FRESENIUS
MEDICAL CARE

2020

NON-FINANCIAL GROUP REPORT

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ABOUT THIS NON-FINANCIAL GROUP REPORT

The separate non-financial group report on the following pages fulfills the requirements of Section 315c in conjunction with Sections 289c to 289e of the German Commercial Code. It applies to Fresenius Medical Care AG & Co. KGaA and its consolidated subsidiaries. It covers the reporting period from January 1 to December 31, 2020. The report contains information relating to social, employee and environmental matters, combating bribery and corruption, and respect for human rights. Unless explicitly stated otherwise, information given refers to subsidiaries that are fully consolidated in our consolidated financial statements.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) has assessed the 2020 non-financial group report against the relevant legal requirements of the German Commercial Code and has performed a limited assurance engagement according to ISAE 3000 (revised). For the Independent Auditor's Report, please SEE PAGE 100.

The description of the management concepts is based on the international sustainability standards of the Global Reporting Initiative (GRI), which are used as a framework in accordance with Section 289d of the German Commercial Code. Applied GRI standards are Disclosure 102-46 from GRI 102: General Disclosures 2016, and Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016. Except for references to the Group Management Report and the consolidated financial statements of Fresenius Medical Care, any references to information published outside the non-financial group report are supplementary. They are not part of this non-financial information and are therefore not subject to the assurance engagement.

BUSINESS MODEL

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

SUSTAINABILITY MANAGEMENT

STRATEGY

At Fresenius Medical Care, our patients are at the heart of everything we do. This also determines the way we look at sustainability. Our commitment to sustainability is incorporated in our vision and our mission. It is also reflected in our strategy to deliver sustainable solutions with innovative products and services of the highest quality at a reliable cost. Our long-term focus is on activities that support our mission to provide the best possible care for a growing number of patients in diverse health care systems.

Managing sustainability successfully means creating lasting value – economically, ecologically and socially. For us, it also means continuously implementing global sustainability standards in our operations around the world. To further drive the integration of sustainability in our business, we have launched a Global Sustainability Program. With the program, we commit ourselves to implementing global sustainability standards, measuring our performance, and developing global targets. The program provides us with a basis for further analyzing our global impact, identifying areas for improvement, and leveraging opportunities related to sustainability.

More information on our Strategy 2025 can be found in the Group Management Report starting on PAGE 22.

GLOBAL TARGETS

Our Global Sustainability Program reflects the growing requirements for sustainability management and our commitment to continuously improve our performance. It defines global targets for eight focus areas in the period from 2020 to 2022. These are derived from the results of our materiality analysis that we carry out to identify the most relevant sustainability topics for our business. The eight focus areas are: patients, employees, anti-corruption and bribery, data protection and privacy, labor and human rights, sustainable supply, environment, and occupational health and safety. The overall objective of the program is to establish common global standards, goals, responsibilities, and key performance indicators (KPI) for our sustainability performance.

Cooperation between all regions and global functions and the exchange of best practices are key success factors of our Global Sustainability Program. We want to leverage our scale and expertise and take regional needs into account in our sustainability activities. In 2020, as part of the Global Sustainability Program, we approved new global policies in the areas of patient care, human and labor rights, and supplier management. We also defined global performance indicators for various areas of the program to measure our sustainability performance. For example, we introduced new global key performance indicators relating to patient surveys, product quality, and sustainable supply.

In the year under review, we also stepped up internal communication on our sustainability activities and the targets of the sustainability program to raise awareness among employees. In addition, we communicated the progress and results of our Global Sustainability Program externally to increase transparency for our stakeholders.

The progress of the Global Sustainability Program is incorporated in the Management Board's compensation in the form of sustainability targets.

More information on sustainability in the compensation system can be found in the Group Management Report starting on PAGE 124. For further information on policies and commitments, please see our website (www.freseniusmedicalcare.com/en/about-us/sustainability).

MATERIAL TOPICS

We regularly evaluate the relevance of sustainability topics for our business. In 2019, we conducted a comprehensive materiality analysis to identify and prioritize topics that matter most to our business and have the strongest impact on sustainability aspects. We selected and clustered topics from a list of more than 100 topics. The long list of topics was based on insights from various sources. These include our corporate risk management, Environment Social Governance (ESG) ratings and rankings, international sustainability reporting standards, including those of GRI and the Sustainability Accounting Standards Board (SASB), and competitor benchmarks. The list also included the results of our trend and media analysis. To prioritize topics, we involved internal stakeholders from the different regions and functions and reviewed the outcomes with selected external experts. In 2020, we reviewed our materiality analysis. It confirmed the prioritization of key areas identified in 2019. We continuously monitor and evaluate upcoming topics and areas of interest for our stakeholders.

SUSTAINABILITY GOVERNANCE

The highest governing body for sustainability issues is our Sustainability Decision Board. Headed by CEO Rice Powell, it is responsible for integrating sustainability into the Company's strategy and business. Together with the Sustainability Decision Board, the Management Board decides on strategic initiatives. In 2020, for example, the Sustainability Decision Board approved the implementation of the Global Supplier Code of Conduct and three global policies that are relevant for our sustainability performance. The Management Board and the Supervisory Board review the progress of sustainability management, which is then published in the separate non-financial group report.

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

Strategic sustainability activities for the Company are driven by the Global Sustainability department. It manages the Company's Global Sustainability Program in close cooperation with the regions and functions. The Global Head of Sustainability regularly informs the Management Board about the progress of the program and the status of target achievement. The Global Head of Sustainability also participates in Fresenius SE & Co. KGaA's Group Sustainability Board to discuss sustainability activities and share best practices with experts from other business units of the holding.

RISK MANAGEMENT

We monitor and assess non-financial risks as part of our corporate risk management. The assessment is based on a list of potential sustainability risks, which is regularly reviewed. In accordance with the German Commercial Code, we are required to report on known significant risks related to our own operations, business relationships, products, or services that are very likely to have an adverse effect on material non-financial topics. We did not identify any material non-financial risks of this kind in 2020.

In the reporting year, we also performed global risk assessments on our supply chain as well as on environmental protection and human and labor rights. With the help of external platforms, we looked at country and industry-specific risks for the topics in question, among others.

More information on our corporate risk management can be found in the Group Management Report starting on PAGE 62. For information on our environmental risk assessments, see the section "Environmental protection" starting on PAGE 97. More information on our risk assessment on human and labor rights can be found in the "Human rights" section starting on PAGE 96, and our supply chain risk assessment below.

STAKEHOLDER INCLUSION

As a company with global operations, our business activities have an impact on many stakeholder groups. These include patients, employees, shareholders, suppliers and the communities in which we work. Representatives from academia, politics,

media and international organizations are also important interest groups. Engaging in dialog with relevant stakeholders is essential to understand their expectations of our company. It is also part of building trust and reliable partnerships and helps us to share knowledge and promote scientific progress. In the year under review, we participated in several expert groups such as Kidney Care Partners and the National Quality Forum. Furthermore, we joined technical expert panels for the Centers for Medicare and Medicaid Services, the federal public health care authority in the U.S.

We are subject to a wide range of complex legislative and regulatory processes that affect our business. Therefore, we periodically engage in policy discussions and collaborate with third parties to assist in lobbying efforts. Our principles relating to our political activities are stated in our Code of Ethics and Business Conduct (Code). They provide the basis for our political dialog in compliance with applicable laws and regulations. These principles also apply to our interactions with associations. In 2020, we were involved, for example, in the German Employers Association and participated in the International Labour Organization's (ILO) Corporate Social Responsibility working group. Furthermore, Fresenius Medical Care is a member of the International Organization of Employers (IOE) and the Global Industrial Relations Network (GIRN).

More information on our collaboration with external research and innovation partners can be found in the Group Management Report starting on PAGE 34. For information about our dialog with employee representatives, see the "Employees" section starting on PAGE 88.

SUSTAINABILITY IN THE SUPPLY CHAIN

As a global health care company, we understand the responsibilities that relate to the management of a complex supply chain worldwide. We have established policies and procedures to comply with applicable laws and with our own standards in each country we do business in. Our principles for responsible procurement reflect our commitment to promoting sustainable business practices in our daily operations. We expect our suppliers to comply with our sustainability requirements and to share our commitment to sustainability throughout their supply chain.

We aim to cooperate with suppliers on sustainability with the objective to increase transparency on the environmental and social impact associated with our supply chains. In 2020, we launched our Global Supplier Code of Conduct, which replaces the previously used Sustainability Principles. Our Global Supplier Code of Conduct further specifies our expectations to suppliers. It covers the areas of integrity and ethics, human rights and labor conditions, quality, occupational health and safety, and environmental protection. We are gradually integrating it into our contracts with suppliers and our internal guidelines and processes. In 2020, we informed strategic suppliers about the new Global Supplier Code of Conduct and the standards it sets. More than 260 employees in procurement, as well as colleagues from departments such as Legal, Finance, and Compliance, participated in internal training courses on the Supplier Code of Conduct. Training will continue in 2021 and beyond.

In our vertically integrated organization, responsibility for procurement is shared between our manufacturing business and our health care services business as well as headquarters. The respective procurement departments are responsible for overseeing the implementation of our Global Supplier Code of Conduct. The procurement departments for our manufacturing and our health care services business have a direct reporting line to the Management Board. They are working on strengthening sustainable supply chain management in cooperation with the Company's Global Sustainability department.

In the context of our Global Sustainability Program, we launched an initiative to evaluate suppliers based on sustainability risks. This helps us to cluster our supplier base according to their sustainability risks, monitor them more closely and take corresponding action. Critical suppliers will be asked to provide information about their sustainability performance, for instance in the form of a self-assessment. We will use this to identify suppliers we want to work with in order to ensure compliance with our sustainability standards. We have also started to monitor social media releases regarding our suppliers to expose potential issues. By the end of 2020, we had screened the social media presence of more than 20 % of our most important suppliers by relevant spend.

In 2020, we set ourselves targets to further promote sustainability in the supply chain. As a next step, we are planning to roll out a global e-learning course on sustainable supplier management with the goal of reaching our procurement staff in all countries by the end of 2022.

RESPONSIBILITY FOR PATIENTS

Our patients' well-being is our top priority and key to the Company's success. We are committed to delivering safe, high-quality care for patients with chronic illnesses.

To live up to our commitment, we continuously monitor and analyze the quality performance of our products and services. We also measure patient satisfaction and take our patients' feedback into account to improve our services. We are continuously working to expand access to high-quality health care for more patients and further improve the care we offer. This also involves investing in innovations and new technologies, and leveraging insights from scientific research and collaboration with partners.

In 2019, we established the Global Medical Office to coordinate our efforts to advance medical science and patient care. It is part of a network that drives scientific and medical progress worldwide. The Global Medical Office is led by our Global Chief Medical Officer, who was appointed to the Management Board in 2020. Key findings of the Global Medical Office are published on a regular basis.

IMPROVING QUALITY OF CARE

Our Code of Ethics and Business Conduct includes our commitment to continuously improve the quality of care for patients. We measure patients' feedback using patient experience surveys as part of our global patient experience program. Overall responsibility for these surveys lies with specialized regional teams in cooperation with the Global Medical Office, which provides global guidance. We conduct patient experience surveys at least every other year. The survey results are reviewed to identify strengths as well as opportunities. Our aim is to derive measures to enable more personalized care and improve the quality of our services.

In 2020, we developed a global policy on patient care, including a chapter dedicated to patient experience surveys and related processes that are harmonized worldwide. Our main goal in doing so is to include our patients' feedback to a greater extent. To achieve this, we have set ourselves targets. In 2021, we are planning to further roll out our harmonized patient experience survey worldwide. We also want to implement a globally consistent process for making improvements in all countries in which the patient survey is rolled out.

We measure patient experience and customer loyalty using the Net Promoter Score (NPS). The NPS reflects the customer's overall satisfaction with our services. In 2020, our NPS was 67. By learning about our patients' willingness to recommend Fresenius Medical Care, we can compare the services provided by our clinics and turn insights into action. As part of calculating the NPS, we measure the percentage of patient recommendations. In the reporting year, 75 % of our patients answered that they would highly recommend our services to a friend. In addition to the NPS, we track survey coverage and response rates.

TABLE 3.1 shows the results of measuring patient experience and customer loyalty with surveys.

Grievance mechanisms are another way to get patients' feedback and understand their needs. We have established patient grievance processes in all regions to address topics raised by our patients in a timely manner. In 2020, we harmonized the patient grievance process globally. This is included in a dedicated chapter of the patient care global policy. We offer our patients various channels through which they can express their suggestions and concerns, such as dedicated hotlines and email addresses, complaint and suggestion boxes as well as a web form on our website. Patients and their representatives have the option to raise suggestions and concerns anonymously. Our policies ensure that grievances can be filed without fear of reprisal or denial of services.

T 3.1 **MEASURING PATIENT EXPERIENCE AND CUSTOMER LOYALTY WITH SURVEYS**

	2020
Net Promoter Score[1]	67
Coverage[2] (%)	78
Response rate[3] (%)	76

[1] The Net Promoter Score is a value between -100 and 100. It measures the patient experience of patients treated in Fresenius Medical Care dialysis clinics.
[2] The coverage rate corresponds to the rate of eligible patients responding to the patient experience survey.
[3] The response rate is the rate of eligible patients that effectively answered the survey (incl. the question relating to the NPS).

The quality of care provided in our dialysis clinics is continuously measured and assessed based on generally recognized quality standards and international guidelines. These include the Kidney Disease: Improving Global Outcomes (KDIGO) foundation, the Kidney Disease Outcome Quality Initiative (KDOQI), the European Renal Best Practice (ERBP) guidelines as well as industry-specific clinical benchmarks and our own quality targets.

We also evaluate a set of medical indicators on an ongoing basis to measure the quality of care provided in our clinics. We are currently harmonizing the quality reporting around kidney care to better understand geographic differences.

TABLE 3.2 ON PAGE 85 shows the quality parameters by operating segment.

T 3.2 QUALITY PARAMETERS BY OPERATING SEGMENT[1]
RELATING TO THE FOURTH QUARTER OF THE RESPECTIVE YEAR

		Description	Possible impact	North America		Europe, Middle East and Africa		Latin America		Asia-Pacific	
				2020	2019	2020	2019	2020	2019	2020	2019
in %	Kt / V[2,3] ≥ 1.2	Effectiveness of dialysis: measures how well the body is cleaned of uremic toxins	More days spent in hospital; increased mortality	97	97	93	94	91	91	94	95
in %	Hemoglobin[4,5,6] = 10–12 g / dl	Hemoglobin is responsible for transporting oxygen around the body	Indicator for anemia	71	71	82	82	48	50	52	56
in %	Calcium[3,8] = 8.4–10.2 mg / dl	Measures the patient's nutritional status and mineral balance	Marker for increased mortality	81	81	78	79	73	76	72	74
in %	Albumin[7,8] ≥ 3.5 g / dl			80	81	90	89	89	91	91	87
in %	Phosphate[3,8,9] ≤ 5.5 mg / dl			59	60	80	80	76	76	64	63
in %	Patients without catheter (after 90 days)[10]	Measures the number of patients with vascular access	More days spent in hospital	79	81	77	78	78	79	81	83
in days	Days in hospital per patient year[11]	Result of complications during dialysis	Restrictions in quality of life	9.7	10.3	7.7	7.5	4.0	4.3	3.5	2.6

[1] The numbers for 2020 are based on quality parameters of 90 % of our dialysis clinics worldwide. This includes 80 % of our clinics in EMEA and 46 % of our clinics in Asia-Pacific.
[2] Kt / V provides information about the effectiveness and efficiency of dialysis.
[3] Kidney Disease Outcomes Quality Initiative guidelines.
[4] The hemoglobin value in patients' blood should be kept within a defined range. Hemoglobin is the component of red blood cells that transports oxygen within the human body. An insufficient level of hemoglobin in the blood indicates anemia.
[5] Kidney Disease: Improving Global Outcomes and European Renal Best Practice guidelines.
[6] EMEA data includes patients with Hb > 12 g / dl without erythropoiesis-stimulating agents (ESA).
[7] Certified reference material for human albumin based on specifications from Joint Research Centre of the European Commission (#ERM-DA470k) was obtained to ensure consistent results over time.
[8] Calcium, albumin, and phosphate levels in the blood are indicative of a patient's general nutritional status and point to disorders in the mineral and bone metabolism of patients with chronic kidney disease.
[9] Phosphate specified as mg / dl of phosphorus.
[10] Catheters are associated with a serious risk of infection and an increase in the number of days spent in hospital. Fresenius Medical Care records the number of patients who do not need to use a catheter as a vascular access for dialysis. Where we as the care provider are directly responsible, the proportion of patients with permanent vascular access serves as an indirect quality indicator.
[11] The number of days patients are hospitalized over a 365-day dialysis treatment period per patient. This is relevant for determining the quality of care because more days spent in hospital significantly reduce the quality of life for dialysis patients and are particularly cost-intensive for health care systems.

In 2020, we aimed to maintain the clinical care environment as stable as possible during the worldwide COVID-19 pandemic. The impact of the pandemic was felt in all regions with our most vulnerable population of patients. However, the key clinical quality indicators showed a consistently high quality of care among our patients.

Listening to our patients is also important when it comes to their choice of therapy. We treat our patients across the full spectrum of chronic kidney disease. We aim at giving them a more informed choice and providing treatment options that best fit their life circumstances. In 2020, for example, we offered home therapy to more than 44,000 peritoneal and hemodialysis patients who choose to be treated in a familiar environment and whose medical condition allows them to do so. In the U.S. alone, we educated more than 50,000 people living with chronic kidney disease or end-stage kidney disease about home dialysis options with the help of more than 180 internal kidney care experts.

Digitizing health care

Digital technologies open new perspectives for treating patients. Innovations in this field help to improve the effectiveness of medical treatment. They provide physicians with better information for making decisions and educate patients more effectively about their treatment. Digital transformation can also improve access to health care services.

In the U.S., we launched our connected health platform TheHub at the end of 2019. This improves collaboration between patients, care teams, and providers via an app. In 2020, more than 1.7 million sessions in the app were documented. In various countries in Europe, Africa, Asia-Pacific, and Latin America, we are using the mycompanion app as a new channel to reach our patients.

During the COVID-19 pandemic in 2020, telehealth also played a critical role in reducing the exposure risk for patients and health care workers. By enabling virtual contact, we minimized the risk of infection on both sides. At the same time, digitization raises the bar when it comes to protecting patient data.

More information on data protection and data privacy at Fresenius Medical Care can be found in the section "Safeguarding data" starting on PAGE 94. For more information on digitization initiatives, see the Group Management Report starting on PAGE 34.

Collaborating to improve health care

We work with research partners to facilitate scientific progress and explore new ways to improve care. In 2020, we were involved in more than 40 key partnerships with academia, research institutes, and peer companies. Focus areas were, for example, cardio-protection, personalized and precise medicine, research and innovation as well as public health. This also includes the impact of COVID-19 on vulnerable patient populations. We are also members of several professional organizations, including the American Nephrology Nurses Association, the American Society of Nephrology, the Renal Physicians Association, and the European Renal Association – European Dialysis and Transplant Association.

More information on our collaboration with research and innovation partners can be found in the Group Management Report starting on PAGE 34.

ACCESS TO HEALTH CARE

Providing access to health care is an important topic that covers a broad range of activities. We support the development of infrastructure for renal care and cooperate with authorities to offer affordable care to a growing number of patients. Innovative digital services and products also help improve access to health care services and flexibility for patients. In crisis and emergency situations, we benefit from our vertically integrated organization to provide access to health care for patients in need.

Patient support in emerging countries

Demand for affordable health care products is growing in emerging markets. To facilitate access to dialysis treatment, we have developed the 4008A dialysis machine which meets high therapy standards while reducing costs for health care systems. At the same time, it is designed to be easy to handle even in challenging infrastructures and remote locations. In 2019, the 4008A dialysis machine was successfully launched in Asian emerging markets, including India, Pakistan, Nepal, and Bangladesh.

More information on new products geared to emerging markets can be found in the Group Management Report starting on PAGE 34.

Patient support in crisis and emergency situations

Fresenius Medical Care operates dialysis facilities in many regions of the world with diverse geographic, social and economic conditions. We serve a vulnerable population of patients who need regular dialysis treatment multiple days a week. To ensure that patients receive their dialysis treatment, even in extreme conditions, we have developed robust emergency response systems. For example, we have a system of regionally organized emergency response teams in place to ensure business continuity. In addition to our disaster response activities, we repeatedly donate funds, dialysis machines, and medical supplies to organizations that urgently require support.

The COVID-19 pandemic presented Fresenius Medical Care with an extraordinary challenge in 2020. Our patients have a high risk of suffering complications in case of a COVID-19 infection. We established strict safety protocols in our more than 4,000 clinics to maintain the provision of essential treatments while reducing the risk of infection for patients and staff. Measures included screening all patients and staff entering the clinics and providing them with personal protective equipment. We also set up isolation centers for infected patients. Under these circumstances, we treated more than 29,000 patients with COVID-19 in North America. In addition, we rolled out an expanded telehealth platform to support social distancing for both home and in-center patients. Acute kidney injury is common in critically ill COVID-19 patients. We provided hundreds of acute dialysis devices and other supplies to hospitals for emergency treatment. Despite the increased safety measures, we were able to continue producing and delivering life-saving products, even when our operations and supply chains were hampered by global restrictions.

For more information on measures to protect our employees during the COVID-19 pandemic, see the "Employees" section starting on PAGE 88. For further information on COVID-19 relief measures, please see the notes to the consolidated financial statements starting on PAGE 175.

PRODUCT SAFETY AND QUALITY

We produce and deliver a broad range of products for treating kidney disease. With our network of 44 manufacturing sites in more than 20 countries, we take care of the procurement, production, distribution, and supply of renal and multi-organ therapy products. We manage the quality and safety of our product business over the entire product life cycle, from design and development to operation and application.

Two global functions are responsible for our product business: Global Research and Development and Global Manufacturing, Quality and Supply. Both functions report directly to the Management Board. They have jointly developed our Global Quality Policy, which describes our commitment to product and service quality. It also covers our obligation to comply with relevant regulations and maintain environmentally sound and efficient operations. The Global Quality Policy is the basis for regional quality manuals and further detailed policies that describe aspects such as responsibilities, training, risk assessments, and audits. The Management Board is regularly informed about our global quality performance.

Certification and audits

We are subject to governmental regulation in virtually every country in which we operate. This includes, for example, the EU legislation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) EC 1907/2006, the Restriction of Hazardous Substances (RoHS) 2011/65/EU, the Medical Device Directive (MDD) 93/42/EEC as well as the new Medical Device Regulation (MDR) 2017/745. Further, it includes the Code of Federal Regulations (CFR) of the U.S. Food and Drug Administration (FDA).

Our safety and quality processes are embedded in quality management systems as defined by legal and regulatory requirements. As a result, all our products need to comply with safety and quality standards. This covers their development to market approval, manufacturing, use in clinics, customer training, and dealing with complaints. In 2019, we harmonized our quality management systems in the regions Europe, Middle East and Africa (EMEA), Latin America, Asia-Pacific, and parts of North America into one consolidated quality management system. We intend to leverage synergies so that we can respond faster to market developments and work together more efficiently to design and manufacture products. We have set ourselves the goal of implementing a global quality management system by 2024. As part of our initiative to harmonize our quality systems and processes worldwide, we are planning to introduce a global electronic training system within the next three years.

Our consolidated quality management system is certified according to ISO 9001 and ISO 13485. In addition, our plants are subject to regular external quality audits and reviews in accordance with local requirements. Of the production sites managed by our Global Manufacturing, Quality and Supply function, 21 are certified with ISO 9001/13485. Furthermore, 17 sites have been audited according to the Good Manufacturing Practice (GMP) or the Current Good Manufacturing Practice (cGMP) guidelines. We also successfully completed the Medical Device Single Audit Program (MDSAP) in 10 of our sites as well as for our consolidated quality management system. This enabled us to reach a higher level of efficiency and reduce the cost per audit.

Additional internal quality audits at our local sites help us determine the effectiveness of our quality management systems and check conformity with regulations and standards. Internal audits are carried out at least once a year at each of our plants, following a risk-based approach.

We have defined key performance indicators that help us monitor our quality objectives and prevent adverse events before they occur. We disclose the audit score, which measures our performance in certification audits and indicates the ratio of major and critical findings to the number of external audits. In 2020, more than 60 certification audits were performed at our manufacturing sites that are managed by the Global Manufacturing, Quality and Supply function. The audit score was 0.2. We have set ourselves the target not to exceed an audit score

of 1.0 per audit to ensure the effectiveness of our quality management systems and certifications. All findings are documented and escalated depending on how critical they are. We determine and implement appropriate corrective and preventive measures.

TABLE 3.3 shows the certification of our plants and TABLE 3.4 the audit scores.

Product improvements

Continuous improvement is an essential prerequisite for enhancing the quality and safety of our products. Product improvements are a key performance indicator defined as changes that focus on at least one of the following: patient safety and quality, product performance, or customer service. We take the perspective of patient safety and product quality in our evaluation. Product improvements that only have a financial advantage but do not benefit the patient are not taken into consideration. In 2020, we implemented more than 440 product improvements to our dialysis machines and are planning to extend this KPI to further product groups in 2021.

We also carry out product innovations with the aim of continuously improving our portfolio. To enable access to the latest technologies, we invest in research and development and collaborate with external partners, including academic institutions. We also invest in startups that develop products, technologies, and therapies in the health care sector.

Post-market surveillance is also an integral part of our quality management. It is essential that our products and services are effective and reliable. At the same time, they should pose as low a risk as possible for our patients. Our standards for planning, conducting, and monitoring clinical studies, for example, help us to enhance the quality and safety of our products and improve our patients' health. We monitor the safety and efficacy of medicines and medical devices in accordance with legal requirements. One way of doing so is to conduct clinical studies.

T 3.3 CERTIFICATION OF OUR PLANTS

Certification	ISO 9001/13485	GMP/cGMP[1]	MDSAP[2]
Production sites certified[3] (%)	68	55	32

[1] GMP stands for the Good Manufacturing Practice guidelines, cGMP for the Current Good Manufacturing Practice guidelines.
[2] MDSAP refers to the Medical Device Single Audit Program.
[3] Production sites managed by Global Manufacturing, Quality and Supply.

T 3.4 AUDIT SCORES

	2020	2019
Audit score	0.2	0.2

Reporting adverse events and product complaints

We strive to ensure compliance with legal requirements related to monitoring the adverse effects of drugs – also called pharmacovigilance – and medical devices. To this end, we collect and review adverse events and product complaints. In addition to compliance with applicable legal requirements, we have included the topic of reporting adverse events and product complaints in our Code of Ethics and Business Conduct.

More information on quality management at our production sites can be found in the Group Management Report starting on PAGE 37. For more information on innovation, see the Group Management Report starting on PAGE 34.

EMPLOYEES

Our worldwide team is key to our success as the world's leading dialysis company. In the reporting year, we had a workforce of 133,129 employees (125,364 full-time equivalents, FTE) around the world.

In line with our business objectives, we updated our Global People Strategy in 2020. Our aim is to provide an engaging, fair, and trusting work environment for all employees to support their growth and contribution to the Company's success. With this background, our Global People Strategy has four priorities: (1) Engage employees; (2) ensure that the right capabilities are available to support our business goals; (3) continuous advancement of our organization; and (4) excellent global human resources (HR) management practices.

Our global HR function is responsible for the People Strategy and reports directly to Fresenius Medical Care's CEO. The function manages the further development of human resources policies and processes and drives the alignment of HR across all regions and functions.

2020 was a challenging year for people working in health care. In the pandemic, finding appropriate measures to protect our employees and allow us to continue our operational and administrative activities was a major task. We promptly adapted our protection measures and guidelines worldwide and supported our employees in implementing them. Striving to ensure business continuity in our clinics and production sites, we provided personal protective equipment, cleaning concepts, and additional staffing, among others. We also offered specific groups of employees financial and non-financial support. Moreover, we increased employee opportunities for flexible working, created new opportunities for virtual learning and education, and adapted our organization to the requirements of a virtual envi-

ronment. We organized events and initiatives to recognize our employees' contributions and dedication to our patients.

EMPLOYEES WORLDWIDE

At the end of 2020, the number of employees at Fresenius Medical Care increased by 4,829 from 128,300 employees in the previous year. This was due to organic business growth and acquisitions, both of which were impacted by COVID-19 related personnel requirements. Most of our employees work in the area of production and services (86 %), followed by administrative functions (10 %). The region with the largest number of employees is North America (50 %), followed by EMEA (17 %). In the year under review, we hired more than 30,800 new employees. Fresenius Medical Care gained around 1,560 new employees through acquisitions.

Compared to the prior year, our voluntary turnover rate decreased to 11.9 %. The average tenure of our employees increased from 6.8 years in 2019 to 7.3 years in 2020. To attract and retain talented employees, we stepped up our employer branding activities and initiated activities based on turnover assessments. In 2020, our priority in this area was to harmonize our employer brand design, building on the positive experiences of the previous relaunch in North America. In addition, we continued to work on enhancing our desirability to candidates and potential applicants for employment. We did this by further optimizing the employees' experience and developing a positive reception as an employer in the labor market, among others. In 2021, we are planning to launch our global employer brand to other local markets in which we operate.

Information on personnel expenses can be found in the Group Management Report starting on PAGE 36.

ATTRACTING AND DEVELOPING TALENT

When it comes to hiring talented staff, we face increasingly strong competition in our business environment that requires us to continuously advance and improve from a HR perspective. We want to be an attractive employer and recruit, engage, and retain excellent employees.

We are continuously developing our employment standards and HR policies to achieve consistency and transparency in our working conditions and provide equal opportunities for our employees. One key element of this is the implementation of a standardized global HR system that supports our global and local business needs and facilitates new ways of working. In 2020, we started working on the new global HR platform in Asia-Pacific. North America and Latin America will follow in 2021. Moving forward, we intend to consolidate our core HR processes and services and deliver them via this tool. We have also updated our framework on compliance in HR processes. It aims to strengthen and foster compliant, ethical, and value-driven behavior across our organization. As part of this, we have revised HR standards and policies globally from recruiting to rewarding, retaining, and recognizing employees. We plan to roll out this revised framework in 2021, including communication and training for managers, employees, and HR professionals.

We attach great importance to our employees' development. Our goal is to support our managers' and employees' personal growth and their efforts to help others grow. We approach learning and development from three angles: (1) We provide the digital and non-digital infrastructure to foster learning and development. All our employees around the world participate in formalized or mandatory training via our existing learning platforms that support offline and online learning. (2) We enhance the attractiveness of learning and development by increasing the opportunities to learn and improving the learning experience. In addition to our existing platforms, around 25,000 employees started using our new digital platforms with knowledge and training resources in 2020. (3) We ensure that our executives are prepared and equipped to provide ongoing development support. In 2020, we also introduced a digital platform to foster the dialog between managers and their teams on the topics of development and performance management. More than 1,500 managers have already started using this platform.

We identify and promote outstanding talent on an ongoing basis and invest in building a sustainable talent pipeline for our top 400 positions and beyond. Our different programs for leadership development are based on regional requirements but with a focus on principles that apply globally. For example, since 2014, over 5,000 managers have completed our regional leadership development program in North America.

Regarding the development of our compensation systems, the Management Board decided on the implementation of a new global leadership bonus plan in 2020. According to this plan, all senior executives are given a comparable mix of global, business-specific, and individual objectives. The aim is to improve the consistency, alignment, and fairness of our senior leadership targets and ensure recognition. The plan will be implemented in 2021.

EMPLOYEE ENGAGEMENT

We value the contribution of our employees and are adapting our processes to include their feedback on a continuous basis. Our global employee engagement surveys are tools to identify strengths as well as opportunities to improve our work environment. We conduct one full employee engagement survey every

two years and "pulse checks" in the years in-between. We use the survey results to define and initiate global and local measures with the aim of further improving engagement levels in the long term. Based on the results of our 2019 global engagement survey, we initiated various follow-up measures on a global and regional level. We intensified global communication on this topic and worked out dedicated action plans, among others. In 2020, we conducted a pulse survey with more than 16,000 employees worldwide, which revealed that 64 % of the participating employees are actively engaged. The employee engagement score is based on three aspects: say (speak positively about Fresenius Medical Care), stay (intend to stay at Fresenius Medical Care), and strive (make an extra effort to promote Fresenius Medical Care). Compared to 2019, the engagement rate improved by eight percentage points. We are planning to conduct the next full global engagement survey in 2021 to further facilitate and build on this feedback.

Inclusion and diversity

Our employees are located in 67 countries. Creating an inclusive work environment where all employees feel welcome is key to providing an attractive work environment. This applies regardless of, for example, their age, gender, nationality, cultural and ethnic origin, sexual orientation, disability, educational background, and work experience. We strive to create a culture that promotes belonging and enables employees to contribute perspectives and skills to the Company's success. Our commitment to inclusion and diversity is also incorporated in our Code of Ethics and Business Conduct. We started a new global initiative on this topic as part of our Sustainability Program.

We focus on identifying and implementing effective ways to enhance the benefits of a diverse workforce. In 2020, our objective was to gain a global overview of the current situation and define the scope of global initiatives for inclusion and diversity. In 2021, we are planning to further develop our global initiatives and enhance our communication activities. For example, we are planning to initiate a global communication and awareness campaign, as well as leadership and employee focus sessions on diversity.

Inclusion and diversity in leadership is an important factor for the development of our business. Fresenius Medical Care's management team reflects our international footprint in various markets. Of the more than 1,150 senior leaders of the Company who take part in our Long-Term Incentive Plan (LTIP), 85 % are non-German.

Fresenius Medical Care had 69 % female employees at December 31, 2020. Gender diversity in our main governance bodies and at management level has increased over time. The proportion of women on the Management Board was 25 % at the end of the reporting year. In 2020, we set ourselves new global targets for the percentage of women in leadership positions. The Management Board defined a new target of 22 % for the share of women in the first management level below the Management Board and 32 % in the second management level, to be achieved by 2025. The new targets follow the fulfillment of targets set in 2016. We intend to further strengthen inclusion and diversity beyond gender diversity over the next few years. This includes, among others, a greater focus on ethnicity, sexual orientation, and disability.

More information on gender diversity in our leadership population can be found in the Corporate Governance report starting on PAGE 115.

Dialog with employee representatives

At Fresenius Medical Care, we believe that the best way to interact with our employees is through open and direct communication. We are committed to giving prompt and fair attention to questions, concerns, or issues raised by employees. We encourage employees to speak directly with their supervisors. They can also reach out to any other supervisor, manager or to Human Resources.

We act responsibly towards our employees. It is also part of our commitment to comply with applicable social and labor standards. We have defined this commitment in our Code of Ethics and Business Conduct and in our global statement on Human Rights, Workplace Rights and Labor and Employment Principles.

We are committed to working constructively with elected or established employee representative bodies. Where our employees choose to be represented by a collective body, we are committed to cooperating in good faith with it. In doing so, we act in accordance with applicable laws and practices. Important partners in this respect include the local works councils in Germany as well as Fresenius SE's European Works Council, which represents our workforce in Europe.

In 2020, Fresenius SE and its European Works Council agreed to hold annual meetings for a dialog on labor rights and social matters. Representatives from the global unions and representatives of the different Fresenius SE business segments, including Fresenius Medical Care, will take part in these meetings.

Collective bargaining agreements apply to different groups of employees within Fresenius Medical Care, depending on local laws and practices. This is the case for the majority of our employees covered by collective pay agreements in Germany. In Europe, this applies to around 42 % of our employees. We are also bound by labor and collective agreements in some of our locations in Asia-Pacific, Latin America, and North America.

The business units at country or site level are responsible for working with local employee representatives and trade unions. Our discussions with these representatives focus on local and regional matters and conditions.

More information on employee grievance mechanisms can be found in the "Promoting integrity" section starting on PAGE 93. For more information on our labor standards and human rights principles, see the "Human rights" section starting on PAGE 96.

HEALTH AND SAFETY

We give top priority to the health and safety of our employees. Our Code of Ethics and Business Conduct includes our commitment to provide a safe and healthy work environment for our global team. We expect the same from our business partners.

Responsibility for occupational health and safety lies with local management. The respective standards for health and safety are defined in local and regional policies. This allows us to comply with different regulatory and legal requirements and report incidents to authorities based on local specifications. Several of our production sites and clinics in the region Europe, Middle East and Africa are certified according to international health and safety standards, including ISO 45001. We are currently working on harmonizing our management concepts for occupational health and safety as part of our Global Sustainability Program. In addition, we are planning to develop a global policy and indicators to reflect our worldwide performance in this area.

Our goal is to prevent work-related illnesses and injuries. For this reason, we track and analyze accidents and injuries at local and regional level, identify their root causes, and implement corrective actions. As part of these activities, we have introduced different performance indicators for occupational health and safety in our production sites and dialysis clinics based on local requirements. These indicators generally focus on work-related accidents, including the incident rate and lost time incident rate. In 2020, we started to assess local health and safety policies and goals in all regions. In the region Europe, Middle East and Africa, for example, health and safety targets relate to incident rates, safety training, and incident reporting.

To avoid incidents and increase awareness, we also provide training on health and safety. In our clinics, employee training courses cover topics such as the safe use of sharps and disposables as well as hand hygiene. Further topics include infection prevention and emergency control. Training provided in our production sites focuses, for instance, on the safe handling of work equipment or hazardous chemicals as well as on emergency prevention and response. In the U.S. alone, more than 46,000 employees completed health and safety training. We carry out risk assessments on the operational safety of machines and technical equipment as part of our work safety program in our production facilities. Internal reviews and external audits by authorities are conducted to monitor compliance with corresponding regulations, policies, and procedures.

Our commitment to providing a healthy work environment also includes initiatives for flexible working hours and workplaces where this is compatible with operational requirements. Depending on the regional conditions, we implement additional measures to support our employees' wellbeing. In North America, for example, we offer employees access to a digital platform that provides personal recommendations and activities to help employees stay fit, eat better, manage stress, and improve their sleep. Over 20,000 employees use this platform actively.

During the COVID-19 pandemic in 2020, the safety and health of our patients, employees, their families, and the communities in which we work were at the focus of our response activities. We implemented various measures to protect our employees and patients against exposure to the virus. In our clinics, we stepped up infection control practices that were already in place in order to protect both our patients and our staff. We introduced strict hygienic measures in the production facilities, such as disinfection and distancing measures. From March 2020, many of our employees in administrative functions worked from home to avoid infection.

Further information on measures to protect our patients can be found in the section "Responsibility for patients" starting on PAGE 84.

TABLE 3.5 ON PAGE 92 shows the employment overview.

T 3.5 EMPLOYMENT OVERVIEW

Employment overview	2020	2019
Employees (headcount)	133,129	128,300
Employees (FTE)	125,364	120,659
Staff costs (EUR M)	7,067	6,799
Average staff costs per FTE (EUR)	56,770	56,740

Employees per region (%, FTE)	2020	2019
EMEA (incl. Germany)	17	17
Germany	6	6
North America	50	50
Asia-Pacific	10	10
Latin America	9	9
Corporate[1]	14	14

Employees per functional area (%, FTE)	2020	2019
Production and services	86	86
Administration	10	10
Sales and marketing	3	3
Research and development	1	1

Employee retention (headcount)	2020	2019
Voluntary turnover rate[2] (%)	11.9	14.3
External hire rate[3] (%)	23.1	24.7
Average service length in years	7.3	6.8

Demographic overview of our employees	2020	2019
Average age in years	42	41
Share of employees under 30 (%)	17	18
Share of employees between 30 and 50 (%)	58	56
Share of employees 50+ (%)	25	26

Female employees in entire company and different leadership levels (%)	2020	2019
Entire company	69	69
Supervisory Board	33	33
Management Board	25	29
First management level[4]	22	23
Second management level[5]	31	30
LTIP participants[6]	34	34

Employee engagement (%)	2020	2019
Engagement score[7]	64	56
Participation rate[8]	36	68

[1] Including Global Manufacturing, Quality and Supply, Global Research and Development as well as the Global Medical Office.
[2] Calculated as the number of employees (headcount) who left the organization voluntarily in relation to the number of employees at the end of the year.
[3] Calculated as the number of employees (headcount) who joined the organization in relation to the number of employees at the end of the year.
[4] Includes all direct reports to a Management Board member that participate in our Long-Term Incentive Plan (LTIP).
[5] Includes all direct reports to a first-level leader that participate in our LTIP.
[6] Includes all participants of our LTIP.
[7] Calculated based on the percentage of affirmative responses to questions of the engagement survey. In 2020, we conducted a pulse survey with a representative sample of more than 16,000 employees. The margin of error was 0.7 % within a confidence level of 95 %.
[8] Number of employees that participated in our engagement survey compared to the number of invited employees.

PROMOTING INTEGRITY

COMPLIANCE

Fresenius Medical Care has a global compliance program in place. Its purpose is to ensure adherence to legal requirements and our internal company guidelines. The program is based on our Code of Ethics and Business Conduct, a binding framework that governs how our employees interact with patients, colleagues, business partners, officials, and society.

The Code covers topics that are relevant for our business – from patient care, quality, anti-corruption and bribery to health and safety, data privacy, and environmental protection. It also includes our commitment to respecting human rights regarding topics such as working conditions, non-discrimination, and grievance mechanisms. In 2020, we revised our Code of Ethics and Business Conduct to integrate relevant additions and updates. The guidelines of the Code are mandatory for the Company's employees and managers, including members of the Management Board. The Code applies to the operations of all direct and indirect subsidiaries that are majority-owned or controlled by us in some other way.

Our Chief Compliance Officer is responsible for managing and enhancing the compliance management system and organization. He reports to the CEO and is supported by a global network of more than 180 compliance professionals. As partners for our business units, they provide advice and support in all regions.

Prevent, detect and respond

We are committed to operating our business in compliance with the law. The primary goal of the compliance program is therefore to prevent, detect, and respond to potential misconduct and violations. We want to establish a corporate culture in which compliance is recognized as everyone's responsibility. A key element in the prevention of compliance violations is our training program. We make compliance training mandatory for employees in all countries and locations where we are legally permitted to do so. In our compliance guidelines, we have defined the target that every employee receives compliance training at least once every two years. In 2020, we also conducted a general e-learning class on anti-bribery and anti-corruption as well as over 20 specialized training courses for specific target groups. Our aim is to provide compliance training to every employee. In the U.S. alone, more than 63,000 employees and contractors completed compliance training in 2020. We are continuously expanding our training program. In 2020, we also further intensified our leadership communication to employees worldwide to promote a culture of ethical business behavior.

Monitoring adherence to standards

Our compliance program defines standards and procedures including corrective action for failure to follow policies. To identify the risk of compliance violations, we perform systematic assessments as part of our enterprise risk management. Periodic internal audits are another way to detect risks.

All employees are encouraged to report potential cases of non-compliance as well as actual or perceived misconduct that violates our Code of Ethics and Business Conduct, other company guidelines or laws. There are several ways in which they can do so: employees can reach out to their managers, their superiors or to specialists in functions such as Compliance, Legal or Human Resources. In addition, we have set up an external hotline system operated by an independent, certified third-party vendor for our employees and related third parties to report potential violations of laws or company guidelines. If desired and where legally permitted, reports can be made anonymously. The system is available 24 hours a day and reports can be made in several languages. We also have an anti-retaliation policy in place.

In North America, our hotline system can be used not only for reporting compliance concerns, but also for submitting patient care reports and information security reports. Each report is documented and reviewed based on more than 30 allegation categories.

In 2020, a total of 3,003 reports were received via various reporting channels. The reports covered topics such as business integrity including anti-corruption (1.7 %), data protection (11.4 %), patient care and products (50.5 %), and human resources / workplace (30.2 %).

We investigate all cases of potential misconduct, take corrective measures on a case-by-case basis, and track their implementation. From the compliance reports concluded in 2020, a total of 392 led to consequential measures. These can include improving processes as well as disciplinary actions that may also result in termination of employment. In the year under review, we rolled out a global disciplinary action guideline. It sets consistent rules and principles of how the Company will respond to misconduct.

TABLE 3.6 ON PAGE 94 shows the topics of the reports received and TABLE 3.7 ON PAGE 94 the number of reports passed on to different departments for processing.

T 3.6 **TOPICS OF THE REPORTS RECEIVED**

Topics	2020	2019
Business integrity including anti-corruption	52	98
Data protection	342	428
Patient care and products	1,516	1,304
Human resources / workplace	906	713
Other	187	260

T 3.7 **NUMBER OF REPORTS PASSED ON TO DIFFERENT DEPARTMENTS FOR PROCESSING**

Department	2020[1]	2019
Compliance	84	500
Legal	15	18
Patient care	1,090	739
Human resources	945	752
Other	869	794

[1] Due to changes in the allocation of reports to the departments, the figures for 2019 and 2020 are only comparable to a limited extent.

Enhancing our compliance program

In 2020, we continued to enhance our global compliance program with additional measures connected to our activities with third parties. In the course of the year, we completed the review of our third-party due diligence concept and rolled out an updated process. As part of this roll-out, we assessed some 37,000 third parties for compliance risks. This process is currently being extended to cover additional measures in relation to selected external partners. We are also building on existing local programs for selected third parties, such as distributors, to develop a globally consistent training approach in 2021.

In March 2019, we entered into a non-prosecution agreement with the U.S. Department of Justice and a separate agreement with the U.S. Securities and Exchange Commission with the aim of resolving the U.S. government's allegations against the Company concerning violations of the U.S. Foreign Corrupt Practices Act (FCPA). Both have a three years' term, starting in August 2019. As part of the resolution, we agreed to certain disclosure obligations to the U.S. government and to hire an independent compliance monitor to ensure and test the effectiveness of the Company's enhanced compliance and financial controls outside the U.S. This includes high-level commitment, policies and procedures, periodic risk-based reviews, proper oversight, and independence. Further important aspects are training and guidance, internal reporting, enforcement and discipline, third-party relationships, mergers and acquisitions, and monitoring and testing.

More information on compliance measures can be found in the Group Management Report starting on PAGE 62.

SAFEGUARDING DATA

Our patients, employees, customers and business partners entrust us with their personal data. As a company with international operations, we are subject to different local privacy and data protection laws and regulations.

Privacy program and strategy

To comply with varying legal requirements around the world, we have established dedicated privacy programs in the regions to help ensure that personal data are used appropriately. While the privacy program is a baseline requirement to which all Fresenius Medical Care affiliates are obliged to adhere, we are also committed to complying with applicable local laws that may impose stricter standards. Our privacy program is overseen by the Management Board, which is informed on a bi-annual basis of the program status and any privacy-related issues that need to be brought to its attention.

Based on our corporate structure, we have created a network of more than 60 privacy liaison officers throughout the Company to put our privacy strategy into practice. In accordance with this approach, each Fresenius Medical Care affiliate is accountable for establishing and implementing the baseline global privacy program as a minimum requirement for its operations. This includes designating resources with appropriate qualifications based on their background, experience, education, and training. To drive forward the execution of the privacy program, dedicated privacy experts are assigned both at regional and local level.

Digital technologies are a key enabler in the globalization of business. They enhance our ability to communicate, share, and store information. From a risk management perspective, we regularly assess risks related to data protection and IT security. Responsibility for carrying out data protection measures, including risk assessments and monitoring, lies with the functional departments. In North America, regional policies and procedures are developed based on the ISO 27001 and 27002 standards for information security. This provides us with a consistent framework that addresses security issues relating to protecting information based on industry standards and best practices.

As part of our business operations, we may transfer personal data to third parties that support Fresenius Medical Care's business activities on our behalf or within the Fresenius group. We have implemented standards to cover this. They also specify that data transfers outside the country of origin must comply with all applicable privacy export obligations. This includes compliance with national and local privacy laws, international

agreements and personal commitments to those whose data we process.

Cybersecurity

We have implemented a program to consolidate cybersecurity measures. The CARE (Cybersecurity Approach, Roadmap and Execution) program is designed to protect critical information assets. These include patient and employee data in all clinics, production sites, medical devices, and IT environments. The CARE program applies to all regions as well as to the two global functions Global Research and Development and Global Manufacturing, Quality and Supply. Based on a cross-business governance model, it aims to identify cyber risks and to harmonize and improve security standards and policies. It also enables us to meet global data security requirements, including the U.S. National Institute of Standards and Technology (NIST) cybersecurity framework.

We have established a global, cross-segment team to follow up on suspected violations and potential attacks on our information assets. To be able to respond to cybersecurity incidents, we have implemented business continuity plans and incident response procedures, which we test regularly. In September 2020, a new CARE Steering Committee was established by Fresenius SE. It consists of the Group Head of Cyber Security and one board member from each business segment. Our Chief Financial Officer Helen Giza represents Fresenius Medical Care in this committee.

As part of our corporate risk management, we continuously monitor risks related to data protection and IT security. This means that we use standardized methods in a top-down approach to analyze data security and privacy risks in connection with projects, systems, and third-party services on a continuous basis. We bring risks to the attention of the Management Board if necessary. We intend to provide an additional quarterly update to the Management Board on cybersecurity risks. Procedures that involve the processing of personal data are also subject to regular audits carried out by our Global Internal Audit department. Audit activities in 2020 focused on cybersecurity readiness as well as incident response, among others.

Responsibility to owners of personal data

As stated in our Code of Ethics and Business Conduct, we will only collect personal data in cases where we have a legal basis and legitimate business need to do so. As digitization transforms all spheres of life, it is increasingly important that people are informed about how their personal data are used, collected and shared. We are committed to respecting and protecting the rights of all those who entrust us with their data. We disclose how we process their personal data and make sure that they can access, review, and request to correct and delete them.

In May 2020, Fresenius Medical Care was a victim of a Ransomware attack. Due to this cybersecurity attack, some patients' personal data was unfortunately published illegally. The cybersecurity breach was reported to the relevant government authorities. Furthermore, we contacted the affected patients without delay and took immediate remedial action. We also filed a complaint against the attackers with the public prosecutor in Germany. Remedial measures included implementing an improved program to protect devices and users from external attacks, increasing the focus on Group-wide risk assessments as well as defining a new set of metrics to measure performance and risk exposure at Group level.

Awareness and training

As it is important to educate our workforce about data security and protection, we provide training that is appropriate for their specific job. Moreover, our regions educate our employees on current requirements and threats in relation to data protection and IT security. We offer them a range of e-learning opportunities and classroom training courses and combine general training with targeted measures for specific employee groups. This helps to ensure that employees responsible for data processing are aware of current internal and external requirements. Third parties that perform services for us or on our behalf are also expected to meet our standards of conduct. Furthermore, we expect them to comply with our information security and privacy policies as well as applicable laws. In 2020, we continued to roll out our data privacy training as part of an international training program that provides details on our values and the measures we take to protect personal data. In 2020, we offered more than 160 training classes on data privacy to our employees around the world. In the U.S. alone, more than 62,000 employees and contractors participated in training on data privacy and security.

More information on Fresenius Medical Care's risk management can be found in the Group Management Report starting on PAGE 62.

HUMAN RIGHTS

Respect for human rights is part of our corporate responsibility. In the Code of Ethics and Business Conduct, we have committed ourselves to conducting our business in a legal and ethical manner consistent with our global values and international human rights standards.

In 2019, the Management Board adopted our global Human Rights, Workplace Rights and Labor and Employment Principles. Our activities are guided by the standards described in the UN Universal Declaration of Human Rights and the ILO 1998 Declaration on Fundamental Principles and Rights at Work. We are committed to respecting these international standards worldwide and to complying with the applicable laws and practices of the countries in which we do business.

The Global Labor Law function is responsible for human rights topics at Fresenius Medical Care. Cross-functional teams cooperate to further develop human rights policies and procedures as part of our Global Sustainability Program. Overall progress is overseen by both a Human and Labor Rights Steering Committee and the Management Board. The Steering Committee comprises senior managers from different areas who prepare the basis for Management Board decisions. They provide the Management Board with regular updates. In 2020, we developed a global policy on respectful work behavior. This policy specifies our company standards in the areas of non-discrimination, non-harassment, and non-bullying. We are planning to roll it out worldwide in 2021. We will also implement a global policy on the prohibition of child labor and modern slavery, including forced labor and human trafficking in the same year.

To facilitate the sharing of practices and experience among different business segments of Fresenius SE, experts from Fresenius Medical Care are members in Fresenius SE's Human Rights Council. In 2020, they attended all four Council meetings.

IDENTIFYING AND MANAGING OUR IMPACT ON HUMAN RIGHTS

To regularly assess the Company's actual and potential impact on human rights, we have developed a due diligence approach. Topics relating to human rights are integrated into our corporate risk management process and continuously monitored. In 2020, we initiated a global human and labor rights risk assessment. The methodology used is based on the requirements of the UN Guiding Principles on Business and Human Rights. Depending on the outcomes of this assessment, we are planning to derive further measures.

Various channels are available to employees, patients and other third parties to report potential violations of laws and company policies. To enhance our grievance management approach, we started an analysis of our existing grievance mechanisms in 2020. For this, we used the effectiveness criteria of the UN Guiding Principles on Business and Human Rights.

AWARENESS AND COLLABORATION

We have intensified our communication on our commitments and activities relating to human rights. Our aim here is to raise awareness among our employees. In 2020, for example, we held virtual awareness sessions to inform our leadership teams about our global Human Rights, Workplace Rights and Labor and Employment Principles. We are planning to incorporate our requirements and expectations with regard to human rights to a greater extent in the mandatory training for employees on our Code of Ethics and Business Conduct in 2021. We will also include the topic in training programs for procurement personnel on our new Supplier Code of Conduct.

Furthermore, we are committed to integrating external perspectives in our human rights due diligence concept. In 2020, for example, we joined the Human Rights Working Group of Business for Social Responsibility (BSR), a global nonprofit organization with a network of more than 250 member companies and other partners.

More information on our patient grievance mechanisms can be found in the "Responsibility for patients" section starting on PAGE 84. For more information on employee and third-party grievance mechanisms, see the "Promoting integrity" section starting on PAGE 93.

ENVIRONMENTAL PROTECTION

We are dedicated to developing, producing, and applying our products and services in a sustainable way. This means that we pay attention to how our business impacts the environment.

We monitor the environmental performance of our operations globally and aim to use resources efficiently. At the same time, we need to ensure that the safety and quality of our products and services is not compromised.

Our global Code of Ethics and Business Conduct includes our commitment to work continuously to reduce any adverse effects of our activities on the environment. In accordance with the Code, we are also committed to increasing awareness of environmental issues. Our standards and procedures for environmental management are defined in various policies and manuals based on regional requirements. One example is our environmental policy for the global Research and Development organization and our manufacturing function in the regions Latin America and Europe, Middle East and Africa. In accordance with this policy, complying with environmental laws, enhancing our eco-performance, preventing pollution, and recycling waste are core elements of our efforts to protect the environment.

In our vertically integrated organization, responsibility for environmental management is shared between global and regional functions. Our Global Manufacturing, Quality and Supply function under the leadership of Kent Wanzek, member of the Management Board, is accountable for sustainable plant operations in our manufacturing business. Responsibility for environmental protection in our clinics lies with the respective management in the Company's four regions.

We identify and evaluate environmental risks as part of our enterprise risk management. In 2020, we additionally performed an assessment on water scarcity risks at our manufacturing sites. As part of our Global Sustainability Program, we have set ourselves the objective to develop and implement a harmonized global environmental strategy, including a new, global environmental policy and impact reduction targets.

ENVIRONMENTAL MANAGEMENT

We monitor and analyze environmental data from our clinics and manufacturing sites around the globe. We use different systems to monitor energy and water consumption and to help reduce the use of resources. These systems help us to improve the quality and consistency of environmental data. To further increase data quality and boost efficiency in environmental reporting, we prepared the launch of a new digital eco-reporting tool in 2020. This tool will aggregate regional environmental data on a global level. It also provides us with a foundation to report further environmental data in the years to come.

We monitor national and international regulations concerning environmental issues on an ongoing basis so that our internal policies, guidelines, and standard operating procedures are up-to-date. External certifications complement our own environmental standards if they add value. In 2020, a total of 10 production sites were certified according to ISO 14001 standards. In addition, 2 production sites have ISO 50001 certification. Our manufacturing sites, distribution centers, laboratories, and clinics are subject to internal and external audits in compliance with applicable laws and regulations.

REDUCING THE ENVIRONMENTAL IMPACT

At our manufacturing sites, we are involved in local sustainability projects which we report as part of our global Green & Lean initiative. This is part of our efforts to continuously improve our environmental performance. The management of each plant is responsible for defining, planning, and implementing environmental initiatives. Our Green & Lean reporting enables best practices to be shared across the organization with a view to reducing emissions, promoting the efficient use of natural resources, and increasing recycling rates. By the end of 2020, more than 70 initiatives were reported. They demonstrated improved production processes and recycling activities, among others. Consequently, we were able to save water and energy and reduce the amount of waste produced at various manufacturing sites.

Water

Large amounts of water are required for hemodialysis treatment and for cleaning and setting up the machines. The water for dialysis must have a high quality to avoid infections for patients. For this reason, most of the water used by Fresenius Medical Care is municipal water. In 2020, our reported water consumption decreased by 3 % compared to the preceding year (SEE TABLE 3.8 ON PAGE 98). In the U.S., we run a program focused on reducing water during our pre-treatment process. This water reduction program within our clinics attributed to the decline of water consumption.

In the reporting year, we performed a water scarcity risk assessment of our manufacturing sites with the Aqueduct tool of the World Resources Institute. According to the assessment, 7 % of the sites are in areas defined as a location with an extremely high risk of water scarcity. In a next step, we are

planning to analyze water scarcity risks for the locations of our clinics. To generate water savings at manufacturing sites, we took part in several initiatives in 2020. We reviewed, for example, the water piping and pump connection points to eliminate leaks. In addition, several plants reclaimed water and wastewater and reused it in other parts of the plant. This allowed us to minimize the total water consumption and the amount of contaminated water.

T 3.8 **WATER CONSUMPTION**

	2020	2019
Water (M m³)	**41.7**	**43.2**
Municipal water[1]	41.2	42.7
Ground water	0.5	0.5

[1] In part subject to extrapolations.

Energy

We monitor the energy consumption in our manufacturing sites as well as the electricity consumption in our dialysis centers (SEE TABLE 3.9). We introduced measures to reduce energy consumption in several of our production sites in 2020, including the installation of improved energy meters to identify potential energy savings. In addition, we optimized engines and chillers to improve our production capabilities and adapt them better to environmental conditions. We will continue to replace fluorescent lighting with LED lighting in selected warehouses and production areas to save energy.

As part of our Global Sustainability Program, we assessed the progress made on our renewable energy impact. To calculate this, we used the country-specific average share of renewables needed to produce electricity. According to this calculation, renewables accounted for 21 % of total electricity consumption in 2020.

T 3.9 **ENERGY CONSUMPTION**

	2020	2019
Energy (M MWh)[1, 2]	**2.5**	**2.4**
Electricity	1.3	1.3
Natural gas	1.1	1.1
Others[3]	< 0.1	< 0.1

[1] In part subject to extrapolations.
[2] Including energy consumption of our manufacturing sites as well as electricity consumption in our dialysis centers.
[3] Including fuel oil, diesel, liquid gas, and district heating. Excluding mobile assets.

Greenhouse gas emissions

Greenhouse gas emissions (GHG) at Fresenius Medical Care are calculated based on energy data reported by our manufacturing sites as well as electricity data reported by our dialysis clinics (SEE TABLE 3.10). The calculation follows a location-based approach. Compared to the previous year, our direct (scope 1) emissions increased by 7 %. Increased production is among the drivers for this development. Our reported indirect (scope 2) emissions decreased by 4 %. This is mainly due to enhanced data reporting as well as lower emission factors provided by the International Energy Agency (IEA). We use these emission factors to calculate the indirect emissions from electricity.

We are working on different projects to reduce GHG emissions. Our biggest plant in St. Wendel, Germany, accounted for around one fourth of the total GHG emissions reported by our manufacturing sites in 2020. We operate an internal gas power plant with a heat recovery steam generator. This allows us to generate close to 100 % of the electricity used at this site. In this way, we were able to save more than 23,800 tons of CO_2 in 2020, compared to buying an energy mix from the electricity grid. This corresponds to a global avoidance of CO_2 emissions of 6 % for total manufacturing.

T 3.10 **GREENHOUSE GAS EMISSIONS**

	2020	2019
Scope 1 CO_2 equivalents (K tons)[1]	**242.2**	**227.3**
Natural gas	228.0	224.6
Liquid gas	13.6	2.2
Fuel oil	0.3	0.3
Diesel[2]	0.3	0.3
Scope 2 CO_2 equivalents (K tons)[1]	**527.2**	**547.2**
Electricity	526.8	546.9
District heating	0.4	0.3

[1] Subject to extrapolations.
[2] Excluding mobile assets.

In 2020, we also developed new transportation packaging systems. These allow us to move more products at a time, resulting in reduced fuel consumption and, consequently, lower CO_2 emissions. As part of our Global Sustainability Program, we are planning to define qualitative environmental goals as well as quantitative reduction targets for GHG emissions.

Waste

In 2020, we increased our focus on waste. We analyzed the waste streams of our manufacturing sites and clinics in all our regions. Waste is managed on a local and regional level to cover applicable laws and regulations. Our aim is to continuously improve our waste management. In the context of our Global Sustainability Program, we are planning to develop a global approach to consolidate waste data and define reduction targets.

Waste initiatives in 2020 targeted the recycling and reuse of resources. To improve our environmental impact, we intend to increase the recycle rate and separate materials more effectively. We launched initiatives at various sites to recycle mate-

rials such as paper, cardboard boxes, aluminum and metal cans as well as plastic canisters, bags and bottles. By doing so, we reduced the amount of landfill waste.

IMPROVING THE ECO-PERFORMANCE OF PRODUCTS AND SERVICES

We count on innovations to improve the environmental performance of our products and services. Most of the water utilized by Fresenius Medical Care is needed to produce dialysate during life-saving treatments in our dialysis centers. Our latest dialysis machine generations, the 5008 and 6008 series, are both designed to be more eco-friendly. They automatically adjust the dialysate flow to the patient's blood flow. This allows us to save substantial amounts of dialysate, water, and energy while maintaining a consistently high dialysis quality. The 2008T BlueStar machine is another example of our ongoing efforts to limit the environmental footprint of dialysis. Compared to similar devices, the 2008T machine features an idle mode to reduce dialysate and water usage by up to two-thirds, thus saving additional costs. In 2020, almost every second dialysis machine we produced belonged to one of these resource-friendly machine generations.

We also conduct simplified product life cycle assessments for selected products. By assessing the environmental impact along a product's life cycle from raw material extraction to production, distribution, use, and disposal, we can identify processes and materials that we need to focus on to improve the eco-performance of our products and services. Based on international guidelines, we calculate the environmental impact caused during the different stages of a product's life cycle in accordance with ISO 14001 and the IEC 60601-1-9 standards. The latter standard applies to efforts to reduce the adverse environmental impact of medical electrical equipment. We currently apply such life cycle assessments to the majority of our medical device product lines. We are gradually extending them to disposables, including bloodlines and peritoneal dialysis bags. We have also assessed the environmental impact of our dialysis machines and identified the life cycle phase with the highest impact. In 2021, we are planning to increasingly consider sustainability aspects in our research and development activities.

In addition, we have conducted detailed comparative product life cycle assessments for important disposables. The assessments follow the structure and requirements of the ISO 14040 / 44 standards and compare the eco-performance of several of our acid concentrates and dialyzers.

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING[1]

To Fresenius Medical Care AG & Co. KGaA, Hof an der Saale

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (Article) 315b Abs. (paragraph) 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Report").

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the information in the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been pre-

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

pared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of the Company's management and personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Evaluation of the implementation of central management requirements, processes, and specifications regarding data collection through targeted sample testing at selected sites
- Analytical evaluation of selected disclosures in the Non-financial Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

ASSURANCE CONCLUSION

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, February 22, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer
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ppa. Mirjam Kolmar

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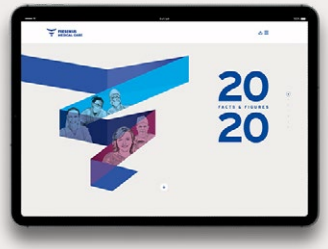

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