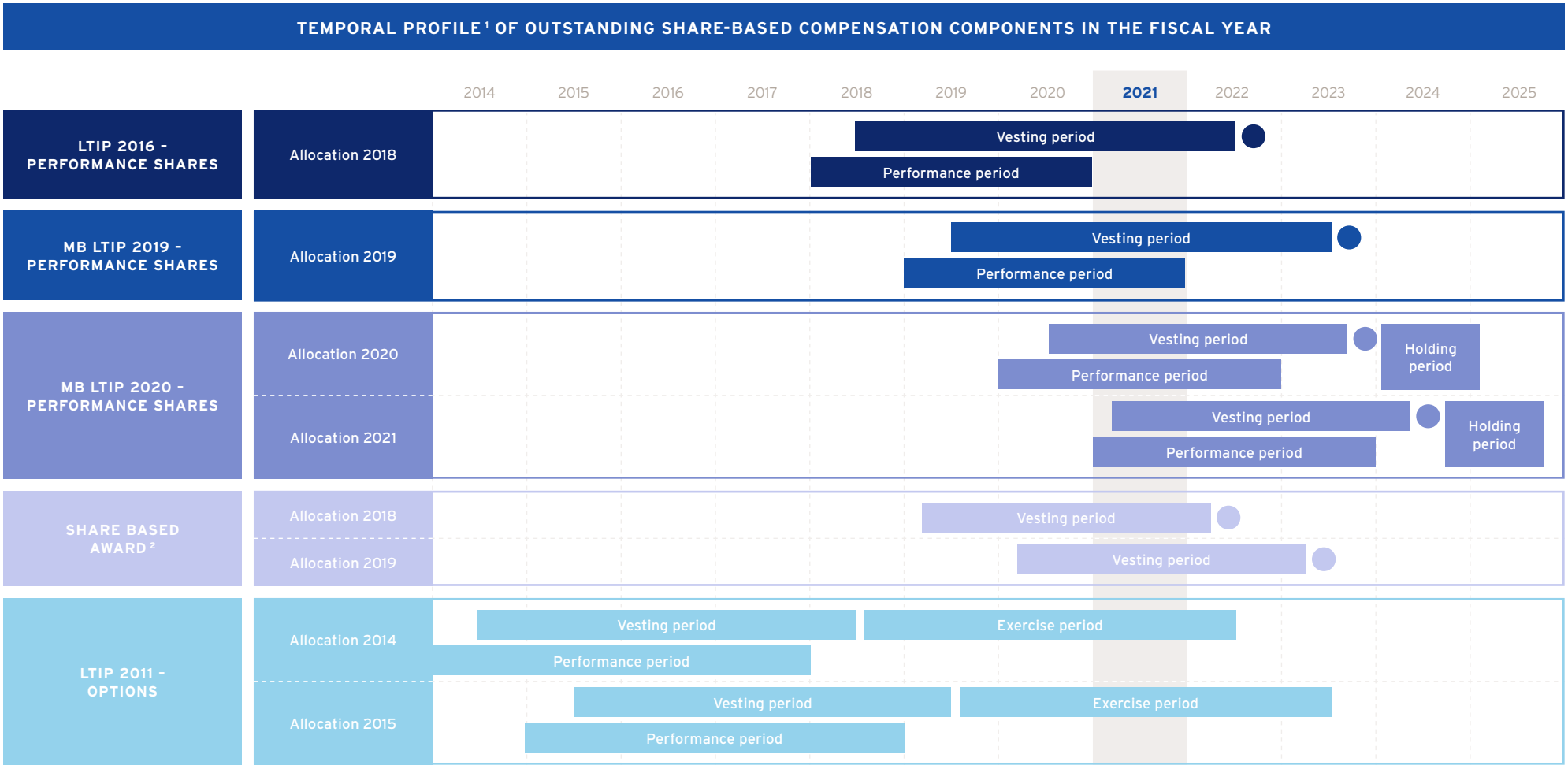
	Allocation date	Vesting date	Number of virtual shares as of December 31, 2021
Members of the Management Board in office during the Fiscal Year			
Rice Powell			
Allocation 2018	March 12, 2019	March 12, 2022	15,003
Allocation 2019	March 10, 2020	March 10, 2023	9,913
TOTAL			**24,916**
Helen Giza			
Allocation 2019	March 10, 2020	March 10, 2023	815
TOTAL			**815**
Dr. Katarzyna Mazur-Hofsäß			
Allocation 2018	March 12, 2019	March 12, 2022	1,805
Allocation 2019	March 10, 2020	March 10, 2023	5,788
TOTAL			**7,593**
Dr. Olaf Schermeier			
Allocation 2018	March 12, 2019	March 12, 2022	4,739
Allocation 2019	March 10, 2020	March 10, 2023	3,839
TOTAL			**8,578**
William Valle			
Allocation 2018	March 12, 2019	March 12, 2022	10,675
Allocation 2019	March 10, 2020	March 10, 2023	5,208
TOTAL			**15,883**
Kent Wanzek			
Allocation 2018	March 12, 2019	March 12, 2022	5,786
Allocation 2019	March 10, 2020	March 10, 2023	4,356
TOTAL			**10,142**
Harry de Wit			
Allocation 2018	March 12, 2019	March 12, 2022	4,642
Allocation 2019	March 10, 2020	March 10, 2023	4,305
TOTAL			**8,947**

T 4.36 **OVERVIEW OF THE STOCK OPTIONS ALLOCATED UNDER THE LTIP 2011**

						Development of the number in the Fiscal Year		
	Allocation date	End of lifetime	Strike price	Number of allocated stock options	Overall target achievement in %	January 1, 2021	Additions / reductions	December 31, 2021
Members of the Management Board in office during the Fiscal Year								
Rice Powell								
Allocation 2014	July 28, 2014	July 18, 2022	49.93	74,700	100	74,700	-	74,700
Allocation 2015	July 27, 2015	July 16, 2023	76.99	149,400	100	149,400	-	149,400
Franklin W. Maddux, MD								
Allocation 2014 [1]	July 28, 2014	July 18, 2022	49.93	15,000	100	15,000	-	15,000
Allocation 2015 [1]	July 27, 2015	July 16, 2023	76.99	30,000	100	30,000	-	30,000
Dr. Olaf Schermeier								
Allocation 2013	July 29, 2013	July 19, 2021	49.76	37,350	25	9,338	(9,338)	-
Allocation 2014	July 28, 2014	July 18, 2022	49.93	37,350	100	37,350	-	37,350
Allocation 2015	July 27, 2015	July 16, 2023	76.99	49,800	100	49,800	-	49,800
William Valle								
Allocation 2015 [1]	July 27, 2015	July 16, 2023	76.99	30,000	100	30,000	-	30,000
Kent Wanzek								
Allocation 2015	July 27, 2015	July 16, 2023	76.99	69,720	100	69,720	-	69,720
Former members of the Management Board								
Michael Brosnan								
Allocation 2013	July 29, 2013	July 19, 2021	49.76	37,350	25	9,338	(9,338)	-
Allocation 2014	July 28, 2014	July 18, 2022	49.93	37,350	100	37,350	-	37,350
Allocation 2015	July 27, 2015	July 16, 2023	76.99	74,700	100	74,700	-	74,700
Roberto Fusté								
Allocation 2013	July 29, 2013	July 19, 2021	49.76	37,350	25	9,338	(9,338)	-
Allocation 2014	July 28, 2014	July 18, 2022	49.93	24,900	100	24,900	-	24,900
Allocation 2015	July 27, 2015	July 16, 2023	76.99	59,760	100	59,760	-	59,760
Dominik Wehner								
Allocation 2015	July 27, 2015	July 16, 2023	76.99	49,800	100	49,800	-	49,800

[1] These allocations for Messrs. Franklin W. Maddux MD und William Valle were made prior to their respective appointments as members of the Management Board.

C 4.37 **TEMPORAL PROFILE OF OUTSTANDING SHARE-BASED COMPENSATION COMPONENTS IN THE FISCAL YEAR**



[1] The temporal profile uses a simplified, schematic illustration of the allocations. The details can be found in the tables above and in the corresponding explanations in the text.
[2] The Share-Based Award can be exercised after a period of three years from the allocation date.

Compensation tables for the Management Board members in office during the Fiscal Year

The following tables show the individualized compensation awarded and due in the Fiscal Year to each member of the Management Board in office during the Fiscal Year. In addition, the pension expense incurred for the individual contractual pension commitments is disclosed. The tabular presentation is based on the model tables of the German Corporate Governance Code in its previous version dated February 7, 2017.

Under the new regime of section 162 AktG, no uniform practice has yet emerged on the question of the conditions under which compensation is to be regarded as "awarded". The reporting logic underlying the following tables is therefore explained below in the interests of clarity and comprehensibility of the compensation report.

For the purposes of the following tables, compensation is deemed to have been "awarded in the fiscal year" if it has vested in the fiscal year. For this purpose, compensation is deemed to have vested in the year in which the underlying activity has been fully performed and the entitlement to payment of the compensation is no longer subject to any conditions precedent or conditions subsequent. In the case of long-term variable compensation, this corresponds to the year in which it is paid out.

Based on this understanding, the short-term incentive is considered to have vested in the fiscal year and is shown in the following tables for the respective fiscal year in which the activity on which it is based was performed. This facilitates comparison of the performance of the members of the Management Board in a fiscal year with the performance of the Company in the same fiscal year and to enable the short-term incentive to be allocated on an accrual basis to the year in which the performance was performed. The columns for the year 2021 therefore contain the short-term incentive for the Fiscal Year that will not be paid out until 2022, and the columns for the year 2020 contain the short-term incentive for 2020 that was paid out in the Fiscal Year (SEE TABLE 4.38 ON PAGE 163).

Personal investment from variable compensation

In order to have the Management Board members adequately participate in the sustainable corporate development, the General Partner's supervisory board decided in the Fiscal Year that the Management Board members then in office – with their consent – would acquire shares in the Company for a portion of the short-term incentive paid out to them in the Fiscal Year for 2020 as well as for a portion of the long-term incentive allocated to them as members of the Management Board in 2018 under the LTIP 2016 and in 2019 under the MB LTIP 2019. The shares so acquired may only be sold by the relevant Management Board member after a period of three years from the date of acquisition has expired.

The relevant portion of the short-term incentive for which a Management Board member acquired shares in the Company from the payout of the short-term incentive depended on the relevant overall target achievement for 2020. The net amounts invested by the members of the Management Board in the Fiscal Year are shown in TABLE 4.39.

The relevant portion of the above-mentioned long-term incentive for which a member of the Management Board will acquire shares in the Company depends on the relevant overall target achievement under the LTIP 2016 (allocation in 2018) and under the MB LTIP 2019 (allocation in 2019). The amounts to be awarded from the aforementioned compensation components depend on the relevant overall target achievement and the stock market price of the Company's share to be determined in accordance with the LTIP 2016 and the MB LTIP 2019. Accordingly, the specific amounts to be invested from the amounts received may only be determined in 2022 (for the allocation in 2018 under the LTIP 2016) and in 2023 (for the allocation in 2019 under the MB LTIP 2019). The members of the Management Board are intended to acquire the shares in the Company after the amounts to be invested have been determined. The investment of the amounts received under the MB LTIP 2020 in shares in the Company as provided for under the MB LTIP 2020 remains unaffected.

Already in 2019, the supervisory board of the General Partner had decided that the Management Board members then in office – with their consent – would acquire shares in the Company on the stock exchange for a portion of their short-term incentive for 2018 in order to adequately reflect the business development in 2018. The shares so acquired may only be sold by the relevant Management Board member after a period of three years from the date of acquisition has expired.

The number of shares (including American Depositary Receipts (ADRs)) acquired by the members of the Management Board in

T 4.39 **PERSONAL INVESTMENT FROM THE NET SHORT-TERM INCENTIVE FOR THE YEAR 2020**
IN THOUS

	Amount	Currency
Rice Powell	598	$
Helen Giza	309	$
Franklin W. Maddux, MD	280	$
Dr. Katarzyna Mazur-Hofsäß	189	€
Dr. Olaf Schermeier	215	€
William Valle	324	$
Kent Wanzek	268	$
Harry de Wit	155	€

T 4.38 COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD IN OFFICE DURING THE FISCAL YEAR (CONTINUATION SEE NEXT PAGE)
IN € THOUS

	Rice Powell Chairman of the Management Board Member of the Management Board since December 21, 2005[1]				**Helen Giza** Chief Financial Officer Member of the Management Board since November 1, 2019				**Franklin W. Maddux, MD** Global Chief Medical Officer Member of the Management Board since January 1, 2020				**Dr. Katarzyna Mazur-Hofsäß** Chief Executive Officer for EMEA Member of the Management Board since September 1, 2018			
	2021		**2020**[2]		**2021**		**2020**[2]		**2021**		**2020**[2]		**2021**		**2020**[2]	
	Absolute	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**
Base salary	1,708		1,769		855		855		778		805		920		910	
Fringe benefits	315		429		214[3]		320[3]		162		200		60		33	
TOTAL NON-PERFORMANCE-BASED COMPENSATION	**2,023**	**37 %**	**2,198**	**29 %**	**1,069**	**60 %**	**1,175**	**58 %**	**940**	**47 %**	**1,005**	**34 %**	**980**	**52 %**	**943**	**47 %**
Short-term incentive	1,422	26 %	1,734	23 %	712	40 %	839	42 %	648	33 %	790	27 %	892	48 %	1,050	53 %
Long-term incentive	1,979	36 %	3,710	49 %	-	- %	-	- %	398	20 %	1,154	39 %	-	- %	-	- %
Allocation 2016 (Share Based Award)			659													
Allocation 2017 (Share Based Award)	677															
Allocation 2015 (Phantom Stock - LTIP 2011)			748								450[4]					
Allocation 2016 (LTIP 2016)			2,303								704[4]					
Allocation 2017 (LTIP 2016)	1,302								398[4]							
Allocation 2020 (MB LTIP 2020)																
Allocation 2021 (MB LTIP 2020)																
TOTAL VARIABLE COMPENSATION	**3,401**		**5,444**		**712**		**839**		**1,046**		**1,944**		**892**		**1,050**	
TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG	**5,424**		**7,642**		**1,781**		**2,014**		**1,986**		**2,949**		**1,872**		**1,993**	
Pension expense													2,498			
TOTAL COMPENSATION INCLUDING PENSION EXPENSE	**5,424**		**7,642**		**1,781**		**2,014**		**1,986**		**2,949**		**4,370**		**1,993**	

[1] The indicated date refers to the appointment as a member of the Management Board of the General Partner.
[2] Please note for purposes of comparison between the amounts indicated and those of the Fiscal Year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Ms. Helen Giza, Dr. Katarzyna Mazur-Hofsäß, Dr. Olaf Schermeier and Mr. Harry de Wit) or U.S. dollar (Messrs. Rice Powell, Franklin W. Maddux MD, William Valle and Kent Wanzek). The plan terms of the Share Based Award and of the Phantom Stock entitle to payments in euro. In principle, the translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year. For the long-term incentive the translation of U.S. dollar amounts was done at the closing rates of the vesting date.
[3] The fringe benefits of Ms. Helen Giza include a payment of €200 THOUS for the Fiscal Year and a payment of €200 THOUS for the year 2020, which Ms. Helen Giza received in connection with her appointment to the Management Board.
[4] The award (i.e. payout) shown for Mr. Franklin W. Maddux, MD was made based on an allocation prior to his appointment as a member of the Management Board.
[5] The award (i.e. payout) shown for Mr. William Valle was made based on an allocation prior to his appointment as a member of the Management Board.
[6] The amounts as set out herein include all compensation for Mr. Harry de Wit in his function as a member of the Management Board and CEO for the region Asia-Pacific, respectively, and were partially awarded by a subsidiary of the Company.

COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD IN OFFICE DURING THE FISCAL YEAR (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	Dr. Olaf Schermeier Chief Executive Officer for Global Research and Development Member of the Management Board since March 1, 2013				**William Valle** Chief Executive Officer for NA Member of the Management Board since February 17, 2017				**Kent Wanzek** Chief Executive Officer for Global Manufacturing, Quality and Supply Member of the Management Board since January 1, 2010				**Harry de Wit** Chief Executive Officer for AP Member of the Management Board since April 1, 2016			
	2021		**2020**[2]		**2021**		**2020**[2]		**2021**		**2020**[2]		**2021**		**2020**[2]	
	Absolute	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**	**Absolute**	**Ratio**
Base salary	830		725		1,319		1,366		791		792		760		735	
Fringe benefits	88		137		242		327		158		212		331		327	
TOTAL NON-PERFORMANCE-BASED COMPENSATION	**918**	**36 %**	**862**	**28 %**	**1,561**	**42 %**	**1,693**	**38 %**	**949**	**37 %**	**1,004**	**27 %**	**1,091**	**39 %**	**1,062**	**33 %**
Short-term incentive	691	27 %	711	23 %	1,017	27 %	1,414	32 %	658	26 %	777	21 %	779	28 %	754	23 %
Long-term incentive	969	38 %	1,469	48 %	1,131	30 %	1,295	29 %	947	37 %	1,873	51 %	944	34 %	1,427	44 %
Allocation 2016 (Share Based Award)			226								272				184	
Allocation 2017 (Share Based Award)	259				480				296				234			
Allocation 2015 (Phantom Stock - LTIP 2011)							450[5]				449					
Allocation 2016 (LTIP 2016)			1,243				845[5]				1,152				1,243	
Allocation 2017 (LTIP 2016)	710				651				651				710			
Allocation 2020 (MB LTIP 2020)																
Allocation 2021 (MB LTIP 2020)																
TOTAL VARIABLE COMPENSATION	**1,660**		**2,180**		**2,148**		**2,709**		**1,605**		**2,650**		**1,723**		**2,181**	
TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG	**2,578**		**3,042**		**3,709**		**4,402**		**2,554**		**3,654**		**2,814**		**3,243**	
Pension expense	282		504		1,348		4,152		470		474		548		619	
TOTAL COMPENSATION INCLUDING PENSION EXPENSE	**2,860**		**3,546**		**5,057**		**8,554**		**3,024**		**4,128**		**3,362**[6]		**3,862**[6]	

[1] The indicated date refers to the appointment as a member of the Management Board of the General Partner.
[2] Please note for purposes of comparison between the amounts indicated and those of the Fiscal Year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Ms. Helen Giza, Dr. Katarzyna Mazur-Hofsäß, Dr. Olaf Schermeier and Mr. Harry de Wit) or U.S. dollar (Messrs. Rice Powell, Franklin W. Maddux MD, William Valle and Kent Wanzek). The plan terms of the Share Based Award and of the Phantom Stock entitle to payments in euro. In principle, the translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year. For the long-term incentive the translation of U.S. dollar amounts was done at the closing rates of the vesting date.
[3] The fringe benefits of Ms. Helen Giza include a payment of €200 THOUS for the Fiscal Year and a payment of €200 THOUS for the year 2020, which Ms. Helen Giza received in connection with her appointment to the Management Board.
[4] The award (i.e. payout) shown for Mr. Franklin W. Maddux, MD was made based on an allocation prior to his appointment as a member of the Management Board.
[5] The award (i.e. payout) shown for Mr. William Valle was made based on an allocation prior to his appointment as a member of the Management Board.
[6] The amounts as set out herein include all compensation for Mr. Harry de Wit in his function as a member of the Management Board and CEO for the region Asia-Pacific, respectively, and were partially awarded by a subsidiary of the Company.

the course of the aforementioned personal investments are shown in TABLE 4.40 ON PAGE 166, with two ADRs representing one share.

Other benefits and commitments

The following information concern benefits and commitments to members of the Management Board within the meaning of section 162 para. 2 AktG and related disclosures.

Benefits from third parties

Unless otherwise stated in this Compensation Report, no benefits were awarded or promised to the members of the Management Board by a third party in the Fiscal Year with regard to their activities as members of the Management Board, and compensation awarded to members of the Management Board for management activities or supervisory board mandates in companies of the Company's group is offset against the compensation of the respective member of the Management Board. If the supervisory board of the General Partner resolves that compensation awarded to members of the Management Board for supervisory board activities outside the Company's group shall be deducted in full or in part from the compensation of the respective member of the Management Board, this will be made transparent accordingly.

Pension commitments

The General Partner made individual, performance-based contractual pension commitments to the Management Board members Rice Powell, Dr. Katarzyna Mazur-Hofsäß, Dr. Olaf Schermeier, William Valle, Kent Wanzek and Harry de Wit.

Each of the individual contractual pension commitments provides for a retirement pension and survivor benefits (Hinterbliebenenversorgung) as of the time of conclusively ending active work (at age 65 at the earliest) or upon occurrence of disability or incapacity to work (Berufs- oder Erwerbsunfähigkeit) or of a full or partial reduction in earning capacity (Erwerbs-minderung), calculated by reference to the amount of the recipient's most recent base salary. Management Board members who have been members of the Management Board for at least ten years at the time of conclusively ending active work have this entitlement after having reached the age of 63 (early retirement); in this case, the benefits are reduced by 0.5 % for each calendar month that the Management Board member retires from active work before reaching the age of 65.

The retirement pension is based on 30 % of the last base salary (for the Management Board members Rice Powell, Dr. Katarzyna Mazur-Hofsäß, Dr. Olaf Schermeier and Kent Wanzek) or the 5-year average of the last base salaries (for the Management Board members William Valle and Harry de Wit) and will increase for each complete year of service by 1.5 percentage points up to a maximum of 45 %. Current retirement pensions increase according to statutory requirements (section 16 of the German Act for the Improvement of Company Pension Plans (BetrAVG)). As a general rule, 30 % of the gross amount of any post-retirement income from an activity of the Management Board member is to be offset against the pension. If a Management Board member dies, the surviving spouse receives a pension amounting to 60 % of the pension claim applicable at that time. Furthermore, the deceased Management Board member's natural legitimate children (leibliche eheliche Kinder) receive an orphan's pension amounting to 20 % of the pension claim applicable at that time until they complete their education, but no longer than they reach 25 years of age. However, all orphan's pensions and the surviving spouse's pension, taken together, must not exceed 90 % of the Management Board member's pension claim. If a Management Board member leaves the Management Board before reaching the age of 65, the rights to the aforementioned benefits survive, however the pension to be paid is reduced – unless the Management Board member ceases to hold office because a covered event occurs (disability or incapacity to work, payment of a survivor's pension in case of death or, if applicable, early retirement) – in proportion to the ratio of the actual years of service as a Management Board member to the potential years of service until reaching the age of 65.

For explanation on the agreements the General Partner has entered into with the members of the Management Board Dr. Olaf Schermeier, Kent Wanzek and Harry de Wit who resigned from office as per the end of the Fiscal Year with regard to their pension commitments, please refer to the section "Agreements with members of the Management Board who resigned from office as per the end of the Fiscal Year".

Additions to pension provisions in the Fiscal Year for the Management Board members in office on December 31 of the Fiscal Year amounted to €7,035 THOUS (2020: €4,082 THOUS). The development and status of the pension commitments pursuant to IAS 19 are shown in TABLE 4.41 ON PAGE 167.

U.S.-based 401(k) Savings Plan

Based on individual contractual commitments, the Management Board members Rice Powell, Helen Giza, Franklin W. Maddux MD, William Valle and Kent Wanzek additionally participated in the U.S.-based 401(k) Savings Plan in the Fiscal Year; in this context, an amount of $8,700 (€7,356) (2020 (without Ms. Helen Giza): $8,550 (€7,486)) vested in the Fiscal Year in each case and were paid to the aforementioned members of the Management Board in January 2022. This plan generally allows employees in the U.S. to invest a limited portion of their gross salaries in retirement pension programs. The company supports its employees at this with benefits of up to 50 % of the annual payments.

T 4.40 **INFORMATION ON THE PERSONAL INVESTMENT FROM THE SHORT-TERM INCENTIVE**

	Underlying compensation component	Date of the personal investment	End of the holding period	Type of the equity instruments	Number of purchased equity instruments
Members of the Management Board in office during the Fiscal Year					
Rice Powell	Short-Term Incentive for the year 2018	March 7, 2019	March 7, 2022	ADRs	6,000
		March 8, 2019	March 8, 2022	ADRs	6,000
		March 11, 2019	March 11, 2022	ADRs	4,560
	Short-Term Incentive for the year 2020	March 12, 2021	March 12, 2024	ADRs	16,415
Helen Giza	Short-Term Incentive for the year 2020	February 24, 2021	February 24, 2024	ADRs	8,700
Franklin W. Maddux, MD	Short-Term Incentive for the year 2020	February 25, 2021	February 25, 2024	ADRs	8,000
Dr. Katarzyna Mazur-Hofsäß	Short-Term Incentive for the year 2018	March 8, 2021	March 8, 2024	Shares	1,205
	Short-Term Incentive for the year 2020	February 25, 2021	February 25, 2024	Shares	3,295
Dr. Olaf Schermeier	Short-Term Incentive for the year 2018	February 26, 2019	February 26, 2022	Shares	3,550
	Short-Term Incentive for the year 2020	February 24, 2021	February 24, 2024	Shares	3,730
William Valle	Short-Term Incentive for the year 2018	March 5, 2019	March 5, 2022	Shares	4,000
	Short-Term Incentive for the year 2020	March 22, 2021	March 22, 2024	ADRs	8,850
Kent Wanzek	Short-Term Incentive for the year 2018	February 27, 2019	February 27, 2022	Shares	3,855
		March 1, 2019	March 1, 2022	Shares	509
	Short-Term Incentive for the year 2020	February 25, 2021	February 25, 2024	ADRs	7,639
Harry de Wit	Short-Term Incentive for the year 2018	February 27, 2019	February 27, 2022	Shares	2,425
	Short-Term Incentive for the year 2020	February 24, 2021	February 24, 2024	Shares	2,650
Former member of the Management Board					
Michael Brosnan	Short-Term Incentive for the year 2018	March 4, 2019	March 4, 2022	ADRs	8,350

T 4.41 **DEVELOPMENT AND STATUS OF PENSION COMMITMENTS**
IN € THOUS

	January 1, 2021	Additions	December 31, 2021[1]
Rice Powell[2]	14,727	693	15,420
Helen Giza	-	-	-
Franklin W. Maddux, MD	-	-	-
Dr. Katarzyna Mazur-Hofsäß	-	2,498	2,498
Dr. Olaf Schermeier	2,000	366	2,366
William Valle	4,152	1,812	5,964
Kent Wanzek	5,196	1,029	6,225
Harry de Wit	2,259	637	2,896
TOTAL	**28,334**	**7,035**	**35,369**

[1] The pension commitment of Messrs. Rice Powell, Willam Valle and Kent Wanzek is denominated in U.S. dollar. For the calculation of the pension provisions an exchange rate of €0.88/$1 was applied.
[2] The amounts shown for Mr. Rice Powell include vested benefits from his participation in employee pension plans of Fresenius Medical Care North America, which provide for payment of a retirement pension after having reached the age of 65 and the payment of reduced benefits after having reached the age of 55. In March 2002, the claims under the pension plans were frozen at the level then applicable.

Post-employment non-competition covenant

A post-employment non-competition covenant was agreed with all members of the Management Board. If such covenant becomes applicable, the members of the Management Board will receive, for a period of up to two years, non-compete compensation amounting to half of their respective annual base salaries for each year the non-competition covenant is applied.

Change of control

The service agreements of the Management Board members contain no express provisions for the event of a change of control.

Severance payment cap

The service agreements concluded with the Management Board members provide for a severance payment cap. Under this cap, payments in connection with the early termination of a Management Board activity may not exceed the value of two years' compensation and may not compensate for more than the remaining term of the service agreement. To calculate the relevant annual compensation, only the fixed compensation components are applied. If the General Partner has terminated the service agreement for good cause or would be entitled to do so, no severance payments will be made.

Continued compensation in cases of sickness

All Management Board members have received individual contractual commitments to obtain continued compensation in cases of sickness for a maximum of twelve months; after six months of sick leave, insurance benefits may be offset against such payments. If a Management Board member dies, the surviving dependents will be paid three more monthly installments after the month of death, not to exceed, however, the amount due between the time of death and the scheduled expiration of the relevant service agreement.

Agreements with members of the Management Board who resigned from office at the end of the Fiscal Year

As part of the transformation of the Company's operating model, the Management Board members Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit resigned from office as per the end of the Fiscal Year and, hence, prior to the expiry of their terms that were originally agreed. However, they continue to bear responsibility for the company in management functions at group companies and contribute their expertise and many years of experience.

With regard to their resignation from the Management Board, the General Partner's supervisory board has agreed with Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit in each case that they will be compensated in accordance with the provisions of their respective service agreement until the end of the Fiscal Year. In addition to the fixed compensation and fringe benefits, Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit receive short-term and long-term variable compensation components for the Fiscal Year based on the respective plan terms. The long-term incentive components allocated to them until end of the Fiscal Year are, in principle, exercisable and payable in accordance with the targets and due dates originally agreed upon on in the relevant plan terms.

The General Partner's supervisory board has further agreed with Mr. Harry de Wit that the Performance Shares allocated to Mr. Harry de Wit in the Fiscal Year will not be forfeited under the conditions that his new employment relationship within the group regularly ends on December 31, 2023 and that he does not enter into any other service or employment relationship.

Therefore, in deviation from the current plan terms, these Performance Shares can continue to vest; Mr. de Wit's obligation to invest the proceeds received from these Performance Shares in shares of the Company does not apply.

For the period from January 1, 2022, Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit will receive compensation from the respective group company in accordance with their new employment agreements and will in principle no longer receive any compensation from the General Partner. The General Partner has only committed to grant the following benefits to Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit in connection with their resignation from the Management Board:

It was agreed with Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit in connection with their resignation from the Management Board that the pension commitments which were made to them with regard to their service agreements and under which they have accrued vested pension rights will be retained by the General Partner. As long as Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry are active for the group, they may accrue further benefits under these pension commitments until the date on which their respective service agreements, which were terminated early, would have regularly ended. In addition, Dr. Olaf Schermeier is entitled to retroactively replace the pension commitment granted by the General Partner with a defined contribution scheme, provided that the General Partner introduces such a scheme.

The General Partner has agreed with Mr. Harry de Wit to continue to bear the premiums for his existing life insurance policies until the regular termination date of his service agreement, which was terminated early, as long as he continues to exercise his function at the group company.

Furthermore, it was agreed with Dr. Schermeier that he will be reimbursed for the costs of legal advice he retained in connection with his resignation from the Management Board.

Further information

Compensation of the U.S. members of the Management Board, Rice Powell, Helen Giza, Franklin W. Maddux MD, William Valle and Kent Wanzek, was partly paid in the U.S. (in U.S. dollar) and partly in Germany (in euro). With respect to the amount paid in Germany, it was agreed with the aforementioned Management Board members that due to varying tax rates in both countries, the increased or lower tax burden to such members of the Management Board arising from German tax rates in comparison to U.S. tax rates will be balanced or will be paid back by them (net compensation). Pursuant to a modified net compensation agreement, these Management Board members will be treated as if they were taxed in the United States only. Therefore, the gross amounts may be retroactively changed. Since the actual tax burden can only be calculated in connection with the preparation of the Management Board members' tax returns, subsequent adjustments may have to be made, which will then be retroactively covered in future compensation reports.

To the extent permitted by law, the General Partner undertook to indemnify the Management Board members from claims asserted against them arising out of their work for the Company and its affiliates, to the extent such claims exceed their liability under German law. To secure such obligations, a Directors & Officers liability insurance is in place having a deductible that corresponds to the specifications under German stock corporation law.

In accordance with applicable legal requirements, no loans or advance payments on future compensation components were awarded to members of the Management Board in the Fiscal Year.

FORMER MANAGEMENT BOARD MEMBERS' COMPENSATION

Mr. Michael Brosnan was a member of the Management Board until the expiry of October 31, 2019. For the period from January 1, 2020 to December 31, 2020, Mr. Michael Brosnan on the basis of his termination agreement received an amount equivalent to 30 % of his former base salary, which was paid in the Fiscal Year. The compensation components allocated to Mr. Michael Brosnan under the LTIP 2011, the LTIP 2016, the MB LTIP 2019 and in the form of the Share Based Award are or were payable or exercisable in accordance with the terms and conditions of the respective plan. Since January 1, 2021, Mr. Michael Brosnan receives an annual non-compete compensation in the amount of $553 THOUS (€467 THOUS) per year for a period of two years. It was agreed with Mr. Michael Brosnan that he would be entitled to receive, from January 1, 2021 onwards, a retirement pension on the basis of the individual contractual pension commitment of the General Partner amounting to $405 THOUS (€342 THOUS) each year, which has already been described. The non-compete compensation is offset against the retirement pension. In the Fiscal Year, Mr. Michael Brosnan received fringe benefits in the form of tax burden compensation due to varying tax rates in Germany and the U.S. (net compensation) and relocation supplements in the amount of in total €240 THOUS (2020: €225 THOUS). With regard to the definition of "awarded" compensation used in this Compensation Report, this results in a long-term incentive awarded to Mr. Michael Brosnan in the Fiscal Year in the amount of €651 THOUS. This total compensation awarded to Mr. Michael Brosnan in the Fiscal Year in the amount of €651 THOUS comprises 100 % long-term variable compensation components.

Mr. Dominik Wehner was a member of the Management Board until the expiry of December 31, 2017. In his termination agreement, it was agreed with respect to the compensation compo-

nents provided in his service agreement for the period from January 1, 2018 to March 31, 2022 that he would receive an annual base salary of €425 THOUS and an amount equivalent to 30 % of his base salary, which is paid in the year following the applicable fiscal year. In addition, Mr. Dominik Wehner is entitled to fringe benefits such as the private use of his company car, reimbursement of fees for the preparation of tax returns and for financial planning, insurance benefits and contributions to pension and health insurance in a total amount of approximately €37 THOUS per year. The compensation components awarded or allocated to Mr. Dominik Wehner under the LTIP 2011, the LTIP 2016 and in the form of the Share Based Award are or were payable or exercisable, as the case may be, on the relevant regular vesting date in accordance with the terms and conditions of the respective plan. After having reached the age of 65, Mr. Dominik Wehner will receive a company-funded retirement pension according to the General Partner's individual contractual pension commitment described above. With regard to the definition of "awarded" compensation used in this Compensation Report, this results in a long-term incentive awarded to Mr. Dominik Wehner in the Fiscal Year in the amount of €908 THOUS. This total compensation awarded to Mr. Dominik Wehner in the Fiscal Year in the amount of €908 THOUS comprises 100 % long-term variable compensation components.

Mr. Roberto Fusté, who was a member of the Management Board until March 31, 2016, received pension payments in the amount of approximately €274 THOUS (2020: €274 THOUS) and fringe benefits in the form of relocation supplements in the amount of €43 THOUS (2020: €0 THOUS) in the Fiscal Year. With regard to the definition of "awarded" compensation used in this Compensation Report, the total compensation awarded to Mr. Roberto Fusté in the Fiscal Year amounts to €274 THOUS, which comprises 100 % fixed compensation components.

Prof. Emanuele Gatti, who was a member of the Management Board until March 31, 2014, received pension payments in the amount of €355 THOUS (2020: €355 THOUS) in the Fiscal Year. This total compensation awarded to Prof. Emanuele Gatti in the Fiscal Year in the amount of €355 THOUS comprises 100 % fixed compensation components.

For an explanation as to how the compensation components correspond to the relevant compensation system, as to how compensation promotes the long-term development of the Company, as to how the performance criteria were applied and as to how the compensation "awarded" in the Fiscal Year is defined, please refer to the respective aforementioned statements regarding the current Management Board members' compensation.

COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The supervisory board advises and monitors the management and is involved in the strategy and planning and in all matters of fundamental importance to the Company. In view of these tasks which carry a high degree of responsibility, the members of the supervisory board are intended to receive appropriate compensation, which also takes sufficient account of the time required to hold the supervisory board office. In addition, supervisory board compensation that is appropriate also with respect to the market environment ensures that the Company will continue to have qualified candidates for the supervisory board in the future. Thus, appropriate compensation of the supervisory board members contributes to the promotion of the business strategy and the long-term development of the Company.

The compensation of the members of the Supervisory Board and the General Partner's supervisory board is set out in Article 13 of their respective Articles of Association. The members of the Supervisory Board receive compensation from the Company and the members of the General Partner's supervisory board from the General Partner. The compensation paid to the members of the General Partner's supervisory board and to the members of its committees is charged to the Company in accordance with Article 7 para. 3 of the Company's Articles of association.

Approval of the compensation provided for in the Articles of Association by the general meeting

The Company's Annual General Meeting of August 27, 2020 resolved to amend Article 13 of the Company's Articles of Association and the compensation of the Supervisory Board set out therein with effect from January 1, 2021. In particular, the variable compensation component previously provided for in the Articles of Association was abolished with effect from January 1, 2021 and, in return, fixed compensation was increased and compensation for the Supervisory Board members' activity on a committee was adjusted. At the same time, the general meeting approved the Supervisory Board's compensation both applicable at that time and applicable since January 1, 2021 with a majority of more than 98 % of the votes cast. The resolution of the Company's general meeting on the Supervisory Board members' compensation can be found on the Company's website at www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration.

The General Partner's annual general meeting of November 4, 2020 resolved to amend Article 13 of the General Partner's Articles of Association and the General Partner's supervisory board's compensation set out therein accordingly with effect

from January 1, 2021. This ensures that compensation of the Supervisory Board members on the one hand and the General Partner's supervisory board members on the other hand will continue to be aligned with each other.

Unless otherwise indicated, the following statements therefore refer to compensation of both the Supervisory Board members and the General Partner's supervisory board members.

Compensation as provided for in Article 13 of the Articles of Association

According to Article 13 of the respective Articles of Association, the members of the supervisory board receive fixed compensation, fringe benefits (comprising the reimbursement of expenses and insurance coverage) and, if they serve in committees of the supervisory board, compensation for these committee activities. If a fiscal year does not comprise a full calendar year, the compensation related to a full fiscal year is to be paid pro rata temporis.

In the Fiscal Year, the members of the supervisory board received compensation on the basis of and in accordance with Article 13 of the respective Articles of association in the version applicable in the Fiscal Year as follows:

Activities on the supervisory board

Each supervisory board member received fixed compensation of $160 THOUS (2020: $88 THOUS) for the full Fiscal Year, payable in four equal installments at the end of a calendar quarter. The chairman of the supervisory board received additional compensation of $160 THOUS (2020: $88 THOUS) and the vice chairman received additional compensation of $80 THOUS (2020: $44 THOUS), in each case for the full Fiscal Year.

Activities in committees

As a member of a committee, a supervisory board member additionally received $40 THOUS (2020: $44 THOUS for members of the Supervisory Board and $55 THOUS for members of the General Partner's supervisory board) for the full Fiscal Year. A member of a committee who served as chairman or vice chairman of a committee additionally received $40 THOUS and $20 THOUS for the full Fiscal Year, respectively (2020: $22 THOUS and $11 THOUS, respectively), payable in identical installments at the end of a calendar quarter. No separate compensation was awarded to supervisory board members who were members of the Joint Committee of the Company or performed the functions of chairmen and vice chairmen. In accordance with Article 13e para. 3 of the Articles of Association of the Company, the members of the Joint Committee are, however, entitled to receive an attendance fee in the amount of $3.5 THOUS.

Deduction and offset clauses

To the extent a member of the Supervisory Board at the same time is a member of the General Partner's supervisory board and receives compensation for these activities, such compensation will be reduced by half. The same applies to the additional compensation paid to the chairman and the vice chairman of the supervisory board if a person performs this function on the Supervisory Board and the General Partner's supervisory board at the same time. If the vice chairman of the Supervisory Board or the General Partner's supervisory board at the same time is the chairman of the General Partner's supervisory board or the Supervisory Board, he will not receive additional compensation for his activity as vice chairman. If a member of a committee of the Supervisory Board at the same time is a member of a committee of the General Partner's supervisory board and receives compensation for these activities, these compensation payments will be offset against each other in the corresponding amount, provided that the committees have the same type of functions and competences.

Fringe benefits and insurance protection

Furthermore, members of the supervisory board are reimbursed for the expenses incurred in the exercise of their office, including the statutory value-added tax owed by them.

A Directors & Officers liability insurance in favor of the supervisory board members is in place, having a deductible corresponding to the specifications applying to management board members under German stock corporation law.

No variable compensation

With effect from January 1, 2021, the supervisory board's compensation no longer includes any variable compensation components. The compensation awarded and due to the supervisory board members in the Fiscal Year exclusively comprises fixed compensation components.

Compensation awarded and due in the Fiscal Year

The compensation awarded and due in the Fiscal Year to the current and former members of the Supervisory Board and the General Partner's supervisory board, including the amount charged by the General Partner to the Company, is shown in TABLE 4.42 ON PAGE 171.

In the Fiscal Year, no compensation was awarded or due to supervisory board members who ceased to hold office prior to the beginning of the Fiscal Year.

T 4.42 **COMPENSATION AWARDED OR DUE OF THE CURRENT AND FORMER MEMBERS OF THE SUPERVISORY BOARD**[1]
IN € THOUS

	Compensation for supervisory board activities for the General Partner		Compensation for supervisory board activities for the Company		Compensation for committee services for the General Partner		Compensation for committee services for the Company		Overall compensation awarded or due	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Current members of the supervisory board										
Dr. Dieter Schenk	71	39	212	116	78	127	46	26	**407**	**308**
Stephan Sturm[2]	283	154	–	–	141	111	–	–	**424**	**265**
Rolf A. Classon	71	39	141	77	56	106	130	58	**398**	**280**
Rachel Empey[3]	141	77	–	–	–	–	–	–	**141**	**77**
Gregory Sorensen, MD[4]	43	–	43	–	–	–	–	–	**86**	**–**
Dr. Dorothea Wenzel[5]	–	–	141	77	–	–	43	–	**184**	**77**
Pascale Witz[6]	43	–	98	77	–	–	46	74	**187**	**151**
Prof. Dr. Gregor Zünd[7]	–	–	141	77	–	–	–	–	**141**	**77**
Former members of the supervisory board										
William P. Johnston[8]	27	39	27	39	41	116	21	48	**116**	**242**
Dr. Gerd Krick[9]	55	77	–	–	34	58	–	–	**89**	**135**
TOTAL	**734**	**425**	**803**	**463**	**350**	**518**	**286**	**206**	**2,173**	**1,612**

[1] Shown without VAT and withholding tax; translation of U.S. dollar amounts at average exchange rates for the applicable calendar year.
[2] Chairman of the supervisory board of the General Partner, but not a member of the supervisory board of the Company; compensation paid by the General Partner.
[3] Member of the supervisory board of the General Partner, but not a member of the supervisory board of the Company; compensation paid by the General Partner.
[4] Please note for purposes of comparison of the amounts indicated for the Fiscal Year that Mr. Gregory Sorensen, MD was appointed as a member of the supervisory board of the General Partner and of the Company as of May 20, 2021 and, therefore, received compensation payments to be set out herein as of this date.
[5] Member of the supervisory board of the Company, but not a member of the supervisory board of the General Partner; compensation paid by the Company.
[6] Please note for purposes of comparison of the amounts indicated for the Fiscal Year that Ms. Pascale Witz was appointed as a member of the supervisory board of the General Partner as of May 20, 2021 and, therefore, received compensation payments to be set out herein as of this date.
[7] Member of the supervisory board of the Company, but not a member of the supervisory board of the General Partner; compensation paid by the Company.
[8] Please note for purposes of comparison of the amounts indicated for the Fiscal Year that Mr. William P. Johnston was a member of the supervisory board of the General Partner and of the Company only until May 20, 2021 and, therefore, received compensation payments to be set out herein until this date.
[9] Please note for purposes of comparison of the amounts indicated for the Fiscal Year that Dr. Gerd Krick was a member of the supervisory board of the General Partner only until May 20, 2021 and, therefore, received compensation payments to be set out herein until this date.

T 4.43 **COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF THE COMPENSATION (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	2021	Change in %	2020	Change in %	2019	Change in %	2018	Change in %	2017
Revenue	17,618,685	**(1)**	17,859,063	2	17,476,555	6	16,546,873	(7)	17,783,572
Operating income	1,852,290	**(20)**	2,304,409	2	2,269,558	(25)	3,037,798	29	2,362,439
Net income	969,308	**(17)**	1,164,377	(3)	1,199,619	(39)	1,981,924	55	1,279,788
ROIC	4.9	**(15)**	5.8	(5)	6.1	(51)	12.4	44	8.6
Annual result according to the statutory financial statements of Fresenius Medical Care AG & Co. KGaA	1,737,017	**228**	(1,357,242)	(301)	676,709	172	(937,906)	(216)	811,510
Average employees' compensation	45.4	**(2)**	46.2	2	45.5	2	44.6	(7)	47.9
Members of the Management Board in office during the Fiscal Year									
Rice Powell	5,424	**(29)**	7,642	88	4,060	(1)	4,082	3	3,968
Helen Giza	1,781	**(12)**	2,014	185	707	n. a.	-	n. a.	-
Franklin W. Maddux, MD	1,986	**(33)**	2,949	n. a.	-	n. a.	-	n. a.	-
Dr. Katarzyna Mazur-Hofsäß	1,872	**(6)**	1,993	4	1,925	33	1,447	n. a.	-
Dr. Olaf Schermeier	2,578	**(15)**	3,042	42	2,136	14	1,868	8	1,724
William Valle	3,709	**(16)**	4,402	88	2,345	(8)	2,548	20	2,120
Kent Wanzek	2,554	**(30)**	3,654	77	2,059	8	1,911	(3)	1,963
Harry de Wit	2,814	**(13)**	3,243	91	1,698	(3)	1,745	-	1,751
Former members of the Management Board									
Michael Brosnan	651	**(83)**	3,813	(16)	4,561	107	2,207	(7)	2,361
Roberto Fusté	274	**(87)**	2,157	245	626	97	317	(56)	720
Prof. Emanuele Gatti	355	**-**	355	-	355	(51)	729	70	428
Dominik Wehner	908	**(59)**	2,202	2,374	89	(71)	311	(92)	3,737
Current members of the supervisory boards									
Dr. Dieter Schenk	407	**32**	308	4	296	-	296	5	283
Stephan Sturm	424	**60**	265	3	257	(9)	282	(4)	295
Rolf A. Classon	398	**42**	280	(2)	285	(7)	305	(3)	314
Rachel Empey	141	**83**	77	(3)	79	(45)	143	186	50
Gregory Sorensen, MD	86	**n. a.**	-	n. a.	-	n. a.	-	n. a.	-

COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF THE COMPENSATION (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	2021	Change in %	2020	Change in %	2019	Change in %	2018	Change in %	2017
Dr. Dorothea Wenzel	184	**139**	77	71	45	n. a.	-	n. a.	-
Pascale Witz	187	**24**	151	9	139	(3)	143	(4)	149
Prof. Dr. Gregor Zünd	141	**83**	77	(3)	79	216)	25	n. a.	-
Former members of the supervisory boards									
William P. Johnston	116	**(52)**	242	(1)	245	(18)	300	(4)	313
Dr. Gerd Krick	89	**(34)**	135	(2)	138	(42)	239	(26)	323

COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF THE COMPENSATION

The development of the compensation awarded and due to the current and former members of the Management Board as well as of the Supervisory Board and the General Partner's supervisory board, the development of the Company's earnings and the development of the average compensation of employees on a full-time equivalent (FTE) basis are shown comparatively in TABLE 4.43 STARTING ON PAGE 172.

Key indicators for the performance of the Company

For the purposes of a comparative presentation of the Company's performance, in addition to the Company's annual results for the year under German commercial law, which shows the Company's earnings development, revenue and net income as well as operating income and return on invested capital (ROIC) are also used, each of which serve as key performance indicator of the group and as performance targets for the Management Board members' variable compensation.

Information on the compensation awarded and due

In order to obtain a reasonable comparison between the individual years, the information contained in TABLE 4.43 STARTING ON PAGE 172 on the compensation of the members of the Management Board and the respective supervisory board in 2017, 2018, 2019 and 2020 is reported in accordance with the reporting logic applied in the compensation tables in the section "Compensation tables for the Management Board members in office during the Fiscal Year". The amounts disclosed for previous years therefore differ in some cases from the corresponding disclosures in the compensation reports for earlier fiscal years.

Financial figures

The figures set out in the compensation comparison are disclosed at current currency and in accordance with the accounting standards applied by the Company in the relevant fiscal year, while the figures relating to the Management Board members' compensation are in principle determined at constant currency.

As disclosed in the compensation reports for the relevant fiscal years, the figures used for determining the level of target achievement and for determining the Management Board members' compensation were and are, in some cases, adjusted for certain effects, including, without limitation, effects resulting from a change in the applicable accounting standards. For instance, the Company implemented IFRS 15 in 2018 and IFRS 16 in 2019. The initial application of each of these accounting standards has a material impact on some of the figures shown in the compensation comparison (revenue, net income, operating income, ROIC), making it more difficult to compare

these figures for 2017 and 2018 to those for 2018 and 2019, respectively.

Consequently, there is only a limited degree of comparability between the figures relating to each fiscal year shown in the following table and the corresponding amounts of the Management Board members' compensation and, in particular, between these figures in terms of their respective annual change.

Compensation of the Management Board

In accordance with the respectively applicable plan terms, an award from the long-term variable compensation to the members of the Management Board is generally made no earlier than four (LTIP 2011, LTIP 2016 and MB LTIP 2019) or three (MB LTIP 2020, Share Based Award) years after the respective allocation. As a result, compensation awarded or due to Management Board members is usually lower in the first years of their Management Board activity than in subsequent years.

Compensation of the supervisory boards

The variable compensation component previously in place for the respective supervisory boards has been eliminated with effect from January 1, 2021 and, to compensate for this, the fixed compensation of the members of the respective supervisory boards has been increased in view of the significant increase in the scope of monitoring and advisory activities.

Compensation of the employees

Employee compensation is based on the average wages and salaries of all employees on a full-time equivalent basis at group companies worldwide in the respective fiscal year in order to enable reporting that is consistent with the corresponding figures from reports for previous years as well as the most comprehensive comparison possible over the entire comparative period.

OUTLOOK FOR COMPENSATION-RELATED CHANGES

The company has started the realignment of its operating model in 2022 as part of the "FME25" program which is to be concluded in 2023. As of this point in time, the Company will operate with a significantly simplified structure of only two global segments in the future – Care Enablement and Care Delivery. This also leads to changes in the composition of the Management Board and in the allocation of responsibilities among the members of the Management Board remaining in office.

The members of the Management Board Dr. Olaf Schermeier (previously Management Board member for Research and Development), Mr. Kent Wanzek (previously member of the Management Board for Global Manufacturing, Quality and Supply) and Mr. Harry de Wit (previously member of the Management Board for Asia-Pacific) have agreed to retire from the Management Board of the Company already at the end of the Fiscal Year in the course of the implementation of FME25. However, they will continue to work for the company in other leading functions.

Pursuant to the allocation of responsibilities for the members of the Management Board implemented as of January 1, 2022, Dr. Katarzyna Mazur-Hofsäß (previously member of the Management Board for Europe, Middle East and Africa) is responsible for the new Care Enablement business segment and Mr. William Valle (previously member of the Management Board for North America) for the new Care Delivery business segment. Mr. Rice Powell remains Chairman of the Management Board and CEO and Mr. Franklin W. Maddux, MD, continues to be Global Chief Medical Officer, respectively. Ms. Helen Giza has assumed the position as Chief Transformation Officer in addition to her role as Chief Financial Officer.

The elimination of Management Board functions with regional responsibility results in changes for the short-term incentive for the year 2022: For all members of the Management Board this will be exclusively measured on the basis of performance targets measured at group level in accordance with the Compensation System 2020+ and no longer also partly on the basis of performance targets measured at regional level. This is also in line with the aim of FME25 to simplify and globally focus the operational model.

The company is aware of its responsibility for environmental, social and governance (ESG) aspects. Already in 2020, the supervisory board has provided for a sustainability target in the short-term incentive of the members of the Management Board under the Compensation System 2020+. In 2022, the supervisory board will consider introducing an additional performance target for the long-term variable remuneration for the members of the Management Board, which will provide an additional incentive to secure the strong ESG commitment and will reward the promotion of ESG aspects in the interest of the Company.

The supervisory board intends to submit the corresponding amendment to the Compensation System 2020+ and any further adjustments to the Compensation System 2020+ in view of FME25 for approval to the Annual General Meeting of the Company in May 2023 following the required thorough review.

AUDITOR'S REPORT

To Fresenius Medical Care AG & Co. KGaA, Hof an der Saale

We have audited the remuneration report of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, for the financial year from January 1 to December 31, 2021 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Fresenius Medical Care AG & Co. KGaA are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2021, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Fresenius Medical Care AG & Co. KGaA. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Frankfurt am Main, February 25, 2022

PRICEWATERHOUSECOOPERS GMBH
Wirtschaftsprüfungsgesellschaft

PETER KARTSCHER
Wirtschaftsprüfer
[German Public Auditor]

HOLGER LUTZ
Wirtschaftsprüfer
[German Public Auditor]

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME

T 5.1 **CONSOLIDATED STATEMENTS OF INCOME**
IN € THOUSANDS (THOUS), EXCEPT PER SHARE DATA

	Note	2021	2020	2019
Revenue				
Health care services		13,876,282	14,114,399	13,872,219
Health care products		3,742,403	3,744,664	3,604,336
TOTAL	4A, 26	**17,618,685**	**17,859,063**	**17,476,555**
Costs of revenue				
Health care services		10,637,279	10,575,424	10,483,822
Health care products		1,904,377	1,746,194	1,596,882
TOTAL		**12,541,656**	**12,321,618**	**12,080,704**
GROSS PROFIT		**5,077,029**	**5,537,445**	**5,395,851**
Operating (income) expenses				
Selling, general and administrative	4B	3,096,132	3,133,780	3,031,944
Research and development	4C	220,782	193,774	168,028
Income from equity method investees	26	(92,175)	(94,518)	(73,679)
OPERATING INCOME		**1,852,290**	**2,304,409**	**2,269,558**

	Note	2021	2020	2019
Other (income) expense				
Interest income	4F	(73,170)	(41,959)	(61,617)
Interest expense	4F	353,599	409,978	491,061
INCOME BEFORE INCOME TAXES		**1,571,861**	**1,936,390**	**1,840,114**
Income tax expense	4G	352,833	500,558	401,614
NET INCOME		**1,219,028**	**1,435,832**	**1,438,500**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		**249,720**	**271,455**	**238,881**
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA		**969,308**	**1,164,377**	**1,199,619**
BASIC EARNINGS PER SHARE	19	**3.31**	**3.96**	**3.96**
DILUTED EARNINGS PER SHARE	19	**3.31**	**3.96**	**3.96**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

T 5.2 **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
IN € THOUS

	Note	2021	2020	2019
NET INCOME		**1,219,028**	**1,435,832**	**1,438,500**
Other comprehensive income (loss)				
Components that will not be reclassified to profit or loss:				
Equity method investees – share of OCI	24	(25,334)	58,166	-
FVOCI equity investments	24	37,660	19,439	-
Actuarial gain (loss) on defined benefit pension plans	16, 24	(15,781)	4,176	(99,613)
Income tax (expense) benefit related to components of other comprehensive income not reclassified	24	(4,085)	(3,517)	30,245
TOTAL		**(7,540)**	**78,264**	**(69,368)**
Components that may be reclassified subsequently to profit or loss:				
Gain (loss) related to foreign currency translation	24	1,034,239	(1,359,397)	263,835
FVOCI debt securities	24	(9,892)	29,096	-
Gain (loss) related to cash flow hedges	23, 24	(1,019)	(188)	(9,672)
Cost of hedging	24	(163)	2,967	(1,961)
Income tax (expense) benefit related to components of other comprehensive income that may be reclassified	24	1,889	(5,797)	2,674
TOTAL		**1,025,054**	**(1,333,319)**	**254,876**
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**1,017,514**	**(1,255,055)**	**185,508**
TOTAL COMPREHENSIVE INCOME		**2,236,542**	**180,777**	**1,624,008**
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		**339,583**	**171,810**	**259,184**
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA		**1,896,959**	**8,967**	**1,364,824**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

T 5.3 **CONSOLIDATED BALANCE SHEETS**
IN € THOUS, EXCEPT SHARE DATA

	Note	Dec. 31, 2021	Dec. 31, 2020
Assets			
Cash and cash equivalents	6	1,481,655	1,081,539
Trade accounts and other receivables from unrelated parties	7	3,409,061	3,153,045
Accounts receivable from related parties	5	162,361	91,438
Inventories	8	2,038,014	1,895,310
Other current assets	9	876,151	1,053,978
TOTAL CURRENT ASSETS		**7,967,242**	**7,275,310**
Property, plant and equipment	10	4,235,027	4,056,864
Right-of-use assets	21	4,316,440	4,129,888
Intangible assets	11	1,459,393	1,381,009
Goodwill	11	14,361,577	12,958,728
Deferred taxes	4G	315,360	351,152
Investment in equity method investees		786,905	761,113
Other non-current assets	23	924,614	774,972
TOTAL NON-CURRENT ASSETS		**26,399,316**	**24,413,726**
TOTAL ASSETS		**34,366,558**	**31,689,036**
Liabilities			
Accounts payable to unrelated parties		736,069	731,993
Accounts payable to related parties	5	121,457	95,401
Current provisions and other current liabilities	12	3,676,875	3,413,667
Short-term debt from unrelated parties	13	1,178,353	62,950
Short-term debt from related parties	13	77,500	16,320
Current portion of long-term debt	14	667,966	1,008,359
Current portion of lease liabilities from unrelated parties	21	639,947	588,492
Current portion of lease liabilities from related parties	5	21,631	20,664
Income tax liabilities		137,836	118,389
TOTAL CURRENT LIABILITIES		**7,257,634**	**6,056,235**
Long-term debt, less current portion	14	6,646,949	6,800,101
Lease liabilities from unrelated parties, less current portion	21	3,990,153	3,763,775
Lease liabilities from related parties, less current portion	5	97,650	119,356
Non-current provisions and other non-current liabilities	15	707,563	1,034,999
Pension liabilities	16	782,622	718,502
Income tax liabilities		36,498	78,872
Deferred taxes	4G	868,452	785,886
TOTAL NON-CURRENT LIABILITIES		**13,129,887**	**13,301,491**
TOTAL LIABILITIES		**20,387,521**	**19,357,726**
Shareholders' equity			
Ordinary shares, no par value, €1.00 nominal value, 362,370,124 shares authorized, 293,004,339 issued and outstanding as of December 31, 2021 and 362,370,124 shares authorized, 292,876,570 issued and outstanding as of December 31, 2020	17	293,004	292,877
Additional paid-in capital	17	2,891,276	2,872,630
Retained earnings	17	10,826,140	10,254,913
Accumulated other comprehensive income (loss)	24	(1,311,637)	(2,205,340)
TOTAL FMC AG & CO. KGAA SHAREHOLDERS' EQUITY		**12,698,783**	**11,215,080**
Noncontrolling interests	17	1,280,254	1,116,230
TOTAL EQUITY		**13,979,037**	**12,331,310**
TOTAL LIABILITIES AND EQUITY		**34,366,558**	**31,689,036**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

T 5.4 **CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	Note	2021	2020	2019
Operating activities				
Net income		1,219,028	1,435,832	1,438,500
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation, amortization and impairment loss	10,11,21,26	1,623,676	1,785,899	1,593,160
Change in deferred taxes, net		67,259	111,104	64,266
(Gain) loss from the sale of fixed assets, right-of-use assets, investments and divestitures		44,088	(58,364)	(99,074)
Compensation expense related to share-based plans	20	–	–	1,992
Income from equity method investees		(92,175)	(94,518)	(73,679)
Interest expense, net	4F	280,429	368,019	429,444
Changes in assets and liabilities, net of amounts from businesses acquired				
Trade accounts and other receivables from unrelated parties		(100,548)	11,611	(105,828)
Inventories		(48,530)	(355,831)	(117,504)
Other current and non-current assets		164,201	(178,473)	(46,132)
Accounts receivable from related parties		(62,649)	60,084	41,717
Accounts payable to related parties		19,696	(16,311)	(35,861)
Accounts payable to unrelated parties, provisions and other current and non-current liabilities		(383,651)	1,389,928	(128,906)
Income tax liabilities		313,713	324,455	380,067
Cash inflow (outflow) from hedging		–	–	(12,744)
Received dividends from investments in equity method investees		58,472	89,419	46,022
Paid interest		(341,629)	(379,994)	(470,223)
Received interest		73,170	41,959	49,453
Paid income taxes		(345,052)	(301,663)	(387,719)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**2,489,498**	**4,233,156**	**2,566,951**
Investing activities				
Purchases of property, plant and equipment and capitalized development costs		(854,360)	(1,051,983)	(1,124,791)
Acquisitions, net of cash acquired, investments and purchases of intangible assets	3,25	(434,171)	(258,985)	(2,221,359)
Investments in debt securities	3	(129,081)	(96,401)	(11,312)
Proceeds from sale of property, plant and equipment		24,424	15,578	11,535
Proceeds from divestitures	3,25	52,444	14,608	43,317
Proceeds from sale of debt securities	3	144,516	42,241	16,623
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**(1,196,228)**	**(1,334,942)**	**(3,285,987)**
Financing activities				
Proceeds from short-term debt from unrelated parties		1,716,261	213,116	737,409
Repayments of short-term debt from unrelated parties		(600,484)	(1,304,526)	(807,807)
Proceeds from short-term debt from related parties		87,946	581,711	281,200
Repayments of short-term debt from related parties		(26,766)	(587,180)	(448,311)
Proceeds from long-term debt		1,244,094	2,120,905	3,460,805
Repayments of long-term debt		(2,083,000)	(1,586,218)	(2,217,005)
Repayments of lease liabilities from unrelated parties		(675,639)	(683,614)	(671,403)
Repayments of lease liabilities from related parties		(21,315)	(20,185)	(16,340)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	Note	2021	2020	2019
Increase (decrease) of accounts receivable facility		-	(373,840)	381,430
Proceeds from exercise of stock options		6,511	12,653	15,864
Purchase of treasury stock	17	-	(365,988)	(599,796)
Dividends paid	17	(392,455)	(351,170)	(354,636)
Distributions to noncontrolling interests		(334,844)	(366,277)	(296,168)
Contributions from noncontrolling interests		55,309	46,586	68,125
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(1,024,382)**	**(2,664,027)**	**(466,633)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**131,228**	**(160,371)**	**47,760**
Cash and cash equivalents				
Net increase (decrease) in cash and cash equivalents		400,116	73,816	(1,137,909)
Cash and cash equivalents at beginning of period		1,081,539	1,007,723	2,145,632
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**1,481,655**	**1,081,539**	**1,007,723**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS´ EQUITY

T 5.5 **CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION SEE NEXT PAGE)**
IN € THOUS, EXCEPT SHARE DATA

		Ordinary shares		Treasury stock				Accumulated other comprehensive income (loss)						
	Note	Number of shares	No par value	Number of shares	Amount	Additional paid- in capital	Retained earnings	Foreign currency translation	Cash flow hedges	Pensions	Fair value changes	Total FMC AG & Co. KGaA shareholders' equity	Non-con-trolling interests	Total equity
BALANCE AT DECEMBER 31, 2018		**307,878,652**	**307,879**	**(999,951)**	**(50,993)**	**3,873,345**	**8,831,930**	**(911,473)**	**(1,528)**	**(290,749)**	**-**	**11,758,411**	**1,143,547**	**12,901,958**
Adjustment due to initial application of IFRS 16		-	-	-	-	-	(120,809)	-	-	-	-	(120,809)	(15,526)	(136,335)
ADJUSTED BALANCE AT DECEMBER 31, 2018		**307,878,652**	**307,879**	**(999,951)**	**(50,993)**	**3,873,345**	**8,711,121**	**(911,473)**	**(1,528)**	**(290,749)**	**-**	**11,637,602**	**1,128,021**	**12,765,623**
Proceeds from exercise of options and related tax effects	20	328,996	329	-	-	16,866	-	-	-	-	-	17,195	-	17,195
Compensation expense related to stock options	20	-	-	-	-	1,992	-	-	-	-	-	1,992	-	1,992
Purchase of treasury stock	17	-	-	(8,878,450)	(589,305)	-	-	-	-	-	-	(589,305)	-	(589,305)
Withdrawal of treasury stock	17	(3,770,772)	(3,771)	3,770,772	269,796	(266,025)	-	-	-	-	-	-	-	-
Dividends paid	17	-	-	-	-	-	(354,636)	-	-	-	-	(354,636)	-	(354,636)
Purchase / sale of noncontrolling interests		-	-	-	-	(18,516)	-	-	-	-	-	(18,516)	102,341	83,825
Contributions from / to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(220,222)	(220,222)
Put option liabilities	23	-	-	-	-	-	(101,243)	-	-	-	-	(101,243)	-	(101,243)
Net Income		-	-	-	-	-	1,199,619	-	-	-	-	1,199,619	238,881	1,438,500
Other comprehensive income (loss) related to														
Foreign currency translation	24	-	-	-	-	-	-	246,486	27	(2,981)	-	243,532	20,303	263,835
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	(8,959)	-	-	(8,959)	-	(8,959)
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	(69,368)	-	(69,368)	-	(69,368)
Comprehensive income		-	-	-	-	-	-	-	-	-	-	1,364,824	259,184	1,624,008
BALANCE AT DECEMBER 31, 2019		**304,436,876**	**304,437**	**(6,107,629)**	**(370,502)**	**3,607,662**	**9,454,861**	**(664,987)**	**(10,460)**	**(363,098)**	**-**	**11,957,913**	**1,269,324**	**13,227,237**
Proceeds from exercise of options and related tax effects	20	234,796	235	-	-	12,476	-	-	-	-	-	12,711	-	12,711
Purchase of treasury stock	17	-	-	(5,687,473)	(365,988)	-	-	-	-	-	-	(365,988)	-	(365,988)
Withdrawal of treasury stock	17	(11,795,102)	(11,795)	11,795,102	736,490	(724,695)	-	-	-	-	-	-	-	-
Dividends paid	17	-	-	-	-	-	(351,170)	-	-	-	-	(351,170)	-	(351,170)
Purchase / sale of noncontrolling interests		-	-	-	-	(22,813)	-	-	-	-	-	(22,813)	(69,132)	(91,945)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS, EXCEPT SHARE DATA

	Note	Ordinary shares Number of shares	Ordinary shares No par value	Treasury stock Number of shares	Treasury stock Amount	Additional paid- in capital	Retained earnings	Accumulated other comprehensive income (loss) Foreign currency translation	Accumulated other comprehensive income (loss) Cash flow hedges	Accumulated other comprehensive income (loss) Pensions	Accumulated other comprehensive income (loss) Fair value changes	Total FMC AG & Co. KGaA shareholders' equity	Non-con-trolling interests	Total equity
Contributions from / to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(255,772)	(255,772)
Put option liabilities	23	-	-	-	-	-	(24,540)	-	-	-	-	(24,540)	-	(24,540)
Transfer of cumulative gains / losses of equity investments	23	-	-	-	-	-	11,385	-	-	-	(11,385)	-	-	-
Net Income		-	-	-	-	-	1,164,377	-	-	-	-	1,164,377	271,455	1,435,832
Other comprehensive income (loss) related to														
Foreign currency translation	24	-	-	-	-	-	-	(1,271,726)	724	13,831	(2,581)	(1,259,752)	(99,645)	(1,359,397)
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	2,030	-	-	2,030	-	2,030
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	2,985	-	2,985	-	2,985
Fair value changes	24	-	-	-	-	-	-	-	-	-	99,327	99,327	-	99,327
Comprehensive income		-	-	-	-	-	-	-	-	-	-	8,967	171,810	180,777
BALANCE AT DECEMBER 31, 2020		**292,876,570**	**292,877**	**-**	**-**	**2,872,630**	**10,254,913**	**(1,936,713)**	**(7,706)**	**(346,282)**	**85,361**	**11,215,080**	**1,116,230**	**12,331,310**
Proceeds from exercise of options and related tax effects	20	127,769	127	-	-	5,463	-	-	-	-	-	5,590	-	5,590
Dividends paid	17	-	-	-	-	-	(392,455)	-	-	-	-	(392,455)	-	(392,455)
Purchase/ sale of noncontrolling interests		-	-	-	-	13,183	-	-	-	-	-	13,183	87,289	100,472
Contributions from/ to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(262,848)	(262,848)
Put option liabilities	23	-	-	-	-	-	(39,574)	-	-	-	-	(39,574)	-	(39,574)
Transfer of cumulative gains / losses of equity investments	23	-	-	-	-	-	33,948	-	-	-	(33,948)	-	-	-
Net Income		-	-	-	-	-	969,308	-	-	-	-	969,308	249,720	1,219,028
Other comprehensive income (loss) related to														
Foreign currency translation	24	-	-	-	-	-	-	954,207	(634)	(12,342)	3,145	944,376	89,863	1,034,239
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	(775)	-	-	(775)	-	(775)
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	(11,374)	-	(11,374)	-	(11,374)
Fair value changes	24	-	-	-	-	-	-	-	-	-	(4,576)	(4,576)	-	(4,576)
Comprehensive income		-	-	-	-	-	-	-	-	-	-	1,896,959	339,583	2,236,542
BALANCE AT DECEMBER 31, 2021		**293,004,339**	**293,004**	**-**	**-**	**2,891,276**	**10,826,140**	**(982,506)**	**(9,115)**	**(369,998)**	**49,982**	**12,698,783**	**1,280,254**	**13,979,037**

The following notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company

Fresenius Medical Care AG & Co. KGaA ("FMC AG & Co. KGaA" or the "Company"), a German partnership limited by shares (Kommanditgesellschaft auf Aktien) registered in the commercial registry of Hof an der Saale under HRB 4019, with its business address at Else-Kröner-Str. 1, 61352 Bad Homburg v. d. Höhe, is the world's leading provider of products and services for individuals with renal diseases, based on publicly reported revenue and number of patients treated. The Company provides dialysis care and related services to persons who suffer from End-Stage Kidney Disease (ESKD), as well as other health care services. The Company also develops, manufactures and distributes a wide variety of health care products. The Company's health care products include hemodialysis machines, peritoneal dialysis cyclers, dialyzers, peritoneal dialysis solutions, hemodialysis concentrates, solutions and granulates, bloodlines, renal pharmaceuticals, systems for water treatment, acute cardiopulmonary and apheresis products. The Company supplies dialysis clinics it owns, operates or manages with a broad range of products and also sells dialysis products to other dialysis service providers. The Company's other health care services include value and risk-based care programs, pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology and cardiology services and ambulant treatment services.

In these notes, "FMC AG & Co. KGaA," the "Company" or the "Group" refers to Fresenius Medical Care AG & Co. KGaA or Fresenius Medical Care AG & Co. KGaA and its subsidiaries on a consolidated basis, as the context requires. "Fresenius SE" and "Fresenius SE & Co. KGaA" refer to Fresenius SE & Co. KGaA. "Management AG" and the "General Partner" refer to Fresenius Medical Care Management AG which is FMC AG & Co. KGaA's general partner and is wholly owned by Fresenius SE. "Management Board" refers to the members of the management board of Management AG and, except as otherwise specified, "Supervisory Board" refers to the supervisory board of FMC AG & Co. KGaA. The term "North America Segment" refers to the North America operating segment, the term "EMEA Segment" refers to the Europe, Middle East and Africa operating segment, the term "Asia-Pacific Segment" refers to the Asia-Pacific operating segment, and the term "Latin America Segment" refers to the Latin America operating segment. For further discussion of the Company's operating and reportable segments, SEE NOTE 26.

Basis of presentation

FMC AG & Co. KGaA as a stock exchange listed company in a member state of the European Union (EU) fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, as well as applying section 315e of the German Commercial Code (HGB), using the euro as the Company's reporting and functional currency.

The consolidated financial statements of FMC AG & Co. KGaA at December 31, 2021 have been prepared and are published in accordance with the standards valid on the balance sheet date issued by the International Accounting Standards Board (IASB) and the mandatory Interpretations of the International Financial Reporting Interpretations Committee (IFR IC), which are binding to be applied in the EU.

Furthermore, the Company prepares consolidated financial statements in accordance with IFRS as issued by the IASB which is filed on Form 20-F with the Securities and Exchange Commission (SEC). At December 31, 2021, there were no IFRS or IFR IC interpretations as endorsed by the EU relevant for reporting that differed from IFRS as issued by the IASB.

Moreover, the notes include information required by HGB according to Section 315e (1) HGB. In addition to the IFRS consolidated financial statements, a group management report must be prepared according to section 315 HGB.

The Company is included in the IFRS consolidated financial statements of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, pursuant to Section 315e HGB, published in the Federal Gazette and drawn up for the smallest circle of companies. The consolidated financial statements for the largest circle of companies are drawn up by Fresenius Management SE, Bad Homburg v. d. Höhe, and also published in the Federal Gazette.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Such financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented. All such adjustments are of a normal recurring nature. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in all future periods affected.

In order to improve clarity of presentation, various items are aggregated in the consolidated balance sheets and consolidated statements of income. These items are analyzed separately in the notes where this provides useful information to the users of the consolidated financial statements.

The consolidated balance sheets contain all information required to be disclosed by IAS 1, Presentation of Financial Statements (IAS 1) and is classified on the basis of the liquidity of assets and liabilities. The consolidated statements of income are classified using the cost-of-sales accounting format.

The Company applies IAS 29, Financial Reporting in Hyperinflationary Economies, in its Argentine and Lebanese subsidiaries due to inflation in these countries. TABLE 5.6 details the specific inputs used to calculate the loss on net monetary position on a country-specific basis.

T 5.6 INPUTS FOR THE CALCULATION OF LOSSES ON NET MONETARY POSITIONS

	Argentina	Lebanon
Date of IAS 29 initial application	July 1, 2018	December 31, 2020
Consumer price index	Índice de precios al consumidor	Central Administration of Statistics
Index at December 31, 2021	582.5	921.40
Calendar year increase	51 %	224 %
Loss on net monetary position in € THOUS	27,657	1,327

In the consolidated statements of income, gains in the amounts of €30,779 and €28,788 for the years ended December 31, 2020 and 2019, respectively, which were previously presented separately within "(Gain) loss related to divestitures of Care Coordination activities," have been included within "Selling, general and administrative" expenses to conform to the current year's presentation.

In the consolidated balance sheets, "Current provisions and other current liabilities" in the amount of €103,409 related to the Company's self-insurance programs as of December 31, 2020 have been reclassified to line item "Non-current provisions and other non-current liabilities" to conform to the current year's presentation. SEE NOTES 12 AND 15.

Additionally, the Company adjusted the prior years' comparative consolidated financial statements within the "Notes to the consolidated financial statements of income – Cost of materials" footnote (SEE NOTE 4 D) to correct for an error in the classification of certain costs of revenue. As a result, "Cost of materials" for the years ended December 31, 2020 and 2019 decreased by €316,666 and €336,600, respectively. These reclassifications had no impact on the Company's consolidated statements of income for the years ended December 31, 2020 and 2019.

In 2020, the Company adjusted the 2019 comparative consolidated financial statements within the "Financial instruments" footnote (SEE NOTE 23), to correct for an immaterial error in classification regarding gains/losses recognized in equity for put option liabilities of €13,701 in 2019 which was updated to €14,523. This included €154,436 of gains/losses recognized in profit and loss and (€153,614) of dividends (the allocation of profit or loss and payments of dividends to non-controlling interests) which had been disclosed separately prior to 2020.

Also in 2020, certain revenue line items in the 2019 comparative consolidated financial statements pertaining to the Company's segment and Corporate activities were adjusted to conform to the 2020 presentation (SEE NOTE 26).

At February 25, 2022, the Management Board authorized the consolidated financial statements for issue and passed them through to the Supervisory Board for review and authorization.

Significant accounting policies

A) Principles of consolidation and composition of the group

The financial statements of consolidated entities have been prepared using uniform accounting methods in accordance with IFRS 10, Consolidated Financial Statements (IFRS 10). Acquisitions of companies are accounted for under the acquisition method.

Besides FMC AG & Co. KGaA, the consolidated financial statements include all material subsidiaries according to IFRS 10 over which the Company has control. FMC AG & Co. KGaA controls an entity if it has power over the entity through existing rights that give the Company the cur-

rent ability to direct the activities that significantly affect the entity's return. In addition, the Company is exposed to, or has rights to, variable returns from the involvement with the entity and the Company has the ability to use its power over the entity to affect the amount of the Company's return.

The equity method is applied in accordance with IAS 28, Investments in Associates and Joint Ventures (IAS 28). Generally, equity method investees are entities in which FMC AG & Co. KGaA, directly or indirectly, holds 50 % or less of the voting power and can exercise significant influence over their financial and operating policies. While the Company's investment in Vifor Fresenius Medical Care Renal Pharma Ltd. makes up a large portion of its equity method investees, there are no investments in equity method investees that are individually material to the Company.

Acquisitions of companies are accounted for in accordance with IFRS 3, Business Combinations (IFRS 3) at the date of acquisition. Initially, all identifiable assets and liabilities of subsidiaries as well as the noncontrolling interests are recognized at their fair values. The cost is then compared with the fair value of the net assets acquired. Any remaining balance is recognized as goodwill and is tested at least once a year for impairment. Any excess of the net fair value of identifiable assets and liabilities over cost still existing after reassessing the purchase price allocation, subsequent to its finalization, is recognized immediately in profit or loss.

Intercompany revenues, expenses, income, receivables, payables, accruals, provisions and commitments and contingencies, are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other group entities are also eliminated.

Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest (NCI) is the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent and is recognized at its fair value at the date of first consolidation. Profits and losses attributable to the noncontrolling interests are separately disclosed in the consolidated statements of income. There are no non-controlling interests that are individually material to the Company.

The Company writes put options on NCI mainly for dialysis clinics in which nephrologists or nephrology groups own an equity interest. While in certain of the dialysis clinics the Company is generally the majority owner, other non-affiliated parties, such as groups of nephrologists or a single nephrologist, hold an NCI position. Generally, the put options associated with this business model are valid for an unlimited time. Accordingly, they do not constrain a long-term investment into a dialysis clinic by the NCI holder. The put options provide for settlement in cash. For these put options, IAS 32, Financial Instruments: Presentation (IAS 32) paragraph 23 requires the Company to recognize a liability for the present value of the exercise price of the option. The put option liability is recorded in other current provisions and other current liabilities and other non-current provisions and other non-current liabilities at present value of the redemption amount at the balance sheet date. The exercise price of the option is generally based on fair value which is approximated by a multiple of earnings, e.g. a multiple of the proportionate earnings before interest, taxes, depreciation and amortization of the dialysis clinic, and is therefore affected by the periodic changes in the profitability of such a clinic. The Company believes the accounting treatment of the changes to the put option liability under IFRS to this date has not been finally clarified. In the absence of IFRS guidance specifically applicable to the accounting for put options on NCI, the Company, in line with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) paragraph 10, applied the present access method. According to the present access method, NCI are further recorded in equity. The initial recognition of the put option liability, as well as valuation differences, is recorded in equity with no impact to the income statement (SEE NOTE 1 H). This presentation results in information that is relevant to the economic decision-making needs of users and to provide reliable financial information as the Company considers these NCI with written put options as equity holders and accordingly attributes net income to NCI.

The consolidated financial statements for 2021 include FMC AG & Co. KGaA as well as 2,343 companies (2020: 2,305). In 2021, 50 companies were accounted for by the equity method (2020: 49), 90 companies were first-time consolidations (2020: 113) and 52 companies were deconsolidated (2020: 22).

The principal subsidiaries of the Company are those with the most significant contribution to the Company's revenue, net income or net assets. The Company's interest in these subsidiaries for the years ended December 31, 2021 and 2020 are listed in TABLE 5.7 ON PAGE 187.

The complete list of participations in affiliated and associated companies of FMC AG & Co. KGaA will be submitted to the Federal Gazette and the electronic companies register as well as published on https://www.freseniusmedicalcare.com/en/investors/publications/ as part of the annual report of FMC AG & Co. KGaA according to German law.

T 5.7 **PRINCIPAL SUBSIDIARIES**

Name	Country	Main activity	Ownership
Fresenius Medical Care (FMC) Argentina S.A.	Argentina	Provision of health care services	100 %
		Sale of health care products	
FMC Australia Pty. Ltd.	Australia	Provision of health care services	100 %
		Sale of health care products	
FMC Colombia S.A.	Colombia	Provision of health care services	100 %
		Sale of health care products	
FMC Deutschland GmbH	Germany	Sale of health care products	100 %
		Production of health care products	
		Research and development	
FMC France S.A.S.	France	Sale of health care products	100 %
FMC GmbH	Germany	Sale of health care products	100 %
FMC Holdings, Inc.	USA	Provision of health care services	100 %
		Sale of health care products	
		Production of health care products	
		Research and development	
FMC Italia S.p.A.	Italy	Sale of health care products	100 %
FMC Korea Ltd.	South Korea	Sale of health care products	100 %
FMC Ltda.	Brazil	Sale of health care products	100 %
FMC Shanghai Ltd.	China	Sale of health care products	100 %
FMC (U.K.) Ltd.	United Kingdom	Provision of health care services	100 %
		Sale of health care products	
		Production of health care products	
National Medical Care of Spain, S.A.U.	Spain	Provision of health care services	100 %
NephroCare Portugal, S.A.	Portugal	Provision of health care services	100 %
		Sale of health care products	
JSC Fresenius SP	Russian Federation	Provision of health care services	100 %
		Sale of health care products	

For 2021, the following fully consolidated German subsidiaries (SEE TABLE 5.8 ON PAGE 188) of the Company will apply the exemption provided in Section 264 (3) or Section 264b of the HGB and therefore will be exempt from applying certain legal requirements to prepare notes to the statutory standalone financial statements and a management report as well as the requirements of an independent audit and public disclosure.

B) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term investments (measured at fair value through profit and loss) with original maturities of up to three months. Short-term investments are highly liquid and readily convertible into known amounts of cash. The risk of changes in value is insignificant.

C) Trade accounts and other receivables from unrelated parties

Trade accounts and other receivables from unrelated parties are recognized initially at fair value and subsequently at amortized cost. For information regarding expected credit losses, SEE NOTE 2 C.

D) Inventories

Inventories are stated at the lower of cost (determined by using the average or first-in, first-out method) or net realizable value (SEE NOTE 8). Costs included in inventories are based on invoiced costs and/or production costs as applicable. Included in production costs are material, direct labor and production overhead, including depreciation charges.

E) Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation (SEE NOTE 10). Maintenance and repair costs (day-to-day servicing) are expensed as incurred. The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing parts and major inspections if it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 4 to 50 years for buildings and improvements with a weighted average life of 14 years and 3 to 19 years for machinery and equipment with a

T 5.8 COMPANIES EXEMPT FROM APPLYING CERTAIN LEGAL REQUIREMENTS

Name of the company	Registered office of the company
Ärztliches Versorgungszentrum Ludwigshafen GmbH im Lusanum	Ludwigshafen am Rhein, Germany
DiZ München Nephrocare GmbH	Munich, Germany
ET Software Developments GmbH	Heidelberg, Germany
Fresenius Medical Care Beteiligungsgesellschaft mbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Data Solutions GmbH	Berlin, Germany
Fresenius Medical Care Deutschland GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Frankfurt am Main GmbH	Frankfurt am Main, Germany
Fresenius Medical Care GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Investment GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Beteiligungsgesellschaft mbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Vermögensverwaltungs GmbH & Co. KG	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Zwei Vermögensverwaltungs GmbH & Co. KG	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Ventures GmbH	Bad Homburg v. d. Höhe, Germany
Medizinisches Versorgungszentrum Berchtesgaden GmbH	Berchtesgaden, Germany
MVZ Gelsenkirchen-Buer GmbH	Gelsenkirchen, Germany
Nephrocare Ahrensburg GmbH	Ahrensburg, Germany
Nephrocare Augsburg GmbH	Augsburg, Germany
Nephrocare Berlin-Weißensee GmbH	Berlin, Germany
Nephrocare Betzdorf GmbH	Betzdorf, Germany
Nephrocare Bielefeld GmbH	Bielefeld, Germany
Nephrocare Buchholz GmbH	Buchholz, Germany
Nephrocare Daun GmbH	Daun, Germany
Nephrocare Deutschland GmbH	Bad Homburg v. d. Höhe, Germany
Nephrocare Döbeln GmbH	Döbeln, Germany
Nephrocare Dortmund GmbH	Dortmund, Germany
Nephrocare Friedberg GmbH	Friedberg, Germany
Nephrocare Grevenbroich GmbH	Grevenbroich, Germany
Nephrocare Hagen GmbH	Hagen, Germany
Nephrocare Hamburg-Altona GmbH	Hamburg, Germany
Nephrocare Hamburg-Barmbek GmbH	Hamburg, Germany
Nephrocare Hamburg-Süderelbe GmbH	Hamburg, Germany
Nephrocare Ingolstadt GmbH	Ingolstadt, Germany
Nephrocare Kaufering GmbH	Kaufering, Germany
Nephrocare Krefeld GmbH	Krefeld, Germany
Nephrocare Lahr GmbH	Lahr, Germany
Nephrocare Leverkusen GmbH	Leverkusen, Germany
Nephrocare Ludwigshafen GmbH	Ludwigshafen am Rhein, Germany
Nephrocare Mannheim GmbH	Mannheim, Germany
Nephrocare Mettmann GmbH	Mettmann, Germany
Nephrocare Mönchengladbach GmbH	Mönchengladbach, Germany
Nephrocare Mühlhausen GmbH	Mühlhausen, Germany
Nephrocare München-Ost GmbH	Munich, Germany
Nephrocare Münster GmbH	Münster, Germany
Nephrocare MVZ Aalen GmbH	Aalen, Germany
Nephrocare Oberhausen GmbH	Oberhausen, Germany
Nephrocare Papenburg GmbH	Papenburg, Germany
Nephrocare Pirmasens GmbH	Pirmasens, Germany
Nephrocare Püttlingen GmbH	Püttlingen, Germany
Nephrocare Recklinghausen GmbH	Recklinghausen, Germany
Nephrocare Rostock GmbH	Rostock, Germany
Nephrocare Salzgitter GmbH	Salzgitter, Germany
Nephrocare Schrobenhausen GmbH	Schrobenhausen, Germany
Nephrocare Schwandorf-Regenstauf GmbH	Schwandorf, Germany
Nephrocare Starnberg GmbH	Starnberg, Germany
Nephrocare Wetzlar GmbH	Wetzlar, Germany
Nephrocare Witten GmbH	Witten, Germany
Nephrologisch-Internistische Versorgung Ingolstadt GmbH	Ingolstadt, Germany
Nova Med GmbH Vertriebsgesellschaft für medizinischtechnische Geräte und Verbrauchsartikel	Bad Homburg v. d. Höhe, Germany
VIVONIC GmbH	Sailauf, Germany
Zentrum für Nieren- und Hochdruckkrankheiten Bensheim GmbH	Bensheim, Germany

weighted average life of 11 years. Internal use platform software that is integral to the computer equipment it supports is included in property, plant and equipment.

F) Leases

A lease is defined as a contract that conveys the right to use an underlying asset for a period of time in exchange for consideration. According to IFRS 16, a contract is or contains a lease if:

› the underlying asset is identified in the contract, and
› the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Under IFRS 16, the Company is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments for almost all leases.

The Company applies both the short-term and low-value lease exemption. These leases are exempt from balance sheet recognition and lease payments will be recognized as expenses over the lease term.

IFRS 16 is not applied to leases of intangible assets.

Lease liabilities

Lease liabilities are initially recognized at the present value of the following payments:

› fixed lease payments (including in-substance fixed payments), less any lease incentives receivable,
› variable lease payments (linked to an index or interest rate),
› expected payments under residual value guarantees,
› the exercise price of purchase options, where exercise is reasonably certain,
› lease payments in optional renewal periods, where exercise of extension options is reasonably certain, and
› penalty payments for the termination of a lease, if the lease term reflects the exercise of the respective termination option.

Lease payments are discounted using the implicit interest rate underlying the lease if this rate can be readily determined. Otherwise, the incremental borrowing rate of the lessee is used as the discount rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Furthermore, lease liabilities may be remeasured due to lease modifications or reassessments of the lease.

For lease contracts that include both lease and non-lease components that are not separable from lease components, no allocation is performed. Each lease component and any associated non-lease components are accounted for as a single lease.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the respective lease. Right-of-use assets are stated at cost less accumulated depreciation. Upon initial recognition, cost comprises of:

› the initial lease liability amount,
› initial direct costs incurred when entering into the lease
› (lease) payments before commencement date of the respective lease, and
› an estimate of costs to dismantle and remove the underlying asset,
› less any lease incentives received.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. Where a lease agreement includes a transfer of ownership at the end of the lease term or the exercise of a purchase option is deemed reasonably certain, right-of-use assets are depreciated over the useful life of the underlying asset using the straight-line method. In addition, right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements.

Right-of-use assets are classified into right-of-use assets relating to land, buildings and improvements or machinery and equipment. In addition, prepayments on right-of-use assets are presented separately (SEE NOTE 21).

G) Intangible assets and goodwill

Intangible assets such as non-compete agreements, technology, distribution agreements, patents, licenses to treat, licenses to manufacture, distribute and sell pharmaceutical drugs, exclusive contracts and exclusive licenses, trade names, management contracts, application software, acute care agreements and customer relationships are recognized and reported apart from goodwill (SEE NOTE 11). If acquired, those intangible assets are recorded at estimated fair value at the date of the acquisition. Patient relationships, however, are not reported as separate intangible assets due to the missing contractual basis but are part of goodwill.

Expenditures related to application software, either hosted by the Company or within a software as a service arrangement, that fully meet the criteria for the recognition of an intangible asset set out in IAS 38, Intangible Assets (IAS 38) are capitalized as intangible assets.

Goodwill and identifiable intangibles with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment. The Company identified certain trade names and qualified management contracts as intangible assets with indefinite useful lives because there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Company.

Intangible assets with finite useful lives are amortized over their respective useful lives to their residual values. The Company amortizes non-compete agreements over their useful lives which, on average, are 7 years. Technology is amortized over its average useful lives of 12 years. Internally developed intangibles are amortized on a straight-line basis over their average useful lives of 7 years. Licenses to manufacture, distribute and sell pharmaceutical drugs, exclusive contracts and exclusive licenses are amortized over their useful lives which on average is 13 years. Customer relationships are amortized over their average useful lives of 16 years. All other intangible assets are amortized over their weighted average useful lives of 8 years. The weighted average useful life of all amortizable intangible assets is 10 years. Intangible assets with finite useful lives are evaluated for impairment when events have occurred that may give rise to an impairment (SEE NOTE 1 O).

To perform the annual impairment test of goodwill, the Company identified its groups of cash generating units (CGUs) and determined their carrying value by assigning the operating assets and liabilities, including the existing goodwill and intangible assets, to those groups of CGUs. Groups of CGUs reflect the lowest level on which goodwill is monitored for internal management purposes.

One group of CGUs was identified in each of the Company's operating segments. For the purpose of goodwill impairment testing, all corporate assets and liabilities are allocated to the groups of CGUs. At least once a year, the Company compares the recoverable amount of each group of CGUs to the group of CGUs' carrying amount. The recoverable amount is defined as the higher of the value in use or the fair value less cost of disposal of a group of CGUs. In a first step, the value in use of the group of CGUs is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the group of CGUs. In case that the value in use of the group of CGUs is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the goodwill.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Company compares the recoverable amounts of the smallest identifiable group of assets that generate largely independent cash inflows with their carrying values. An intangible asset's fair value is determined using a discounted cash flow approach or other methods, if appropriate.

For further information SEE NOTE 2 A.

H) Financial instruments

The Company classifies its financial instruments in accordance with IFRS 9 in the following measurement categories: at amortized cost, at fair value through profit and loss (FVPL) and at fair value through other comprehensive income (FVOCI).

Financial assets are classified depending on the business model in which the financial assets are held and the contractual terms of the cash flows. Financial assets are only reclassified when the business model for managing those assets changes. During the reporting period, no financial instruments were reclassified. Purchases and sales of financial assets are accounted for on the trading day. The Company makes use of the fair value option, which allows financial instruments to be classified at FVPL upon initial recognition, in very rare cases. At initial recognition financial assets and financial liabilities are measured at fair value. Subsequent measurement is either at cost, FVPL or FVOCI.

In general, financial liabilities are classified and subsequently measured at amortized cost, with the exception of contingent consideration resulting from a business combination, put option liabilities as well as derivative financial liabilities.

Investments in equity instruments are recognized and subsequently measured at fair value. The Company's equity investments are not held for trading. In general, changes in the fair value of equity investments are recognized in the income statement. However, at initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic equity investments in other comprehensive income (loss) (OCI).

The Company invested in several debt securities, with the objective to achieve both collecting contractual cash flows and selling the financial assets. All debt securities are consequently measured at fair value. Some of these securities give rise on specified dates to cash flows that are solely payments of principal and interest. These securities are subsequently measured at FVOCI. Other securities are measured at FVPL.

The Company, as option writer of existing put options, can be obligated to purchase the noncontrolling interests held by third parties. The obligations are in the form of put liabilities and are exercisable at the third-party owners' discretion within specified periods or upon the occurrence of certain events as outlined in each specific put option. If these put option liabilities were exercised, the Company would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. The initial recognition and subsequent measurement are recognized in equity of the Company. For further information related to the estimation of these fair values, SEE NOTE 23.

Certain put option arrangements contain contingent triggers based on changes in legislation, which the Company has concluded are not genuine using the guidance in IFRS 9 B4.1.18 and IAS 32.25. The Company considers this subset of contracts as being non-genuine as the trigger in these clauses is considered to be an event that is extremely rare, highly abnormal and very unlikely to occur. Therefore, the Company has not recorded a liability on the balance sheet relating to this subset of puts option contracts.

Derivative financial instruments which primarily include foreign currency forward contracts and interest rate swaps are recognized as assets or liabilities at fair value in the balance sheet (SEE NOTE 23). From time to time, the Company may enter into other types of derivative instruments which are dealt with on a transaction by transaction basis.

Changes in the fair value of derivative financial instruments designated and qualifying as cash flow hedges are recognized in accumulated OCI (AOCI) in shareholders' equity. The Company only designated the change in fair value of the spot element of foreign exchange forward contracts as the hedging instrument in cash flow hedging relationships and uses a hedge ratio for designated risks of 1:1. The forward elements are separately accounted for as cost of hedging in a separate component within AOCI. The ineffective portion of cash flow hedge is recognized in the income statement.

The amounts recorded in AOCI are subsequently reclassified into earnings as a component of revenue for those foreign exchange contracts that hedge forecasted sales or as an adjustment of cost of revenue for those contracts that hedge forecasted intercompany product purchases. In connection with intercompany loans in foreign currency, the Company uses foreign exchange swaps to assure that no foreign exchange risks arise from those loans, which, if they qualify for cash flow hedge accounting, are also reported in AOCI and subsequently reclassified to selling, general and administrative expenses. The amounts recorded in AOCI are reclassified in the same period in which the hedged transaction affects earnings. Amounts recorded in AOCI for cash flow hedges related to product purchases from third parties are removed from AOCI and included directly in the carrying amount of the asset at initial recognition. Product purchases and sales designated in a cash flow hedging relationship are expected to affect profit and loss in the same period in which the cash flows occur. The critical terms of the forward exchange contracts generally align with the hedged item. The economic relationship between forward exchange contracts and the hedged forecast transaction is based on the timing, currency and amount of the hedged cash flows. Ineffectiveness could arise in case the timing of the hedged transaction or the credit default risk changes.

The Company enters into derivatives, particularly interest rate swaps and to a certain extent, interest rate options, to protect against the risk of rising interest rates. These interest rate derivatives are designated as cash flow hedges and have been entered into in order to effectively convert payments based on variable interest rates into payments at a fixed interest rate. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, maturities and the notional amounts. The effective portion of gains and losses of derivatives designated as cash flow hedges is deferred in AOCI; the amount of gains and losses reclassified from AOCI are recorded in interest income and interest expenses.

The change in fair value of derivatives that do not qualify for hedge accounting is recorded in the income statement and usually offsets the change in value recorded in the income statement for the underlying asset or liability.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

I) Impairment of financial assets

The impairment of financial assets is based on the expected credit loss approach, as introduced by IFRS 9. The expected credit loss approach requires that all impacted financial assets will carry a loss allowance based on their expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses over the contractual life of the financial assets.

This model comprises a three-stage approach. Upon recognition, the Company shall recognize losses that are expected within the next 12 months. If credit risk deteriorates significantly, from that time, impairment losses shall amount to lifetime expected losses. When assessing for significant increases in credit risk, the Company shall compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. The Company should consider reasonable and supportable information including historic loss rates, present developments such as liquidity issues and information about future economic conditions, to ensure foreseeable changes in the customer-specific or macroeconomic environment are considered. Separately, there is the rebuttable presumption that the credit risk has increased significantly since the initial recognition when contractual payments are overdue by more than 30 days.

In case of objective evidence of impairment there is an assignment to stage 3. The assignment of a financial asset to stage 3 should rely on qualitative knowledge on the customers' unfavorable financial position (for example bankruptcy, lawsuits with private or public payers), or quantitative criteria, based on an individual maturity analysis. Independently, there is an assignment to stage 3 if the contractual payments are overdue by more than 360 days. When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables as well as in investments in debt securities measured at fair value through other comprehensive income. The financial assets mainly comprise of accounts receivable as well as cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instrument. Financial assets whose expected credit loss is not assessed individually are grouped on the basis of geographical regions and the impairment is generally assessed on the basis of macroeconomic indicators such as credit default swaps.

For accounts receivable, the Company uses the simplified method which requires recognizing lifetime expected credit losses at inception. However, expected credit losses on cash and cash equivalents are measured according to the general method based on IFRS 9.

Based on the external credit ratings of the counterparties the Company considers that its cash and cash equivalents have a low credit risk (as the counterparties are generally investment grade). A significant increase in credit risk will be assessed based on qualitative as well as quantitative information.

J) Foreign currency translation

For purposes of these consolidated financial statements, the euro is the reporting currency. The requirement to report in euro arises from Section 315e HGB and Section 244 HGB. Substantially all assets and liabilities of foreign subsidiaries that use a functional currency other than the euro are translated at year-end exchange rates, while profit and loss positions are translated at average exchange rates. Adjustments for foreign currency translation fluctuations are excluded from net earnings and are reported in AOCI. In addition, the translation adjustments of certain intercompany borrowings, which are of a long-term nature, are reported in AOCI. Transactions in foreign currencies recorded by subsidiaries are accounted for at the prevailing spot rate on the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognized in profit and loss. Financial instruments denominated in a foreign currency are revalued at the spot rate as of the date of the consolidated statement of financial position.

The exchange rates of the United States (U.S.) dollar affecting foreign currency translation developed as shown in TABLE 5.9.

T 5.9 **EXCHANGE RATES**
1 U.S. DOLLAR IN EURO

December 31, 2021	December 31, 2020	2021	2020	2019
spot exchange rate in €	spot exchange rate in €	average exchange rate in €	average exchange rate in €	average exchange rate in €
0.88292	0.81493	0.84549	0.87550	0.89328

K) Revenue recognition

For both health care services revenue and health care products revenue, amounts billed to patients, third party payors and customers are recorded net of contractual allowances, discounts or rebates to reflect the estimated amounts to be receivable from these payors.

Health care services

Health care services revenue, other than insurance revenues discussed below, are recognized on the date the patient receives treatment and includes amounts related to certain services, products and supplies utilized in providing such treatment at an amount to which the Company expects to be entitled. The patient is obligated to pay for health care services at amounts estimated to be receivable based upon the Company's standard rates or at rates determined under reimbursement arrangements. In the U.S., these arrangements are generally with third party payors, such as Medicare, Medicaid or commercial insurers. Outside the U.S., the reimbursement is usually made through national or local government programs with reimbursement rates established by statute or regulation.

For services performed for patients where the collection of the billed amount or a portion of the billed amount cannot be determined at the time services are performed, the Company concludes that the consideration is variable (implicit price concession) and records the difference between the billed amount and the amount estimated to be collectible as a reduction to health care services revenue. Implicit price concessions include such items as amounts due from patients without adequate insurance coverage, patient co-payment and deductible amounts due from patients with health care coverage. The Company determines implicit price concessions based primarily upon past collection history. Upon receipt of new information relevant for the determination of the implicit price concession, the Company constrains, or adjusts the constraints for the variable consideration of the transaction price.

The Company has entered into sub-capitation and other shared savings arrangements with certain payors to provide care to certain ESKD and chronic kidney disease patients. Under these arrangements, a baseline per patient per month amount is established. If the Company provides complete care for less than the baseline, it retains the difference. If the cost of complete care exceeds the baseline, the Company may owe the payor the difference.

In the U.S., the Company generates revenue from insurance contracts in accordance with IFRS 4, Insurance Contracts (IFRS 4). Insurance premium revenue is recognized as earned each month and risk adjustments are offset against revenue.

Revenue from insurance contracts is disclosed as part of "Other revenue" separately from "Revenue from contracts with customers" in the notes to the consolidated financial statements.

Health care products

In the health care product business, major revenues are generated from the sale of dialysis machines and water treatment systems, home hemodialysis products, disposable products and maintenance agreements for the Company´s health care products. Revenues from the sale of dialysis machines and water treatment system are typically recognized upon installation and provision of the necessary technical instructions as only thereafter the customer obtains control of the medical device. A small portion of the Company´s revenue is recognized from sales of dialysis machines, home hemodialysis products and other products used for in-center hemodialysis treatment to distributors. When the distributor is the principal in the contract, the revenue allocated to the machine or the products will be recognized upon transfer of control to the distributor. In case the Company is committed to perform the installation, revenue allocated to the installation, as a separate performance obligation, would be recorded upon installation of the machine at the end-customers' premises. In case the distributor is only an agent in the contract, revenue for sale of the machine would be recorded upon installation.

Under consignment arrangements revenue is recognized upon withdrawal of the products by the customer.

Maintenance is provided over time, and as such revenue is typically recognized on a straight-line basis as the customer is simultaneously receiving and consuming the benefits provided by the Company's performance.

All other dialysis and non-dialysis product revenues are recognized upon transfer of control to the customer. Product revenues are normally based upon pre-determined rates that are established by contractual arrangement.

A portion of dialysis product revenues is generated from arrangements which give the customer, typically a health care provider, the right to use dialysis machines. In the same contract the customer agrees to purchase the related treatment disposables at a price marked up from the standard price list. If the right to use the machine is conveyed through an operating lease and the customer agrees to purchase a minimum number of related treatment disposables, FMC AG & Co. KGaA does not recognize revenue upon delivery of the dialysis machine but recognizes revenue on the sale of disposables upon transfer of control with revenue for the use of dialysis machines recognized straight-line over the term of the lease contract. When there is no such agreement that the customer purchases a minimum number of related treatment disposables, revenue is recognized only on the sale of disposables unless the timing of the first purchase order of related treatment disposables justifies a combination of contracts according to IFRS 15.

If the lease of the machines is a finance lease, ownership of the dialysis machine is transferred to the user upon installation of the dialysis machine at the customer site. In this type of contract, revenue is recognized in accordance with the accounting principles for finance leases under IFRS 16. The allocation of the transaction price to lease and non-lease components is based on stand-alone selling prices.

For certain home-dialysis products the Company offers month-to month rental arrangements, where revenue is recognized on a monthly basis.

In addition, for some licensing agreements and equipment sales to dialysis clinic customers in the area of home-dialysis, the Company recognizes upfront fees received as lease revenue on a straight-line basis over the term of the contract.

IFRS 15 specifically excludes leases from the scope of the revenue standard. The transaction price of contracts which include lease components is allocated in accordance with IFRS 15. Revenue is recognized separately for the lease and the non-lease components of the contract.

Revenue from lease contracts is disclosed as part of "Other revenue" separately from "Revenue from contracts with customers" in the notes to the consolidated financial statements.

L) Capitalized interest

The Company includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2021, 2020 and 2019, interest of €4,167, €4,963 and €7,240, based on an average interest rate of 2.89 %, 3.67 % and 3.84 %, respectively, was recognized as a component of the cost of assets.

M) Research and development expenses

Research is the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge. Development is the technical and commercial implementation of research results and takes place before the start of commercial production or use. Research costs are expensed as incurred. Development costs that fully meet the criteria for the recognition of an intangible asset set out in IAS 38 are capitalized as intangible asset.

N) Income taxes

Current taxes are calculated based on the profit (loss) of the fiscal year and in accordance with local tax rules of the respective tax jurisdictions. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the single entity's financial statement carrying amounts of existing assets and liabilities and their respective tax basis, tax credits and tax loss carryforwards which are probable to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period. A change in tax rate for the calculation of deferred tax assets and liabilities is recognized in the period the new laws are enacted or substantively enacted. The effects of the adjustment are generally recognized in the income statement. The effects of the adjustment are recognized in equity, if the temporary differences are related to items directly recognized in equity.

Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. In addition, deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. A deferred tax asset is recognized to the extent that the utilization of parts or all of it is probable because sufficient taxable profit will be available (SEE NOTE 4 G). The determination of future taxable income is based on assumptions on future market conditions and future profits of FMC AG & Co. KGaA and considers all currently available information as well as the level of historical taxable income. In addition, the determination of the recoverable amount of deferred tax assets considers implemented tax strategies.

With respect to the interpretation of tax laws, the amount and the timing of future taxable income, complex tax rules may lead to uncertainties in tax treatments. The Company recognizes assets and liabilities for uncertain tax treatments based on reasonable estimates to the extent it is probable the tax will be recovered or that the tax will be payable, respectively.

In North America and Germany, interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37. All other jurisdictions account for interest and penalties related to income taxes in accordance with local tax rules of the respective tax jurisdiction either under IAS 37 or as income tax expense under IAS 12. Under IAS 37, penalties related to income taxes, including uncertain tax treatments, are recorded within selling, general and administrative expense. Additionally, in accordance with IAS 37, interest related to income taxes, including uncertain tax treatments, are recorded within other (income) expense.

O) Impairment

The Company reviews the carrying amount of its property, plant and equipment, its intangible assets with definite useful lives, its right-of-use assets as well as other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the asset's recoverable amount in accordance with IAS 36, Impairment of Assets (IAS 36). The fair value less cost of disposal of an asset is estimated as its net realizable value. The value in use is the present value of future cash flows expected to be derived from the relevant asset. If it is not possible to estimate the future cash flows from the individual assets, impairment is tested on the basis of the corresponding group of CGUs.

Impairment losses, except impairment losses recognized on goodwill, are reversed up to the amount of the amortized acquisition cost, as soon as the reasons for impairment no longer exist.

Non-current assets to be disposed of by sale are reported at the lower of carrying value or fair value less cost to sell and depreciation is ceased. Non-current assets to be disposed of other than by sale are considered to be held and used until disposal.

P) Debt issuance costs

Debt issuance costs related to a recognized debt liability are presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. Debt issuance costs related to undrawn credit facilities are presented in Other assets. These costs are amortized over the term of the related obligation or credit facility.

For further information SEE NOTE 14.

Q) Self-insurance programs

SEE NOTE 2 D.

R) Concentration of risk

The Company is engaged in the manufacture and sale of products for all forms of kidney dialysis, principally to health care providers throughout the world, and in providing kidney dialysis treatment as well as providing other health care services. The Company performs ongoing evaluations of its customers' financial condition and, generally, requires no collateral.

Revenues which were earned and subject to regulations under Medicare and Medicaid, governmental health care programs administered by the U.S. government, were approximately 27 %, 32 %, and 33 % of the Company's worldwide revenues in 2021, 2020 and 2019, respectively.

SEE NOTE 2 C for concentration risks of debtors or group of debtors as well as NOTE 8 for discussion of suppliers with long-term purchase commitments.

S) Legal contingencies

SEE NOTE 2 B.

T) Other provisions

In accordance with IAS 37, accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the required amount can be reliably estimated. Provisions by their nature are more uncertain than most other items in the statement of financial position.

Non-current provisions with a remaining period of more than one year are discounted to the present value of the expenditures expected to settle the obligation. The applied discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

U) Earnings per share

Basic earnings per share is calculated in accordance with IAS 33, Earnings per Share (IAS 33). Basic earnings per share is calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on shares that would have been outstanding during the years presented had the dilutive instruments been issued. For the calculation of basic earnings per share, treasury stock is not considered outstanding and is therefore deducted from the number of shares outstanding.

Equity-settled awards granted under the Company's stock incentive plans (SEE NOTE 20) are potentially dilutive equity instruments.

V) Treasury stock

The Company may, from time to time, acquire its own shares (Treasury Stock) as approved by its shareholders. The acquisition, sale or retirement of its Treasury Stock is recorded separately in equity. The value of such Treasury Stock is shown as a reduction of the Company's equity.

W) Employee benefit plans

Pension obligations for post-employment benefits are measured in accordance with IAS 19, Employee Benefits (IAS 19), using the projected unit credit method, taking into account future salary and trends for pension increase.

The Company uses December 31 as the measurement date when measuring the net pension liability.

For the Company's funded benefit plans the defined benefit obligation is offset against the fair value of plan assets (net pension liability). Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies. A pension liability is recognized in the consolidated balance sheet if the defined benefit obligation exceeds the fair value of plan assets. A pension asset is recognized (and reported under "Other non-current assets" in the consolidated balance sheet) if the fair value of plan assets exceeds the defined benefit obligation and if the Company has a right of refund against the fund or a right to reduce future payments to the fund.

Net interest costs are calculated by multiplying the benefit obligation (fair value of plan assets) at beginning of the year with the discount rate utilized in determining the benefit obligation.

Remeasurements include actuarial gains and losses resulting from the evaluation of the defined benefit obligation as well as from the difference between actual investment returns and the return implied by the net interest cost. In the event of a surplus for a defined benefit pension plan remeasurements can also contain the effect from asset ceiling, as far as this effect is not included in net interest costs.

Remeasurements are recognized in AOCI completely. Remeasurements may not be reclassified in subsequent periods. Components of net periodic benefit cost are recognized in profit and loss of the period.

X) Share-based plans

The grant date fair value of stock options and convertible equity instruments that are settled by delivering equity instruments granted to the Management Board and executive employees of the Company and its subsidiaries by FMC AG & Co. KGaA is measured in accordance with IFRS 2, Share-based Payment (IFRS 2) using the binomial option pricing model and recognized as expense over the vesting period of the stock option plans. For certain exceptions, as defined in the respective plan terms, a shorter vesting period may apply after which the stock options will not forfeit in any way. In such cases the vesting period is shortened accordingly.

The balance sheet date fair value of cash-settled phantom stock granted to the Management Board and executive employees of the Company is calculated in accordance with IFRS 2 using the

binomial option pricing model. The corresponding liability based on the balance sheet date fair value is accrued over the vesting period of the phantom stock plans. For certain exceptions as defined in the respective plan terms, a shorter vesting period may apply after which the phantom stock will not forfeit in any way. In such cases the vesting period is shortened accordingly.

The balance sheet date fair value of cash-settled performance shares granted to the Management Board and executive employees of the Company is calculated using the Monte Carlo pricing model in accordance with IFRS 2. The corresponding liability based on the balance sheet date fair value is accrued over the vesting periods of the performance share plans. For certain exceptions a shorter vesting period may apply after which the performance shares will not forfeit in any way. In such cases the vesting period is shortened accordingly.

Y) Government grants

In accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, government grants, including non-monetary grants at fair value, are recognized only when there is reasonable assurance that the Company will comply with all conditions attached to the grant and that the grants will be received. Government grants or government assistance are recognized directly against the respective qualifying expense in either the cost of revenue line item or selling, general and administrative expense line item within the statement of profit and loss. Amounts received for which a respective cost is not yet incurred are recorded as a liability on the Company's consolidated balance sheet and offset against all qualifying costs that are incurred in future periods.

The Company and its patient population continued to be impacted by severe acute respiratory syndrome coronavirus 2 (COVID-19).

On March 27, 2020, the U.S. administration signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which provides relief funds to hospitals and other health care providers in connection with the impact of the on-going COVID-19 pandemic. During the fourth quarter of 2021, the Company received, for entities in which the Company has less than 100 % ownership, an additional $122,025 (€103,171) in new U.S. Department of Health and Human Services funding (Provider Relief Fund Phase 4) available for health care providers affected by the COVID-19 pandemic, of which the Company recognized operating income of $58,491 (€49,454) used to offset eligible costs in 2021. The Company currently estimates that all funds received from grants comply with the terms and conditions associated with the funding received. Additional guidance may be released from the U.S. Department of Health and Human Services with regards to the application of CARES Act and Provider Relief Fund Phase 4 relief funds which could affect the Company's estimate as of December 31, 2021. All funding received in the U.S. is to be applied solely to the Company's U.S. operations. In accordance with the conditions of the funding received under the grants, the Company is obliged and committed to fulfilling all the requirements of the grant funding arrangements in the respective jurisdictions in which funding was received. The Company has determined that there is reasonable assurance that it will continue to be entitled to the amounts received and comply with the requirements related to the grants.

Z) Impacts of the climate change on accounting

In 2021, the Company analyzed potential sustainability risks in the areas of climate change and water scarcity. In both areas, the Company has not identified any significant risks for its business model. Therefore, the Company does not currently expect any material impact of sustainability risks on the accounting.

AA) Recent pronouncements

Recently implemented accounting pronouncements

The Company has prepared its consolidated financial statements at and for the year ended December 31, 2021 in conformity with IFRS that have to be applied for fiscal years beginning on January 1, 2021. For the year ended December 31, 2021, there were no recently implemented accounting pronouncements that had a material effect on the Company's consolidated financial statements.

Recent accounting pronouncements not yet adopted

The IASB issued the following new standards which are relevant for the Company:

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. In June 2020 and December 2021, further amendments were published. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts there was a lack of comparabil-

ity among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using current values. The frequent updates to the insurance values are expected to provide more useful information to users of financial statements. On June 25, 2020, the IASB issued amendments to IFRS 17, which among others, defer the effective date to fiscal years beginning on or after January 1, 2023. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers. The Company is evaluating the impact of IFRS 17 on the consolidated financial statements.

Amendments to IAS 1, Classification of Liabilities as Current and Non-current

In January 2020, the IASB issued Amendments to IAS 1, Classification of Liabilities as Current and Non-current. The amendments clarify under which circumstances debt and other liabilities with an uncertain settlement date should be classified as current or non-current. Among others, the amendments state that liabilities shall be classified depending on rights that exist at the end of the reporting period and define under which conditions liabilities might be settled by cash, other economic resources or equity.

On July 15th, 2020, the IASB deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from the amendments. The Amendments to IAS 1 are now effective for annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted. The Company has evaluated the impact of the amendments to IAS 1 on the consolidated financial statements and determined there is no material impact.

In the Company's view, no other pronouncements issued by the IASB are expected to have a material impact on the consolidated financial statements.

The EU Commission's endorsement of the Amendments to IAS 1 is still outstanding.

2. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTIES

The Company's reported results of operations, financial position and net assets are sensitive to significant judgments, assumptions and estimates that are the basis for its financial statements. The critical accounting policies, the judgments made in the creation and application of these policies and the sensitivities of reported results to changes in accounting policies, significant judgments and estimates are factors to be considered along with the Company's financial statements. In the opinion of the Management of the Company, the following accounting policies, significant judgments and sources of estimation uncertainties are critical for the consolidated financial statements in the present economic environment.

A) Recoverability of goodwill and intangible assets

The growth of the business through acquisitions has created a significant amount of intangible assets, including goodwill, trade names, management contracts, non-compete agreements, technology and customer relationships as well as licenses and distribution agreements. In addition, the Company recognizes internally developed intangible assets related to research and development and software development projects. At December 31, 2021, the carrying amount of goodwill and non-amortizable intangible assets amounted to €14,587,519 (€13,168,605 at December 31, 2020) representing approximately 42 % and 42 % of the Company's total assets at December 31, 2021 and 2020, respectively.

In accordance with IAS 36, the Company performs an impairment test of goodwill and non-amortizable intangible assets at least once a year for each group of CGUs or more frequently if the Company becomes aware of events that occur or if circumstances change that would indicate the carrying value may not be recoverable (SEE ALSO NOTE 1 G).

To comply with IFRS to determine possible impairments of these assets, the value in use of the group of CGUs is first compared to the group of CGUs' carrying amount. In cases where the value in use of the group of CGUs is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the group of CGUs.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Company compares the recoverable amounts of the smallest identifiable group of assets that generate largely independent cash inflows with their carrying values. An intangible asset's fair value is determined using a discounted cash flow approach or other methods, if appropriate.

The value in use of each group of CGUs is determined using estimated future cash flows for the unit discounted by a pre-tax discount rate (WACC) specific to that group of CGUs. The Company's WACC consists of a basic rate adjusted by a weighted average country risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flows from recent material acquisitions within each group of CGUs, until they are appropriately integrated. Estimating the future

T 5.10 **KEY ASSUMPTIONS**
IN %

	North America[1]		EMEA		Asia-Pacific[1]		Latin America	
	2021	2020	2021	2020	2021	2020	2021	2020
Average revenue growth in ten year projection period	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit
Residual value growth	1.00	1.00	1.00	1.00	4.00	4.00	1.60	1.60
Pre-tax WACC	5.78	6.42	7.14	8.64	5.34	6.40	10.62 - 19.87	13.29 - 24.28
After-tax WACC	4.58	5.08	5.23	6.21	4.91	5.65	7.00 - 16.25	9.14 - 20.13

[1] There are no reasonably possible changes in assumptions that would lead to an impairment in these groups of CGUs.

cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. The key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources. In determining discounted cash flows, the Company utilizes for every group of CGUs its three-year budget, projections for years four to ten and a representative growth rate for all remaining years. Projections for up to ten years are possible due to the non-discretionary nature of the health care services the Company provides, the need for health care products utilized to provide such services and the availability of government reimbursement for a substantial portion of its services.

TABLE 5.10 shows the key assumptions of value-in-use calculations.

An overview of the carrying amounts of goodwill and intangibles with indefinite useful life for each group of CGUs is shown in NOTE 11.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and / or higher than expected costs for providing health care services and for procuring and selling health care products or a significant increase of mortality of patients with chronic kidney diseases which may be attributable to COVID-19 could adversely affect the Company's estimated future cash flows. Future adverse changes in a cash-generating unit's economic environment of a group of CGUs could affect the country specific risk rate and therefore the discount rate. Equally an increase of the general interest rate level could affect the base rate and therefore the discount rate. A decrease in the estimated future cash flows and / or a decline in the cash-generating units economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful life which could materially and adversely affect the Company's future financial position and operating results.

In 2020, as a result of the annual impairment test of goodwill, the Latin America group of CGUs recognized an impairment of goodwill in the amount of €193,978 and trade names in the amount of €490 to reduce the carrying amount of goodwill and trade names (together the "Impairment Loss"). The impairment was driven by a macro-economic downturn and increasing risk adjustment rates for certain countries in Latin America. Additionally, the recoverable amount of the EMEA group of CGUs exceeded the carrying amount by €1,956,852 and €492,736 as of December 31, 2021 and 2020, respectively. TABLE 5.11 shows the reasonable amounts by which the key assumptions would need to change individually that the recoverable amount equals the carrying amount.

T 5.11 **SENSITIVITY ANALYSIS**
CHANGE IN PERCENTAGE POINTS

	EMEA	
	2021	2020
Pre-tax WACC	2.95	0.91
After-tax WACC	2.09	0.64
Operating income margin of each projection year	(3.49)	(1.16)

B) Legal contingencies

From time to time, during the ordinary course of operations as well as due to acquisitions, the Company is party to litigation and arbitration and is subject to investigations relating to various aspects of its business (SEE NOTE 22). The Company regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Company utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for loss accrual, the Company considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that accrual of a loss is appropriate.

The outcome of these matters may have a material adverse effect on the results of operations, financial position and net assets of the Company.

C) Trade accounts and other receivables from unrelated parties and expected credit losses

Trade accounts and other receivables from unrelated parties are a substantial asset of the Company and the expected credit losses are based upon a significant estimate made by management. Trade accounts and other receivables from unrelated parties were €3,409,061 and €3,153,045 at December 31, 2021 and 2020, respectively, net of expected credit losses of €163,929 at December 31, 2021 and €142,372 at December 31, 2020.

The Company sells health care products directly or through distributors in around 150 countries and provides health care services in around 50 countries. Most payors are government institutions or government-sponsored programs with significant variations between the countries and even between payors within one country in local payment and collection practices.

Receivables resulting from health care services are recognized and billed at amounts estimated to be collectable under government reimbursement programs and reimbursement arrangements with third party payors. U.S. Medicare and Medicaid government programs are billed at pre-determined net realizable rates per treatment that are established by statute or regulation. Revenues for non-governmental payors with which the Company has contracts or letters of agreement in place are recognized at the prevailing contract rates. The remaining non-governmental payors are billed at the Company's standard rates for services and, in the Company's North America Segment, a contractual adjustment is recorded to recognize revenues based on historic reimbursement. The contractual adjustment and the expected credit losses are reviewed quarterly for their adequacy. No material changes in estimates were recorded for the contractual allowance in the periods presented. The collectability of receivables is reviewed locally on a regular basis, generally monthly. For further information, SEE NOTE 1 K.

In the Company's North America Segment operations, the collection process is usually initiated shortly after service is provided or upon the expiration of the time provided by contract. For Medicare and Medicaid, once the services are approved for payment, the collection process begins upon the expiration of a period of time based upon experience with Medicare and Medicaid. In all cases where co-payment is required the collection process usually begins within 30 days after service has been provided. In those cases where claims are approved for amounts less than anticipated or if claims are denied, the collection process usually begins upon notice of approval of the lesser amounts or upon denial of the claim. The collection process can be confined to internal efforts, including the accounting and sales staffs and, where appropriate, local management staff. If appropriate, external collection agencies may be engaged.

Public health institutions in a number of countries outside the U.S. require a significant amount of time until payment is made because a substantial number of payors are government entities whose payments are often determined by local laws and regulations and budget constraints. Depending on local facts and circumstances, the period of time to collect can be quite lengthy. In those instances where there are commercial payors, the same type of collection process is initiated as in the North America Segment.

Due to the number of subsidiaries and different countries that the Company operates in, the Company's policy of determining when an individual expected credit loss is required considers the appropriate individual local facts and circumstances that apply to an account. While payment and collection practices vary significantly between countries and even agencies within one country, government payors usually represent low to moderate credit risks. It is the Company's policy to determine when receivables should be classified as bad debt on a local basis taking into account local payment practices and local collection experience. An individual expected credit loss is calculated locally if specific circumstances indicate that amounts will not be collectible.

Receivables where the expected credit losses are not assessed individually are grouped based on geographical regions and the impairment is assessed based on macroeconomic indicators such

as credit default swaps. For more information regarding the impairment on trade accounts and other receivables from unrelated parties please refer to NOTE 1 I.

When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and written off.

Write offs are taken on a claim-by-claim basis. Due to the fact that a large portion of its reimbursement is provided by public health care organizations and private insurers, the Company expects that most of its accounts receivables will be collectible, albeit potentially more slowly outside the North America Segment. A significant change in the Company's collection experience, deterioration in the aging of receivables and collection difficulties could require that the Company increases its estimate of the expected credit losses. Any such additional bad debt charges could materially and adversely affect the Company's future operating results.

If, in addition to the Company's existing expected credit losses, 1 % of the gross amount of the Company's trade accounts and other receivables from unrelated parties as of December 31, 2021 were uncollectible through either a change in the Company's estimated contractual adjustment or revised estimate of the collectability, the Company's operating income for 2021 would have been reduced by approximately 1.9 %.

TABLE 5.12 shows the portion of major debtors or debtor groups of trade accounts and other receivables from unrelated parties as of December 31, 2021 and 2020. Other than U.S. Medicare and Medicaid, no single debtor accounted for more than 5 % of total trade accounts and other receivables from unrelated parties in either of these years.

T 5.12 **COMPOSITION OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES**
IN %

	December 31, 2021	December 31, 2020
U.S. Government health care programs	32	30
U.S. commercial payors	15	14
U.S. hospitals	4	5
Self-pay of U.S. patients	2	3
Other North America Segment payors	3	2
Product customers and health care payors outside the North America Segment	44	46
TOTAL	**100**	**100**

D) Self-insurance programs

Under the Company's insurance programs for professional, product and general liability, auto liability, worker's compensation and medical malpractice claims, the Company's largest subsidiary which is located in the U.S. is partially self-insured for professional liability claims. For all other coverages, the Company assumes responsibility for incurred claims up to predetermined amounts above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts. For further information, SEE NOTE 12 AND NOTE 15.

E) Level 3 financial instruments

Put option liabilities, variable payments outstanding for acquisitions and equity investments are recognized at their fair value. Each put option contract contains specific clauses related to the terms of exercisability, which require significant judgment in order to determine appropriate liability recognition and classification. For further information related to the significant judgments and estimates related to these instruments and their fair values, SEE NOTES 1 H AND 23.

F) Income taxes

The Company is subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions. Different interpretations of tax laws, particularly due to the Company's international activities, may lead to potential additional tax payments or tax refunds for prior years. To consider income tax liabilities or income tax receivables of uncertain tax assessments management's estimations are based on experiences with previous tax audits and local tax rules of the respective tax jurisdiction and the interpretation of such. Differences between actual results and management's estimates or future changes in these estimates may have an impact on future tax payments or tax refunds. Estimates are revised in the period in which there is sufficient evidence to

revise the assumption. For further information to estimates related to the recoverability of deferred taxes, SEE NOTES 1 N AND 4 G.

The German Federal Constitutional Court has declared that the interest rate pursuant to Section 233a of the German Tax Code is unconstitutional in its current form. As a result, there is uncertainty over the specific interest rate to be applied for interest on income tax receivables and liabilities for future periods, starting in 2019. Until new legal regulations are passed, this interest rate can only be determined using best estimates consistent with accounting standards. For best possible harmonization of opportunity and risk, management has used a conservative approach at the reporting date as part of its discretionary decision, considering all available information and explanations of the judgment. As of December 31, 2021, the chosen interest rate is 0.375 % per month.

G) Business combinations

The Company measures the noncontrolling interest in an acquisition at fair value and classifies costs related to its business combinations within general and administrative expense. In determining whether an intangible asset related to a business combination is identifiable and should be separated from goodwill, significant judgment is required. Additionally, estimation of the acquisition-date fair values of identifiable assets acquired and liabilities assumed also involves significant judgment. The applicable measurements and inputs used in this estimation (including revenue growth rates, gross profit margin adjusted for synergy assumptions associated with manufacturing savings and the discount rate) are based upon information available at the acquisition date using expectations and assumptions that management deems reasonable. Such judgments, estimates and assumptions could materially affect the Company's business, results of operations and financial condition, primarily due to:

- Fair values assigned to assets subject to depreciation and amortization directly impact the depreciation and amortization recorded in the Company's consolidated statements of income in periods subsequent to a related acquisition.
- Any subsequent measurement resulting in a decrease in the estimated fair values of assets acquired may result in impairment.
- Subsequent changes resulting in an increase or decrease to the estimated fair values of liabilities assumed may result in additional expense or income, respectively.

For further information on business combinations, SEE NOTE 3.

H) COVID-19

Due to the global implications of the COVID-19 pandemic as well as an increase in mortality of patients with chronic kidney diseases and an increase in persons experiencing renal failure, management judgments and estimates are subject to increased uncertainty. Actual amounts may differ from judgments and estimates made by management and changes could have a material impact on the Company's consolidated financial statements. The Company included all available information on the expected economic developments and country-specific governmental mitigation measures when updating its judgments and estimates. This information was also included in the analysis of the recoverability and collectability of assets as well as trade accounts and other receivables from unrelated parties.

It is difficult to predict the duration and/or significance of the COVID-19 pandemic's impact on assets, liabilities, results of operations and cash flows. The Company bases its estimates and assumptions on existing knowledge and information available and assumes that the COVID-19 pandemic will begin to ease as vaccine programs continue globally.

For further information on the impacts of COVID-19 related to government relief, SEE NOTE 4 H.

I) Leases and interest rate determination

IFRS 16 requires the Company to make judgments that affect the valuation of lease liabilities as well as of right- of-use assets (SEE NOTES 21 AND 23), including the determination of which contracts are within the scope of IFRS 16, identifying the contract lease term and determining the incremental borrowing rate.

The Company applies both the short-term and low-value lease exemption. These leases are exempt from balance sheet recognition and lease payments are recognized as expenses over the lease term. IFRS 16 is not applied to leases of intangible assets. For lease contracts that include both lease and non-lease components that are not separable from lease components, no allocation is performed. Each lease component and any associated non-lease components are accounted for as a single lease. If the lease contracts include the lease and non-lease costs separately, the lease contract costs are divided into lease and non-lease components.

The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not

to exercise that option. During the "reasonably certain" assessments, the Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise, or not to exercise, an option, including any expected changes in facts and circumstances (e.g., contract-, object-, entity- or market-specific factors) from the commencement date until the exercise date of the option. Other examples of considered terms are termination penalties or costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another lease asset suitable for the Company's needs, costs of integrating a new asset into the Company's operations and termination penalties and similar costs, including costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location. Additionally, the Company's historical practice regarding the period over which it has typically used particular types of assets, and its economic reasons for doing so, is also relevant. Unrecognized extension options are shown as potential future cash outflows (SEE NOTE 21).

The Company uses the rate implicit in the lease if agreed with the lessor and/or available, while the incremental borrowing rate is used for all other leases. The incremental borrowing rate is defined as the rate that the lessee would have to pay on the commencement date of the lease for a similar loan (regarding its term, security, underlying asset, and economic environment). The incremental borrowing rate is determined when the Company initiates a lease contract or changes an existing lease. The interest rate is calculated based on following components: available interest rate sampling points, group risk margins, shadow rating (credit risk) margins, country risk margins, handling margins and other risk margins.

3. ACQUISITIONS, INVESTMENTS (INCLUDING DEBT SECURITIES), PURCHASES OF INTANGIBLE ASSETS, DIVESTITURES AND SALE OF DEBT SECURITIES

The Company completed acquisitions, investments (including debt securities) and the purchase of intangible assets in the amount of €628,411, €406,644 and €2,297,173 in 2021, 2020 and 2019, respectively. In 2021, €563,252 was paid in cash and €65,159 were assumed obligations and non-cash consideration. In 2020, €355,386 was paid in cash and €51,258 were assumed obligations and non-cash consideration. In 2019, €2,232,671 was paid in cash and €64,502 were assumed obligations and non-cash consideration.

Acquisitions

The Company made acquisitions of €389,965, €265,612 and €2,224,599 in 2021, 2020 and 2019, respectively in order to expand the scope of its services and to increase its market shares in the respective countries. In 2021, €324,806 was paid in cash and €65,159 were assumed obligations and non-cash consideration. In 2020, €214,836 was paid in cash and €50,776 were assumed obligations and non-cash consideration. In 2019, €2,160,097 was paid in cash and €64,502 were assumed obligations and non-cash consideration.

The Company's acquisition spending was driven primarily by the purchase of dialysis clinics in the normal course of its operations in 2021, 2020 and 2019 as well as the acquisition of NxStage Medical, Inc. (NxStage) in 2019.

Impacts on consolidated financial statements from acquisitions

The assets and liabilities of all acquisitions were recorded at their estimated fair value at the date of the acquisition and are included in the Company's financial statements and operating results from the effective date of acquisition. The measurement period adjustments from the previous year's acquisitions did not have a significant impact on the consolidated financial statements in 2021.

The excess of the total acquisition costs over the fair value of the net assets acquired resulted in goodwill of €444,835 and €258,544 at December 31, 2021 and 2020, respectively.

The purchase price allocations for all collectively and individually non-material acquisitions for 2021 are not yet finalized. The Company is in the process of obtaining and evaluating the information necessary for the purchase price allocations, primarily related to property, plant and equipment, intangible assets, accounts receivable and other liabilities. In 2021, based on preliminary purchase price allocations, the Company recorded €444,835 of goodwill and €7,398 of intangible assets, which represent the share of both controlling and noncontrolling interests. Goodwill arose principally due to the fair value of the established streams of future cash flows for these acquisitions.

Business combinations during 2021 increased the Company's net income (net income attributable to shareholders of FMC AG & Co. KGaA) by €3,182, excluding the costs of the acquisitions, and revenue increased by €88,252. Total assets increased €547,146 due to business combinations.

Acquisition of NxStage Medical, Inc.

On February 21, 2019, the Company acquired all of the outstanding shares of NxStage for $30.00 (€26.42) per common share. The total acquisition value of this business combination, net of cash acquired, was $1,976,235 (€1,740,563 at date of closing). NxStage is a medical technology company that develops, produces and markets an innovative product portfolio of medical devices for use in home dialysis and in the critical care setting. This acquisition was part of the Company's stated strategy to expand and complement its existing business through acquisitions. Generally, these acquisitions do not change the Company's business model and can be integrated without disruption to its existing business, requiring little or no realignment of its structures. The NxStage acquisition was consistent in this regard as it supplemented the Company's existing business.

TABLE 5.13 summarizes the fair values, as of the date of acquisition based upon information available, as of December 31, 2019, of assets acquired and liabilities assumed at the date of the acquisition.

As of the acquisition date amortizable intangible assets (primarily technology in the amount of $660,300 (€581,557)) acquired in this acquisition have weighted average useful lives of 13 years.

Goodwill in the amount of $1,201,613 (€1,058,317) was acquired as part of the NxStage acquisition and is allocated to the North America Segment.

NxStage's results have been included in the Company's consolidated statement of income since February 21, 2019. Specifically, NxStage has contributed revenue and an operating loss in the amount of $294,281 (€262,875) and $31,145 (€27,821), respectively, to the Company's consolidated operating income in 2019. This operating loss amount does not include synergies which may have resulted at consolidated entities outside NxStage since the acquisition closed.

Pro forma financial information

The following financial information, on a pro forma basis, reflects the consolidated results of operations for the twelve months ended December 31, 2019 as if the NxStage acquisition had been consummated on January 1, 2019 and excludes related transaction costs (SEE TABLE 5.14). The pro-forma financial information is not necessarily indicative of the results of operations as it would have been had the transactions been consummated on January 1, 2019.

T 5.13 FAIR VALUES OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

	in $ THOUS	in € THOUS
Cash and cash equivalents	47,203	41,574
Trade accounts and other receivables from unrelated parties	34,062	30,000
Inventories	63,735	56,134
Other current assets	15,819	13,933
Property, plant and equipment	104,533	92,067
Right-of-use assets	21,603	19,027
Intangible assets and other assets	761,734	670,895
Goodwill	1,201,613	1,058,317
Accounts payable to unrelated parties, current provisions and other current liabilities	(72,429)	(63,792)
Deferred taxes	(100,485)	(88,502)
Lease liabilities from unrelated parties	(22,065)	(19,434)
Other liabilities	(27,822)	(24,504)
Noncontrolling interests	(4,063)	(3,578)
TOTAL ACQUISITION COST	**2,023,438**	**1,782,137**
Less: Cash acquired	(47,203)	(41,574)
NET CASH PAID	**1,976,235**	**1,740,563**

T 5.14 PRO FORMA FINANCIAL INFORMATION
IN € THOUS, EXCEPT PER SHARE DATA

	2019
Pro forma revenue	17,521,432
Pro forma net income attributable to shareholders of FMC AG & Co. KGaA	1,186,516
Basic earnings per share	3.92
Diluted earnings per share	3.92

Investments (including debt securities) and purchases of intangible assets

Investments (including debt securities) and purchases of intangible assets were €238,446, €141,032 and €72,574 in 2021, 2020 and 2019, respectively. These amounts were primarily driven by investments in debt securities in 2021 and 2020 as well as investments in debt securities and equity investments in 2019. Of these amounts, €238,446, €140,550 and €72,574 were paid in cash in 2021, 2020 and 2019, respectively.

Divestitures and sale of debt securities

Proceeds from divestitures and sale of debt securities were €201,203, €77,509 and €79,427 in 2021, 2020 and 2019, respectively. These amounts mainly related to the divestment of debt securities in 2021, the divestment of debt securities and certain research & development investments in 2020, and the divestment of MedSpring Urgent Care Centers in Texas, a California based cardiovascular business, sales of debt securities as well as B.Braun Medical Inc.'s purchase of NxStage's bloodlines business in connection with the Company's acquisition of NxStage in 2019. In 2021, €196,960 was received in cash and €4,243 were non-cash components. In 2020, €56,849 was received in cash and €20,660 were non-cash components. In 2019, €59,940 was received in cash and €19,487 were non-cash components.

4. NOTES TO THE CONSOLIDATED STATEMENTS OF INCOME

A) Revenue

The Company has recognized the following revenue in the consolidated statements of income for the years ended December 31, 2021, 2020 and 2019 as shown in TABLE 5.15.

For further information on the revenue attributable to the Company's operating segments, SEE NOTE 26.

The Company has recognized the in TABLE 5.16 ON PAGE 206 shown amounts as receivables and contract liabilities relating to contracts with customers for the years ended December 31, 2021 and 2020.

Impairment loss in the amount of €43,968, €27,541 and €41,982 for the years ended December 31, 2021, 2020 and 2019, respectively, related to receivables arising from contracts with customers.

The change in the contract liabilities balance during the period results primarily from advance payments received under the Centers for Medicare and Medicaid Services' (CMS) Accelerated and Advance Payment program which are recorded as contract liabilities upon receipt and recognized as revenue when the respective services are provided.

T 5.15 **REVENUE**
IN € THOUS

	2021			2020			2019		
	Revenue from contracts with customers	Other revenue	Total	Revenue from contracts with customers	Other revenue	Total	Revenue from contracts with customers	Other revenue	Total
Health care services	13,479,438	396,844	13,876,282	13,810,589	303,810	14,114,399	13,623,319	248,900	13,872,219
Health care products	3,623,951	118,452	3,742,403	3,639,995	104,669	3,744,664	3,478,817	125,519	3,604,336
TOTAL	**17,103,389**	**515,296**	**17,618,685**	**17,450,584**	**408,479**	**17,859,063**	**17,102,136**	**374,419**	**17,476,555**

T 5.16 **TRADE ACCOUNTS RECEIVABLES FROM UNRELATED PARTIES AND CONTRACT LIABILITIES**
IN € THOUS

	2021	2020
Trade accounts receivables from unrelated parties	3,309,353	3,084,311
Contract liabilities	428,034	876,051

Contract liabilities also relate to advance payments from customers and to sales of dialysis machines where revenue is recognized upon installation and provision of the necessary technical instructions whereas a receivable is recognized once the machine is billed to the customer.

Contract liabilities are shown in the consolidated balance sheet in line items "Current provisions and other current liabilities" and "Non-current provisions and other non-current liabilities."

At December 31, 2021, revenue recognized that was included in the contract liabilities balance at the beginning of the period was €527,066 (2020: €17,790).

At December 31, 2021, performance obligations of €1,428,897 (2020: €1,916,558) are unsatisfied (or partially unsatisfied).

Expected recognition of the transaction price allocated to unsatisfied performance obligations as revenue for the next five years and in the aggregate for the five years thereafter are as shown in TABLE 5.17.

T 5.17 **UNSATISFIED PERFORMANCE OBLIGATIONS**
IN € THOUS

	2021	2020
1 year	686,505	856,206
1–3 years	383,682	683,293
3–5 years	256,922	272,549
5–10 years	101,788	104,510
TOTAL	**1,428,897**	**1,916,558**

B) Selling, general and administrative expenses

Selling, general and administrative expenses are generated in the administrative, logistic and selling functions which are not attributable to production or research and development. Furthermore, general and administrative expenses included realized and unrealized foreign exchange gains and losses.

In addition, the Company has recognized, among others, the in TABLE 5.18 shown following general and administrative expenses for the years ended December 31, 2021, 2020 and 2019.

T 5.18 **NOTABLE GENERAL AND ADMINISTRATIVE EXPENSES**
IN € THOUS

	2021	2020	2019
Impairment Loss in the Latin America Segment	–	194,468	–
Income attributable to a consent agreement on foregone profits from the sale of certain pharmaceuticals to non-associated companies	(44,300)	(39,540)	(60,471)
Reimbursement payments and funding received related to economic assistance programs to address the consequences of the COVID-19 pandemic (SEE NOTE 4 H)	(8,716)	(27,414)	–
Net (gain) loss from changes in the fair value of investments, mainly related to equity investments	66,151	(20,938)	(97,375)
(Gain) loss from right-of-use assets	(4,975)	(12,867)	–
Net (gain) loss from the sale of investments and divestitures	(4,054)	(41,938)	(28,720)
Net (gain) loss related to variable payments outstanding for acquisitions mainly due to revaluation	(6,716)	(1,996)	(41,537)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	36,554	2,758	37,520
(Gain) loss from the settlement of pension plans (SEE NOTE 16)	(374)	(331)	(4,754)
Net (gain) loss from the sale of fixed and intangible assets	(21,141)	17,358	28,911

In 2021, general and administrative expenses included costs for restructuring activities related to the Company's transformation of its operating structure and steps to achieve cost savings (FME25 Program) in the amount of €62,862, mainly for the impairment of right-of-use assets and consulting expense.

In 2019, general and administrative expenses also included costs for restructuring activities related to the Company's cost optimization program in the amount of €91,689, mainly for the impairment of right-of-use assets, the sale of fixed assets as well as severance payments.

C) Research and development expenses

Research and development expenses of €220,782 (2020: €193,774 and 2019: €168,028) included research and non-capitalizable development costs as well as depreciation and amortization expenses related to capitalized development costs of €6,437 (2020: €5,024 and 2019: €3,052).

D) Cost of materials

The cost of materials for the year ended December 31, 2021, 2020 and 2019 consisted of the following items shown in TABLE 5.19.

T 5.19 **COST OF MATERIALS**
IN € THOUS

	2021	2020	2019
Cost of raw materials, supplies and purchased components	3,622,169	3,668,053	3,725,247
Cost of purchased services	240,699	236,302	228,483
COST OF MATERIALS	**3,862,868**	**3,904,355**	**3,953,730**

E) Personnel expenses

Included within costs of revenue, selling, general and administrative expenses and research and development expenses are personnel expenses in the amount of €6,962,118, €7,067,407 and €6,799,358 for the years ended December 31, 2021, 2020 and 2019, respectively. Personnel expenses consisted of the following items shown in TABLE 5.20.

T 5.20 **PERSONNEL EXPENSES**
IN € THOUS

	2021	2020	2019
Wages and salaries	5,618,236	5,753,795	5,448,662
Social security contributions and cost of retirement benefits and social assistance	1,343,882	1,313,612	1,350,696
thereof retirement benefits	189,176	181,347	174,009
PERSONNEL EXPENSES	**6,962,118**	**7,067,407**	**6,799,358**

The Company employed the in TABLE 5.21 shown personnel on a full-time equivalents basis, on average, for the following years.

T 5.21 **EMPLOYEES BY FUNCTION**

	2021	2020	2019
Production and Services	105,379	106,797	103,896
Administration	12,571	12,525	11,634
Sales and Marketing	4,601	3,972	3,253
Research and Development	1,192	1,198	1,050
TOTAL EMPLOYEES	**123,743**	**124,492**	**119,833**

F) Net interest

Net interest in the amount of €280,429 (2020: €368,019 and 2019: €429,444) included interest expense of €353,599 (2020: €409,978 and 2019: €491,061) and interest income of €73,170 (2020: €41,959 and 2019: €61,617). Interest expense resulted mainly from the Company's financial liabilities including outstanding bonds, loans and credit facilities (SEE NOTE 13 AND NOTE 14), lease liabilities and lease liabilities from related parties (SEE NOTE 5 B AND NOTE 21) as well as interest expense related to uncertain tax treatments. In 2021, interest income primarily resulted from a release of interest accruals related to uncertain tax treatments, interest on lease receivables and overdue receivables and income related to royalty receivables. In 2020, interest income primarily results from interest on overdue receivables, valuation of derivatives and lease receivables. In 2019, interest income primarily results from the valuation of the derivatives embedded in the equity-neutral convertible bonds (Convertible Bonds), as well as interest on overdue receivables and lease receivables.

G) Income taxes

Income before income taxes is attributable to the geographic locations shown in TABLE 5.22.

T 5.22 **INCOME BEFORE INCOME TAXES**
IN € THOUS

	2021	2020	2019
Germany	81,246	160,866	101,734
United States	1,090,797	1,487,931	1,149,149
Other	399,818	287,593	589,231
TOTAL	**1,571,861**	**1,936,390**	**1,840,114**

Income tax expense (benefit) for the years ended December 31, 2021, 2020 and 2019 consisted as shown in TABLE 5.23.

T 5.23 **INCOME TAX EXPENSE (BENEFIT)**
IN € THOUS

	2021	2020	2019
Current			
Germany	(11,675)	17,879	(59,928)
United States	181,714	242,062	168,503
Other	115,535	129,512	228,773
	285,574	**389,453**	**337,348**
Deferred			
Germany	18,404	27,844	48,313
United States	47,018	95,444	57,352
Other	1,837	(12,183)	(41,399)
	67,259	**111,105**	**64,266**
TOTAL	**352,833**	**500,558**	**401,614**

A reconciliation between the expected and actual income tax expense is shown in TABLE 5.24. The expected corporate income tax expense is computed by applying the German corporation tax rate (including the solidarity surcharge) and the trade tax rate on income before income taxes. The German combined statutory tax rates were 30.14 %, for the fiscal year ended December 31, 2021 and 30.21 % for 2020 and 2019, respectively.

T 5.24 RECONCILIATION OF INCOME TAXES
IN € THOUS

	2021	2020	2019
Expected corporate income tax expense	473,759	584,983	555,898
Tax free income	(41,566)	(51,231)	(65,889)
Income from equity method investees	(26,722)	(28,510)	(23,683)
Tax rate differentials	(40,604)	(71,755)	(58,386)
Non-deductible expenses[1]	50,682	106,437	44,283
Taxes for prior years	(38,502)	(2,748)	(5,454)
Noncontrolling partnership interests	(65,489)	(70,300)	(60,724)
Tax rate changes	3,543	4,221	2,743
Change in realizability of deferred tax assets and tax credits	20,736	12,627	8,519
Withholding taxes	5,912	4,858	13,083
Other	11,084	11,976	(8,776)
INCOME TAX EXPENSE	**352,833**	**500,558**	**401,614**
Effective tax rate	22.4 %	25.9 %	21.8 %

[1] Non-deductible tax expenses for the year ended December 31, 2020 included €58,749 related to the Impairment Loss in the Latin America Segment discussed above.

The tax effects of the temporary differences and net operating losses that give rise to deferred tax assets and liabilities at December 31, 2021 and 2020, are presented in TABLE 5.25.

T 5.25 DEFERRED INCOME TAX ASSETS AND LIABILITIES
IN € THOUS

	2021	2020
Deferred tax assets		
Trade accounts receivable	21,407	16,243
Inventories	73,078	73,087
Intangible assets	5,587	4,817
Property, plant and equipment and other non-current assets	83,946	78,545
Lease Liabilities	904,265	853,352
Provisions and other liabilities	197,765	187,406
Pension liabilities	168,278	148,808
Net operating loss carryforwards, tax credit carryforwards and interest carry-forwards	97,287	111,861
Derivatives	4,211	11,447
Compensation expense related to stock options	1,763	3,064
Other	40,562	41,598
TOTAL DEFERRED TAX ASSETS	**1,598,149**	**1,530,228**
Deferred tax liabilities		
Trade accounts receivable	47,378	38,753
Inventories	3,808	3,066
Intangible assets	834,190	759,146
Property, plant and equipment and other non-current assets	276,922	228,609
Right-of-use assets	818,314	780,321
Provisions and other liabilities	15,423	13,204
Derivatives	700	1,508
Other	154,506	140,355
TOTAL DEFERRED TAX LIABILITIES	**2,151,241**	**1,964,962**
NET DEFERRED TAX LIABILITIES	**(553,092)**	**(434,734)**

In the consolidated balance sheets, the accumulated amounts of deferred tax assets and liabilities are shown in TABLE 5.26.

T 5.26 **NET DEFERRED INCOME TAX ASSETS AND LIABILITIES**
IN € THOUS

	2021	2020
Deferred tax assets	315,360	351,152
Deferred tax liabilities	868,452	785,886
NET DEFERRED TAX LIABILITIES	**(553,092)**	**(434,734)**

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense / (benefit). This is due to deferred taxes that are booked directly to equity, the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro and the acquisition and disposal of entities as part of ordinary activities.

The net operating losses included in TABLE 5.27 reflect U.S. federal tax, German corporate income tax, and other tax loss carryforwards in the various countries in which the Company operates, and expire.

Included in the balance of net operating loss carryforwards at December 31, 2021 are €282,275 (2020: €218,710) not expected to be absorbed. Deferred tax assets regarding this portion are not recognized.

In assessing the realizability of deferred tax assets, management considers to which extent it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax loss carryforwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable the Company will realize the benefits of these deferred tax assets at December 31, 2021.

T 5.27 **NET OPERATING LOSS CARRYFORWARDS**
IN € THOUS

For the year ended December 31, 2021		For the year ended December 31, 2020	
2022	14,422	2021	14,918
2023	13,972	2022	10,324
2024	21,400	2023	14,163
2025	40,610	2024	29,173
2026	59,632	2025	46,365
2027	25,465	2026	5,840
2028	5,826	2027	7,590
2029	4,484	2028	5,275
2030	2,520	2029	10,585
2031 and thereafter	47,494	2030 and thereafter	166,111
Without expiration date	291,848	Without expiration date	195,637
TOTAL	**527,673**	**TOTAL**	**505,981**

The Company provides for income taxes and foreign withholding taxes on the cumulative earnings of foreign subsidiaries and foreign subsidiaries in which the Company has ownership of less than 100 % that will not be reinvested. At December 31, 2021, the Company provided for €8,759 (2020: €7,353) of deferred tax liabilities associated with earnings that are likely to be distributed in the following year(s). Provision has not been made for additional taxes on €9,563,193 (2020: €8,747,019) undistributed earnings of foreign subsidiaries as these earnings are considered indefinitely reinvested. The earnings could become subject to additional tax if remitted or deemed remitted as dividends; however, calculation of such additional tax is not practicable. These taxes would predominantly comprise foreign withholding tax on dividends of foreign subsidiaries, and German income tax; however, those dividends and capital gains would generally be 95 % tax free for German tax purposes.

H) Impacts of COVID-19

The Company provides life-sustaining dialysis treatments and other critical health care services and products to patients. The Company's patients need regular and frequent dialysis treatments, or else they face significant adverse health consequences that could result in hospitalization or death. To be able to continue care for its patients in light of COVID-19, the Company determined that it needed to implement a number of measures, both operational and financial, to maintain an adequate workforce, to protect its patients and employees through expanded personal protective equipment protocols and to develop surge capacity for patients suspected or confirmed to have COVID-19. Additionally, the Company experienced a loss of revenue due to the pandemic in certain parts of its business, partially offset by increased demand for its services and products in other parts. Various governments in regions in which the Company operates have provided economic assistance programs to address the consequences of the pandemic on companies and support health care providers and patients.

The Company received government grants in various regions in which it operates in the amount of €72,531 and €251,662 for the year ended December 31, 2021 and December 31, 2020, respectively. In addition to the costs incurred which are eligible for government funding in various countries, the Company has been affected by impacts that COVID-19 had on the global economy and financial markets as well as effects related to lockdowns.

The remaining amounts of U.S. government grants received recorded in deferred income was $62,176 (€54,897) and $22,473 (€18,314) at December 31, 2021 and December 31, 2020, respectively (SEE NOTE 12). In 2020, the Company also recorded a contract liability for advance payments received under the CMS Accelerated and Advance Payment program within current provisions and other current liabilities. Contract liabilities related to the CMS Accelerated and Advance Payment program were $442,568 (€390,754) and $1,046,025 (€852,437) as of December 31, 2021 and December 31, 2020, respectively.

For further information regarding government grants, SEE NOTE 1 Y.

5. RELATED PARTY TRANSACTIONS

Fresenius SE is the Company's largest shareholder and owns 32.2 % of the Company's outstanding shares at December 31, 2021. The Else Kröner-Fresenius-Stiftung is the sole shareholder of Fresenius Management SE, the general partner of Fresenius SE, and has sole power to elect the supervisory board of Fresenius Management SE. The Company has entered into certain arrangements for services and products with Fresenius SE or its subsidiaries and with certain of the Company's equity method investees as described in item a) below. The arrangements for leases with Fresenius SE or its subsidiaries are described in item b) below. The Company's terms related to the receivables or payables for these services, leases and products are generally consistent with the normal terms of the Company's ordinary course of business transactions with unrelated parties and the Company believes that these arrangements reflect fair market terms. The Company utilizes various methods to verify the commercial reasonableness of its related party arrangements. Financing arrangements as described in item c) below have agreed-upon terms which are determined at the time such financing transactions occur and reflect market rates at the time of the transaction. The relationship between the Company and its key management personnel who are considered to be related parties is described in item d) below. The Company's related party transactions are settled through Fresenius SE's cash management system where appropriate.

A) Service agreements and products

The Company is party to service agreements with Fresenius SE and certain of its affiliates (collectively "Fresenius SE Companies") to receive services, including, but not limited to: administrative services, management information services, employee benefit administration, insurance, information technology services, tax services and treasury management services. These related party agreements generally have a duration of 1 to 5 years and are renegotiated on an as needed basis when the agreement comes due. The Company also provides administrative services to one of its equity method investees.

The Company sells products to Fresenius SE Companies and purchases products from Fresenius SE Companies and equity method investees. In addition, Fresenius Medical Care Holdings, Inc. (FMCH) purchases heparin supplied by Fresenius Kabi USA, Inc. (Kabi USA), through an independent group purchasing organization (GPO). Kabi USA is an indirect, wholly-owned subsidiary of Fresenius SE. The Company has no direct supply agreement with Kabi USA and does not submit purchase orders directly to Kabi USA. FMCH acquires heparin from Kabi USA, through the GPO contract, which was negotiated by the GPO at arm's length on behalf of all members of the GPO.

The Company entered into a ten-year agreement with a Fresenius SE Company for the manufacturing of infusion bags. In order to establish the new production line, the Company purchased machinery from the Fresenius SE Company in the amount of €206 and €7,183 during the years ended December 31, 2020 and 2019, respectively. Purchases during the year ended December 31, 2021 were negligible.

In December 2010, the Company and Galenica Ltd. (now known as Vifor Pharma Ltd.) formed the renal pharmaceutical company Vifor Fresenius Medical Care Renal Pharma Ltd., an equity method investee of which the Company owns 45 %. The Company has entered into exclusive supply agreements to purchase certain pharmaceuticals from, as well as certain exclusive distribution agreements with Vifor Fresenius Medical Care Renal Pharma Ltd. Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €1,239,519 of pharmaceuticals, of which €298,024 is committed at December 31, 2021 for 2022. The terms of these agreements run up to four years.

Under the CMS Comprehensive End-Stage Renal Disease (ESRD) Care Model, the Company and participating physicians formed entities known as ESRD Seamless Care Organizations (ESCOs) as part of a payment and care delivery model that seeks to deliver better health outcomes for Medicare ESRD patients while lowering CMS's costs. The Company entered into participation / service agreements with these ESCOs, which are accounted for as equity method investees.

TABLE 5.28 is a summary, including the Company's receivables from and payables to the indicated parties, resulting from the above described transactions with related parties.

T 5.28 SERVICE AGREEMENTS AND PRODUCTS WITH RELATED PARTIES
IN € THOUS

	2021		2020		2019		December 31, 2021		December 31, 2020	
	Sales of goods and services	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Service agreements[1]										
Fresenius SE	123	38,292	250	29,174	153	29,114	–	6,707	251	3,655
Fresenius SE affiliates	5,657	100,541	4,708	102,323	4,420	105,832	1,544	8,041	824	7,944
Equity method investees	42,391	–	19,730	–	49,052	–	131,661	–	74,935	–
TOTAL	**48,171**	**138,833**	**24,688**	**131,497**	**53,625**	**134,946**	**133,205**	**14,748**	**76,010**	**11,599**
Products										
Fresenius SE	5	–	–	–	3	–	–	–	–	–
Fresenius SE affiliates	50,081	31,719	41,180	44,164	44,771	37,279	13,487	6,000	10,330	5,732
Equity method investees	–	445,714	–	474,100	–	469,474	–	76,444	–	57,207
TOTAL	**50,086**	**477,433**	**41,180**	**518,264**	**44,774**	**506,753**	**13,487**	**82,444**	**10,330**	**62,939**

[1] In addition to the above shown accounts payable, accrued expenses for service agreements with related parties amounted to €12,911 and €5,368 at December 31, 2021 and 2020, respectively.

T 5.29 **LEASE AGREEMENTS WITH RELATED PARTIES**
IN € THOUS

	2021			2020			2019			December 31, 2021		December 31, 2020	
	Depreciation	Interest expense	Lease expense[1]	Depreciation	Interest expense	Lease expense[1]	Depreciation	Interest expense	Lease expense[1]	Right-of-use asset	Lease liability	Right-of-use asset	Lease liability
Fresenius SE	7,876	661	1,654	7,925	740	2,452	4,580	501	4,005	48,794	50,997	58,073	58,610
Fresenius SE affiliates	13,709	1,092	38	13,236	1,272	572	12,589	1,396	452	68,181	68,284	80,188	81,410
TOTAL	**21,585**	**1,753**	**1,692**	**21,161**	**2,012**	**3,024**	**17,169**	**1,897**	**4,457**	**116,975**	**119,281**	**138,261**	**140,020**

[1] Short-term leases and expenses relating to variable lease payments as well as low value leases are exempted from balance sheet recognition.

B) Lease agreements

In addition to the above-mentioned product and service agreements, the Company is a party to real estate lease agreements with Fresenius SE Companies, which mainly include leases for the Company's corporate headquarters in Bad Homburg, Germany and production sites in Schweinfurt and St. Wendel, Germany. The leases have maturities up to the end of 2029.

TABLE 5.29 shows a summary resulting from the above described lease agreements with related parties.

C) Financing

The Company receives short-term financing from and provides short-term financing to Fresenius SE. The Company also utilizes Fresenius SE's cash management system for the settlement of certain intercompany receivables and payables with its subsidiaries and other related parties. As of December 31, 2021 and December 31, 2020, the Company had accounts receivable from Fresenius SE related to short-term financing in the amount of €14,900 and €1,037, respectively. The interest rates for these cash management arrangements are set on a daily basis and are based on the then-prevailing overnight reference rate, with a floor of zero, for the respective currencies.

On August 19, 2009, the Company borrowed €1,500 from the General Partner on an unsecured basis at 1.335 %. The loan repayment has been extended periodically and is currently due on August 19, 2022 with an interest rate of 0.6 %. On November 28, 2013, the Company borrowed an additional €1,500 with an interest rate of 1.875 % from the General Partner. The loan repayment has been extended periodically and is currently due on April 21, 2022 with an interest rate of 0.6 %.

At December 31, 2021 and December 31, 2020, the Company borrowed from Fresenius SE in the amount of €74,500 at an interest rate of 0.6 % and €13,320 on an unsecured basis at an interest rate of 0.825 %, respectively. For further information on this loan agreement, SEE NOTE 13.

D) Key management personnel

Due to the Company's legal form of a German partnership limited by shares, the General Partner holds a key management position within the Company. In addition, as key management personnel, members of the Management Board and the Supervisory Board, as well as their close relatives, are considered related parties.

The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the members of the Management Board. The aggregate amount reimbursed to the General Partner was €30,212, €33,284 and €23,905, respectively, for its management services during 2021, 2020 and 2019 and included an annual fee of €120 as compensation for assuming liability as general partner. The annual fee is set at 4 % of the amount of the General Partner's share capital (€3,000 as of December 31, 2021). As of December 31, 2021 and December 31, 2020, the Company had accounts receivable from the General Partner in the amount of €769 and €4,061, respectively. As of December 31, 2021 and December 31, 2020, the Company had accounts payable to the General Partner in the amount of €24,265 and €20,863, respectively.

For information regarding compensation of the Management Board and the Supervisory Board of the Company SEE NOTE 28.

6. CASH AND CASH EQUIVALENTS

As of December 31, 2021 and 2020, cash and cash equivalents are as shown in TABLE 5.30.

T 5.30 **CASH AND CASH EQUIVALENTS**
IN € THOUS

	2021	2020
Cash	925,134	746,851
Securities and time deposits	556,521	334,688
CASH AND CASH EQUIVALENTS	**1,481,655**	**1,081,539**

The cash and cash equivalents disclosed in TABLE 5.30, and respectively in the consolidated statement of cash flows, include at December 31, 2021 an amount of €25,573 (2020: €5,807) from collateral requirements towards an insurance company in North America that are not available for use.

For further information on the Company's multi-currency notional pooling cash management system, SEE NOTE 13.

7. TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES

As of December 31, 2021 and December 31, 2020, trade accounts and other receivables from unrelated parties are shown in TABLE 5.31.

T 5.31 **TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES**
IN € THOUS

	December 31, 2021		December 31, 2020	
		thereof credit-impaired[1]		thereof credit-impaired[1]
Trade accounts and other receivables, gross	3,572,990	423,113	3,295,417	376,459
thereof finance lease receivables	64,224	-	56,484	-
less expected credit losses	(163,929)	(130,790)	(142,372)	(113,430)
TRADE ACCOUNTS AND OTHER RECEIVABLES	**3,409,061**	**292,323**	**3,153,045**	**263,029**

[1] Trade accounts receivable balances are "credit-impaired" when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the receivable balance (e.g. overdue by more than one year, etc.).

The other receivables in the amount of €113,841 at December 31, 2021 include receivables from finance leases, operating leases and insurance contracts (December 31, 2020: €86,230). For further information, SEE NOTE 1 K.

All trade accounts and other receivables from unrelated parties are due within one year.

Trade accounts receivables and finance lease receivables with a term of more than one year in the amount of €148,545 at December 31, 2021 (December 31, 2020: €126,883) are included in the balance sheet item "Other non-current assets." The majority of finance lease receivables are due within 5 years.

When utilized, the Company assigns interests in certain receivables to institutional investors under its Accounts Receivable Facility. For further information on the utilization of this facility, SEE NOTE 14.

TABLE 5.32 shows the development of expected credit losses in the fiscal years 2021, 2020 and 2019.

T 5.32 DEVELOPMENT OF EXPECTED CREDIT LOSSES FOR DOUBTFUL ACCOUNTS FROM UNRELATED PARTIES
IN € THOUS

	2021	2020	2019
EXPECTED CREDIT LOSSES AS OF JANUARY 1	**142,372**	**141,358**	**118,015**
Change in valuation allowances as recorded in the consolidated statements of income	44,374	28,302	42,315
Write-offs and recoveries of amounts previously written-off	(21,622)	(14,213)	(18,587)
Foreign currency translation	(1,195)	(13,075)	(385)
EXPECTED CREDIT LOSSES AS OF DECEMBER 31	**163,929**	**142,372**	**141,358**

The TABLES 5.33 AND 5.34 are showing the aging analysis of trade accounts and other receivables from unrelated parties and expected credit losses as of December 31, 2021 and as of December 31, 2020.

T 5.33 AGING ANALYSIS OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES 2021
IN € THOUS

	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts and other receivables	2,042,024	834,638	206,903	205,436	283,989	3,572,990
less expected credit losses	(12,233)	(5,911)	(4,133)	(12,266)	(129,386)	(163,929)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**2,029,791**	**828,727**	**202,770**	**193,170**	**154,603**	**3,409,061**

T 5.34 AGING ANALYSIS OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES 2020
IN € THOUS

	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts and other receivables	1,809,658	829,895	195,724	208,653	251,487	3,295,417
less allowance for doubtful accounts	(7,668)	(4,204)	(3,865)	(10,568)	(116,067)	(142,372)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**1,801,990**	**825,691**	**191,859**	**198,085**	**135,420**	**3,153,045**

8. INVENTORIES

At December 31, 2021 and December 31, 2020, inventories consisted as shown in TABLE 5.35.

T 5.35 **INVENTORIES**
IN € THOUS

	2021	2020
Finished goods	1,233,197	1,088,311
Health care supplies	452,073	473,164
Raw materials and purchased components	247,478	232,422
Work in process	105,266	101,413
INVENTORIES	**2,038,014**	**1,895,310**

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €522,300 of materials, of which €287,334 is committed at December 31, 2021 for 2022. The terms of these agreements run 1 to 10 years. Further unconditional purchase agreements exist with an equity method investee of the Company. For further information on these agreements, SEE NOTE 5.

Write-downs of inventories amounted to €69,250 and €61,256 for the years ended December 31, 2021 and 2020, respectively.

9. OTHER CURRENT ASSETS

At December 31, 2021 and 2020, other current assets consisted as shown in TABLE 5.36.

T 5.36 **OTHER CURRENT ASSETS**
IN € THOUS

	2021	2020
Payments on account	182,239	278,788
Income tax receivable	177,150	136,048
Debt securities	136,362	161,688
Other tax receivable	109,586	108,375
Deposit / guarantee / security	22,822	17,577
Prepaid insurance	21,160	24,888
Receivables for supplier rebates	20,662	90,388
Notes receivable	18,873	20,599
Prepaid rent	14,237	13,082
Loans to customers or suppliers	8,990	19,147
Derivatives	3,417	6,470
Other	160,653	176,928
OTHER CURRENT ASSETS	**876,151**	**1,053,978**

The item "Other" in TABLE 5.36 includes various prepaid expenses relating to, amongst others, utility costs, royalty payments and freight expense.

10. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2021 and 2020, the acquisition or manufacturing costs and the accumulated depreciation of property, plant and equipment consisted of the following items are shown in TABLES 5.37, 5.38 AND 5.39 STARTING ON PAGE 217.

T 5.37 **ACQUISITION OR MANUFACTURING COSTS**
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2021
Land	69,582	147	93	4	2,446	(1,581)	70,691
Buildings and improvements	3,613,172	251,338	2,568	60,173	277,232	(75,303)	4,129,180
Machinery and equipment	5,233,002	243,941	9,232	419,897	103,355	(329,765)	5,679,662
Construction in progress	471,478	19,553	(30)	258,826	(345,219)	(10,275)	394,333
PROPERTY, PLANT AND EQUIPMENT	**9,387,234**	**514,979**	**11,863**	**738,900**	**37,814**	**(416,924)**	**10,273,866**

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2020
Land	63,992	(3,542)	(352)	8,175	1,592	(283)	69,582
Buildings and improvements	3,644,437	(298,571)	(13,130)	58,302	280,716	(58,582)	3,613,172
Machinery and equipment	5,139,656	(323,731)	(9,615)	528,280	96,267	(197,855)	5,233,002
Construction in progress	509,282	(29,668)	2,928	333,082	(337,758)	(6,388)	471,478
PROPERTY, PLANT AND EQUIPMENT	**9,357,367**	**(655,512)**	**(20,169)**	**927,839**	**40,817**	**(263,108)**	**9,387,234**

T 5.38 DEPRECIATION
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Impairment	Reclassifications	Disposals	December 31, 2021
Land	1,317	(10)	-	-	-	-	(721)	586
Buildings and improvements	2,098,019	154,893	(1,795)	260,532	3,870	11,803	(55,167)	2,472,155
Machinery and equipment	3,231,034	141,256	(868)	482,034	5,647	2,633	(295,638)	3,566,098
Construction in progress	-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**5,330,370**	**296,139**	**(2,663)**	**742,566**	**9,517**	**14,436**	**(351,526)**	**6,038,839**

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Impairment	Reclassifications	Disposals	December 31, 2020
Land	1,332	(15)	-	-	-	-	-	1,317
Buildings and improvements	2,052,820	(170,668)	(7,122)	260,450	-	1,146	(38,607)	2,098,019
Machinery and equipment	3,112,934	(185,612)	(16,657)	477,751	-	11,484	(168,866)	3,231,034
Construction in progress	-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**5,167,086**	**(356,295)**	**(23,779)**	**738,201**	**-**	**12,630**	**(207,473)**	**5,330,370**

T 5.39 BOOK VALUE
IN € THOUS

	December 31, 2021	December 31, 2020
Land	70,105	68,265
Buildings and improvements	1,657,025	1,515,153
Machinery and equipment	2,113,564	2,001,968
Construction in progress	394,333	471,478
PROPERTY, PLANT AND EQUIPMENT	**4,235,027**	**4,056,864**

Depreciation expense for property, plant and equipment amounted to €742,566, €738,201 and €717,650 for the years ended December 31, 2021, 2020, and 2019, respectively. These expenses are allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €23,340 of property, plant and equipment, of which €10,339 is committed at December 31, 2021 for 2022. The terms of these agreements run 1 to 5 years.

Included in machinery and equipment at December 31, 2021 and 2020 were €778,887 and €758,151, respectively, of peritoneal dialysis cycler machines which the Company leases to customers with ESKD on a month-to-month basis and hemodialysis machines which the Company leases to physicians under operating leases.

At December 31, 2021 and 2020, the hyperinflationary effects on property, plant and equipment are shown in TABLE 5.40.

T 5.40 **EFFECT OF HYPERINFLATION**
IN € THOUS

	Acquisition or manufacturing costs	Accumulated depreciation	December 31, 2021
Land	3,604	-	3,604
Buildings and improvements	34,989	13,045	21,944
Machinery and equipment	56,545	34,665	21,880
Construction in progress	2,062	6	2,056
PROPERTY, PLANT AND EQUIPMENT	**97,200**	**47,716**	**49,484**

	Acquisition or manufacturing costs	Accumulated depreciation	December 31, 2020
Land	2,784	-	2,784
Buildings and improvements	25,970	9,587	16,383
Machinery and equipment	43,041	27,322	15,719
Construction in progress	1,402	-	1,402
PROPERTY, PLANT AND EQUIPMENT	**73,197**	**36,909**	**36,288**

11. INTANGIBLE ASSETS AND GOODWILL

At December 31, 2021 and 2020, the acquisition or manufacturing costs and the accumulated amortization of intangible assets and goodwill consisted of the following as shown in TABLES 5.41, 5.42 AND 5.43 STARTING ON PAGE 220.

T 5.41 **ACQUISITION OR MANUFACTURING COSTS (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2021
Amortizable intangible assets							
Non-compete agreements	311,353	24,652	5,475	-	-	(1,684)	339,796
Technology	685,730	51,733	-	-	2	-	737,465
Licenses and distribution agreements	188,463	8,038	(46)	4,741	154	(29,772)	171,578
Customer relationships	62,774	4,867	-	-	-	-	67,641
Construction in progress	233,272	9,990	-	128,666	(55,446)	(517)	315,965
Internally developed intangibles	394,314	19,639	-	15,427	52,220	(21,387)	460,213
Other	369,081	16,604	1,868	17,734	13,168	(27,458)	390,997
TOTAL	**2,244,987**	**135,523**	**7,297**	**166,568**	**10,098**	**(80,818)**	**2,483,655**
Non-amortizable intangible assets							
Trade names	233,492	19,419	-	-	-	-	252,911
Management contracts	3,052	264	-	-	-	(679)	2,637
TOTAL	**236,544**	**19,683**	**-**	**-**	**-**	**(679)**	**255,548**
INTANGIBLE ASSETS	**2,481,531**	**155,206**	**7,297**	**166,568**	**10,098**	**(81,497)**	**2,739,203**
GOODWILL	**13,515,133**	**985,053**	**444,272**	**-**	**-**	**-**	**14,944,458**

ACQUISITION OR MANUFACTURING COSTS (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2020
Amortizable intangible assets							
Non-compete agreements	332,722	(26,948)	6,682	327	-	(1,430)	311,353
Technology	742,621	(57,258)	185	-	182	-	685,730
Licenses and distribution agreements	202,287	(12,468)	-	3,222	2,581	(7,159)	188,463
Customer relationships	68,931	(4,590)	-	-	(1,567)	-	62,774
Construction in progress	267,403	(10,499)	-	146,057	(168,797)	(892)	233,272
Internally developed intangibles	298,039	(24,621)	-	12,487	117,584	(9,175)	394,314
Other	408,341	(22,371)	13,135	20,611	52,121	(102,756)	369,081
TOTAL	**2,320,344**	**(158,755)**	**20,002**	**182,704**	**2,104**	**(121,412)**	**2,244,987**
Non-amortizable intangible assets							
Trade names	255,047	(21,555)	-	-	-	-	233,492
Management contracts	3,225	(189)	-	-	16	-	3,052
TOTAL	**258,272**	**(21,744)**	**-**	**-**	**16**	**-**	**236,544**
INTANGIBLE ASSETS	**2,578,616**	**(180,499)**	**20,002**	**182,704**	**2,120**	**(121,412)**	**2,481,531**
GOODWILL	**14,409,852**	**(1,148,174)**	**253,455**	**-**	**-**	**-**	**13,515,133**

T 5.42 **AMORTIZATION (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2021
Amortizable intangible assets								
Non-compete agreements	280,835	22,622	(55)	9,456	-	-	(1,674)	311,184
Technology	216,019	15,422	-	53,160	1,023	969	-	286,593
Licenses and distribution agreements	128,749	5,027	-	4,134	-	76	(2,469)	135,517
Customer relationships	13,310	1,278	-	4,079	-	-	-	18,667
Construction in progress	-	-	-	-	-	-	-	-
Internally developed intangibles	195,376	10,747	-	49,787	7,206	529	(21,061)	242,584
Other	239,566	10,453	-	31,709	1,130	(562)	(26,637)	255,659
TOTAL	**1,073,855**	**65,549**	**(55)**	**152,325**	**9,359**	**1,012**	**(51,841)**	**1,250,204**
Non-amortizable intangible assets								
Trade names	25,957	2,103	-	-	-	-	-	28,060
Management contracts	710	99	-	-	737	-	-	1,546
TOTAL	**26,667**	**2,202**	**-**	**-**	**737**	**-**	**-**	**29,606**
INTANGIBLE ASSETS	**1,100,522**	**67,751**	**(55)**	**152,325**	**10,096**	**1,012**	**(51,841)**	**1,279,810**
GOODWILL	**556,405**	**26,476**	**-**	**-**	**-**	**-**	**-**	**582,881**

AMORTIZATION (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2020
Amortizable intangible assets								
Non-compete agreements	296,123	(24,152)	(315)	10,697	-	(6)	(1,512)	280,835
Technology	175,010	(13,488)	-	55,318	-	(821)	-	216,019
Licenses and distribution agreements	143,712	(7,933)	(22)	3,545	-	(181)	(10,372)	128,749
Customer relationships	11,356	(613)	-	4,134	-	(1,567)	-	13,310
Construction in progress	-	-	-	-	-	-	-	-
Internally developed intangibles	169,185	(12,565)	-	43,321	-	(88)	(4,477)	195,376
Other	329,082	(14,265)	(75)	27,654	304	23	(103,157)	239,566
TOTAL	**1,124,468**	**(73,016)**	**(412)**	**144,669**	**304**	**(2,640)**	**(119,518)**	**1,073,855**
Non-amortizable intangible assets								
Trade names	27,818	(2,351)	-	-	490	-	-	25,957
Management contracts	-	(52)	-	-	762	-	-	710
TOTAL	**27,818**	**(2,403)**	**-**	**-**	**1,252**	**-**	**-**	**26,667**
INTANGIBLE ASSETS	**1,152,286**	**(75,419)**	**(412)**	**144,669**	**1,556**	**(2,640)**	**(119,518)**	**1,100,522**
GOODWILL	**392,597**	**(30,170)**	**-**	**-**	**193,978**	**-**	**-**	**556,405**

T 5.43 **BOOK VALUE**
IN € THOUS

	December 31, 2021	December 31, 2020
Amortizable intangible assets		
Non-compete agreements	28,612	30,518
Technology	450,872	469,711
Licenses and distribution agreements	36,061	59,714
Customer relationships	48,974	49,464
Construction in progress	315,965	233,272
Internally developed intangibles	217,629	198,938
Other	135,338	129,515
TOTAL	**1,233,451**	**1,171,132**
Non-amortizable intangible assets		
Trade names	224,851	207,535
Management contracts	1,091	2,342
TOTAL	**225,942**	**209,877**
INTANGIBLE ASSETS	**1,459,393**	**1,381,009**
GOODWILL	**14,361,577**	**12,958,728**

The amortization of intangible assets amounted to €152,325, €144,669 and €135,482 for the years ended December 31, 2021, 2020, and 2019, respectively. These expenses are allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

The Company capitalized development costs of €123,275 in 2021 (€137,041 in 2020), which is included in the line items Internally developed intangibles and Construction in progress shown in TABLE 5.41 STARTING ON PAGE 220, in column "Additions".

At December 31, 2021 and 2020, the hyperinflationary effects on intangible assets and goodwill consisted of the following are shown in TABLE 5.44.

T 5.44 **EFFECT OF HYPERINFLATION**
IN € THOUS

	Acquisition or manufacturing costs	Accumulated amortization and impairments	December 31, 2021
Internally developed intangibles	2,357	1,465	892
Other	4,154	1,720	2,434
Amortizable intangible assets	**6,511**	**3,185**	**3,326**
Management Contracts	814	355	459
Non-amortizable intangible assets	**814**	**355**	**459**
TOTAL INTANGIBLE ASSETS	**7,325**	**3,540**	**3,785**
GOODWILL	**33,574**	**33,540**	**34**

	Acquisition or manufacturing costs	Accumulated amortization and impairments	December 31, 2020
Internally developed intangibles	2,081	1,362	719
Other	2,860	1,042	1,818
Amortizable intangible assets	**4,941**	**2,404**	**2,537**
Management Contracts	-	-	-
Non-amortizable intangible assets	**-**	**-**	**-**
TOTAL INTANGIBLE ASSETS	**4,941**	**2,404**	**2,537**
GOODWILL	**33,564**	**33,540**	**24**

Goodwill and intangible assets with indefinite useful lives

The increase in the carrying amount of goodwill during 2021 is mainly as a result of the impact of foreign currency translations and the purchase of clinics in the normal course of operations.

The carrying amount of goodwill and intangibles with indefinite useful life is allocated to the groups of CGUs at December 31, 2021 and 2020 are shown in TABLE 5.45.

The Company did not record any impairment losses related to goodwill and trade names with indefinite useful lives in 2021 after comparing each CGU's value in use to its carrying amount. The Company recorded an impairment of management contracts in the Asia-Pacific Segment in 2021 as noted in TABLE 5.42 ON PAGE 222. In 2020 the Company recorded an impairment of goodwill and trade names in the Latin America Segment (SEE NOTE 2 A) as well as an impairment of management contracts in the Asia-Pacific Segment as noted in TABLE 5.42 ON PAGE 222.

12. CURRENT PROVISIONS AND OTHER CURRENT LIABILITIES

Current provisions

TABLE 5.46 shows a reconciliation of the current provisions for 2021.

T 5.45 ALLOCATION OF THE CARRYING AMOUNT TO THE GROUPS OF CGUS
IN € THOUS

	North America		EMEA		Asia-Pacific		Latin America	
	2021	2020	2021	2020	2021	2020	2021	2020
Goodwill	12,223,884	10,908,633	1,376,542	1,328,543	756,335	720,225	4,816	1,327
Management contracts with indefinite useful life	–	–	–	–	1,091	2,342	–	–
Trade name with indefinite useful life	224,851	207,535	–	–	–	–	–	–

T 5.46 DEVELOPMENT OF CURRENT PROVISIONS
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Utilized	Reversed	Additions	Reclassifications	December 31, 2021
Personnel expenses	55,265	5,797	83	(38,476)	(7,427)	115,852	33,535	164,629
Self-insurance programs	103,020	8,920	–	–	(10,569)	17,873	–	119,244
Risk of lawsuit	24,390	(216)	–	(2,455)	(1,903)	3,757	–	23,573
Other current provisions	37,754	2,642	128	(10,717)	(5,446)	13,762	(46)	38,077
CURRENT PROVISIONS	**220,429**	**17,143**	**211**	**(51,648)**	**(25,345)**	**151,244**	**33,489**	**345,523**

Self-insurance programs

SEE NOTE 2 D.

Personnel expenses

Personnel expenses mainly refer to provisions for the Company's global performance-based compensation plan for managerial staff established in 2021, share-based plans, the current portion of the provisions for accrued severance payments and provisions for jubilee payments. As of December 31, 2021, provisions for the Company's global performance-based compensation plan for managerial staff amounted to €87,719 and the provisions for share-based plans amounted to €43,466 and €26,876 as of December 31, 2021 and 2020, respectively. SEE NOTE 20.

Risk of lawsuit

SEE NOTE 22.

Other current provisions

The item "Other current provisions" (SEE TABLE 5.46 ON PAGE 225) includes provisions for warranties, physician compensation and return of goods.

Other current liabilities

As of December 31, 2021 and 2020 other current liabilities are shown in TABLE 5.47.

T 5.47 **OTHER CURRENT LIABILITIES**
IN € THOUS

	2021	2020
Personnel liabilities	746,743	732,771
Put option liabilities	678,705	645,784
Receivable credit balances	645,650	495,962
Contract liabilities	428,028	571,420
Invoices outstanding	201,251	180,227
VAT and other (non-income) tax liabilities	127,295	113,595
Deferred Income	90,003	34,885
Interest liabilities	68,558	73,140
Legal matters, advisory and audit fees	36,341	31,902
Derivatives	25,847	40,923
Bonuses, commissions	22,869	32,971
Variable payments outstanding for acquisitions	9,721	19,313
Other liabilities	250,341	220,345
OTHER CURRENT LIABILITIES	**3,331,352**	**3,193,238**

Personnel liabilities

The personnel liabilities mainly refer to liabilities for wages and salaries, bonuses and vacation payments.

Contract liabilities

The Company received advance payments under the CMS Accelerated and Advance Payment program which are recorded as contract liability upon receipt and recognized as revenue when the respective services are provided. For additional information on the advanced payments, SEE NOTE 4 H.

Contract liabilities also relate to advance payments from customers and to sales of dialysis machines where revenue is recognized upon installation and provision of the necessary technical instructions whereas a receivable is recognized once the machine is billed to the customer.

Other liabilities

The item "Other liabilities" in TABLE 5.47 ON PAGE 226 includes liabilities for insurance premiums as well as the current portion of pension liabilities.

13. SHORT-TERM DEBT

At December 31, 2021 and December 31, 2020, short-term debt are shown in TABLE 5.48.

T 5.48 **SHORT-TERM DEBT**
IN € THOUS

	2021	2020
Commercial paper program	715,153	19,995
Borrowings under lines of credit	463,091	42,442
Other	109	513
Short-term debt from unrelated parties	**1,178,353**	**62,950**
Short-term debt from related parties (SEE NOTE 5 C)	77,500	16,320
SHORT-TERM DEBT	**1,255,853**	**79,270**

Commercial paper program

The Company maintains a commercial paper program under which short-term notes can be issued. On October 15, 2021, the Company amended its commercial paper program and increased the available borrowing capacity from €1,000,000 to €1,500,000. At December 31, 2021 and 2020, the outstanding commercial paper amounted to €715,000 and €20,000, respectively.

Borrowings under lines of credit and further availabilities

Borrowings under lines of credit in the amount of €463,091 and €42,442 at December 31, 2021 and 2020, respectively, represented amounts borrowed by the Company and its subsidiaries under lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2021 and 2020 were 0.22 % and 4.05 %, respectively.

Excluding amounts available under the Amended 2012 Credit Agreement and the Syndicated Credit Facility (SEE NOTE 14), at December 31, 2021 and 2020, the Company had €477,483 and €855,724 available under other commercial bank agreements, excluding agreements on a subsidiary level, which are readily available for liability management purposes. In some instances, lines of credit are secured by assets of the Company's subsidiary that is party to the agreement or may require the Company's, or its subsidiaries', guarantee.

The Company and certain consolidated entities operate a multi-currency notional cash pooling management system. In this cash pooling management system, amounts in euro and other currencies are offset without being transferred to a specific cash pool account. The system is used for an efficient utilization of funds within the Company. The Company met the conditions to offset balances within this cash pool for reporting purposes. At December 31, 2021 and 2020, cash and borrowings under lines of credit in the amount of €116,538 and €998,044, respectively, were offset under this cash pooling management system. Before this offset, cash and cash equivalents as of December 31, 2021 was €1,598,193 (December 31, 2020: €2,079,583) and short-term debt from unrelated parties was €1,294,891 (December 31, 2020: €1,060,994).

Other

At December 31, 2021 and 2020, the Company had €109 and €513 of other debt outstanding related to fixed payments outstanding for acquisitions.

Short-term debt from related parties

The Company and FMCH are parties to an unsecured loan agreement, as borrowers, with Fresenius SE, as lender, under which the Company and FMCH may request and receive one or more short-term advances up to an aggregate amount of €600,000 until maturity on July 31, 2022. For further information on short-term debt from related parties, SEE NOTE 5 C.

14. LONG-TERM DEBT

As of December 31, 2021 and 2020, long-term debt are shown in TABLE 5.49.

T 5.49 **LONG-TERM DEBT**
IN € THOUS

	2021	2020
Amended 2012 Credit Agreement	-	1,162,342
Bonds	7,071,259	6,408,118
Other	243,656	238,000
Long-term debt	**7,314,915**	**7,808,460**
Less current portion	(667,966)	(1,008,359)
LONG-TERM DEBT, LESS CURRENT PORTION	**6,646,949**	**6,800,101**

The Company's long-term debt as of December 31, 2021, all of which ranks equally in rights of payment, are described as follows:

Credit Facilities

Syndicated Credit Facility

On July 1, 2021, the Company entered into a new €2,000,000 sustainability-linked syndicated revolving credit facility with a group of 34 core relationship banks (Syndicated Credit Facility).

The Syndicated Credit Facility has a term of five years plus two one-year extension options and can be drawn in different currencies. The Syndicated Credit Facility is currently undrawn and will be used as a backup line for general corporate purposes. The Syndicated Credit Facility replaced the existing $900,000 and €600,000 revolving credit facilities in the Amended 2012 Credit Agreement, and the Company repaid the Term Loans outstanding under the Amended 2012 Credit Agreement in May 2021. A sustainability component has been embedded in the credit facility, with the margin increasing or decreasing depending on the company's sustainability performance.

Amended 2012 credit agreement

The Company originally entered into a syndicated credit facility of $3,850,000 (€2,970,221) and a 5-year tenor (the "2012 Credit Agreement") on October 30, 2012. On November 26, 2014, the 2012 Credit Agreement was amended to increase the total credit facility to approximately $4,400,000 (€3,527,054) and extend the term for an additional two years until October 30, 2019 (Amended 2012 Credit Agreement). On July 11, 2017, the Company further amended and extended the Amended 2012 Credit Agreement. The Amended 2012 Credit Agreement was terminated on July 1, 2021 and was replaced by the Syndicated Credit Facility. For information regarding available and outstanding balances under the Amended 2012 Credit Agreement as of December 31, 2020, SEE TABLE 5.50 ON PAGE 229 "Amended 2012 Credit Agreement – Maximum amount available and balance outstanding".

Interest on the credit facilities was floating at a rate equal to EURIBOR/LIBOR (as applicable) plus an applicable margin. The applicable margin was variable and depended on the Company's consolidated net leverage ratio, which is a ratio of its consolidated funded debt less cash and cash equivalents to consolidated EBITDA (as these terms were defined in the Amended 2012 Credit Agreement). At December 31, 2020, the dollar-denominated tranches outstanding under the Amended 2012 Credit Agreement had a weighted average interest rate of 1.21 %. At December 31, 2020, the euro-denominated tranches had a weighted average interest rate of 0.88 %.

The Amended 2012 Credit Agreement contained affirmative and negative covenants with respect to the Company and its subsidiaries. Under certain circumstances, these covenants limited indebtedness and restricted the creation of liens. Under the Amended 2012 Credit Agreement the Company was required to comply with a maximum consolidated net leverage ratio.

TABLE 5.50 shows the available and outstanding amounts under the Amended 2012 Credit Agreement at December 31, 2020.

T 5.50 **AMENDED 2012 CREDIT AGREEMENT[1] – MAXIMUM AMOUNT AVAILABLE AND BALANCE OUTSTANDING**
IN THOUS

	Maximum amount available 2020		Balance outstanding 2020[2]	
Revolving credit USD 2017 / 2022	$900,000	€733,436	-	-
Revolving credit EUR 2017 / 2022	€600,000	€600,000	-	-
USD term loan 2017 / 2022[3]	$1,110,000	€904,572	$1,110,000	€904,572
EUR term loan 2017 / 2022[3]	€259,000	€259,000	€259,000	€259,000
TOTAL		**€2,497,008**		**€1,163,572**

[1] The Amended 2012 Credit Agreement was terminated on July 1st, 2021 and was replaced by the Syndicated Credit Facility.
[2] Amounts shown are excluding debt issuance costs.
[3] USD term loan 2017 / 2022 in the amount of $1,050,000 (€860,444 as of the date of repayment) and EUR term loan 2017 / 2022 in the amount of €245,000 originally due on July 31, 2022 were repaid on May 20, 2021.

At December 31, 2020, the Company had letters of credit outstanding in the amount of $1,087 (€886) under the USD revolving credit facility, which are not included above as part of the balance outstanding at that date but which reduced available borrowings under the applicable revolving credit facility.

Bonds

At December 31, 2021 and 2020, the Company's bonds are shown in TABLE 5.51.

T 5.51 **BONDS**
IN THOUS

Issuer / Transaction	Face amount	Maturity	Coupon	Book value 2021 in €	Book value 2020 in €
FMC US Finance, Inc. 2011	$650,000	February 15, 2021	5.750 %	-	529,509
FMC Finance VII S.A. 2011	€300,000	February 15, 2021	5.250 %	-	299,961
FMC US Finance II, Inc. 2012[1]	$700,000	January 31, 2022	5.875 %	618,008	569,987
Fresenius Medical Care AG & Co. KGaA, 2019	€650,000	November 29, 2023	0.25 %	648,501	647,719
FMC US Finance II, Inc. 2014	$400,000	October 15, 2024	4.75 %	352,180	324,725
Fresenius Medical Care AG & Co. KGaA, 2018	€500,000	July 11, 2025	1.50 %	497,543	496,841
Fresenius Medical Care AG & Co. KGaA, 2020	€500,000	May 29, 2026	1.00 %	496,348	495,598
Fresenius Medical Care AG & Co. KGaA, 2019	€600,000	November 30, 2026	0.625 %	595,177	594,196
FMC US Finance III, Inc. 2021	$850,000	December 1, 2026	1.875 %	743,966	-
FMC US Finance III, Inc. 2019	$500,000	June 15, 2029	3.75 %	434,094	399,753
Fresenius Medical Care AG & Co. KGaA, 2019	€500,000	November 29, 2029	1.25 %	497,459	497,138
Fresenius Medical Care AG & Co. KGaA, 2020	€750,000	May 29, 2030	1.50 %	745,838	745,454
FMC US Finance III, Inc. 2020	$1,000,000	February 16, 2031	2.375 %	875,398	807,237
FMC US Finance III, Inc. 2021	$650,000	December 1, 2031	3.000 %	566,747	-
TOTAL				**7,071,259**	**6,408,118**

[1] For information on the repayment of these bonds, SEE NOTE 27.

All bonds issued by entities other than Fresenius Medical Care AG & Co. KGaA are guaranteed by the Company and by FMCH, while bonds issued by Fresenius Medical Care AG & Co. KGaA are guaranteed by FMCH. All U.S. dollar bonds outstanding may be redeemed at the option of the respective issuers at any time at 100 % of principal plus accrued interest and a premium calculated pursuant to the terms of the applicable indenture. The holders of the Company's bonds

have the right to request that the issuers repurchase the bonds at 101 % of principal plus accrued interest upon the occurrence of a change of control of the Company followed by a decline in the ratings of the respective bonds.

The Company has agreed to a number of covenants to provide protection to the bond holders which, under certain circumstances and with certain exceptions for the bonds issued since 2018, limit the ability of the Company and its subsidiaries to, among other things, incur debt, incur liens, engage in sale-leaseback transactions and merge or consolidate with other companies or sell assets. The limitation on incurrence of debt in the bonds issued before 2018 was suspended automatically as the rating of the respective bonds reached investment grade status. At December 31, 2021, the Company was in compliance with all of its covenants under the bonds.

Since 2018, bonds can be issued with different maturities under the Company's €10,000,000 debt issuance program.

The bonds issued by Fresenius Medical Care US Finance, Inc. in the amount of $650,000 (€472,889 as of the date of issuance on February 3, 2011) were redeemed at maturity on February 15, 2021. Additionally, the bonds issued by Fresenius Medical Care Finance VII S.A. on February 3, 2011 in the amount of €300,000 were redeemed at maturity on February 15, 2021.

On May 18, 2021, the Company issued bonds in two tranches with an aggregate principal amount of $1,500,000 (€1,227,295 as of the date of issuance):

- bonds of $850,000 (€695,467 as of the date of issuance) with a maturity of 5 years and 7 months and a coupon rate of 1.875 %, and
- bonds of $650,000 (€531,828 as of the date of issuance) with a maturity of 10 years and 7 months and a coupon rate of 3.000 %.

The proceeds have been used for general corporate purposes, including the refinancing of outstanding indebtedness.

Accounts Receivable Facility

On August 11, 2021, the Company amended and restated the Accounts Receivable Facility, extending it until August 11, 2024. The maximum capacity, $900,000 (€768,049 at August 11, 2021), remains unchanged under the restated Accounts Receivable Facility.

TABLE 5.52 shows the available and outstanding amounts under the Accounts Receivable Facility at December 31, 2021 and December 31, 2020.

T 5.52 **ACCOUNTS RECEIVABLE FACILITY – MAXIMUM AMOUNT AVAILABLE AND BALANCE OUTSTANDING**
IN THOUS

	Maximum amount available[1] 2021		Balance outstanding[2] 2021	
Accounts Receivable Facility	$900,000	€794,632	–	–

	Maximum amount available[1] 2020		Balance outstanding[2] 2020	
Accounts Receivable Facility	$900,000	€733,437	–	–

[1] Subject to availability of sufficient accounts receivable meeting funding criteria.
[2] Amounts shown are excluding debt issuance costs.

At December 31, 2021, the Company is not currently utilizing the Accounts Receivable Facility and the principal cash flows related to bank investors' initial investments have been returned.

The Company also had letters of credit outstanding under the Accounts Receivable Facility in the amount of $12,532 at December 31, 2021 and $12,522 at December 31, 2020 (€11,065 and €10,205, respectively). These letters of credit are not included above as part of the balance outstanding at December 31, 2021 and 2020; however, they reduce available borrowings under the Accounts Receivable Facility.

Under the Accounts Receivable Facility, certain receivables are contributed to NMC Funding Corporation (NMC Funding), a wholly-owned subsidiary. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors (and their conduit affiliates). Under the terms of the Accounts Receivable Facility, NMC Funding retains the rights in the underlying cash flows of the transferred receivables. Interest is remitted to the bank investors at the end of each tranche period. If NMC requires additional credit, the principal cash flows are reinvested to purchase additional interests in the receivables. Borrowings under the Accounts Receivable Facility are expected to remain long-term. NMC Funding retains significant risks and rewards in the receivables; among other things, the percentage ownership interest assigned requires the Company to retain first loss risk in those receivables, and the Company can, at any time, recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receiv-

ables remain on the Company's consolidated balance sheet and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors calculated based on the commercial paper rates for the particular tranches selected. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

Other

At December 31, 2021 and 2020, in conjunction with certain acquisitions and investments, the Company had fixed payments outstanding for acquisitions totaling approximately €22,792 and €33,562, respectively, of which €12,513 and €23,202, respectively, were classified as the current portion of long-term debt.

15. NON-CURRENT PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Of the total amount of non-current provisions and other non-current liabilities amounting to €707,563 at December 31, 2021 (2020: €1,034,999), €405,140 (2020: €763,877) are due in between more than one and three years, €177,882 (2020: €131,244) are due in between three to five years and €124,541 (2020: €139,878) are due after five years.

The item "Other non-current liabilities" in the amount of €524,271 at December 31, 2021 (2020: €836,030) includes, among others, put option liabilities of €313,718 (2020: €236,638), variable payments outstanding for acquisitions of €37,970 (2020: €47,046) and contract liabilities of €5 (2020: €304,632).

TABLE 5.53 shows the development of non-current provisions in the fiscal year.

For further information regarding self-insurance programs, SEE NOTE 2 D.

Personnel expenses mainly refer to provisions for share-based plans and provisions for severance payments. As of December 31, 2021, the provisions for share-based plans amounted to €18,910 (2020: €36,406). SEE NOTE 20.

The item "Other non-current provisions" in TABLE 5.53 includes provisions for asset retirement obligations.

The increase during the period in the discounted amount arising from the passage over time and the effect of any change in the discount rate is not material.

T 5.53 **DEVELOPMENT OF NON-CURRENT PROVISIONS**
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Utilized	Reversed	Additions	Reclassifications	December 31, 2021
Self-insurance programs	103,409	8,982	-	-	-	8,017	-	120,408
Personnel expenses	44,744	1,872	81	(712)	(433)	17,263	(33,535)	29,280
Interest payable related to income taxes	29,075	120	-	(30)	(20,484)	-	-	8,681
Other non-current provisions	21,741	50	479	(545)	(2,396)	5,548	46	24,923
NON-CURRENT PROVISIONS	**198,969**	**11,024**	**560**	**(1,287)**	**(23,313)**	**30,828**	**(33,489)**	**183,292**

16. EMPLOYEE BENEFIT PLANS

General

FMC AG & Co. KGaA recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Company. The Company's pension plans are structured in accordance with the differing legal, economic and fiscal circumstances in each country. The Company currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Company is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Company has five major defined benefit plans, one funded plan in the U.S. and one in France as well as one unfunded plan in Germany and two in France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under the Company's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefit obligations and the return on plan assets for that year. The Company's pension liability is impacted by these actuarial gains or losses.

Under defined contribution plans, the Company pays defined contributions to an independent third party as directed by the employee during the employee's service life, which satisfies all obligations of the Company to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Company paid contributions upon leaving the Company. The Company has a defined contribution plan in the U.S.

Defined benefit pension plans

During the first quarter of 2002 FMCH, the Company's U.S. subsidiary, curtailed its defined benefit and supplemental executive retirement plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. The Company has retained all employee benefit obligations as of the curtailment date. Each year FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2021, FMCH did not have a minimum funding requirement. The Company voluntarily provided €1,004 to the defined benefit plan. Expected funding for 2022 is €1,148.

The benefit obligation for all defined benefit plans at December 31, 2021, was €1,084,546 (2020: €996,237) which consists of the gross benefit obligation of €417,889 (2020: €385,333) for the U.S. plan and of €6,459 (2020: €5,581) for the French plan, which are partially funded by plan assets, and the benefit obligation of €649,270 (2020: €593,100) for the German unfunded plan and the benefit obligation of €10,928 (2020: €12,223) for the two French unfunded plans.

In the fourth quarter of 2019, FMC North America offered a lump-sum payout for its defined benefit pension plan to former employees. This settlement reduced the benefit obligation and resulted in a gain.

Controlling and managing the administration of the plan in the U.S. was delegated by the Company to an administrative committee. This committee has the authority and discretion to manage the assets of the fund and to approve and adopt certain plan amendments. The board of directors of National Medical Care, Inc., a subsidiary of the Company, reserves the right to approve or adopt all major plan amendments, such as termination, modification or termination of the future benefit accruals and plan mergers with other pension plans.

Related to defined benefit plans, the Company is exposed to certain risks. Besides general actuarial risks, e.g. the longevity risk and the interest rate risk, the Company is exposed to market risk as well as to investment risk.

T 5.54 **NET PENSION LIABILITY**
IN € THOUS

	2021	2020
Change in benefit obligation:		
Benefit obligation at beginning of year	996,237	976,467
Foreign currency translation (gains) losses	32,169	(35,216)
Current service cost	37,409	40,213
Past service cost	988	(244)
Interest cost	20,298	21,298
Transfer of plan participants	(247)	252
Actuarial (gains) losses arising from changes in financial assumptions	26,504	15,480
Actuarial (gains) losses arising from changes in demographic assumptions	1,540	(87)
Actuarial (gains) losses arising from experience adjustments	(3,150)	9,278
Remeasurements	24,894	24,671
Benefits paid	(26,828)	(30,873)
Settlements	(374)	(331)
BENEFIT OBLIGATION AT END OF YEAR	**1,084,546**	**996,237**
Change in plan assets:		
Fair value of plan assets at beginning of year	311,073	316,124
Foreign currency translation gains (losses)	25,869	(28,316)
Interest income from plan assets	9,504	10,846
Actuarial gains (losses) arising from experience adjustments	9,113	28,847
Actual return on plan assets	18,617	39,693
Employer contributions	1,005	9,901
Benefits paid	(21,394)	(26,329)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**335,170**	**311,073**
NET FUNDED POSITION AT END OF YEAR	**749,376**	**685,164**
Benefit plans offered by other subsidiaries	45,270	43,950
NET PENSION LIABILITY AT END OF YEAR	**794,646**	**729,114**

TABLE 5.54 shows the changes in benefit obligations, the changes in plan assets, the net funded position and the net liability of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from the Company's funded benefit plan.

For the years 2021 and 2020, there were no effects from the asset ceiling.

At December 31, 2021, the weighted average duration of the defined benefit obligation was 19 years (2020: 19 years).

Benefit plans offered by the Company in the U.S., Germany and France contain a pension liability of €749,376 and €685,164 at December 31, 2021 and 2020, respectively. The pension liability consists of a current portion of €8,085 (2020: €6,923) which is recorded in the line item "Current provisions and other current liabilities" in the consolidated balance sheets. The non-current portion of €741,291 (2020: €678,241) is recorded in non-current liabilities as "Pension liabilities" in the consolidated balance sheets.

As of December 31, 2021, €82,823 related to the U.S. pension plan, €649,270 related to the German plan and €17,283 related to the French plans. At December 31, 2020, €74,364 related to the U.S. pension plan, €593,100 related to the German plan and €17,700 related to the French plans. Approximately 64 % of the beneficiaries are located in the U.S. and 8 % in France with the majority of the remaining 28 % located in Germany.

Benefit plans offered by other subsidiaries outside of the U.S., Germany and France contain separate benefit obligations. The total net pension liability for these other plans was €45,270 and €43,950 at December 31, 2021 and 2020 and consists of a pension asset of €385 (2020: €0), recognized as "Other non-current assets," and a current pension liability of €4,324 (2020: €3,689), which is recognized in the line item "Current provisions and other current liabilities." The non-current pension liability of €41,331 (2020: €40,261) for these plans is recorded in non-current liabilities as "Pension liabilities" in the consolidated balance sheets.

The discount rates for all plans are based upon yields of portfolios of highly rated debt instruments with maturities that mirror each plan's benefit obligation. The Company's discount rates at December 31, 2021 and 2020 are the weighted average of these plans based upon their benefit obligations.

Weighted-average assumptions were utilized in determining benefit obligations at December 31, 2021 and 2020 are shown in TABLE 5.55.

T 5.55 WEIGHTED AVERAGE ASSUMPTIONS
IN %

	2021	2020
Discount rate	2.02	2.02
Rate of compensation increase	3.17	3.17
Rate of pension increase	1.75	1.46

Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability at December 31, 2021 as shown in TABLE 5.56.

T 5.56 SENSITIVITY ANALYSIS
IN € THOUS

	0.5 % increase	0.5 % increase
Discount rate	(99,694)	115,977
Rate of compensation increase	17,323	(17,070)
Rate of pension increase	52,479	(47,396)

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2021. The calculations were performed isolated for each significant actuarial parameter, in order to show the effect on the fair value of the pension liability separately.

The sensitivity analysis for compensation increases and for pension increases excludes the U.S. pension plan because it is frozen and therefore is not affected by changes from these two actuarial assumptions.

The defined benefit pension plans' net periodic benefit costs are comprised of the following components for the years ended December 31, 2021, 2020 and 2019 shown in TABLE 5.57.

T 5.57 COMPONENTS OF NET PERIODIC BENEFIT COST
IN € THOUS

	2021	2020	2019
Service cost	37,409	40,213	30,070
Net interest cost	10,794	10,452	13,908
Prior service cost	988	(244)	-
(Gains) losses from settlements	(374)	(331)	(4,754)
NET PERIODIC BENEFIT COSTS	**48,817**	**50,090**	**39,224**

Service cost and net interest cost are allocated as personnel expense within costs of revenues; selling, general and administrative expense; or research and development expense. This is depending upon the area in which the beneficiary is employed. The gain from settlement is included in selling, general and administrative expense.

The following weighted-average assumptions shown in TABLE 5.58 were used in determining net periodic benefit cost for the years ended December 31, 2021, 2020 and 2019.

T 5.58 WEIGHTED AVERAGE ASSUMPTIONS
IN %

	2021	2020	2019
Discount rate	2.02	2.35	3.27
Rate of compensation increase	3.17	3.18	3.21
Rate of pension increase	1.46	1.70	1.69

Expected benefit payments are as shown in TABLE 5.59 ON PAGE 235.

T 5.59 **DEFINED BENEFIT PENSION PLANS: CASH OUTFLOWS**
IN € THOUS

	2021	2020
1 year	28,191	24,645
1–3 years	60,421	53,882
3–5 years	67,795	60,444
5–10 years	196,501	178,971
TOTAL	**352,908**	**317,942**

Plan Assets

TABLE 5.60 presents the fair values of the Company´s pension plan assets at December 31, 2021 and 2020.

The methods and inputs used to measure the fair value of plan assets at the balance sheet date are as follows:

› Common stocks are valued at their market prices.
› Index funds are valued based on market quotes.

T 5.60 **FAIR VALUES OF PLAN ASSETS**
IN € THOUS

	2021				2020			
Asset category	**Total**	**Quoted prices in active markets for identical assets** (Level 1)	**Significant observable inputs** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**	**Quoted prices in active markets for identical assets** (Level 1)	**Significant observable inputs** (Level 2)	**Significant unobservable inputs** (Level 3)
Equity investments								
Index funds[1]	94,384	9,850	84,534	–	88,169	8,926	79,243	–
Fixed income investments								
Government securities[2]	9,221	8,964	257	–	15,720	15,441	279	–
Corporate bonds[3]	211,992	–	211,992	–	182,850	–	182,850	–
Other bonds[4]	15,529	–	7,313	8,216	16,576	–	9,380	7,196
U.S. treasury money market funds[5]	3,940	3,940	–	–	7,654	7,654	–	–
Other types of investments								
Cash, money market and mutual funds[6]	104	104	–	–	104	104	–	–
TOTAL	**335,170**	**22,858**	**304,096**	**8,216**	**311,073**	**32,125**	**271,752**	**7,196**

[1] This category comprises low-cost equity index funds not actively managed that track the S&P 500, S&P 400, Russell 2000, MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.
[2] This category comprises fixed income investments by the U.S. government and government sponsored entities.
[3] This category primarily represents investment grade bonds of U.S. issuers from diverse industries.
[4] This category comprises private placement bonds as well as collateralized mortgage obligations.
[5] This category represents funds that invest in U.S. treasury obligations directly or in U.S. treasury backed obligations.
[6] This category represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

› Government bonds are valued based on both market prices and market quotes.
› Corporate bonds and other bonds are valued based on market quotes.
› Cash is stated at nominal value which equals the fair value.
› U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market price.

Plan investment policy and strategy in the U.S.

The Company periodically reviews the assumption for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class.

The Company´s overall investment strategy is to achieve a mix of approximately 99 % of investments for long-term growth and income and 1 % in cash or cash equivalents. Investment income and cash or cash equivalents are used for near-term benefit payments. Investments are governed by the plan investment policy and include well diversified index funds or funds targeting index performance.

The plan investment policy, utilizing a revised target investment allocation in a range around 26 % equity and 74 % fixed income investments, considers that there will be a time horizon for invested funds of more than 5 years. The total portfolio will be measured against a custom index that reflects the asset class benchmarks and the target asset allocation. The plan investment policy does not allow investments in securities of the Company or other related party securities. The performance benchmarks for the separate asset classes include: S&P 500 Index, S&P 400 Mid-Cap Index, Russell 2000 Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long-Corporate Bond Index, Bloomberg Barclays U.S. Corporate High Yield Index, and Bloomberg Barclays U.S. High Yield Fallen Angel 3 % Capped Index.

Defined contribution plans

Most FMCH employees are eligible to join a 401(k) savings plan. Employees can deposit up to 75 % of their pay up to a maximum of $20.5 (€18.1) if under 50 years old ($27.0 (€23.8) if 50 or over) under this savings plan. The Company will match 50 % of the employee deposit up to a maximum Company contribution of 3 % of the employee's pay. The Company's total expense under this defined contribution plan for the years ended December 31, 2021, 2020, and 2019, was €67,612, €64,855 and €53,290 respectively.

Additionally, the Company contributed for the years ended December 31, 2021, 2020, and 2019 €30,370, €28,096 and €25,950 to state pension plans.

17. SHAREHOLDERS' EQUITY

Capital stock

At December 31, 2021, the Company's share capital consists of 293,004,339 bearer shares without par value (Stückaktien) and a nominal value of €1.00 each. The Company's share capital has been fully paid in.

The General Partner of FMC AG & Co. KGaA, Fresenius Medical Care Management AG, Hof an der Saale, is not obliged to make a capital contribution and has not made a capital contribution. It does not participate in the profits and losses or in the assets of the Company. Under the Company's Articles of Association, the General Partner receives for the management of the Company and the assumption of liability as general partner an annual remuneration independent of profit and loss in the amount of 4 % of its share capital (SEE NOTE 5 D). The General Partner is also reimbursed for any and all expenses in connection with management of the Company's business, which include remuneration of the members of its Management Board and its supervisory board.

Pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) any party subject to the notification requirement shall notify the Company when certain mandatory reportable thresholds for voting rights, also by taking into account the attribution provisions, are reached, exceeded or fallen below. Section 38 WpHG also stipulates a notification requirement when certain thresholds are reached, exceeded or have fallen below through directly or indirectly held instruments and Section 39 WpHG also stipulates a notification requirement when certain thresholds are reached, exceeded or have fallen below through the addition of voting rights according to Section 33 WpHG and instruments according to Section 38 WpHG. Notifications received by the Company subject to the notification requirements were published in accordance with the applicable legal provisions, as well as publication in the Investors section of the Company's website at www.freseniusmedicalcare.com.

In a notification dated February 8, 2011, Fresenius SE disclosed to the Company pursuant to Section 21 of the WpHG at the date of notification (predecessor provision to Section 33 of the WpHG) that it held 35.74 % of the voting rights in FMC AG & Co. KGaA. At December 31, 2021, Fresenius SE held 32.2 % of the Company's voting rights. In addition, Fresenius SE is the sole stockholder of the General Partner.

On November 24, 2021, Dodge & Cox, San Francisco, U.S., also with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 3.01 % of the voting rights of FMC AG & Co. KGaA were held as of November 22, 2021.

On October 29, 2021, Harris Associates L.P., Wilmington, Delaware, U.S., also with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 5.00 % of the voting rights of FMC AG & Co. KGaA were held as of October 27, 2021.

On October 26, 2021, Harris Associates Investment Trust, Boston, Massachusetts, U.S., disclosed pursuant to Section 33 of the WpHG that 3.01 % of the voting rights of FMC AG & Co. KGaA were held as of October 21, 2021.

On December 18, 2020, Artisan Partners Asset Management Inc., Wilmington, Delaware, U.S., also on behalf of attributed subsidiaries, disclosed pursuant to Sections 33, 34 of the WpHG that 3.07 % of the voting rights of FMC AG & Co. KGaA were held as of December 14, 2020.

On April 2, 2020, BlackRock, Inc., Wilmington, Delaware, U.S., (BlackRock) also on behalf of attributed subsidiaries, disclosed pursuant to Sections 33, 34 of the WpHG that 3.12 % of the voting rights of FMC AG & Co. KGaA and instruments relating to 0.32 % of the voting rights of FMC AG & Co. KGaA were held as of March 30, 2020.

The general meeting of a partnership limited by shares may approve Authorized Capital (genehmigtes Kapital). The resolution creating Authorized Capital requires the affirmative vote of a majority of three quarters of the capital represented at the vote and may authorize the General Partner and its Management Board to issue new shares up to a stated amount for a period of up to five years. The nominal value of any proposed increase of the Authorized Capital may not exceed half of the issued capital stock at the time of the authorization.

In addition, the general meeting of a partnership limited by shares may create Conditional Capital (bedingtes Kapital) for the purpose of issuing (i) new shares to holders of convertible bonds or other securities which grant a right to shares, (ii) new shares as the consideration in a merger with another company, or (iii) new shares offered to management or employees. In each case, the authorizing resolution requires the affirmative vote of a majority of three quarters of the capital represented at the vote. The nominal value for any proposed increase of the Conditional Capital may not exceed half or, in the case of Conditional Capital created for the purpose of issuing shares to management and employees, 10 % of the Company's issued capital at the time of the resolution.

All resolutions increasing the capital of a partnership limited by shares also require the consent of the General Partner in order for the resolutions to go into effect.

The subscribed capital comprised solely ordinary shares due to the conversion of all outstanding preference shares into ordinary shares (approved at FMC AG & Co. KGaA's Annual General Meeting and Preference Shareholder Meeting held on May 16, 2013) as well as the options associated with the preference shares on a 1:1 basis.

Authorized capital

By resolution of the Company's Annual General Meeting (AGM) on August 27, 2020, the General Partner has been authorized to increase, with the approval of the Supervisory Board, on one or more occasions, the Company's share capital until August 26, 2025 by up to a total of €35,000 through issue of new bearer ordinary shares for cash contributions, "Authorized Capital 2020 / I." The newly issued shares may also be taken up by a credit and / or financial institution or a consortium of such credit and / or financial institutions retained by the General Partner with the obligation to offer them to the shareholders of the Company. The General Partner is entitled, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders. However, such an exclusion of subscription rights will be permissible only for fractional amounts. No Authorized Capital 2020 / I has been issued at December 31, 2021.

In addition, by resolution of the AGM on August 27, 2020, the General Partner has been authorized to increase, with the approval of the Supervisory Board, on one or more occasions, the share capital of the Company until August 26, 2025 by up to a total of €25,000 through the issue of new bearer ordinary shares for cash contributions or contributions in kind, "Authorized Capital 2020 / II." The new shares can also be obtained by a credit and / or financial institution or a consortium of such credit and / or financial institutions retained by the General Partner with the obligation to offer the shares to the Company's shareholders for subscription. The General Partner is entitled, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders. However, such exclusion of subscription rights will be permissible only if (i) in

case of a capital increase against cash contributions, the proportionate amount of the share capital of the Company attributable to the shares issued with exclusion of subscription rights exceeds 10 % of the share capital neither at the time of this authorization coming into effect nor at the time of the use of this authorization and the issue price for the new shares is not significantly lower than the stock price of the existing listed shares or, (ii) in case of a capital increase against contributions in kind, the purpose of such increase is to acquire companies, parts of companies, interests in companies or other assets. No Authorized Capital 2020 / II has been issued at December 31, 2021.

The Authorized Capital 2020 / I and the Authorized Capital 2020 / II became effective upon registration with the commercial register of the local court in Hof an der Saale on September 23, 2020.

Conditional capital

By resolution of the Company's AGM on May 12, 2011, the Company's share capital was conditionally increased with regards to the Stock Option Plan 2011 (2011 SOP) by up to €12,000 subject to the issue of up to 12 million no par value bearer ordinary shares with a nominal value of €1.00 each (Conditional Capital 2011 / I) (SEE NOTE 20). The conditional capital increase is only executed to the extent subscription rights were awarded under the 2011 SOP, the holders of the subscription rights exercise their right and the Company does not use treasury shares to fulfill the subscription rights, with each stock option awarded exercisable for one ordinary share (SEE NOTE 20). The Company has the right to deliver ordinary shares that it owns or purchases in the market in lieu of increasing capital by issuing new shares.

At December 31, 2021, 3,013,309 options remained outstanding with a remaining average term of 1.41 years under the 2011 SOP. For the year ending December 31, 2021, 127,769 options had been exercised under the 2011 SOP (SEE NOTE 20).

Conditional capital at December 31, 2021 was €9,366 in total, all relating to the 2011 SOP (SEE NOTE 20).

A total of 127,769 shares were issued out of Conditional Capital 2011 / I during 2021 (2020: 234,796 shares), increasing the Company's capital stock by €127 (2020: €235).

Treasury stock

By resolution of the Company's AGM on May 20, 2021, the General Partner is authorized to purchase treasury shares up to a maximum amount of 10 % of the registered share capital existing at the time of this resolution (€29,289). The shares acquired, together with other treasury shares held by the Company or attributable to the Company pursuant to sections 71a et seqq. AktG, must at no time exceed 10 % of the registered share capital. Purchases may be made through the stock exchange, by way of a public tender offer, or a public invitation to shareholders to submit an offer for sale. This authorization may not be used for the purpose of trading in treasury shares. The General Partner is authorized to use treasury shares purchased on the basis of this authorization or any other earlier authorization for any legally permissible purpose, in particular (i) to redeem shares without requiring any further resolution by the general meeting, (ii) to sell treasury shares to third parties against contributions in kind, (iii) to award treasury shares, in lieu of the utilization of conditional capital of the Company, to employees of the Company and companies affiliated with the Company, including members of the management of affiliated companies, and use them to service options or obligations to purchase shares of the Company, and (iv) to use treasury shares to service bonds carrying warrant and / or conversion rights or conversion obligations issued by the Company or companies affiliated with the Company pursuant to section 17 AktG.

By resolution of the Company's AGM on May 12, 2016, the General Partner was authorized to purchase treasury shares up to a maximum amount of 10 % of the registered share capital existing at the time of this resolution (€30,537). The shares acquired, together with other treasury shares held by the Company or attributable to the Company pursuant to sections 71a et seqq. AktG, had to at no time exceed 10 % of the registered share capital. The purchases were authorized to be made through the stock exchange, by way of a public tender offer, or a public invitation to shareholders to submit an offer for sale. This authorization was not to be used for the purpose of trading in treasury shares. The General Partner was authorized to use treasury shares purchased on the basis of this authorization or any other earlier authorization for any legally permissible purpose, in particular (i) to redeem shares without requiring any further resolution by the general meeting, (ii) to sell treasury shares to third parties against contributions in kind, (iii) to award treasury shares, in lieu of the utilization of conditional capital of the Company, to employees of the Company and companies affiliated with the Company, including members of the management of affiliated companies, and use them to service options or obligations to purchase shares of the Company, and (iv) to use treasury shares to service bonds carrying warrant and / or conversion rights or conversion obligations issued by the Company or companies affiliated with the Company pursuant to section 17 AktG.

On the basis of the authorization granted by the Company's AGM on May 12, 2016 to conduct a share buy-back program, on March 11, 2019, the Company announced a program to purchase ordinary shares for an aggregate purchase amount of up to €330,000, which relates to up to 6,000,000 ordinary shares. Pursuant to this program, which expired on May 10, 2019, the Company repurchased 3,770,772 treasury shares in the period from March 12, 2019 up to and including May 10, 2019 for an average weighted stock price of €71.55 per share for the purpose of capital reduction. The repurchased shares acquired pursuant to the program that expired on May 10, 2019 were retired in 2019. Also on the basis of the May 12, 2016 AGM authorization, on June 14, 2019, the Company announced a program to purchase up to 12,000,000 shares for an aggregate purchase amount of up to €660,000. Pursuant to this program, the Company repurchased 10,795,151 treasury shares in the period from June 17, 2019 up to and including April 1, 2020 for an average weighted stock price of €63.50 per share for the purpose of capital reduction. Following the purchases in April 2020, a total of 14,879,979 ordinary shares could further have been purchased based on the authorization granted at the May 12, 2016 AGM. On December 11, 2020, the Management Board resolved to retire these repurchased shares, together with the remaining 999,951 treasury shares acquired in 2013 on the basis of a previous authorization, in order to decrease the Company's share capital. As of December 31, 2021 and 2020, the Company did not hold treasury shares.

The authorization granted by the AGM resolution of May 12, 2016 expired on May 11, 2021. The Company did not make further share repurchases pursuant to such authorization prior to its expiration, nor has it made any share repurchases under the current authorization granted by the resolution of the Company's AGM on May 20, 2021.

TABLE 5.61 ON PAGE 240 disclosure provides the number of shares acquired in the context of the share buy-back programs as well as the repurchased treasury stock.

Additional paid-in capital

Additional paid-in capital is comprised of the premium paid on the issue of shares and stock options, the tax effects from stock options, the compensation expense from stock options, which is recognized according to IFRS 2, as well as changes in ownership interest in a subsidiary that does not result in a loss of control.

Retained earnings

Retained earnings is comprised mainly of earnings generated by group entities in prior years to the extent that they have not been distributed as well as changes of the put option liabilities.

Dividends

Under German law, the amount of dividends available for distribution to shareholders is based upon the unconsolidated balance sheet profit (Bilanzgewinn) of the Company as reported in its balance sheet determined in accordance with the German Commercial Code (Handelsgesetzbuch).

Cash dividends of €392,455 for 2020 in the amount of €1.34 per share were paid on May 26, 2021.

Cash dividends of €351,170 for 2019 in the amount of €1.20 per share were paid on September 1, 2020.

Cash dividends of €354,636 for 2018 in the amount of €1.17 per share were paid on May 21, 2019.

At the Company's AGM scheduled to be held on May 12, 2022, the Company's General Partner and the Company's Supervisory Board will propose to the shareholders a dividend of €1.35 per share for 2021, payable in 2022. The total expected dividend payment is approximately €395,556.

Noncontrolling interests

Noncontrolling interests represent the proportion of the net assets of consolidated subsidiaries owned by minority shareholders. The Company has purchase obligations under put options held by the holders of noncontrolling interests in certain of its subsidiaries. These obligations result from contractual put options and are exercisable by the owners of the noncontrolling interests. In addition to noncontrolling interests, the related potential obligations under these put options are reclassified from equity of the Company, with no impact to the income statement, and recognized as a put option liability at the present value of the exercise price of the options in other current or non-current liabilities.

T 5.61 **TREASURY STOCK**

Period	Average price per share in €	Total number of shares purchased and retired as part of publicly announced plans or programs[1]	Total value of shares in € THOUS
DECEMBER 31, 2018	**51.00**	**999,951**	**50,993**
Purchase of Treasury Stock			
March 2019	69.86	1,629,240	113,816
April 2019	72.83	1,993,974	145,214
May 2019	72.97	147,558	10,766
Repurchased Treasury Stock	**71.55**	**3,770,772**	**269,796**
Retirement of repurchased Treasury Stock			
June 2019	71.55	3,770,772	269,796
Purchase of Treasury Stock			
June 2019	67.11	504,672	33,870
July 2019	66.77	1,029,655	68,748
August 2019	57.53	835,208	48,050
September 2019	59.67	627,466	37,445
October 2019	57.85	692,910	40,084
November 2019	64.78	852,859	55,245
December 2019	63.85	564,908	36,067
Repurchased Treasury Stock	**62.55**	**5,107,678**	**319,509**
DECEMBER 31, 2019	**60.66**	**6,107,629**	**370,502**
Purchase of Treasury Stock			
January 2020	84.37	124,398	10,495
February 2020[2]	249.10	25,319	6,307
March 2020	63.05	4,842,943	305,362
April 2020	63.07	694,813	43,824
Repurchased Treasury Stock	**64.35**	**5,687,473**	**365,988**
Retirement of repurchased Treasury Stock			
December 2020	62.44	11,795,102	736,490
DECEMBER 31, 2020	**-**	**-**	**-**

[1] All shares purchased between May 12, 2016 and April 1, 2020 were purchased pursuant to the share purchase program authorized by the AGM resolution of May 12, 2016. The Company did not purchase any shares other than pursuant to such program.

[2] The purchase price of the shares of the program beginning on June 17, 2019 is based on the volume weighted average price of the Company's shares for the period and changes in the volume weighted average price resulted in retroactive adjustments to the purchase price, even if no shares were purchased. The February adjustment, in combination with a lower number of shares purchased, resulted in a particularly high average price per share for the month

18. CAPITAL MANAGEMENT

The principle objectives of the Company's capital management strategy are to optimize the weighted average cost of capital and to achieve a balanced mix of total equity and debt. The dialysis industry, in which the Company has a strong market position in global, growing and largely non-cyclical markets, is characterized by recurring cash flows. Due to the Company's payors' mostly high credit quality, it is able to generate high, stable, predictable and sustainable cash flows. These generated cash flows allow a reasonable proportion of debt.

As of December 31, 2021 and December 31, 2020, total equity and debt were as shown in TABLE 5.62.

T 5.62 **TOTAL EQUITY, DEBT AND TOTAL ASSETS**
IN € THOUS

	2021	2020
Total equity including noncontrolling interests	13,979,037	12,331,310
Debt and lease liabilities	13,320,149	12,380,017
Total assets	34,366,558	31,689,036
Debt and lease liabilities in % of total assets	38.8	39.1
Total equity in % of total assets (equity ratio)	40.7	38.9

The Company is not subject to any capital requirements provided for in its Articles of Association. The Company has obligations to issue shares out of the conditional capital relating to the exercise of stock options on the basis of the existing 2011 SOP stock option plan (SEE NOTE 20).

In 2020, the Company conducted a share buy-back program. The repurchased shares were used solely to either reduce the registered share capital of the Company by cancellation of the acquired shares or to fulfill employee participation programs (SEE NOTE 17).

The Company's financing strategy aims at ensuring financial flexibility, managing financial risks and optimizing its financing cost. The Company ensures its financial flexibility through maintaining sufficient liquidity. Refinancing risks are limited due to a balanced debt maturity profile, which is characterized by a wide range of maturities of up to 2031. In the choice of financing instruments, market capacity, investor diversification, financing conditions and the existing maturity profile are taken into account (SEE NOTE 14).

An important financial performance indicator for the Company is the net leverage ratio, defined as the ratio of net debt / EBITDA. To determine the net leverage ratio, debt and lease liabilities less cash and cash equivalents (net debt) is compared to EBITDA (adjusted for acquisitions and divestitures made during the year with a purchase price above a €50,000 threshold as defined in the Syndicated Credit Facility, non-cash charges, impairment losses and costs related to the FME25 Program). At December 31, 2021 this ratio was 3.3 (December 31, 2020: 2.7). Therefore the net leverage ratio is within the self-set target corridor of 3.0 to 3.5, which management considers appropriate for the Company. The net leverage ratio increased due to the decrease of adjusted EBITDA and the increase of net debt.

The Company's financing structure and business model are reflected in the investment grade ratings. The Company is rated investment grade by Moody's, Standard & Poor's and Fitch (SEE TABLE 5.63).

T 5.63 **RATING** [1]

	Standard & Poor's	Moody's	Fitch
Corporate credit rating	BBB	Baa3	BBB-
Outlook	stable	stable	stable

[1] A rating is not a recommendation to buy, sell or hold securities of the Company, and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

19. EARNINGS PER SHARE

TABLE 5.64 contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for 2021, 2020 and 2019.

T 5.64 **RECONCILIATION OF BASIC AND DILUTED EARNINGS PER SHARE**
IN € THOUS, EXCEPT SHARE AND PER SHARE DATA

	2021	2020	2019
Numerator			
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA	**969,308**	**1,164,377**	**1,199,619**
Denominators			
Weighted average number of shares outstanding	292,944,732	294,055,525	302,691,397
Potentially dilutive shares	120,442	223,429	57,892
BASIC EARNINGS PER SHARE	**3.31**	**3.96**	**3.96**
DILUTED EARNINGS PER SHARE	**3.31**	**3.96**	**3.96**

20. SHARE-BASED PLANS

The Company accounts for its share-based plans in accordance with IFRS 2 and has as of December 31, 2021, various share-based compensation plans, which may either be equity- or cash-settled.

Fresenius Medical Care AG & Co. KGaA long-term incentive plans during 2016–2021 (Performance Shares)

As of May 11, 2016, the issuance of stock options and Phantom Stock under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011 (LTIP 2011) terminated. Furthermore, as of January 1, 2019 the issuance of Performance Shares under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2016 (LTIP 2016) terminated. Additionally, the Management Board has approved and adopted the Fresenius Medical Care AG & Co. KGaA NxStage Long Term Incentive Plan (NxStage LTIP) for the management board and managerial staff members of NxStage in the course of the integration of NxStage into the Company. An allocation has been made once in 2019. Furthermore, as of January 1, 2020 the issuance of Performance Shares under the Fresenius Medical Care Management Board Long Term Incentive Plan 2019 (MB LTIP 2019) is no longer possible.

In order to continue to enable the members of the Management Board, the members of the management boards of affiliated companies and managerial staff members to adequately participate in the long-term, sustained success of the Company, successor programs were introduced. For members of the Management Board, the supervisory board of Management AG has approved and adopted the Fresenius Medical Care Management Board Long Term Incentive Plan 2020 (MB LTIP 2020) effective January 1, 2020. For the members of the management boards of affiliated companies and managerial staff members, the Management Board has approved and adopted the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2019 (LTIP 2019) effective January 1, 2019.

The LTIP 2016, the NxStage LTIP, the MB LTIP 2019, the LTIP 2019 and the MB LTIP 2020 are each variable compensation programs with long-term incentive effects which allocate or allocated so-called "Performance Shares." Performance Shares are non-equity, cash-settled virtual compensation instruments which may entitle plan participants to receive a cash payment depending on the achievement of pre-defined performance targets further defined below as well as the Company's share price development.

TABLE 5.65 provides an overview of these plans.

T 5.65 **LONG-TERM INCENTIVE PLANS**

	MB LTIP 2020	LTIP 2019	MB LTIP 2019	NxStage LTIP	LTIP 2016
Eligible persons	Members of the Management Board	Other Plan participants	Members of the Management Board	Other Plan participants	Members of the Management Board and other Plan participants
Years in which an allocation occurred	2020 – 2021	2019 – 2021	2019	2019	2016 – 2018
Months in which an allocation occurred	November (2020), March (2021)	July, December	July, December	February	July, December

Under the current compensation system, the supervisory board of Management AG defines an initial value for each Management Board member's allocation by applying a multiplier to the relevant base salary. Such allocation value equals 135 % (multiplier of 1.35) of the relevant base salary. In case of appointments to the Management Board during a fiscal year, the amount to be allocated to such member can be pro-rated. For plan participants other than the members of the Management Board, the determination of the allocation value will be made by the Management Board, taking into account the individual responsibility of each plan participant. The initial allocation value is determined in the currency in which the respective participant receives his or her base salary at the time of the allocation. In order to determine the number of Performance Shares each plan participant receives, the respective allocation value will be divided by the value per Performance Share at the time of the allocation, which is mainly determined based on the average price of the Company's shares over a period of thirty calendar days prior to the respective allocation date.

The number of allocated Performance Shares may change over the performance period of three years, depending on the level of achievement of the following: (i) revenue growth at constant currency (Revenue Growth), (ii) growth of the net income attributable to the shareholders of FMC AG & Co. KGaA at constant currency (Net Income Growth) and (iii) return on invested capital (ROIC).

In addition to the three performance targets above, and for the LTIP 2019 exclusively, the level of achievement for Performance Shares allocated in year 2019 may be subject to an increase if certain targets in relation to the second phase of the Company's Global Efficiency Program (GEP-II targets) and in relation to the Free Cash Flow (Free Cash Flow target) are achieved.

Revenue, net income and ROIC are determined according to the Company's consolidated reported and audited figures in Euro for the financial statements prepared in accordance with IFRS, applying the respective plan terms. Revenue Growth, Net Income Growth and the fulfillment of the GEP-II targets, for the purpose of the relevant plan, are determined at constant currency.

Performance targets

The performance targets and the target values to be applied for the fiscal year 2021 for Performance Shares allocated in the fiscal year under the MB LTIP 2020 and under the LTIP 2019 are presented in TABLE 5.66.

T 5.66 **PERFORMANCE TARGETS TO BE APPLIED FOR THE FISCAL YEAR FOR PERFORMANCE SHARES GRANTED IN THE FISCAL YEAR UNDER THE MB LTIP 2020 AND UNDER THE LTIP 2019**

	Target values	Target achievement	Weight
Performance target 1: Revenue Growth	≤ 1 %	0 %	
	6 %	100 %	1/3
	≥ 11 %	200 %	
Performance target 2: Net Income Growth	≤ 0 %	0 %	
	5 %	100 %	1/3
	≥ 10 %	200 %	
Performance target 3: ROIC	≤ 5.5 %	0 %	
	6 %	100 %	1/3
	≥ 6.5 %	200 %	

If Revenue Growth, Net Income Growth or ROIC range between these values, the respective degree of target achievement will be linearly interpolated.

For Performance Shares allocated in 2020, for the fiscal years 2020 and 2021, an annual target achievement level of 100 % will be reached for the Revenue Growth performance target if Revenue Growth is 6 %; Revenue Growth of 1 % will lead to a target achievement level of 0 % and the maximum target achievement level of 200 % will be reached in case of Revenue Growth of at least 11 %. If Revenue Growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For Performance Shares allocated in 2020, for the fiscal years 2020 and 2021, an annual target achievement level of 100 % for the Net Income Growth performance target will be reached if Net Income Growth is 5 %. In case of Net Income Growth of 0 %, the target achievement level will also be 0 %; the maximum target achievement of 200 % will be reached in the case of Net Income Growth of at least 10 %. If Net Income Growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For Performance Shares allocated in 2020, for the fiscal years 2020 and 2021, an annual target achievement level of 100 % for the ROIC performance target will be reached if ROIC is 6.0 %. In case of a ROIC of 5.5 %, the target achievement level will be 0 %; the maximum target achievement of 200 % will be reached in the case of a ROIC of at least 6.5 %. Between these values, the degree of target achievement will be determined by means of linear interpolation.

For Performance Shares allocated throughout 2016 to 2019, for each individual year of the three-year performance period an annual target achievement level of 100 % will be reached for the Revenue Growth performance target if Revenue Growth is 7 %; Revenue Growth of 0 % will lead to a target achievement level of 0 % and the maximum target achievement level of 200 % will be reached in case of Revenue Growth of at least 16 %. If Revenue Growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For Performance Shares allocated throughout 2016 to 2019, for each individual year of the three-year performance period an annual target achievement level of 100 % for the Net Income Growth performance target will be reached if Net Income Growth is 7 %. In case of Net Income Growth of 0 %, the target achievement level will also be 0 %; the maximum target achievement of 200 % will be reached in the case of Net Income Growth of at least 14 %. Between these values, the degree of target achievement will be determined by means of linear interpolation.

For Performance Shares allocated throughout 2016 to 2019, an annual target achievement level of 100 % for ROIC will be reached if the target ROIC as defined for the applicable year is reached. For Performance Shares allocated throughout 2016 to 2019, the target ROIC is 7.3 % for 2016, 7.5 % for 2017, 7.7 % for 2018, 7.9 % for 2019 8.1 % for 2020 and 8.1 % for 2021. A target achievement level of 0 % will be reached if the ROIC falls below the target ROIC for the applicable year by 0.2 percentage points or more, whereas the maximum target achievement level of 200 % will be reached if the target ROIC for the respective year is exceeded by 0.2 percentage points or more. The degree of target achievement will be determined by means of linear interpolation if the ROIC ranges between these values. In case the annual ROIC target achievement level in the third year of a performance period for Performance Shares allocated throughout years 2016 to 2019 is equal to or higher than the ROIC target achievement level in each of the two previous years of such performance period, the ROIC target achievement level of the third year is deemed to be achieved for all years of the applicable performance period.

For all plans, the achievement level for each of the three performance targets will be weighted annually at one-third to determine the yearly target achievement for each year of the three-year performance period. The level of overall target achievement over the three-year performance period will then be determined on the basis of the mean of these three average yearly target achievements. The overall target achievement can be in a range of 0 % to 200 %. For Performance Shares allocated in fiscal year 2019 under the LTIP 2019, the overall target achievement shall be increased by 20 percentage points if the GEP-II targets achievement is 100 %. Furthermore, the overall target achievement for Performance Shares allocated in year 2019 under the LTIP 2019 shall be increased by 20 percentage points if the Free Cash Flow target achievement is 200 %. In case of a GEP-II targets achievement between 0 % and 100 % and a Free Cash Flow target achievement between 0 % and 200 %, the increase of the overall target achievement will be calculated by means of linear interpolation. The overall target achievement shall not exceed 200 %.

The number of Performance Shares allocated to the plan participants at the beginning of the performance period will each be multiplied by the level of overall target achievement in order to determine the final number of Performance Shares.

Vesting conditions

For the MB LTIP 2020, the final number of Performance Shares is generally deemed earned three years after the day of an allocation. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400 % of the allocation value received by the participant and which can be reduced to meet the respective maximum compensation of the participant, less taxes and contributions is transferred to a credit institution which uses it for the purchase of shares of the Company on the stock exchange on behalf of the participant. The shares acquired in this way are subject to a holding period of at least one year. After the lapse of this holding period, the participant can decide to further hold or sell these shares.

For the LTIP 2019, the final number of Performance Shares is generally deemed earned three years after the day of a respective allocation. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400 % of the allocation value received by the participant, will then be paid to the plan participants as cash compensation.

For the MB LTIP 2019, the final number of Performance Shares is generally deemed earned four years after the day of a respective allocation. The number of such vested Performance Shares is

then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

For the NxStage LTIP, the final number of Performance Shares allocated in February 2019 is generally deemed earned in December 2022. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

For the LTIP 2016, the final number of Performance Shares is generally deemed earned four years after the day of an allocation. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

Allocation of Performance Shares

During 2021, the Company allocated 192,446 Performance Shares under the MB LTIP 2020 at a measurement date weighted average fair value of €54.69 each and a total fair value of €10,525, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2021, the Company allocated 935,814 Performance Shares under the LTIP 2019 at a measurement date weighted average fair value of €53.27 each and a total fair value of €49,851, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2020, the Company allocated 159,607 Performance Shares under the MB LTIP 2020 at a measurement date weighted average fair value of €64.20 each and a total fair value of €10,247, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2020, the Company allocated 800,165 Performance Shares under the LTIP 2019 at a measurement date weighted average fair value of €64.06 each and a total fair value of €51,259, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2019, the Company allocated 114,999 Performance Shares under the MB LTIP 2019 at a measurement date weighted average fair value of €60.70 each and a total fair value of €6,980, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2019, the Company allocated 817,089 Performance Shares under the LTIP 2019 at a measurement date weighted average fair value of €62.16 each and a total fair value of €50,790, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2019, the Company allocated 55,978 Performance Shares under the NxStage LTIP at a measurement date weighted average fair value of €62.17 each and a total fair value of €3,480, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

Fresenius Medical Care AG & Co. KGaA long-term incentive program 2011 (stock options and "Phantom Stock")

On May 12, 2011, the 2011 SOP was established by resolution of the Company's AGM. The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of the General Partner's Management and supervisory boards, forms the Company's LTIP 2011. Under the LTIP 2011, participants were granted awards, which consisted of a combination of stock options and Phantom Stock. The final grant under the LTIP 2011 was made in December 2015. Awards under the LTIP 2011 were subject to a four-year vesting period. Vesting of the awards granted was subject to achievement of pre-defined performance targets. The 2011 SOP was established with a conditional capital increase up to €12,000 subject to the issue of up to twelve million non-par value bearer ordinary shares with a nominal value of €1.00 per share.

Stock options granted under the LTIP 2011 have an eight-year term and can be exercised for the first time after a four-year vesting period. The exercise price of stock options granted under the LTIP 2011 shall be the average stock exchange price on the Frankfurt Stock Exchange of the Company's shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the LTIP 2011 to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Stock options under the LTIP 2011 are not transferable by a participant or a participant's heirs, and may not be transferred, pledged, assigned, or disposed of otherwise.

Phantom Stock awards under the LTIP 2011 entitled the holders to receive payment in euro from the Company upon exercise of the Phantom Stock. The payment per Phantom Stock in lieu of the issuance of such stock was based upon the share price on the Frankfurt Stock Exchange of one of the Company's shares on the exercise date. Phantom Stock awards had a five-year term and could be exercised for the first time after a four-year vesting period. For participants who were U.S. taxpayers, the Phantom Stock was deemed to be exercised in any event in the month of March following the end of the vesting period.

New incentive bonus plan

Since January 1, 2020 and under the Company's new compensation system, the issuance of awards under the New Incentive Bonus Plan (NIBP) is no longer possible. In 2019, the members of the Management Board were eligible for performance-related compensation that depended upon achievement of pre-defined targets. The targets were measured based on the adjusted net income growth attributable to the shareholders of FMC AG & Co. KGaA at constant currency (Adjusted Net Income Growth), adjusted net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments (Adjusted Free Cash Flow) in percent of revenues and adjusted operating margin (Adjusted Operating Margin), and were derived from the comparison of targeted and actually achieved figures. Targets were divided into Company level targets and those to be achieved in individual regions and areas of responsibility.

Performance-related bonuses for 2019 consisted proportionately of a cash component and a cash-settled share-based component. Upon meeting the annual targets, the cash component for the year 2019 was paid in year 2020, after the consolidated financial statements for 2019 had been approved. The share-based component is subject to a three-year vesting period, although a shorter period may apply in special cases (e.g. occupational disability, retirement and employment contracts which were not extended by the Company). The amount of cash for the payment relating to the share-based component shall be based on the share price of Fresenius Medical Care AG & Co. KGaA ordinary shares upon exercise. For each of the members of the Management Board, the amount of the achievable pay component as well as of the allocation value of the cash-settled share-based compensation was capped.

Share-based compensation related to this plan for fiscal years ended December 31, 2021, 2020 and 2019 was €0, €0 and €2,623, respectively.

Information on holdings under share-based plans

At December 31, 2021 and 2020, the members of the Management Board and plan participants other than the members of the Management Board held the in TABLE 5.67 shown Performance Shares under the share-based plans.

T 5.67 **PERFORMANCE SHARES**

	2021			2020		
	Members of the Management Board	Other plan participants	Total	Members of the Management Board	Other plan participants	Total
MB LTIP 2020	352,053	–	352,053	159,607	–	159,607
LTIP 2019	8,869	2,399,649	2,408,518	8,869	1,522,102	1,530,971
MB LTIP 2019	102,435	12,564	114,999	102,435	12,564	114,999
NxStage LTIP	–	32,054	32,054	–	40,530	40,530
LTIP 2016	56,624	366,059	422,683	135,473	947,133	1,082,606

Additionally, at December 31, 2021, the members of the Management Board held 455,970 stock options (December 31, 2020: 465,308) and plan participants other than the members of the Management Board held 2,557,339 stock options (December 31, 2020: 2,735,766) under the 2011 SOP.

Additional information on share-based plans

TABLE 5.68 provides reconciliations for stock options outstanding at December 31, 2021, 2020 and 2019.

T 5.68 **TRANSACTIONS**

	Options (in THOUS)	Weighted average exercise price in (€)
Stock options for shares		
BALANCE AT DECEMBER 31, 2019	**3,489**	**70.32**
Granted	–	–
Exercised[1]	235	53.00
Expired	53	75.65
BALANCE AT DECEMBER 31, 2020	**3,201**	**71.50**
Granted	–	–
Exercised[2]	128	49.83
Expired	60	70.60
BALANCE AT DECEMBER 31, 2021	**3,013**	**72.44**

[1] The average share price at the date of exercise of the options was €71.75.
[2] The average share price at the date of exercise of the options was €65.92.

TABLE 5.69 ON PAGE 248 provides a summary of fully vested options outstanding and exercisable at December 31, 2021 and 2020, respectively.

During the fiscal years ended December 31, 2021, 2020, and 2019, the Company received cash of €6,367, €12,445 and €17,014, respectively, from the exercise of stock options (SEE NOTE 17). The intrinsic value of stock options exercised for the twelve-month periods ended December 31, 2021, 2020, and 2019 was €2,056, €4,402 and €5,231, respectively.

The compensation expense related to equity-settled stock option programs was determined based upon the fair value on the grant date and the number of stock options granted which was recognized over the four-year vesting period. In connection with the 2011 SOP, the Company incurred compensation expense of €1,992 for the fiscal year ended December 31, 2019. The Company did not incur compensation expense in connection with the 2011 SOP during the years ended December 31, 2021 and 2020.

The compensation expense related to cash-settled share-based payment transactions is determined based upon the fair value at the measurement date and the number of Phantom Stock or Performance Shares allocated which will be recognized over the vesting period. The compensation expense that the Company recognized for Performance Shares for the fiscal years ended December 31, 2021, 2020 and 2019, respectively, is presented in TABLE 5.70 ON PAGE 248.

T 5.69 **STOCK OPTIONS**

Range of exercise prices in €	2021 Outstanding Number of options	2021 Outstanding Weighted average remaining contractual life	2021 Outstanding Weighted average exercise price in €	2021 Exercisable Number of options	2021 Exercisable Weighted average exercise price in €	2020 Outstanding Number of options	2020 Outstanding Weighted average remaining contractual life	2020 Outstanding Weighted average exercise price in €	2020 Exercisable Number of options	2020 Exercisable Weighted average exercise price in €
45.01 - 50.00	488,745	0.57	49.93	488,745	49.93	630,870	1.44	49.91	630,870	49.91
50.01 - 55.00	-	-	-	-	-	-	-	-	-	-
55.01 - 60.00	31,080	0.92	58.63	31,080	58.63	31,080	1.92	58.63	31,080	58.63
60.01 - 65.00	-	-	-	-	-	-	-	-	-	-
65.01 - 70.00	-	-	-	-	-	-	-	-	-	-
70.01 - 75.00	-	-	-	-	-	-	-	-	-	-
75.01 - 80.00	2,493,484	1.58	77.02	2,493,484	77.02	2,539,124	2.58	77.03	2,539,124	77.03
TOTAL	**3,013,309**	**1.41**	**72.44**	**3,013,309**	**72.44**	**3,201,074**	**2.35**	**71.50**	**3,201,074**	**71.50**

T 5.70 **COMPENSATION EXPENSE RELATED TO CASH-SETTLED PLANS**
IN € THOUS

	2021	2020	2019
MB LTIP 2020	2,112	2,115	-
LTIP 2019	21,761	13,689	4,771
MB LTIP 2019	299	820	656
NxStage LTIP	296	513	572
LTIP 2016	3,826	21,864	30,304
LTIP 2011	-	1,894	5,724

21. LEASES

The Company leases land, buildings and improvements, machinery and equipment, as well as IT- and office equipment under various lease agreements.

Leasing in the consolidated statements of income

TABLE 5.71 shows the effects from lease agreements on the consolidated statements of income for the year ended December 31, 2021, 2020 and 2019.

T 5.71 **LEASING IN THE CONSOLIDATED STATEMENTS OF INCOME**
IN € THOUS

	2021	2020	2019
Depreciation on right-of-use assets	690,476	703,999	700,276
Impairments on right-of-use assets	18,696	3,496	38,820
Expenses relating to short-term leases	44,923	49,532	52,108
Expenses relating to leases of low-value assets	23,177	27,359	25,239
Expenses relating to variable lease payments	12,158	12,442	10,814
Income from subleasing right-of-use assets	3,119	4,165	4,367
Interest expense on lease liabilities	143,160	159,148	171,724

For information regarding leases with related parties, SEE NOTE 5 B.

Leases in the consolidated balance sheets

At December 31, 2021 and 2020, the acquisition costs and the accumulated depreciation of right-of-use assets consisted of the following as shown in TABLES 5.72, 5.73 AND 5.74 ON PAGES 250 AND 251.

Depreciation expense is allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

Impairment losses are allocated within costs of revenue and selling, general and administrative expense, depending upon the area in which the asset is used.

For a maturity analysis of lease liabilities SEE NOTE 23.

Leasing in the consolidated statements of cash flows

Total cash outflows from leases were €921,988 for the year ended December 31, 2021 (December 31, 2020 and 2019: €951,066 and €945,169, respectively).

Leases that the Company entered into as a lessee that have not yet begun as of December 31, 2021 will result in future cash outflows of €118,929 (December 31, 2020 and 2019: €123,679 and €254,171, respectively).

Potential future cash outflows resulting from purchase options of €30,309 were not reflected in the measurement of the lease liabilities as of December 31, 2021, as the exercise of the respective options is not reasonably certain (December 31, 2020 and 2019: €41,215 and €56,507, respectively).

Potential future cash outflows resulting from extension options of €7,229,433 were not reflected in the measurement of the lease liabilities as of December 31, 2021, as the exercise of the respective options is not reasonably certain (December 31, 2020 and 2019: €6,407,955 and €6,691,551, respectively). The major part of these potential future cash outflows relates to extension options in real estate lease agreements, primarily for dialysis clinics in the North America Segment. Individual lease agreements include multiple extension options. The Company uses extension options to obtain a high degree of flexibility in performing its business. These extension options held are exercisable solely by the Company.

Potential future cash outflows resulting from termination options of €3,095 were not reflected in the measurement of the lease liabilities as of December 31, 2021, as the exercise of the respective options is not reasonably certain (December 31, 2020 and 2019: €3,374 and €3,493, respectively).

T 5.72 **ACQUISITION COSTS**
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2021
Right-of-use assets: Land	34,510	782	20	4,917	-	(2,135)	38,094
Right-of-use assets: Buildings and improvements	5,017,785	346,627	40,808	614,918	1,266	(68,928)	5,952,476
Right-of-use assets: Machinery and equipment	390,902	27,947	(587)	31,561	(48,975)	(10,954)	389,894
Right-of-use assets: Advance Payments	-	-	-	-	-	-	-
RIGHT-OF-USE ASSETS	**5,443,197**	**375,356**	**40,241**	**651,396**	**(47,709)**	**(82,017)**	**6,380,464**

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2020
Right-of-use assets: Land	30,575	(2,240)	(24)	6,384	98	(283)	34,510
Right-of-use assets: Buildings and improvements	4,590,695	(375,099)	(12,391)	851,392	(613)	(36,199)	5,017,785
Right-of-use assets: Machinery and equipment	434,718	(34,013)	(1,346)	34,066	(35,189)	(7,334)	390,902
Right-of-use assets: Advance Payments	24	-	-	138	(58)	(104)	-
RIGHT-OF-USE ASSETS	**5,056,012**	**(411,352)**	**(13,761)**	**891,980**	**(35,762)**	**(43,920)**	**5,443,197**

T 5.73 **DEPRECIATION**
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2021
Right-of-use assets: Land	8,106	222	6	4,149	3	-	(1,142)	11,344
Right-of-use assets: Buildings and improvements	1,120,019	93,757	(2,170)	613,994	17,621	477	(39,653)	1,804,045
Right-of-use assets: Machinery and equipment	185,184	15,456	(214)	72,333	1,072	(15,720)	(9,476)	248,635
Right-of-use assets: Advance Payments	-	-	-	-	-	-	-	-
RIGHT-OF-USE ASSETS	**1,313,309**	**109,435**	**(2,378)**	**690,476**	**18,696**	**(15,243)**	**(50,271)**	**2,064,024**

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2020
Right-of-use assets: Land	4,502	(419)	(4)	4,242	-	(16)	(199)	8,106
Right-of-use assets: Buildings and improvements	613,926	(77,935)	(5,319)	604,493	3,496	(304)	(18,338)	1,120,019
Right-of-use assets: Machinery and equipment	112,469	(14,229)	(88)	95,264	-	(2,494)	(5,738)	185,184
Right-of-use assets: Advance Payments	-	-	-	-	-	-	-	-
RIGHT-OF-USE ASSETS	**730,897**	**(92,583)**	**(5,411)**	**703,999**	**3,496**	**(2,814)**	**(24,275)**	**1,313,309**

T 5.74 **BOOK VALUE**
IN € THOUS

	December 31, 2021	December 31, 2020
Right-of-use assets: Land	26,750	26,404
Right-of-use assets: Buildings and improvements	4,148,431	3,897,766
Right-of-use assets: Machinery and equipment	141,259	205,718
Right-of-use assets: Advance Payments	-	-
RIGHT-OF-USE ASSETS	**4,316,440**	**4,129,888**

22. COMMITMENTS AND CONTINGENCIES

Legal and regulatory matters

The Company is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Company currently deems to be material or noteworthy are described below. The Company records its litigation reserves for certain legal proceedings and regulatory matters to the extent that the Company determines an unfavorable outcome is probable and the amount of loss can be reasonably estimated. For the other matters described below, the Company believes that the loss is not probable and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with the Company's view of the merits can occur. The Company believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Beginning in 2012, the Company received certain communications alleging conduct in countries outside the United States that might violate the Foreign Corrupt Practices Act or other anti-bribery laws. The Company conducted investigations with the assistance of outside counsel and, in a continuing dialogue, advised the Securities and Exchange Commission (SEC) and the United States Department of Justice (DOJ) about these investigations. The DOJ and the SEC also conducted their own investigations, in which the Company cooperated.

In the course of this dialogue, the Company identified and reported to the DOJ and the SEC, and took remedial actions with respect to, conduct that resulted in the DOJ and the SEC seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around the Company's products business in countries outside the United States.

On March 29, 2019, the Company entered into a non-prosecution agreement (NPA) with the DOJ and a separate agreement with the SEC (SEC Order) intended to resolve fully and finally the U.S. government allegations against the Company arising from the investigations. Both agreements included terms starting August 2, 2019. The DOJ NPA and SEC Order are both scheduled to terminate on December 31, 2022. In 2019, the Company paid a combined total in penalties and disgorgement of approximately $231,715 (€205,854) to the DOJ and the SEC in connection with these agreements. The entire amount paid to the DOJ and the SEC was reserved for in charges that the Company recorded in 2017 and 2018 and announced in 2018. As part of the resolution, the Company agreed to certain self-reporting obligations and to retain an independent compliance monitor. Due in part to COVID-19 pandemic restrictions, the monitorship program faced certain delays, but the Company is working to complete all its obligations under the resolution with the DOJ and SEC in 2022.

In 2015, the Company self-reported to the German prosecutor conduct with a potential nexus to Germany and continues to cooperate with government authorities in Germany in their review of the conduct that prompted the Company's and United States government investigations.

Since 2012, the Company has made and continues to make further significant investments in its compliance and financial controls and in its compliance, legal and financial organizations. The Company's remedial actions included separation from those employees responsible for the above-mentioned conduct. The Company is dealing with post-U.S. Foreign Corrupt Practices Act (FCPA) review matters on various levels. The Company continues to be fully committed to compliance with the FCPA and other applicable anti-bribery laws.

Personal injury and related litigation involving FMCH's acid concentrate product, labeled as Granuflo® or Naturalyte®, first arose in 2012. FMCH's insurers agreed to the settlement in 2017 of personal injury litigation and funded $220,000 (€179,284) of the settlement fund under a reciprocal reservation of rights. FMCH accrued a net expense of $60,000 (€48,896) in connection with the settlement, including legal fees and other anticipated costs. Following the settlement, FMCH's insurers in the AIG group initiated litigation against FMCH seeking to be indemnified by FMCH for their $220,000 (€179,284) outlay and FMCH initiated litigation against the AIG group to recover defense and indemnification costs FMCH had borne. National Union Fire Insurance

v. Fresenius Medical Care, 2016 Index No. 653108 (Supreme Court of New York for New York County).

Discovery in the litigation is complete. The AIG group abandoned certain of its coverage claims and submitted expert reports on damages asserting that, if AIG prevails on all its remaining claims, it should recover $60,000 (€48,896). FMCH contests all of AIG's claims and submitted expert reports supporting rights to recover $108,000 (€88,012) from AIG, in addition to the $220,000 (€179,284) already funded. A trial date has not been set in the matter.

In August 2014, FMCH received a subpoena from the United States Attorney's Office (USAO) for the District of Maryland inquiring into FMCH's contractual arrangements with hospitals and physicians involving contracts relating to the management of in-patient acute dialysis services. On August 27, 2020, after the USAO declined to pursue the matter by intervening, the United States District Court for Maryland unsealed a 2014 relator's qui tam complaint that gave rise to the investigation. The relator thereafter served the complaint and proceeded on his own in part by filing an amended complaint making broad allegations about financial relationships between FMCH and nephrologists. FMCH's motion to dismiss the amended complaint remains pending. On October 5, 2021, the District Court for Maryland granted FMCH's motion to transfer the case to the United States District Court for Massachusetts, where the litigation continues. Flanagan v. Fresenius Medical Care Holdings, Inc., 1:21-cv-11627.

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act alleging a conspiracy pursuant to which certain Liberty Dialysis subsidiaries of FMCH overbilled Hawaii Medicaid for Liberty's Epogen® administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. Hawaii v. Liberty Dialysis–Hawaii, LLC et al., Case No. 15-1-1357-07 (Hawaii 1st Circuit). The State alleges that Liberty acted unlawfully by relying on incorrect and unauthorized billing guidance provided to Liberty by Xerox State Healthcare LLC, which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during the relevant period. With discovery concluded, the State has specified that its demands for relief relate to $7,700 (€6,275) in overpayments on approximately twenty thousand "claims" submitted by Liberty. After prevailing on motions by Xerox to preclude it from doing so, FMCH is pursuing third-party claims for contribution and indemnification against Xerox. The State's False Claims Act complaint was filed after Liberty initiated an administrative action challenging the State's recoupment of alleged overpayments from sums currently owed to Liberty. The civil litigation and administrative action are proceeding in parallel. Trial in the civil litigation has been postponed because of COVID-19-related administrative issues and has been rescheduled for August 2022.

On August 31, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) inquiring into FMCH's participation in and management of dialysis facility joint ventures in which physicians are partners. FMCH has cooperated in the Denver USAO investigation, which has come to focus on purchases and sales of minority interests in ongoing outpatient facilities between FMCH and physician groups.

On November 25, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) also inquiring into FMCH's involvement in certain dialysis facility joint ventures in New York. On September 26, 2018, the Brooklyn USAO declined to intervene on the qui tam complaint filed under seal in 2014 that gave rise to this investigation. CKD Project LLC v. Fresenius Medical Care, 2014 Civ. 06646 (E.D.N.Y. November 12, 2014). The District Court unsealed the complaint, allowing the relator to proceed on its own. On August 3, 2021, the District Court granted FMCH's motion to dismiss the relator's amended complaint, dismissed the case with prejudice and declined to allow further amendment. On August 27, 2021, the relator appealed to the United States Court of Appeals for the Second Circuit.

Beginning October 6, 2015, the United States Attorney for the Eastern District of New York (Brooklyn) has led an investigation, through subpoenas issued under the False Claims Act, of utilization and invoicing by FMCH's subsidiary Azura Vascular Care for a period beginning after FMCH's acquisition of American Access Care LLC (AAC) in October 2011. FMCH is cooperating in the Brooklyn USAO investigation. The Brooklyn USAO has indicated that its investigation is nationwide in scope and is focused on whether certain access procedures performed at Azura facilities were medically unnecessary and whether certain physician assistants employed by Azura exceeded their permissible scope of practice. Allegations against AAC arising in districts in Connecticut, Florida and Rhode Island relating to utilization and invoicing were settled in 2015.

On November 18, 2016, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) seeking documents and information relating to the operations of Shiel Medical Laboratory, Inc. (Shiel), which FMCH acquired in October 2013. In the course of cooperating in the investigation and preparing to respond to the subpoena, FMCH identified falsifications and misrepresentations in documents submitted by a Shiel salesperson that relate to the integrity of certain invoices submitted by Shiel for laboratory testing for patients in long term care facilities. On February 21, 2017, FMCH terminated the employee and notified the United States Attorney of the termination and its circumstances. The terminated employee's conduct is expected to result in demands for FMCH to refund overpayments and to pay related penalties under applicable laws, but the monetary value of such

payment demands cannot yet be reasonably estimated. FMCH contends that, under the asset sale provisions of its 2013 Shiel acquisition, it is not responsible for misconduct by the terminated employee or other Shiel employees prior to the date of the acquisition. The Brooklyn USAO continues to investigate a range of issues involving Shiel, including allegations of improper compensation (kickbacks) to physicians, and has disclosed that multiple sealed qui tam complaints underlie the investigation.

On December 12, 2017, FMCH sold to Quest Diagnostics certain Shiel operations that are the subject of this Brooklyn subpoena, including the misconduct reported to the United States Attorney. Under the Quest Diagnostics sale agreement, FMCH retains responsibility for responding to the Brooklyn investigation and for liabilities arising from conduct occurring after its 2013 acquisition of Shiel and prior to its sale of Shiel to Quest Diagnostics. FMCH is cooperating in the investigation.

On March 12, 2018, Vifor Fresenius Medical Care Renal Pharma Ltd. and Vifor Fresenius Medical Care Renal Pharma France S.A.S. (collectively, "VFMCRP") (SEE NOTE 5), filed a complaint for patent infringement against Lupin Atlantis Holdings SA and Lupin Pharmaceuticals Inc. (collectively, "Lupin"), and Teva Pharmaceuticals USA, Inc. (Teva) in the U.S. District Court for the District of Delaware (Case 1:18-cv-00390-MN, "first complaint"). The patent infringement action is in response to Lupin and Teva's filings of Abbreviated New Drug Applications (ANDA) with the U.S. Food and Drug Administration (FDA) for generic versions of Velphoro®. Velphoro® is protected by patents listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book. The complaint was filed within the 45-day period provided for under the Hatch-Waxman legislation, and triggered a stay of FDA approval of the ANDAs for 30 months (specifically, up to July 29, 2020 for Lupin's ANDA; and August 6, 2020 for Teva's ANDA. In response to another ANDA being filed for a generic Velphoro®, VFMCRP filed a complaint for patent infringement against Annora Pharma Private Ltd., and Hetero Labs Ltd. (collectively, "Annora"), in the U.S. District Court for the District of Delaware on December 17, 2018. The case was settled among the parties, thus terminating the court action on August 4, 2020. On May 26, 2020, VFMCRP filed a further complaint for patent infringement against Lupin in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00697-MN) in response to Lupin's ANDA for a generic version of Velphoro® and on the basis of a newly listed patent in the Orange Book. On July 6, 2020, VFMCRP filed an additional complaint for patent infringement against Lupin and Teva in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00911-MN, "second complaint") in response to the companies' ANDA for generic versions of Velphoro® and on the basis of two newly listed patents in the Orange Book. All cases involving Lupin as defendant were settled among the parties, thus terminating the corresponding court actions on December 18, 2020. In relation to the remaining pending cases and the defendant Teva, trial took place for the first complaint between January 19 and 22, 2021. Another patent newly listed in the Orange Book was added to the second complaint on June 23, 2021. Trial is scheduled for the second complaint for June 2022.

On December 17, 2018, FMCH was served with a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) as part of an investigation of allegations against DaVita, Inc. involving transactions between FMCH and DaVita. The subject transactions include sales and purchases of dialysis facilities, dialysis-related products and pharmaceuticals, including dialysis machines and dialyzers, and contracts for certain administrative services. FMCH cooperated in the investigation.

On June 28, 2019, certain FMCH subsidiaries filed a complaint against the United States seeking to recover monies owed to them by the United States Department of Defense under the Tricare program, and to preclude Tricare from recouping monies previously paid. Bio-Medical Applications of Georgia, Inc., et al. v. United States, CA 19-947, United States Court of Federal Claims. Tricare provides reimbursement for dialysis treatments and other medical care provided to members of the military services, their dependents and retirees. The litigation challenges unpublished administrative actions by Tricare administrators reducing the rate of compensation paid for dialysis treatments provided to Tricare beneficiaries based on a recasting or "crosswalking" of codes used and followed in invoicing without objection for many years. Tricare administrators have acknowledged the unpublished administrative action and declined to change or abandon it. On July 8, 2020, the U.S. government filed its answer (and confirmed its position) and litigation is continuing. The court has not yet set a date for trial in this matter. FMCH has imposed a constraint on revenue otherwise recognized from the Tricare program that it believes, in consideration of facts currently known, sufficient to account for the risk of this litigation.

On August 21, 2020, FMCH was served with a subpoena from the United States Attorney for the District of Massachusetts requesting information and documents related to urgent care centers that FMCH owned, operated, or controlled as part of its ChoiceOne and Medspring urgent care operations prior to its divestiture of and exit from that line of business in 2018. The subpoena appears to be related to an ongoing investigation of alleged upcoding in the urgent care industry, which has resulted in certain published settlements under the federal False Claims Act. FMCH is cooperating in the investigation.

From time to time, the Company is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management

regularly analyzes current information including, as applicable, the Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, like other health care providers, insurance plans and suppliers, conducts its operations under intense government regulation and scrutiny. The Company must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories, dialysis clinics and other health care facilities, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Company could be subject to significant adverse regulatory actions by the FDA and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA, and / or comparable foreign regulatory authority which may require the Company to expend significant time and resources in order to implement appropriate corrective actions. If the Company does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and / or comparable regulatory authorities outside the U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of the Company's products and / or criminal prosecution. FMCH completed remediation efforts with respect to one pending FDA warning letter and is awaiting confirmation as to whether the letter is now closed. The Company must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law, the federal Civil Monetary Penalties Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from the Company's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, the Company's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to the Company's compliance with applicable laws and regulations. The Company may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

The Company operates many facilities and handles the personal data of its patients and beneficiaries throughout the United States and other parts of the world and engages with other business associates to help it carry out its health care activities. In such a widespread, global system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies and its business associates. On occasion, the Company or its business associates may experience a breach under the Health Insurance Portability and Accountability Act Privacy Rule and Security Rules, the EU's General Data Protection Regulation and or other similar laws (Data Protection Laws) when there has been impermissible use, access, or disclosure of unsecured personal data or when the Company or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or a data breach that results in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries. On those occasions, the Company must comply with applicable breach notification requirements.

The Company relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of its employees. On occasion, the Company may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene the Company's policies or violate applicable law. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act, Data Protection Laws, the Health Information Technology for Economic and Clinical Health Act and the Foreign Corrupt Practices Act, among other laws and comparable state laws or laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Company has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Company maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Company or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

The Company has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transac-

tions. The Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

In Germany, the tax audits for the years 2006 through 2009 have been substantially completed. The German tax authorities have indicated a re-qualification of dividends received in connection with intercompany mandatorily redeemable preferred shares into fully taxable interest payments for these and subsequent years until 2013. The Company has defended its position and will avail itself of appropriate remedies. The Company is also subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions in the ordinary course of business. Tax authorities routinely pursue adjustments to the Company's tax returns and disallowances of claimed tax deductions. When appropriate, the Company defends these adjustments and disallowances and asserts its own claims. A successful tax related claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition and results of operations.

Other than those individual contingent liabilities mentioned above, the current estimated amount of the Company's other known individual contingent liabilities is immaterial. For further information regarding the Company's purchase commitments, SEE NOTE 8 AND NOTE 10.

23. FINANCIAL INSTRUMENTS

TABLES 5.75 ON PAGE 256 AND 5.76 ON PAGE 257 show the carrying amounts and fair values of the Company's financial instruments at December 31, 2021 and December 31, 2020.

Derivative and non-derivative financial instruments are categorized in the following three-tier fair value hierarchy that reflects the significance of the inputs in making the measurements. Level 1 inputs are quoted prices for similar instruments in active markets. Level 2 is defined as using valuation models (i.e. mark-to-model) with input factors that are inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as using valuation models (i.e. mark-to-model) with input factors that are unobservable inputs for which little or no market data exists, therefore requiring the Company to develop its own assumptions. Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of fair value due to the relatively short period of maturity of these instruments. This includes cash and cash equivalents measured at amortized costs, trade accounts and other receivables from unrelated parties, accounts receivable from related parties, other financial assets as well as accounts payable to unrelated parties, accounts payable to related parties, short-term debt and other financial liabilities. At September 30, 2021, the Company transferred its investment in Humacyte, Inc. (Humacyte) with a carrying amount of €158,551 from Level 3 to Level 1, after Humacyte completed its merger with Alpha Healthcare Acquisition Corporation, a special purpose acquisition company. The shares in Alpha Healthcare Acquisition Corporation (now called Humacyte) received by the Company as a result of this merger and in a contemporaneous private placement are quoted in an active market, and Humacyte has registered the Company's shares for resale under the Securities Act of 1933. No additional transfers between levels of the fair value hierarchy have occurred as of December 31, 2021. Transfers between levels of the fair value hierarchy did not occur as of December 31, 2020. The Company accounts for transfers at the end of the reporting period.

Non-derivative financial instruments

The significant methods and assumptions used for the classification and measurement of non-derivative financial instruments are as follows:

The Company assessed its business models and the cash flow characteristics of its financial assets. The vast majority of the non-derivative financial assets are held in order to collect the contractual cash flows. The contractual terms of the financial assets allow the conclusion that the cash flows represent payment of principal and interest only. Trade accounts and other receivables from unrelated parties, Accounts receivable from related parties and Other financial assets are consequently measured at amortized cost.

Cash and cash equivalents are comprised of cash funds and other short-term investments. Cash funds are measured at amortized cost. Short-term investments are highly liquid and readily convertible to known amounts of cash. Short-term investments are measured at FVPL. The risk of changes in fair value is insignificant.

Equity investments are not held for trading. At initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic investments in OCI. All equity investments for which changes in fair value are recorded in OCI relate to purchases of publicly traded shares or percentage ownership of companies in the health sciences or adjacent fields and are made up of individually non-significant investments. At December 31, 2021, the Company held 12 non-listed equity investments (December 31, 2020: 12) and no listed equity investments (December 31, 2020: 1). During 2021, gains of €33,948 were

T 5.75 **CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS**
IN € THOUS

December 31, 2021	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	989,257	492,398	–	–	1,481,655	492,398	–	–
Trade accounts and other receivables from unrelated parties	3,328,720	–	–	80,341	3,409,061	–	–	–
Accounts receivable from related parties	162,361	–	–	–	162,361	–	–	–
Derivatives – cash flow hedging instruments	–	–	–	579	579	–	579	–
Derivatives – not designated as hedging instruments	–	2,846	–	–	2,846	–	2,846	–
Equity investments	–	174,884	69,595	–	244,479	121,643	72,157	50,679
Debt securities	–	95,417	327,078	–	422,495	418,196	4,299	–
Other financial assets[1]	137,358	–	–	130,859	268,217	–	–	–
Other current and non-current assets	137,358	273,147	396,673	131,438	938,616	–	–	–
FINANCIAL ASSETS	**4,617,696**	**765,545**	**396,673**	**211,779**	**5,991,693**	**–**	**–**	**–**
Accounts payable to unrelated parties	736,069	–	–	–	736,069	–	–	–
Accounts payable to related parties	121,457	–	–	–	121,457	–	–	–
Short-term debt	1,255,853	–	–	–	1,255,853	–	–	–
Long-term debt	7,314,915	–	–	–	7,314,915	7,246,019	243,656	–
Lease liabilities	–	–	–	4,749,381	4,749,381	–	–	–
Derivatives – cash flow hedging instruments	–	–	–	4,490	4,490	–	4,490	–
Derivatives – not designated as hedging instruments	–	21,428	–	–	21,428	–	21,428	–
Variable payments outstanding for acquisitions	–	47,690	–	–	47,690	–	–	47,690
Put option liabilities	–	–	–	992,423	992,423	–	–	992,423
Other financial liabilities[2]	965,663	–	–	–	965,663	–	–	–
Other current and non-current liabilities	965,663	69,118	–	996,913	2,031,694	–	–	–
FINANCIAL LIABILITIES	**10,393,957**	**69,118**	**–**	**5,746,294**	**16,209,369**	**–**	**–**	**–**

[1] As of December 31, 2021, other financial assets primarily include lease receivables, deposits, guarantees, securities, vendor and supplier rebates as well as notes receivable. As of December 31, 2020, other financial assets primarily include lease receivables, vendor and supplier rebates, deposits, guarantees, securities and notes receivable.
[2] As of December 31, 2021 and 2020 other financial liabilities primarily include receivable credit balances and goods and services received.

T 5.76 **CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS**
IN € THOUS

December 31, 2020	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	781,029	300,510	-	-	1,081,539	300,510	-	-
Trade accounts and other receivables from unrelated parties	3,080,770	-	-	72,275	3,153,045	-	-	-
Accounts receivable from related parties	91,438	-	-	-	91,438	-	-	-
Derivatives – cash flow hedging instruments	-	-	-	1,130	1,130	-	1,130	-
Derivatives – not designated as hedging instruments	-	5,367	-	-	5,367	-	5,367	-
Equity investments	-	191,739	56,911	-	248,650	11,911	48,221	188,518
Debt securities	-	103,387	297,954	-	401,341	396,392	4,949	-
Other financial assets[1]	195,926	-	-	108,830	304,756	-	-	-
Other current and non-current assets	195,926	300,493	354,865	109,960	961,244	-	-	-
FINANCIAL ASSETS	**4,149,163**	**601,003**	**354,865**	**182,235**	**5,287,266**	**-**	**-**	**-**
Accounts payable to unrelated parties	731,993	-	-	-	731,993	-	-	-
Accounts payable to related parties	95,401	-	-	-	95,401	-	-	-
Short-term debt	79,270	-	-	-	79,270	-	-	-
Long-term debt	7,808,460	-	-	-	7,808,460	6,764,681	1,404,640	-
Lease liabilities	-	-	-	4,492,287	4,492,287	-	-	-
Derivatives – cash flow hedging instruments	-	-	-	1,667	1,667	-	1,667	-
Derivatives – not designated as hedging instruments	-	39,281	-	-	39,281	-	39,281	-
Variable payments outstanding for acquisitions	-	66,359	-	-	66,359	-	-	66,359
Put option liabilities	-	-	-	882,422	882,422	-	-	882,422
Other financial liabilities[2, 3]	800,714	-	-	-	800,714	-	-	-
Other current and non-current liabilities	800,714	105,640	-	884,089	1,790,443	-	-	-
FINANCIAL LIABILITIES	**9,515,838**	**105,640**	**-**	**5,376,376**	**14,997,854**	**-**	**-**	**-**

[1] As of December 31, 2021, other financial assets primarily include lease receivables, deposits, guarantees, securities, vendor and supplier rebates as well as notes receivable. As of December 31, 2020, other financial assets primarily include lease receivables, vendor and supplier rebates, deposits, guarantees, securities and notes receivable.
[2] As of December 31, 2021 and 2020 other financial liabilities primarily include receivable credit balances and goods and services received.
[3] Other financial liabilities have been revised for the prior year to conform to the current year's presentation.

transferred from OCI to retained earnings, mainly as one investment was disposed of (December 31, 2020: €11,385). There were no dividends recognized during 2021 and 2020 from these equity investments. If equity instruments are quoted in an active market, the fair value is based on price quotations at the period-end-date. From time to time the Company engages external valuation firms to determine the fair value of Level 3 equity investments. The external valuation uses a discounted cash flow model, which includes significant unobservable inputs such as investment specific forecasted financial statements, weighted average cost of capital, that reflects current market assessments as well as a terminal growth rate. The Company's listed and non-listed equity investments measured at FVOCI had the fair values shown in TABLE 5.77 at December 31, 2021 and 2020.

T 5.77 **EQUITY INVESTMENTS MEASURED AT FVOCI**
IN € THOUS

	2021	2020
Listed equity investments	–	11,911
Non-listed equity investments	69,595	45,000
Equity investments FVOCI	**69,595**	**56,911**

The majority of the debt securities are held within a business model whose objective is achieving both contractual cash flows and selling the securities. The standard coupon bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount. Subsequently these financial assets have been classified as FVOCI. The smaller part of debt securities does not give rise to cash flows that are solely payments of principal and interest. Consequently, these securities are measured at FVPL. In general, most of the debt securities are quoted in an active market.

Long-term debt is initially recognized at its fair value. The fair values of major long-term debt are calculated on the basis of market information. Liabilities for which market quotes are available are measured using these quotes. The fair values of the other long-term debt are calculated at the present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Company as of the balance sheet date are used.

Variable payments outstanding for acquisitions are recognized at their fair value. The estimation of the individual fair values is based on the key inputs of the arrangement that determine the future contingent payment as well as the Company's expectation of these factors. The Company assesses the likelihood and timing of achieving the relevant objectives. The underlying assumptions are reviewed regularly.

Put option liabilities are recognized at the present value of the exercise price of the option. The exercise price of the option is generally based on fair value. The methodology the Company uses to estimate the fair values assumes the greater of net book value or a multiple of earnings, based on historical earnings, development stage of the underlying business and other factors. From time to time the Company engages external valuation firms for the valuation of the put options. The external valuation estimates the fair values using a combination of discounted cash flows and a multiple of earnings and / or revenue. The put option liabilities are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The estimated fair values of these put options can also fluctuate, and the discounted cash flows as well as the implicit multiple of earnings and / or revenue at which these obligations may ultimately be settled could vary significantly from the Company's current estimates depending upon market conditions. For the purpose of analyzing the impact of changes in unobservable inputs on the fair value measurement of put option liabilities, the Company assumes an increase on earnings of 10 % compared to the actual estimation as of the balance sheet date. The corresponding increase in fair value of €72,313 is then compared to the total liabilities and the shareholder's equity of the Company. This analysis shows that an increase of 10 % in the relevant earnings would have an effect of less than 1 % on the total liabilities and less than 1 % on the shareholder's equity of the Company.

At December 31, 2021, 2020 and 2019 the Company's potential obligations under these put option liabilities, which are recorded in other current liabilities and other non-current liabilities, were €992,423, €882,422 and €934,425, respectively. At December 31, 2021, 2020 and 2019, put option liabilities with an aggregate purchase obligation of €561,872, €395,759 and €385,924, respectively, were exercisable. In the last three fiscal years ending December 31, 2021, 231 such put options have been exercised for a total consideration of €83,996.

TABLE 5.78 ON PAGE 259 is a roll forward of Level 3 financial instruments at December 31, 2021, 2020 and 2019.

T 5.78 **RECONCILIATION FROM BEGINNING TO ENDING BALANCE OF LEVEL 3 FINANCIAL INSTRUMENTS**
IN € THOUS

	2021			2020			2019		
	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities
Beginning balance at January 1	188,518	66,359	882,422	183,054	89,677	934,425	–	172,278	818,871
Transfer to level 1	(158,551)	–	–	–	–	–	–	–	–
Transfer from level 2	–	–	–	–	–	–	186,427	–	–
Increase	21,137	9,488	112,194	–	17,253	51,388	2,233	4,828	109,109
Decrease	–	(22,499)	(18,495)	–	(35,764)	(99,877)	–	(43,941)	(20,269)
Gain / loss recognized in profit or loss[1]	(12,975)	(6,716)	–	22,489	(1,996)	–	128	(41,537)	–
Gain / loss recognized in equity	–	–	(54,019)	–	–	73,993	–	–	14,523
Foreign currency translation and other changes	12,550	1,058	70,321	(17,025)	(2,811)	(77,507)	(5,734)	(1,951)	12,191
ENDING BALANCE AT DECEMBER 31	**50,679**	**47,690**	**992,423**	**188,518**	**66,359**	**882,422**	**183,054**	**89,677**	**934,425**

[1] Includes realized and unrealized gains / losses.

Derivative financial instruments

Derivative financial risks

The Company is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Company issues bonds and enters mainly into long-term credit agreements with banks. Due to these financing activities, the Company is exposed to changes in the interest rate as well as to price risks of balance sheet items with a fixed interest rate.

In order to manage the risk of currency exchange rate and interest rate fluctuations, the Company enters into various hedging transactions by means of derivative instruments with highly rated financial institutions (generally investment grade) as authorized by the Company's General Partner. On a quarterly basis, the Company performs an assessment of its counterparty credit risk. The Company currently considers this risk to be low (as the counterparties are generally investment grade). The Company's policy, which has been consistently followed, is that financial derivatives be used only for the purpose of hedging foreign currency and interest rate exposure.

In certain instances, the Company enters into derivative contracts that do not qualify for hedge accounting but are utilized for economic purposes (economic hedges). The Company does not use financial instruments for trading purposes. The Company established guidelines for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

To reduce the credit risk arising from derivatives the Company entered into Master Netting Agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

These master netting agreements do not provide a basis for offsetting the fair values of derivative financial instruments in the statement of financial position as the offsetting criteria under IFRS are not satisfied.

At December 31, 2021 and December 31, 2020, the Company had €3,151 and €6,452 of derivative financial assets subject to netting arrangements and €23,963 and €40,724 of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €736 and €1,192 as well as net liabilities of €21,547 and €35,464 at December 31, 2021 and December 31, 2020, respectively.

The Company calculates benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and reasonable market rates. Depending on the individual benchmarks, hedging strategies are agreed on and implemented.

Market risk

Foreign exchange risk management

The Company conducts business on a global basis in various currencies, though a majority of its operations are in Germany and the United States. For financial reporting purposes, the Company reports in euro pursuant to Section 315e and Section 244 HGB. Therefore, changes in the rate of exchange between the euro and the local currencies in which the financial statements of the Company's international operations are maintained, affect its results of operations and financial position as reported in its consolidated financial statements.

Additionally, individual subsidiaries are exposed to transactional risks mainly resulting from intercompany purchases between production sites and other subsidiaries with different functional currencies. This exposes the subsidiaries to fluctuations in the rate of exchange between the invoicing currencies and the currency in which their local operations are conducted. For the purpose of hedging existing and foreseeable foreign exchange transaction exposures the Company enters into foreign exchange forward contracts.

The notional amounts of foreign exchange contracts in place that are designated and qualify as cash flow hedges totaled €190,707 and €134,637 at December 31, 2021 and December 31, 2020, respectively. At December 31, 2021, the Company had foreign exchange derivatives with maturities of up to 14 months. Earnings of the Company were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives matched mainly the critical terms of the underlying exposures.

The Company also enters into derivative contracts for forecasted product purchases and sales and for intercompany loans in foreign currencies which do not qualify for hedge accounting but are utilized for economic hedges as defined above. The notional amounts of economic hedges totaled €854,528 and €1,537,416 at December 31, 2021 and December 31, 2020, respectively.

The Company uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following twelve months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations using the values of the last 50 exchange rates with an interval of 21 trading days. The calculation is made assuming a confidence level of 95 % and a holding period of up to one year. The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i.e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. Based on a net exposure of €1,140,149, the Company's CFaR amounts to €29,302 at December 31, 2021, this means with a probability of 95 % a potential loss in relation to the forecasted foreign exchange cash flows of the next twelve months will be not higher than €29,302.

TABLE 5.79 shows the average hedging rate and the nominal amount of the foreign exchange forward contracts for the currencies with highest hedging volume at December 31, 2021.

T 5.79 **SIGNIFICANT CURRENCY PAIRS**
IN € THOUS

	Nominal amount	Average hedging rate
EUR / AUD	208,723	1.5821
EUR / CNY	167,854	7.6204
EUR / USD	148,670	1.1581

Interest rate risk management

The Company's interest rate risks mainly arise from money market and capital market transactions of the group for financing its business activities.

For purposes of analyzing the impact of changes in the relevant reference interest rates on the Company's results of operations, the Company calculates the portion of financial debt which bears variable interest rate and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Company assumes an increase in the Reference Rates of 0.5 % compared to the actual rates as of the balance sheet date. The corresponding additional annual interest expense is then compared to the Company's net income. This analysis shows that an increase of 0.5 % in the relevant Reference Rates would have an effect of less than 1 % on the consolidated net income and less than 0.1 % on the shareholder's equity of the Company.

In addition, the Company also entered into interest rate hedges (pre-hedges) in anticipation of future long-term debt issuance. These pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future long-term debt issuance and which could rise until the respective debt is actually issued. These pre-hedges were settled at the issuance date of the corresponding long-term debt with the settlement amount recorded in AOCI amortized to interest expense over the life of the debt. At December 31, 2021 and December 31, 2020, the Company had €7,234 and €7,572, respectively, related to settlements of pre-hedges deferred in AOCI, net of tax.

A fundamental reform of major interest rate benchmarks is being undertaken globally. This includes the replacement of certain interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR Reform"). The Company has exposures to relevant IBORs through its financial instruments, which will be affected as part of this market-wide initiative. The Company evaluates the extent to which contracts which reference IBOR cash flows will need to be amended as a result of IBOR Reform and how to manage communication about IBOR Reform with counterparties. The required changes to relevant IT-systems in order to technically apply the new risk free rates are accomplished.

The Syndicated Credit Facility has a certain level of London Inter-Bank Offered Rate (LIBOR) exposure due to the possibility of multicurrency drawings in U.S. dollar as well as in euro and will be amended before the expected cessation of the U.S. dollar LIBOR in 2023.

Derivative financial instruments valuation

TABLE 5.80 shows the carrying amounts of the Company's derivatives at December 31, 2021 and December 31, 2020.

T 5.80 **DERIVATIVE FINANCIAL INSTRUMENTS VALUATION**
IN € THOUS

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Current				
Foreign exchange contracts	571	(4,419)	1,103	(1,642)
Non-current				
Foreign exchange contracts	8	(71)	27	(25)
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS	**579**	**(4,490)**	**1,130**	**(1,667)**
Current				
Foreign exchange contracts	2,846	(21,428)	5,367	(39,281)
Non-current				
Foreign exchange contracts	–	–	–	–
DERIVATES NOT DESIGNATED AS HEDGING INSTRUMENTS	**2,846**	**(21,428)**	**5,367**	**(39,281)**

The significant methods and assumptions used in estimating the fair values of derivative financial instruments are as follows:

The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the balance sheet date. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the applicable currency.

The Company's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Company monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The default probability is based upon the credit default swap spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is performed by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

The effect of financial instruments on the consolidated statements of income

The effects of financial instruments recorded in the consolidated statements of income consist of interest income of €52,948 (2020: €41,137), interest expense of €343,807 (2020: €407,065) as well as expected credit losses of €44,374 (2020: €28,302).

In the fiscal year 2021, net losses from foreign currency transactions amount to €9,898 (2020: net losses €15,919).

TABLE 5.81 shows the effect of derivatives in cash flow hedging relationship on the consolidated financial statement.

TABLE 5.82 ON PAGE 263 shows the effect of derivatives not designated as hedging instruments on the consolidated financial statements.

Credit risk

The Company is exposed to potential losses in the event of non-performance by counterparties. With respect to derivative financial instruments it is not expected that any counterparty will fail to meet its obligations as the counterparties are highly rated financial institutions (generally investment grade). The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value at the balance sheet date. The maximum credit exposure of all derivatives amounted to €3,425 at December 31, 2021 (2020: €6,497). The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all financial assets. In order to control this credit risk, the Company's management carries out an aging analysis of trade accounts and other receivables from unrelated parties. For details on the aging analysis and on expected credit losses, please SEE NOTE 7.

T 5.81 **THE EFFECT OF DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS ON THE CONSOLIDATED FINANCIAL STATEMENTS**
IN € THOUS

	Fair value gain (loss) recognized in AOCI on hedging instrument (hedge reserve)		Fair value gain (loss) recognized in AOCI on hedging instrument (cost of hedging)		Location of reclassified amounts from AOCI	Amount reclassified from hedge reserve		Amount reclassified from cost of hedging	
	2021	2020	2021	2020		2021	2020	2021	2020
Interest rate contracts	–	–	–	–	Interest income / expense	1,206	1,249	–	–
Foreign exchange contracts	(3,585)	6,123	126	(2,062)	thereof:				
					Revenue	275	(4,612)	773	1,990
					Costs of revenue	72	(2,662)	(1,060)	3,085
					Inventories	1,013	(286)	(2)	(46)
TOTAL	**(3,585)**	**6,123**	**126**	**(2,062)**		**2,566**	**(6,311)**	**(289)**	**5,029**

T 5.82 **THE EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS**
IN € THOUS

	Location of (gain) loss recognized in income on derivatives	Amount of (gain) loss recognized in income on derivatives for the year ended, December 31	
		2021	2020
Foreign exchange contracts	Selling, general and administrative expenses	(49,214)	48,925
Foreign exchange contracts	Interest income / expense	1,477	3,800
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS		**(47,737)**	**52,725**

Liquidity risk

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Company manages the liquidity of the group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Company's management believes that existing credit facilities, net cash provided by operating activities and additional short-term debt are sufficient to meet the Company's foreseeable demand for liquidity (SEE NOTE 13).

TABLE 5.83 ON PAGE 264 shows the future undiscounted contractual cash flows (including interest) resulting from recognized financial liabilities and derivative financial instruments recorded in the consolidated balance sheets.

T 5.83 **PAYMENTS AGREED BY CONTRACTS**
IN € THOUS

	Payments due by period of			
	Less than 1 year	1–3 years	3–5 years	Over 5 years
2021				
Non-Derivatives				
Accounts payable to unrelated parties	736,069	68	–	–
Accounts payable to related parties	121,457	–	–	–
Other current financial liabilities	965,595	–	–	–
Short-term debt[1]	1,255,853	–	–	–
Amended 2012 Credit Agreement[2]	–	–	–	–
Bonds	759,946	1,249,033	2,553,673	3,563,460
Other long-term debt	49,959	103,315	38,991	51,466
Lease liabilities[1]	796,927	1,463,953	1,127,660	2,076,056
Variable payments outstanding for acquisitions	9,721	2,936	22,526	15,322
Put option liabilities	678,705	219,554	151,462	67,744
Letters of credit	11,065	–	–	–
	5,385,297	3,038,859	3,894,312	5,774,048
Derivatives				
Derivative financial instruments – in cash flow hedging relationships				
(Inflow)	(141,935)	(2,300)	–	–
Outflow	146,810	2,409	–	–
	4,875	109	–	–
Derivative financial instruments – not designated as hedging instrument				
(Inflow)	(611,024)	–	–	–
Outflow	638,609	–	–	–
	27,585	–	–	–
TOTAL	**5,417,757**	**3,038,968**	**3,894,312**	**5,774,048**

[1] Includes amounts from related parties.
[2] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2021 and 2020.

PAYMENTS AGREED BY CONTRACTS (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	Payments due by period of			
	Less than 1 year	**1 – 3 years**	**3 – 5 years**	**Over 5 years**
2020				
Non-Derivatives				
Accounts payable to unrelated parties	731,993	1	–	–
Accounts payable to related parties	95,401	–	–	–
Other current financial liabilities	800,714	–	–	–
Short-term debt[1]	79,270	–	–	–
Amended 2012 Credit Agreement[2]	138,326	1,043,542	–	–
Bonds	976,211	1,416,985	987,015	4,031,570
Other long-term debt	53,097	66,310	70,339	48,332
Lease liabilities[1]	735,890	1,375,720	1,026,391	2,053,642
Variable payments outstanding for acquisitions	19,313	18,687	28,261	8,273
Put option liabilities	645,784	102,142	93,357	74,648
Letters of credit	11,091	–	–	–
	4,287,090	4,023,387	2,205,363	6,216,465
Derivatives				
Derivative financial instruments – in cash flow hedging relationships				
(Inflow)	(78,109)	(367)	–	–
Outflow	79,604	392	–	–
	1,495	25	–	–
Derivative financial instruments – not designated as hedging instrument				
(Inflow)	(1,287,605)	–	–	–
Outflow	1,328,519	–	–	–
	40,914	–	–	–
TOTAL	**4,329,499**	**4,023,412**	**2,205,363**	**6,216,465**

[1] Includes amounts from related parties.
[2] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2021 and 2020.

24. OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of other comprehensive income (loss) for the years ended December 31, 2021, 2020, and 2019 are shown in TABLE 5.84.

T 5.84 **OTHER COMPREHENSIVE INCOME (LOSS)**
IN € THOUS

	2021			2020			2019		
	Pretax	Tax effect	Net	Pretax	Tax effect	Net	Pretax	Tax effect	Net
Components that will not be reclassified to profit or loss									
Equity method investees – share of OCI	(25,334)	–	(25,334)	58,166	–	58,166	–	–	–
FVOCI equity investments	37,660	(8,492)	29,168	19,439	(2,326)	17,113	–	–	–
Actuarial gain (loss) on defined benefit pension plans	(15,781)	4,407	(11,374)	4,176	(1,191)	2,985	(99,613)	30,245	(69,368)
Components that may be reclassified subsequently to profit or loss									
Foreign currency translation adjustment	1,034,239	–	1,034,239	(1,359,397)	–	(1,359,397)	263,835	–	263,835
FVOCI debt securities	(9,892)	1,482	(8,410)	29,096	(5,048)	24,048	–	–	–
Other comprehensive income (loss) relating to cash flow hedges									
Changes in fair value of cash flow hedging reserve during the period	(3,585)	1,013	(2,572)	6,123	(1,839)	4,284	(15,996)	3,892	(12,104)
Cost of hedging	126	(7)	119	(2,062)	608	(1,454)	(1,473)	460	(1,013)
Reclassification adjustments	2,277	(599)	1,678	(1,282)	482	(800)	5,836	(1,678)	4,158
Total other comprehensive income (loss) relating to cash flow hedges	(1,182)	407	(775)	2,779	(749)	2,030	(11,633)	2,674	(8,959)
OTHER COMPREHENSIVE INCOME (LOSS)	**1,019,710**	**(2,196)**	**1,017,514**	**(1,245,741)**	**(9,314)**	**(1,255,055)**	**152,589**	**32,919**	**185,508**

25. SUPPLEMENTARY CASH FLOW INFORMATION

The additional information in TABLE 5.85 is provided with respect to net cash provided by (used in) investing activities for the years ended December 31, 2021, 2020 and 2019.

T 5.85 **DETAILS FOR NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**
IN € THOUS

	2021	2020	2019
Details for acquisitions			
Assets acquired	(547,146)	(337,300)	(2,639,432)
Liabilities assumed	70,143	41,761	260,120
Noncontrolling interests[1]	120,197	37,140	137,368
Non-cash consideration	12,482	33,804	26,637
Cash paid	(344,324)	(224,595)	(2,215,307)
Less cash acquired	19,518	9,759	55,210
NET CASH PAID FOR ACQUISITIONS	**(324,806)**	**(214,836)**	**(2,160,097)**
Cash paid for investments	**(77,010)**	**(10,899)**	**(23,290)**
Cash paid for intangible assets	**(32,355)**	**(33,250)**	**(37,972)**
TOTAL CASH PAID FOR ACQUISITIONS AND INVESTMENTS, NET OF CASH ACQUIRED, AND PURCHASES OF INTANGIBLE ASSETS	**(434,171)**	**(258,985)**	**(2,221,359)**
Details for divestitures			
Cash received from sale of subsidiaries or other businesses, less cash disposed	52,444	14,608	43,317
Cash received from repayment of loans	-	-	-
PROCEEDS FROM DIVESTITURES	**52,444**	**14,608**	**43,317**

[1] Includes "put option liabilities" in the amount of €26,801 and €72,151 for the years ended December 31, 2020 and 2019, respectively, which were previously disclosed separately as these amounts relate to noncontrolling interests subject to put provisions.

TABLE 5.86 ON PAGE 268 shows a reconciliation of debt to net cash provided by (used in) financing activities for 2021.

TABLE 5.87 ON PAGE 268 shows a reconciliation of debt to net cash provided by (used in) financing activities for 2020.

Interest payments are included in operating activities in the consolidated statements of cash flows in the amount of €331,837 and €377,081 as of December 31, 2021 and 2020. Accrued interest is presented in the consolidated balance sheets under Current provisions and other current liabilities. For further information SEE NOTE 12.

T 5.86 RECONCILIATION OF DEBT TO NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES
IN € THOUS

			Non-cash changes				
	January 1, 2021	Cash Flow	Acquisitions (net of divestitures)	Foreign currency translation	Amortization of debt issuance costs and discounts	Other	December 31, 2021
Short-term debt from unrelated parties	62,950	1,115,777	164	(531)	-	(7)	1,178,353
Short-term debt from related parties	16,320	61,180	-	-	-	-	77,500
Long-term debt (excluding Accounts Receivable Facility)[1]	7,808,460	(812,002)	11,421	294,437	9,423	3,176	7,314,915
Accounts Receivable Facility	-	-	-	-	-	-	-
Lease liabilities from unrelated parties	4,352,267	(675,639)	42,600	297,110	-	613,762[2]	4,630,100
Lease liabilities from related parties	140,020	(21,315)	-	90	-	486[2]	119,281

[1] Cash Flow excluding repayments of variable payments outstanding for acquisitions in the amount of €19,314 and debt issuance cost relating to undrawn credit facilities in the amount of €7,590.
[2] Includes newly concluded leases, lease modifications and reassessments of leases with third parties and related parties. Furthermore, interest expense in the amount of €143,160, net of interest paid (included in Net cash provided by (used in) operating activities), are included.

T 5.87 RECONCILIATION OF DEBT TO NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES
IN € THOUS

			Non-cash changes				
	January 1, 2020	Cash Flow	Acquisitions (net of divestitures)	Foreign currency translation	Amortization of debt issuance costs and discounts	Other	December 31, 2020
Short-term debt from unrelated parties	1,149,988	(1,091,410)	4,093	(3,431)	-	3,710	62,950
Short-term debt from related parties	21,865	(5,469)	-	-	-	(76)	16,320
Long-term debt (excluding Accounts Receivable Facility)[1]	7,525,987	557,433	22,644	(309,632)	10,466	1,562	7,808,460
Accounts Receivable Facility	379,570	(373,840)	-	(6,385)	655	-	-
Lease liabilities from unrelated parties	4,582,092	(683,614)	(9,583)	(349,656)	-	813,028[2]	4,352,267
Lease liabilities from related parties	122,946	(20,185)	-	(169)	-	37,428[2]	140,020

[1] Cash Flow excluding repayments of variable payments outstanding for acquisitions in the amount of €22,746.
[2] Includes newly concluded leases, lease modifications and reassessments of leases with third parties and related parties. Furthermore, interest expense in the amount of €159,148, net of interest paid (included in Net cash provided by (used in) operating activities), are included.

26. SEGMENT AND CORPORATE INFORMATION

The Company's operating and reportable segments are the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment. The operating segments are determined based upon how the Company manages its businesses with geographical responsibilities. All segments are primarily engaged in providing health care services and the distribution of products and equipment for the treatment of ESKD and other extracorporeal therapies.

Management evaluates each segment using measures that reflect all of the segment's controllable revenues and expenses. With respect to the performance of business operations, management believes that the most appropriate measures are revenue and operating income. The Company does not include income taxes as it believes taxes are outside the segments' control. Financing is a corporate function, which the Company's segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measurement. Similarly, the Company does not allocate certain costs, which relate primarily to certain headquarters' overhead charges, including accounting and finance as well as certain legal and IT costs, because the Company believes that these costs are also not within the control of the individual segments. Production of products, production asset management, quality and supply chain management as well as procurement related to production are centrally managed. Products transferred to the segments are transferred at cost; therefore, no internal profit is

T 5.88 **SEGMENT AND CORPORATE INFORMATION (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2021							
Revenue from health care services	10,622,787	1,379,151	941,627	499,215	13,442,780	36,658	13,479,438
Revenue from health care products	1,051,878	1,336,921	1,017,262	201,054	3,607,115	16,836	3,623,951
Revenue from contracts with customers	11,674,665	2,716,072	1,958,889	700,269	17,049,895	53,494	17,103,389
Other revenue external customers	413,046	48,694	50,901	2,655	515,296	–	515,296
Revenue external customers	12,087,711	2,764,766	2,009,790	702,924	17,565,191	53,494	17,618,685
Inter-segment revenue	31,869	–	620	202	32,691	(32,691)	–
REVENUE	**12,119,580**	**2,764,766**	**2,010,410**	**703,126**	**17,597,882**	**20,803**	**17,618,685**
OPERATING INCOME	**1,643,918**	**309,327**	**349,599**	**11,959**	**2,314,803**	**(462,513)**	**1,852,290**
Interest	–	–	–	–	–	–	(280,429)
INCOME BEFORE INCOME TAXES	**–**	**–**	**–**	**–**	**–**	**–**	**1,571,861**
Depreciation and amortization	(983,568)	(195,032)	(105,934)	(38,890)	(1,323,424)	(261,943)	(1,585,367)
Impairment loss	(19,814)	(12,146)	(3,684)	(493)	(36,137)	(2,172)	(38,309)
Income (loss) from equity method investees	90,123	(1,074)	2,163	963	92,175	–	92,175
Total assets	22,667,874	3,943,175	3,042,941	787,207	30,441,197	3,925,361	34,366,558
thereof investment in equity method investees	459,231	197,717	104,077	25,880	786,905	–	786,905
Additions of property, plant and equipment, intangible assets and right of use assets	872,647	206,248	130,632	50,374	1,259,901	296,963	1,556,864

[1] Includes inter-segment consolidation adjustments.

generated. The associated internal revenue for the product transfers and their elimination are recorded as corporate activities. Capital expenditures for production are based on the expected demand of the segments and consolidated profitability considerations. The Company's global research and development team as well as its Global Medical Office, which seek to optimize medical treatments and clinical processes within the Company, are also centrally managed. These corporate activities (Corporate) do not fulfill the definition of a segment according to IFRS 8, Operating Segments. In addition, certain revenues, investments and intangible assets, as well as any related expenses, are not allocated to a segment but are accounted for as Corporate.

Information pertaining to the Company's segment and Corporate activities for the twelve-month periods ended December 31, 2021, 2020 and 2019 is set forth in TABLE 5.88 STARTING ON PAGE 269.

SEGMENT AND CORPORATE INFORMATION (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2020							
Revenue from health care services	11,060,231	1,364,976	876,036	484,930	13,786,173	24,416	13,810,589
Revenue from health care products	1,094,828	1,363,820	969,674	196,445	3,624,767	15,228	3,639,995
Revenue from contracts with customers	12,155,059	2,728,796	1,845,710	681,375	17,410,940	39,644	17,450,584
Other revenue external customers	323,361	33,792	48,468	2,858	408,479	-	408,479
Revenue external customers	12,478,420	2,762,588	1,894,178	684,233	17,819,419	39,644	17,859,063
Inter-segment revenue	28,753	5,933	239	304	35,229	(35,229)	-
REVENUE	**12,507,173**	**2,768,521**	**1,894,417**	**684,537**	**17,854,648**	**4,415**	**17,859,063**
OPERATING INCOME	**2,119,737**	**411,674**	**343,632**	**(156,555)**	**2,718,488**	**(414,079)**	**2,304,409**
Interest	-	-	-	-	-	-	(368,019)
INCOME BEFORE INCOME TAXES	**-**	**-**	**-**	**-**	**-**	**-**	**1,936,390**
Depreciation and amortization	(997,509)	(191,204)	(110,400)	(35,731)	(1,334,844)	(252,025)	(1,586,869)
Impairment loss	(1,231)	(2,266)	(1,065)	(194,468)	(199,030)	-	(199,030)
Income (loss) from equity method investees	87,493	4,237	2,950	18	94,698	(180)	94,518
Total assets	21,358,156	3,879,386	2,830,867	724,124	28,792,533	2,896,503	31,689,036
thereof investment in equity method investees	413,401	215,650	105,661	26,401	761,113	-	761,113
Additions of property, plant and equipment, intangible assets and right-of-use assets	1,162,847	249,401	143,939	50,682	1,606,869	395,654	2,002,523

[1] Includes inter-segment consolidation adjustments.

SEGMENT AND CORPORATE INFORMATION (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2019							
Revenue from health care services	10,907,934	1,354,220	861,963	499,202	13,623,319	–	13,623,319
Revenue from health care products	1,023,462	1,298,723	930,057	206,434	3,458,676	20,141	3,478,817
Revenue from contracts with customers	11,931,396	2,652,943	1,792,020	705,636	17,081,995	20,141	17,102,136
Other revenue external customers	263,777	40,530	66,750	3,362	374,419	–	374,419
Revenue external customers	12,195,173	2,693,473	1,858,770	708,998	17,456,414	20,141	17,476,555
Inter-segment revenue	3,067	686	504	251	4,508	(4,508)	–
REVENUE	**12,198,240**	**2,694,159**	**1,859,274**	**709,249**	**17,460,922**	**15,633**	**17,476,555**
OPERATING INCOME	**1,794,101**	**448,062**	**328,996**	**42,508**	**2,613,667**	**(344,109)**	**2,269,558**
Interest	–	–	–	–	–	–	(429,444)
INCOME BEFORE INCOME TAXES	**–**	**–**	**–**	**–**	**–**	**–**	**1,840,114**
Depreciation and amortization	(992,526)	(188,580)	(98,599)	(33,352)	(1,313,057)	(240,351)	(1,553,408)
Impairment loss	(36,411)	(3,341)	–	–	(39,752)	–	(39,752)
Income (loss) from equity method investees	75,941	(4,414)	2,551	1,152	75,230	(1,551)	73,679
Total assets	21,700,202	4,058,523	2,852,271	917,184	29,528,180	3,406,555	32,934,735
thereof investment in equity method investees	400,514	171,704	99,815	24,839	696,872	–	696,872
Additions of property, plant and equipment and intangible assets and right of use assets	1,097,517	212,282	190,591	36,595	1,536,985	356,934	1,893,919

[1] Includes inter-segment consolidation adjustments.

For the geographic presentation, revenues are attributed to specific countries based on the end user's location for products and the country in which the service is provided. Information with respect to the Company's geographic operations is set forth in TABLE 5.89.

T 5.89 **GEOGRAPHIC PRESENTATION**
IN € THOUS

	Germany	North America	Rest of the world	Total
2021				
Revenue external customers	511,390	12,087,711	5,019,584	17,618,685
Long-lived assets	1,478,579	19,618,557	4,191,436	25,288,572
2020				
Revenue external customers	493,436	12,478,420	4,887,207	17,859,063
Long-lived assets	1,202,528	17,878,746	4,325,335	23,406,609
2019				
Revenue external customers	474,750	12,195,173	4,806,632	17,476,555
Long-lived assets	1,311,786	19,112,827	4,335,569	24,760,182

27. SUBSEQUENT EVENTS

The bonds issued by Fresenius Medical Care US Finance II, Inc. in the amount of $700,000 (€532,522 as of the date of issuance on January 26, 2012) were redeemed at maturity on January 31, 2022.

No further significant activities have taken place subsequent to the balance sheet date December 31, 2021 that have a material impact on the key figures and earnings presented. Currently, there are no significant changes in the Company's structure, management, legal form or personnel.

28. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Compensation of the Management Board of the General Partner

The total compensation of the members of the Management Board of Fresenius Medical Care Management AG for the fiscal year 2021 amounted to €26,833 (2020: €27,853) and consisted of non-performance-based compensation (including fringe benefits) in the total amount of €9,531 (2020: €9,942), short-term performance-based compensation in the total amount of €6,819 (2020: €8,069) and components with long-term incentive effects (multi-year variable compensation) with a total fair value on the allocation date of €10,483 (2020: €9,842). The components with long-term incentive effects consist of 192,446 Performance Shares (2020: 159,607) allocated under the MB LTIP 2020.

Under IFRS, pension expense (service costs) for the members of the Management Board of Fresenius Medical Care Management AG in 2021 amounted to €5,146 (2020: €5,749) and the expense in respect to the long-term incentive share-based compensation plans to €5,119 (2020: €9,215). Total compensation expense, in accordance with IFRS, for the members of the Management Board of Fresenius Medical Care Management AG amounted to €26,615 (2020: €32,975).

As of December 31, 2021, outstanding liabilities and provisions with respect to the members of the Management Board of Fresenius Medical Care Management AG amounted to €54,626 (December 31, 2020: €50,859) and consisted mainly of pension commitments and provisions for performance-based compensation components. Short-term performance-based compensation is linked to the achievement of three financial targets (based on Revenue, Operating income and Net income) and one non-financial target (Sustainability). The individual contractual defined benefit pension commitments provide for pension and survivor benefits as of the time of conclusively ending active work or in case of full or partial reduction in earning capacity, and the amount of such benefits is calculated by reference to the amount of the Management Board member's most recent base salary. For information on the terms and conditions of the components with long-term incentive effects SEE NOTE 20. The total compensation of former members of the Management Board of Fresenius Medical Care Management AG amounted to €629 (2020: €629). As of December 31, 2021, pension obligations, according to IAS 19, towards this group of persons exist in an amount of €49,274 (December 31, 2020: €36,587).

Compensation of the supervisory board

In the fiscal year, the total compensation of the members of the Supervisory Board of FMC AG & Co. KGaA amounted to €1,089 (2020: €669).

The compensation of the supervisory board of the Fresenius Medical Care Management AG and the compensation of its Committees was, in compliance with article 7 para. 3 of the Articles of Association of FMC AG & Co. KGaA, charged to FMC AG & Co. KGaA. In the fiscal year the total compensation of the members of the supervisory board of Fresenius Medical Care Management AG amounted to €1,084 (2020: €943).

29. PRINCIPAL ACCOUNTANT FEES AND SERVICES

At the Company's AGM on August 27, 2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, was approved to serve as the Company's new independent accountants beginning with the 2020 fiscal year, thereby replacing KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Berlin, as the Company's auditors.

In 2021, 2020 and 2019, fees for the auditors and their affiliates were expensed as shown in TABLE 5.90.

T 5.90 **FEES**
IN € THOUS

	2021		2020		2019	
	Consolidated group	thereof Germany	Consolidated group	thereof Germany	Consolidated group	thereof Germany
Audit fees – PwC	10,524	2,041	9,386	1,608	–	–
Audit fees – KPMG	581	–	455	–	10,113	1,665
Audit-related fees – PwC	1,038	614	510	394	–	–
Audit-related fees – KPMG	83	–	87	45	615	525
Tax fees – PwC	633	–	951	54	–	–
Tax fees – KPMG	311	–	310	–	318	–
Other fees – PwC	1,817	1,813	5,236	5,236	–	–
Other fees – KPMG	251	203	42	–	41	–

Audit fees are the aggregate fees billed by the Company's auditors for the audit of the Company's consolidated financial statements and the statutory financial statements of FMC AG & Co. KGaA and certain of its subsidiaries, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. Fees related to the audit of internal control over financial reporting are included in audit fees.

Audit-related fees are fees charged by the Company's auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under audit fees. This category mainly comprises fees billed by PwC for comfort letters, agreed-upon procedure engagements and other attestation services subject to regulatory requirements. Fees billed by KPMG comprises fees for comfort letters, consultation on accounting issues, agreed-upon procedure engagements and other attestation services subject to regulatory requirements.

Tax fees are fees for professional services rendered by PwC for tax compliance, tax consulting associated with international transfer prices, as well as support services related to tax audits. Tax fees billed by KPMG comprises fees for tax compliance, tax advice on implications for actual or contemplated transactions, tax consulting associated with international transfer prices, and expatriate employee tax services, as well as support services related to tax audits.

In 2021 and 2020, other fees include amounts related to services from PwC, mainly in regard to corporate governance. Prior to 2020, other fees included amounts related to services from KPMG in regard to the harmonization of the IT-landscape as well as amounts related to supply chain consulting fees.

Fees billed by the Company's auditors for non-audit services in Germany include fees for the services described above within the audit-related fees, tax fees and other fees.

30. CORPORATE GOVERNANCE

The Management Board of the General Partner, represented by Fresenius Medical Care Management AG, and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA issued a compliance declaration pursuant to Section 161 of the German Stock Corporation Act (AktG). The Company has frequently made this declaration available to the public by publishing it on its website. The Company's declaration of compliance can be found at the following address: https://www.freseniusmedicalcare.com/en/investors/corporate-governance/declaration-of-compliance/.

Hof an der Saale, February 25, 2022

Fresenius Medical Care AG & Co. KGaA

Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

R. POWELL **H. GIZA** **F. W. MADDUX, MD**

DR. K. MAZUR-HOFSÄSS **W. VALLE**

SUPERVISORY BOARD AND MANAGEMENT BOARD

SUPERVISORY BOARD

Dr. Dieter Schenk
Chairman
Attorney and Tax Advisor
Member of Supervisory Boards

Member of the Supervisory Board of:
Fresenius Management SE (Vice Chairman)
Fresenius Medical Care Management AG (Vice Chairman)
HWT invest AG (Chairman)
Gabor Shoes AG (Chairman)
TOPTICA Photonics AG (Chairman)
Member of the Foundation Board and of the Economic Council of:
Else Kröner-Fresenius-Stiftung (Chairman)

Rolf A. Classon
Vice Chairman
Non-Executive Director

Member of the Supervisory Board of:
Fresenius Medical Care Management AG
Member of the Board of Directors of:
Catalent, Inc., U.S. (Non-Executive Director)
Perrigo Company plc, Ireland (Non-Executive Director)

William P. Johnston (until May 20, 2021)
Retiree
Member of the Supervisory Board of:
Fresenius Medical Care Management AG (until May 20, 2021)

Gregory Sorensen, MD (since May 20, 2021)
Chief Executive Officer of DeepHealth, U.S.
Executive Chairman of the Board of Directors of IMRIS (Deerfield Imaging, Inc.), U.S.

Member of the Supervisory Board of:
Fresenius Medical Care Management AG (since May 20, 2021)
Siemens Healthineers AG
Member of the Board of Directors of:
Fusion Healthcare Staffing, LLC, U.S. (Non-Executive Director) (until September 29, 2021)
Invicro, LLC, U.S. (Non-Executive Director)
DFP Healthcare Acquisitions Corp., U.S. (Non-Executive Director) (until November 12, 2021)

Dr. Dorothea Wenzel
Non-Executive Director

Member of the Board of Directors of:
H. Lundberg A / S, Denmark (Non-Executive Director)

Pascale Witz
President of PWH Advisors

Member of the Board of Directors of:
Horizon Therapeutics plc, Ireland (Non-Executive Director)
Regulus Therapeutics, Inc., U.S. (Non-Executive Director)
Perkin Elmer, Inc., U.S. (Non-Executive Director)

Prof. Dr. Gregor Zünd
Chief Executive Officer of the University Hospital of Zurich

SUPERVISORY BOARD COMMITTEES

Audit and Corporate Governance Committee
Rolf A. Classon (Chairman)
William P. Johnston (until May 20, 2021, until then also Vice Chairman)
Dr. Dorothea Wenzel (since May 20, 2021)
Pascale Witz (Vice Chairwoman since May 20, 2021)

Nomination Committee
Dr. Dieter Schenk (Chairman since May 20, 2021, until then Vice Chairman)
Rolf A. Classon (Vice Chairman since May 20, 2021, until then Chairman)
Dr. Dorothea Wenzel (since May 20, 2021)

Joint Committee[1]
Rolf A. Classon
William P. Johnston (until May 20, 2021)
Dr. Dorothea Wenzel (since May 20, 2021, also Vice Chairwoman)

[1] Joint Committee of the Supervisory Boards of Fresenius Medical Care AG & Co. KGaA and Fresenius Medical Care Management AG. Further members of the Joint Committee are Mr. Stephan Sturm (Chairman) and Dr. Gerd Krick (until May 20, 2021) respectively Ms. Rachel Empey (sincel May 20, 2021) as representatives of Fresenius Medical Care Management AG. Mr. Sturm and Dr. Krick respectively Ms. Empey are not members of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA.

MANAGEMENT BOARD OF THE GENERAL PARTNER FRESENIUS MEDICAL CARE MANAGEMENT AG

Rice Powell
Chairman and Chief Executive Officer

Member of the Management Board of:
Fresenius Management SE, General Partner of Fresenius SE & Co. KGaA

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S. (Chairman)

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (Vice Chairman)

Helen Giza
Chief Financial Officer and Chief Transformation Officer

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S.

Franklin W. Maddux, MD
Global Chief Medical Office

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland

Member of the Board of Directors of:
Goldfinch Bio, Inc., U.S. (Non-Executive Director)

Dr. Katarzyna Mazur-Hofsäß
Chief Executive Officer for Europe, Middle East and Africa (until December 31, 2021); Chief Executive Officer for Care Enablement (since January 1, 2022)

Member of the Supervisory Board of:
Xenios AG (Chairwoman since February 11, 2021)
Medos Medizintechnik AG (Chairwoman since February 11, 2021)

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland

Member of the Board of Directors of:
Smith & Nephew plc, United Kingdom (Non-Executive Director)

Dr. Olaf Schermeier (until December 31, 2021)
Chief Executive Officer for Research and Development

Member of the Supervisory Board of:
Xenios AG (Vice Chairman since February 11, 2021, until then Chairman)
Medos Medizintechnik AG (Vice Chairman since February 11, 2021, until then Chairman)

Member of the Board of Administration of:
Unicyte AG, Switzerland

William Valle
Chief Executive Officer for North America (until December 31, 2021);
Chief Executive Officer for Care Delivery (since January 1, 2022)

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S.

Kent Wanzek (until December 31, 2021)
Chief Executive Officer for Global Manufacturing,
Quality and Supply

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S.

Harry de Wit (until December 31, 2021)
Chief Executive Officer for Asia-Pacific

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.

INDEPENDENT AUDITOR'S REPORT

To Fresenius Medical Care AG & Co. KGaA, Hof an der Saale

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of income, consolidated statement of shareholders' equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Fresenius Medical Care AG & Co. KGaA for the financial year from 1 January to 31 December 2021.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537 / 2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

› Recoverability of goodwill

Our presentation of this key audit matter has been structured as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matter:

Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to € 14,362 million (41.8% of total assets or 102.7% of equity) is reported under the "Goodwill" balance sheet item. In accordance with IAS 36, the Company performs an annual impairment test of goodwill at least once a year for each group of cash generating units (CGUs) or more frequently if the Company becomes aware of events that occur or if circumstances change that would indicate the carrying value may not be recoverable. To perform the annual impairment test of goodwill, the Company identified its groups of cash generating units and determined their carrying value by assigning the operating assets and liabilities, including the existing goodwill and intangible assets, to those groups of CGUs. Groups of CGUs reflect the lowest level on which goodwill is monitored for internal management purposes. To comply with IFRS to determine possible impairments of these assets, the value in use of the groups of CGUs is first compared to the CGU's carrying amount. In cases where the value in use of the group of CGU is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the group of CGUs. The value in use of each group of CGUs is determined using estimated future cash flows for the unit discounted by a pre-tax discount rate (WACC) specific to that group of CGUs. The annual impairment tests determined that no write-downs were necessary.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of CGUs, the pre-tax discount rate used and other assumptions, and is, also against the background of the effects of the ongoing Corona pandemic, subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our procedures on the goodwill impairment tests, we assessed the effectiveness of the processes and controls established by the Company with respect to the valuation model and the determination of the applicable pre-tax discount rate. Our procedures also included, among others, comparing the Company's historical financial forecasted budgets with the actual results, agreeing future cash flows to approved budgets, and performing sensitivity analyses over significant assumptions used by the executive directors, including the applied pre-tax discount rate. In addition, we involved our valuation professionals with specialized skills and knowledge, who assisted in evaluating the pre-tax discount rates for each group of CGUs and the appropriateness of the valuation model. For groups of CGUs in which the value in use did not exceed the carrying amount significantly, we also performed procedures to assess the revenue growth rates, residual value growth rates and operating income margins used in the cash flow forecasts by comparing the development of assumptions to underlying documentation, including patient growth expectations. We also performed sensitivity analyses over the revenue growth rates, residual value growth rates, and operating income margin to evaluate the impact of changes to the respective group of CGU's value in use.

   Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in NOTES 1G), 2A) AND 11 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information.

The other information comprises

› the statement on corporate governance pursuant to § 289f HGB and § 315d HGB, which we obtained prior to the date of our auditor's report
› the separate non-financial group report pursuant to § 315b Abs. 3 HGB, which we obtained prior to the date of our auditor's report

› the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible, which we obtained prior to the date of our auditor's report
› all remaining parts of the annual report, which are expected to be made available to us after the date of the auditor's report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

› is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
› otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file FME_AG_KA_KLB_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (ESEF format). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but

not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019 / 815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019 / 815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 20 May 2021. We were engaged by the supervisory board on 4 August 2021. We have been the group auditor of the Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Peter Kartscher.

Frankfurt am Main, February 25, 2022

PRICEWATERHOUSECOOPERS GMBH
Wirtschaftsprüfungsgesellschaft

PETER KARTSCHER
Wirtschaftsprüfer
[German Public Auditor]

HOLGER LUTZ
Wirtschaftsprüfer
[German Public Auditor]

FURTHER INFORMATION

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the results of operations, financial position and net assets of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hof an der Saale,
February 25, 2022

Fresenius Medical Care AG & Co. KGaA

Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

R. POWELL **H. GIZA** **F. W. MADDUX, MD**

DR. K. MAZUR-HOFSÄSS **W. VALLE**

REGIONAL ORGANIZATION

T 6.1 **REGIONAL ORGANIZATION OF FRESENIUS MEDICAL CARE (CONTINUATION SEE NEXT PAGE)**

Europe, Middle East and Africa			
Austria	FMC Austria GmbH	Vienna	100 %
Belgium	FMC Belgium N.V.	Willebroek	100 %
Bosnia and Herzegovina	FMC BH d.o.o.	Sarajevo	100 %
Bulgaria	FMC Bulgaria EOOD	Gabrovo	100 %
Croatia	FMC-Nephro d.o.o.	Zagreb	100 %
Czech Republic	FMC-DS, s.r.o.	Prague	100 %
Denmark	FMC Danmark A / S	Taastrup	100 %
Estonia	OÜ FMC Estonia	Tallinn	100 %
Finland	FMC Suomi Oy	Helsinki	100 %
France	FMC France S.A.S.	Fresnes	100 %
Germany	FMC Deutschland GmbH	Bad Homburg v. d. H.	100 %
Great Britain	FMC (U.K.) Ltd.	Nottinghamshire	100 %
Hungary	FMC Dializis Center Kft. *	Budapest	100 %
Ireland	FMC (Ireland) Ltd.	Dublin	100 %
Israel	FMC Israel Ltd.	Raanana	100 %
Italy	FMC Italia S.p.A.	Palazzo Pignano	100 %
Kazakhstan	FMC Kazakhstan LLP	Almaty	100 %
Kyrgyzstan	FMC KGZ LLC	Bishkek	100 %
Lebanon	FMC Lebanon S.a.r.l.	Beirut	100 %
Morocco	FMC Nord Ouest et Centre Afrique S.A.	Casablanca	100 %
Poland	FMC Polska S.A.	Poznań	100 %
Portugal	NephroCare Portugal, S.A.	Lisbon	100 %
Romania	FMC Romania S.r.l.	Bucharest	100 %
Russian Federation	JSC Fresenius SP	Moscow	100 %
Saudi Arabia	Saudi Advanced Renal Services Ltd.	Riyadh	100 %
Serbia	FMC Srbija d.o.o.	Vršac	100 %

REGIONAL ORGANIZATION OF FRESENIUS MEDICAL CARE (CONTINUATION OF THE PREVIOUS PAGE)

Europe, Middle East and Africa

Slovakia	FMC Slovensko, spol. s.r.o.	Pieštany	100 %
Slovenia	FMC Slovenija d.o.o.	Celje	100 %
South Africa	FMC South Africa (Pty.) Ltd.	Johannesburg	100 %
Spain	NMC of Spain, S.A.U.	Madrid	100 %
Sweden	FMC Sverige AB	Sollentuna	100 %
Switzerland	FMC (Schweiz) AG	Oberdorf	100 %
The Netherlands	FMC Nederland B.V.	Nieuwkuijk	100 %
Turkey	Fresenius Medikal Hizmetler A.S.	Istanbul	100 %
Ukraine	FMC Ukraine TOV	Kiev	100 %

North America

Mexico	FMC de México, S.A. de C.V.	Zapopan	100 %
U.S.	FMC Holdings, Inc.	New York	100 %

Latin America

Argentina	FMC Argentina S.A.	Buenos Aires	100 %
Brazil	FMC Ltda.	Jaguariúna	100 %
Chile	FMC Chile S.A.	Santiago de Chile	100 %
Colombia	FMC Colombia S.A.	Bogotá	100 %
Curaçao	Caribbean Medic Health Care System N.V.	Willemstad	100 %
Ecuador	NEFROCONTROL S.A.	Quito	100 %
Guatemala	SUGERENCIAS MEDICAS, S.A.	Guatemala-City	100 %
Peru	FMC del Perú S.A.	Lima	100 %
Uruguay	Casarelio S.A.	Montevideo	100 %

Asia-Pacific

Australia	FMC Australia Pty. Ltd.	Sydney	100 %
Bangladesh	FMC Bangladesh Ltd.	Dhaka	100 %
China	FMC (Shanghai) Co., Ltd.	Shanghai	100 %
Hong Kong	FMC Hong Kong Ltd.	Wan Chai	100 %
India	FMC India Private Ltd.	Gurugram	100 %
Indonesia	PT FMC Indonesia	Jakarta	100 %
Japan	Fresenius-Kawasumi Co., Ltd.	Tokyo	70 %
Malaysia	FMC Malaysia Sdn. Bhd.	Petaling Jaya	100 %
Myanmar	FMC Myanmar Company Ltd.	Yangon	100 %
Pakistan	FMC Pakistan (Private) Ltd.	Lahore	100 %
Philippines	FMC Philippines, Inc.	Manila	100 %
Singapore	Asia Renal Care (SEA) Pte. Ltd.	Singapore	100 %
South Korea	FMC Korea Ltd.	Seoul	100 %
Sri Lanka	FMC Lanka (Private) Ltd.	Colombo	100 %
Taiwan	FMC Taiwan Co., Ltd.	Taipei	100 %
Thailand	FMC (Thailand) Ltd.	Bangkok	100 %
Vietnam	FMC Vietnam LLC	Ho Chi Minh City	100 %

Production Sales Service

Simplified chart of Fresenius Medical Care's regional organization. Line of business in respective country in 2021.
We use FMC for Fresenius Medical Care except for all susidiaries marked with *.
Some percentages of subsidiaries represent direct and indirect shareholdings.

GLOSSARY

A

ALBUMIN

A protein with two important functions: On the one hand, it binds water and therefore ensures that the fluid contained in the ► **blood** remains in the bloodstream and does not pass through the arterial walls into the surrounding tissue; on the other, it transports various important substances, for example, numerous drugs as well as free fatty acids and hormones that are bound to albumin and carried throughout the body with the blood. The level of this protein provides information about a patient's general nutritional condition.

AMERICAN DEPOSITARY RECEIPT (ADR)

A certificate issued by an American depositary bank allowing U.S. investors to have an indirect stake in a non-U.S. company (rather than holding actual shares). Fresenius Medical Care shares are listed on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADR).

ANEMIA

Reduced ability of the ► **blood** to transport oxygen, measured as a lower ► **hemoglobin** concentration in the blood.

ANTICOAGULANT

An agent (e.g. heparin) that prevents ► **blood coagulation**.

AUTOMATED PERITONEAL DIALYSIS (APD)

Machine-supported version of ► **peritoneal dialysis** treatment that is usually performed at night.

B

BIOFINE

Environmentally friendly material for producing foils, tubing and other components for ► **peritoneal dialysis** and acute dialysis (► **kidney failure, acute**). Biofine is recyclable and PVC-free.

BLOOD

Fluid circulating in the body consisting of blood plasma and blood cells (red blood cells, white blood cells, platelets, etc.). The main function of blood is to transport oxygen, nutrients and hormones to the body's cells and to remove waste products (such as carbon dioxide and urea). Blood also regulates the water and electrolyte balance and helps ward off contaminants as part of the immune system.

BLOOD CELLS, RED – ERYTHROCYTES

Blood cells that are responsible for transporting oxygen. They are produced by erythropoietin, a hormone formed in the kidneys.

BLOOD CELLS, WHITE – LEUKOCYTES

Blood cells that are responsible for defending the human body against infections. They are involved in allergic reactions and destroy damaged, old or dead cells in the body.

BLOOD COAGULATION

A complex process in which solid clots are formed that stem the flow of ► **blood**. The damaged wall of a blood vessel is covered by a fibrin clot that stops hemorrhaging and helps repair the damaged vessel. Coagulation disorders can lead to increased hemorrhaging and/or thrombosis, and even embolism. During dialysis treatment, blood coagulation is inhibited by administering ► **anticoagulants** (such as heparin).

BLOODLINE SYSTEM

Tubing system connecting a patient's blood circulation to a ► **dialyzer** during dialysis treatment.

C

CALCIMIMETICS

Drugs that have a positive effect on the bone and mineral metabolism, which is often disturbed in chronically ill kidney patients. Calcimimetics supplement treatment of chronic kidney failure (► **kidney failure, chronic**).

CATHETER

A flexible tube inserted surgically through the skin into a blood vessel or a body cavity to transport fluid into or out of the body. In ► **peritoneal dialysis**, a catheter is used to infuse ► **dialysate** into the abdominal cavity and drain it out again. In ► **hemodialysis**, a catheter can be used as a vascular access for dialysis treatment. In this case, it is usually inserted into the superior vena cava, or occasionally the femoral vein.

CONTINUOUS AMBULATORY PERITONEAL DIALYSIS (CAPD)

A treatment method in which the ► **dialysate** is exchanged manually, generally four times a day.

CSR DIRECTIVE IMPLEMENTATION ACT

A law that became effective in April 2017 to change the German Commercial Code with the aim of strengthening non-financial reporting by certain major capital market companies in their (group) management reports.

CYCLER

A device that automatically exchanges the ► **dialysis solution** that flows through the peritoneum and removes excess water and harmful substances from the patient's body over a period of several hours, typically at night.

D

DAX

The German stock index, calculated on the basis of the weighted prices of the 40 largest German companies listed on the stock exchange in terms of market capitalization and trading volume.

DAYS SALES OUTSTANDING (DSO)

A ratio indicating the average number of days it takes for a receivable to be paid. A shorter DSO results in lower interest charges for the creditor and a lower risk of default.

DEBT / EBITDA RATIO

An important indicator in corporate management. It is calculated by putting a company's debt in relation to its earnings before interest, tax, depreciation and amortization (► **EBITDA**) and other non-cash charges.

DELIVERED OPERATING INCOME

Operating income less noncontrolling interests. We consider delivered operating income to be an important indicator for investors because of the significance of noncontrolling interests in our operating activities. Delivered operating income is roughly equivalent to the operating income attributable to the shareholders of Fresenius Medical Care AG & Co. KGaA.

DIABETES

An increased blood sugar level resulting from the body's inability to regulate glucose efficiently in the body's cells. Insulin, the main regulatory hormone in sugar metabolism, usually helps in this process.

DIALYSATE

Dialysis solution – a fluid used in ► **dialysis** to remove the substances filtered out during treatment and excess water from the ► **blood**.

DIALYSIS

A form of renal replacement therapy where a semi-permeable membrane – the patient's peritoneum in ► **peritoneal dialysis** or the membrane of the ► **dialyzer** in ► **hemodialysis** – is used to clean a patient's ► **blood**.

DIALYSIS SOLUTION

► **Dialysate**

DIALYZER

A special filter used in ► **hemodialysis** to remove toxic substances, waste products of metabolic processes, and excess water from the ► **blood**. The dialyzer is frequently referred to as an "artificial kidney".

DIVIDEND

A portion of a company's profit. The profit to be distributed is divided by the number of outstanding shares to produce the dividend per share, which is paid to shareholders usually once a year in the form of cash.

E

EBITDA (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION)

A financial ratio to describe a company's operating performance before capital expenditure.

EMERGING MARKETS

Term for countries that have grown increasingly in recent years and whose economic markets are on the way to becoming developed.

ERYTHROPOIESIS-STIMULATING AGENTS (ESA)

Recombinant (artificially produced) human EPO that is commonly prescribed to patients on dialysis who suffer from ► **anemia**.

F

FDA

U.S. Food and Drug Administration.

FME25

FME25 is our dedicated transformation program to organize the company along the key value drivers and to become more agile, innovative, cost effective and more competitive.

FREE FLOAT

The total number of shares of a stock corporation that are available for trading. According to the definition by Deutsche Börse, the free float includes all shares that are not held by major shareholders (with more than 5 % of the registered share capital), and can therefore be acquired and traded by the general public.

G

GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative has defined guidelines for sustainability reporting. Companies as well as governments and non-governmental organizations worldwide report on their economic, environmental and social strategy based on these data and indicators.

GLOMERULAR FILTRATION RATE (GFR)

Indicates the volume of liquid filtered by the ► **kidneys** from the ► **blood** per minute (primary urine). If the GFR is less than 15 ml / min (stage 5), dialysis or a kidney transplant is needed. Patients with stage 4 chronic kidney disease (GFR of 15 to 29 ml / min) have advanced kidney damage; it is highly likely that these patients will need dialysis or a kidney transplant in the near future.

Stages of chronic kidney disease according to the U.S. National Kidney Foundation:

› Stage 1 – kidney damage with normal or increased GFR ≥ 90 GFR (ml / min)
› Stage 2 – kidney damage with slightly decreased GFR 60 – 89 GFR (ml / min)
› Stage 3 – kidney damage with moderately decreased GFR 30 – 59 GFR (ml / min)
› Stage 4 – kidney damage with greatly decreased GFR 15 – 29 GFR (ml / min)
› Stage 5 – kidney failure (or dialysis) < 15 GFR (ml / min)

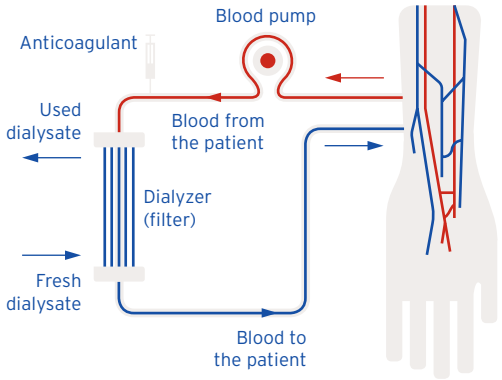
H

HEMODIAFILTRATION (HDF)

A process combining ► **hemodialysis** and ► **hemofiltration**. The theoretical basis for the combination of both methods is the fact that low-molecular substances such as urea and creatinine are predominantly removed by diffusive transportation as in hemodialysis, whereas larger molecules are mainly removed by convective transportation as in hemofiltration. In hemodiafiltration (HDF), the total amount of toxins removed is greater than in the individual processes, since convection and diffusion are not cumulative, but run in parallel and influence each other. HDF uses synthetic membranes that are more permeable (high-flux dialyzers) and have a better ultrafiltration performance.

HEMODIALYSIS (HD)

A treatment method for dialysis patients in which the patient's ► **blood** flows through plastic bloodlines into a special filter, the ► **dialyzer**. In the dialyzer, waste products from metabolic processes and excess water are removed from the blood and transported away in the ► **dialysate**. Afterwards, the purified blood is returned to the patient's body. The process is controlled by a hemodialysis machine that pumps blood, adds anti-coagulants, regulates the purification process, and controls the mixing of the dialysate and its flow rate through the system. A patient typically receives three treatments per week, each lasting between three and six hours.



HEMOFILTRATION (HF)

A form of treatment for patients with chronic kidney failure (► **kidney failure, chronic**) that does not use ► **dialysate**. The solutes are removed by filtering the plasma water through a semi-permeable membrane by means of convective forces. A substitution fluid is infused to replace the volume removed by filtration.

HEMOGLOBIN

Component of red blood cells that binds oxygen and carries it through the body. It also gives blood its color (blood pigment).

HEPARIN

Universal anticoagulant substance administered during ► **hemodialysis** to slow down ► **blood coagulation**.

HIGHVOLUMEHDF

A form of ► **hemodiafiltration (HDF)**. With HighVolumeHDF, the volume of fluid substituted by convective transport is greater than with HDF. Recent studies show that HighVolumeHDF significantly increases patient survival rates compared to conventional dialysis treatment methods.

HOME DIALYSIS

Form of ► **dialysis** performed at home after completing professional training. In principle, ► **peritoneal dialysis** as well as ► **hemodialysis** (as home hemodialysis) can be performed at home.

I

IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)

Accounting standards issued by the International Accounting Standards Board (IASB).

ISO

International Organization for Standardization.

K

KIDNEY FAILURE, ACUTE

Acute loss of renal function. Depending on the severity of renal function loss, dialysis treatment may be necessary temporarily. Unlike chronic kidney failure ► **kidney failure, chronic**, ► **dialysis** can help to completely restore ► **kidney** function in many patients with acute kidney failure.

KIDNEY FAILURE, CHRONIC (END-STAGE KIDNEY DISEASE, ESKD)

Permanent failure of the ► **kidney** (terminal kidney failure) resulting from a slow and progressive loss of kidney function (no more detoxification of the body) over several years. Since the kidney function cannot be recovered, patients must be treated with renal replacement therapy, i.e. a kidney transplantation or dialysis. Chronic kidney failure is accompanied by long-term complications such as kidney ► **anemia**, hypertension, and other cardiovascular problems, as well as bone disease, loss of appetite, and malnutrition.

KIDNEYS

Two vital organs located at the rear of the abdominal cavity, one each on the right and left side of the spinal column. They are approximately 10 to 12 cm long and weigh around 160 grams each. The kidneys guarantee a regulated acid-base balance by filtering excreta and producing urine. Approximately 1,700 liters of blood pass through an adult's kidneys every 24 hours.

KIDNEY TRANSPLANTATION

A surgical procedure to implant a kidney from a donor.

KOMMANDITGESELLSCHAFT AUF AKTIEN (KGAA)

A German entity with its own legal identity in which at least one general partner (personally liable shareholder, or "Komplementär") has unlimited liability toward the company's creditors, while the other shareholders (Kommanditaktionäre) participate in the capital stock that has been broken down into shares, without being personally liable for the company's debts.

KT/V

Indicator to evaluate treatment quality. It is calculated by putting the product of urea clearance through dialysis (K) and the duration of treatment (t) in relation to the filtration rate of certain toxins (V).

M

MARKET CAPITALIZATION

The total value of all outstanding shares of a company. It is calculated by multiplying the number of outstanding shares by the share price.

MEDICARE/MEDICAID

A health care program developed by the U.S. Social Security Administration that reimburses health insurance companies and providers of medical services for the cost of medical care to individuals over 65, patients with chronic kidney failure (► **kidney failure, chronic**), the disabled or needy.

MEMBRANE

A semi-permeable barrier in the ► **dialyzer** that separates the ► **blood** from the ► **dialysate**.

O

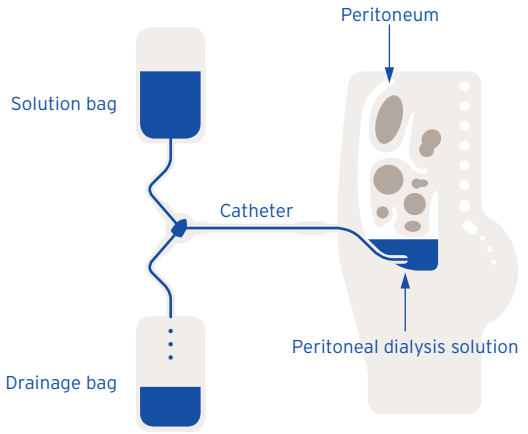
OPERATING INCOME

A financial ratio to describe a company's profitability, irrespective of regional taxation and different forms of financing.

P

PERITONEAL DIALYSIS (PD)

A treatment method that uses the patient's peritoneum, i.e. the lining covering the inner wall of the abdominal cavity and the abdominal organs, as the dialyzing membrane. A sterile ► **dialysate** is introduced into the patient's abdominal cavity and removed through a ► **catheter** that has been surgically implanted. The dialysis solution absorbs toxins and removes them together with excess water. Most treatments are administered by patients themselves at home or at work several times a day or during the night using a machine – the ► **cycler**.



PHOSPHATE BINDERS

Drugs that bind excess phosphate in the intestine that has been ingested via food. Excess phosphate is normally discharged by healthy ► **kidneys**. In patients with chronic kidney failure (► **kidney failure, chronic**), this filtering process can only partially be replaced by ► **dialysis**. Too much phosphate in the ► **blood** can cause numerous adverse effects, such as bone disease, thyroid problems and vascular calcification.

POLYSULFONE

A polymer (plastic) used to produce dialyzer ► **membranes**. It is characterized by extreme thermal stability, chemical resistance and blood compatibility.

PREVALENCE

Number of patients suffering from a specific disease within a defined period.

R

RATING

A classification of the creditworthiness of a company recognized by the international capital markets. It is published by independent rating agencies such as Standard & Poor's, Moody's, or Fitch based on a company analysis.

REGENERATIVE MEDICINE

Approach to completely restore diseased tissue to its original, healthy, and functional state. New technologies include lab-grown biomaterials, tissue engineering, stem cell or gene therapies.

ROIC (RETURN ON INVESTED CAPITAL)

Ratio showing operating income after adapted income taxes in relation to the average invested capital of the last five quarterly balance sheet dates. It provides information on how efficiently a company works with its available capital or how efficiently the capital is employed for a specific investment project. Fresenius Medical Care calculates its ROIC in euros based on annual figures in accordance with ► **IFRS**.

S

SARBANES-OXLEY ACT (SOX)

A law aimed at corporations and their auditors with the objective of improving financial accounting. The goal is to strengthen the confidence of shareholders and other stakeholders in a company by extending regulations relating to financial reporting and internal monitoring systems. The law strengthens the obligation of company management to provide complete and correct information. The rules apply to all companies listed on U.S. stock exchanges.

SECURITIES AND EXCHANGE COMMISSION (SEC)

A federal agency that regulates and monitors the U.S. financial markets.

SLEEP.SAFE HARMONY

A system offering the full range of ► **automated peritoneal dialysis** options while ensuring maximum safety and comfort for the patient, physician and nursing staff.

U

U.S. GAAP

United States Generally Accepted Accounting Principles

V

VASCULAR ACCESS, ARTERIOVENOUS (AV)

A direct, surgically created connection between an artery (blood vessel carrying ► **blood** from the heart to the body) and a vein (blood vessel carrying blood to the heart) in the patient's forearm. This connection forms one large blood vessel with an increased blood flow that provides access for ► **hemodialysis**. Adequate vascular access is a prerequisite for hemodialysis.

VOLATILITY

Price fluctuation of a security or currency.

FIVE-YEAR SUMMARY

T 6.2 **FIVE-YEAR-SUMMARY (CONTINUATION SEE NEXT PAGE)**
IN € M, EXCEPT PER SHARE DATA

	2021	2020	2019	2018	2017
Statements of income					
Revenue	17,619	17,859	17,477	16,547	17,784
Earnings before interest, taxes, depreciation, amortization and impairment loss (EBITDA)	3,476	4,090	3,863	3,827	3,098
Operating income	1,852	2,304	2,270	3,038	2,362
Net income (attributable to shareholders of FMC AG & Co. KGaA)	969	1,164	1,200	1,982	1,280
Basic earnings per share in €	3.31	3.96	3.96	6.47	4.17
Balance sheets					
Non-current assets	26,400	24,414	25,770	18,395	17,651
Total assets	34,367	31,689	32,935	26,242	24,025
Equity	13,979	12,331	13,227	12,902	10,828
Total debt and lease liabilities	13,320	12,380	13,782	7,546	7,448
Cash flow					
Net cash provided by (used in) operating activities	2,489	4,233	2,567	2,062	2,192
Free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments)	1,660	3,197	1,454	1,059	1,351
Share data					
Year-end share price Frankfurt, Xetra in €	57.14	68.20	65.96	56.64	87.78
Year-end share price (ADS) New York in $	32.46	41.56	36.83	32.39	52.55
Weighted average number of shares	292,944,732	294,055,525	302,691,397	306,541,706	306,563,400
Total dividend amount[1] in € M	396	392	351	355	325
Dividend per share[1] in €	1.35	1.34	1.20	1.17	1.06

FIVE-YEAR SUMMARY (CONTINUATION OF THE PREVIOUS PAGE)

	2021	2020	2019	2018	2017
Employees					
Full-time equivalents	122,909	125,364	120,659	112,658	114,000
Operational ratios in %					
Operating income margin	10.5	12.9	13.0	18.4	13.3
Basic earnings per share growth	(16.4)	(0.1)	(38.7)	54.9	11.6
Organic revenue growth	1.4	3.1	5.2	3.9	6.6
Return on invested capital (ROIC)[2]	4.9	5.8	6.1	12.4	8.6
Net leverage ratio[3]	3.3	2.7	3.2	1.8	2.1
Net cash provided by (used in) operating activities in % of revenue	14.1	23.7	14.7	12.5	12.3
Free cash flow in % of revenue	9.4	17.9	8.3	6.4	7.6
Equity ratio (equity / total assets)	40.7	38.9	40.2	49.2	45.1
Dialysis care data					
Treatments in M	52.9	53.6	52.1	50.0	48.3
Patients	345,425	346,553	345,096	333,331	320,960
Dialysis clinics	4,171	4,092	3,994	3,928	3,752

[1] 2021: proposal to be approved by the Annual General Meeting on May 12, 2022.
[2] See calculation in the Group Management Report, chapter "Overview of the group", section "Performance management system" starting on PAGE 24.
[3] See calculation in the Group Management Report, chapter "Economic Report", section "Results of operations, financial position and net assets - Financial position - Financing strategy" starting on PAGE 52.

FINANCIAL CALENDAR 2022

Subject to change

MAY 4 — Report on first quarter

MAY 12 — Annual General Meeting

MAY 17 — Payment of dividend
Subject to the approval by the Annual General Meeting

AUGUST 2 — Report on second quarter

NOVEMBER 1 — Report on third quarter

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CONTACT
Fresenius Medical Care AG & Co. KGaA
61352 Bad Homburg v. d. H.
Germany
P + 49 6172 609 0
www.freseniusmedicalcare.com

CORPORATE COMMUNICATIONS
P + 49 6172 609 25 25
F + 49 6172 609 23 01
corporate-communications@fmc-ag.com

INVESTOR RELATIONS
P + 49 6172 609 25 25
F + 49 6172 609 23 01
ir@fmc-ag.com

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PICTURE CREDITS
Title: Matthias Haslauer, Matthias Ziegler
Page 3: Matthias Haslauer, Matthias Ziegler, Jason Sellers and Fresenius Medical Care
Page 6, 10 and 113: Katrin Binner

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that are based on plans, projections, and estimates and are subject to various risks and uncertainties. Actual results could differ materially from those described in these forward-looking statements due to certain factors. The risks and uncertainties are detailed in the reports filed with the U.S. Securities and Exchange Commission. We do not undertake any obligation to update any forward-looking statements in this Annual Report.

PUBLICATION SERVICE

This Annual Report is available in both German and English. Annual Reports, Interim Reports, and further information on the Company are also available on our website: www.freseniusmedicalcare.com.

FRESENIUS MEDICAL CARE AG & CO. KGAA
Else-Kroener-Str. 1
61352 Bad Homburg v. d. H.
Germany
P + 49 6172 609 0
www.freseniusmedicalcare.com

Corporate Communications
P + 49 6172 609 25 25
F + 49 6172 609 23 01
corporate-communications@fmc-ag.com

Investor Relations
P + 49 6172 609 25 25
F + 49 6172 609 23 01
ir@fmc-ag.com

fmc_ag
freseniusmedicalcare.corporate
freseniusmedicalcare

FIND OUT MORE:
www.factsandfigures.freseniusmedicalcare.com