

# **Corporate Governance Report and Declaration on Corporate Governance**

*Fresenius Medical Care AG & Co. KGaA*



**Corporate Governance Report and 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. 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.*

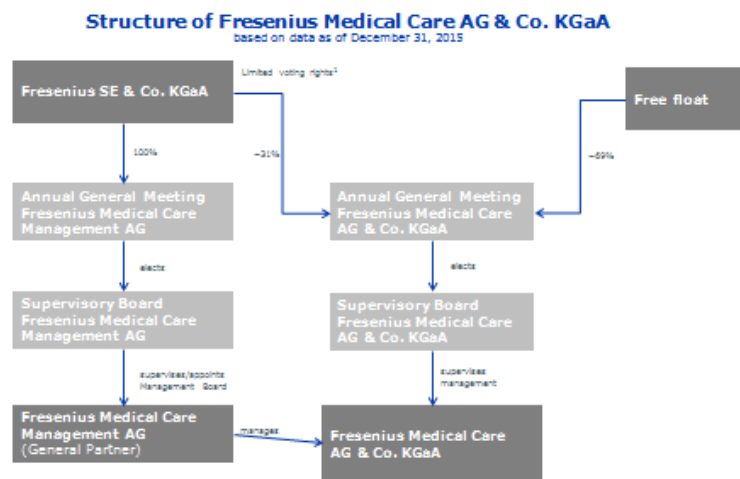
The Management Board of the General Partner, Fresenius Medical Care Management AG (hereinafter: the Management Board), and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (hereinafter: FMC-AG & Co. KGaA) hereunder report pursuant to section 289a of the German Commercial Code (*Handelsgesetzbuch – HGB*) and to number 3.10 of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*, hereinafter: the Code) on the Company’s corporate governance.

The Declaration on Corporate Governance is publicly available on the Company’s website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the “Investors” section.

**DECLARATION ON CORPORATE GOVERNANCE**

**Group management and supervision structure**

The legal form of the Company is that of a partnership limited by shares (*Kommanditgesellschaft auf Aktien – KGaA*). Their corporate bodies provided for by statutory law are the General Meeting, the Supervisory Board and the General Partner, which is Fresenius Medical Care Management AG. In 2015 as the year under review, there were no significant changes to the Group’s management and supervision structure; see also the chart below concerning the Group’s management and supervision structure:



<sup>1</sup> 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.

Fresenius Medical Care AG & Co. KGaA, 61346 Bad Homburg, Germany, T +49 6172 609-0, F +49 6172 609-xxxx  
 Registered Office and Commercial Register: Hof an der Saale, HRB 4019  
 Chairman of Supervisory Board: Dr. Gerd Krick  
 General Partner: Fresenius Medical Care Management AG  
 Registered Office and Commercial Register: Hof an der Saale, HRB 3894  
 Management Board: Rice Powell (Chairman), Michael Brosnan, Roberto Fusté, Ronald Kuerbitz, Dr. Olaf Schermeier,  
 Kent Wanzek, Dominik Wehner  
 Chairman of Supervisory Board: Dr. Ulf M. Schneider  
 Bank Account: Commerzbank AG, Frankfurt/Main, IBAN: DE23 5008 0000 0711 6731 00, SWIFT/BIC: DRES DE FF 501

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 our website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section.

## **Functioning of the Management Board and the Supervisory Board as well as composition and functioning of their committees**

The German Stock Corporation Act prescribes a dual management system for stock corporations (Aktiengesellschaft) as well as for partnerships limited by shares consisting of a management body and a supervisory board. The peculiarity in the case of the legal form of a KGaA is that its business activities are conducted by a personally liable shareholder (General Partner). In the case of FMC-AG & Co. KGaA, this is Fresenius Medical Care Management AG, whose Management Board 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 the Management Board and is involved in making decisions that are fundamental to the Company. The duties and responsibilities of both bodies are clearly defined by legislation and are strictly separated from one another. In addition to the Company's Supervisory Board, Fresenius Medical Care Management AG has its own Supervisory Board.

### **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. In the year under review, the Management Board was composed of seven members.

In addition to observing legislation, the Articles of Association and the principles as explained herein, the General Partner's Management Board conducts the business activities of the Company in accordance with the applicable rules of procedure within the meaning of section 77 para. 2 of the German Stock Corporation Act (Aktiengesetz – AktG) and Code number 4.2.1 sentence 2. These rules of procedure define the principles of cooperation and provide for the schedule of responsibilities. Matters of special significance and scope are decided by the full Management Board in accordance with the rules of procedure. In order to increase the efficiency of the Management Board's work, the General Partner's Supervisory Board established a Management Board Committee for certain cross-departmental matters. Such Management Board Committee essentially deals with corporate matters of subsidiaries of FMC-AG & Co. KGaA or acquisitions that do not reach the minimum relevance and importance level required for being referred to the entire Management Board. Apart from the Chairman of the Management Board and the Chief Financial Officer, the Management Board Committee also includes the Management Board member responsible for the respective matter either geographically

or in terms of substance. The Management Board Committee decides by virtue of unanimous resolution.

The rules of procedure determine that meetings of the Management Board are held as the circumstances require, but at least once a month.

Deliberations of the Management Board are led by the Chairman of the Management Board. If he is unavailable, this task resides with the Chief Financial Officer or, if he is also unavailable, with the Management Board member who is the most senior in age of the Management Board members present. The Chairman determines the order of the agenda items and the modus of voting. Unless unanimity or the acting of all members of the Management Board is required by mandatory legal regulations or the Articles of Association, the Management Board adopts resolutions at meetings by simple majority of votes cast, and outside the meetings by simple majority of its members.

The members of the Management Board and their areas of responsibility are introduced on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "About us" section.

In various cases, the rules of procedure require the Management Board to obtain the prior approval of the Supervisory Board or the competent Supervisory Board committee of the General Partner.

### **The Supervisory Board of Fresenius Medical Care Management AG**

As a stock corporation, Fresenius Medical Care Management AG also has its own Supervisory Board. It consists of six members, its Chairman is Dr. Ulf M. Schneider. Other members of the Supervisory Board of Fresenius Medical Care Management AG were in the year under review Dr. Dieter Schenk (Vice Chairman), Rolf A. Classon, William P. Johnston, Dr. Gerd Krick and Dr. Walter L. Weisman. Further information on the members of the Supervisory Board of Fresenius Medical Care Management AG is available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "About us" section.

In addition to this, for the year under review the following information is provided with regard to Dr. Schneider in his capacity as Chairman of the Supervisory Board of Fresenius Medical Care Management AG:

Dr. Ulf M. Schneider

Chairman of the management board of Fresenius Management SE, general partner of Fresenius SE & Co. KGaA

#### **SUPERVISORY BOARD:**

Fresenius Kabi AG (Chairman)

HELIOS Kliniken GmbH (Chairman, until September 7, 2015)

FPS Beteiligungs AG (Chairman, until July 20, 2015)

**OTHERS:**

Fresenius Kabi USA, Inc., U.S. (Board of Directors)

E. I. Du Pont de Nemours and company, U.S. (Board of Directors)

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.

This Supervisory Board appoints the members of the Management Board and supervises and advises the Management Board in its management responsibilities. In accordance with Code number 5.1.3, the Supervisory Board has established rules of procedure. Unaffected by the independence requirements according to statutory rules and to the recommendations of the Code, Fresenius Medical Care Management AG has committed itself by virtue of a so-called Pooling Agreement with Fresenius SE & Co. KGaA (inter alia) to a specific form of independence as defined therein. According to the Pooling Agreement, at least one third (and at least two) of the members of the Supervisory Board of the General Partner must be independent members. 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, with Fresenius SE & Co. KGaA, or with its general partner Fresenius Management SE, or with any affiliates of these companies.

**Committees of the Supervisory Board of Fresenius Medical Care Management AG**

From the midst of its members, the Supervisory Board forms qualified committees for the efficient exercise of its responsibilities, which prepare topics and resolutions of the Supervisory Board. The Supervisory Board regularly receives briefings on the committees' work.

<b>Supervisory Board Committee</b>	<b>Responsibility</b>	<b>Number of meetings</b>
<b>Human Resources Committee</b> 4 members <b>Chairman:</b> Dr. Ulf M. Schneider <b>Vice Chairman:</b> Dr. Gerd Krick <b>Other members:</b> William P. Johnston, Dr. Walter L. Weisman	<ul style="list-style-type: none"><li>Advice on complex special matters such as the appointment of Management Board members and their compensation</li></ul>	As required
<b>Regulatory and Reimbursement Assessment Committee</b> 3 members <b>Chairman:</b> William P. Johnston <b>Vice Chairman:</b> Rolf A. Classon	<ul style="list-style-type: none"><li>Advice on complex special matters such as regulatory provisions and reimbursement in the dialysis segment</li></ul>	As required

<b>Other member:</b> Dr. Dieter Schenk		
<b>Nomination Committee</b> 3 members <b>Chairman:</b> Dr. Ulf M. Schneider <b>Other members:</b> Dr. Gerd Krick, Dr. Walter L. Weisman	<ul style="list-style-type: none"> <li>Preparing personnel recommendations on suitable candidates for an election to the Supervisory Board, who are to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting</li> </ul>	As required

### Supervisory Board of the Company

The Supervisory Board of FMC-AG & Co. KGaA advises and supervises the business activities as conducted by the General Partner and performs the other duties assigned to it by law and by the Articles of Association. It is involved in strategy and planning as well as all matters of fundamental importance for the Company.

The Supervisory Board of FMC-AG & Co. KGaA consisted in the year under review of the following six members: Dr. Gerd Krick (Chairman), Dr. Dieter Schenk (Vice Chairman), Rolf A. Classon, Prof. Dr. Bernd Fahrholz, William P. Johnston and Dr. Walter L. Weisman. Further information on the members of the Supervisory Board as well as their memberships in other statutory supervisory boards and comparable domestic and foreign supervisory bodies of business enterprises is available on the internet at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "About us" section.

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.

All members of the 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. According to the Articles of Association, as amended by the Annual General Meeting 2015, such resolution of the General Meeting requires a simple majority of the votes cast, corresponding to the provisions of the German Stock Corporation Act. Fresenius SE & Co. KGaA is excluded from voting on this issue (further explanations on this matter can be found under "Further Information regarding Corporate Governance" in the section titled "Shareholders"). When discussing its recommendations for the election of members of the Supervisory Board to the General Meeting, the Supervisory Board will take into account the international activities of the enterprise, potential conflicts of interest, what it considers an adequate number of independent Supervisory Board members and diversity. As the composition of the Supervisory Board needs to be aligned with the interests of the enterprise and has to ensure the effective supervision and consultation of the Management Board, it is a matter of principle and of prime importance that each member is suitably qualified. In the enterprise's interest not

to limit the selection of qualified candidates in a general way, the Supervisory Board confines itself to pursue self-defined targets for the representation of female Supervisory Board members (see also the paragraph "Diversity and definition of targets") and particularly refrains from an age limit for its members and from a duration limit on the term of membership of the Supervisory Board. Therefore, the Supervisory Board has overall refrained from determining and taking into account specific objectives with respect to its composition when proposing candidates and from publishing the state of their implementation in the Corporate Governance Report. Accordingly, non-compliance is declared in the declaration of compliance of the 2015 financial year also insofar.

Simultaneous membership in both the Supervisory Board and the Management Board is not permissible. In the year under review, the Supervisory Board did not include any members who were also members of the Management Board during the previous two years. The members of the Company's Supervisory Board are independent in their decisions and are not bound by requirements or instructions of third parties.

The Supervisory Board consists of what it considers an adequate number of independent members, who also do not entertain any personal or business relations with the Company, its corporate bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. Details on the treatment of potential conflicts of interests are set out in the section "Legal relationships with members of the Company's corporate bodies" below.

The term of office of the members of the Supervisory Board is five years; the current term of office ends on conclusion of the General Meeting for 2016.

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. According to Code-number 5.1.3, 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. Accordingly, the Supervisory Board meets at least twice per calendar half year. The deliberations of the Supervisory Board are conducted by the Chairman or, if the latter is unavailable, by his deputy, who also determines the order of the agenda items and the type of voting. As a rule, the Supervisory Board decides by simple majority of votes cast unless other majorities are prescribed by a mandatory provision of law. The Chairman of the Supervisory Board is responsible for coordinating and directing the Supervisory Board and represents the Supervisory Board vis-à-vis third parties.

In accordance with Code-number 5.6, the members of the Supervisory Board regularly carry out efficiency evaluations with regard to their work. These take place in the form of open discussions in plenary meetings. On these occasions, also the complexity and the design of the presentations, as well as the meetings' procedure and structuring are discussed. The results of the evaluations carried out show that each of the Supervisory Board and the Committees are efficiently organized and that the co-operation of the Supervisory and Management Boards of the General Partner works very well, too.

The members of the Supervisory Board regularly update themselves via in-house sources and via external sources about the current status of supervisory requirements. In addition to information provided to them by several external experts, also experts of the Company's departments regularly provide reports about 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 according to US GAAP and IFRS. In this way, the Supervisory Board, with the Company's reasonable 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.

In the year under review, four meetings of the Supervisory Board and several telephone conferences have taken place. In fiscal year 2015, key aspects of the activities of the Supervisory Board involved the strategic considerations and actions on the expansion of the business areas. Another focus of the consultations involved financing issues. The business development, the competitive situation and the Management Board's business planning in the regions have also been key aspects of the consultations. The Supervisory Board was informed on the progress with regard to improve the cost base. The Supervisory Board was also informed on the quality standards system and the qualitative results of the various production sites and, together with the Management Board, deliberated on the expected developments in the volume of the existing sites and its expansions. Together with the Management Board, the Supervisory Board further discussed and deliberated legal disputes.

### **Committees of the Supervisory Board of FMC-AG & Co. KGaA**

From the midst of its members, the Supervisory Board forms qualified committees for the efficient exercise of its responsibilities, which prepare topics and resolutions of the Supervisory Board. The Supervisory Board regularly receives briefings on the committees' work.

<b>Supervisory Board Committee</b>	<b>Responsibility</b>	<b>Number of meetings</b>
<b>Audit and Corporate Governance Committee</b> 4 members <b>Chairman:</b> Dr. Walter L. Weisman <b>Vice Chairman:</b> Prof. Dr. Bernd Fahrholz <b>Other members:</b> Dr. William P. Johnston, Dr. Gerd Krick	<ul style="list-style-type: none"> <li>• Supervision of the accounting process, the effectiveness of the internal control system, of the risk management system, of the internal audit system and of compliance</li> <li>• Supervision of the annual auditing, in particular with regard to the independence of the auditor and the</li> </ul>	At least four times per year, otherwise as required



	<p>additional services provided by it, issuing the auditing mandate, determining the focus areas of the auditing and the fee agreement</p> <ul style="list-style-type: none"> <li>• Addressing the report pursuant to Form 20-F, which contains, inter alia, the consolidated group financial statements and the consolidated group financial report</li> <li>• Assessment of the General Partner's report on relations to affiliated companies</li> </ul>	
<p><b>Nomination Committee</b> 3 members <b>Chairman:</b> Dr. Gerd Krick <b>Other members:</b> Dr. Dieter Schenk, Dr. Walter L. Weisman</p>	<ul style="list-style-type: none"> <li>• Preparing personnel recommendations on suitable candidates for an election to the Supervisory Board, who are to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting</li> </ul>	As required

### Further information on the Audit and Corporate Governance Committee

With the consent of the Supervisory Board, the Audit and Corporate Governance Committee adopted rules of procedure. The rules of procedure of the Audit and Corporate Governance Committee provide that between three and five members may belong to this Committee. The chairman shall not be a former member of the Management Board of the Company. All members of the Audit and Corporate Governance Committee must be independent within the meaning of the Articles of Association of the Company (section 12 para. 2 sentence 3), which means that, apart from their membership in the Supervisory Board of either the General Partner or Fresenius SE & Co. KGaA, they do not have any substantial business, professional or personal relationship with the Company or any of its affiliates. The question of independence is assessed solely by the Supervisory Board of the Company, with such independence as a rule being assumed where the member in question satisfies the requirements for independence pursuant to the New York Stock Exchange. Moreover, at least one member of the Audit and Corporate Governance Committee must be independent in terms of Section 107 para (4) in connection with Section 100 para (5) of the German Stock Corporation Act (AktG). Furthermore,

members of the Audit and Corporate Governance Committee are required to possess expert knowledge in the finance and accounting sector. All members are independent within this meaning and were appointed to the Committee based on their specialist knowledge, their independence and their experience.

**Joint Committee**

FMC-AG & Co. KGaA also has established a Joint Committee whose composition and activity is provided for in Articles 13a et seq. of the Articles of Association of the Company. The Joint Committee is convened only as required, namely in cases of certain legal transactions defined in the Articles of Association as substantial transactions and for which the General Partner requires its consent.

Joint Committee	Responsibility	Number of meetings
4 members <b>Members of Fresenius Medical Care Management AG:</b> Dr. Gerd Krick, Dr. Ulf M. Schneider  <b>Members of Fresenius Medical Care AG &amp; Co. KGaA:</b> William P. Johnston, Dr. Walter L. Weisman	<ul style="list-style-type: none"> <li>Approval of certain legal transactions as defined in the Articles of Association, such as acquisitions and disinvestments</li> </ul>	As required

**Co-operation of General Partner and Supervisory Board of the Company**

Good corporate governance requires an efficient co-operation between the management and the supervisory board on the basis of mutual trust. The General Partner and the Supervisory Board of the Company work together closely in the Company’s interest: their joint goal is to increase the Company’s value in the long term in compliance with the corporate governance principles and compliance regulations. The General Partner regularly informs the Company’s Supervisory Board about all relevant issues regarding business policy, corporate planning and strategic enhancement, about the profitability of the Company as well as the development of business and the Group’s position including an assessment of the risk situation. In the expired fiscal year, the Supervisory Board regularly advised the management, i.e. the Management Board of the General Partner, on the Company’s management and supervised it in line with its responsibility as Supervisory Board of the partnership limited by shares.

## **Diversity and definition of targets**

At Fresenius Medical Care, the individual qualification is decisive for each selection of personnel. Irrespective thereof, Fresenius Medical Care duly considers aspects of diversity, e.g. internationality, age or intercultural background when selecting professionally qualified candidates.

In addition, FMC-AG & Co. KGaA is required to fulfill the legal obligations arising from the "Act on Equal Participation of Women and Men in Executive Positions in Private Companies and Public Service" („Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst") which has entered into force in the year under review.

According to this act, the Supervisory Board of FMC-AG & Co. KGaA is obliged to define targets for the representation of female members in the Supervisory Board as well as an implementation period. The legislator has expressly refrained from requiring the supervisory boards of companies which, like Fresenius Medical Care, are organized in the legal form of a partnership limited by shares with a legal entity as general partner (e.g. AG & Co. KGaA) to define such targets for the composition of the general partner's management board; hence, the Supervisory Board of FMC-AG & Co. KGaA is not required to define targets with regard to the Management Board of the General Partner. 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 subject to the act.

Against that background the Supervisory Board of FMC-AG & Co. KGaA has resolved on September 29, 2015 to set the target for the representation of female Supervisory Board members at two Supervisory Board members with a view to its own composition. Therefore, the Supervisory Board aims at a proportion of women in the Supervisory Board of more than 30% within the initial implementation period ending on June 30, 2017.

Moreover, the Act on Equal Participation of Women and Men in Executive Positions in Private Companies and Public Service requires the Management Board to define targets for female representation in the two top management levels below the Management Board as well as an appropriate implementation period.

On September 28, 2015, the Management Board of Fresenius Medical Care Management AG, in fulfillment of this legal obligation, resolved to define the two top management levels below the Management Board as follows:

- the first management level includes all direct reports worldwide to a member of the Management Board who are participants in the Long Term Incentive Program (or any successive program);
- the second management level includes all direct reports worldwide to a member of the first management level who are participants in the Long Term Incentive Program (or any successive program).

In parallel, the Management Board resolved for the first time on targets for the proportion of women at the two top management levels below the Management Board

and also resolved on a corresponding first implementation period. The respective targets were set at 16.0% for the first management level and at 28.2% for the second management level below the Management Board. The first implementation period was set to end on December 31, 2015, in particular to ensure a harmonization of future implementation periods with the fiscal year and, correspondingly, with other reporting obligations of FMC-AG & Co. KGaA.

As at December 31, 2015, the targeted female quota has been exceeded with regard to the representation of women in the first management level below the Management Board due to successful hiring of new female employees at that level and at that date amounted to 18.8%. The proportion of women in the second management level as at December 31, 2015 has slightly decreased by 0.2% to 28.0% due to the leave of a female employee.

On January 13, 2016, the Management Board has set the subsequent implementation period for the new targets for female representation to end on December 31, 2020. The new targets to be aimed for until the end of such period were defined at 18.8% for the first management level and at 28.2% for the second management level below the Management Board. Hence, the Management Board aims for at least maintaining the existing level of female participation at the first management level and for a slight improvement on the second management level. This target determination is based on the fact that Fresenius Medical Care's recruiting and staffing practice is primarily focused on the qualification of the individual as the key determining factor for hiring and for promoting employees to top management. Therefore, the Management Board will continue to choose 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.

## **Relevant information on corporate governance practices**

### **Compliance**

Global business activities result in global responsibility. As the global market leader in dialysis, Fresenius Medical Care is aware of its responsibility. We are committed to conduct the Company's business activities in compliance with the respective legal provisions.

Our efforts to provide our patients around the world with a better life through excellent products and services are based on our commitment to the core values of our Company: quality, honesty and integrity, innovation and progress, respect and dignity. Our corporate culture and policy as well as our entire business activities are guided by our values. This also applies to our work and business relationships with our patients, customers, business partners, public authorities, investors and the general public, as well as to our employees.

These fundamental values are firmly established in our Code of Ethics and Business Conduct. Our Code of Conduct describes our Company's business standards and emphasizes our commitment to operate in accordance with the applicable laws and regulations and with our own company policies.

The Code of Ethics and Business Conduct is available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "About us / Compliance" section.

Each employee is required to ensure, by complying with the laws as well as the values and rules of the Company, that Fresenius Medical Care is appreciated as a partner of integrity and reliability in the healthcare system for patients, customers, business partners, public authorities, investors and the general public. Fresenius Medical Care has developed a compliance program which shall help to abide by these values and by the legal and ethical obligations. Compliance is the responsibility of every single employee.

### **Compliance organization**

Our compliance organization supports managers and employees to live by these values during their daily work.

The Chief Compliance Officer, who is responsible for the worldwide compliance organization, directly reports to the Chairman of the Management Board of Fresenius Medical Care. Furthermore, the Chief Compliance Officer regularly provides a compliance update to the Audit and Corporate Governance Committee of FMC-AG & Co. KGaA and to the Supervisory Board of Fresenius Medical Care Management AG.

Our compliance organization is arranged on a global scale. The compliance officers work together closely on a central, regional and national level to efficiently support the business activities.

In the year under report 2015 we established further resources within the compliance organization. The worldwide teamwork within our compliance organization was strengthened through various measures.

### **Compliance program**

In order to adequately and effectively address the challenges and compliance risks associated with changes in the economic and regulatory environment, world-wide business activities and business development, we are continuously working on enhancing our compliance program.

The Code of Ethics and Business Conduct is the basis of the compliance program.

In the year 2015, we have revised various other compliance-related internal guidelines, processes and controls. These guidelines and provisions will be implemented in each of our business units and subsidiaries worldwide.

Existing processes and controls are also being reviewed and revised. The efficiency of our compliance program is reviewed through monitoring measures.

All employees are in a position to report potential violations of applicable law or company policies. Information on violations may also be provided anonymously.

We have also continued and further developed our compliance training. Our portfolio of compliance trainings consists of on-site and web-based trainings. On-site trainings enable our employees to discuss issues of relevant correct behavior by reference to practical examples from the daily working routine. The training of our executives and employees in positions with specific risk profiles is one focus point of our revised compliance training concept.

### **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. Our risk management is therefore an important component of the corporate management of Fresenius Medical Care. The adequateness and effectiveness of our internal control systems for the financial reporting are reviewed on a regular basis by the Management Board and by our auditor.

Further information about the risk and opportunity management system can be found in the risk management section of the management report as well as on our website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section.

### **German Corporate Governance Code and Declaration of Compliance**

The German Corporate Governance Code includes key recommendations for the management and supervision of companies listed on a German stock exchange with the aim of making the rules for managing and supervising companies in Germany more transparent for investors. The code is also intended to enhance the trust of the public as well as that of employees and customers in the management and supervision of listed stock corporations.

The Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC-AG & Co. KGaA endorse the principles set forth in the German Corporate Governance Code. The majority of the guidelines, 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. Comprehensive information regarding corporate governance is available on our website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section.

The annually required 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 2015, previous Declarations of Compliance and other extensive information on corporate governance are made permanently available to shareholders on the Company's website at [www.freseniusmedicalcare.com](http://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 the general partner of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Management AG, (hereafter the Management Board) and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA declare that since issuance of the previous declaration of compliance in December 2014 the recommendations of the "German Corporate Governance Code Government Commission" published by the Federal Ministry of Justice in the official section of the Federal Gazette (hereafter the Code) in the version of June 24, 2014 as well as in the version of May 5, 2015 since publication thereof in the Federal Gazette have been met and that the recommendations of the Code in the version of May 5, 2015 will be met in the future. Only the following recommendations of the Code in its versions of June 24, 2014 and May 5, 2015 have not been met and will not be met:

**Code number 4.2.3 paragraph 2 sentence 6:**

**Caps regarding specific compensation amounts**

Pursuant to Code number 4.2.3 paragraph 2 sentence 6, the amount of compensation for Management Board members shall be capped, both overall and for variable compensation components.

This recommendation is not met. The service agreements with members of the Management Board do not provide for caps regarding specific amounts for all compensation components and accordingly not for caps regarding specific amounts for the overall compensation. The performance-oriented short-term compensation (the variable bonus) is capped. As regards stock options and phantom stocks as compensation components with long-term incentives, the service agreements with members of the Management Board do provide for a possibility of limitation but not for caps regarding specific amounts. Introducing caps regarding specific amounts in relation to such stock-based compensation components would contradict the basic idea of the members of the Management Board participating appropriately in the economic risks and opportunities of the Company. Instead of that, Fresenius Medical Care pursues a flexible concept considering each individual case. In situations of extraordinary developments in relation to the stock-based compensation which are not related to the performance of the Management Board, the Supervisory Board may cap the stock-based compensation.

#### **Code number 4.2.3 paragraph 4:**

##### **Severance payment cap**

Pursuant to Code number 4.2.3 paragraph 4, in concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the employment contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.

These recommendations are not met insofar as the employment contracts of the members of the Management Board do not contain severance payment arrangements for the case of premature termination of the contract and consequentially do not contain a limitation of any severance payment amount insofar. Uniform severance payment arrangements of this kind would contradict the concept practiced by Fresenius Medical Care in accordance with the German Stock Corporation Act according to which employment contracts of the members of the Management Board are, in principle, concluded for the period of their appointment. They would also not allow for a well-balanced assessment in the individual case.

#### **Code number 4.2.5 paragraph 3:**

##### **Presentation in the compensation report**

Pursuant to Code number 4.2.5 paragraph 3, the presentation of the compensation for each individual member of the Management Board in the compensation report shall inter alia present the maximum and minimum achievable compensation for variable compensation components by using corresponding model tables.

Fresenius Medical Care, in deviation from Code number 4.2.3 paragraph 2 sentence 6, does not provide for caps regarding specific amounts for all variable compensation components and, therefore, does not provide for caps regarding specific amounts for the overall compensation. In this respect, the compensation report cannot meet the recommendations of the code. Irrespective thereof, Fresenius Medical Care will continue to present its compensation system and the amounts paid to members of the Management Board in its compensation report in a comprehensive and transparent manner. The compensation report will include tables relating to the value of the benefits granted as well as to the allocation in the year under review which follow the structure and largely also the specifications of the model tables.

#### **Code number 5.1.2 paragraph 2 sentence 3:**

##### **Age limit for members of the Management Board**

Pursuant to Code number 5.1.2 paragraph 2 sentence 3 an age limit shall be specified for members of the Management Board. As in the past, Fresenius Medical Care will refrain from determining an age limit for members of the Management Board in the future. Complying with this recommendation would unduly limit the selection of qualified candidates.



Code number 5.4.1 paragraph 2 and paragraph 3:

Specification of concrete objectives regarding the composition of the Supervisory Board and their consideration when making recommendations to the competent election bodies

Pursuant to Code number 5.4.1 paragraph 2 and paragraph 3, the Supervisory Board shall specify concrete objectives regarding its composition and, when making recommendations to the competent election bodies, take these objectives into account. The objectives specified by the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report. These recommendations are not met.

The composition of the Supervisory Board needs to be aligned to the enterprise's interest and has to ensure the effective supervision and consultation of the Management Board. Hence, it is a matter of principle and of prime importance that each member is suitably qualified. When discussing its recommendations to the competent election bodies, the Supervisory Board will take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code number 5.4.2, and diversity.

In the enterprise's interest not to limit the selection of qualified candidates in a general way, the Supervisory Board, however, confines itself to pursue self-defined targets for the representation of female Supervisory Board members and particularly refrains from an age limit and from a duration limit on the term of membership.

Bad Homburg v.d.H., in December 2015

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 information regarding 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 it holds 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, 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 shareholders in the partnership limited by

shares (KGaA) can solely decide on these matters, particularly those concerning the control of the management.

## **Annual General Meeting**

According to the principles of the German Stock Corporation Act (*Aktiengesetz*), shareholders can exercise their voting rights at the Annual General Meeting themselves, 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 Annual General Meeting until the end of the open discussion period.

The Annual General Meeting of FMC-AG & Co. KGaA took place on May 19, 2015 in Frankfurt/Main (Germany). Approximately 74% of the share capital was represented at the Annual General Meeting. At the Annual General Meeting, resolutions were passed on the following topics:

- approval of the annual financial statements for the fiscal year 2014,
- allocation of distributable profit,
- approval of the actions of the General Partner and the Supervisory Board,
- election of the auditors and consolidated group auditors for the fiscal year 2015,
- adjustment of section 2 para 1 lit. a) of the Articles of Association of the Company (Objects of the business),
- rescindment of the existing authorized capitals, the creation of new authorized capitals with the possibility to exclude the pre-emption right, as well as the corresponding adjustment of section 4 para 3 and para 4 of the Articles of Association of the Company, and
- rescindment of section 8 para 1 sentence 3 of the Articles of Association of the Company (majority required for the election of members of the Supervisory Board).

All documents and information on the Annual General Meeting are available on our website at [www.freseniusmedicalcare.com](http://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 outside activities or business dealings with the Company by members of the corporate bodies are to be disclosed to the Supervisory Board immediately and are subject to its approval, if necessary. The Supervisory Board reports to the General Meeting about possible conflicts of interests and how to deal with them. Furthermore, Mr. Rice Powell as the Chairman of Fresenius Medical Care Management AG's Management Board, in the year under review, with the approval of Fresenius Medical Care Management AG's Supervisory Board, was at the same time a member of

the Management Board of Fresenius Management SE. The members of the Supervisory Board of FMC-AG & Co. KGaA Dr. Krick (Chairman) and Dr. Schenk (Vice Chairman) were, in the year under report, also members of the Supervisory Board of Fresenius Medical Care Management AG (Dr. Schenk as Vice Chairman) and of the Supervisory Board of Fresenius Management SE (Dr. Krick as Chairman, Dr. Schenk as Vice Chairman), the general partner of Fresenius SE & Co. KGaA. Furthermore, Dr. Krick is the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA. Dr. Schenk continues to be chairman of the foundation board of the Else Kröner-Fresenius-Stiftung, the sole shareholder of Fresenius Management SE as well as limited shareholder of Fresenius SE & Co. KGaA, and co-executor of the estate of Mrs. Else Kröner. Dr. Krick receives a pension from Fresenius SE & Co. KGaA due to his previous work on the Management Board of the Company. During the year under review, consulting or other service relationships between members of the Supervisory Board and the Company existed only in the case of Dr. Schenk, who was in the year under review a member of the Supervisory Board of the Company and of the Supervisory Board of Fresenius Medical Care Management AG, a member of the Supervisory Board of Fresenius Management SE and, at the same time, a partner of the law firm Noerr LLP. In the year under review, the companies of the internationally operating law firm Noerr acted for FMC-AG & Co. KGaA and affiliated companies as legal advisor. The Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC-AG & Co. KGaA have concerned themselves with each of the assignments in a detailed manner; moreover, the Supervisory Board dealt with the fee volume for the legal advice rendered by the law firm Noerr in proportion to the fee volume for other law firms. As regards specific mandates for future services to be provided by law firm Noerr and as regards the first three quarters of the year under review, the Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC-AG & Co. KGaA have already given their consent to such activity, with Dr. Schenk abstaining from the vote. The resolutions were in each case passed on the basis of a written document for the Supervisory Board specifically stating each single mandate and the invoices rendered for each mandate. All payments rendered to the law firm Noerr in the year under review were made only after the approval of both Supervisory Boards. Any services rendered in the fourth quarter of the year under review will be topic of the Supervisory Board's Meeting in March 2016 and will also be compensated only after approval has been obtained.

In the year under review, an amount of approximately € 1.1 M (excluding VAT) was paid by Fresenius Medical Care to the law firm Noerr (2014: about € 1.1 M). This represents less than 1% of the legal and other consultancy fees paid by Fresenius Medical Care on a global scale. Concerning the amount paid in the year under review, it does not include payments which have been executed in the year under review, but had been instructed for payment in 2014 and had therefore been reported for fiscal year 2014 already.

### **Information on Directors' Dealings and shareholding**

According to section 15a of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*), members of the management and supervisory boards or other employees in exceptional management positions are required to inform the Company when buying or selling shares in Fresenius Medical Care and related financial instruments if the volume exceeds € 5,000 within a single year. A detailed overview of Directors' dealings in 2015 is published on our website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section.

## **Transparency of our reporting**

Fresenius Medical Care meets all transparency requirements imposed by Code-number 6. We attach special importance to informing our shareholders simultaneously and uniformly about our Company in our regular financial reporting events. Ad hoc releases and our corporate website play an essential role in these efforts. They provide investors and other interested persons equally with direct and timely access to the information we release.

## **Financial accounting and audit, stock exchange listing**

To date, Fresenius Medical Care prepares its Consolidated Financial Statements in accordance with the U.S. Generally Accepted Accounting Principles (U.S. GAAP) and in U.S. dollars. In line with this, the Consolidated Financial Statements as well as the Interim Consolidated Quarterly Reports are also prepared in accordance with these principles. The Consolidated Financial Statements are published within the first 90 days of the end of each fiscal year, and the quarterly reports within the first 45 days of the end of each quarter.

As required by law, consolidated financial statements and a Group management report as well as quarterly reports continue to be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, too.

The Annual Financial Statements and the Management Report of FMC-AG & Co. KGaA are prepared in accordance with the German Commercial Code (*Handelsgesetzbuch, HGB*). The Annual Financial Statements are decisive for the distribution of the annual profit.

Moreover, an Annual Report of Fresenius Medical Care, which equally reflects the requirements of U.S. GAAP and the German Commercial Code, is published each year.

Fresenius Medical Care's shares are listed on the stock exchange in the U.S. (as American Depositary Receipts) and in Germany. We are therefore subject to a number of regulations and recommendations regarding the management, administration and monitoring of our Company. On the one hand, in addition to mandatory requirements under stock corporation and commercial law, we comply with the regulations of Deutsche Börse and adhere to most of the recommendations of the German Corporate Governance Code. On the other hand, being a non U.S. company (a "foreign private issuer") we are subject to the regulations connected to our listing in the U.S. Observance of the Sarbanes-Oxley Act (SOX) and portions of the Corporate Governance Rules of the New York Stock Exchange in particular 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 Company. We fully meet all of the current requirements applicable to our Company.

## **Compensation Report**

The Compensation Report of FMC-AG & Co. KGaA summarizes the main elements of the compensation system for the members of the Management Board of Fresenius Medical Care Management AG, the General Partner of FMC-AG & Co. KGaA, and in this regard notably explains the amounts and structure of the compensation paid to the Management Board. Furthermore, the principles and the amount of the remuneration of the Supervisory Board are described. The Compensation Report is part of the Management Report of the annual financial statements and the annual consolidated group financial statements of FMC-AG & Co. KGaA as of December 31, 2015. The Compensation Report is prepared on the basis of the recommendations of the German Corporate Governance Code and also includes the disclosures as required pursuant to the applicable statutory regulations, notably in accordance with the German Commercial Code (HGB).

### **Compensation of the Management Board**

The entire Supervisory Board of Fresenius Medical Care Management AG is responsible for determining the compensation of the Management Board. The Supervisory Board is assisted in this task by a personnel committee, the Human Resources Committee. In the fiscal year, the Human Resources Committee was composed of Dr. Ulf M. Schneider (Chairman), Dr. Gerd Krick (Vice Chairman), Mr. William P. Johnston and Dr. Walter L. Weisman.

#### **I. Structure and amount of compensation**

The current Management Board compensation system was last approved by resolution of the General Meeting of FMC-AG & Co. KGaA on May 12, 2011 with a majority of 99.71% of the votes cast. Furthermore, this compensation system is reviewed by an independent external compensation expert on a regular basis.

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

The amount of the total compensation of the members of the Management Board is measured taking particular account of relevant reference values of other DAX-listed companies and similar companies of comparable size and performance in the relevant industry sector. Furthermore, the relation of the compensation of the Management Board and that of the Senior Management as well as the staff overall is taken into account.

The compensation of the Management Board is, as a whole, performance-based and consisted of three elements in the fiscal year:

- non-performance-based compensation (fixed compensation and fringe benefits)
- short-term performance-based compensation (one-year variable compensation (bonus))
- components with long-term incentive effects (multi-year variable compensation, consisting of stock options and share-based compensations with cash settlement)

The individual elements are designed on the basis of the following criteria:

In the fiscal year, the fixed compensation paid in Germany or Hong Kong, as the case may be, was divided in twelve equal instalments and the fixed compensation paid in the

U.S. was divided in twenty-four equal instalments, in each case as base salary. Moreover, the members of the Management Board received additional benefits consisting mainly of payment for insurance premiums, the private use of company cars, special payments such as rent supplements, school fees, reimbursement of fees for the preparation of tax returns and reimbursement of certain other charges and additional contributions to pension and health insurance.

Performance-based compensation is also awarded for the fiscal year as a short-term cash component (one-year variable compensation) and as components with long-term incentive effects (stock options and share-based compensations with cash settlement). The share-based compensations with cash settlement consist of phantom stock and of the so-called Share Based Award.

The amount of the one-year variable compensation and of the Share Based Award depends on the achievement of the following individual and common targets:

- net income growth,
- free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments) in percent of revenue,
- operating income margin

The level of achievement of these targets is derived from the comparison of target amounts and actual results. Furthermore, targets are divided into group level targets and those to be achieved in individual regions. Lastly, the target parameters are weighted differently by their relative share in the aggregate amount of variable compensation depending on the respective areas of responsibility assumed by the members of the Management Board.

The net income growth to be achieved is taken into account up to a growth rate of 10%. Furthermore, the members of the Management Board were also evaluated by reference to the development of free cash flow within the Group or, as the case may be, in the relevant regions, with the targets being within a range of rates between 3% and 6% of the respective free cash flow in percent of revenue. For the benefit of Management Board members with regional responsibilities as well as for the benefit of the Management Board member responsible for Global Manufacturing & Quality, growth of regional operating income margins was compensated within individual targets ranging between 13% and 18.5%, reflecting the particularities of the respective regions and responsibilities.

The targets are, as a rule, weighted differently depending on whether the Management Board member exercises group functions – in the fiscal year, these were Mr. Rice Powell and Mr. Michael Brosnan – or whether the Management Board member is responsible for regional earnings – in the fiscal year, these were Mr. Roberto Fusté, Mr. Ronald Kuerbitz and Mr. Dominik Wehner – or have taken on specific Management Board responsibilities – such as Mr. Kent Wanzek for Global Manufacturing & Quality and Dr. Olaf Schermeier for Global Research & Development. For members of the Management Board with group functions and for Dr. Olaf Schermeier, net income growth accounts for 80% and is thus weighted higher than for the other members of the Management Board, where net income growth accounts for 60%. For the latter members of the Management Board, a further 20% is based upon the evaluation of the operating income margin. Achievement of the target for respective free cash flow in percent of revenue is weighted for all members of the Management Board equally at 20%.

Multiplying the level of target achievement by the respective fixed compensation and another fixed multiplier results in the total amount, of which a 75% share is paid out in cash to the Management Board members (one-year variable compensation) after approval of the annual financial statements of FMC-AG & Co. KGaA for the respective fiscal year. Since the maximum level of target achievement is set at 120%, the Management Board's maximum achievable one-year variable compensation is limited as regards to specific amounts.

The remaining share, amounting to 25% of the total amount calculated according to the key data above, is granted to the members of the Management Board in the form of the so-called Share Based Award, which is included in components with long-term incentive effects. The Share Based Award is subject to a three-year waiting period, although a shorter period may apply in special cases (e.g. professional incapacity, entry into retirement, non-renewal by the Company of expired service agreements). The amount of the cash payment of the Share Based Award is based on the share price of FMC-AG & Co. KGaA shares upon exercise after the three-year waiting period.

In determining the variable compensation, it is ensured that performance-based components with long-term incentive effects (i.e. the Share Based Award as well as the stock option and phantom stock components described below) are granted in amounts which constitute at least 50% of the sum of all variable components for the respective fiscal year. Should this condition not be fulfilled, the Management Board members' contracts provide that the portion of variable compensation payable as one-year variable compensation shall be reduced and the portion payable as the Share Based Award shall be increased accordingly, in order to meet this requirement. The components with long-term incentive effects also comprise a limitation possibility for cases of extraordinary developments. The Supervisory Board may also grant a discretionary bonus for extraordinary performance. For the fiscal year, the Supervisory Board has granted such discretionary bonus to the members of the Management Board in the total amount of €2,010 THOUS (in 2014 the Supervisory Board has granted such discretionary bonus to Mr. Rice Powell, Mr. Michael Brosnan and Mr. Ronald Kuerbitz in the total amount of €753 THOUS).

For the fiscal year and the previous year, the amount of cash compensation payments to members of the Management Board without components with long-term incentive effects consisted of the following:

**Amount of Cash Payments**

in € THOUS

	Non-performance related compensation				Short-term performance related compensation		Cash compensation (without long-term incentive components)	
	Fixed compensation		Other benefits <sup>1)</sup>		Bonus		2015	2014 <sup>2)</sup>
	2015	2014 <sup>2)</sup>	2015	2014 <sup>2)</sup>	2015	2014 <sup>2)</sup>		
Rice Powell	1,239	941	342	151	1,032 <sup>3)</sup>	737 <sup>3)</sup>	2,613	1,829
Michael Brosnan	694	546	533	147	581 <sup>3)</sup>	398 <sup>3)</sup>	1,808	1,091
Roberto Fusté	580	550	482 <sup>4)</sup>	2,970 <sup>4)</sup>	648 <sup>3)</sup>	339	1,710	3,859
Ronald Kuerbitz	843	640	28	19	785 <sup>3)</sup>	503 <sup>3)</sup>	1,656	1,162
Dr. Olaf Schermeier	450	400	635 <sup>5)</sup>	234	381 <sup>3)</sup>	153	1,466	787
Kent Wanzek	538	406	112	74	594 <sup>3)</sup>	294	1,244	774
Dominik Wehner	350	263	37	20	394 <sup>3)</sup>	208	781	491
Total:	4,694	3,746	2,169	3,615	4,415	2,632	11,278	9,993

1) Includes insurance premiums, private use of company cars, rent and relocation supplements, contributions to pension and health insurance, tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) and other benefits, also in case accruals have been set up therefore.

2) Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

3) Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541 (2014: €376), to Mr. Michael Brosnan in the amount of €306 (2014: €188), to Mr. Roberto Fusté in the amount of €189 (2014: €0), to Mr. Ronald Kuerbitz in the amount of €451 (2014: €188), to Dr. Olaf Schermeier in the amount of €203 (2014: €0), to Mr. Kent Wanzek in the amount of €203 (2014: €0) and to Mr. Dominik Wehner in the amount of €117 (2014: €0).

4) Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.

5) This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.

In addition to the Share Based Award, stock options under the Company's Stock Option Plan 2011 and phantom stock awards under the Phantom Stock Plan 2011 were granted to members of the Management Board as additional components with long-term incentive effects in the fiscal year. The Stock Option Plan 2011, together with the Phantom Stock Plan 2011, forms the Long Term Incentive Program 2011 (LTIP 2011).

In addition to the members of the management boards of affiliated companies, managerial staff members of the Company and of certain affiliated companies, the members of the Management Board are entitled to participate in the LTIP 2011. Under the LTIP 2011 a combination of stock options and phantom stock awards are granted to the participants. Stock options and phantom stock awards will be granted on specified grant days, no more than twice each fiscal year during the term of the LTIP 2011. The number of stock options and phantom stock awards to be granted to the members of the Management Board is determined by the Supervisory Board in its reasonable discretion. In principle all members of the Management Board are entitled to receive the same number of stock options and phantom stock awards, whereas the Chairman of the Management Board is entitled to receive double the granted quantity. At the time of the grant, the members of the Management Board can choose a ratio based on the value of the stock options vs. the value of phantom stock awards in a range between 75:25 and 50:50. The exercise of stock options and phantom stock awards is subject to several conditions, including the expiration of a four-year waiting period, the consideration of black-out periods, the achievement of defined success targets and, subject to agreements to the contrary in individual cases, the existence of a service or employment



relationship. Stock options may be exercised within four years and phantom stock awards within one year after the expiration of the waiting period. For Management Board members who are U.S. taxpayers specific conditions apply with respect to the exercise period of phantom stock awards. The members of the Management Board have achieved the success target for stock options and for phantom stock in each case if, during the waiting period, either the adjusted basic income per share increases by at least 8% per annum in comparison to the previous year in each case or - if this is not the case - the compounded annual growth rate of the adjusted basic income per share during the four years of the waiting period reflects an increase of at least 8% per annum. In the fiscal year, the Supervisory Board has resolved to introduce an additional success target for phantom stock granted in the fiscal year. Pursuant to this resolution, the success target for phantom stock is also achieved if under the global efficiency program an amount of \$200 M has been saved until the end of the fiscal year and, until the end of the fiscal years 2016 to 2018, an amount of \$300 M is saved, each in comparison to January 1, 2013, and also the respective group target for fiscal years 2015 to 2018 – each as expected and communicated – have been achieved and confirmed by the auditor.

If with regard to any reference year or more than one of the four reference years within the waiting period neither the adjusted basic income per share increases by at least 8% per annum in comparison to the previous year nor the compounded annual growth rate of the adjusted basic income per share during the four years of the waiting period reflects an increase of at least 8% per annum, the stock options and phantom stock awards subject to such waiting period are cancelled to such proportion to which the success target was not achieved within the waiting period, i.e. in the proportion of 25% for each year in which the target is not achieved within the waiting period, up to 100%; this principle of proportional cancelation also applies to the additional success target for phantom stock as resolved by the Supervisory Board in the fiscal year.

Additional information regarding the basic principles of the LTIP 2011 and of the other employee participation programs in place at the beginning of the fiscal year and secured by conditional capital, which entitled their participants to convertible bonds or stock options (from which, however, in the past fiscal year no further options could be issued), are described in more detail in the Notes to the Annual Financial Statements and the Consolidated Financial Statements in the section "Conditional Capital".

Under Stock Option Plan 2011 in the fiscal year 3,073,360 stock options were granted in total (2014: 1,677,360), with 502,980 stock options (2014: 273,900) granted to the Management Board members. Moreover, in the fiscal year 607,828 (2014: 299,547) phantom stock awards were granted under the Phantom Stock Plan 2011, of which 62,516 awards (2014: 24,950) were granted to Management Board members.

For the fiscal year, the number and value of stock options issued to members of the Management Board and the value of the share-based compensations with cash settlement paid to them, each as compared to the previous year, are shown individually in the following table.

## Long-term Incentive Components

	Stock Options				Share-based compensation with cash settlement <sup>1)</sup>		Total	
	Number		in € THOUS		in € THOUS		in € THOUS	
	2015	2014	2015	2014	2015	2014 <sup>2)</sup>	2015	2014 <sup>2)</sup>
Rice Powell	149,400	74,700	2,244	673	941	351	3,185	1,024
Michael Brosnan	74,700	37,350	1,122	337	480	185	1,602	522
Roberto Fusté	59,760	24,900	898	224	774	344	1,672	568
Ronald Kuerbitz	49,800	37,350	748	337	888	220	1,636	557
Dr. Olaf Schermeier	49,800	37,350	748	337	836	166	1,584	503
Kent Wanzek	69,720	24,900	1,047	224	596	329	1,643	553
Dominik Wehner	49,800	37,350	748	337	869	184	1,617	521
<b>Total:</b>	<b>502,980</b>	<b>273,900</b>	<b>7,555</b>	<b>2,469</b>	<b>5,384</b>	<b>1,779</b>	<b>12,939</b>	<b>4,248</b>

1) This includes Phantom Stocks and Share Based Awards granted to Board Members during the fiscal year. The share-based compensation amounts are based on the grant date fair value.

2) Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

The stated values of the stock options granted to the members of the Management Board in the fiscal year correspond to their fair value at the time of grant, namely a value of €15.02 (2014: €9.01) per stock option. The exercise price for the stock options granted is €76.99 (2014: €49.93). At the day of the grant, the relevant fair value of the phantom stock issued in July of the fiscal year amounted to €73.30 (2014: €46.26).

At the end of the fiscal year, the members of the Management Board held a total of 1,565,195 stock options and convertible bonds (collectively referred to as "stock options"; 2014: 1,485,076 stock options). Also, they held a total of 118,703 phantom stock (2014: 66,960).

The development and status of stock options of the members of the Management Board serving as per December 31 of the fiscal year in the fiscal year are shown in more detail in the following table:

**Development and Status of the Stock Options**

		Rice Powell	Michael Brosnan	Roberto Fusté	Ronald Kuerbitz	Dr. Olaf Schermeier	Kent Wanzek	Dominik Wehner	Total:
<b>Options outstanding January 1, 2015</b>	Number	407,737	291,018	267,675	177,702	74,700	168,075	98,169	1,485,076
	Weighted average exercise price in €	45.80	42.23	43.74	47.90	49.85	49.67	45.21	45.58
<b>Options granted during the fiscal year</b>	Number	149,400	74,700	59,760	49,800	49,800	69,720	49,800	502,980
	Weighted average exercise price in €	76.99	76.99	76.99	76.99	76.99	76.99	76.99	76.99
<b>Options exercised during the fiscal year</b>	Number	49,800	77,493	74,800	48,000	-	-	16,335	266,428
	Weighted average exercise price in €	35.49	29.25	34.31	38.66	-	-	29.56	33.55
	Weighted average share price in €	78.12	77.50	77.85	78.25	-	-	77.55	77.85
<b>Options forfeited during the fiscal year</b>	Number	42,019	28,013	28,013	22,500	-	28,013	7,875	156,433
	Weighted average exercise price in €	57.30	57.30	57.30	57.30	-	57.30	57.30	57.30
<b>Options outstanding December 31, 2015</b>	Number	465,318	260,212	224,622	157,002	124,500	209,782	123,759	1,565,195
	Weighted average exercise price in €	55.88	54.46	54.03	58.61	60.70	57.73	59.29	56.55
	Weighted average remaining contractual life in years	5.05	4.71	4.57	5.96	6.68	5.19	5.89	5.23
	Range of exercise prices in €	31.97 - 76.99	31.97 - 76.99	31.97 - 76.99	42.68 - 76.99	49.76 - 76.99	42.68 - 76.99	31.97 - 76.99	31.97 - 76.99
<b>Options exercisable December 31, 2015</b>	Number	152,512	101,475	93,275	25,002	-	68,475	24,564	465,303
	Weighted average exercise price in €	40.98	41.00	41.79	48.56	-	45.35	41.53	42.23

Based on the targets achieved in the fiscal year, members of the Management Board serving as per December 31 of the fiscal year also earned entitlements to Share Based Awards totalling €801 THOUS (2014: €626 THOUS). On the basis of that value, determination of the specific number of virtual shares will not be made by the Supervisory Board until March of the following year, based on the then current price of the shares of FMC-AG & Co. KGaA. This number will then serve as a multiplier for the share price on the relevant exercise day and as a base for calculation of the payment of this respective share-based compensation after expiry of the three-year waiting period.

Phantom stock with a total value of €4,582 THOUS (2014: €1,154 THOUS) were granted to the Management Board members under the Company's Phantom Stock Plan 2011 in July of the fiscal year as further share-based compensation components with cash settlement.

Therefore, the amount of the total compensation of the Management Board for the fiscal year and for the previous year is as shown in the following table:

**Total Compensation**

in € THOUS

	Cash compensation (without long-term incentive components)		Components with long-term incentive effect		Total compensation (including long-term incentive components)	
	2015	2014 <sup>1)</sup>	2015	2014 <sup>1)</sup>	2015	2014 <sup>1)</sup>
Rice Powell	2,613	1,829	3,185	1,024	5,798	2,853
Michael Brosnan	1,808	1,091	1,602	522	3,410	1,613
Roberto Fusté	1,710	3,859	1,672	568	3,382	4,427
Ronald Kuerbitz	1,656	1,162	1,636	557	3,292	1,719
Dr. Olaf Schermeier	1,466	787	1,584	503	3,050	1,290
Kent Wanzek	1,244	774	1,643	553	2,887	1,327
Dominik Wehner	781	491	1,617	521	2,398	1,012
<b>Total:</b>	<b>11,278</b>	<b>9,993</b>	<b>12,939</b>	<b>4,248</b>	<b>24,217</b>	<b>14,241</b>

1) Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

Components with long-term incentive effects, i.e. stock options and share-based compensation components with cash settlement, can be exercised only after the expiration of the specified waiting period (vesting period). Their value is allocated over the waiting period and proportionately recognized as an expense in the respective fiscal year of the waiting period. Compensation expenses attributable to the fiscal year and for the previous year are shown in the following table:

**Expenses for Long-term Incentive Components**

in € THOUS

	Stock Options		Share-based compensation with cash settlement		Share-based compensation	
	2015	2014	2015	2014	2015	2014
Rice Powell	377	176	699	435	1,076	611
Michael Brosnan	187	97	450	295	637	392
Roberto Fusté	136	86	471	258	607	344
Ronald Kuerbitz	153	59	261	83	414	142
Dr. Olaf Schermeier	153	59	177	45	330	104
Kent Wanzek	151	86	495	290	646	376
Dominik Wehner <sup>1)</sup>	162	35	152	15	314	50
<b>Total:</b>	<b>1,319</b>	<b>598</b>	<b>2,705</b>	<b>1,421</b>	<b>4,024</b>	<b>2,019</b>

1) Please note for purposes of comparison of the amounts indicated for the fiscal year to those amounts shown for 2014 that Mr. Wehner was appointed as a member of the Management Board only as of April 1, 2014 and, consequently, has received compensation to be disclosed herein as of this point in time only.

**II. Commitments to members of the Management Board for the event of the termination of their appointment**

The following pension commitments and other benefits are also part of the compensation system for the members of the Management Board: individual contractual pension commitments for the Management Board members Mr. Rice Powell, Mr. Michael Brosnan,

Mr. Roberto Fusté, Mr. Ronald Kuerbitz, Dr. Olaf Schermeier and Mr. Kent Wanzek have been entered into by Fresenius Medical Care Management AG. In addition, pension commitments from the participation in employee pension schemes of other Fresenius Medical Care companies exist for individual members of the Management Board.

Each of the pension commitments by Fresenius Medical Care Management AG provides for a pension and survivor benefit 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), however, calculated by reference to the amount of the recipient's most recent base salary.

The retirement pension will be based on 30% of the last fixed compensation and will increase for each complete year of service by 1.5 percentage points up to a maximum of 45%. Current pensions increase according to legal requirements (Sec. 16 of the German Act to improve company pension plans, "BetrAVG"). 30% of the gross amount of any post-retirement income from an activity of the Management Board member is offset against the pension obligation. Any amounts to which the Management Board members or their surviving dependents, respectively, are entitled from other company pension rights of the Management Board member, even from service agreements with other companies, are also to be set off. If a Management Board member dies, the surviving spouse receives a pension amounting to 60% of the resulting pension claim at that time. Furthermore, the deceased Management Board member's own legitimate children (leibliche eheliche Kinder) receive an orphan's pension amounting to 20% of the resulting pension claim at that time, until the completion of their education or they reach 25 years of age, at the latest. All orphans' pensions and the spousal pension together reach a maximum of 90% of the Management Board member's pension, however. If a Management Board member leaves the Management Board of Fresenius Medical Care Management AG before reaching the age of 65, except in the event of a disability or incapacity to work (Berufs- oder Erwerbsunfähigkeit), the rights to the aforementioned benefits remain, although the pension to be paid is reduced 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.

Based on individual contractual commitments, Management Board members Mr. Rice Powell, Mr. Michael Brosnan, Mr. Ronald Kuerbitz and Mr. Kent Wanzek participated in the U.S.-based 401(k) savings plan in the fiscal year; in this regard, contributions in the amount of \$7,950 (2014: \$7,800) were earned in the fiscal year in each case and allocated in January 2016. This plan generally allows employees in the U.S. to invest a portion of their gross salaries in retirement pension programs. The Company supports this investment, for full-time employees with at least one year of service, with a contribution of 50% of the investment made, up to a limit of 6% of income - whereupon the allowance paid by the Company is limited to 3% of the income - or a maximum of \$18,000 (\$24,000 for employees 50 years of age or older).

Furthermore, the Management Board members Mr. Rice Powell, Mr. Michael Brosnan and Mr. Ronald Kuerbitz have acquired non-forfeitable benefits from participation in employee pension plans of Fresenius Medical Care North America, which provide payment of pensions as of the age of 65 and the payment of reduced benefits as of the age of 55. In March 2002, the rights to receive benefits from the pension plans were frozen at the level then applicable.

From the time of his previous employment activities for Fresenius Medical Care Deutschland GmbH, a pension commitment exists for Management Board member Mr. Dominik Wehner. As a result of his service agreement with Fresenius Medical Care

Management AG, the latter assumed this pension commitment and continues the commitment on the basis of Mr. Wehner's compensation as Management Board member. This pension commitment is based on the Fresenius companies' pension scheme of January 1, 1988 and provides old-age pensions, disability pensions and surviving dependents' pensions. It does not provide for any offsetting mechanisms against other income or pension payments. The spousal pension amounts to 60% of the disability pension or old-age pension to be granted at the time of death; the orphan's pension amounts to 10% (semi-orphans) or 20% (orphans) of the disability pension or old-age pension to be granted at the time of death. The claims of all surviving dependents are limited to a total of 100% of Mr. Dominik Wehner's pension entitlements.

Additions to pension provisions in the fiscal year for Management Board members serving as of December 31 amounted to €8,355 THOUS (2014: € 6,480 THOUS). The pension commitments are shown in the following table:

#### **Development and Status of Pension Commitments**

in € THOUS

	<b>As of January 1, 2015</b>	<b>Increase</b>	<b>As of December 31, 2015</b>
Rice Powell	6,654	2,743	9,397
Michael Brosnan	2,870	1,390	4,260
Roberto Fusté	4,630	654	5,284
Ronald Kuerbitz	209	2,348	2,557
Dr. Olaf Schermeier	-	309	309
Kent Wanzek	1,494	833	2,327
Dominik Wehner	1,945	78	2,023
<b>Total:</b>	<b>17,802</b>	<b>8,355</b>	<b>26,157</b>

A post-employment non-competition covenant was agreed upon with all Management Board members. If such covenant becomes applicable, the Management Board members receive compensation amounting to half of their respective annual fixed compensation for each year of respective application of the non-competition covenant, up to a maximum of two years. The employment contracts of the Management Board members contain no express provisions that are triggered by a change of control of the Company.

### **III. Miscellaneous**

All members of the Management Board have received individual contractual commitments for the continuation of their compensation in cases of sickness for a maximum of 12 months, although after six months of sick leave, insurance benefits may be set off against such payments. If a Management Board member dies, the surviving dependents will be paid three more monthly instalments after the month of death, not to exceed, however, the amount due between the time of death and the scheduled expiration of the agreement.

In the fiscal year, Prof. Emanuele Gatti – who has been a member of the Management Board until March 31, 2014 – received the pro rata compensation payments he is entitled to pursuant to his service agreement which has been terminated with effect as of the agreed termination date of April 30, 2015. These compensation payments comprised a fixed compensation (in the amount of €250 THOUS) and fringe benefits (in the amount of approximately €140 THOUS) as well as one-year and multi-year variable compensation

components (in the amount of approximately €260 THOUS and in the amount of €0, respectively). The payment of the Share Based Awards earned by Prof. Gatti for the reference years 2011 to 2014 was effected, as agreed, in fiscal year 2015 after his service agreement was terminated. The long term incentive components granted to Prof. Gatti on the basis of the LTIP 2011 and the exercisability of such components are not affected by his retirement from the Management Board. Upon reaching the age of 60, Prof. Gatti is entitled to receive an occupational old-age pension in the amount of approximately €337 THOUS per annum; in the fiscal year pension payments in the amount of approximately €113 THOUS were made to Prof. Gatti. On occasion of his retirement from the Management Board, Prof. Gatti further agreed to serve as an advisor to the Chairman of the Management Board and to be subject to a post-employment non-competition obligation for the duration of two years following the end of the term of his service agreement, i.e. until April 30, 2017, for which he will receive an annual non-compete compensation of approximately €487 THOUS. In the fiscal year Prof. Gatti received a non-compete compensation in the amount of approximately €325 THOUS.

As agreed, Dr. Rainer Runte, who has also been a member of the Management Board until March 31, 2014, was granted and paid in the fiscal year a compensation in connection with his post-contractual non-compete clause in the amount of approximately €486 THOUS as well as fringe benefits in the amount of approximately €28 THOUS.

With Dr. Ben Lipps, the Chairman of the Management Board until December 31, 2012, there is an individual agreement instead of a pension provision, to the effect that, upon termination of his employment contract/service agreement with Fresenius Medical Care Management AG, he will be retained to render consulting services to the Company for a period of ten years. Accordingly, Fresenius Medical Care Management AG and Dr. Ben Lipps entered into a consulting agreement for the period January 1, 2013 to December 31, 2022. By this consulting agreement Dr. Ben Lipps will provide consulting services on certain fields and within a specified time frame as well as complying with a non-compete covenant. The annual consideration to be granted by Fresenius Medical Care Management AG for such services amounts for the fiscal year €588 THOUS (including reimbursement of expenses). The present value of this agreement (including pension payments for the surviving spouse in case of death) amounted to €3,694 THOUS as at December 31 of the fiscal year.

In the fiscal year, no loans or advance payments of future compensation components were made to members of the Management Board of Fresenius Medical Care Management AG.

The payments to U.S. Management Board members Mr. Rice Powell, Mr. Michael Brosnan and Mr. Kent Wanzek were paid in part in the U.S. (in U.S.\$) and in part in Germany (in €). For the part paid in Germany, the Company has agreed that due to varying tax rates in both countries, the increased tax burden to such Management Board members arising from German tax rates in comparison to U.S. tax rates will be balanced (net compensation). Pursuant to a modified net compensation agreement, these Management Board members will be treated as if they were taxed in their home country, 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 Board members' tax returns, subsequent adjustments may have to be made, which will then be retroactively covered in future compensation reports.

Furthermore, a compensation agreement has been entered into between FMC-AG & Co KGaA, Fresenius Medical Care Management AG and Mr. Roberto Fusté, pursuant to which Mr. Fusté is held harmless from certain adverse tax effects which result from external

wage tax audits for the assessment periods as from 2005. The provisions made in the previous year for such adverse tax effects in the amount of €705 THOUS were fully utilized; additional provisions for the fiscal year were not made in this context. In the fiscal year, the Company has made additional payments to compensate Mr. Fusté for such adverse tax effects in an amount of approximately €91 THOUS.

To the extent permitted by law, Fresenius Medical Care Management AG undertook to indemnify the members of the Management Board against claims against them arising out of their work for the Company and its affiliates, if such claims exceed their liability under German law. To secure such obligations, the Company has obtained Directors & Officers liability insurance carrying a deductible which complies with the requirements of the German Stock Corporation Act (AktG). The indemnity applies for the time in which each member of the Management Board is in office and for claims in this connection after termination of membership on the Management Board in each case.

Former members of the Management Board did not receive any compensation in the fiscal year other than that mentioned in the present section III. As of December 31 of the fiscal year, pension obligations towards this group of persons exist in an amount of €13,988 THOUS (2014: €13,494 THOUS).

#### **IV. Tables of the value of benefits granted and of the allocation**

The German Corporate Governance Code provides that compensation reports for fiscal years beginning after December 31, 2013 shall include information for each member of the Management Board on the benefits granted and allocations made as well as on the pension expenses for year under report. The model tables provided in the appendix to the German Corporate Governance Code shall be used to present this information. The following tables include information on the value of benefits granted as well as on the allocations made. They adhere to the structure and, to the greatest extent possible, the standards of the model tables of the German Corporate Governance Code:



## Benefits granted

in € THOUS

	Rice Powell				Michael Brosnan			
	Chairman of the Management Board				Chief Financial Officer			
	Member of the Management Board since December 21, 2005 <sup>2)</sup>				Member of the Management Board since January 1, 2010			
	2015	2015	2015	2014 <sup>3)</sup>	2015	2015	2015	2014 <sup>3)</sup>
	Minimum	Maximum		Minimum	Maximum			
Fixed compensation	1,239	1,239	1,239	941	694	694	694	546
Fringe benefits <sup>1)</sup>	342	342	342	151	533	533	533	147
Total non-performance-based compensation	1,581	1,581	1,581	1,092	1,227	1,227	1,227	693
One-year variable compensation	2,586 <sup>4)</sup>	169	2,995 <sup>4)</sup>	1,929 <sup>4)</sup>	1,451 <sup>4)</sup>	98	1,680 <sup>4)</sup>	1,088 <sup>4)</sup>
Multi-year variable compensation / components with long-term incentive effects	3,185	-	n.a.	1,024	1,602	-	n.a.	522
thereof Share Based Award - New Incentive Bonus Plan 2010								
3-year term / 3-year waiting period	164	-	n.a.	120	92	-	n.a.	70
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011								
8-year term / 4-year vesting period	2,244	-	n.a.	673	1,122	-	n.a.	337
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011								
5-year term / 4-year vesting period	777	-	n.a.	231	388	-	n.a.	115
Total non-performance-based and performance-based compensation	7,352	1,750	n.a.	4,045	4,280	1,325	n.a.	2,303
Pension expense	570	570	570	429	533	533	533	404
Value of Benefits granted	7,922	2,320	n.a.	4,474	4,813	1,858	n.a.	2,707

	Roberto Fusté				Ronald Kuerbitz			
	Member of the Management Board for Asia-Pacific				Member of the Management Board for North America			
	Member of the Management Board since December 21, 2005 <sup>2)</sup>				Member of the Management Board since January 1, 2013			
	2015	2015	2015	2014 <sup>3)</sup>	2015	2015	2015	2014 <sup>3)</sup>
	Minimum	Maximum		Minimum	Maximum			
Fixed compensation	580	580	580	550	843	843	843	640
Fringe benefits <sup>1)</sup>	482 <sup>5)</sup>	482	482	2,970 <sup>5)</sup>	28	28	28	19
Total non-performance-based compensation	1,062	1,062	1,062	3,520	871	871	871	659
One-year variable compensation	1,146 <sup>4)</sup>	83	1,337 <sup>4)</sup>	908	1,841 <sup>4)</sup>	115	2,120 <sup>4)</sup>	1,244 <sup>4)</sup>
Multi-year variable compensation / components with long-term incentive effects	1,672	-	n.a.	568	1,636	-	n.a.	557
thereof Share Based Award - New Incentive Bonus Plan 2010								
3-year term / 3-year waiting period	153	-	n.a.	113	111	-	n.a.	105
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011								
8-year term / 4-year vesting period	898	-	n.a.	224	748	-	n.a.	337
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011								
5-year term / 4-year vesting period	621	-	n.a.	231	777	-	n.a.	115
Total non-performance-based and performance-based compensation	3,880	1,145	n.a.	4,996	4,348	986	n.a.	2,460
Pension expense	280	280	280	233	2,327	2,327	2,327	-
Value of Benefits granted	4,160	1,425	n.a.	5,229	6,675	3,313	n.a.	2,460

1) Includes insurance premiums, private use of company cars, rent and relocation supplements, contributions to pension and health insurance, tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) and other benefits, also in case accruals have been set up therefore.

2) The date indicated refers to the appointment to the Management Board of the General Partner.

3) Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

4) Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541 (2014: €376), to Mr. Michael Brosnan in the amount of €306 (2014: €188), to Mr. Roberto Fusté in the amount of €189 (2014: €0), to Mr. Ronald Kuerbitz in the amount of €451 (2014: €188), to Mr. Kent Wanzek in the amount of €203 (2014: €0), to Dr. Olaf Schermeier in the amount of €203 (2014: €0) and to Mr. Dominik Wehner in the amount of €117 (2014: €0).

5) Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.

## Benefits granted

in € THOUS

	Kent Wanzek				Dr. Olaf Schermeier			
	Member of the Management Board for Global Manufacturing Operations				Member of the Management Board for Global Research and Development			
	Member of the Management Board since January 1, 2010				Member of the Management Board since March 1, 2013			
	2015	2015	2015	2014 <sup>3)</sup>	2015	2015	2015	2014 <sup>3)</sup>
	Minimum		Maximum		Minimum		Maximum	
Fixed compensation	538	538	538	406	450	450	450	400
Fringe benefits <sup>1)</sup>	112	112	112	74	635 <sup>6)</sup>	635	635	234
Total non-performance-based compensation	650	650	650	480	1,085	1,085	1,085	634
One-year variable compensation	1,091 <sup>4)</sup>	73	1,268 <sup>4)</sup>	671	946 <sup>4)</sup>	56	1,094 <sup>4)</sup>	660
Multi-year variable compensation / components with long-term incentive effects	1,643	-	n.a.	553	1,584	-	n.a.	503
thereof Share Based Award - New Incentive Bonus Plan 2010								
3-year term / 3-year waiting period	130	-	n.a.	98	59	-	n.a.	51
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011								
8-year term / 4-year vesting period	1,047	-	n.a.	224	748	-	n.a.	337
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011								
5-year term / 4-year vesting period	466	-	n.a.	231	777	-	n.a.	115
Total non-performance-based and performance-based compensation	3,384	723	n.a.	1,704	3,615	1,141	n.a.	1,797
Pension expense	292	292	292	210	-	-	-	-
Value of Benefits granted	3,676	1,015	n.a.	1,914	3,615	1,141	n.a.	1,797

	Dominik Wehner			
	Member of the Management Board for EMEA			
	Member of the Management Board since April 1, 2014			
	2015	2015	2015	2014 <sup>3)</sup>
	Minimum		Maximum	
Fixed compensation	350	350	350	263
Fringe benefits <sup>1)</sup>	37	37	37	20
Total non-performance-based compensation	387	387	387	283
One-year variable compensation	695 <sup>4)</sup>	53	810 <sup>4)</sup>	433
Multi-year variable compensation / components with long-term incentive effects	1,617	-	n.a.	521
thereof Share Based Award - New Incentive Bonus Plan 2010				
3-year term / 3-year waiting period	92	-	n.a.	69
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011				
8-year term / 4-year vesting period	748	-	n.a.	337
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011				
5-year term / 4-year vesting period	777	-	n.a.	115
Total non-performance-based and performance-based compensation	2,699	440	n.a.	1,237
Pension expense	99	99	99	29
Value of Benefits granted	2,798	539	n.a.	1,266

1) Includes insurance premiums, private use of company cars, rent and relocation supplements, contributions to pension and health insurance, tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) and other benefits, also in case accruals have been set up therefore.

3) Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

4) Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541 (2014: €376), to Mr. Michael Brosnan in the amount of €306 (2014: €188), to Mr. Roberto Fusté in the amount of €189 (2014: €0), to Mr. Ronald Kuerbitz in the amount of €451 (2014: €188), to Mr. Kent Wanzek in the amount of €203 (2014: €0), to Dr. Olaf Schermeier in the amount of €203 (2014: €0) and to Mr. Dominik Wehner in the amount of €117 (2014: €0).

6) This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.

**Allocations**

in € THOUS

	<b>Rice Powell</b> Chairman of the Management Board		<b>Michael Brosnan</b> Chief Financial Officer		<b>Roberto Fusté</b> Member of the Management Board for Asia-Pacific		<b>Ronald Kuerbitz</b> Member of the Management Board for North America		<b>Kent Wanzek</b> Member of the Management Board for Global Manufacturing Operations		<b>Dr. Olaf Schermeier</b> Member of the Management Board for Global Research and Development		<b>Dominik Wehner</b> Member of the Management Board for EMEA	
	Member of the Management Board since December 21, 2005 <sup>2)</sup>	Member of the Management Board since January 1, 2010	Member of the Management Board since December 21, 2005 <sup>2)</sup>	Member of the Management Board since January 1, 2010	Member of the Management Board since December 21, 2005 <sup>2)</sup>	Member of the Management Board since January 1, 2013	Member of the Management Board since January 1, 2010	Member of the Management Board since January 1, 2010	Member of the Management Board since January 1, 2010	Member of the Management Board since March 1, 2013	Member of the Management Board since March 1, 2013	Member of the Management Board since April 1, 2014	Member of the Management Board since April 1, 2014	
	2015	2014 <sup>3)</sup>	2015	2014 <sup>3)</sup>	2015	2014 <sup>3)</sup>	2015	2014 <sup>3)</sup>	2015	2014 <sup>3)</sup>	2015	2014 <sup>3)</sup>	2015	2014 <sup>3)</sup>
Fixed compensation	1,239	941	694	546	580	550	843	640	538	406	450	400	350	263
Fringe benefits <sup>1)</sup>	342	151	533	147	482 <sup>4)</sup>	2,970 <sup>4)</sup>	28	19	112	74	635 <sup>6)</sup>	234	37	20
Total non-performance based compensation	1,581	1,092	1,227	693	1,062	3,520	871	659	650	480	1,085	634	387	283
One-year variable compensation	1,032 <sup>5)</sup>	737 <sup>5)</sup>	581 <sup>5)</sup>	398 <sup>5)</sup>	648 <sup>5)</sup>	339	785 <sup>5)</sup>	503 <sup>5)</sup>	594 <sup>5)</sup>	294	381 <sup>5)</sup>	153	394 <sup>5)</sup>	208
Multi-year variable compensation / components with long-term incentive effects	2,608	399	4,031	1,330	3,518	2,154	1,900	1,084	255	932	-	-	784	-
thereof Share Based Award - New Incentive Bonus Plan 2009 3-year term / 3-year vesting period Grant 2009	-	-	-	-	-	154	-	-	-	-	-	-	-	-
thereof Share Based Award - New Incentive Bonus Plan 2010 3-year term / 3-year vesting period Grant 2010	-	399	-	225	-	155	-	-	-	179	-	-	-	-
Grant 2011	485	-	292	-	262	-	-	-	255	-	-	-	-	-
thereof International Stock Option Plan 2001 10-year term / one third 2-, 3- and 4-year vesting period Grant 2004	-	-	-	680	-	1,050	-	-	-	-	-	-	-	-
Grant 2005	-	-	2,353	-	-	-	-	-	-	-	-	-	475	-
thereof Stock Option Plan 2006 7-year term / 3-year vesting period Grant 2007	-	-	-	425	-	795	-	442	-	-	-	-	-	-
Grant 2008	2,123	-	1,386	-	2,110	-	642	-	-	345	-	-	309	-
Grant 2009	-	-	-	-	1,146	-	824	-	-	408	-	-	-	-
Grant 2010	-	-	-	-	-	-	1,076	-	-	-	-	-	-	-
thereof Long Term Incentive Program 2011 - Stock Option Plan 2011 8-year term / 4-year vesting period Grant 2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
thereof Long Term Incentive Program 2011 - Phantom Stock Plan 2011 5-year term / 4-year vesting period Grant 2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-performance-based and performance-based compensation	5,221	2,228	5,839	2,421	5,228	6,013	3,556	2,246	1,499	1,706	1,466	787	1,565	491
Pension expense	570	429	533	404	280	233	2,327	-	292	210	-	-	99	29
Allocation	5,791	2,657	6,372	2,825	5,508	6,246	5,883	2,246	1,791	1,916	1,466	787	1,664	520

1) Includes insurance premiums, private use of company cars, rent and relocation supplements, contributions to pension and health insurance, tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) and other benefits, also in case accruals have been set up therefore.

2) The date indicated refers to the appointment to the Management Board of the General Partner.

3) Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).

4) Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.

5) Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541 (2014: €376), to Mr. Michael Brosnan in the amount of €306 (2014: €188), to Mr. Roberto Fusté in the amount of €189 (2014: €0), to Mr. Ronald Kuerbitz in the amount of €451 (2014: €188), to Mr. Kent Wanzek in the amount of €203 (2014: €0), to Dr. Olaf Schermeier in the amount of €203 (2014: €0) and to Mr. Dominik Wehner in the amount of €117 (2014: €0).

6) This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.

## **V. Adjustments to the compensation system for the Management Board as of fiscal year 2016**

The Long Term Incentive Program 2011 consisting of the Stock Option Plan 2011 and the Phantom Stock Plan 2011 expired at the end of the fiscal year as scheduled. Thus, no further issuances will be made under this Program. In order to allow the members of the Management Board of the General Partner and other managerial staff members in the interest of the Company to continue to adequately participate in the long-term, sustained success of the Company even after the expiry of this program, it is currently intended to introduce a new Long Term Incentive Program based on a virtual share based cash compensation component (LTIP 2016). The Supervisory Board of the General Partner is expected to resolve upon this program shortly.

In case of the introduction of the planned LTIP 2016 it is further intended to submit the adjusted compensation system for the members of the Management Board to the Annual General Meeting on May 12, 2016 for approval. In that case the main elements of the LTIP 2016 and the related adjustments to the existing compensation system will be published in the context of the convening of and explained within the Annual General Meeting 2016. Further adjustments to the compensation system for the members of the Management Board are currently not planned.

### **Compensation of the Supervisory Board**

The compensation of the FMC-AG & Co. KGaA Supervisory Board is set out in clause 13 of the Articles of Association. If the General Meeting resolves on a higher compensation in consideration of the annual profits with a majority of three-fourths of the votes cast, such compensation will apply.

Each Supervisory Board member receives a fixed salary of \$80 THOUS for each full fiscal year, payable in four equal instalments at the end of a calendar quarter. The Chairman of the Supervisory Board receives additional compensation of \$80 THOUS and his deputy additional compensation of \$40 THOUS per respective complete fiscal year. In addition, each member of the Supervisory Board shall also receive as a variable performance-related compensation component an additional remuneration which is based upon the respective average growth in basic earnings per share of the Company (EPS) during the period of the last three fiscal years prior to the payment date (3-year average EPS growth). The amount of the variable performance-related remuneration component is \$60 THOUS in case of achieving a 3-year average EPS growth corridor from 8.00 to 8.99%, \$70 THOUS in the corridor from 9.00 to 9.99% and \$80 THOUS in case of a growth of 10.00% or more. If the aforementioned targets are reached, the respective variable remuneration amounts are earned to their full extent, i.e. within these margins there is no pro rata remuneration. In any case, this component is limited to a maximum of \$80 THOUS per annum. Reciprocally, the members of the Supervisory Board are only entitled to the remuneration component if the 3 year average EPS growth of at least 8.00% is reached. The remuneration, based on the target achievement, is in principle disbursed on a yearly basis, namely following approval of the Company's annual financial statements, this for the fiscal year based on the 3-year average EPS growth for the fiscal years 2013, 2014 and 2015.

In application of the principles above, neither for the previous year nor for the fiscal year a variable performance-related compensation component was generated.

As a member of a committee, a Supervisory Board member of FMC-AG & Co. KGaA additionally annually receives \$40 THOUS, or, as chairman or vice chairman of a committee, \$60 THOUS or \$50 THOUS, respectively payable in identical instalments at the end of a calendar quarter. For memberships in the Nomination Committee and in the Joint Committee as well as in the capacity of their respective chairmen and deputy chairmen, no separate remuneration shall be granted.

Should a member of the FMC-AG & Co. KGaA Supervisory Board be a member of the Supervisory Board of the General Partner Fresenius Medical Care Management AG at the same time, and receive compensation for his work on the Supervisory Board of Fresenius Medical Care Management AG, the compensation for the work as a FMC-AG & Co. KGaA Supervisory Board member shall be reduced by half. The same applies to the additional compensation for the Chairman of the FMC-AG & Co. KGaA Supervisory Board and his deputy, to the extent that they are at the same time chairman and deputy, respectively, of the Supervisory Board of Fresenius Medical Care Management AG. If the deputy chairman of the FMC-AG & Co. KGaA Supervisory Board is at the same time chairman of the Supervisory Board at Fresenius Medical Care Management AG, he shall receive no additional compensation for his work as deputy chairman of the FMC-AG & Co. KGaA Supervisory Board to this extent.

The compensation for the Supervisory Board of Fresenius Medical Care Management AG and the compensation for its committees were charged to FMC-AG & Co. KGaA in accordance with section 7 para. 3 of the Articles of Association of FMC-AG & Co. KGaA.

The members of the Supervisory Board are to be reimbursed for the expenses incurred in their exercise of their offices, which also include the applicable VAT.

The total compensation of the Supervisory Board of FMC-AG & Co. KGaA including the amount charged by Fresenius Medical Care Management AG to FMC-AG & Co. KGaA, is stated in the following table:

**Compensation of the Supervisory Board**

in € THOUS<sup>1)</sup>

	Fixed compensation for Supervisory Board at FMC Management AG		Fixed compensation for Supervisory Board at FMC-AG & Co. KGaA		Compensation for committee services at FMC Management AG		Compensation for committee services at FMC-AG & Co. KGaA		Non-performance related compensation	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Dr. Gerd Krick	36	30	108	90	54	45	36	30	234	195
Dr. Dieter Schenk	54	45	54	45	45	38	-	-	153	128
Dr. Ulf M. Schneider <sup>2)</sup>	144	120	-	-	63	53	-	-	207	173
Dr. Walter L. Weisman	36	30	36	30	45	38	54	45	171	143
William P. Johnston	36	30	36	30	108	90	36	30	216	180
Prof. Dr. Bernd Fahrholz <sup>3)</sup>	-	-	72	60	-	-	45	38	117	98
Rolf A. Classon	36	30	36	30	54	45	-	-	126	105
<b>TOTAL</b>	<b>342</b>	<b>285</b>	<b>342</b>	<b>285</b>	<b>369</b>	<b>309</b>	<b>171</b>	<b>143</b>	<b>1,224</b>	<b>1,022</b>

1) Shown without VAT and withholding tax; translation of U.S. dollar amounts at respective average exchange rates for the respective year

2) Chairman of the Supervisory Board of FMC Management AG, but not member of the Supervisory Board of FMC-AG & Co. KGaA; compensation paid by FMC Management AG

3) Member of the Supervisory Board of FMC-AG & Co. KGaA, but not member of the Supervisory Board of FMC Management AG; compensation paid by FMC-AG & Co. KGaA

Hof an der Saale, February 2016

**Fresenius Medical Care AG & Co. KGaA**

represented by **Fresenius Medical Care Management AG**  
as General Partner

sgd.  
Rice Powell  
Member of the Management Board

sgd.  
Michael Brosnan  
Member of the Management Board