FRESENIUS
MEDICAL CARE

2021

NON-FINANCIAL GROUP REPORT

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ABOUT THIS REPORT

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

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

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

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

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

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

C 3.1 **SUSTAINABILITY IMPACT**

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

BUSINESS MODEL

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

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

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

SUSTAINABILITY MANAGEMENT

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

STRATEGY

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

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

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

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

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

GLOBAL TARGETS

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

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

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

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

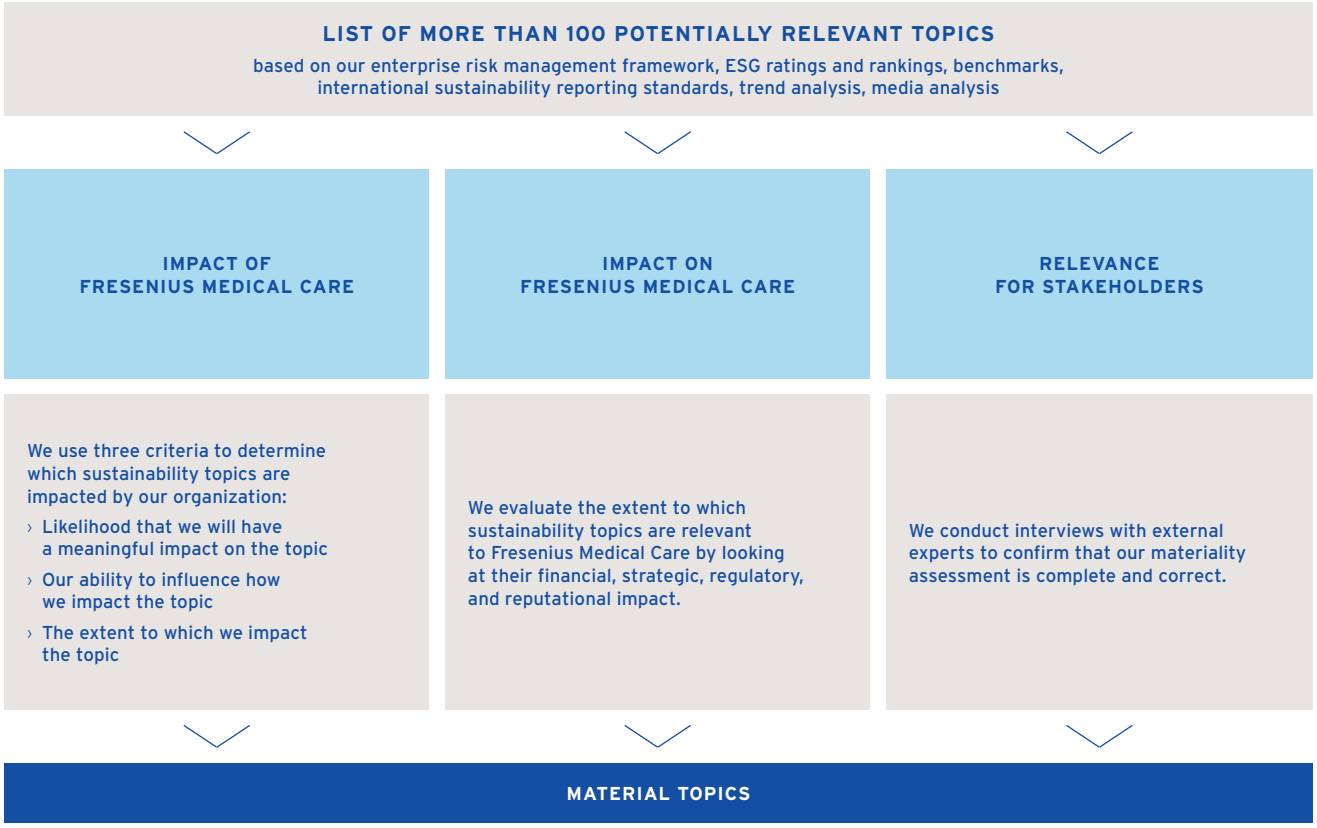
As part of our Global Sustainability Program, in January 2022 the Management Board established global climate targets.

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

MATERIAL TOPICS

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

C 3.2 **MATERIALITY ANALYSIS**



SUSTAINABILITY GOVERNANCE

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

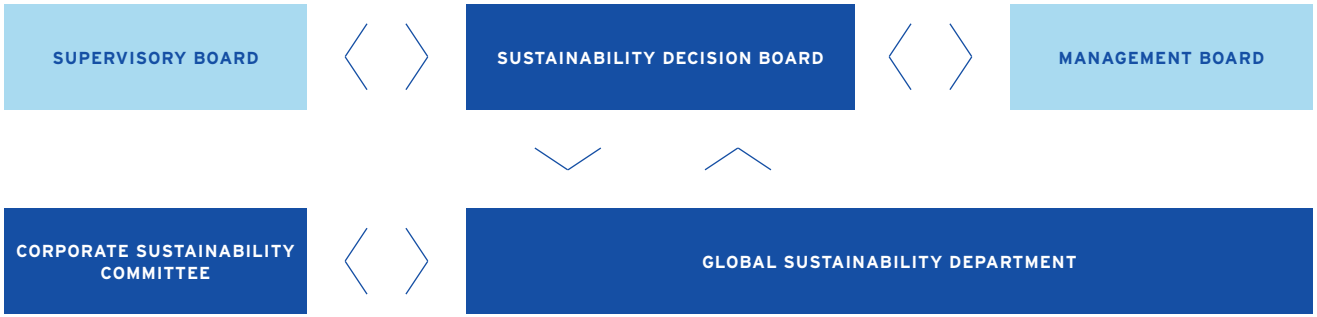
Two further committees support our decision-making processes for sustainability initiatives. The Corporate Sustainability Committee is an advisory committee for global sustainability activities. It comprises senior representatives nominated by the Management Board to represent the interests of our business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

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

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

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

C 3.3 **SUSTAINABILITY GOVERNANCE**



RISK MANAGEMENT

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

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

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

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

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

EU TAXONOMY

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

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

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

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

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

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

Revenue

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

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

Capex

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

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

Opex

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

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

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

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

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

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

STAKEHOLDER INCLUSION

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

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

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

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

PATIENTS

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

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

QUALITY OF CARE

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

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

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

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

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

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

T 3.5 MEASURING PATIENT EXPERIENCE AND CUSTOMER LOYALTY

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

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

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

T 3.6 PATIENT REPORTS

	2021[1]
Number of patient reports	24,449

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

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

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

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

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

ACCESS TO HEALTH CARE

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

Treatment in the home

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

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

Supporting patients in underserved communities

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

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

Crisis and emergency response

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

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

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

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

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

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

COVID-19

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

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

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

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

COLLABORATING TO IMPROVE HEALTH CARE

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

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

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

DIGITALIZATION AND INNOVATION

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

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

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

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

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

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

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

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

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

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

PRODUCT SAFETY AND QUALITY

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

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

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

Certification and audits

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

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

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

T 3.8 CERTIFICATION OF OUR PRODUCTION SITES
IN %

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

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

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

T 3.9 AUDIT SCORE

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

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

TARGET

PRODUCT SAFETY AND QUALITY

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

Product improvements

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

Our aim is to improve our portfolio through product innovation. To access the latest technologies, we invest in research and development and collaborate with external partners, including academic institutions. We also invest in startups that develop products, technologies, and therapies in the health care sector.

Post-market surveillance is an integral part of our quality management. It is essential that our products and services are effective and reliable, and pose as low a risk as possible to patients. Our standards for planning, conducting, and monitoring clinical studies help us to enhance product quality and safety, and improve patients' health. Should any issue arise concerning the safety of our products, we take corrective action. This could include publishing further information and data on the product after market introduction, or product recall.

We strive to comply with legal and regulatory requirements in monitoring the adverse effects of drugs – also called pharmacovigilance – and medical devices. In this context, we collect and review information relating to adverse events and product complaints. We have also incorporated the topic of adverse event and product complaint reporting in our Code of Ethics and Business Conduct.

More information on quality management at our production sites can be found in the Group Management Report starting on PAGE 36.

EMPLOYEES

We have developed new global guidelines on key employee-related topics such as employee engagement, talent management, and inclusion and diversity.

Our people have always been key to our success. It is important that we continuously hire and retain the best people for the job, inspire them to stay with us long term, and support their development during their employment. This helps to create an attractive, fair, and trusting work environment for all our employees.

We use our Global People Strategy as a framework for our activities. Responsibility for defining and implementing this strategy lies with our global Human Resources (HR) function, which reports to the CEO. This function provides and manages the relevant standards, policies, and processes in accordance with the evolving requirements of our employees and the business. Our Global People Strategy has four priorities: (1) engage employees; (2) make the right capabilities available to support our business goals; (3) continuously advance our organization; and (4) foster excellent people practices.

In line with these priorities, we continually develop and improve the HR policies and guidelines that steer our global activities. In 2021, we established new global employee guidelines on a broad range of topics such as employee engagement, talent management practices, and inclusion and diversity. For example, we developed a guideline stipulating that the interview round for senior-level positions should, where possible, include at least one qualified candidate from an underrepresented group. The objective is to increase diversity levels in the Company, taking global ambitions and local environments into account. We also regularly complete audits of our employee-related activities. In 2021, more than 20 % of internal audits had an HR focus.

The COVID-19 pandemic continued to present us with health care challenges throughout 2021. We have introduced various measures to protect and support our employees during this health crisis. For example, we increased employee opportunities for flexible working, created new opportunities for virtual learning, and continued to adapt our organization to the requirements of a virtual environment. During the pandemic, many non-essential employees have shifted to a work-from-home schedule. In the U.S. we provided our employees with COVID-19-related pay and incentives, as well as other resources to help them overcome financial challenges and to support their overall well-being. We also established an initiative to recruit and register volunteers to assist in areas most in need. We assessed their competencies, provided the necessary training, assisted with applying for licenses, and made travel arrangements for more than 200 volunteers.

More information on COVID-19 measures can be found in the "Patients" section starting on PAGE 90.

EMPLOYEES WORLDWIDE

At the end of 2021, the number of employees at Fresenius Medical Care worldwide had decreased to 130,251 from 133,129 in 2020. Most of our employees work in production and services (85 %), followed by administrative functions (10 %). The region with the largest number of employees is North America (49 %), followed by Europe, the Middle East, and Africa (16 %). In the year under review, we hired more than 31,000 new employees. We gained more than 1,000 new employees through acquisitions.

After declining to 11.9 % in 2020, our voluntary turnover rate rose to 16.5 % in 2021. This increase reflects an increasingly competitive labor market, especially in clinics and the manufacturing business. To counteract this increase, we implemented several measures. These included various measures to help managers and HR professionals improve employee retention. The average tenure of our employees increased from 7.3 years in 2020 to 7.6 years in 2021.

To help establish a better overview of our workforce and to support the development of future performance indicators, we are implementing a global HR information system. The system is already in place in Asia-Pacific and Latin America, and we plan to implement it in North America, our biggest region, in the first quarter of 2022. We expect to complete the global rollout in early 2023.

ATTRACTING AND DEVELOPING TALENT

When it comes to hiring talented staff, we face increasingly strong competition. As a result, we are working to continuously improve our employer brand. We aim to remain an attractive employer and recruit, engage, and retain excellent employees. In 2021, we started to set various internal targets to help us achieve this aim. These relate to, for example, employee engagement, survey participation, and voluntary turnover. In 2021, we were named one of Newsweek's Most Loved Workplaces in North America, ranking among the top-100 companies recognized for employee happiness and satisfaction at work.

We are committed to supporting the learning and development of our employees around the world. In this context, we provide learning opportunities to all employees irrespective of their location or position in the Company. As a health care company operating in a regulated environment, it is critical that we continuously build on our employees' skills and knowledge to maintain operational and regulatory compliance.

Our learning platforms allow employees to pursue their career goals and interests in a self-directed manner. We are in the process of assessing the industry standard for average training hours undertaken per employee annually, and plan to meet or exceed this standard, if we have not already done so, by the end of 2024. We also expanded our digital learning platform globally in third-quarter 2021. Since then, more than 16,000 employees have participated in training via this platform. In addition, we provided certain employee groups with specific training. We provided our top 450 leaders leadership resilience training via virtual classroom events, as well as training in employee engagement strategies. New leaders also received courses on employee development. In the U.S. alone, nearly 8,000 leaders have completed our regional leadership development program since 2014.

We identify individual learning needs through development and career discussions that are often part of a performance management process. Since 2019, we have intensified efforts to train managers and employees in how they can contribute to these career conversations. We provide them with online resources such as webinars and virtual classroom trainings. In 2020, we also introduced a new global performance and development platform, which was made available to all employees.

We place great value on leadership. In this context, we have an established organizational and talent review process in place. Through this process, we identify high-performing and high-potential talent among our top leaders. This process allows us to assist identified employees in building their readiness to tackle future challenges and take on more responsibility.

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

TARGET

Achieve proportion of women in leadership positions by 2025:
- 22 % in the first level below the Management Board
- 32 % in the second level below the Management Board

EMPLOYEE ENGAGEMENT

The primary objective of our employee engagement activities is to give every employee the opportunity to provide feedback and engage with us in an ongoing and open dialogue. In doing so, we hope to create an attractive work environment, and to boost our employees' commitment and performance. We want to encourage them to contribute to our company mission and vision. Our global employee engagement survey is a tool that helps us do this. We conduct one full employee engagement survey every two years and "pulse checks" in the years between. Through the survey, we identify strengths, as well as opportunities to improve our working environment. We use the results to initiate global and local measures with the aim of increasing engagement levels in the long term. In 2021, we conducted a global engagement survey. Almost 90,000 employees worldwide responded, reflecting a participation rate of 74 % – up from 68 % in the last full survey in 2019. The latest survey revealed that 56 % of employees who participated are actively engaged – the same rate as in 2019. This was despite the challenging environment created by the COVID-19 pandemic. The employee engagement score is based on three aspects: how many employees would speak positively about Fresenius Medical Care, how many intend to stay at Fresenius Medical Care, and how many feel motivated to perform at Fresenius Medical Care. In 2021, we trained about 10,000 managers on how to read and act upon the results from our global engagement survey.

Inclusion and diversity

We place great value on inclusion and diversity. Our goal is to promote a culture where our employees' different perspectives, ideas, and skills can contribute to our success, irrespective of their age, gender identity, nationality, cultural and ethnic origin, sexual orientation, ability, educational background, or work experience. We strive to make everyone feel safe, welcome, and valued, and to foster a sense of belonging. Based on the results of our global employee survey, in 2021 71 % of our employees felt a sense of belonging at work. Our commitment to inclusion and diversity is also incorporated in our Code of Ethics and Business Conduct.

In 2021, we built on our past efforts to foster a diverse and inclusive workplace, and to raise awareness of the benefits we believe such an environment brings. We further developed our global inclusion and diversity initiatives. For instance, we held an inclusion workshop for the Management Board. In addition, our Asia-Pacific Women's Leadership Initiative was launched in 2021 as a catalyst to continue driving diversity and inclusion among our 13,000-strong workforce in the region. We also established a main contact for Diversity, Equity, and Inclusion (DE&I) in North America, who is focused on supporting the advancement of our key objectives in this area in alignment with our global inclusion and diversity work. She is supported by both our DE&I Executive Committee and our DE&I Council. Together these form a diverse group of employees who provide input on our continued efforts to build a more trusting and inclusive culture.

In our view, our staff should reflect our international footprint in the different markets. We have employees in 68 countries. Of the more than 1,300 employees who take part in our Long-Term Incentive Plan (LTIP), 86 % are non-German.

As of December 31, 2021, women accounted for 69 % of our total workforce and 26 % of positions in the first two management levels. In terms of all participants in our LTIP, 34 % of our managers are female. Gender diversity in our main governance bodies and at management level has remained stable over the past two years. In 2020, the Management Board defined a new target of 22 % for the share of women in the first management level below the Management Board and 32 % in the second management level. We aim to achieve these targets by 2025. Since 2021, positions at first and second management level are determined based on a global job evaluation system that considers criteria such as the impact of the position, as well as the required skills relating to knowledge, innovation, and communication.

We intend to further strengthen inclusion and diversity beyond gender diversity over the next few years. For example, we plan to increase our focus on ethnic diversity in the future. To support these efforts, we plan to help establish new employee resource groups (ERGs) across the regions. These groups refer to employees who meet based on shared common interests. In the U.S. alone, we have 14 ERGs dedicated to different employee interests and aspects of diversity.

More information on gender diversity in our leadership population can be found in the Declaration on Corporate Governance starting on PAGE 129.

Dialogue with employees and their representatives

We believe the best way to interact with our employees is through open and direct communication. We are committed to responding promptly and fairly to questions, concerns, or issues raised by employees. We encourage employees to speak directly with their supervisors, managers, or HR regarding concerns. They can also use any other available channels, such as our Compliance Action Line, to raise any issues.

We are committed to complying with applicable social and labor standards. We have defined this commitment in our Code of Ethics and Business Conduct and our Global Social and Labor Standards Policy. In 2021, we continued to roll out our global HR compliance framework, which sets out our principles and defines how we apply them in our HR processes. Employees received training on the framework, and the roll-out was accompanied by supporting materials to help employees understand what is expected of them.

It is important that we work constructively with elected or established collective bodies, such as recognized trade unions, labor unions, or employee associations. In cases where our employees choose to be represented by one of these organizations, we cooperate with it in good faith and in accordance with applicable laws and practices. Important partners in this respect include our workplace representative bodies, such as the local works councils in Germany, as well as the Fresenius SE European Works Council. The latter represents the Fresenius workforce in Europe, which includes our employees. In Germany, where we are headquartered, we concluded seven agreements with our works councils in 2021. These agreements covered topics such as mobile working, expense reimbursement, COVID-19-related issues, and our HR information system. We also finalized other agreements with local works councils related to site-specific workplace matters.

Collective bargaining agreements apply to different groups of employees within Fresenius Medical Care, depending on local laws and practices. In Europe, these apply to 51 % of our employees, and worldwide to 23 %.

Fresenius SE European Works Council meets once a year and its executive committee convenes three times a year. Labor rights, as well as social and other business matters are discussed in these meetings, which are led by management representatives of Fresenius SE. We take part in these meetings when invited to by the European Works Council. Our management representatives also attend an annual meeting with representatives of three global unions.

Our business units and entities at country or site level are responsible for working with local workplace representative bodies and trade unions. Discussions with these representatives focus on local matters and conditions. For example, in Germany, management and the works council agreed on a workplace policy on mobile working for office-based roles.

More information on employee grievance mechanisms can be found in the "Compliance" section starting on PAGE 100. For more information on our labor standards and human rights principles, see the "Human rights" section starting on PAGE 105.

OCCUPATIONAL HEALTH AND SAFETY

We are committed to providing a safe and healthy work environment for our employees and contractors. In 2021, we established our new global Occupational Health and Safety Policy, which outlines our key principles in this area. The policy was approved by the Management Board.

Responsibility for occupational health and safety lies with regional and local management. This structure allows us to comply with different regulatory and legal requirements and report incidents to authorities based on local specifications. Representatives at local level collect relevant data and report it to regional representatives. Our management regularly reviews this information.

We strive to prevent work-related accidents and hazards to protect our employees and contractors. We track and analyze accidents and injuries at local and regional levels, identify their root causes, and take corrective action. In 2021, we are reporting on work-related fatalities for the first time. No work-related fatalities were reported between 2019 and 2021.

We are planning to include further global indicators in our internal reporting from 2023 to reflect our performance: the total recordable injury frequency rate and the lost time injury frequency rate. In certain segments of our regional businesses, we have already defined targets for incident rates, safety training, or the monitoring of occupational health and safety performance. We plan to set global targets for occupational health and safety by 2023.

As part of the Global Sustainability Program, we began a global risk assessment in 2021. We identified the biggest physical risks as injuries from needlesticks, slips, trips, and falls. We are working to identify and prioritize high-risk areas and plan to develop specific risk mitigation measures in the coming years. We have also piloted an initiative in our production sites in Europe, Middle East, and Africa. It aims to facilitate the sharing of information concerning significant accidents, near misses, and occupational health and safety best practices. In recognition of the success of our safety programs and initiatives, in 2021 we won the national CNA Safety in Excellence Award in North America for the 20th time.

Some of our production sites and dialysis clinics are certified according to international health and safety standards. These include ISO 45001 in Europe, Middle East, and Africa, Latin America, and Asia-Pacific, and the Australian Council of Health Care Standards (ACHS) in Asia-Pacific. In addition to external audits by relevant authorities, we conduct internal reviews and audits to monitor our compliance with corresponding regulations, policies, and procedures. We are working on harmonizing

T 3.10 **EMPLOYEE OVERVIEW AS OF DECEMBER 31, 2021**

Employee overview	2021	2020
Employees[1]	130,251	133,129
Employees (FTE)	122,909	125,364
Staff costs (€ M)	6,962	7,067
Average annual staff costs per employee (€)	56,262	56,770

Employees per region[2] (%)	2021	2020
EMEA (incl. Germany)	16	17
Germany	6	6
North America	49	50
Asia-Pacific	10	10
Latin America	10	9
Corporate[3]	15	14

Employees per functional area[2] (%)	2021	2020
Production and services	85	86
Administration	10	10
Sales and marketing	4	3
Research and development	1	1

Employee retention	2021	2020
Voluntary turnover rate[4] (%)	16.5	11.9
External hire rate[5] (%)	23.7	23.1
Average service length in years	7.6	7.3

Demographic	2021	2020
Average age in years	42	42
Share of employees under 30 (%)	16	17
Share of employees between 30 and 50 (%)	58	58
Share of employees 50+ (%)	26	25

Women overall and at different leadership levels (%, headcount)	2021	2020
Company overall	69	69
Supervisory Board	33	33
Management Board	25	25
First management level[6]	18	18
Second management level[7]	28	28

Employee engagement (%)	2021	2020
Engagement score[8]	56	64
Participation rate[9]	74	36

[1] Calculation based on headcount if not otherwise stated.
[2] Employees calculated as full-time equivalents (FTEs).
[3] Including the Global Manufacturing, Quality, and Supply and Global Research and Development divisions, and the Global Medical Office.
[4] Calculated as the number of employees who left the organization voluntarily in relation to the number of employees at the end of the year.
[5] Calculated as the number of employees who joined the organization in relation to the number of employees at the end of the year.
[6] Changed definition: Includes all managers in respective leadership positions (see above) according to our new global job evaluation system. See Declaration on Corporate Governance on PAGE 130. In previous reporting, the definition included all direct reports to a Management Board member that participate in our Long-Term Incentive Plan (LTIP). In this Non-Financial Group Report, figures for 2020 are restated based on the new definition.
[7] Changed definition: Includes all managers in respective leadership positions (see above) according to our new global job evaluation system. See Declaration on Corporate Governance on PAGE 130. In previous reporting, the definition included all direct reports to a first-level leader that participate in our Long-Term Incentive Plan (LTIP). In this Non-Financial Group Report, Figures for 2020 are restated based on the new definition.
[8] Calculated based on the percentage of affirmative responses to questions in the engagement survey in 2021.
[9] Number of employees that participated in our engagement survey compared with the number of invited employees. In 2020 the rate was lower, as we conducted a pulse survey with a representative sample of employees.

our management concepts for occupational health and safety as part of our Global Sustainability Program.

To prevent incidents and increase awareness, we provide health and safety training. Employee training courses in our dialysis clinics cover, for example, the safe use of sharps and disposables, hand hygiene, infection prevention, and emergency management. Training provided in our production sites focuses on, among other topics, the safe handling of work equipment and chemicals, and emergency prevention and response. In the U.S. alone, more than 48,000 employees completed health and safety training in 2021.

During the ongoing COVID-19 pandemic, the health and safety of our patients, employees, their families, and the communities in which we work has been the focus of our response activities. We have implemented various measures to protect our employees and patients against exposure to the virus, and have stepped-up infection control practices in our dialysis clinics. In our production sites, we have introduced stricter hygiene measures, such as more frequent disinfection and social distancing. We also offered COVID-19 vaccinations to our employees at various locations.

Where possible, we offer flexible working conditions. Depending on regional requirements, we have also implemented further measures to support our employees' well-being. In North America, for example, we offer employees access to a digital platform that provides personal recommendations and activities to help employees stay fit, eat better, manage stress, and improve their sleep. Over 28,000 employees were actively using this platform by the end of 2021. As part of our global 25th anniversary celebrations, we introduced a new health awareness initiative. We challenged employees to walk 10,000 steps a day during September 2021. More than 2,000 employees participated, covering a total of over 200,000 km.

TABLE 3.10 ON PAGE 99 shows the employee overview.

COMPLIANCE

We rolled out our updated compliance training, which included topics recently added to the Code of Ethics and Business Conduct, such as supplier selection and environmental protection. Our third-party training approach was implemented at a global level.

We have a global compliance program in place. The program aims to ensure that we operate our business in accordance with the law and that employees adhere to all internal guidelines. It is based on our Code of Ethics and Business Conduct, a binding framework that governs how our employees interact with patients, colleagues, business partners, officials, and society (SEE CHART 3.11).

The Code of Ethics and Business Conduct covers topics that are relevant for our business. These include, for example, patient care, product and service quality, anti-corruption and anti-bribery, health and safety, data privacy, supplier selection, and human rights. All employees must follow the guidelines set out in this Code. These guidelines apply to the operations of all direct and indirect subsidiaries that are majority-owned or otherwise controlled by us.

Our Chief Compliance Officer (CCO) is responsible for managing and enhancing our compliance management processes.

C 3.11 **COMPLIANCE CULTURE SUPPORTED BY OUR COMPLIANCE MANAGEMENT SYSTEM**

The CCO reports to the CEO and is supported by a global network of more than 200 compliance professionals. As partners of our business units, these professionals provide advice and support in all regions. Additionally, we have established a Global Compliance Oversight Committee, which the CEO is part of. The committee meets regularly to discuss all relevant compliance matters.

PREVENT, DETECT, AND RESPOND

We are committed to adhering to all relevant laws and regulations. The primary goal of the compliance program is to prevent, detect, and respond to potential misconduct and violations. We want to foster a corporate culture where compliance is recognized as everyone's responsibility.

A key element in the prevention of compliance violations is our training program, which we are continuously expanding. We make compliance training mandatory for employees in all countries where we are legally permitted to do so. In 2021, we updated our global training to include information on the topics added to our Code of Ethics and Business Conduct in 2020, including supplier selection and environmental protection. Globally, almost 90 % of employees completed compliance training in 2021. This is despite the impact of COVID-19, which allowed less time for clinic staff to complete training (SEE TABLE 3.12). We also offered three training courses for specific target groups.

T 3.12 NUMBER OF PARTICIPANTS IN COMPLIANCE TRAINING

	2021	2020
Employees	100,099	106,927
Management Board	8	8
Supervisory Board	N/A[1]	6

[1] Due to a bi-annual cycle, no Supervisory Board training took place in 2021.

MONITORING ADHERENCE TO STANDARDS

Our compliance program defines our standards and procedures, including those that determine how we respond to misconduct. We evaluate the likelihood of compliance violations as part of our enterprise risk management. Risks can also be detected during our periodic internal audits, as well as when employees or third parties raise concerns.

Employees are required to report potential cases of non-compliance and perceived or actual misconduct that violate laws, our Code of Ethics and Business Conduct, or other company guidelines. We have an anti-retaliation policy in place to protect employees against any reprisal. There are several ways in which reports can be made. Employees can reach out to their managers, their superiors, Compliance, Legal, or HR. In addition, we have set up an external reporting hotline operated by an independent and certified third-party vendor. Our employees and related third parties can use this hotline to report potential violations of laws or company guidelines. Where legally permitted, reports can also be made anonymously. The hotline is available 24 hours a day and reports can be made in several languages. In North America, our hotline is set up to report compliance concerns. However, we also receive non-compliance related calls on patient care, information security reports, and human resources. These calls are forwarded to the appropriate departments.

In 2021, we received a total of 2,854 reports via our feedback channels. Each report is documented and reviewed based on more than 30 allegation categories. The reports covered topics such as anti-corruption (1.8 %), data protection (22.2 %), and human resources / workplace (33.4 %) (SEE TABLE 3.13).

T 3.13 SUBJECT OF REPORTS RECEIVED

Topics[1]	2021	2020
Business integrity including anti-corruption	52	52
Data protection	633	342
Human resources / workplace	954	906
Other	244	187

[1] In 2020, we received 1,516 reports concerning patient care and products., which are not included in the table in order to maintain comparability. For 2021, these figures can be found in the "Patients" section starting on PAGE 90.

We investigate all cases of potential misconduct, take corrective measures on a case-by-case basis, and track their implementation. Of 106 compliance investigations in 2021, about half were found to be actionable. Actionable means that the investigations established findings that led us to improve processes, adjust policies or internal controls, or disciplinary action. In 2021, 299 disciplinary matters occurred outside of the U.S. Out of these, 76 led to termination of the employment relationship. Our global disciplinary action guideline outlines our worldwide standards and our procedures for responding to misconduct. Misconduct can refer to, for example, violation of laws and policies and workplace misbehavior. We have established Disciplinary Action Committees across our regions that assess disciplinary cases and determine the appropriate response. The Global Disciplinary Action Committee oversees the process to maintain its consistency.

TABLE 3.14 shows the number of reports processed by different departments.

T 3.14 NUMBER OF REPORTS PROCESSED BY DIFFERENT DEPARTMENTS

Department	2021	2020
Compliance	127	84
Legal	20	15
Patient care[1]	963	1,090
Human resources	942	945
Other	802	869

[1] Unlike in TABLE 3.13 ON PAGE 101, the reports concerning patient care and products received in 2020 and 2021 are included in these figures.

STRENGTHENING OUR COMPLIANCE PROGRAM

In 2021, we continued to strengthen our global compliance program. Following the appointment of an Independent Compliance Monitor in August 2019, we have sharpened our focus on several ongoing compliance initiatives. To successfully coordinate all activities, the relevant teams are in almost daily contact with the Compliance Monitor. We enhanced our global internal audit activities by expanding our resources and focusing on anti-corruption in high-risk areas. More than 80 % of internal audits in 2021 included a compliance focus. Prior to entering new business relationships, and as part of our continuous monitoring of existing business relationships, we assess third parties for compliance risks. In 2021, we assessed and approved about 29,000 third parties. In addition, we implemented our third-party training approach at global level. In the scope of our training, third parties refer to those in the sales channel. These include distributors, re-sellers, wholesalers, commercial or sales agents, and any other third parties involved in the sales of our products that potentially interact with government officials or health care professionals for sales of our products. We also continued to conduct anti-corruption-related audits of third-party business partners. We undertook 17 audits, exceeding our target to complete 15 audits in the reporting year.

More information on compliance measures can be found in the Group Management Report starting on PAGE 71.

DATA PROTECTION AND CYBERSECURITY

We started the roll out of a global IT transformation program and developed performance indicators to measure its effectiveness.

Our patients, employees, customers, business partners, and other stakeholders entrust us with their personal data. We are committed to respecting their privacy and protecting their information. We recognize the importance of protecting our data and technology assets against cyberattacks. Should they materialize, information security threats could pose a real risk to our business and reputation.

CYBERSECURITY

In 2021, we intensified our efforts to reduce cybersecurity risks along the value chain and mature information security practices. Our goal is to provide uninterrupted digital patient care and secure sensitive data. We initiated a global IT transformation program to centralize our IT and cybersecurity teams and establish a unified global technology and innovation organization. The program is under the leadership of our newly appointed Global Chief Information Officer (CIO), supported by global centers of excellence, shared services, regional business partners, as well as cybersecurity and risk management teams. The CIO has a direct reporting line to the Management Board, which receives regular updates and oversees the program. To further strengthen our cybersecurity practices, we have also hired a new Global Chief Information Security Officer who reports to the CIO. We have defined a three-year program roadmap until 2024, which underpins a global information security strategy to harmonize our activities across the organization. The aim of the IT transformation program is to establish a cen-

tralized global governance model, a cohesive policy framework, and a unified IT risk management strategy. To measure the program's effectiveness, we have developed three performance indicators: 1) the number of security incidents; 2) the number of audit findings; and 3) the mean time to respond to incidents.

We are constantly working to reduce our cyberattack surface and prioritize access management, data protection, and business continuity. We have developed several cybersecurity measures in line with the National Institute of Standards and Technology (NIST) framework. Further measures include a global incident response plan that was successfully tested at the end of 2021. We have several mechanisms in place to rapidly prevent, detect, and mitigate cyberattacks. For example, we have established reporting channels that enable employees to report cybersecurity concerns. In addition, we are leveraging automation to develop faster attack indicators. Our Cyber Emergency Response Team investigates potential attacks on our IT infrastructure, production sites, and health care facilities. It also examines suspected breaches and intelligence from affected individuals and regulatory authorities.

We regularly assess risks related to data protection and IT security. Responsibility for carrying out data protection measures, including risk assessments and monitoring, lies with the functional departments. We have local and regional policies and procedures in place that are based on public common standards for information security. For example, in North America, regional policies and procedures are developed based on the ISO 27001 and 27002 standards for information security. Going forward, we plan to further harmonize these local and regional policies. Procedures that involve the processing of personal data are also subject to regular audits carried out by our Global Internal Audit department. In 2021, more than 10 % of our internal audits had a focus on data protection and IT security.

DATA PRIVACY

The Management Board is informed on a bi-annual basis about the status of our data privacy program and any relevant privacy-related issues. Our Code of Ethics and Business Conduct defines our privacy standards and outlines how our employees should proceed when dealing with personal information. We have a Global Data Privacy team that is responsible for putting our privacy policy in place, supported by a company-wide network of more than 60 privacy liaisons. In addition, we have Data Protection Officers in jurisdictions where legally required, such as in Germany.

As a company with international operations, we are subject to different national and international data protection laws and regulations. Our local and regional policies for data protection and the handling of personal data are complemented by further guidelines, standards, and standard operating procedures. We assess the privacy requirements of all our programs and projects, and incorporate them in the relevant processes, systems, and services as early as possible. Our data protection management systems are enhanced continuously to adapt to new requirements or technologies.

We are committed to respecting and protecting the rights of all those whose data we hold. We are transparent about how we collect and store their personal data, and about their rights. These include the right to be informed, the right to access, rectify, or erase personal data, the right to restrict processing, the right to object, and the right to data portability. We have several procedures in place to help us respond quickly to requests to exercise such rights.

As part of our international business operations, we may transfer personal data to third parties that undertake business activities on our behalf or within the Fresenius Group. We expect these third parties to meet applicable laws, our own standards of conduct, and to comply with our information security and privacy policies. We prioritize the protection of data in all transfers, in line with the EU General Data Protection Regulation (GDPR) and other international data transfer laws. New developments concerning international data transfers have been assessed internally. We consider the results of these assessments in our new guidance and our process for engaging with third parties based outside of the European Economic Area. Corresponding training has been developed and rolled out to relevant employees.

Since 2021, we have included privacy awareness in our mandatory Code of Ethics and Business Conduct training. We offer a range of e-learning opportunities and classroom training courses and combine general training with targeted measures for specific employee groups.

In 2021, we offered more than 60 training classes on data privacy to our employees and contractors around the world. More than 93,000 employees participated in training on data privacy and security globally (SEE TABLE 3.15). Training in North America is aligned with HIPAA (Health Insurance Portability and Accountability Act of 1996) requirements. In the European Union, it covers GDPR requirements.

T 3.15 DATA PRIVACY TRAINING PARTICIPANTS

	2021	2020
Participants	93,082	89,894

In 2021, we launched an awareness campaign as part of our first International Privacy Day celebrations. This involved the introduction of a privacy website in countries in Europe, Middle East, and Africa, as well as Latin America, and Asia-Pacific.

More information on our risk management can be found in the Group Management Report starting on PAGE 62.

SUPPLIER MANAGEMENT

We updated our supplier risk assessment to consider the new German Supply Chain Due Diligence Law. We also developed a new onboarding process for suppliers and a global e-learning course focused on sustainable supplier management.

As a global health care company, we understand the responsibilities that come with managing a complex international supply chain. We have established policies and procedures that comply with applicable laws and with our own standards in each of the countries we do business. Our responsible procurement principles reflect our commitment to promoting sustainable business practices in our daily operations. We expect our suppliers to share our commitment to sustainability and demonstrate sustainable business practices across their supply chains. Our requirements are laid out in our Global Supplier Code of Conduct. These will form the basis of human rights and environmental criteria for selecting suppliers. We aim to define these criteria by the end of 2022.

In our vertically integrated organization, responsibility for procurement is shared between our manufacturing business, our health care services business, and headquarters. The procurement departments for our manufacturing and our health care services businesses have a direct reporting line to the Management Board. In 2021, we defined a global governance structure that will oversee our activities related to sustainable supplier management.

We are working with suppliers to increase transparency around the environmental and social impact associated with our supply chain. Our Global Supplier Code of Conduct covers topics such as integrity and ethics, human rights and labor conditions, quality, occupational health and safety, and environmental protection. It also forms the basis of our contractual relationships with suppliers. We continue to incorporate the requirements of the Global Supplier Code of Conduct in supplier contracts. In addition, we have updated all relevant procurement guidelines across the regions to reference this document. In 2021, we also developed an onboarding process for suppliers to inform them of our sustainability requirements. This includes procedures to manage situations where suppliers do not wish to or are unable to adhere to these requirements. In the past year, more than 230 employees working in Procurement, as well as those in Legal, Finance, and Compliance, participated in internal training courses on this Code. In addition, we developed a global e-learning course on sustainable supplier management in 2021, with the goal of reaching procurement staff in all countries by the end of 2022. Should employees or suppliers have any questions or concerns regarding the Global Supplier Code of Conduct, they can contact us via our publicly available email address. We have developed an internal process to manage their feedback, which we plan to roll out in 2022.

In the context of our Global Sustainability Program, we launched an initiative to evaluate suppliers based on sustainability risks. We cluster our suppliers according to these risks, which will enable us to monitor them more closely and take corrective action when necessary. In 2021, we further developed our risk assessment procedures, taking into account the requirements of the new German Supply Chain Due Diligence Law. As part of this initiative, we plan to ask our critical suppliers to provide information about their sustainability performance, for example via a self-assessment form. We aim to use this information to identify suppliers that do not yet fully comply with our sustainability standards and initiate appropriate follow-up action. In addition, we continued to screen social media for negative reports regarding our suppliers' business conduct related to sustainability. In 2021, we screened 100 % of our most important suppliers based on relevant spend compared with 20 % in 2020. These suppliers represented more than 80 % of our total external spend in 2021.

TARGET

Train procurement staff in all countries with a global e-learning course on sustainable supplier management by the end of 2022

HUMAN RIGHTS

We launched our Global Social and Labor Standards Policy and continued with our human rights impact risk assessment. We have also stepped-up communication on human rights topics to raise awareness among our employees.

Respecting human rights and upholding labor and employment standards is an integral part of our corporate responsibility. We are committed to our global Human Rights, Workplace Rights and Labor and Employment Principles and to complying with the laws of the countries in which we do business. Our activities are guided by the principles enshrined in the UN Universal Declaration of Human Rights and the International Labour Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work. Our human rights commitments are embedded in our Code of Ethics and Business Conduct.

The Global Labor Law function oversees human rights topics, including the ongoing development of a human rights strategy. We plan to finalize this strategy by the end of 2022 and implement it thereafter. Cross-functional teams work together to develop human rights policies and procedures. A Human and Labor Rights Steering Committee, together with the Management Board, monitors our overall progress.

Our goal is to embed awareness of and respect for human rights in our day-to-day work, and to continuously improve our human rights due diligence processes. We consider the possible impact of our activities on our patients, employees, local communities, our suppliers' employees, and other rightsholders. In 2021, we developed a Global Social and Labor Standards Policy. This will be our leading document concerning human rights topics related to our employees. It outlines, among other things, our global commitments regarding fair and transparent working conditions, a discrimination and harassment-free workplace, freedom of association, and the right to collective bargaining. The policy also covers the prohibition of child labor, modern slavery, and retaliation. We plan to roll out the policy in 2022. In this reporting year, we also rolled out our Global Policy on the Prohibition of Discrimination, Harassment, Sexual Harassment, Bullying, and Retaliation. During policy roll outs, we provide employees with supporting materials to help them understand and implement these policies.

IDENTIFYING AND MANAGING OUR HUMAN RIGHTS IMPACT

Steered by the UN Guiding Principles on Business and Human Rights, we carry out human rights due diligence activities. We aim to identify, prevent, mitigate, and account for how we address our potential adverse human rights impact. As part of this, in 2020 we began a comprehensive and ongoing human rights risk assessment covering our own workforce, patients, direct suppliers, and communities, identifying both actual and potential risks. Our supplier sustainability risk assessment also takes human rights into consideration. Based on these assessments, we have added two risks related to workplace rights to our enterprise risk management. We continue to further develop our risk monitoring, mitigation, and prevention measures and processes. These include human and labor rights trainings, which we aim to roll out to all relevant managers and employees in support functions by the end of 2022.

Various channels are available to employees, patients, and third parties to report potential violation of human or workplace rights, laws, or company policies. One such channel is the Compliance Action Line. Based on an analysis of our grievance mechanisms in 2020, we are working on improving our complaint handling practices and to establish globally consistent processes.

AWARENESS AND COLLABORATION

We have stepped-up our communication on our commitments and activities relating to human rights. Our aim is to raise awareness of this topic among employees. In 2021, we included information on human rights in our mandatory Code of Ethics and Business Conduct training, as well as in our Global Supplier Code of Conduct training. We also integrated human rights topics into the scope of regular internal audits. In 2021, more than 20 % of internal audits included topics related to human rights.

We engage with sector-specific associations and peer group networks to exchange experiences and practices regarding human rights. For example, in 2021, we participated in the Human Rights Working Group of Business for Social Responsibility (BSR). We were also involved with the Global Industrial Relations Network (GIRN), a global network of corporate human rights specialists organized by the International Organisation of Employers (IOE).

More information on our patient grievance mechanisms can be found in the "Patients" section starting on PAGE 90. For more information on employee and third-party grievance mechanisms, see the "Compliance" section starting on PAGE 100.

TARGET

Provide managers and support functions with human and labor rights training by the end of 2022

ENVIRONMENT

Our new Global Environmental Policy outlines our commitment to environmentally friendly business practices. We expanded the scope of our water stress assessment, and established a global network of environmental experts. We have also set global climate targets to reduce emissions.

We strive to continually improve our environmental performance and are dedicated to developing, producing, and providing our products and services in an environmentally sustainable way. We are committed to business practices that promote environmental protection.

In 2021, we launched our Global Environmental Policy, which was approved by the Management Board. It provides a framework for environmental management at a global level and will serve as a basis for developing improvement targets. It addresses how we manage and monitor our environmental impact. It also acts as a framework for other policies and manuals. In addition, we introduced manuals and guidelines for managing global data and reporting environmental indicators related to energy, greenhouse gas (GHG) emissions, and water. These include guidelines on how to report information using our new digital eco-reporting tool. Furthermore, we have included information on our environmental standards in the mandatory employee training on our Code of Ethics and Business Conduct.

We regularly identify and evaluate environmental risks as part of our enterprise risk management. In 2021, we used Task Force on Climate-related Financial Disclosures standards to guide us in this process for the first time. We added additional risk examples to our risk catalog and performed specific assessments, for example concerning water stress and climate change vulnerability.

Responsibility for environmental management is shared between global and regional functions. Our Global Manufacturing, Quality, and Supply division is accountable for sustainable operations in our production business. Responsibility for environmental protection in our dialysis clinics lies with the respective management in our four regions. In 2021, we also set up a network of environmental experts to regularly exchange information and work together on environmental deliverables at a global level. This is an important step toward establishing global governance, with the aim of driving strategic environmental initiatives across the whole organization.

More information on our risk management can be found in the Group Management Report starting on PAGE 62. For more information on the Code of Ethics and Business Conduct training, please refer to the "Compliance" section starting on PAGE 100.

ENVIRONMENTAL MANAGEMENT

As a large international company, we recognize our responsibility to protect the environment and use natural resources carefully. Therefore, we track and analyze environmental data generated by our dialysis clinics and production sites worldwide, including energy consumption and water withdrawal levels. This helps us manage resources more effectively. Eco-reporting across regions and functions is facilitated by specific tools. In 2021, we rolled out a new digital tool at our production sites to improve the data quality and the efficiency of our reporting. At our dialysis clinics in Asia-Pacific, we introduced the eco-reporting software that is already used in dialysis clinics in the Europe, Middle East, and Africa region, and in Latin America. Manufacturing and clinic staff received the necessary training on these new solutions.

TABLE 3.16 shows the coverage of certified production sites.

We monitor national and international regulations concerning environmental issues on an ongoing basis so that our internal policies and manuals are up to date. We have established internal environmental standards, which we complement with external certifications if it adds value. Our production sites, distribution centers, laboratories, and dialysis clinics are subject to internal and external audits. This involves checking their compliance with environmental laws and regulations, certification requirements, and internal guidelines. Due to the COVID-19 pandemic, audits in 2021 took place virtually.

At our production sites, we are involved in local environmental projects that we report as part of our global Green & Lean initiative. This initiative enables best practices to be shared across the organization. Our objective is to reduce emissions, promote the efficient use of natural resources, and increase recycling rates. By the end of 2021, more than 100 projects were reported. They were aimed at, for example, improving processes and recycling. As a result of these projects, per year we expect to save more than 20,000 MWh of energy (0.8 % of our total energy consumption), prevent nearly 5,500 tons of CO_2 equivalent emissions (0.7 % of our total Scope 1 and 2 emissions), save more than 220,000 m^3 of water (0.5 % of our total water consumption), and recycle or reuse roughly 700 tons of waste.

T 3.16 COVERAGE OF CERTIFIED PRODUCTION SITES
IN %

Certification	2021	2020[1]
ISO 14001	25	23
ISO 50001	5	5

[1] The values have been adjusted based on the current reporting approach and corrected accordingly.

WATER

Large volumes of water are required in both our production sites and in our dialysis clinics – dialysis requires a significant quantity. It is critical that the water we use for dialysis is of high quality, which is why we generally use municipal water that is treated further in our dialysis clinics. In 2021, our reported water withdrawal decreased by 1 % compared with 2020 (SEE TABLE 3.17). This was mainly due to efficiency measures at various production sites and lower production volumes. We are working to develop global water-related targets in addition to those we already have at regional level. We plan to define these global targets by the end of 2022.

In 2020, we assessed water stress at our production sites. This determined that 7 % of sites are in areas defined as locations with an extremely high risk of water stress. We define water stress as a situation when the demand for water surpasses the available amount during a certain time, or when poor quality restricts its use. In 2021, we followed up on the results of this assessment in various ways. For example, we conducted interviews with teams at selected sites in areas with an extremely high risk of water stress to raise awareness of the issue and to assess the need for potential remedial measures. We expanded the scope of our water stress assessment to include the majority of our dialysis clinics. We used the World Resource Institute's Aqueduct tool to collect the data. According to the results, 12 % of included dialysis clinics are in areas defined as a location with an extremely high risk of water stress. Additionally, we have started to analyze water stress scenarios for 2030 and 2040. We aim to complete the assessment by the end of 2022, and plan to integrate the findings into our risk management.

To generate water savings at our production sites, we initiated several projects in 2021. For example, in the U.S., we optimized the maintenance cycle of our pre-treatment filters for our water purification system at our dialysis clinics. This allowed us to properly maintain and operate the water equipment while reducing the system's water consumption. As part of the Green & Lean initiative, we implemented projects that aimed to, for example, save water through improvements in our internal water treatment procedures and improve processes within our water cooling and recovery system.

T 3.17 WATER WITHDRAWAL

	2021	2020
Water (M m³)[1]	**41.4**	**41.7**
Municipal water[2]	41.0	41.2
Ground water	0.5	0.5

[1] Including the water consumption of our production sites and in-center treatments in our dialysis clinics.
[2] Subject in part to extrapolations.

ENERGY AND CLIMATE PROTECTION

We are committed to developing measures to reduce our energy consumption and greenhouse gas (GHG) emissions across our business. At the same time, we continue to prioritize the safety and quality of our products and services.

In the reporting year, we initiated various measures with a view to establishing a global environmental management approach. This includes defining global targets. In January 2022, the Management Board approved new climate targets. We plan to be climate neutral by 2040. By 2030, we aim to reduce Scope 1 (direct) and Scope 2 (indirect) emissions by 50 % compared with 2020. In addition, we will assess the impact of Scope 3 emissions in the future so that they can be included in our targets.

We monitor the energy consumption at our production sites, as well as electricity usage in our dialysis clinics (SEE TABLE 3.18). In Europe, Middle East, and Africa, we have set local electricity-related targets.

T 3.18 ENERGY CONSUMPTION

	2021	2020
Energy (M MWh)[1, 2]	**2.6**	**2.5**
Electricity	1.3	1.3
Natural gas	1.2	1.1
Others[3]	< 0.1	< 0.1

[1] Including the energy consumption of our production sites and the electricity consumption of in-center treatments in our dialysis clinics.
[2] Subject in part to extrapolations.
[3] Including fuel oil, diesel, liquid gas, and district heating. Excluding mobile assets.

In 2021, we introduced measures to reduce energy consumption at several of our sites. For example, we have started piloting an energy management system in some of our dialysis clinics in the U.S. that aims to improve energy efficiency by centralizing the control of energy use. The system is expected to be rolled out in 2022 across some 800 locations. In addition, we implemented various projects as part of our Green & Lean Initiative. For example, we continued to replace fluorescent lighting with LED lighting in selected warehouses and production areas to save energy.

We also assessed the share of renewable energy impact within our total electricity consumption. To do this, we considered the country-specific average share of renewables needed to produce electricity. According to this calculation, renewables accounted for 22 % of total electricity consumption in 2021 compared with 21 % in 2020. In the U.S., we purchased 140,000 MWh worth Green-e certified Renewable Energy Certificates (RECs) in 2021. These correspond to about 54,000 tons of Scope 2 CO_2 equivalent and account for 10.7 % of our global

Scope 2 emissions (calculated based on location-specific emission factors). We bought these certificates as part of our climate strategy. Through this purchase, we support projects that promote the expansion of renewable energy.

Our GHG emissions are calculated based on energy data reported by our production sites and electricity data reported by our dialysis clinics (SEE TABLE 3.19). For our calculations, we use a location-based method that quantifies emissions based on emission factors per country. We calculate our Scope 1 and Scope 2 emissions following the methodology of the Greenhouse Gas Protocol, using the UK Department for Environment, Food and Rural Affairs' latest version of this guidance. We use International Energy Agency (IEA) emission factors for electricity consumption to calculate indirect emissions from electricity. Compared with 2020, our total emissions (Scope 1 and Scope 2) decreased by 1 %. Our reported Scope 1 emissions increased by 8 % in 2021. This increase is due to more accurate data reporting and a change in our reporting approach, with our reporting tool now automatically calculating conversions for natural gas. Our reported Scope 2 emissions decreased by 5 % due to enhanced data reporting as well as lower emission factors provided by the IEA. Most of our Scope 1 and Scope 2 GHG emissions stem from energy consumption. We are currently assessing Scope 3 emissions that arise from activities or assets that we do not own or control along our value chain.

T 3.19 GREENHOUSE GAS EMISSIONS

	2021	2020
Total Scope 1 + 2 CO_2 equivalents (K tons)[1, 2]	**765.5**	**769.5[3]**
Scope 1 CO_2 equivalents (K tons)	**262.6**	**242.2**
Natural gas	248.1	228.0
Liquid gas	13.6	13.6
Fuel oil	0.2	0.3
Diesel[4]	0.6	0.3
Scope 2 CO_2 equivalents (K tons)	**502.9**	**527.2**
Electricity	502.4	526.8
District heating	0.6	0.4

[1] Including the Scope 1 and 2 emissions of our production sites and the Scope 2 emissions of in-center treatments in our dialysis clinics.
[2] Subject in part to extrapolations.
[3] 769.456 K tons CO_2 equivalents serves as the base value for the climate targets. The value was rounded to 769 K tons CO_2 equivalents.
[4] Excluding mobile assets.

We are working on different projects to reduce GHG emissions. At out plant in St. Wendel, Germany, one of our biggest production sites, we operate our own gas power plant with heat recovery steam generators. This allows us to generate close to 100 % of the electricity used at this site. For this reason, we were able to save approximately 15,900 more tons of CO_2 equivalent compared with buying the average German electricity mix from the grid. As a result, we prevented CO_2 emissions reflecting 2 % of our total global emissions.

TARGETS

- By 2030, reduce our Scope 1 and Scope 2 emission by 50 % compared with 2020
- Achieve climate neutrality for Scope 1 and Scope 2 emissions by 2040

WASTE

We are committed to initiatives and programs aimed at reducing waste and seek to continually improve waste management. We strive to dispose of waste in a safe manner that does not pose a danger to patients, employees, or the environment.

In 2021, we continued to analyze the waste streams of our production sites and dialysis clinics in all regions. Waste is managed on a local and regional level, allowing us to adhere to all applicable laws and regulations. In the context of our Global Sustainability Program, we are planning to develop a global approach to consolidating waste data and to defining reduction targets. As part of this, in 2021 we introduced new measures to improve our waste data collection processes at four pilot production sites. We plan to roll these measures out to all sites at the beginning of 2022. Additionally, we are assessing opportunities at our sites for stepping up the recycling or reuse of resources.

We have ongoing waste initiatives to help us reduce our environmental footprint. For example, our Reusable Sharps Container Program in the U.S. enables us to reuse each container up to 600 times, reducing the amount of plastic ending up in landfill. Thanks to this program, in 2021, we have reused more than 1.2 M containers, diverting more than 1,000 tons of plastic waste from landfill and preventing more than 400 tons of CO_2 emissions. We have ongoing initiatives at various sites to encourage employees to recycle various materials.

ECO-PERFORMANCE OF PRODUCTS AND SERVICES

We strive to continually improve our environmental performance, as highlighted in our Global Environmental Policy. To do this, we rely for example on innovations and lifecycle assessments to develop and produce our products and services in an environmentally sustainable way.

Our latest dialysis machine generations, the 5008 and 6008 series, are both designed to be more eco-efficient. These machines automatically adjust the dialysate flow to the patient's blood flow, which allows us to save significant amounts of dialysate, water, and energy while maintaining a consistently high dialysis quality. The 2008T BlueStar software is another example of our ongoing efforts to limit the environmental footprint of dialysis. This software, unlike that in similar devices, enables the dialysis machine to switch to idle mode. Using idle mode reduces dialysate and water flow rates by up to two thirds, saving additional costs. It further enables low power mode, which directs power only to the machine's electronics when dialysis is not taking place. Pumps, valves, and modules are turned off. In 2021, almost every second dialysis machine we produced belonged to one of these resource-friendly machine generations.

To help us understand the environmental impact of our products, we conduct simplified product life cycle assessments (Screening-LCAs) for selected products. These assessments identify the life cycle phase with the highest impact and the processes and materials we need to focus on to improve the eco-performance of our products and services. Based on international guidelines and the requirements of ISO 14001 and IEC 60601-1-9 standards, we calculate the environmental impact caused during each different stage of a product's life cycle. The IEC 60601-1-9 standard applies to efforts to reduce the adverse environmental impact of medical electrical equipment. We used Screening-LCAs to assess most of our active medical device product lines and are gradually extending them to disposables. In addition, we have conducted detailed comparative product life cycle assessments for important disposables. These follow the structure and requirements of ISO 14040 / 44 standards and compare the eco-performance of several of our acid concentrates and dialyzers.

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

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

We have performed a limited assurance engagement on the separate non-financial group report of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, (hereinafter the "Company") for the period from 1 January to 31 December 2021 (hereinafter the "Separate Non-financial Group Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in the section "EU taxonomy" of the Separate Non-financial Group Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the section "EU taxonomy" of the Separate Non-financial Group Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

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

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

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

requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in the section "EU taxonomy" of the Separate Non-financial Group Report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of (if any) material misstatement in the Separate Non-financial Group Report
- Evaluation of the implementation of central management requirements, processes, and specifications regarding data collection through targeted sample testing at selected sites
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE OPINION

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 1 January to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in the section "EU taxonomy" of the Separate Non-financial Group Report. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 22 February, 2022

PRICEWATERHOUSECOOPERS GMBH
Wirtschaftsprüfungsgesellschaft

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