FRESENIUS
MEDICAL CARE

2020 ANNUAL REPORT 2020

EMPLOYEES [1]

PATIENTS

DIALYSIS CENTERS

REVENUE

in € BN

NET INCOME [2]

in € BN

DIVIDEND PER SHARE [7]

in €

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases, of whom around 3.7 million worldwide depend on dialysis treatment. Thanks to our decades of experience in dialysis, our innovative research and our value-based care approach, we help them to enjoy the very best quality of life.

SELECTED KEY FIGURES

	2020	2019	Change
Revenue in € BN	17.86	17.48	5 % cc
Net income in € BN [2]	1.16	1.20	(1 %) cc
Net income in € BN [2] (2020 excl. special items/2019 adjusted) [3]	1.36	1.24	12 % cc
Operating income in € BN	2.30	2.27	4 % cc
Operating income in € BN (2020 excl. special items/2019 adjusted) [3]	2.50	2.36	8 % cc
Basic earnings per share in €	3.96	3.96	2 % cc
Basic earnings per share in € (2020 excl. special items/2019 adjusted) [3]	4.62	4.08	15 % cc
Net cash provided by (used in) operating activities in € BN	4.23	2.57	65 %
Free cash flow in € BN [4]	3.20	1.45	120 %
Capital expenditures, net in € BN	(1.04)	(1.11)	(7 %)
Acquisitions and investments (excluding investments in debt securities) in € BN	(0.26)	(2.22)	
Operating income margin in % (2020 excl. special items/2019 adjusted) [3]	14.0	13.5	
Return on invested capital (ROIC) [5] in %	5.8	6.1	
Net leverage ratio [5]	2.7	3.2	
Equity ratio (equity/total assets) [6] in %	38.9	40.2	

cc = constant currency
[1] Full-time equivalents
[2] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[3] 2020 excluding an impairment of goodwill and trade names in the Latin America Segment; 2019 adjusted for transaction costs related to the acquisition of NxStage, Cost Optimization Costs and the (Gain) loss related to divestitures of Care Coordination activities
[4] Net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments
[5] See calculation in the Group Management Report, chapter "Overview of the Group", section "Performance management system" starting on PAGE 24
[6] As of December 31 of the respective year
[7] Planned proposal to be approved by the Annual General Meeting on May 20, 2021

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

OUR VISION BECOMES REALITY

We want to ensure that our patients have a future worth living. Worldwide. Every day. This vision unites and guides us – today and in the future. But how do we make it become reality? Fresenius Medical Care has systematically enhanced its corporate strategy in 2020 with a focus on treating chronically and critically ill people across the renal care continuum.

More than 125,000 employees give everything they have to offer the best possible care to a growing number of patients. The 2020 Annual Report puts our worldwide commitment into facts and figures. In our corporate magazine 2020 we talk about both routine and crisis situations, where we all work day in, day out in various areas to breathe life into this strategy – for our patients.

TO OUR SHAREHOLDERS

GROUP MANAGEMENT REPORT

NON-FINANCIAL GROUP REPORT

CORPORATE GOVERNANCE

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

TO OUR SHAREHOLDERS

LETTER TO OUR SHAREHOLDERS

RICE POWELL
Chief Executive Officer and Chairman of the Management Board

Dear Shareholders,
Ladies and Gentlemen,

The past year was a very unusual one for everyone. The COVID-19 pandemic turned our lives upside down. It continues to pose considerable challenges for the society, the economy, our patients and especially for health care systems worldwide. As a leading health care provider for renal patients, we look after one of the most vulnerable populations. We see it as our responsibility to ensure their safety and well-being. Since the start of the pandemic, we have worked tirelessly and taken extensive measures. This includes more stringent safety and hygiene rules at our more than 4,000 dialysis centers, so that our 346,553 patients worldwide can continue to have their life-saving dialysis treatment.

We benefited from our vertical integration. When an unprecedented number of patients requested home dialysis, and public policies all over the world supported them, we had the infrastructure in place to deliver: a suite of best-in-class home products, a supply chain we could scale up quickly, tens of thousands of employees that rallied around home therapies, and thousands of training rooms where nurses, dietitians, and social workers could educate patients. The same was true when we rapidly expanded our digital and telehealth options to allow physicians to consult patients remotely.

INNOVATIONS ARE PAYING OFF

The pandemic has shown how important innovation, agility and flexibility are for companies. At Fresenius Medical Care, we are now benefiting from the work we put in prior to the pandemic. One example is our expanded home care portfolio. Home dialysis means even less contact, and hence the potential for a lower infection risk. In 2020, we provided more than 14 percent of our dialysis treatments in the U.S. in a home setting. This implies a 14 percent increase compared to the previous year. Digital solutions like the health platform "TheHub" in the U.S. allow patients to transmit their latest treatment data to us, access lab results, retrieve information about their medicine, send messages to their care team, and reorder products.

We were able to increase the number of Transitional Care Units (TCUs), a special area we have established at our clinics in the U.S., where trained staff informs new patients about the various methods of dialysis and help them to find the right treatment. Nearly half of them subsequently opt for home dialysis.

Severe COVID-19 cases often cause acute kidney failure, which has significantly increased worldwide demand for acute dialysis products. We expanded our production of acute dialysis products at short notice to respond. In 2020, the FDA cleared Novalung, a heart and lung support system for the treatment of acute respiratory or cardiopulmonary failure. This so-called ECMO system (extracorporeal membrane oxygenation) maintains the patient's blood circulation and oxygenates their blood, reducing the stress on damaged heart and lungs. We also increased our production of Novalung consoles to treat the growing number of critically ill COVID-19 patients.

FOCUS ON PATIENT CARE

In the U.S., we are partnering with other dialysis providers to combat the pandemic. Together we have created a nationwide contingency plan to create capacities across providers for isolated treatment in order to maintain continued care for dialysis patients. In addition, we supported our U.S. direct patient care teams with childcare and eldercare stipends, as well as supplemental pay. All these measures go toward protecting our patients who are exposed to high mortality resulting from the virus, and to keeping dialysis patients out of hospital. This also helps hospitals to preserve already limited resources and capacity.

Despite all the challenges of the pandemic, we achieved our goals.

All this costs money. In 2020, the U.S. government initiated financial support for the health care sector under the so-called CARES Act (Coronavirus Aid, Relief, and Economic Security Act). It was intended to compensate the increased costs health care providers had to spend as a result of the pandemic and for related protective measures. This enabled us to offset some of our additional costs in the U.S. in the year 2020.

WE ACHIEVED OUR GOALS

Despite all the challenges of the pandemic, we achieved our goals. We generated revenue of 17.86 billion euros in 2020. In constant currency, that is five percent more than in 2019. Net income excluding special items rose by twelve percent in constant currency. Our shareholders share in our success: In line with our dividend policy, we propose a rise in our dividend of twelve percent to 1.34 euros to the Annual General Meeting on May 20, 2021. This would be our 24th consecutive dividend increase.

COVID-19 CHALLENGES

The COVID-19 pandemic is not over yet. Since November 2020 we have seen accelerated infection rates. Many of our highly vulnerable dialysis patients did not survive. What saddens me deeply is the human tragedy – patients are dying we have cared for. With an increasing number of vaccines being approved, there seems to be a way out of the pandemic.

From a financial perspective we have been able to almost compensate the financial effects of COVID-19 in 2020. But the recent developments cannot be compensated. We expect to have a significant adverse effect on the number of patients treated and additional COVID-19 related costs.

Against this backdrop, we expect revenue to grow at a low- to mid-single digit percentage rate and net income to decline at a high-teens to mid-twenties percentage rate.

OUR GLOBAL SUSTAINABILITY PROGRAM

I am very pleased that we made good progress with our sustainability agenda in 2020. Sustainability is fundamental to us, and to an ever-increasing number of investors and other stakeholders.

Our Global Sustainability Program establishes common goals, responsibilities, policies, and Key Performance Indicators for material areas, and is under my direct responsibility. This is because sustainability is very important to me personally: Improving our social and ecological footprint is not just something that is nice to have. It is our responsibility.

Sustainability is integral to an organization's competitive agility. It is essential to drive growth, efficiency, and innovation. Our aim is to transform our organization and culture. That's why we have defined new, non-financial performance targets for management compensation. They reflect our aspiration to be measured by our commitment to continuous improvement.

Improving our social and ecological footprint is not just something that is nice to have. It is our responsibility.

OUR WAY FORWARD

In 2020, we presented our Strategy 2025. This is our plan for our continued future success. The strategy is embedded in the Company's Global Sustainability Program.

Our products and health care services are at the core of our strategy. To take it to the next level, we will concentrate on three key areas: the **renal care continuum, critical care solutions,** and **complementary assets.**

Aspects of the renal care continuum include:

- **New renal care models:** We are working to develop new forms of renal therapy, using digital technologies such as artificial intelligence and the capability to analyze huge amounts of data.
- **Value-based care:** Drawing on our comprehensive experience in disease management, we will push forward the transition from a fee-for-service payment model to pay-for-performance models.
- **Chronic kidney disease and transplantation:** We will expand our offerings in the area of value-based care models beyond dialysis to include the treatment of chronic kidney disease, as well as playing an active role in the area of kidney transplantation.
- **Future innovations:** We will continue to advance the development of renal care innovations and invest in start-ups and early-stage companies in the health care sector.

The second area is critical care solutions. Demand for critical care solutions is set to rise in the long term: By 2030, the number of patients requiring continuous renal replacement therapy to treat acute kidney failure is estimated to increase to 1.6 million per year. We will continue to strengthen our critical care portfolio.

The third area is complementary assets. To leverage its existing network and create an additional basis for future growth, the Company will further expand its network through partnerships, investments, and acquisitions.

As part of our strategy, we announced our new medium-term outlook through 2025. Over the next five years, we expect an annual average increase in the mid-single digit percentage range for revenue and in the upper-single digit percentage range for net income.

To support our Strategy 2025, to further strengthen profitability, and to compensate for the negative earnings effects of the COVID-19 pandemic, we will launch the FME_{25} program. It will focus on the transformation of our operating model. Until 2025, we plan to invest up to 500 million euros in FME_{25} to sustainably reduce our cost base for each future year minimally by the same amount. We assume that the FME_{25} program compensates for the anticipated COVID-19 related effects on our 2025 outlook.

TAKING CARE IS A TEAM EFFORT

The pandemic was, and still is, a global storm that hit us hard, from our clinics to our offices, and from our supply chains to our production sites. It is a threat to everybody we care for, to our patients in the dialysis clinics and the millions who depend on us. But amid uncertainty and fear, we did our part, and many of us did a lot more. We showed that “care” is not just a word in our name, but a principle that holds up under pressure. I am so proud of the way we handled this. More than 125,000 employees around the world demonstrated their exemplary commitment to ensure that our patients experienced no interruption in the supply of their products and services.

With the introduction of vaccines, we now have hope. Now it is time to make sure that all our patients and frontline care teams receive their vaccination as quickly as possible. We can turn that hope into reality.

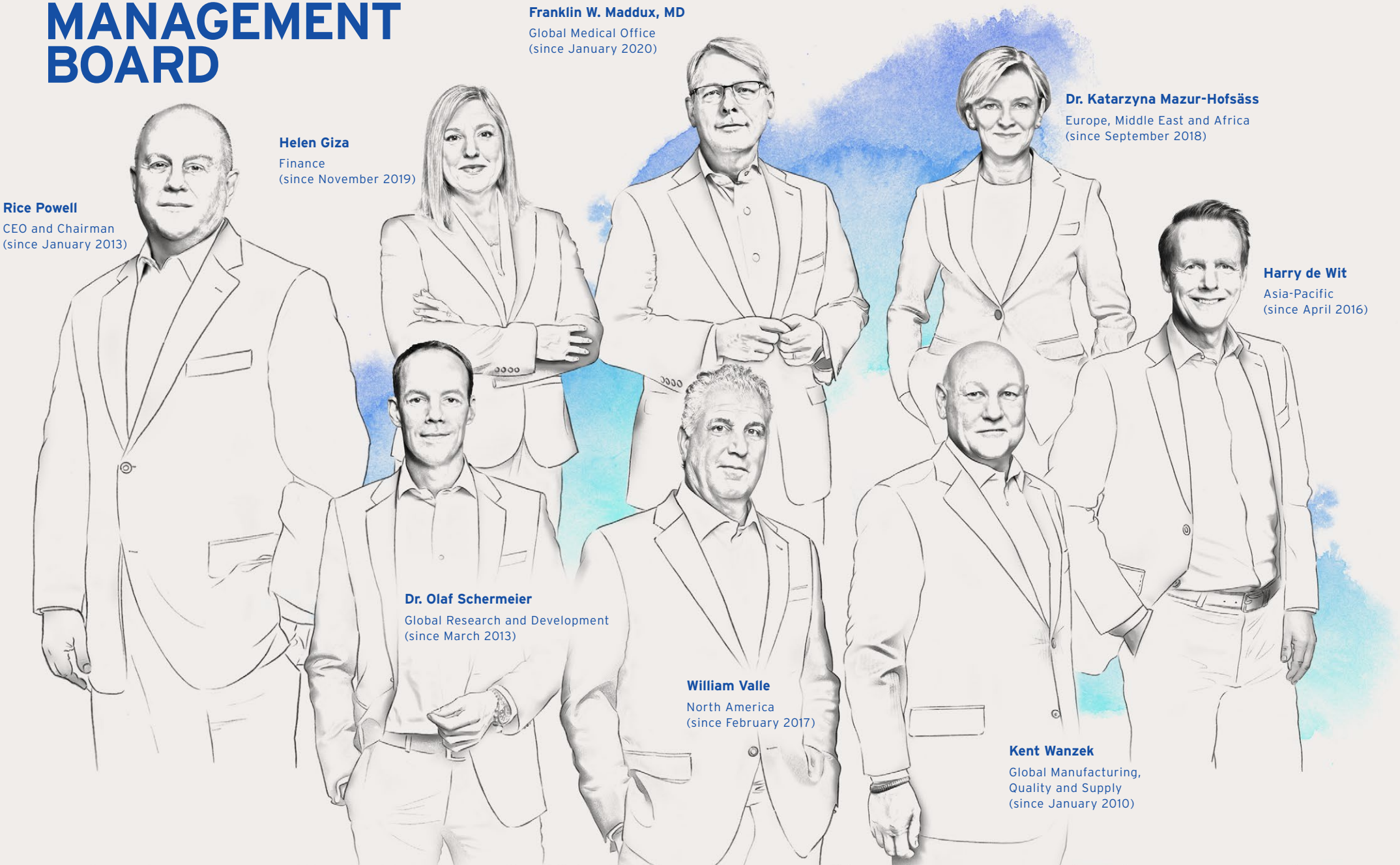
Taking care is a team effort, and our partners also supported our patients in a big way. From the government officials who supported us to the Fresenius Medical Care truck drivers who ventured out when nobody else would, I have encountered outbursts of goodwill and bravery in the last months. I am confident we can take this mindset into the future.

Yours

Rice Powell
Chief Executive Officer and
Chairman of the Management Board

We showed that >care< is not just a word in our name, but a principle that holds up under pressure.«

MANAGEMENT BOARD



Rice Powell
CEO and Chairman
(since January 2013)

Helen Giza
Finance
(since November 2019)

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

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

Harry de Wit
Asia-Pacific
(since April 2016)

Dr. Olaf Schermeier
Global Research and Development
(since March 2013)

William Valle
North America
(since February 2017)

Kent Wanzek
Global Manufacturing,
Quality and Supply
(since January 2010)

CAPITAL MARKETS AND SHARES

Fresenius Medical Care shares demonstrated their resilience in the face of significant volatility on the global stock markets in 2020, closing the year at €68.20 – up 3.4 % on the end of 2019.

PRICE DEVELOPMENT OF FRESENIUS MEDICAL CARE SHARES

The year under review began with positive news for Fresenius Medical Care: On December 31, 2019, a Californian federal court temporarily halted a controversial ballot initiative (Assembly Bill 290) that could have negative consequences for our business. The share price increase in the first weeks of 2020 was also driven by the publication of the results for fiscal year 2019 and the confirmation of the outlook for 2020. At €77.58, Fresenius Medical Care shares subsequently traded at just below what would become the high for the year.

From the end of February, the worldwide spread of COVID-19 caused share prices to plummet on the global stock exchanges, in some cases dramatically. While benchmark indices like the Dow Jones Industrial Average in the U.S. and the DAX in Germany lost around one-third of their value compared to the start of the year, Fresenius Medical Care shares showed a much more robust performance. The share price declined to a low for the year of €56.00 in late March, down around 18 % on the start of the year.

Fresenius Medical Care underlined the resilience of its business model with excellent results in the first quarters of the year under review. Thanks to comprehensive measures taken early on to minimize the risk of infection, we were able to ensure the operation of our dialysis centers as the COVID-19 pandemic progressed. The production of dialysis products worldwide also continued without significant interruption despite the restrictions on public life, and our supply chains remained intact. Back in March 2020, the U.S. government launched an important stimulus package for the health care sector – the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The funds disbursed under the CARES Act, which were made available to the affected companies from April onward, served to offset additional costs incurred for protective measures against COVID-19 in the important U.S. market in the following months. Our share price began to recover in late March and reached a high for the year of €79.00 by the end of July.

The severity of the course of the disease in kidney patients infected with the coronavirus led to an increase in the number of hospital stays and a rise in mortality rates among these patients. This resulted in more dialysis treatments being missed. Moreover, because of the COVID-19 pandemic, many patients with advanced chronic kidney disease were referred to dialysis centers later than they would otherwise have been. These two factors negatively affected the organic growth of Fresenius Medical Care in fiscal year 2020. This was reflected in the revenue figures reported from the third quarter onward, i.e. with a delay of several months. The results for the third quarter were additionally impacted by negative exchange rate effects and, as expected, lower reimbursements for calcimimetics, which are used to regulate the level of calcium in the blood of dialysis patients. Thanks also to the extensive measures taken by Fresenius Medical Care in recent years to improve efficiency – unconnected with the COVID-19 pandemic – we were able to absorb the impact of the pandemic on net income in the first nine months of fiscal year 2020.

As at the beginning of the year, regulatory developments in early November 2020 provided a stimulus for the Fresenius Medical Care share price. Firstly, the U.S. Center for Medicare and Medicaid Services (CMS), the agency that administers the government insurance programs Medicare and Medicaid, announced an increase in the reimbursement for dialysis treat-

T 1.1 **STOCK INDICES / SHARES**

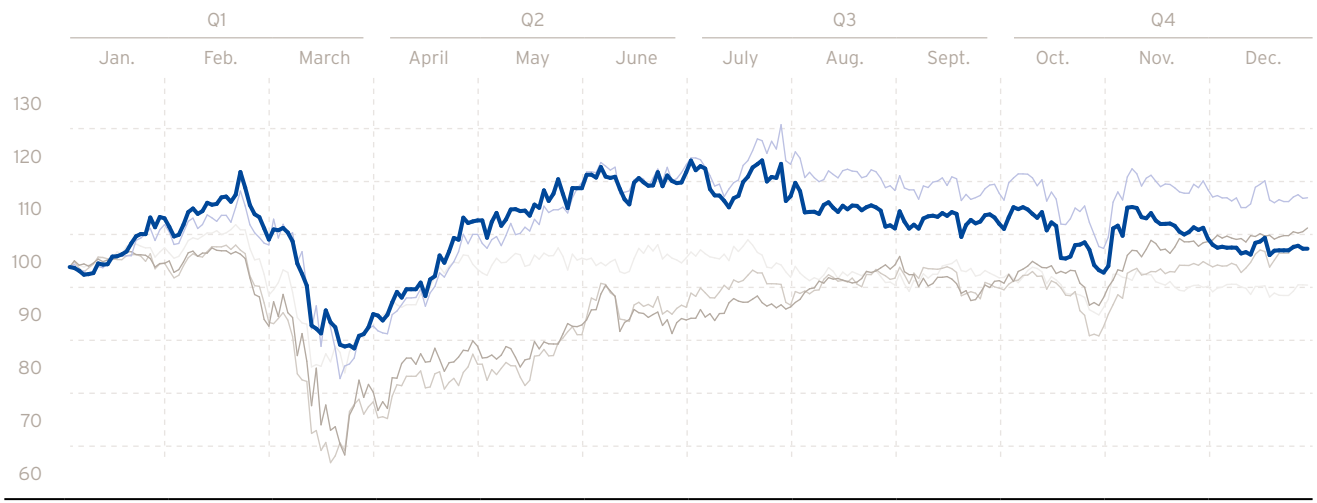
	Country / region	Dec. 31, 2020	Dec. 31, 2019	Change	High	Low
Dow Jones Industrial Average	USA	30,606	28,538	7 %	30,606	18,592
DAX	DE	13,719	13,249	4 %	13,790	8,442
STOXX Europe 600 HealthCare	EUR	879	909	(3 %)	981	731
FRESENIUS MEDICAL CARE SHARES IN €	**DE**	**68.20**	**65.96**	**3 %**	**79.00**	**56.00**
FRESENIUS MEDICAL CARE ADRS IN $	**USA**	**41.56**	**36.83**	**13 %**	**46.55**	**29.21**

Source: Bloomberg data, own calculations

C 1.2 **SHARE PRICE PERFORMANCE, ABSOLUTE, JANUARY 1, 2020 – DECEMBER 31, 2020**
IN €

Fresenius Medical Care share
Source: Bloomberg data

C 1.3 **INDEX AND SHARE PRICE PERFORMANCE**
INDEXED, JANUARY 1, 2020 – DECEMBER 31, 2020 (DECEMBER 31, 2019 = 100)



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

ments in 2021 to an amount that was in line with the expectations of capital market participants. Secondly, citizens in the U.S. state of California rejected Proposition 23, a ballot initiative that was voted on at the same time as the presidential election. If this proposition had come into force, it would have led to additional costs for Fresenius Medical Care in operating its dialysis centers in California.

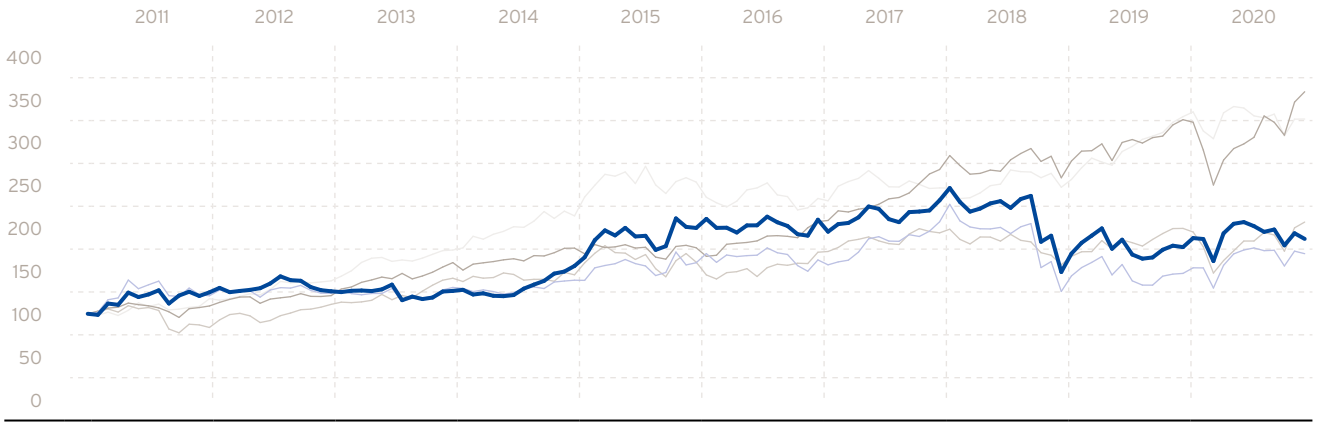
Fresenius Medical Care shares closed the year at €68.20, corresponding to an increase of 3.4 % in 2020. Further information on the share price and index performance can be found in TABLES 1.1 ON PAGE 11 AND 1.9 ON PAGE 16 AS WELL AS CHARTS 1.2, 1.3 AND 1.4 STARTING ON PAGE 12.

A long-term comparison highlights the strength and stability of Fresenius Medical Care shares: Within the last ten years, the share price has increased by around 60 %. With dividends reinvested, this corresponds to an appreciation of around 6 % per annum. Fresenius Medical Care's market capitalization amounted to €20.0 BN at the end of the year under review.

PRICE DEVELOPMENT OF ADRS

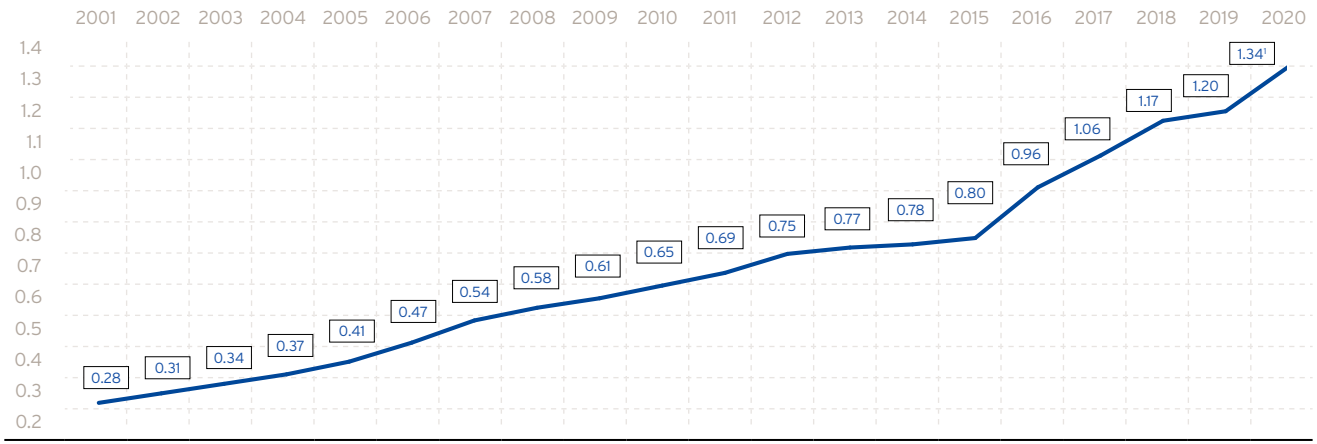
In 2020, the price of Fresenius Medical Care shares listed on the New York Stock Exchange in the form of American Depositary Receipts (ADRs) rose by around 13 %. The price movement of ADRs is tied to that of Fresenius Medical Care shares, taking into account the development of the euro / U.S. dollar exchange rate. Two ADRs correspond to one share. Based on the number of traded shares, ADRs accounted for around 24 % of the entire trading volume for 2020, and our shares for around 76 %.

C 1.4 **INDEX AND SHARE PRICE PERFORMANCE IN A TEN-YEAR COMPARISON**
WITH DIVIDENDS REINVESTED, INDEXED, JANUARY 1, 2011 – DECEMBER 31, 2020 (DECEMBER 31, 2010 = 100)



Source: Bloomberg data, own calculations

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



[1] Planned proposal to be approved by the Annual General Meeting on May 20, 2021.

DIVIDEND AND SHARE BUYBACK

At the virtual Annual General Meeting on May 20, 2021, the General Partner and the Supervisory Board plan to propose a dividend to shareholders of €1.34 per share. This would equate to an increase of €0.14, or 11.7 % compared to the previous year, and an annual increase of around 9 % since 1997 (SEE CHART 1.5). With 292.9 M shares entitled to receive dividends (as at December 31, 2020), the total dividend payout would thus amount to €392 M; the payout ratio in relation to net income for 2020 would come to around 34 %. Based on the proposed dividend and the closing share price for 2020, the dividend yield on the shares would be 2.0 % (2019: 1.8 %).

Fresenius Medical Care remains committed to its ambitious goal of closely aligning the development of its dividend with growth in earnings per share, while maintaining dividend continuity.

In 2020, Fresenius Medical Care again created further value added for its shareholders by buying back shares. As part of the latest share buyback program, a total of 14.6 M shares with a cumulative value of €929 M were repurchased between March and May 2019 as well as between June 2019 and April 2020. Fresenius Medical Care used the repurchased shares solely to reduce the Company's registered share capital. To this end, the purchased shares were canceled in December 2020 together with a further 1 M treasury shares held by Fresenius Medical Care at that date.

SHAREHOLDER STRUCTURE

In our analysis of the shareholder structure as at December 31, 2020, we matched around 92 % of the approximately 292.9 M outstanding Fresenius Medical Care shares with their owners (SEE TABLE 1.6). Accordingly, our largest shareholder, Fresenius SE & Co. KGaA, continues to hold around 94.4 M shares, corresponding to an equity holding of 32 %. In addition, we identified eleven institutional investors with at least 1 % of our capital stock.

According to our most recent analysis, 736 institutional investors hold Fresenius Medical Care shares. The largest 20 account for approximately 51 % of the identified free float, i.e. the identified shares excluding shares held by Fresenius SE & Co. KGaA (previous year: 48 %).

As at December 31, 2020, 41 % of the institutional free float was held by investors from the United States. Great Britain accounted for 21 %. We were able to identify 8 % of the free float of institutional investors in Germany and a further 7 % in France (SEE TABLE 1.7).

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

	Number of shares	in %	in % of free float
Number of shares outstanding as at December 31, 2020	292.9	100	-
Identified shares	269.2	92	88
Unidentified shares	23.6	8	12
Shares in free float	198.5	68	-

T 1.7 **GEOGRAPHICAL DISTRIBUTION OF IDENTIFIED SHARES**
FIGURES ROUNDED IN M

	Dec. 2020		Dec. 2019	
	Number of shares	in %	Number of shares	in %
United States	69.3	41	62.4	37
United Kingdom	34.7	21	48.7	29
Germany	13.6	8	14.7	9
France	12.3	7	13.2	8
Norway	6.1	4	5.7	3
Rest of Europe	18.5	11	15.1	9
Rest of World	13.7	8	9.6	5
REGIONALLY ATTRIBUTABLE SHARES	**168.2**	**100**	**169.4**	**100**

SUSTAINABLE INVESTMENT

Institutional investors are increasingly basing their investment decisions on whether companies act sustainably and responsibly. Investors consult sustainability ratings and rankings to help them assess how companies perform in this area. Since 2008, Fresenius Medical Care has participated in the ranking conducted by the non-profit organization CDP (formerly "Carbon Disclosure Project"). In 2020, we improved to category B in the category "Climate" and to category B- for "Water". These rankings place us among the leading companies in the global health care sector. In addition, Fresenius Medical Care was represented in the Dow Jones Sustainability Index (DJSI) Europe for the eleventh time in the year under review. The index tracks those companies among the 600 largest listed ones in Europe that S&P Global, a world-leading provider of financial data and analysis, considers to be the best in economic, ecological, and social terms. More information on our sustainability activities can be found on our website at www.freseniusmedicalcare.com/en/about-us/sustainability and in our Non-Financial Group Report starting on PAGE 88.

VOTING RIGHTS NOTIFICATIONS

Based on the notifications received, we are aware that (in addition to Fresenius SE & Co. KGaA) only BlackRock Inc., Artisan Partners Asset Management Inc., and Harris Associates L.P. held more than 3 % of the voting rights in Fresenius Medical Care at the end of 2020.

All voting rights notifications in accordance with sections 33, 38, and 39 of the German Securities Trading Act (WpHG) are published on our website at www.freseniusmedicalcare.com under "Investors".

ANALYSTS' ASSESSMENTS OF OUR SHARES

Financial analysts continue to show great interest in our company. In 2020, 28 equity analysts, known as sell-side analysts, reported on our company and on Fresenius Medical Care shares. At the end of the year, 19 of them issued a buy recommendation and nine a hold recommendation.

RATING AND FINANCING

Fresenius Medical Care is rated investment grade by the three leading rating agencies Standard & Poor's, Moody's, and Fitch. The rating of all three agencies remained unchanged in the period under review. An overview can be found in TABLE 2.33 ON PAGE 53.

In May 2020, Fresenius Medical Care placed bonds with a total volume of €1.25 BN, broken down into a six-year tranche (€500 M) and a ten-year tranche (€750 M), as part of the Debt Issuance Program (DIP). An additional bond with a volume of $1 BN was issued in September 2020 and will mature in February 2031.

The bonds issued in fiscal year 2020 have allowed Fresenius Medical Care to optimize the financing costs, currency mix and maturity profile of its liabilities, thereby further strengthening its financial position. In this way, we are laying the foundations for investments in our sustainable, long-term growth.

INVESTOR RELATIONS ACTIVITIES

Our investor relations activities focus on ensuring equal access to continuous information and transparency for all capital market participants. This constitutes disclosing information on Fresenius Medical Care's strategy, its operational and financial business development, and its sustainability activities. Our target groups comprise not only shareholders, analysts, and other capital market participants, but also employees, journalists, and the general public. Our aim is to make a significant contribution to growing the value of Fresenius Medical Care in the long term by means of transparent financial communication.

T 1.8 **KEY SHARE DATA**

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

In fiscal year 2020, the Investor Relations team informed analysts and investors of the Company's development in more than 800 one-on-one discussions. In all, we showcased Fresenius Medical Care at 22 roadshows and 30 investment conferences in Europe and North America, largely in virtual form. These figures show that we continued our intensive dialog with capital market participants in 2020 despite the travel restrictions that have been in place since the spring.

At its first fully virtual Capital Market Day in October 2020, Fresenius Medical Care presented the next steps in its corporate strategy and its financial outlook to 2025 to a total of around 170 investors and analysts. In addition to presentations on the strategy from CEO Rice Powell and CFO Helen Giza, the event focused on the topics of home dialysis, value-based care and innovations, as well as the expansion of the Company's core business with dialysis products and services. In addition to holding presentations, the members of the Management Board answered numerous questions on the strategic orientation of Fresenius Medical Care in direct dialog with the participants.

Corporate governance is a key element of Fresenius Medical Care's capital market communications and investor relations activities. As in the previous year, the Chairman of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA and the Investor Relations team answered questions on corporate management and control, the new remuneration system, and the compliance organization at roadshows in several European cities in early 2020.

Further information on Fresenius Medical Care's investor relations activities and the Capital Markets Day 2020 can be found on our website at www.freseniusmedicalcare.com/en/investors.

T 1.9 KEY FIGURES FOR FRESENIUS MEDICAL CARE SHARES

		2020	2019	2018	2017	2016
NUMBER OF SHARES[1]	in M	292.88	304.44	306.88	306.45	306.22
Share prices (Xetra trading)						
High for the year	in €	79.00	76.32	93.00	88.90	85.65
Low for the year	in €	56.00	55.58	56.64	74.69	71.62
Year-end	in €	68.20	65.96	56.64	87.78	80.45
Share prices (ADR NYSE)						
High for the year	in $	46.55	42.75	57.51	52.72	47.43
Low for the year	in $	29.21	31.10	31.30	39.70	38.37
Year-end	in $	41.56	36.83	32.39	52.55	42.21
Market capitalization[2]						
Year-end	in € M	19,974	20,081	17,382	26,900	24,716
Index weighting						
DAX	in %	1.46	1.34	1.41	1.78	1.80
Dividend						
Dividend per share	in €	1.34[3]	1.20	1.17	1.06	0.96
Dividend yield[4]	in %	1.96[3]	1.82	2.1	1.2	1.2
Total dividend payout	in € M	392[3]	358	359	325	294
Earnings per share (EPS)						
Number of shares[5]	in M	294.06	302.69	306.54	306.56	305.75
Earnings per share (EPS)	in €	3.96	3.96	6.47	4.17	3.74

[1] Shares outstanding on December 31 of the respective year.
[2] Based on shares outstanding.
[3] Based on the planned proposal to be approved by the Annual General Meeting on May 20, 2021.
[4] With reference to the respective year-end.
[5] Weighted average number of shares outstanding excluding treasury shares.

GROUP MANAGEMENT REPORT

GENERAL INFORMATION ABOUT THIS GROUP MANAGEMENT REPORT

The following discussion and analysis of the group management report of Fresenius Medical Care AG & Co. KGaA and its subsidiaries (together referred to as "we", "our", "FMC AG & Co. KGaA", "Fresenius Medical Care", "the Group" or "the Company") was prepared in accordance with sections 315 of the German Commercial Code and German Accounting Standards No. 17 and 20, and should be read in conjunction with our consolidated financial statements and related notes contained elsewhere in this report. Some of the statements, including those concerning future revenue, costs and capital expenditures, possible changes in our industry as well as the competitive and financial conditions include forward-looking statements. We made these forward-looking statements based on the expectations and beliefs of the Management Board of the Company's General Partner (Management Board) pertaining to future events that may affect us, but which we cannot assure that such events will occur or that the results will be as anticipated. Because these statements involve opportunities, risks and uncertainties, the actual results may differ materially (positive as well as negative) from the results which the forward-looking statements express or imply. The statements cover the content of and are subject to the uncertainties described in the discussions in this report in chapters "Outlook" starting on PAGE 59 and "Risks and opportunities report" starting on PAGE 62 as well as in NOTE 2 AND 22 of the notes to the consolidated financial statements.

The non-financial group declaration is not part of the Group Management Report. It is part of a separate chapter of the Annual Report and will be disclosed as separate Non-Financial Group Report together with the Group Management Report. The Non-Financial Group Report can be found starting on PAGE 80.

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

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

OVERVIEW OF THE GROUP

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

BUSINESS MODEL

Operations and company structure

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and the number of patients treated. We provide dialysis care and related services to people with renal diseases, as well as other health care services. The health care services that we offer in addition to dialysis are described by the term "Care Coordination". Together with dialysis services, these constitute our health care services. We also develop and manufacture a full range of dialysis machines, systems and disposable products, which we sell to customers in around 150 countries as well as using them in our own health care service operations. Our dialysis business is therefore vertically integrated.

We continue to generate most of our revenue with dialysis products and dialysis care services. In our 4,092 proprietary dialysis clinics in around 50 countries worldwide, we provide care for over 346,000 dialysis patients. We are continuously expanding this network of clinics, which is the largest in the world based on the number of patients treated, to accommodate the ever-rising number of dialysis patients. At the same time, we operate 44 production sites in more than 20 countries. The most important plants for dialyzer production are in St. Wendel (Germany), Ogden, Utah (U.S.), Changshu (China), L'Arbresle (France), and Buzen (Japan). Dialysis machines are manufactured in Schweinfurt (Germany) and in Concord, California (U.S.).

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

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

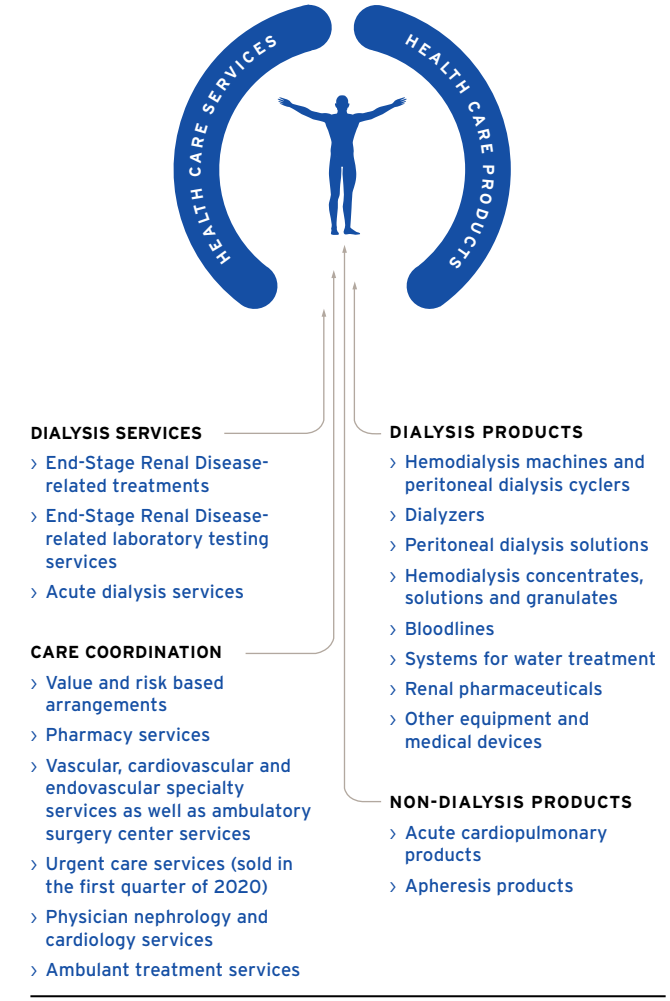
CHART 2.2 ON PAGE 20 provides an overview of our most important production sites and headquarters.

Our products and services

Fresenius Medical Care provides mainly dialysis products and services. We also offer non-dialysis services as part of Care Coordination as well as non-dialysis products. Our products and services for the fiscal year 2020 are shown in CHART 2.1.

Approximately 3.7 M patients worldwide regularly underwent dialysis treatment at the end of 2020. Dialysis is a life-saving blood cleansing procedure that substitutes the function of the kidney in case of kidney failure. Healthy kidneys clean the blood of waste products, regulate water levels, and produce important hormones. If the kidneys are

C 2.1 **OUR PRODUCTS AND SERVICES**



C 2.2 **MAJOR LOCATIONS**

North America

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

Latin America

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

Europe

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

Asia-Pacific

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

irreparably damaged and are therefore no longer able to function adequately over a longer period of time, this is known as chronic kidney failure or end-stage renal disease (ESRD). Many diseases can lead to chronic kidney failure, particularly diabetes, chronic nephritis or high blood pressure. There are currently two treatment options for ESRD: a kidney transplant and dialysis.

Our health care products

We develop, manufacture and distribute a wide variety of health care products, including both dialysis and non-dialysis products.

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

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

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

Our health care services

Dialysis services

Dialysis patients receive life-saving dialysis treatment and other associated services such as laboratory tests in our 4,092 (2019: 3,994) dialysis clinics worldwide. Dialysis treatment at our clinics is usually performed three times a week over a period of several hours by trained medical staff. We also provide advice on medical support and training for home dialysis patients in our dialysis centers.

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

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

Care Coordination

Care Coordination allows us to further enhance our business beyond dialysis, for example in markets where the privatized dialysis market is relatively well developed and we already have a high market share. Although our Care Coordination business is geared to different geographical markets, we currently provide non-dialysis services mainly in North America and Asia-Pacific. In recent years, the health care system in the U.S. has started to move away from reimbursement of individual services toward holistic and coordinated care. Our Care Coordination activities and our experience in dialysis mean that we can participate in the development of the U.S. health care system. At the same time, patients can benefit from coordinated care, and health care systems from lower costs.

Major markets and competitive position

According to our estimates, the number of dialysis patients worldwide reached around 3.7 M in 2020 (2019: 3.6 M) - a 3 % growth rate. In the same period, 346,553 patients were treated in Fresenius Medical Care's network of dialysis centers (2019: 345,096). This means that Fresenius Medical Care holds the leading position worldwide in dialysis care. More information on the number of patients can be found in CHART 2.3 ON PAGE 22.

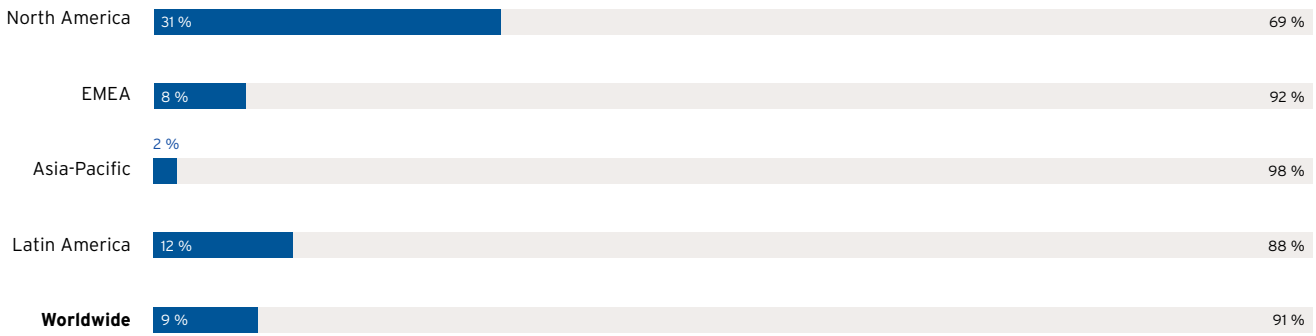
Fresenius Medical Care is also the global market leader for dialysis products. Products made by Fresenius Medical Care for use in our own dialysis centers or for sale to third-party customers accounted for a market share of 35 % in 2020 (2019: 36 %). In the case of hemodialysis products, we had a 40 % share of the global market (2019: 41 %), making us the world leader in this field as well.

Dialyzers for hemodialysis are the largest product group in the dialysis market with a worldwide sales volume of around 370 M units in 2020. Approximately 158 M (around 43 %) of these were made by Fresenius Medical Care, giving us by far the biggest market share. Hemodialysis machines constitute another key component of our product business. Here, too, we are the clear market leader. Of the estimated around 90,000 machines installed in 2020, approximately 42,000, or around 48 % (2019: more than 50 %), were produced by Fresenius Medical Care.

Furthermore, we hold a strong position in the market for peritoneal dialysis products: Around 16 % (2019: around 16 %) of all peritoneal dialysis patients use products made by Fresenius Medical Care.

Fresenius Medical Care is also the global leader in dialysis care, providing treatment to about 9 % of all dialysis patients. The

C 2.3 **PATIENTS TREATED**



Source: Company data and estimates

overall market for dialysis care services in the U.S. is consolidated. Across all market segments, we treat around 38 % of all dialysis patients here.

Outside the U.S., the dialysis services business is much more fragmented. With over 1,460 dialysis centers and approximately 140,000 patients in around 50 countries, Fresenius Medical Care operates by far the largest network of clinics.

Global Manufacturing, Quality and Supply

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

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

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

At the end of 2020, GMQS had 16,307 employees (full-time equivalents) (2019: 16,418).

CORPORATE STRATEGY AND OBJECTIVES

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

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

Renal care continuum

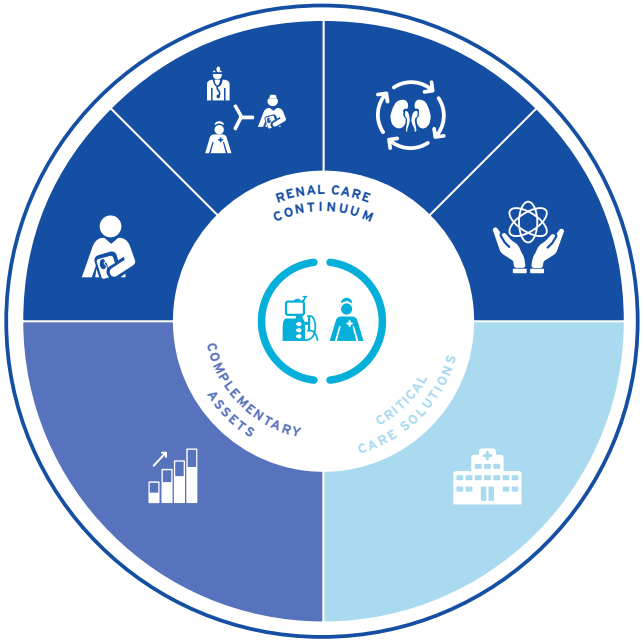
To meet the challenges of the future, we are leveraging our core strategic competencies: innovating products, operating outpatient facilities, standardizing medical procedures and coordinating patients effectively.

Between now and 2025, we intend to go a step further and take our strategy (SEE CHART 2.4 ON PAGE 23) to the next level to bring us closer to our goal of providing health care for chronically and critically ill patients across the renal care continuum. We aim to use our innovative, high-quality products and services to offer sustainable solutions at a reliable cost.

The renal care continuum encompasses the following aspects:

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

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



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

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

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

Critical care solutions

The number of patients requiring continuous renal replacement therapy to treat acute kidney failure is set to rise to 1.6 million per year by 2030. We will expand our existing acute care portfolio to include other extracorporeal critical care therapy areas, such as the treatment of acute heart, lung and multi-organ failure.

Complementary assets

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

Global Sustainability Program

For us, sustainability is about being successful in the long term and creating lasting value - economically, ecologically and socially. Our Global Sustainability Program will allow us to step up our efforts to integrate sustainability into our business activities over the next three years. For example, we have introduced sustainability as a non-financial performance target for compensation. In November 2020, we were recognized for the 11th time as a sustainability leader with inclusion in the Dow Jones Sustainability Index (DJSI Europe).

For further information, see the separate Non-Financial Group Report starting on PAGE 80 and the Compensation Report starting on PAGE 124.

PERFORMANCE MANAGEMENT SYSTEM

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

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

Each operating segment is evaluated based on target figures that reflect the revenue and expenses they control. The effects of certain transactions and income taxes are not included as we believe these items to be outside the operating segments' control. Financing is a corporate function, which the operating segments do not control. Therefore, we do not include interest expense relating to financing as an operating segment measurement. Similarly, we do not allocate certain costs which relate primarily to certain headquarters' overhead charges, including Accounting and Finance, certain Legal costs, Global Research and Development, GMQS and costs attributable to the Global Medical Office, because we believe that these costs are also not within the control of the individual operating segments.

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

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

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

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

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

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

Revenue growth

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

T 2.5 **DELIVERED OPERATING INCOME RECONCILIATION**
IN € M

	2020	2019
North America Segment		
Operating income	2,120	1,794
less noncontrolling interests	(261)	(225)
Delivered Operating Income	1,859	1,569
Dialysis		
Operating income	2,002	1,737
less noncontrolling interests	(227)	(205)
Delivered Operating Income	1,775	1,532
Care Coordination		
Operating income	118	57
less noncontrolling interests	(34)	(20)
Delivered Operating Income	84	37
EMEA Segment		
Operating income	412	448
less noncontrolling interests	(3)	(5)
Delivered Operating Income	409	443
Asia-Pacific Segment		
Operating income	344	329
less noncontrolling interests	(6)	(8)
Delivered Operating Income	338	321
Dialysis		
Operating income	321	300
less noncontrolling interests	(7)	(7)
Delivered Operating Income	314	293
Care Coordination		
Operating income	23	29
less noncontrolling interests	1	(1)
Delivered Operating Income	24	28
Latin America Segment		
Operating income	(157)	43
less noncontrolling interests	0	1
Delivered Operating Income	(157)	42
Total		
Operating income	2,304	2,270
less noncontrolling interests	(271)	(239)
DELIVERED OPERATING INCOME	**2,033**	**2,031**

Operating income

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

Operating income margin

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

Delivered operating income (Non-IFRS Measure)

As a result of the significance of noncontrolling interest holders in our operations, we believe a measure that is meaningful to investors is operating income less noncontrolling interests (Delivered Operating Income). Delivered Operating Income approximates the operating income attributable to the shareholders of FMC AG & Co. KGaA. As such, we believe that operating income is the closest comparable IFRS measure. Delivered Operating Income is also benchmarked based on movement at Constant Exchange Rates.

TABLE 2.5 shows the reconciliation of operating income to Delivered Operating Income on a consolidated basis and for our reporting segments.

Net income growth at Constant Currency (Non-IFRS Measure)

On a consolidated level, percentage growth in net income (net income attributable to shareholders of FMC AG & Co. KGaA) at Constant Currency is an additional key performance indicator used for internal management.

Basic earnings per share growth at Constant Currency (Non-IFRS Measure)

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

Capital expenditures, acquisitions and investments

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

Cash flow measures

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

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

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

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

TABLE 2.6 shows the cash flow key performance indicators for 2020 and 2019 and reconciles free cash flow and free cash flow in percent of revenue to net cash provided by (used in) operating activities and net cash provided by (used in) operating activities in percent of revenue, respectively.

T 2.6 **CASH FLOW MEASURES**
IN € M

	2020	2019
Revenue	17,859	17,477
Net cash provided by (used in) operating activities	4,233	2,567
Capital expenditures	(1,052)	(1,125)
Proceeds from sale of property, plant and equipment	16	12
Capital expenditures, net	(1,036)	(1,113)
Free cash flow	3,197	1,454
Net cash provided by (used in) operating activities in % of revenue	23.7	14.7
Free cash flow in % of revenue	17.9	8.3

Net leverage ratio (Non-IFRS Measure)

The net leverage ratio is a key performance indicator used for internal management. To determine the net leverage ratio, debt and lease liabilities less cash and cash equivalents (net debt) is compared to adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) (adjusted for acquisitions and divestitures made during the year with a purchase price above a €50 M threshold as defined in the Amended 2012 Credit Agreement, non-cash charges and impairment loss). The ratio is an indicator of the length of time the Company needs to service the net debt out of its own resources. We believe that the net leverage ratio provides alternative information that management believes to be useful in assessing our ability to meet our payment obligations in addition to considering the absolute amount of our debt. We have a strong market position in a growing, global and mainly non-cyclical market. Furthermore, most of our customers have a high credit rating as the dialysis industry is characterized by stable and sustained cash

flows. We believe this enables us to work with a reasonable proportion of debt.

TABLE 2.7 shows the reconciliation of adjusted EBITDA and net leverage ratio as of December 31, 2020 and 2019.

T 2.7 **RECONCILIATION OF ADJUSTED EBITDA AND NET LEVERAGE RATIO TO THE MOST DIRECTLY COMPARABLE IFRS FINANCIAL MEASURE**
IN € M, EXCEPT FOR NET LEVERAGE RATIO

	December 31, 2020	December 31, 2019
Debt and lease liabilities[1]	12,380	13,782
Minus: Cash and cash equivalents	(1,082)	(1,008)
Net debt	**11,298**	**12,774**
Net income	1,435	1,439
Income tax expense	501	402
Interest income	(42)	(62)
Interest expense	410	491
Depreciation and amortization	1,587	1,553
Adjustments[2]	249	110
Adjusted EBITDA	**4,140**	**3,933**
NET LEVERAGE RATIO	**2.7**	**3.2**

[1] Debt includes the following balance sheet line items: short-term debt, current portion of long-term debt and long-term debt, less current portion.
[2] Acquisitions and divestitures made for the last twelve months with a purchase price above a €50 M threshold as defined in the Amended 2012 Credit Agreement (2019: -€71 M), transaction costs related to the acquisition of NxStage Medical Inc. (NxStage) on February 21, 2019 (2019: €95 M) (NxStage Costs), non-cash charges, primarily related to pension expense (2020: €50 M; 2019: €46 M), and impairment loss (2020: €199 M; 2019: €40 M).

Return on invested capital (ROIC) (Non-IFRS Measure)

ROIC is the ratio of operating income after tax ("net operating profit after tax" or "NOPAT") to the average invested capital of the last five quarter closing dates, including adjustments for acquisitions and divestitures made during the year with a purchase price above a €50 M threshold as defined in the Amended 2012 Credit Agreement, and expresses how efficiently we allocate the capital under our control or how well we employ our capital with regard to investment projects. Additionally, we have excluded the impairment of goodwill and trade names in the Latin America Segment driven by a macro-economic downturn and increasing risk adjustment rates for certain countries in the region (Impairment Loss) (SEE NOTE 2 A of the notes to the consolidated financial statements) to increase comparability of the underlying financial figures of certain Management Board compensation performance targets with the Company's operating performance and to adequately recognize the actual performance of the members of the Management Board. An adjustment to exclude amounts related to the implementation of IFRS 16, Leases, which replaced the straight-line operating lease expense for former leases under International Accounting Standard 17, Leases, with a depreciation charge for the lease asset and an interest expense on the lease liability as well as the classification of certain IAS 17 leases (such effects being, collectively "Effect from IFRS 16") is included for the purpose of increasing the comparability of previously reported information in accordance with our long-term incentive plans in 2019 (see the Compensation Report starting on PAGE 124 for additional information regarding these adjustments).

TABLES 2.8 UNTIL 2.17 STARTING ON PAGE 28 are showing the reconciliation of average invested capital to total assets, which we believe to be the most directly comparable IFRS financial measure, and how ROIC is calculated.

TABLE 2.18 ON PAGE 33 provides an overview of our key performance indicators.

Operating performance excluding special items (Non-IFRS Measure)

Management believes that there are special items which should be excluded from certain metrics to enhance transparency and comparability. In the presentation of the expected development of our business in our outlook, we identified special items which, when excluded from the results disclosed, may provide a reader with further useful information in assessing our performance. These results excluding special items are presented as part of the comparison of the actual business results with the outlook and in our outlook, together with reconciliations of the key indicators for our consolidated financial statements prepared in accordance with IFRS to the key indicators excluding special items. These results excluding special items should only be viewed as a supplement to our results disclosed in accordance with IFRS.

Changes to the internal management system

In 2021, the internal management system will be updated due to adjustments in the remuneration of the Management Board and the way in which the Management Board will manage and represent the Company in the future. As a result, we have also adjusted the primary financial key performance indicators of the internal management system and included these metrics in our outlook for the 2021 financial year.

Based on these changes, operating income margin, Delivered Operating Income (Non-IFRS Measure), basic earnings per share growth at Constant Currency (Non-IFRS Measure), capital expenditures, net cash provided by (used in) operating activities in % of revenue, free cash flow in % of revenue (Non-IFRS Measure) and net leverage ratio (Non-IFRS Measure) will no longer be used as financial key performance indicators for internal management from January 1, 2021.

T 2.8 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, UNADJUSTED)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	31,689	33,049	34,200	34,072	32,935
Plus: Cumulative goodwill amortization	583	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(351)	(429)	(401)	(382)	(361)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities[1]	(3,180)	(3,641)	(3,799)	(2,577)	(2,452)
Minus: Income tax payable	(197)	(269)	(212)	(200)	(180)
Invested capital	**26,634**	**26,604**	**27,457**	**29,002**	**28,446**
Average invested capital as of December 31, 2020	**27,628**				
Operating income	2,304				
Income tax expense[2]	(688)				
NOPAT	1,616				
ROIC IN %	**5.8**				

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

T 2.9 **ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC (EXCLUDING IMPAIRMENT LOSS)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	195	–	–	–	–
Plus: Cumulative goodwill amortization	(195)	–	–	–	–
Minus: Cash and cash equivalents	–	–	–	–	–
Minus: Loans to related parties	–	–	–	–	–
Minus: Deferred tax assets	–	–	–	–	–
Minus: Accounts payable to unrelated parties	–	–	–	–	–
Minus: Accounts payable to related parties	–	–	–	–	–
Minus: Provisions and other current liabilities[1]	–	–	–	–	–
Minus: Income tax payable	–	–	–	–	–
Invested capital	**–**	**–**	**–**	**–**	**–**
Average invested capital as of December 31, 2020	**–**				
Adjustment to operating income	195				
Adjustment to income tax expense	19				
Adjustment to NOPAT	214				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and put option liabilities.

T 2.10 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, EXCLUDING IMPAIRMENT LOSS)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	31,884	33,049	34,200	34,072	32,935
Plus: Cumulative goodwill amortization	389	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(351)	(429)	(401)	(382)	(361)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities[1]	(3,180)	(3,641)	(3,799)	(2,577)	(2,452)
Minus: Income tax payable	(197)	(269)	(212)	(200)	(180)
Invested capital	**26,634**	**26,604**	**27,457**	**29,002**	**28,446**
Average invested capital as of December 31, 2020	**27,628**				
Operating income	2,499				
Income tax expense[2]	(669)				
NOPAT	1,830				
ROIC IN % (EXCLUDING IMPAIRMENT LOSS)	**6.6**				

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

T 2.11 **ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC FOR THE EFFECT FROM IFRS 16**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	(4,130)	(4,261)	(4,421)	(4,388)	(4,356)
Plus: Cumulative goodwill amortization	-	-	-	-	-
Minus: Cash and cash equivalents	-	-	-	-	-
Minus: Loans to related parties	-	-	-	-	-
Minus: Deferred tax assets	2	4	3	3	2
Minus: Accounts payable to unrelated parties	-	-	-	-	-
Minus: Accounts payable to related parties	-	-	-	-	-
Minus: Provisions and other current liabilities[1]	(128)	(134)	(140)	(143)	(140)
Minus: Income tax payable	1	-	-	-	-
Invested capital	**(4,255)**	**(4,392)**	**(4,558)**	**(4,529)**	**(4,494)**
Average invested capital as of December 31, 2020	**(4,445)**				
Adjustment to operating income	(134)				
Adjustment to income tax expense	40				
Adjustment to NOPAT	(94)				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and put option liabilities.

T 2.12 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, EXCLUDING IMPAIRMENT LOSS AND THE EFFECT FROM IFRS 16)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2020	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
Total assets	27,754	28,788	29,779	29,684	28,579
Plus: Cumulative goodwill amortization	389	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(349)	(426)	(398)	(380)	(359)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities[1]	(3,309)	(3,775)	(3,940)	(2,720)	(2,592)
Minus: Income tax payable	(196)	(269)	(212)	(200)	(180)
Invested capital	**22,379**	**22,212**	**22,899**	**24,473**	**23,952**
Average invested capital as of December 31, 2020	**23,183**				
Operating income	2,365				
Income tax expense[2]	(629)				
NOPAT	1,736				
ROIC IN % (EXCLUDING IMPAIRMENT LOSS AND THE EFFECT FROM IFRS 16)	**7.5**				

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

T 2.13 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (UNADJUSTED)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2019	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Total assets	32,935	33,169	31,956	32,353	26,242
Plus: Cumulative goodwill amortization	420	432	416	419	413
Minus: Cash and cash equivalents	(1,008)	(965)	(922)	(959)	(2,146)
Minus: Loans to related parties	(72)	(65)	(62)	(81)	(80)
Minus: Deferred tax assets	(361)	(348)	(329)	(309)	(346)
Minus: Accounts payable to unrelated parties	(717)	(655)	(680)	(708)	(641)
Minus: Accounts payable to related parties	(119)	(255)	(156)	(210)	(154)
Minus: Provisions and other current liabilities[1]	(2,452)	(2,546)	(2,524)	(2,604)	(2,727)
Minus: Income tax payable	(180)	(181)	(171)	(161)	(166)
Invested capital	**28,446**	**28,586**	**27,528**	**27,740**	**20,395**
Average invested capital as of December 31, 2019	**26,539**				
Operating income	2,270				
Income tax expense[2]	(565)				
NOPAT	1,705				

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

T 2.14 ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2019	Dec. 31, 2019	Sept. 30, 2019[2]	June 30, 2019[2]	March 31, 2019[2]	Dec. 31, 2018[2]
Total assets	-	156	149	151	2,092
Plus: Cumulative goodwill amortization	-	-	-	-	-
Minus: Cash and cash equivalents	-	(4)	(4)	(4)	(45)
Minus: Loans to related parties	-	-	-	-	-
Minus: Deferred tax assets	-	-	-	-	(1)
Minus: Accounts payable to unrelated parties	-	-	-	-	(17)
Minus: Accounts payable to related parties	-	-	-	-	-
Minus: Provisions and other current liabilities[1]	-	(4)	(3)	(3)	(48)
Minus: Income tax payable	-	-	-	-	-
Invested capital	**-**	**148**	**142**	**144**	**1,981**
Adjustment to average invested capital as of December 31, 2019	**483**				
Adjustment to operating income[2]	(79)				
Adjustment to income tax expense[2]	20				
Adjustment to NOPAT	(59)				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and put option liabilities.
[2] Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold as defined in the Amended 2012 Credit Agreement.

T 2.15 RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE)
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2019	Dec. 31, 2019	Sept. 30, 2019[3]	June 30, 2019[3]	March 31, 2019[3]	Dec. 31, 2018[3]
Total assets	32,935	33,325	32,105	32,504	28,334
Plus: Cumulative goodwill amortization	420	432	416	419	413
Minus: Cash and cash equivalents	(1,008)	(969)	(926)	(963)	(2,191)
Minus: Loans to related parties	(72)	(65)	(62)	(81)	(80)
Minus: Deferred tax assets	(361)	(348)	(329)	(309)	(347)
Minus: Accounts payable to unrelated parties	(717)	(655)	(680)	(708)	(658)
Minus: Accounts payable to related parties	(119)	(255)	(156)	(210)	(154)
Minus: Provisions and other current liabilities[1]	(2,452)	(2,550)	(2,527)	(2,607)	(2,775)
Minus: Income tax payable	(180)	(181)	(171)	(161)	(166)
Invested capital	**28,446**	**28,734**	**27,670**	**27,884**	**22,376**
Average invested capital as of December 31, 2019	**27,022**				
Operating income[3]	2,191				
Income tax expense[2, 3]	(545)				
NOPAT	1,646				
ROIC IN %	**6.1**				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and put option liabilities.
[2] Adjusted for noncontrolling partnership interests.
[3] Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold as defined in the Amended 2012 Credit Agreement.

T 2.16 **ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC FOR THE EFFECT FROM IFRS 16**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2019	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Total assets	(4,356)	(4,319)	(4,172)	(4,229)	-
Plus: Cumulative goodwill amortization	-	-	-	-	-
Minus: Cash and cash equivalents	-	-	-	-	-
Minus: Loans to related parties	-	-	-	-	-
Minus: Deferred tax assets	2	4	4	5	-
Minus: Accounts payable to unrelated parties	-	-	-	-	-
Minus: Accounts payable to related parties	-	-	-	-	-
Minus: Provisions and other current liabilities[1]	(140)	(144)	(138)	(143)	-
Minus: Income tax payable	-	(4)	(4)	(1)	-
Invested capital	**(4,494)**	**(4,463)**	**(4,310)**	**(4,368)**	**-**
Average invested capital as of December 31, 2019	**(3,527)**				
Adjustment to operating income	(75)				
Adjustment to income tax expense	18				
Adjustment to NOPAT	(57)				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and put option liabilities.

T 2.17 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, ADJUSTED FOR THE EFFECT FROM IFRS 16)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2019	Dec. 31, 2019	Sept. 30, 2019[3]	June 30, 2019[3]	March 31, 2019[3]	Dec. 31, 2018[3]
Total assets	28,579	29,006	27,933	28,275	28,334
Plus: Cumulative goodwill amortization	420	432	416	419	413
Minus: Cash and cash equivalents	(1,008)	(969)	(926)	(963)	(2,191)
Minus: Loans to related parties	(72)	(65)	(62)	(81)	(80)
Minus: Deferred tax assets	(359)	(344)	(325)	(304)	(347)
Minus: Accounts payable to unrelated parties	(717)	(655)	(680)	(708)	(658)
Minus: Accounts payable to related parties	(119)	(255)	(156)	(210)	(154)
Minus: Provisions and other current liabilities[1]	(2,592)	(2,694)	(2,665)	(2,750)	(2,775)
Minus: Income tax payable	(180)	(185)	(175)	(162)	(166)
Invested capital	**23,952**	**24,271**	**23,360**	**23,516**	**22,376**
Average invested capital as of December 31, 2019	**23,495**				
Operating income[3]	2,116				
Income tax expense[2, 3]	(527)				
NOPAT	1,589				
ROIC IN % (ADJUSTED FOR IFRS 16)	**6.8**				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and put option liabilities.
[2] Adjusted for noncontrolling partnership interests.
[3] Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold as defined in the Amended 2012 Credit Agreement.

T 2.18 KEY PERFORMANCE INDICATORS

	Results 2020	Results 2019
Revenue growth at Constant Currency in %	5	2
Operating income in € M	2,304	2,270
Operating income margin in %	12.9	13.0
Delivered Operating Income in € M	2,033	2,031
Net income growth at Constant Currency in %[1]	(1)	(42)
Basic earnings per share growth at Constant Currency in %[1]	2	(41)
Capital expenditures and capitalized development costs in € BN	1.0	1.1
Acquisitions and investments in € BN[2]	0.3	2.2
Net cash provided by (used in) operating activities in % of revenue	23.7	14.7
Free cash flow in % of revenue	17.9	8.3
Net leverage ratio	2.7	3.2
ROIC in %	5.8	6.1

[1] Net income attributable to shareholders of FMC AG & Co. KGaA.
[2] Excluding investments in debt securities.

Net cash provided by (used in) operating activities and free cash flow as well as in % of revenue, capital expenditures and net leverage ratio (as described above) will continue to be included as secondary financial performance indicators, while Delivered Operating Income will no longer be reported as a financial performance indicator in future periods.

As a result, we are introducing new financial key performance indicators, which will be used for internal management and reported externally alongside the previous financial key performance indicators. In addition to revenue and net income growth as defined above, management will now focus on the absolute amount of revenue and net income to manage our business. Revenue and net income are also benchmarked based on Constant Exchange Rates. For the purposes of management compensation, these metrics are also benchmarked at the underlying exchange rates used in the calculation of our incentive compensation targets.

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

› revenue
› revenue growth
› operating income
› net income
› net income growth
› ROIC

These metrics, with the exception of ROIC, will be presented both in accordance with IFRS and at Constant Currency. ROIC and each of these indicators presented at Constant Currency is considered a non-IFRS measure.

RESEARCH AND DEVELOPMENT

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

Global research and development strategy

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

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

In the future, we intend to deliver innovative, competitive products even more efficiently and strengthen our focus on developing countries. In addition to research and development activities within our Company, we collaborate with external partners with the aim of building a comprehensive innovation and technology network. These partners include numerous academic institutions, such as research institutes at prestigious universities in the U.S. Another partner is the Renal Research Institute in New York. This subsidiary of Fresenius Medical Care North America is a renowned institution in the field of clinical research into all aspects of chronic kidney failure. Together, we are working on fundamental issues relating to renal therapies. We are also increasingly collaborating with start-ups with the objective of promoting an open culture of innovation and enabling access to the latest technologies.

Innovations in 2020

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

The next generation of dialyzers

In 2020, we started by introducing our next-generation hemodialysis and hemodiafiltration dialyzer FX CorAL in EMEA. It incorporates an innovative fiber membrane design, Helixone hydro®, made using novel fiber production processes. The inner lumen of Helixone hydro® fibers mimics the blood's natural environment, lowering the risk of an immunological reaction. This has the potential to result in better tolerability for our patients. We expect a full launch in 2021.

Our Optiflux® Enexa™ F500 with Endexo® technology is a new dialyzer designed to support the treatment of patients without the need for heparin. Endexo is a surface-modifying polymer that is added to the dialyzer during manufacturing. It makes the surface of the membrane less thrombogenic, so that the blood is less likely to clot. The Optiflux® Enexa™ F500 was recently given FDA 510(k) clearance and thus has passed a key hurdle prior to market launch. It is now in the last stage of development before being marketed in the U.S.

New home dialysis system launched

For many patients, peritoneal dialysis is the dialysis treatment modality of choice and the gentlest option during the first years of renal replacement therapy. The new SILENCIA® Automated Peritoneal Dialysis (APD) therapy system, due to be launched in 2021, promises affordable, state-of the-art dialysis quality for peritoneal dialysis patients, especially in emerging markets. The robust, functional design of the cycler ensures a quick set-up and easy operation. It allows silent and reliable treatment at night while the patient sleeps.

System for respiratory or cardiopulmonary support

In February 2020, Novalung®, a system that can be used for respiratory or cardiopulmonary support, received approval from the U.S. Food and Drug Administration (FDA). The system is distributed in the U.S. under the name Novalung® system and in other countries as Xenios® Console with various treatment kits.

Novalung® is the first extracorporeal membrane oxygenation system approved for more than six hours of use as a life supporting therapy in the U.S. It provides assisted extracorporeal circulation and physiologic gas exchange, such as oxygenation and CO_2 removal.

Patients are often unable to absorb sufficient oxygen into their bloodstream or excrete carbon dioxide from their bodies, leading to acute oxygen deficiency. The system maintains the patient's blood circulation and supplies the blood outside the body with oxygen, relieving the heart and lungs.

Digital health care

Connectivity is a key element of our development strategy to support the expansion of home therapies. Patients who are in close contact with their clinicians are less likely to be hospitalized. As more patients are treated at home, it is essential for us to optimize workflows for clinicians and reduce the burden for patients. To this end, Fresenius Medical Care launched its Kinexus™ Therapy Management Service, a cloud-based home patient management solution, in Chile and the U.S in 2020. Its features include remote dialysis monitoring, treatment workflow management, personalized prescription programming, and daily treatment reporting to clinicians. Kinexus™ allows us to improve patients' home therapy experience and support those caring for them, with the goal of keeping them at home for longer.

Optimizing therapies through analytics

Modern analytical tools open up new opportunities for enhancing and automating the end-to-end delivery of dialysis treatments. They can be used to determine the optimal treatment for individual patients and to automate the respective treatment sequence. Moreover, these tools make it possible to not only evaluate the vital parameters of patients but also to monitor and optimize the functional state of machines or related services. Fresenius Medical Care Data Solutions Care GmbH is working on these approaches and solutions with the aim of allowing physicians to focus even more on patients and the course of the disease itself.

Research in the field of regenerative medicine

We are investing in promising technologies and research approaches in the area of regenerative medicine through our affiliate Unicyte AG as well as our subsidiary Fresenius Medical Care Ventures GmbH.

Our venture capital company is increasingly collaborating with start-ups with the aim of promoting an open culture of innovation and gaining access to the latest technologies. While our portfolio company, Corvidia, was acquired by a major pharmaceutical company in 2020, during the year we invested in the following two companies:

- Alucent Biomedical (Alucent) is a privately held medical technology company headquartered in Salt Lake City, Utah. Alucent was founded by Avera Health to develop and market products using Alucent Natural Vascular Scaffolding (AlucentNVS) technology. AlucentNVS is a first-of-its-kind combination drug-device therapy designed to assist the body in naturally opening and maintaining arterial patency.
- Magenta Medical (Magenta) is a privately owned medical device company based in Kadima, Israel. Magenta is working on a next-generation percutaneous left ventricular assistive device and a transcatheter renal venous decongestion device.

Research and development resources

In fiscal year 2020, Fresenius Medical Care spent a total of around €194 M on research and development (2019: €168 M), corresponding to around 5 % (2019: 5 %) of our health care product revenue. At the end of 2020, our patent portfolio comprised some 11,223 property rights in approximately 1,626 patent families, i.e. groups of patents linked to the same invention. Our research and development work in fiscal year 2020 produced around 135 additional patent families. Our broad portfolio of patents shall provide us with a wide range of treatment options in this highly competitive field in the future.

At December 31, 2020, 1,218 employees (full-time equivalents) worked for Fresenius Medical Care in research and development worldwide (December 31, 2019: 1,157). They come from various backgrounds: Physicians work side by side with software specialists, business economists and engineers in interdisciplinary teams. More than 730 employees - the majority of our research and development staff - are based in Europe. Most research and development activities are carried out at our facilities in Schweinfurt and Bad Homburg v. d. Höhe (Germany). Other development sites are in St. Wendel (Germany), Bucharest (Romania) and Krems (Austria). In the U.S., the Company maintains centers of excellence for the development of devices in Concord (California) and for dialyzers and other disposable products in Ogden (Utah). Development activities in Shanghai and Changshu (China) are focused on the growing demand for cost-effective dialysis systems in Asia and emerging markets. The Global Research and Development organization coordinates collaboration and technology exchange among the various sites. Carrying out research and development responsibly is an intrinsic element of our innovative culture. More information is shown in TABLE 2.19 ON PAGE 36.

EMPLOYEES

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

At December 31, 2020, Fresenius Medical Care employed a total of 125,364 members of staff (full-time equivalents) in 67 countries worldwide. Our workforce therefore increased by 4 % year-on-year, or by 4,705 employees in absolute terms. This was mainly due to organic business growth and acquisitions, both of which were impacted by COVID-19 related personnel requirements.

TABLE 2.20 shows the breakdown of employees by operating segment as well as by products and services.

Staff costs at Fresenius Medical Care increased to €7,067 M in 2020 (2019: €6,799 M), corresponding to 40 % (2019: 39 %) of revenue. Average staff costs per employee (annual average based on full-time equivalents) amounted to €56,770 (2019: €56,740).

More information about our employees can be found in the Non-Financial Group Report starting on PAGE 80. For more information on diversity, see the Corporate Governance Report in this Annual Report starting on PAGE 102.

T 2.19 RESEARCH AND DEVELOPMENT

	2020	2019	2018
Research and development expenditures in € M	194	168	114
Number of patents[1]	11,223	10,658	9,152
Employees[1,2]	1,218	1,157	933

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

T 2.20 EMPLOYEES BY OPERATING SEGMENT
FULL-TIME EQUIVALENTS

	December 31, 2020	December 31, 2019	Change	Share
NORTH AMERICA SEGMENT	**62,925**	**60,478**	**2,447**	**50 %**
Health care services	56,554	55,611		
Health care products	6,371	4,867		
EMEA SEGMENT	**20,826**	**20,103**	**723**	**17 %**
Health care services	16,964	16,298		
Health care products	3,862	3,805		
ASIA-PACIFIC SEGMENT	**11,984**	**11,836**	**148**	**10 %**
Health care services	9,416	9,296		
Health care products	2,568	2,540		
LATIN AMERICA SEGMENT	**11,640**	**10,469**	**1,171**	**9 %**
Health care services	10,325	9,224		
Health care products	1,315	1,245		
WORLDWIDE	**125,364**	**120,659**	**4,705**	**100 %**
Corporate[1]	17,989	17,773	216	14 %

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

QUALITY MANAGEMENT

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

Quality management at our production sites

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

Quality management in our dialysis clinics

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

More information about our quality management including our quality data can be found in the Non-Financial Group Report starting on PAGE 80.

Quality-based reimbursement systems

We participate in quality-based reimbursement models, which we describe in the section "Health care and reimbursement systems vary from country to country" in the chapter "Economic Report" starting on PAGE 38.

SUSTAINABILITY MANAGEMENT

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

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

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

Further information can be found in the separate Non-Financial Group Report starting on PAGE 80.

ECONOMIC REPORT

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

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Macroeconomic environment

Dependency on economic cycles

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

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

Overall, the rapid global spread of the COVID-19 pandemic resulted in a material deterioration of the conditions for the global economy and greatly reduced economic growth. The conditions also changed for our business in fiscal year 2020. Nonetheless, this development shows that our vertically integrated business model can be viewed as solid and resilient during the crisis.

Exchange rate developments

The global exchange rate developments in fiscal year 2020 were characterized by a strengthening of the euro against the U.S. dollar, as well as partly stronger fluctuations in the emerging economies. Some currencies in emerging economies in particular depreciated significantly against the euro and the U.S. dollar. As Fresenius Medical Care has a worldwide presence, the results of its operations are impacted by exchange rate developments. Movements in the U.S. dollar and the euro are especially crucial as we generate a major part of our revenues in the U.S. On average over the course of the year, the euro traded slightly stronger against the U.S. dollar compared to fiscal year 2019.

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

Sector-specific environment

Chronic kidney failure (end-stage renal disease, ESRD) is a global disease. The number of patients requiring renal replacement therapy is increasing worldwide: At the end of 2020, approximately 4.5 M patients underwent dialysis treatment or received a donor organ. Further information can be found in TABLE 2.21.

T 2.21 **PATIENTS WITH CHRONIC KIDNEY FAILURE**

	2020	Share
Patients with chronic kidney failure	**4,487,000**	**100 %**
Of which patients with transplants	823,000	18 %
Of which dialysis patients	**3,664,000**	**82 %**
In-center hemodialysis	3,228,000	72 %
Peritoneal dialysis	413,000	9 %
Home hemodialysis	23,000	1 %

Source: Company information and estimates.

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

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

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

The number of dialysis patients rose by around 3 % in 2020. The decrease compared to our previously expected growth rate of approximately 6 % for dialysis patients in 2020 is primarily caused by COVID-19 related excess mortality of ESRD patients.

Comparison of dialysis treatment methods

In 2020, most dialysis patients were treated in one of more than 46,000 dialysis centers worldwide, with an average of more than 75 patients per center. However, this figure varies considerably from country to country.

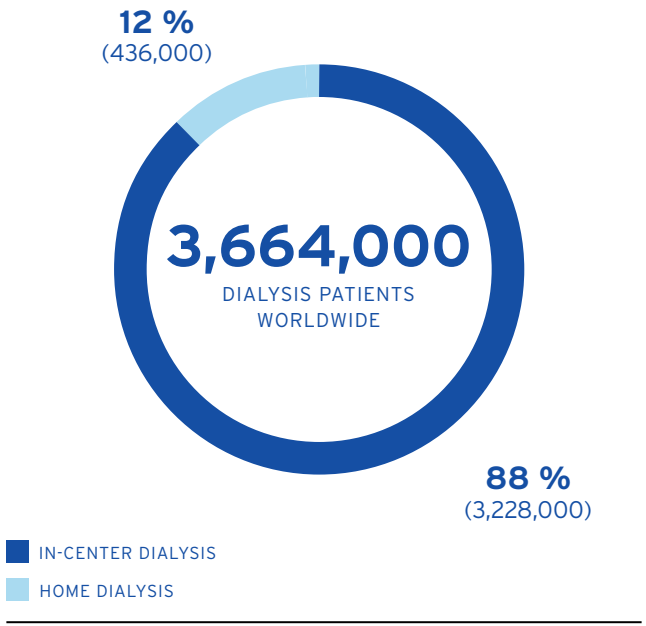
Hemodialysis is by far the most common form of therapy for chronic kidney failure. A total of 88 % of dialysis patients were treated in this way at a dialysis center in 2020. Home hemodialysis is an alternative to treatment at a dialysis center. Although take-up has been limited to date, the number of home hemodialysis patients is rising continuously. A total of 1 % of all patients are currently treated in this way. In the year under review, 11 % of all dialysis patients were treated with peritoneal dialysis, usually at home. As a result, 12 % of the dialysis patients were treated with home dialysis.

CHART 2.22 shows a comparison of in-center and home dialysis.

Volume of the dialysis market

According to our estimates, the volume of the global dialysis market increased to around €82 BN in 2020. We expect the following approximate breakdown for this market volume: around €15 BN for dialysis products and approximately €67 BN for dialysis services (including dialysis drugs).

C 2.22 **IN-CENTER VS. HOME DIALYSIS**



Care Coordination

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

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

Our customers are mostly health insurers and companies

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

Health care and reimbursement systems vary from country to country

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

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

The reimbursement system in the U.S.

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

Due to pressure to reduce health care costs, increases in the reimbursement rate were limited in the U.S. in the past. As a consequence, the reimbursement rate set by CMS as part of its prospective payment system (PPS) for chronic kidney failure treatments (known as the ESRD PPS rate) barely changed year-on-year. The ESRD PPS rate for 2020 amounted to $239.33, up 1.7 % on the 2019 base rate. A reimbursement rate of $253.13 per treatment has been determined for 2021 and includes a productivity-adjusted market basket increase of 1.6 %. While this represents a 5.8 % increase on the 2020 base rate, the majority of the increase is attributable to the inclusion of calcimimetic drugs in the base rate beginning in 2021. From 2018 through 2020, CMS reimbursed dialysis facilities through the Transitional Drug Add-on Payment Adjustment (TDAPA) for calcimimetic drugs. Using cost and utilization data from Q3 2018 through Q4 2019, CMS has determined that $9.93 should be added to the base rate to account for calcimimetic drug use going forward. Beginning in 2021, dialysis facilities will be expected to provide calcimimetic drugs to patients without an additional add-on payment.

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

More information can be found in the "Results of operations, financial position and net assets" section starting on PAGE 45 and in the report on risks and opportunities starting on PAGE 62.

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

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

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

Beginning in 2021, CMS will also make transitional add-on payments for certain new and innovative dialysis equipment and supplies (TPNIES) approved after January 1, 2020 and provided by dialysis facilities. These new equipment and supplies must satisfy defined material clinical improvement criteria and will be reimbursed at 65 % of the invoice price, as determined by each Medicare Administrative Contractor. Applications for the TPNIES are due by February 1 of the year prior to the add-on payment year. For 2021, CMS reviewed two TPNIES applications. Nether application was approved and there will be no TPNIES payment for 2021.

The TPNIES does not apply to equipment that constitute a capital asset such as dialysis machines or water purification systems. Beginning in 2022, however, CMS will make transitional add-on payments for capital equipment that are home dialysis machines used for the treatment of a single patient. Applications for the home dialysis machine transitional payment for 2022 are due by February 2021.

Quality-based reimbursement

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

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

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

We are also working closely with CMS in the area of value-based care. One example is our participation in a CMS ESRD care model: To improve the health of patients with chronic kidney failure while reducing costs for CMS, dialysis providers and phy-

sicians can join forces to form entities known as ESCOs (End-Stage Renal Disease (ESRD) Seamless Care Organizations). We are currently participating in 23 ESCOs in this pilot project. ESCOs that fulfill the minimum quality standards specified by the program while generating reductions in the cost of care above certain thresholds for dialysis patients covered by the model receive a portion of the cost savings as reimbursement. ESCOs that involve dialysis chains with more than 200 clinics are required to share in the risk of cost increases and reimburse part of any such increases to CMS if the actual costs exceed the agreed thresholds. Approximately 43,700 patients participated in our ESCOs as of December 1, 2020. In 2020, CMS gave each ESCO the option to extend their participation in the program through March 31, 2021, and / or to accept certain financial changes. Fresenius Medical Care will continue to participate in the ESCO program.

We have also concluded agreements on per capita reimbursements (subcapitations) as well as risk-based and value-based agreements with certain insurers, which form the basis for the health care services we offer to private and Medicare Advantage patients with chronic kidney failure. These agreements determine a basic amount per patient per month. If we provide complete care at a cost below this amount, we retain the difference. However, if the cost of complete care exceeds the basic amount, we may be obliged to pay the difference to the insurer.

2019 Executive Order on new reimbursement models

On July 10, 2019, the U.S. President signed an Executive Order (EO) on advancing kidney health. Among other things, the EO directs the Department of Health and Human Services (HHS) to develop new Medicare reimbursement models that enable diagnosis and treatment earlier in the course of kidney disease and support the expansion of home dialysis as well as promoting kidney transplants. One of these, the ESRD Treatment Choices Model (ETC Model), is mandatory and creates financial incentives for home dialysis treatments and kidney transplants. Due to start in January 2021 and end in June 2026, the ETC Model consists of two partial reimbursement programs: on the one hand it envisages increases to the reimbursement for home dialysis treatments for a period of three years, on the other hand a performance-based reimbursement adjustment on all dialysis claims. The performance-based reimbursement adjustment is based on the rates of home dialysis and kidney transplants and will amount to between -5 and +4 % in the first year of reimbursement and between -10 and +8 % in the final year. Performance based payment adjustments are scheduled to start in July 2022 and run for six and a half years. Participants in the model are selected at random. As at December 2020, 975 U.S. dialysis clinics, representing approximately 35 % of our dialysis clinics, were selected for participation in the model.

The Executive Order also announced voluntary Medicare reimbursement models aimed at providing financial incentives for health care providers in the area of chronic kidney disease and transplantation. Our applications for the voluntary Comprehensive Kidney Care Contracting (CKCC) model were accepted in June 2020. This model allows health care providers to assume various amounts of financial risk by forming so-called Kidney Care Entities (KCE). Of the 29 accepted applications, 27 KCEs have elected to participate in the implementation period, which started on October 15, 2020. During a start-up period, the KCE is not at financial risk. Each KCE must decide before April 1, 2021, whether to continue its participation including financial accountability in the first performance year from April 1, 2021 to December 31, 2021. Once implemented, the CKCC model is expected to run through 2025.

Changes related to the Affordable Care Act

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

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

In its financial year 2019, 2020, and 2021 budget proposals, the Trump administration altered course and requested authority to fund CSR payments. Neither the financial year 2019, 2020, nor 2021 CSR budget proposal was ultimately included in appropriations authorized by the Congress, and we cannot predict whether the inclusion of this funding for 2021 will come to pass.

Although that administration's efforts to repeal or replace ACA were unsuccessful and the Biden Administration has stated its intention to maintain and strengthen the ACA, the U.S. Supreme Court heard oral arguments in November 2020 regarding the constitutionality of the ACA. On January 28, 2021, President Biden issued an Executive Order on Strengthening Medicaid and the Affordable Care Act, which directs the Secretaries of the Departments of Health and Human Ser-

vices, Treasury and Labor to, among other things, review and examine policies or practices.

U.S. ballot initiatives

Further U.S. legislation or regulations may be enacted in the future that could substantially modify the amounts paid for services and products that we and our subsidiaries offer. They could also mandate new or alternative operating models and payment models that could put our health care service operations at greater risk. Ballot initiatives that are successfully introduced at state level in the U.S. require the state's citizens to vote to directly adopt or reject the proposed new legislation. These ballot initiatives oblige us to spend considerable resources in order to participate in public discourse. Efforts to enact new state laws regarding our operations are ongoing.

COVID-19 relief measures

In the U.S., the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) has been passed to mitigate certain adverse financial impacts of the COVID-19 pandemic, including in the health care sector. Additional funding under the CARES Act and other COVID-19 relief provides some financial support to our business in the U.S. This includes suspension of the 2 % Medicare payment sequestration reduction from May 2020 to March 2021, accelerated and advance payments of Medicare reimbursement and grants to cover expenses and mitigate the loss of revenues due to the COVID-19 pandemic. However, these measures may not fully offset any lost revenues and increased costs we may incur. For further information see the consolidated financials within "Results of operations, financial position and net assets" starting on PAGE 45 and NOTE 4 I of the notes to the consolidated financial statements.

Charitable Premium Assistance

At the end of the Obama administration, the Department of Health and Human Services (HHS) issued an Interim Final Rule (IFR) that limited patients' ability to use charitable premium assistance (CPA) to enroll in a private scheme. In 2017, this IFR was temporarily enjoined after Fresenius Medical Care (along with DaVita, US Renal, and Dialysis Patients Citizens) sued CMS.

The Trump administration has continued to work on this issue and sent a notice of proposed rulemaking addressing CPA to the Office of Management and Budget for review in June 2019. The proposed rule has not yet been published for comment. While the rule continues to be reflected in the Department of Health and Human Services agenda, there has been no indication whether or when the rule will be released. Instead, there have been attempts to curtail the usage of CPA or reduce commercial reimbursement for dialysis patients receiving CPA by state legislatures.

OVERALL BUSINESS DEVELOPMENT

Highlights

Impact of the COVID-19 pandemic

Throughout 2020, Fresenius Medical Care reported COVID-19 affecting patients with advanced kidney disease and, in particular, the severity of illness resulting in an increased mortality. The excess mortality trend significantly accelerated in the U.S. and in EMEA in particular in November and December 2020 and accumulated to approximately 10,000 patients in 2020 over the pre-pandemic baseline.

To be able to continue care for its patients, Fresenius Medical Care implemented a number of measures, both operational and financial, to maintain an adequate workforce, protect its patients and employees through expanded personal protective equipment protocols, and expenses related to surge capacity for patients suspected or confirmed to have COVID-19. Additionally, we experienced a loss of revenue due to the pandemic in certain areas of our business, which was partially offset by increased demand for our services and products in other areas.

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

After taking into account these COVID-19 reimbursements, Fresenius Medical Care concluded that COVID-19 resulted in an immaterial impact to net income attributable to shareholders of FMC AG & Co. KGaA in 2020.

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

Share buy-back program

In 2020, we continued to utilize the authorization granted by the Company's Annual General Meeting on May 12, 2016 to conduct a share buy-back program. Under a share buy-back program, announced on June 14, 2019 and concluded on April 1, 2020, we repurchased 10.8 M ordinary shares at a total purchase price (excluding ancillary transaction costs) of €685 M. These shares were used solely to reduce our registered share capital by cancellation of the acquired shares. On December 11, 2020, all 11.8 M own shares held were redeemed. For further

information SEE NOTE 17 of the notes to the consolidated financial statements.

Financing

On May 29, 2020, we issued bonds in two tranches with an aggregate principal amount of €1.25 BN under our Debt Issuance Program: a €500 M bond with a six-year maturity and a coupon rate of 1.00 % issued at a price of 99.405 % and with a yield of 1.103 %; and a €750 M bond with a ten-year maturity and a coupon rate of 1.50 % issued at a price of 99.742 % and with a yield of 1.528 %.

On September 16, 2020, we issued further bonds with a ten-year maturity and an aggregate principal amount of $1.0 BN. The bonds have a coupon rate of 2.375 % ad were issued at a price of 99.699 % with a yield of 2.408 %.

The proceeds will be used for general corporate purposes, including refinancing of financial liabilities.

Comparison of actual business results with the outlook

The rapid global spread of the COVID-19 pandemic resulted in a material deterioration of the conditions for the global economy. The environment for our business did not evolve as expected in 2020. Nevertheless, taking into account the governmental COVID-19 reimbursements, we concluded that COVID-19 resulted in an immaterial impact on net income attributable to shareholders. We largely met our forecasts for the fiscal year 2020 despite the COVID-19-pandemic.

Our 2020 outlook included the effects from COVID-19 and excluded special items. Special items are effects that are unusual in nature and have not been foreseeable, or not foreseeable in size or impact, at the time of giving guidance. Therefore the outlook excluded the Impairment Loss in the Latin America Segment. Accordingly, we have adjusted for this special item the actual results for 2020 to make them comparable with the outlook.

The growth rates are based on the results in 2019 adjusted for NxStage costs, costs associated with the sustainable improvement of our cost base (Cost Optimization Costs) and the (Gain) loss related to divestitures of Care Coordination activities. A reconciliation of the results 2020 and 2019 to the respective results 2020 excluding special items and results 2019 adjusted can be found at the end of this section. The outlook for the fiscal year 2020 was based on the prevailing exchange rates at the beginning of 2020.

We expected revenue growth in the mid to high single digit range at Constant Currency at the beginning of the year. We generated revenue of €17.9 BN in 2020. At Constant Currency, revenue increased by 5 %. We therefore met our expectations and achieved our outlook.

All operating segments, and especially the North America Segment contributed to the expansion of our business. Further details on the development of revenue can be found in the section "Results of operation, financial position and net assets" starting on PAGE 45.

We expected operating income to develop at a mid to high single digit growth rate at Constant Currency in the fiscal year 2020. Operating income excluding special items in 2020 was €2.5 BN, an increase by 8 % at Constant Currency on an adjusted prior year basis. This lies in the upper end of our outlook and we therefore met our expectations.

We also expected Delivered Operating Income to develop at a mid to high single digit growth rate at Constant Currency in 2020. Delivered Operating Income excluding special items in 2020 was €2.2 BN, an increase by 7 % at Constant Currency on an adjusted prior year basis. This is in line with our expectations, therefore we met our outlook as well.

At the beginning of the year, we set a target range for net income development at a mid to high single digit growth rate at Constant Currency. Net income excluding special items in 2020 increased to €1.4 BN. This increase at Constant Currency by 12 % on an adjusted prior year basis slightly exceeded our expectations.

Basic earnings per share excluding special items increased at Constant Currency by 15 % on an adjusted prior year basis. This increase is in line with the development of net income excluding special items and shares outstanding, as we expected.

We earmarked €1.1 BN to €1.3 BN for capital expenditures in 2020. With an outlay of €1.0 BN, we have not met outlook due to postponement of capital expenditures. We expected to spend around €0.5 BN to €0.7 BN on acquisitions and investments. We made acquisitions and investments (excluding investments in debt securities) for €0.3 BN, this is slightly below of our expectations due to postponement of acquisitions and investments. For further information on capital expenditures, acquisitions, and investments see section "Results of operation, financial position and net assets" starting on PAGE 45.

Driven by earnings development, but primarily due to U.S. federal relief funding and advanced payments under the CARES Act and other COVID-19 relief, including lower tax payments in the North America Segment net cash provided by (used in) operating activities in percent of revenue was high at 24 %, exceeding our expectation of greater than 12.5 %.

Free cash flow accounted for 18 % of revenue in 2020, which also exceeded our expectation for the same reasons of greater than 5 %.

According to our forecast the net leverage ratio should have been below 3.5 at the end of 2020. The net leverage ratio was 2.7 at the balance sheet date and is therefore as expected.

ROIC was at 5.8 %. Driven by the Impairment Loss this measure is lower than our expectation of at least 6.0 %.

A dividend per share of €1.34 planned to propose to be approved by the Annual General Meeting on May 20, 2021 is within our expectation (in line with the development of net income and shares outstanding).

The number of our employees (full-time equivalents) increased from 120,659 at the end of 2019 to 125,364 at the end of 2020. The number of employees therefore met our expectations of more than 124,000 full-time equivalents.

Research and development expenditures aimed at boosting our ability to adapt to future requirements amounted to €194 M, this is below our adjusted expected range of €200 to €220 M due to lower than expected project costs and postponement of project costs. The initial outlook for research and development expenses for 2020 of €210 to €230 M was adjusted during the third quarter to €200 to €220 M. Our research and development activities are focused on developing innovative products and renal therapies.

TABLE 2.23 shows the actual results and our outlook for 2020.

TABLES 2.24 AND 2.25 ON PAGE 45 provide a reconciliation of the results 2020 and 2019 to the respective results 2020 and 2019 adjusted.

T 2.23 RESULTS AND OUTLOOK FOR 2020

	Results 2020	Results 2020 excl. special items [2]	Outlook 2020 (at Constant Currency) [1]
Revenue growth at Constant Currency	5 %		mid to high single digit growth rate
Operating income growth at Constant Currency [2]	4 %	8 %	mid to high single digit growth rate
Delivered Operating Income growth at Constant Currency [2]	2 %	7 %	mid to high single digit growth rate
Net income growth at Constant Currency [2, 3]	(1 %)	12 %	mid to high single digit growth rate
Basic earnings per share growth at Constant Currency [2, 3]	2 %	15 %	assessed based on expected development of net income and shares outstanding
Capital expenditures and capitalized development costs	€1.0 BN		€1.1 BN – €1.3 BN
Acquisitions and investments [4]	€0.3 BN		€0.5 BN – €0.7 BN
Net cash provided by (used in) operating activities in % of revenue	23.7		> 12.5
Free cash flow in % of revenue	17.9		> 5
Net leverage ratio	2.7		< 3.5
ROIC in %	5.8		≥ 6.0
Dividend per share [5]	€1.34		assessed based on expected development of net income and shares outstanding
Employees [6]	125,364		> 124,000
Research and development expenses [7]	€194 M		€200 M – €220 M

[1] Outlook 2020 included the effects from COVID-19 and excluded special items, such as the Impairment Loss in the Latin America Segment. Special items are effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates are based on the results in 2019 adjusted for NxStage Costs, Cost Optimization Costs and the (Gain) loss related to divestitures of Care Coordination activities.
[2] Results 2020 were adjusted for special items in order to make the business performance comparable to Outlook 2020. For a reconciliation of results 2020 to results 2020 excl. special items and results 2019 to results 2019 adjusted as a basis for targets 2020, see the following tables.
[3] Net income attributable to shareholders of FMC AG & Co. KGaA.
[4] Excluding investments in debt securities.
[5] Results 2020: Planned proposal to be approved by the Annual General Meeting on May 20, 2021.
[6] Full-time equivalents.
[7] The initial outlook of €210 M to €230 M was adjusted during the third quarter to €200 M to €220 M.

T 2.24 **RECONCILIATION OF RESULTS 2020 TO RESULTS 2020 EXCL. SPECIAL ITEMS**
IN € M

	Results 2020	Impairment Loss	Results 2020 excl. special items
Operating income	2,304	195	2,499
Delivered Operating Income	2,033	195	2,228
Net income[1]	1,164	195	1,359

[1] Net income attributable to shareholders of FMC AG & Co. KGaA.

T 2.25 **RECONCILIATION OF RESULTS 2019 TO RESULTS 2019 ADJUSTED**
IN € M

	Results 2019	NxStage Costs[1]	Cost Optimization Costs	(Gain) loss related to divestitures of Care Coordination activities	Results 2019 adjusted
Operating income	2,270	24	91	(29)	2,356
Delivered Operating Income	2,031	24	91	(29)	2,117
Net income[2]	1,200	18	67	(49)	1,236

[1] Integration costs related to the acquisition of NxStage.
[2] Net income attributable to shareholders of FMC AG & Co. KGaA.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

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

Results of operations

For further information on the results of operations of Fresenius Medical Care, SEE TABLE 2.26.

Revenue and operating income generated in countries outside the eurozone are subject to currency fluctuations. TABLE 2.27 ON PAGE 46 summarizes the development of the euro against the U.S. dollar as well as the revenue and the operating income, as a percentage of the consolidated results, generated in U.S. dollars for the years ended December 31, 2020 and December 31, 2019.

T 2.26 **SEGMENT DATA (INCLUDING CORPORATE)**
IN € M

	2020	2019
Total revenue		
North America Segment	12,478	12,195
EMEA Segment	2,763	2,693
Asia-Pacific Segment	1,894	1,859
Latin America Segment	684	709
Corporate	40	21
TOTAL	**17,859**	**17,477**
Operating income		
North America Segment	2,120	1,794
EMEA Segment	412	448
Asia-Pacific Segment	344	329
Latin America Segment	(157)	43
Corporate	(415)	(344)
TOTAL	**2,304**	**2,270**
Interest income	42	62
Interest expense	(410)	(491)
Income tax expense	(501)	(402)
NET INCOME	**1,435**	**1,439**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(271)**	**(239)**
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA	**1,164**	**1,200**

T 2.27 **CURRENCY DEVELOPMENT AND PORTION OF TOTAL REVENUE AND OPERATING INCOME**

	2020	2019
Currency development of euro against the U.S. dollar	negative impact	positive impact
Percentage of revenue in U.S. dollars	70	70
Percentage of operating income generated in U.S. dollars	92	79

Consolidated financial statements

An overwiew of the key indicators for the consolidated financial statements, SEE TABLE 2.28 ON PAGE 47.

Health care services revenue increased by 2 % compared to the year ended December 31, 2019. In addition to a 3 % negative impact from foreign currency translation, health care services revenue increased by 5 % driven by organic growth (+3 %) despite lower reimbursement for calcimimetics, the absence in 2020 of a revenue recognition adjustment for accounts receivable in legal dispute previously recorded in the prior year (+2 %) (SEE NOTE 22 of the notes to the consolidated financial statements) and contributions from acquisitions (+1 %), partially offset by the effect of closed or sold clinics (-1 %).

Dialysis treatments increased by 3 % as a result of Same Market Treatment Growth and contributions from acquisitions, partially offset by the effect of closed or sold clinics.

At December 31, 2020, we owned, operated or managed 4,092 dialysis clinics compared to 3,994 dialysis clinics at December 31, 2019. During the year ended December 31, 2020, we acquired 60 dialysis clinics, opened 106 dialysis clinics and combined or closed 68 clinics. The number of patients treated in dialysis clinics that we own, operate or manage increased slightly to 346,553 at December 31, 2020 (December 31, 2019: 345,096), though this slight increase was impacted by the excess mortality rates among patients due to COVID-19 (COVID-19 Related Excess Mortality Rates) in certain of our operating segments which are further described in the discussions below.

Health care product revenue increased by 4 %. Including a 3 % negative impact from foreign currency translation, health care product revenue increased by 7 %. Dialysis product revenue increased by 3 %. In addition to a 4 % negative impact from foreign currency translation, dialysis product revenue increased by 7 % driven by higher sales of products for acute care treatments, in-center disposables, renal pharmaceuticals, home hemodialysis products and peritoneal dialysis products, partially offset by lower sales of machines for chronic treatment. Non-dialysis product revenue increased by 34 % to €101 M from €76 M, with virtually no impact from foreign currency translation. The increase in non-dialysis product revenue was due to higher sales of acute cardiopulmonary products.

The increase period over period in the gross profit margin of 31.0 % (2019: 30.9 %) was 0.1 percentage points. Foreign currency translation effects represented a 0.2 percentage point increase in the current period. The resulting slight decrease at Constant Exchange Rates was primarily driven by various smaller impacts on the margin including higher personnel expense and an unfavorable impact from pharmacy services in the North America Segment, impacts from COVID-19 on costs, unfavorable foreign currency transaction effects in the EMEA Segment and the Asia-Pacific Segment, higher personnel expense in certain countries in the EMEA Segment, an unfavorable impact from inflation (including hyperinflation in Argentina) and higher treatment costs in the Latin America Segment as well as start-up costs for dialysis clinics in the Asia-Pacific Segment. These various impacts were mostly offset by the absence in 2020 of a revenue recognition adjustment for accounts receivable in legal dispute previously recorded in the prior year and lower costs for renal pharmaceuticals.

The increase period over period in selling, general and administrative (SG&A) expense as a percentage of revenue of 17.7 % (2019: 17.5 %) was 0.2 percentage points. Foreign currency translation effects represented a 0.1 percentage point increase in the current period. The increase was primarily driven by the Impairment Loss in the Latin America Segment (SEE NOTE 2 A of the notes to the consolidated financial statements). The increase was also impacted by the prior year remeasurement effect on the fair value of investments (North America Segment) and the reduction of a contingent consideration liability related to Xenios AG ("Xenios") in 2019 (EMEA Segment) as well as higher costs related to the compliance monitor engaged in accordance with the DOJ and SEC non-prosecution agreement (SEE NOTE 22 of the notes the consolidated financial statements) (Corporate). The increases were partially offset by the prior year impacts from (a) costs associated with the sustained improvement of our cost base (Costs Optimization Costs) and (b) a revenue recognition adjustment for accounts receivable in legal dispute in 2019, current year impacts from COVID-19-related meeting and travel savings in the North America Segment and various, smaller effects across our segments.

Research and development expenses increased by 15 % to €194 M from €168 M. The period over period increase as a percentage of revenue, was 0.1 percentage points, largely driven by in-center and critical care program development as well as activities in the fields of digital connectivity and regenerative medicine and research and development activities at NxStage, partially offset by increased capitalization of research and development expenses in 2020.

Income from equity method investees increased by 28 % to €95 M from €74 M. The increase was primarily driven by higher

T 2.28 **KEY INDICATORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

			Change in %		
	2020	2019	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	17,859	17,477	2	(3)	5
Health care services	14,114	13,872	2	(3)	5
Health care products	3,745	3,605	4	(3)	7
Number of dialysis treatments	53,575,255	52,148,107	3		
Same Market Treatment Growth in %[2]	2.2	3.5			
Gross profit as a % of revenue	31.0	30.9			
Selling, general and administrative costs as a % of revenue	17.7	17.5			
Operating income in € M	2,304	2,270	2	(2)	4
Operating income margin in %	12.9	13.0			
Delivered Operating Income in € M[3]	2,033	2,031	0	(2)	2
Net income attributable to shareholders of FMC AG & Co. KGaA in € M	1,164	1,200	(3)	(2)	(1)
Basic earnings per share in €	3.96	3.96	0	(2)	2

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

income from Vifor Fresenius Medical Care Renal Pharma Ltd., an entity in which we have ownership of 45 %, mainly due to higher sales of renal pharmaceuticals, income from the sale of a license for certain renal pharmaceuticals and lower operating expenses, partially offset by the impairment of a license held based on an unfavorable clinical trial.

The decrease period over period in the operating income margin was 0.1 percentage points. Foreign currency translation effects represented a 0.1 percentage point increase in the current period. The decrease was largely driven by the increase in SG&A expenses, partially offset by the increase in the gross profit margin, as discussed above.

Delivered Operating Income remained relatively stable as compared to the prior year. In addition to a 2 % negative impact from foreign currency translation, Delivered Operating Income increased by 2 % largely driven by increased operating income, partially offset by an increase in income attributable to noncontrolling interests.

Net interest expense decreased by 14 % to €368 M from €429 M. In addition to a 2 % positive impact from foreign currency translation, net interest expense decreased by 12 % primarily due to lower interest rates driven by the replacement of high interest-bearing bonds by debt instruments at lower interest rates, lower variable Libor-based interest rates and lower interest rates on lease liabilities.

Income tax expense increased by 25 % to €501 M from €402 M. The effective tax rate increased to 25.9 % from 21.8 % for the same period of 2019 largely driven by the non-deductible Impairment Loss (SEE NOTE 2 A of the notes to the consolidated financial statements) and the prior year tax benefit related to the divestiture of Sound.

Net income attributable to noncontrolling interests increased by 14 % to €271 M from €239 M. In addition to a 2 % positive impact from foreign currency translation, net income attributable to noncontrolling interests increased by 16 % due to higher earnings in entities in which we have less than 100 % ownership.

Net income attributable to shareholders of FMC AG & Co. KGaA decreased by 3 % to €1,164 M from €1,200 M. In addition to a 2 % negative impact from foreign currency translation, net income attributable to shareholders of FMC AG & Co. KGaA decreased by 1 % driven by the combined effects of the items discussed above. COVID-19 resulted in a negative impact to net income attributable to shareholders of FMC AG & Co. KGaA in the amount of €49 M for the year ended December 31, 2020.

Basic earnings per share remained relatively stable as compared to the prior year. In addition to a 2 % negative impact from foreign currency translation, basic earnings per share increased by 2 % primarily due to a decrease in the average weighted number of shares outstanding for the period. The average weighted number of shares outstanding for the period

decreased to approximately 294.1 M in 2020 (2019: 302.7 M), primarily as a result of our share buy-back program which was concluded on April 1, 2020 (SEE NOTE 17 of the notes to the consolidated financial statements).

We employed 125,364 people (full-time equivalents) as of December 31, 2020 (December 31, 2019: 120,659). This 4 % increase was primarily due to organic business growth and acquisitions, both of which were impacted by COVID-19 related personnel requirements.

Segment reporting

The following discussions pertain to the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment and the measures we use to manage these segments.

North America Segment

Information about key indicators for the North America Segment can be found in TABLE 2.29.

Dialysis

Revenue

Dialysis revenue increased by 1 %, including a 3 % negative impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis revenue increased by 4 %. Dialysis revenue is comprised of dialysis care revenue and health care product revenue.

Dialysis care revenue increased by 1 % to €10,057 M from €9,973 M. In addition to a 2 % negative impact from foreign currency translation, dialysis care revenue increased by 3 % mainly due to the absence in 2020 of a revenue recognition adjustment for accounts receivable in legal dispute previously

T 2.29 **KEY INDICATORS FOR THE NORTH AMERICA SEGMENT**

			Change in %		
	2020	2019	As reported	Currency translation effects	Constant Currency[1]
Total North America Segment					
Revenue in € M	12,478	12,195	2	(2)	4
Health care services	11,364	11,157	2	(2)	4
Health care products	1,114	1,038	7	(3)	10
Operating income in € M	2,120	1,794	18	(2)	20
Operating income margin in %	17.0	14.7			
Delivered Operating Income in € M[2]	1,859	1,569	19	(2)	21
Dialysis					
Revenue in € M	11,171	11,011	1	(3)	4
Number of dialysis treatments	32,843,592	32,138,448	2		
Same Market Treatment Growth in %	1.6	3.3			
Operating income in € M	2,002	1,737	15	(2)	17
Operating income margin in %	17.9	15.8			
Delivered Operating Income in € M[2]	1,775	1,532	16	(2)	18
Care Coordination					
Revenue in € M	1,307	1,184	10	(3)	13
Operating income in € M	118	57	106	(4)	110
Operating income margin in %	9.0	4.8			
Delivered Operating Income in € M[2]	84	37	130	(4)	134

[1] For further information on Constant Currency, see chapter „Overview of the Group" section „Performance management system" starting on PAGE 24.
[2] For further information on Delivered Operating Income, including a reconciliation of Delivered Operating Income to operating income for each of our operating segments, see chapter „Overview of the Group" section „Performance management system" starting on PAGE 24.

recorded in the prior year (+2 %) (SEE NOTE 22 of the notes to the consolidated financial statements) and contributions from acquisitions (+1 %).

Dialysis treatments increased by 2 % largely due to Same Market Treatment Growth. At December 31, 2020, 210,260 patients (December 31, 2019: 211,064) were treated in the 2,639 dialysis clinics (December 31, 2019: 2,579) that we own or operate in the North America Segment. The decrease in patients was driven by COVID-19 Related Excess Mortality Rates.

Health care product revenue increased by 7 %. In addition to a 3 % negative impact from foreign currency translation, health care product revenue increased by 10 % driven by higher sales of products for acute care treatments, renal pharmaceuticals, in-center disposables and peritoneal dialysis products, partially offset by lower sales of machines for chronic treatment and home hemodialysis products.

Operating income margin

The increase period over period in the dialysis operating income margin was 2.1 percentage points, with virtually no impact from foreign currency translation. The increase was driven by a favorable impact related to the absence in 2020 of a revenue recognition adjustment for accounts receivable in legal dispute previously recorded in the prior year, Cost Optimization Costs in the prior year, a higher reimbursement rate and lower costs for renal pharmaceuticals, partially offset by the remeasurement effect on the fair value of investments in the prior year and higher personnel expense.

Delivered Operating Income

Dialysis Delivered Operating Income increased by 16 %. In addition to a 2 % negative impact from foreign currency translation, Delivered Operating Income increased by 18 % mainly as a result of increased operating income, partially offset by an increase in income attributable to noncontrolling interests.

Care Coordination

Revenue

Care Coordination revenue increased by 10 %. In addition to a 3 % negative impact from foreign currency translation, Care Coordination revenue increased by 13 % largely driven by an increase in organic growth impacted by the prior year effect of a reduction in patient attribution and a decreasing savings rate for ESCOs (Prior Year ESCO Effect) (+17 %), partially offset by the effect of closed or sold centers (-4 %).

Operating income margin

The increase period over period in the Care Coordination operating income margin was 4.2 percentage points, with virtually no impact from foreign currency translation in the current period. The increase was mainly due to the Prior Year ESCO Effect, a favorable impact from vascular access services driven by lower operating costs and higher volumes of procedures as well as a favorable impact of the divestiture from loss-making urgent care services, partially offset by an unfavorable impact from pharmacy services.

Delivered Operating Income

Care Coordination Delivered Operating Income increased by 130 %. In addition to a 4 % negative impact from foreign currency translation, Delivered Operating Income increased by 134 % mainly as a result of increased operating income, partially offset by an increase in income attributable to noncontrolling interests.

EMEA Segment

Information about key indicators for the EMEA Segment can be found in TABLE 2.30 ON PAGE 50.

Revenue

Health care service revenue increased by 1 %. Including a 3 % negative impact resulting from foreign currency translation, health care service revenue increased by 4 % largely as a result of an increase in organic growth (+3 %) and contributions from acquisitions (+2 %), partially offset by the effect of closed or sold clinics (-1 %).

Dialysis treatments increased by 1 % mainly due to Same Market Treatment Growth and contributions from acquisitions, partially offset by the effect of closed or sold clinics. As of December 31, 2020, 66,008 patients (December 31, 2019: 66,217) were treated at the 804 dialysis clinics (December 31, 2019: 781) that we own, operate or manage in the EMEA Segment. The decrease in patients was driven by COVID-19 Related Excess Mortality Rates.

Health care product revenue increased by 4 %. Including a 3 % negative impact from foreign currency translation, health care product revenue increased by 7 %. Dialysis product revenue increased by 3 %. Including a 3 % negative impact from foreign currency translation, dialysis product revenue increased by 6 % due to higher sales of products for acute care treatments and home hemodialysis products, partially offset by lower sales of machines for chronic treatment. Non-Dialysis product revenue increased by 24 % to €95 M from €76 M. Including a 1 % negative impact from foreign currency translation, non-dialysis product revenue increased by 25 % largely due to higher sales of acute cardiopulmonary products.

Operating income margin

The decrease period over period in the operating income margin was 1.7 percentage points. Foreign currency translation effects represented a 0.1 percentage point increase in the operating income margin. The decrease was mainly due to the reduction of a contingent consideration liability related to Xenios in the prior year period, unfavorable foreign currency

T 2.30 **KEY INDICATORS FOR THE EMEA SEGMENT**

	2020	2019	Change in %		
			As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	2,763	2,693	3	(2)	5
Health care services	1,365	1,354	1	(3)	4
Health care products	1,398	1,339	4	(3)	7
Number of dialysis treatments	10,189,373	10,042,109	1		
Same Market Treatment Growth in %	1.4	3.4			
Operating income in € M	412	448	(8)	(2)	(6)
Operating income margin in %	14.9	16.6			
Delivered Operating Income in € M[2]	409	443	(8)	(2)	(6)

[1] For further information on Constant Currency, see chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.
[2] For further information on Delivered Operating Income, including a reconciliation of Delivered Operating Income to operating income for each of our operating segments, see chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.

transaction effects and higher personnel expense in certain countries, partially offset by lower bad debt expense and a favorable impact from equity method investees.

Delivered Operating Income

Delivered Operating Income decreased by 8 %. Including a 2 % negative impact resulting from foreign currency translation, Delivered Operating Income decreased by 6 % primarily due to decreased operating income.

Asia-Pacific Segment

Information about key indicators for the Asia-Pacific Segment can be found in TABLE 2.31 ON PAGE 51.

Dialysis

Revenue

Dialysis revenue increased by 2 %, including a 1 % negative impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis revenue increased by 3 % dialysis revenue is comprised of dialysis care revenue and health care product revenue.

Dialysis care service revenue increased by 1 % to €627 M from €621 M, with virtually no impact resulting from foreign currency translation. The increase was as a result of organic growth (+5 %) and contributions from acquisitions (+1 %), largely offset by the effect of closed or sold clinics (-5 %).

Dialysis treatments increased by 2 % mainly due to Same Market Treatment Growth and contributions from acquisitions, partially offset by the effect of closed or sold clinics. As of December 31, 2020, 33,106 patients (December 31, 2019: 33,005) were treated at the 400 dialysis clinics (December 31, 2019: 400) that we own, operate or manage in the Asia-Pacific Segment.

Health care product revenue increased by 2 %. Including a 2 % negative impact resulting from foreign currency translation, health care product revenue increased by 4 %. Dialysis product revenue increased by 2 %. Including a 2 % negative impact from foreign currency translation, dialysis product revenue increased by 4 % due to higher sales of products for acute care treatments, in-center disposables and peritoneal dialysis products, partially offset by lower sales of machines for chronic treatment. Non-Dialysis product revenue increased to €5 M (2019: €0 M) due to higher sales of acute cardiopulmonary products.

Operating income margin

The increase period over period in the operating income margin was 1.0 percentage points. Foreign currency translation effects represented a 0.2 percentage point increase in the operating income margin. The increase was primarily due to a gain from the deconsolidation of clinics and COVID-19-related travel savings, partially offset by unfavorable foreign currency transaction effects.

Delivered Operating Income

Delivered Operating Income increased by 7 %, with virtually no impact from foreign currency translation. The increase was mainly due to increased operating income.

Care Coordination

Revenue

Care Coordination revenue increased by 3 %. Including a 2 % negative impact resulting from foreign currency translation, Care Coordination revenue increased by 5 % driven by contributions from acquisitions (+7 %), partially offset by a decrease

T 2.31 **KEY INDICATORS FOR THE ASIA-PACIFIC SEGMENT**

			Change in %		
	2020	2019	As reported	Currency translation effects	Constant Currency[1]
Total Asia-Pacific Segment					
Revenue in € M	1,894	1,859	2	(1)	3
Health care services	876	862	2	0	2
Health care products	1,018	997	2	(2)	4
Operating income in € M	344	329	4	(1)	5
Operating income margin in %	18.1	17.7			
Delivered Operating Income in € M[2]	338	321	5	(1)	6
Dialysis					
Revenue in € M	1,645	1,618	2	(1)	3
Number of dialysis treatments	4,660,875	4,579,220	2		
Same Market Treatment Growth in %	8.5	7.1			
Operating income in € M	321	300	7	0	7
Operating income margin in %	19.5	18.5			
Delivered Operating Income in € M[2]	314	293	7	0	7
Care Coordination					
Revenue in € M	249	241	3	(2)	5
Operating income in € M	23	29	(23)	(2)	(21)
Operating income margin in %	9.1	12.1			
Delivered Operating Income in € M[2]	24	28	(14)	(2)	(12)

[1] For further information on Constant Currency, see chapter „Overview of the Group" section „Performance management system" starting on PAGE 24.
[2] For further information on Delivered Operating Income, including a reconciliation of Delivered Operating Income to operating income for each of our operating segments, see chapter „Overview of the Group" section „Performance management system" starting on PAGE 24.

in organic growth (-2 %) impacted by the negative effects of COVID-19.

Operating income margin

The decrease period over period in the Care Coordination operating income margin was 3 percentage points. Foreign currency translation effects represented a 0.1 percentage point decrease in the operating income margin. The decrease was driven by unfavorable effects related to COVID-19 and an unfavorable mix effect from acquisitions with lower margins.

Delivered Operating Income

Care Coordination Delivered Operating Income decreased by 14 %. Including a 2 % negative impact resulting from foreign currency translation, Care Coordination Delivered Operating Income decreased by 12 % mainly as a result of decreased operating income.

Latin America Segment

Information about key indicators for the Latin America Segment can be found in TABLE 2.32 ON PAGE 52.

Revenue

Health care service revenue decreased by 3 %. Including a 26 % negative impact resulting from foreign currency translation, health care service revenue increased by 23 % as a result of increases in organic growth (+15 %) and contributions from acquisitions (+8 %).

Dialysis treatments increased by 9 % mainly due to contributions from acquisitions and Same Market Treatment Growth. As of December 31, 2020, 37,179 patients, an increase of 7 % (December 31, 2019: 34,810), were treated at the 249 dialysis clinics (December 31, 2019: 234) that we own, operate or manage in the Latin America Segment.

T 2.32 **KEY INDICATORS FOR THE LATIN AMERICA SEGMENT**

	2020	2019	Change in %		
			As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	684	709	(3)	(24)	21
Health care services	485	499	(3)	(26)	23
Health care products	199	210	(5)	(22)	17
Number of dialysis treatments	5,881,415	5,388,330	9		
Same Market Treatment Growth in %	2.1	2.4			
Operating income in € M	(157)	43	n.a.		n.a.
Operating income margin in %	(22.9)	6.0			
Delivered Operating Income in € M[2]	(157)	42	n.a.		n.a.

[1] For further information on Constant Currency, see chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.
[2] For further information on Delivered Operating Income, including a reconciliation of Delivered Operating Income to operating income for each of our operating segments, see chapter "Overview of the Group" section "Performance management system" starting on PAGE 24.

Health care product revenue decreased by 5 %. Including a 22 % negative impact resulting from foreign currency translation, health care product revenue increased by 17 % due to higher sales of in-center disposables, products for acute care treatments and machines for chronic treatment.

Operating income margin

The decrease period over period in the operating income margin was 28.9 percentage points. Foreign currency translation effects represented a 5.1 percentage point decrease in the operating income margin in the current period. The decrease was mainly impacted by the Impairment Loss (SEE NOTE 2 A of the notes to the consolidated financial statements).

Delivered Operating Income

Delivered Operating Income decreased to a loss of €157 M for the year ended December 31, 2020 as compared to a Delivered Operating Income of €42 M in the comparative period of 2019 due to the Impairment Loss noted above.

Financial position

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

Financial management policies and goals

Besides optimizing our financial costs, our financing strategy gives top priority to ensuring financial flexibility. We remain flexible by being highly diversified with regard to tenors, investors and banks. Our financing profile is characterized by a wide range of maturities up to 2031.

Our main mid- and long-term financing instruments are bonds in euro and U.S. dollar as well as the Amended 2012 Credit Agreement (a syndicated credit agreement with revolving credit facilities and long-term loans in U.S. dollar and euro). Short-term financing needs are covered by issuances under our commercial paper program in euro, the Accounts Receivable Facility in U.S. dollar and bilateral credit facilities.

In our long-term financial planning, we focus primarily on the net leverage ratio, a non-IFRS measure. At December 31, 2020, the net leverage ratio was 2.7 (2019: 3.2). See "Performance management system" - "Net leverage ratio (Non-IFRS Measure)" starting on PAGE 26.

The key financial risks we are exposed to include foreign exchange risk and interest rate risk. To manage these risks, we enter into various hedging transactions that have been authorized by the Management Board with banks which generally have ratings in the "A" category or better. We do not use financial instruments for trading or other speculative purposes (for financial risks, see section "Other risks" in chapter "Risks and opportunities report" starting on PAGE 71 as well as NOTE 23 of the notes to the consolidated financial statements).

Fresenius SE, under a service agreement, conducts financial instrument activities for us under the control of a single centralized department. We have established guidelines for risk management procedures and controls which govern the use of financial instruments. These guidelines include a clear segrega-

tion of duties with regards to execution on the one hand and administration, accounting and controlling on the other.

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

Rating

We are rated investment grade by the three leading rating agencies, Moody's, Standard & Poor's and Fitch (SEE TABLE 2.33).

T 2.33 **RATING**[1]

	Standard & Poor's	Moody's	Fitch
Corporate credit rating	BBB	Baa3	BBB-
Outlook	stable	stable	stable

[1] A rating is not a recommendation to buy, sell or hold securities of the Company, and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

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

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

Sources of liquidity

Our primary sources of liquidity are typically cash provided by operating activities, cash provided by short-term debt, proceeds from the issuance of long-term debt and divestitures. We require this capital primarily to finance working capital needs, fund acquisitions, operate clinics, develop free-standing renal dialysis clinics and other health care facilities, purchase equipment for existing or new renal dialysis clinics and production sites, repay debt, pay dividends and repurchase shares, (see "Net cash provided by (used in) investing activities" starting on PAGE 54 and "Net cash provided by (used in) financing activities" starting on PAGE 55).

At December 31, 2020, we had cash and cash equivalents of €1,082 M (December 31, 2019: €1,008 M).

As of December 31, 2020, our available borrowing capacity resulting from unutilized credit facilities amounted to approximately €2.4 billion. The Amended 2012 Credit Agreement accounted for approximately €1.3 billion in unutilized available borrowing capacity.

Free cash flow (net cash provided by (used in) operating activities, after capital expenditures, before acquisitions and investments) in 2020 amounted to €3,197 M (2019: €1,454 M). Free cash flow is a Non-IFRS Measure and is reconciled to net cash provided by (used in) operating activities, the most directly comparable IFRS measure in section "Performance management system" starting on PAGE 24. Free cash flow accounted for 17.9 % of revenue in 2020 (2019: 8.3 %).

Net cash provided by (used in) operating activities

During 2020 we generated net cash provided by operating activities of €4,233 M (2019: €2,567 M). Net cash provided by operating activities accounted for 24 % of revenue in 2020 (2019: 15 %). Net cash provided by (used in) operating activities is impacted by the profitability of our business, the development of our working capital, principally inventories, receivables and cash outflows that occur due to a number of specific items as discussed below. The increase in net cash provided by operating activities in 2020 was largely driven by U.S. federal relief funding and advanced payments under the CARES Act and other COVID-19 relief (SEE NOTE 4 I of the notes to the consolidated financial statements), including lower tax payments in the North America Segment, partially offset by an increase in inventory levels related to a higher demand for specific products and higher safety inventory levels due to COVID-19.

The profitability of our business depends significantly on reimbursement rates for our services. Approximately 79 % of our revenue is generated by providing health care services, a major portion of which is reimbursed by either public health care organizations or private insurers. In 2020, approximately 32 % of our consolidated revenue was attributable to reimbursements from U.S. federal health care benefit programs, such as Medicare and Medicaid. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide, as well as the scope of Medicare coverage. A decrease in reimbursement rates or the scope of coverage could have a material adverse effect on our business, financial position and results of operations and thus on our capacity to generate cash flow.

In recent years, the stability of reimbursement in the U.S. has been affected by (i) the implementation of the ESRD PPS in January 2011, (ii) across-the-board spending cuts in payments to Medicare providers by the U.S. federal government, commonly referred to as "U.S. Sequestration", (iii) the phased reduction to the ESRD PPS rate to account for the decline in utilization of certain drugs and biologicals associated with dialysis pursuant to the American Taxpayer Relief Act of 2012 as subsequently modified under the Protecting Access to Medicare Act of 2014 and (iv) CMS's 2017 final rule on the Physician Fee Schedule, which partially corrected reimbursement for certain procedures that were materially undervalued in 2016.

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

Net cash provided by (used in) operating activities depends on the collection of accounts receivable. Commercial customers and government institutions generally have different payment cycles. Lengthening their payment cycles could have a material adverse effect on our capacity to generate cash flow. In addition, we could face difficulties enforcing and collecting accounts receivable under the legal systems of and due to the economic conditions in some countries. Accounts receivable balances, net of expected credit losses, represented Days Sales Outstanding (DSO) of average 50 days at December 31, 2020, a decrease as compared to 73 days at December 31, 2019.

DSO by segment is calculated by dividing the respective segment's accounts and other receivables from unrelated parties and contract liabilities, converted to euro using the average exchange rate for the period presented, less any sales or value added tax included in the receivables, by the average daily sales for the last twelve months of that segment, converted to euro using the average exchange rate for the period. Receivables and revenues are adjusted for amounts related to acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold as defined in the Amended 2012 Credit Agreement.

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

T 2.34 DEVELOPMENT OF DAYS SALES OUTSTANDING
IN DAYS

	December 31, 2020	December 31, 2019	Increase / decrease primarily driven by:
North America Segment	26	58	advanced payments under the CARES Act
EMEA Segment	90	96	improvement of payment collections in the region
Asia-Pacific Segment	110	113	improvement of payment collections in the region (mainly in China)
Latin America Segment	134	127	periodic delays in payment of public health care organizations in certain countries
FMC AG & CO. KGAA AVERAGE DAYS SALES OUTSTANDING	**50**	**73**	

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

	Capital expenditures, net		Acquisitions, investments, purchases of intangible assets and investments in debt securities	
	2020	2019	2020	2019
North America Segment	535	567	237	2,080
thereof investments in debt securities			96	11
EMEA Segment	126	130	38	41
Asia-Pacific Segment	74	58	20	28
Latin America Segment	32	26	34	50
Corporate	269	332	26	34
TOTAL	**1,036**	**1,113**	**355**	**2,233**

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

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

Net cash provided by (used in) investing activities

Net cash used in investing activities was €1,335 M for 2020 (2019: €3,286 M). TABLE 2.35 shows our capital expenditures for property, plant and equipment and capitalized development costs, net of proceeds from sales of property, plant and equipment as well as acquisitions, investments and purchases of intangible assets for 2020 and 2019.

The majority of our capital expenditures were used for maintaining existing clinics, equipping new clinics, maintaining and expanding production facilities, capitalization of machines provided to our customers and for Care Coordination as well as capitalization of certain development costs. Capital expenditures accounted for approximately 6 % of total revenue in 2020 (2019: 6 %).

Acquisitions during 2019 were primarily driven by the acquisition of NxStage on February 21, 2019 (SEE NOTE 3 of the notes to the consolidated financial statements) as well as dialysis clinics.

In 2020, we received €57 M from divestitures. These divestitures were mainly related to the divestment of debt securities and certain research & development investments.

In 2019, we received €60 M from divestitures. These divestitures were mainly related to the divestment of MedSpring Urgent Care Centers in Texas, sales of debt securities, the divestment of a California-based cardiovascular business and B.Braun Medical Inc.'s purchase of NxStage's bloodlines business in connection with our acquisition of NxStage.

In 2021 we anticipate capital expenditures of €0.9 to €1.1 BN and expect to make acquisitions and investments, excluding investments in debt securities, of approximately €0.5 to €0.7 BN.

Net cash provided by (used in) financing activities

Net cash used in financing activities was €2,664 M in 2020 (2019: €467 M).

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

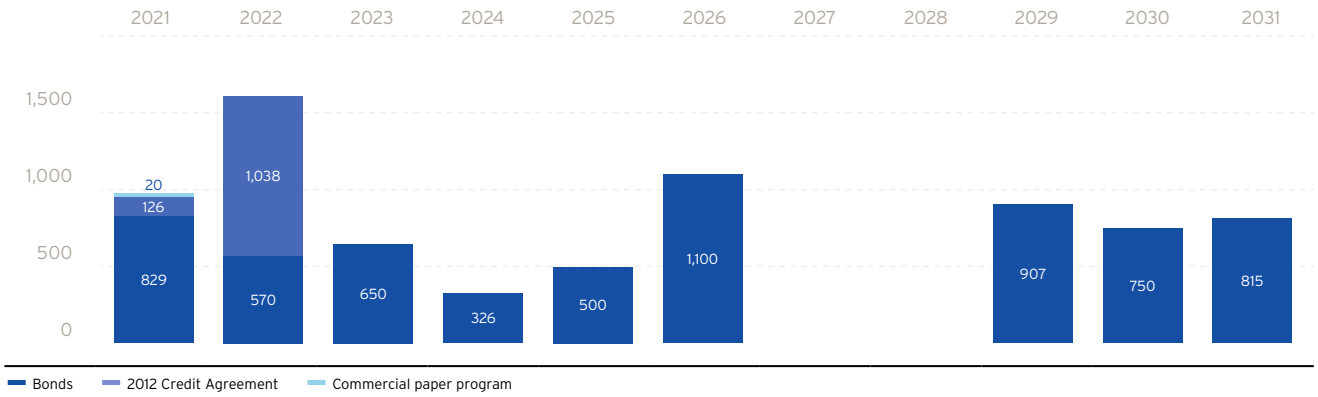
In 2019, cash was mainly used in the repayments of long-term debt (including the current portion of long-term debt primarily driven by the repayment of bonds due in July 2019), repayments of short-term debt (including short-term debt from related parties), repayment of lease liabilities (including lease liabilities from related parties), shares repurchased as part of a share buy-back program, payment of dividends, and distributions to noncontrolling interests, partially offset by proceeds from long-term debt (including the issuance of bonds with a volume of €1,750 M and $500 M as well as additional drawings under the revolving credit facilities of the Amended 2012 Credit Agreement), proceeds from short-term debt (including short-term debt from related parties) and the utilization of the Accounts Receivable Facility.

On September 1, 2020, we paid a dividend of €1.20 per share for 2019 (€1.17 per share for 2018 paid in 2019). The total dividend payment was €351 M in 2020 (2019: €355 M).

CHART 2.36 summarizes our significant financing instruments as well as their maturity structure at December 31, 2020.

For a description of our short-term debt including the commercial paper program, SEE NOTE 13 of the notes to the consolidated financial statements. For a description of our long-term

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



sources of liquidity, including the Amended 2012 Credit Agreement, bonds and the Accounts Receivable Facility, SEE NOTE 14 of the notes to the consolidated financial statements.

TABLE 2.37 summarizes our available sources of liquidity at December 31, 2020.

An additional source of liquidity is our commercial paper program under which up to €1,000 M of short-term notes can be issued on a flexible and continuous basis. As of December 31, 2020, we utilized €20 M and as of December 31, 2019, we fully utilized the commercial paper program.

The amount of guarantees and other commercial commitments at December 31, 2020 was not significant.

At December 31, 2020, we had short-term debt from unrelated parties (excluding the current portion of long-term debt) and short-term debt from related parties in the total amount of €79 M.

TABLE 2.38 summarizes our obligations and commitments to make future payments under our long-term debt and other long-term obligations, and our commitments and obligations under lines of credit and letters of credit as of December 31, 2020.

For long-term contractual obligations related to put options, SEE NOTE 23 of the notes to consolidated financial statements.

Our debt instruments, including the Amended 2012 Credit Agreement, outstanding bonds and the Accounts Receivable Facility contain covenants restricting or limiting our ability to dispose of assets, incur additional debt, create liens or engage in sale-leaseback transactions. However, these are subject to a number of exceptions and qualifications or may be suspended based on a ratings trigger. In addition, under our Amended

T 2.37 AVAILABLE SOURCES OF LIQUIDITY
IN € M

		Expiration per period of			
	Total	Less than 1 year	1 – 3 years	3 – 5 years	Over 5 years
Accounts Receivable Facility[1]	723	723	–	–	–
Amended 2012 Credit Agreement[2]	1,333	1,333	–	–	–
Other unused lines of credit	1,077	1,077	–	–	–
	3,133	**3,133**	**–**	**–**	**–**

[1] Subject to availability of sufficient accounts receivable that meet funding criteria. At December 31, 2020, the Company had letters of credit outstanding in the amount of $13 M (€10 M) which reduces the availability under the Accounts Receivable Facility to the amount shown in this table.
[2] At December 31, 2020, the Company had letters of credit outstanding in the amount of $1 M (€1 M) which reduces the availability under the revolving credit facility to the amount shown in this table.

T 2.38 CONTRACTUAL OBLIGATIONS AND COMMITMENTS[1]
IN € M

		Payments due within a period of			
	Total	Less than 1 year	1 – 3 years	3 – 5 years	Over 5 years
Long-term debt[2]	8,833	1,168	2,527	1,058	4,080
Lease liabilities from unrelated parties	5,047	714	1,332	982	2,019
Lease liabilities from related parties	145	22	44	44	35
Unconditional purchase obligations for inventory	360	197	114	49	–
Other long-term obligations[3]	260	94	68	54	44
Letters of credit	11	11	–	–	–
	14,656	**2,206**	**4,085**	**2,187**	**6,178**

[1] Our pension liabilities are not included in the table of contractual obligations and commitments. The regular or special funding of our pension plans may adversely affect our liquidity in future periods. The liability recognized in our consolidated financial statements may fluctuate significantly in future periods under the following conditions: changes to the discount rate, to the rate of future compensation increases and the development of pensions. Actual results could differ from assumptions due to changing market, economic and governmental regulatory conditions, thereby resulting in an increase or decrease of liabilities. Employer contributions to be paid to the defined benefit plans during fiscal year 2021 are expected to amount to €1 M. For additional information regarding our pension plans and expected payments for the next ten years, SEE NOTE 16 of the notes to the consolidated financial statements. Further unconditional purchase agreements exist with an associated entity of the Company. For further information on these agreements, SEE NOTE 5 of the notes to the consolidated financial statements.
[2] Includes expected interest payments based on fixed interest rates or expected variable interest rates taking into account the principal repayment schedules. To this end, the applicable interest rates (e.g. Libor, Euribor), the applicable margins, and the effects of related interest rate swaps were taken into consideration.
[3] Other long-term obligations consist mainly of production asset acquisition commitments, take-or-pay utilities contracts and intangible asset acquisition commitments.

2012 Credit Agreement and Accounts Receivable Facility, we are obligated to not exceed a maximum consolidated net leverage ratio as defined in these financing agreements.

As of December 31, 2020, we were in compliance with all covenants under the Amended 2012 Credit Agreement and our other financing agreements. For information regarding our Amended 2012 Credit Agreement, bonds and the Accounts Receivable Facility, SEE NOTE 14 of the notes to consolidated financial statements.

Although current and future economic conditions could adversely affect our business and our profitability, we believe that we are well positioned to continue to grow our business while meeting our financial obligations as they come due. Due to the non-discretionary nature of the health care services we provide, the need for health care products utilized to provide such services and the availability of government reimbursement for a substantial portion of our health care services, our business is generally not cyclical. A substantial portion of our accounts receivable is generated by governmental payors. While payment and collection practices vary significantly between countries and even between agencies within one country, government payors usually represent low to moderate credit risk. However, limited or expensive access to capital could make it more difficult for our customers to do business with us, or to do business generally, which could adversely affect our business by causing our customers to reduce or delay their purchases of our health care products (see "Results of operations" above). If the conditions in the capital markets worsen, this could increase our financing costs and limit our financial flexibility.

At our Annual General Meeting scheduled to be held on May 20, 2021, our General Partner and our Supervisory Board will propose to the shareholders a dividend of €1.34 per share for 2020, payable in 2021 (for 2019 paid in 2020: €1.20). The total expected dividend payment is approximately €392 M compared to dividends of €351 M for 2019 paid in 2020.

Our principal financing needs in 2021 relate to repayments of bonds due in February 2021, which were already pre-financed by the bonds issuance in September 2020, as well as amortizations under our Amended 2012 Credit Agreement. The dividend payment in May 2021, anticipated capital expenditures, and further acquisition payments are expected to be covered by our cash flow, using existing credit facilities and, if required, additional debt financing. We currently have sufficient flexibility under our debt covenants to meet our financing needs in the near future. Generally, we believe that we will have sufficient financing to achieve our goals in the future and to continue to promote our growth.

Net assets

Our total consolidated assets in the past fiscal year were €31,689 M, a decrease of €1,246 M (4 %) over the prior year, including a negative foreign exchange impact of 8 %.

Non-current assets decreased by €1,356 M (5 %) to €24,414 M in 2020 and represented 77 % of total assets (2019: 78 %). This decrease includes a negative foreign exchange impact of 7 %. Moreover, non-current assets increased primarily as a result of investments in property, plant and equipment and capitalized development costs as well as an increase in rights of use under leasing agreements, partially offset by a goodwill reduction due to the Impairment Loss in the Latin America Segment.

Current assets increased by 2 % to €7,275 M. This was mainly the result of increased cash and cash equivalents related to U.S. federal relief funding and advance payments under the CARES Act and other COVID-19 relief, as well as increased other current assets mainly due to increased advance payments on invoices. Furthermore, increased finished goods driven by greater demand for specific products and higher safety inventory levels, both as a result of COVID-19, contributed to that increase. These were partially offset by a negative foreign exchange impact of 10 % and a decrease in trade accounts and other receivables from unrelated parties.

Total liabilities were €19,358 M at December 31, 2020, a decrease of €350 M (2 %), including a positive foreign exchange impact of 6 %, from €19,708 M in 2019. This decrease was primarily the result of the reduction in short-term debt and the current portion of long-term liabilities. This was partially offset by the increase in other non-current liabilities as well as current provisions and other non-current liabilities, driven by advance payments received under the Medicare and Medicaid Accelerated and Advance Payment program (€852 M), which were recorded as contract liability upon receipt and recognized as revenue when the services are provided.

Current liabilities account for €1,088 M of our debt, a decrease of €1,531 M (58 %), including a positive foreign exchange impact of 3 %, from €2,619 M in the prior year. Furthermore, the decrease of short-term debt from unrelated parties was mainly a result of repayments under the commercial paper program, the equity-neutral convertible bonds, the U.S. dollar-denominated bonds and a euro-denominated term loan under the Amended 2012 Credit Agreement. The decrease was partially offset by the reclassification of U.S. dollar and Euro-denominated bonds to the current portion of long-term debt, as these will mature in 2021.

Long-term debt increased to €6,800 M from €6,458 M in the prior year, an increase of €342 M (5 %), including a negative foreign exchange impact of 4 %. Furthermore, the increase of long-term debt was mainly a result of the issuance of bonds with a total volume of €1,250 M and $1,000 M. It was partially offset by the reclassification of U.S. dollar-denominated bonds and euro-denominated bonds as well as the quarterly repay-

ments of the remaining term loans under the Amended 2012 Credit Agreement to the current portion of long-term debt, the repayment of revolving loans under the 2012 credit agreement and the reduction of the Accounts Receivable Facility.

Shareholders' equity decreased by 7 % to €12,331 M. The decrease was driven by a negative foreign exchange impact of 11 %, purchases of treasury stock as part of a share buy-back program, dividend payments and distributions to non-controlling interests. It was partially offset by the consolidated earnings and changes in fair value of equity and debt instruments measured at fair value through other comprehensive income. The equity to assets ratio decreased to 39 % at December 31, 2020 from 40 % at December 31, 2019, primarily as a result of the decrease in Equity as well as the increase in long-term debt as well as in current provisions and other current liabilities related to U.S. federal relief funding and advance payments under the CARES Act and other COVID-19 relief. This was partially offset by a decrease in short-term debt and the current portion of long-term debt.

At Group level, ROIC decreased to 5.8 % at December 31, 2020 from 6.1 % at December 31, 2019, driven by the Impairment Loss in the Latin America Segment. Excluding the Impairment Loss as well as excluding both the Impairment Loss and IFRS 16, ROIC was 6,6 % and 7.5 %, respectively, at December 31, 2020 (see reconciliation in section "Performance management system", "Return on invested capital" on PAGE 27). Goodwill, included in the item invested capital, has a significant impact on the calculation of the ROIC. The weighted average cost of capital (WACC), including weighted risk premiums for country risks, was 5.5 %.

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

Management's general assessment

In 2020 we achieved our revenue and net income targets despite the COVID-19 pandemic. Therefore, we are proposing our 24th consecutive dividend increase.

While reported earnings in Q4 were negatively impacted by the impairment in the Latin America Segment and accelerated excess mortality due to COVID-19, we are on track regarding the growth in home dialysis. In order to maintain safe operations during the pandemic we have taken comprehensive measures that have resulted in significantly increased costs in the Dialysis Services business. Through governmental support, in particular in the U.S., accelerated efficiency measures and a strong products business development, we managed to largely compensate these costs.

At the time this Management Report was prepared, the Management Board continued to assess the results of operations, financial position and net assets of Fresenius Medical Care as positive, even though the effects of the increase in excess mortality cannot be compensated. This will affect our earnings development in 2021. To support its 2025 strategy, further strengthen profitability and compensate for the negative earnings effects of the COVID-19 pandemic, Fresenius Medical Care will launch its FME_{25} program. We confirm our 2025 targets that are based on the Company´s mid-term strategy.

SUBSEQUENT EVENTS

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

OUTLOOK

The outlook describes how Fresenius Medical Care expects to perform in fiscal year 2021. These statements take into account all events known at the time the financial statements were prepared which could affect the development of our business in 2021.

BUSINESS POLICY

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and the number of patients treated. We aim to further expand this position in the years ahead. Our products and health care services are at the core of our strategy. To take it to the next level until 2025, we will concentrate on three key areas: the renal care continuum, critical care solutions, and complementary assets. Aspects of the renal care continuum include new renal care models, value-based care, chronic kidney disease and transplantation, and future innovations. Over the next few years, we will use our competence in the critical care business to address a variety of health challenges and continue to leverage our core competencies through partnerships, investments, and acquisitions. This approach constitutes our commitment to long-term sustainable development and growth. We have no plans to make significant changes to our business policy.

SECTOR-SPECIFIC ENVIRONMENT - DIALYSIS MARKET

The Company expects the number of dialysis patients worldwide to grow by about 3 % in 2021 depending on the further development of the global COVID-19 pandemic. The accelerating effects of excess mortality due to the COVID-19 pandemic are continuing into 2021. The further development significantly depends on the adoption and speed of the roll out of vaccinations to our worldwide patient population. Fresenius Medical Care expects to have a significant adverse annualization effect on treatment volumes. Some significant regional differences are likely to remain: The Company anticipates below average growth rates in the U.S., Japan and Western and Central Europe. The number of patients with chronic kidney disease is already relatively high in these countries and regions and patients generally have reliable access to treatment, normally dialysis. In economically weaker regions we expect the growth rates partly to be considerably higher. We expect patient numbers to continue growing in the coming years - SEE TABLE 2.39.

T 2.39 **EXPECTED GROWTH IN PATIENT NUMBERS**

	Growth 2021
North America Segment	0 % to 1 %
EMEA Segment	~2 %
Asia-Pacific Segment	~5 %
Latin America Segment	~(2 %)
WORLDWIDE	**~3 %**

Source: Internal estimates.

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

› Demographic factors: Demographic factors are one of the main reasons for the continued growth of dialysis markets. As average life expectancy rises worldwide, the share of older people in the population is also growing. However, kidney function deteriorates with age. Therefore, demographic change is an important indicator for the future number of dialysis patients, which is expected to increase from around 3.7 M worldwide in 2020 to over 6 M in 2030.
› Increase in lifestyle diseases: Diseases such as high blood pressure and diabetes are on the rise around the world. They can cause damage to the entire organism and also often impair kidney function in the long-term.
› Improved access to medical care: Thanks to ongoing efforts to establish and expand balanced and sustainable health care systems in many countries around the globe, a growing number of patients are gaining access to suitable dialysis treatments for the first time. We expect this trend to continue and drive demand for high-quality products and treatments.
› Changes in the health care industry: The health care industry is constantly changing. We believe that demand for the holistic care of chronic patients will continue to rise. In future, the focus when treating kidney patients will no longer be simply on offering individual dialysis products or services, but also on combining all fields of application related to dialysis and coordinating them more effectively.

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

The volume of the worldwide dialysis market, which amounted to about €82 BN last year according to preliminary estimates, is expected to increase by around 1 % to 4 % per year. This is based on the assumption that exchange rates will remain stable in the forecasting period. The overall volume of the dialysis market could thus reach around €83 BN to €85 by 2021.

In addition, the reimbursement and ancillary services utilization environment significantly influences our business. In the U.S., our biggest sales market, the reimbursements of governmental institutions are lower than the reimbursements of pri-

vate insurers. Therefore, a change in the portion of reimbursements by private insurers in the U.S. influences our business.

KEY PERFORMANCE INDICATORS DEVELOPMENT OF FRESENIUS MEDICAL CARE IN 2021

Fresenius Medical Care's outlook for 2021 is at Constant Exchange Rates. Outlook 2021 is inclusive of anticipated COVID-19 effects and excluding special items. Special items include costs related to the FME_{25} program and effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. These targets are based on the following assumptions:

- excess mortality of dialysis patients to continue to accumulate in the first half of 2021
- COVID-19-related additional costs to remain on high level
- besides the extended suspension of the U.S. Medicare sequestration (until end of March 2021), no further public relief funding is assumed.

The growth rates are based on the results in 2020 excluding special item of Impairment Loss. For a reconciliation of the results 2020 to the results 2020 excluding special items as a basis for the targets 2021, SEE TABLE 2.40.

Revenue

We expect revenue to increase at a low to mid single digit percentage rate at Constant Exchange Rates in 2021.

Revenue growth

We aim revenue to increase at a low to mid single digit percentage rate at Constant Exchange Rates in 2021.

Result of Operations

Operating income

We expect operating income to decline at a mid teens to low twenties percentage rate at Constant Exchange Rates in 2021. This decline for 2021 is based on operating income in 2020 excluding Impairment Loss.

Net income

We expect net income (net income attributable to shareholders of FMC AG & Co. KGaA) to decline at a high teens to mid twenties percentage rate at Constant Exchange Rates in 2021. This decline is based on net income in 2020 excluding Impairment Loss.

Net income growth

We expect net income (net income attributable to shareholders of FMC AG & Co. KGaA) to decline at a high teens to mid twenties percentage rate at Constant Exchange Rates in 2021. This decline is based on net income in 2020 excluding Impairment Loss.

Profitability

We expect ROIC excluding special items to be at least 5.0 % in 2021 compared to 6.6 % excluding Impairment Loss in 2020.

Dividend

Fresenius Medical Care intends to continue its profit-oriented dividend policy in principle.

The expected developments might be influenced by developments described in the risks and opportunities report starting on PAGE 62.

Our Outlook for the financial year 2021 is summarized in TABLE 2.41 ON PAGE 61.

T 2.40 **RECONCILIATION OF RESULTS 2020 TO RESULTS 2020 EXCL. SPECIAL ITEMS AS A BASIS FOR TARGETS 2021**
IN € M

	Results 2020	Impairment Loss	Results 2020 excl. Special items
Revenue	17,859		17,859
Operating income	2,304	195	2,499
Net income[1]	1,164	195	1,359

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

T 2.41 **OUTLOOK KEY PERFORMANCE INDICATORS 2021**

	Results 2020	Outlook 2021 (at Constant Currency, except for ROIC)
Revenue [1]	€17,859 M	growth: low to mid single digit percentage rate
Revenue growth at Constant Currency [1]	–	growth: low to mid single digit percentage rate
Operating income [1]	€2,499 M	decline: mid teens to low twenties percentage rate
Net income [1, 2]	€1,359 M	decline: high teens to mid twenties percentage rate
Net income growth at Constant Currency [1, 2]	–	decline: high teens to mid twenties percentage rate
ROIC in % [1, 3]	6.6	≥ 5.0

[1] Outlook 2021 is inclusive of anticipated COVID-19 effects and excl. special items. Special items include costs related to the FME$_{25}$ program and effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates are based on the results 2020 excl. special item of Impairment Loss. For a reconciliation of results 2020 to results 2020 excl. special items as a basis for targets 2021, see TABLE 2.31 ON PAGE 51.
[2] Net income attributable to shareholders of FMC AG & Co. KGaA.
[3] Results 2020: excl. Impairment Loss. See calculation in chapter "Overview of the group", section "Performance management system" starting on PAGE 24.

FME$_{25}$: TRANSFORMING GLOBAL OPERATING MODEL TO STRENGTHEN PROFITABILITY

To support its 2025 strategy, further strengthen profitability and compensate for the negative earnings effects of the COVID-19 pandemic, Fresenius Medical Care will launch its FME$_{25}$ program. The program will focus on simplification of our operating model. This shall include streamlining and transforming our global operating model, applying learnings from the "new normal" and accelerating the digitalization agenda. Until 2025 we plan to invest up to €500 M in our FME$_{25}$ program to sustainably reduce the cost base. We expect for each euro invested in FME$_{25}$ to sustainably reduce the annual cost and minimally improve operating income by the same amount by 2025.

FINANCIAL TARGETS: 2020 – 2025

As part of the 2025 strategy, Fresenius Medical Care is aiming for growth rates (SEE CHART 2.42) over the next five years:

C 2.42 **OUR FINANCIAL TARGETS: GUIDANCE 2020 – 2025** [1]

[1] at constant currency excluding special items

MANAGEMENT'S GENERAL ASSESSMENT

The excess mortality of dialysis patients due to the COVID-19 pandemic is expected to continue in 2021 and to have a significant adverse effect on treatment volumes. This of course affects the utilization of our clinics network. The further development of the excess mortality rate strongly depends on the increasing number of vaccines being approved, the adoption and speed of the roll out of vaccinations to our worldwide patient population. We also expect additional COVID-19 related costs, in order to protect patients and employees and maintain safe operations.

Our business development will be materially affected by COVID-19 in 2021. To support its 2025 strategy, further strengthen profitability and compensate for the negative earnings effects of the COVID-19 pandemic, Fresenius Medical Care will launch its FME$_{25}$ program. We confirm the 2025 targets that are based on the Company´s mid-term strategy, and we are confident to take our next step towards achieving our goal of providing health care for chronically and critically ill patients across the renal care continuum.

RISKS AND OPPORTUNITIES REPORT

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

RISK AND OPPORTUNITY MANAGEMENT

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

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

RISK MANAGEMENT

Risk management system

The main objective of the risk management system is to identify potential risks as early as possible to assess their impact on business activities and enable us, where necessary, to take appropriate countermeasures. Due to constantly changing external as well as internal requirements and conditions, our risk management system is continuously evolving. In the past financial year, the completeness and validity of risk information within our risk management approach as well as its effectiveness was strengthened by the introduction of a formal process regarding the effectiveness review of countermeasures for certain risks as well as strengthening the interface between the compliance management system and the enterprise risk management system.

The organizational structure of our risk management as well as the previously described processes are shown in CHART 2.43 ON PAGE 63.

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

As part of the risk management system, regional risk coordinators assume the task of coordinating risk management activities within the operating segments with the help of risk management software. These activities relate to existing and potential emerging short-term as well as medium-term risks. Semi-annually, identified risk information is processed by the risk coordinators and discussed in regional/functional risk committees. Subsequently, the central risk management function gathers the risks from regions and functions, analyses and discusses them in the corporate risk committee and communicates the compiled results to the Management Board. The focus during this process is on significant risks, which are above a defined threshold.

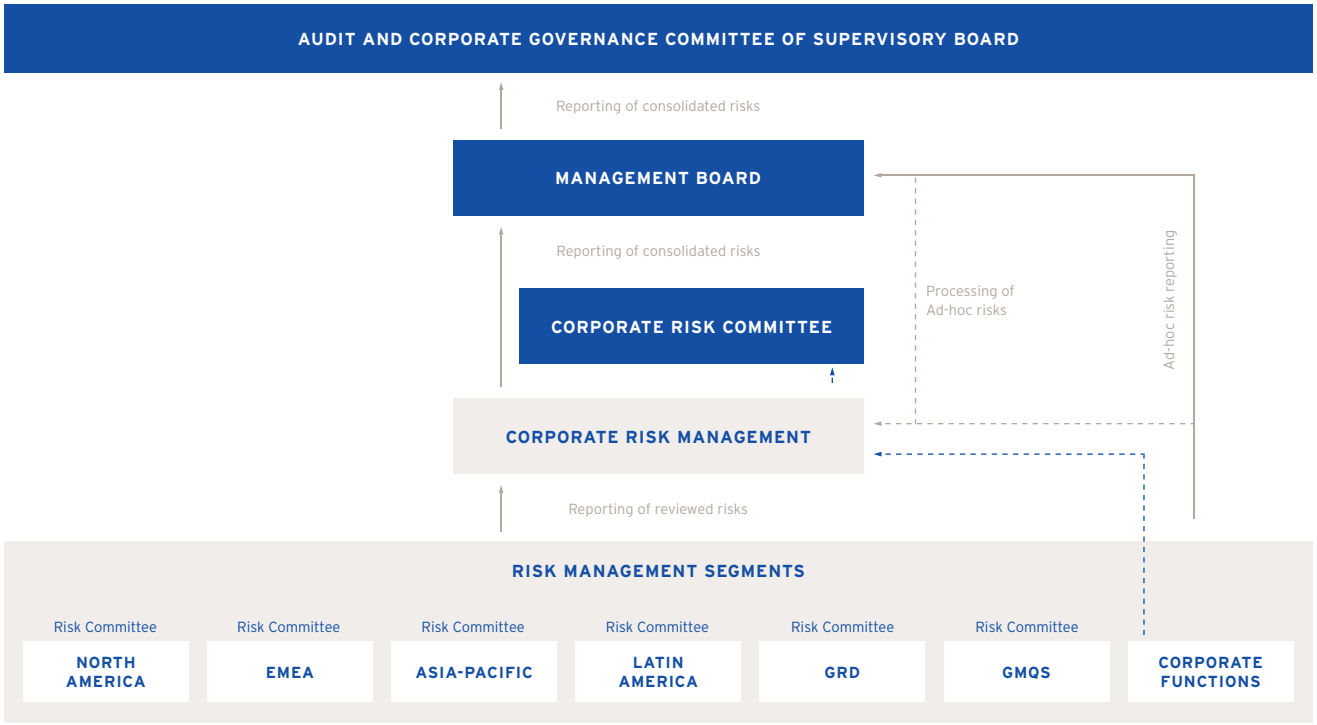
The Management Board and the central risk management are promptly informed of new risks that are estimated to be high or develop into high risks in order to ensure appropriate responses. The effectiveness of the risk management system is monitored by the Audit and Corporate Governance Committee of the Supervisory Board.

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

The Global Internal Audit department is regularly informed about the results of the risk management system. This department determines risk focus areas and audits a selected number of our departments, subsidiaries and IT applications worldwide each year. Determined risk focus areas are audited across all business segments. The department works according to the internationally accepted standards of the Institute of Internal Auditors (IIA), which was confirmed by a quality assessment in 2017. The scope of internal auditing is widespread and involves, among other activities, periodic assessment of the effective-

ness of controls (including legal compliance controls) over business processes, IT security, the reliability of financial reporting and compliance with accounting regulations and internal policies. Our locations and units to be audited are determined annually on the basis of a selection model taking various risks into consideration. This annual audit plan is reviewed and approved by the Management Board and the Audit and Corporate Governance Committee of the Supervisory Board. All audit reports with material observations are presented to the Management Board. The Global Internal Audit department is also responsible for monitoring the implementation of measures mitigating identified deficiencies. The Management Board is informed about the mitigation status on a quarterly basis. The Audit and Corporate Governance Committee of the Supervisory Board is also informed of the audit results. In 2020 the Global Internal Audit department stopped onsite audits due to COVID-19 from March onwards and conducted all audits remote. A total of 40 audits were carried out. Risk focus areas were compliance, acquisitions and cybersecurity.

C 2.43 **RISK REPORTING**



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

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

Our internal control system over financial reporting is designed to provide reasonable assurance that the Group financial statements are issued in accordance with appropriate accounting principles. Our internal reporting process is generally carried out at four levels and is designed for the reliable recording, processing and control of financial data and key figures. At each of these four reporting levels - the local entity, the region, the segment and the entire Group - the figures and data are compared regularly on a monthly and quarterly basis with the previous year's values, budget targets, and the latest projections. In addition, the Management Board and the departments responsible for preparing the annual and consolidated financial statements discuss all parameters, assumptions and estimates that substantially affect the externally reported consolidated and segment results. The Audit and Corporate Governance Committee of the Supervisory Board also reviews current quarterly results and compares them with budgets and projections.

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

Further control mechanisms aimed at achieving reliable financial reporting and correct recording of transactions within the accounting and the consolidation process include automated and manual reconciliations, as well as the separation of certain personnel functions to prevent potential conflicts of interest. All process owners identify and assess the risks of their respective processes in terms of the implications for accounting and financial reporting. These process owners also determine that

corresponding controls are in place to minimize these risks. Changes to accounting standards are discussed on an ongoing basis and considered in the preparation of the financial statements. Employees responsible for financial reporting are provided with regular training regarding changes in accounting standards. The consolidation is performed centrally by the department which is responsible for the group accounting. The basis for the consolidation is derived from reporting packages and sub-group consolidated financial statements prepared and submitted by local group entities. The preparation of reporting packages and sub-group consolidated financial statements is performed according to central requirements and guidelines.

As we are also listed on the New York Stock Exchange, it is required to adhere to the requirements of the U.S. Sarbanes-Oxley Act (SOX). Section 404 of this federal law stipulates that the management boards of companies listed in the U.S. are responsible for implementing and adhering to an effective internal control system to produce reliable financial reporting. Based on this requirement, the design and operating effectiveness of the internal control system over financial reporting are routinely tested and considered in regular internal audits. These criteria are also included in the review by our independent registered public accounting firm.

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

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

As of December 31, 2020, management assessed our internal control system over financial reporting and determined that our internal control over financial reporting as of December 31, 2020 is effective.

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

Risks

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

The scales for classification of potential impact and likelihood as well as the localization of the risks within the risk matrix are depicted in CHART 2.44 ON PAGE 65. The risk areas as well as measures for mitigating the impact or the probability of occurrence of risks within these areas are described in the following section.

Sector-specific risks

Regulatory environment, product quality

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

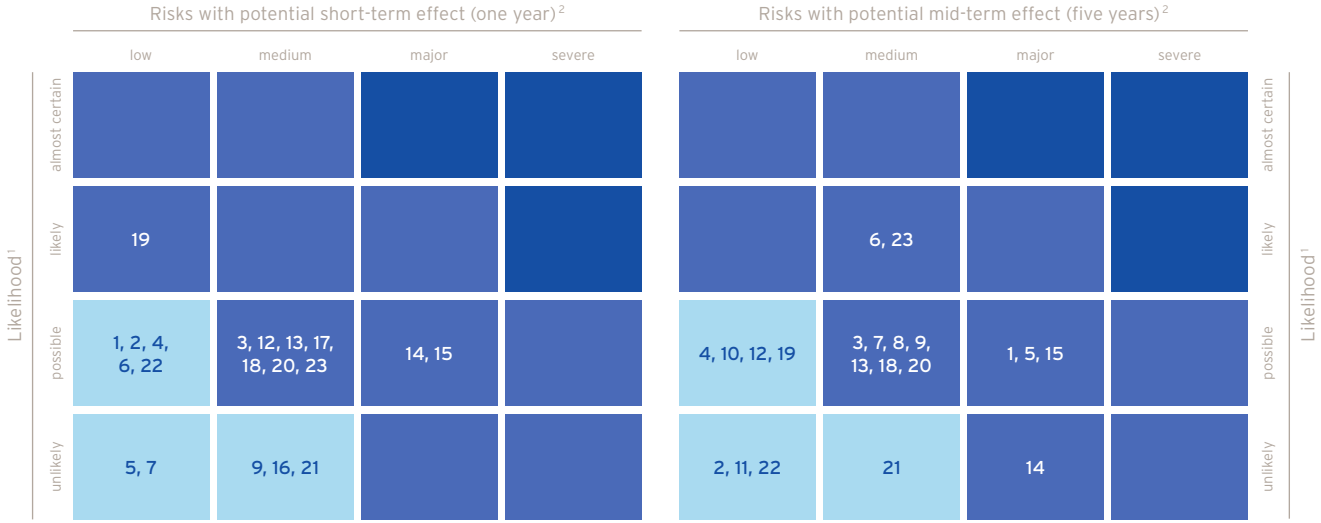
- the quality, safety and efficacy of medical and pharmaceutical products and supplies;
- regulatory approvals and oversight of clinical and certain non-clinical research and development activities;
- product approvals and regulatory approvals for new products or product improvements;
- the operation and licensure of manufacturing facilities, laboratories, dialysis clinics, ambulatory surgery centers and other health care facilities;

- audits and reviews by enforcement authorities, including the Food and Drug Administration (FDA), for compliance with applicable drug regulations;
- product labeling, advertising and other promotion;
- accurate reporting and billing for government and third-party reimbursement including accurate and complete medical records to support such billing;
- the discounting of reimbursed drug and medical device products and the reporting of drug prices to government authorities;
- limits on our ability to make acquisitions or certain investments and the terms of those transactions;
- the collection, dissemination, access, use, security and privacy of protected health information and other protected data;
- compliance with due diligence, warranty obligations and product liability rules and
- compensation of medical directors and other financial arrangements with physicians and other referral sources.

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

If we fail to comply with one or more of these laws or regulations or incurs a quality incident, this may give rise to a number of adverse legal and financial consequences. These include, in particular, loss or suspension of governmental certifications, loss or suspension of licenses under the laws of governmental authority from which we generate substantial revenues, monetary and administrative penalties, recall actions and claims for damages, increased costs for compliance with government

C 2.44 RISKS WITH POTENTIAL SHORT-TERM EFFECT (ONE YEAR) AND MID-TERM EFFECT (FIVE YEARS)



RISK AREA

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

low risk medium risk high risk

[1] Likelihood: **unlikely:** 0 to 10 %, **possible:** > 10 to 50 %, **likely:** > 50 to 90 %, **almost certain:** > 90 to 100 %.

[2] Potential impact: **low:** small negative impact, **medium:** moderate negative impact, **major:** significant negative impact, **severe:** material negative impact.

orders, complete or partial exclusion from government reimbursement programs, refunds of payments received from government payors and government health care program beneficiaries due to any failures to meet applicable requirements or complete or partial curtailment of our authority to conduct business. In the end, these types of risks could no longer be insured. Including the considerable costs of legal defense, all the consequences mentioned above could have a material adverse effect on our business, results of operations and financial condition.

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

Compliance programs implemented in the regions reduce the risk of legal violations by providing general and specific rules of conduct and procedures as well as regular training of the employees according to the specifications. To ensure that our products and services comply with the quality requirements, we implemented quality management systems in the different regions. The employees have access to procedures and work instructions to ensure that the applicable quality requirements are met. In addition, we conduct internal reviews of the production sites and clinics to monitor compliance with quality standards of our products and services. Furthermore, our plants and hospitals are also subject to external reviews by the relevant supervisory authorities.

U.S. federal health care programs

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

Through our value-based agreements and risk products, we assume the risk of both medical and administrative costs for certain patients in return for fixed periodic payments from governmental and commercial insurers. We currently participate in the "Comprehensive ESRD Care initiative" of the Centers for Medicare and Medicaid Services (CMS) as well as in remuneration agreements with insurers under which we receive fixed periodic payments to cover all, or a defined amount of treatment costs, for a defined population of patients (Details and detailed descriptions of the above mentioned and other programs in which we participate can be found in the report in section "Macroeconomic and sector-specific environment" of chapter "Economic Report" starting on PAGE 38).

Under CMS's Comprehensive ESRD Care Model, dialysis providers and physicians can form entities known as ESRD Seamless Care Organizations (ESCOs). ESCOs that achieve the program's minimum quality thresholds and generate reductions in CMS's cost of care above certain thresholds for the ESRD patients covered by the ESCO will receive a share of the cost savings. However, ESCOs may also owe payments to CMS if actual costs of care rise above set thresholds.

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

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

Although efforts to repeal the Affordable Care Act (ACA) have been unsuccessful, further efforts to repeal or revise the ACA, including pending litigation seeking to declare the ACA as unconstitutional, may affect the project's future prospects in ways we currently cannot quantify or predict. We have applied, and were accepted, for participation in CMS' Comprehensive Kidney Care Contracting (CKCC) model. While those entities which were accepted have elected to participate in the implementation period beginning on October 15, 2020, each entity will elect, prior to April 1, 2021, whether to continue its participation at-risk beginning the first performance year. We do not yet know whether we and our partners will be able to deliver better health outcomes while lowering CMS' costs.

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

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

Composition of our customer base

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

Our measures aim to mitigate these risks by actively negotiating long-term contracts with major customers, targeted marketing activities, developing new product and pricing models as well as improving the quality of our services and products.

Reimbursement by private insurers

In the U.S. a portion of the dialysis treatments is reimbursed by private insurers and integrated care organizations; these reimbursements are in general higher than the reimbursements of the public health care systems. As a result, the payments we receive from private payors contribute a substantial portion of our profit. In 2020, approximately 36 % of our consolidated Health Care revenues were attributable to private payors in the North America Segment. If these payors succeed in lowering reimbursement rates in the USA, change the extent or conditions of their networks or if the portion of reimbursements by private insurers in general drops, this could result in a significant reduction in our revenue and operating profit. As of January 1, 2021, for the first time, all ESRD patients are eligible to enroll in Medicare Advantage plans. As a result, some patients with commercial coverage, may elect to move to Medicare Advantage plans which generally pay less than other commercial plans. In addition, the health care insurance industry is experiencing continuing consolidation among insurers and pharmacy benefit managers, including increasing buyer power and impacts on referral streams. This may have an adverse impact on our ability to negotiate favorable coverage terms and commercially reasonable rates with such insurers.

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

A portion of our patients who are currently covered by private insurers may be unable to continue to pay the premiums and may become uninsured for dialysis services or elect to transition to government funded reimbursement programs that reimburse us at lower rates for our services if legislative or regulatory efforts to restrict or eliminate the charitable funding of patient insurance premiums are successful.

Health care reforms

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

In fiscal year 2020, we derived approximately 32 % of our worldwide revenue from Medicare and Medicaid reimbursements in the U.S. Consequently, changes in legislation or reimbursement practices regarding e.g. the End-Stage Renal Disease Prospective Payment System (ESRD PPS), the Physician Fee Schedule, the Clinical Laboratory Fee Schedule, and the

Ambulatory Surgical Center Payment System could influence the volume of Medicare and Medicaid reimbursements for services provided and the insurance coverage.

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

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

In the U.S., the previous administration publicly announced its intention to pursue significant changes to existing health care insurance programs. Although that administration's efforts to repeal or replace ACA were unsuccessful and the current U.S. Administration has stated its intention to maintain and strengthen the ACA, the U.S. Supreme Court heard oral arguments in November 2020 regarding the constitutionality of the ACA. In addition, options to restructure the Medicare program in the direction of a defined-contribution, "premium support" model and to shift Medicaid funding to a block grant or per capita arrangement, with greater flexibility for the states, are also being considered.

In October of 2017, the U.S. administration discontinued making cost-sharing reduction (CSR) reimbursements to insurers, arguing that Congress had failed to appropriate funding for them. In response, many state departments of Insurance (DOIs) either allowed or required insurers to mitigate their losses by increasing the 2018 premiums on their ACA plans. Many insurers also mitigated the impact to themselves by "silver loading", a practice whereby the premiums for silver-level plans were increased to offset the loss of CSR payments. Silver loading may also have mitigated the impact of premium increases to some low-income consumers by increasing their premium tax credits. In 2019 and 2020, all states either permitted or required silver loading. In 2017, several insurers sued the U.S. federal government to reinstate CSR payments. While the Biden administration is expected to reinstate CSR reimbursements and to limit states' access to waivers allowing silver loading, we cannot predict, the extent to which silver loading will continue or how the ongoing litigation over the U.S. federal government's obligation to pay the CSRs might be resolved. As a result, a reduction in the availability of insurance through such exchanges could reduce the number of our commercially insured patients and shift such patients to Medicare and Medicaid.

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

Risks relating to the Company's business

Growth

The health care industry experiences continuing consolidation particularly among health care providers. This development could adversely affect our ability to find suitable acquisition targets and to increase future growth and product sales. Additionally, our ability to make future acquisitions as well as to develop our core dialysis and non-core business depends, in part, on the appropriate strategic target selection, the availability of financial resources and the current restrictions imposed by competition laws as well as existing credit agreements. The integration of acquired businesses may cause problems, e.g. by assuming unknown liabilities, underperformance subsequent to integration, associated requirements from competition authorities or non-compliant business practices not disclosed by the seller or not uncovered during due diligence. We also compete with other health care companies in seeking suitable acquisition targets and developing our core dialysis and non-core business. Any or all of these factors generally could have a material adverse effect on our future growth, including growth of our product sales.

Competitors

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

To ensure our permanent competitiveness, we work closely together with physicians and scientists. Important technologi-

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

Research and development

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

Referral practices

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

Intellectual property

One of the typical intellectual property risks faced by us is inadequate protection of sensitive knowledge in the form of patents for technologies and products we developed This means that competitors could copy our products without incurring comparable development costs. Moreover, a loss of sensitive knowledge could occur due to industrial spying or insufficient employee-non-compete restrictions. In addition, we could infringe the patent of a competitor and thus be liable for damages; this could result in a ban on us further selling the affected product. An inadequate protection of our intellectual property could have an adverse impact on our financial condition and results of operations.

Procurement

Our business is dependent on the reliable supply of several raw materials and finished components for production and service purposes. If we are unable to obtain sufficient quantities of these materials at times of limited availability of such materials, this could result in delays in production or loss of sales and hence have an adverse effect on our results of operations. Similarly, price increases by suppliers and the inability to access new products or technology could also adversely affect our results of operations. In certain necessary cases products are obtained from a sole supplier. A failure of such a supplier could adversely affect our ability to manufacture, distribute or sell our products in a timely or cost-effective manner. Due to the stringent regulations and requirements of regulatory agencies we may not be able to quickly establish additional or replacement sources.

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

Personnel

Our continued growth in the health care business will depend upon the ability to attract and retain skilled workforce, including highly skilled nurses and other medical personnel. Competition for those employees is intense and shortages for these sought-after employees, such as nurses, or skilled engineers and research and development personnel, may increase our and recruiting costs and / or impair our reputation for produc-

tion of technologically advanced products. Moreover, we consider that future success in the provider business depends on the ability to attract and retain qualified physicians to serve as employees of or consultants to our health care services businesses. Our health care products business depends on the development of new products, technologies and treatment concepts to be competitive. Additionally, in recruiting, employing and retaining personnel we may be exposed to increasing risks relating to various labor and staffing laws, legislative, union or other labor-related activities or changes. Further, these factors could impact the integration of acquired companies into our operations, which could increase our costs, decrease our productivity and prevent us from realizing synergies from acquisitions. If we are unable to manage the risks mentioned, then our growth and results of operations could be adversely impacted.

Corruption and fraud

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

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

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

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

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

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

Information systems and business processes

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

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

In May 2020, our IT systems were attacked which resulted in certain patient data being illegally published in Serbia. We immediately filed a complaint against the unknown attackers with the public prosecutor in Germany and we have contacted the patients who were affected by the illegal data publication as well as other relevant regulatory agencies and stakeholders. Furthermore, we intensified our efforts to implement response measures, which include for example Network monitoring for suspicious activity, endpoint threat protection and improvements in the back-up and data loss recovery plans. There was

no material impact to the financial condition and results of operations as a result of this attack.

Using its Information Security Management System (ISMS), which is based on the internationally recognized security standard ISO 27002, our security guidelines and processes are enhanced continuously. Business data is backed up regularly and disaster recovery plans, which are regularly tested and improved, are in place. We operate three data centers at geo-graphically separate locations to maximize the availability and data security of IT systems. A mirrored infrastructure that creates a copy of critical systems is in use. In general, we continue to enhance our internal information and reporting systems to ensure that their structure meets evolving needs.

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

Other risks

Liquidity and financing

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

Furthermore, inadequate indebtedness could jeopardize the successful execution of our business strategy, increase our vulnerability to general adverse economic conditions as well as limit our ability to obtain necessary financing. At December 31, 2020 respectively December 31, 2019, the Group had financial debt and lease liabilities of €12.38 BN respectively €13.78 BN. Our credit agreements and notes include covenants that require maintaining certain financial ratios or meeting other financial tests. The covenants also restrict our ability to dispose of assets, incur debt, pay dividends and other restricted payments, create liens or make investments or acquisitions. The breach of any of the covenants could result in a default and acceleration of payments of the indebtedness, which would have an adverse effect on our business, financial condition and results of operations. We consider ourselves able to maintain the required financial ratios at present and in the near future.

Currencies and interests

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

We enter into derivatives, particularly interest rate swaps and to a certain extent, interest rate options to protect against the risk of rising interest rates. These interest rate derivatives are designated as cash flow hedges and have been entered into in order to effectively convert payments based on variable interest rates into payments at a fixed interest rate. At December 31, 2020 no interest rate swaps were in place. At December 31, 2019, the notional amount of the euro-denominated interest rate swaps in place was €0 M.

Derivative foreign currency contracts are entered into for the purpose of limiting the exchange rate exposure from sales and purchases as well as lendings and borrowings between our subsidiaries located in different countries and reporting in different currencies. A large portion of the transaction exposures arise from sales of products from our subsidiaries in the euro region to other international business units. The aggregate notional amount of foreign currency hedge contracts as of December 31, 2020 was €1,672 M, primarily for hedging Euro exposure to the U.S. dollar and various other currencies. Economic hedges, which we use, are accounted for as recognized hedges in the consolidated financial statements, when necessary.

The estimation and quantification of transaction risks from foreign currencies is determined according to the statistical risk measure Cash Flow at Risk (CFaR). CFaR indicates the maximum amount of a potential loss of the forecasted foreign

exchange cash flow of the next twelve months that occurs with a probability of 95 %. As of December 31, 2020, our CFaR amounts to €59.6 M.

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

Litigation and other exposures

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

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

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

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

Taxes

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

In general, tax-relevant issues are, as necessary, coordinated with internal tax experts regarding compliance with applicable tax laws. If necessary, statements and opinions by external consultants are obtained to minimize tax risks.

International operations

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

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

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

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

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

Developments of this nature are continuously monitored and analyzed and response measures like the extension of local production capacities, the adaptation of product designs, organizational changes and various others are set in place based on case by case decisions.

Unpredictable events

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

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

Global economic conditions and disruptions in financial markets

We are dependent on the conditions of the financial markets and the global economy. In order to pursue our business, we are reliant on capital, as are our renal product customers and commercial health care insurers. Limited or more expensive access to capital in the financial markets could adversely affect our business and profitability.

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

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

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

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

COVID-19

COVID-19 has resulted in a material deterioration of the conditions for the global economy and financial markets. The financial impact of COVID-19 on our financial condition and results as of and for the year ended December 31, 2020, has not been material.

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

Given the already compromised health condition of typical dialysis patients, our patients represent a heightened at-risk population. Increased mortality rates in either the pre-end-stage renal disease patient population or in our ESRD patient population compared to the historical average are expected to materially and adversely affect our operating results for 2021. Patients suffering from end-stage renal disease generally have co-morbidities which has resulted, and may continue to result, in more of our dialysis patients requiring hospitalization. Also, it appears that COVID-19 has resulted in an increase in persons experiencing temporary renal failure in many areas in which we operate, and we expect to continue to incur additional staffing costs required to meet the resulting increased demand for dialysis treatment and / or to provide equipment and medical staff needed for emergency treatments, for example in hospitals. We expect negative effects through 2021 and in the mid-term on our business depending mainly upon the adoption and speed of the rollout of vaccinations.

Various governments in regions in which we operate have provided economic assistance programs to address the consequences of the pandemic on companies and to support healthcare providers and patients. In the U.S., the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) has been enacted to mitigate certain adverse financial impacts of the pandemic, including impacts in the health care sector. Additional funding provided under the CARES Act and other COVID-19 relief provides some financial support to our business in the U.S. through suspension of the 2 % Medicare payment sequestration reduction from May 2020 to March 31, 2021, as well as through accelerated and advance payments of Medicare reimbursement and grants to defray expenses and mitigate the loss

of revenues related to the COVID-19 pandemic. However, these measures may not fully offset potential lost revenues and increased costs and we do not expect additional governmental assistance during 2021.

Further legislation and amendments to existing legislation intended to fight the COVID-19 pandemic and its adverse economic consequences may be enacted in the markets in which we operate. As the COVID-19 pandemic is prolonged, the risk of further government intervention or measures to counteract the pandemic could impact our business globally.

In addition, to the extent that the COVID-19 pandemic adversely affects our business, net assets, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this report.

Changes in the risk situation

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

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

One-year period:

Since all major commercial payor contracts are under agreement for greater than one year, the risk from reimbursement by private insurers (5) has decreased to a low risk.

The risk from health care reforms (6) is now considered a low risk, which is mainly a result of the decreased uncertainty with regards to reimbursements of Calcimimetics as they are now reimbursed at a fixed rate.

The risks regarding Research & Development risk (9) as well as tax issues (19) were assessed for the first time from a short-term perspective and are considered a low and medium risk, respectively.

The risk from global economic conditions (22) decreased to a low risk due to the write-off of goodwill for region Latin America.

An assessment of potential adverse impacts on operational, financial and strategic objectives that result from the COVID-19 pandemic and taken countermeasures (23) resulted in a medium risk.

Five-year period:

Increasing competitor activities in the areas of home dialysis, managed care and digital services increase risk from competitors (8) to a medium risk.

An assessment of potential adverse impacts on operational, financial and strategic objectives that result from the COVID-19 pandemic and taken countermeasures (23) resulted in a medium risk.

OPPORTUNITIES MANAGEMENT

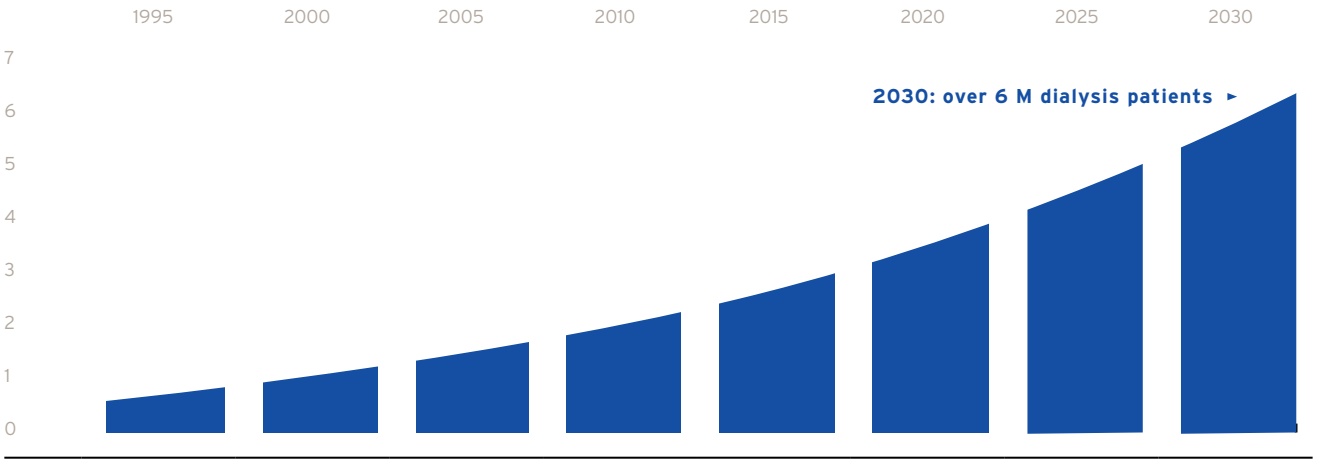
Opportunities management system

As much of our business is organized by region, we are able to identify industry-specific trends and requirements as well as the resultant opportunities in the different regions at an early stage and gear our actions to them. We also perform comprehensive quantitative and qualitative analyses to enable us to capture business opportunities. This involves systematically evaluating relevant market data, closely examining research projects and taking general social trends into consideration. Our analyses focus on general economic, industry-specific, regional and local developments as well as regulatory changes. In addition, our Strategy and Planning departments and the managers of other divisions cooperate closely to allow us to identify global opportunities as early as possible.

Opportunities

As a vertically integrated dialysis company, Fresenius Medical Care can offer almost all of the products and services that seriously and chronically ill patients require across the renal care continuum. Our network of 4,092 dialysis clinics in around 50 countries is the largest of its kind in the world. As a result, we possess valuable dialysis expertise that is unique in the industry. Thanks to this wealth of experience, we know that high quality is not only the key to a better quality of life for patients, but can also make a significant contribution to reducing the costs of health care. In this context, we are relying more than ever on digitization, which offers us new possibilities in kidney therapy, especially in the field of telemedicine and home dialysis. Numerous opportunities open up due to regenerative medicine, especially in the area of cell therapies, tissue engineering and transplants. Based on this understanding and our business model, major opportunities arise that could have a positive impact on the results of operations,

C 2.45 **NUMBER OF DIALYSIS PATIENTS WORLDWIDE - FORECAST TO 2030**
IN M



Source: Internal estimates

financial position and net assets of Fresenius Medical Care as things stand today. Unless otherwise stated, the opportunities mentioned apply to all segments.

Industry-specific opportunities

Growth in patient numbers and demographic development

The dialysis market is a growth market that is largely unaffected by common macroeconomic influences. According to estimates, the number of people worldwide suffering from chronic kidney failure and requiring dialysis treatment is rising at a rate of around 3 to 6 % annually. It is expected to reach around 3.8 M patients in 2021 and more than 6 M by 2030 (SEE CHART 2.45). Social trends play a role in this increase in patient numbers. In Europe and the U.S. in particular, they include the aging population and the increasing incidence of diabetes and hypertension, two illnesses that frequently precede the onset of chronic kidney failure. In developing and emerging countries, the growing population and steadily improved access to dialysis as a result of increasing wealth are key factors that further boost demand for dialysis products and services. We want to continue to make a significant contribution to meeting this demand in the future.

Changes in legal and political conditions

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

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

Growing demand for holistic, value-oriented health care

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

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

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

In 2019, the U.S. President signed an Executive Order on advancing kidney health. Among other things, it directs the U.S. Department of Health and Human Services to develop new Medicare reimbursement models. One of these, the ESRD Treatment Choices Model (ETC Model), is mandatory and

creates financial as well as other incentives for home dialysis treatments and kidney transplants. The final rule for the ETC Model was published in September 2020, comes into force in 2021, and provides fundamental opportunities for expanding home dialysis and kidney transplants, particularly in the U.S.

Expansion of home dialysis

If patient numbers grow as strongly as anticipated, cost pressure continues to rise and clinics reach full capacity, home therapies are expected to take on a more important role in dialysis, not only as a result of the ETC Model. This development could be advantageous for Fresenius Medical Care, as it presents us with growth opportunities. We offer a host of different products and innovative solutions for home dialysis. By acquiring the U.S. company NxStage, which develops, produces and markets dialysis machines and other products for home dialysis and intensive care, we have further expanded our home dialysis portfolio. Digital solutions in the field of telehealth and applications underpin our plans and are essential to be able to offer this form of therapy to more people. We focus firmly on the needs of our patients by presenting them with the widest possible range of therapy options. This gives them the freedom to choose what form of treatment is currently best for them. Self-determination is a key pillar of our vision to improve our patients' quality of life.

Opportunities related to our business operations

New products and technologies

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

New forms of kidney therapy through digitalization

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

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

Disruptive treatment options through regenerative medicine

We are investing in promising technologies and research approaches in the field of regenerative medicine, which we hope will present us with new, increasingly disruptive treatment options in the long term. The focus here is on cell therapies, tissue engineering and transplants.

As a result of our investment in Humacyte, we expect our patients to have fewer complications, infections and surgical procedures. Humacyte grows blood vessels from donated muscle cells in a bioreactor. Depending on the results of research trials, these blood vessels could provide safer and more stable vascular access and reduce catheter contact time for hemodialysis patients in the future. Beyond its use for dialysis access, the human acellular vessel (HAV) is also promising for treating peripheral arterial occlusive disease (PAOD) and traumas.

Fresenius Medical Care holds further participations in the field of regenerative medicine through Unicyte AG and Fresenius Medical Care Ventures GmbH. These have enabled us to expand our range of treatments in this area, particularly in early phases of chronic kidney disease. In addition, we have made substantial progress in the field of transplants through eGenesis, a company that has developed a multiplex platform based on the CRISPR/Cas9 technology. We expect this approach to enable safe and effective xenotransplantation, e.g. from pigs to humans.

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

Growing demand for critical care solutions

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

Investments and complementary assets

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

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

Internal organization and procedures

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

Sustainability

To identify, assess and capture the opportunities associated with sustainability, Fresenius Medical Care continuously analyzes key economic, social and environmental issues. In doing so, we look at the entire value chain of our business activities. Developing an effective global sustainability management system is an opportunity for us to embed sustainability in our business activities systematically and structurally. Our sustainability management system helps us to maintain our reputation and acceptance in society and to meet increased demand for sustainability in our business operations from key interest groups. This results in further opportunities for Fresenius Medical Care to position itself as a reliable, efficient partner and an attractive employer.

Fresenius Medical Care's business model

Our business model itself also provides opportunities for Fresenius Medical Care's future growth. As a vertically integrated dialysis company, we not only offer almost all of the products and services that a patient with chronic kidney failure requires for treatment, but also use these on a daily basis in our own clinics. As a result, we can incorporate the feedback from our patients, physicians and nurses worldwide in developing and manufacturing new products as well as in organizing our clinic management. This gives us a crucial competitive edge.

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

Our risk management system forms the basis for assessing overall risk. The overall risk position of Fresenius Medical Care is determined by the individual risks described above. Changes in the Group's risk situation compared to the previous year occurred as stated in the paragraph of the same name starting on PAGE 74. As far as we are aware, there are currently no risks that could endanger the continued existence of Fresenius Medical Care. In the course of the Company-wide review as part of the integrated management system, we also monitor the effectiveness of the implemented risk management system and make improvements where necessary. The Management Board will continue to expand our risk management as well as the review of the associated management system to be able to identify, examine and evaluate potential risks even more quickly and initiate appropriate countermeasures. We believe that we have taken all necessary organizational steps to recognize potential risks early on and to respond to them appropriately.

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

CORPORATE GOVERNANCE FUNDAMENTALS

Fresenius Medical Care has the legal form of a partnership limited by shares (KGaA). The Company's corporate structure is set out in the appendix of the notes to the consolidated financial statements starting on page 154. The Company's management and supervisory structure is set out in the corporate governance report of the Annual Report starting on page 102.

CORPORATE GOVERNANCE DECLARATION

In fiscal year 2020, the Company made use of the option to publish the Corporate Governance Declaration (Erklärung zur Unternehmensführung) on the Company's website pursuant to sec. 315d German Commercial Code (HGB) in conjunction with sec. 289f para. 1 HGB. The Corporate Governance Declaration is available on the Company's website at www.freseniusmedicalcare.com/en/home/investors/corporate-governance/declaration-on-corporate-governance/. It is also set out in the corporate governance report starting on PAGE 102.

CHANGE IN MANAGEMENT STRUCTURE

Effective January 1, 2020, Franklin W. Maddux, MD, the Company's Global Chief Medical Officer, was appointed to the Management Board. He heads the Global Medical Office (GMO), which is responsible for standardizing medical treatments and clinical processes within the Company.

COMPENSATION REPORT

The description of both the compensation system and individual amounts paid to the Management Board and the Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA are included in the Compensation Report which is part of the corporate governance report starting on PAGE 124. The Compensation Report is an appendix of the group management report and is part of Fresenius Medical Care's group management report.

TAKEOVER-RELATED DISCLOSURES

Share capital held by the Company's shareholders as of December 31, 2020, totals approximately €293 M, divided into 292,876,570 non-par bearer shares, and a nominal value of €1 each. On the basis of the authorization granted by the Company's annual general meeting on May 12, 2011 to conduct a share buyback program, the Company repurchased 7,548,951 of its own shares during financial year 2013. The Company redeemed 6,549,000 of these repurchased shares on February 16, 2016. On the basis of the authorization granted by the Company's annual general meeting on May 12, 2016 to conduct a share buyback program, the Company repurchased further 660,000 of its shares from December 11, 2017 up to and including December 21, 2017, and further 431,000 of its shares from May 28, 2018 up to and including June 8, 2018. The Company redeemed the 1,091,000 shares repurchased in 2017 and 2018 on December 12, 2018. In the period from March 12, 2019 up to and including May 10, 2019, the Company repurchased further 3,770,772 shares for an average weighted stock price of €71.55 on the basis of the authorization granted by the Company's annual general meeting on May 12, 2016. The Company redeemed the 3,770,772 shares repurchased in the period from March 12, 2019 up to and including May 10, 2019 on June 28, 2019. On the basis of the authorization granted by the Company's annual general meeting on May 12, 2016 to conduct a share buyback program, the Company repurchased further 10,795,151 shares for an average weighted stock price of €63.50 per share in the period from June 17, 2019 up to and including April 1, 2020. On December 10, 2020, the Company redeemed these 10,795,151 treasury shares together with the remaining 999,951 shares repurchased pursuant to the share buyback program in 2013 for the purpose of capital reduction. Thus, as of December 31, 2020, the Company does not hold any treasury shares. The treasury shares were acquired in the course of share buyback programs on the stock exchange via the XETRA trading system and/or - for the share buyback program since June 17, 2019 - via selected multilateral trading facilities (MTF).

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

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

The General Partner will cease to be General Partner of the Company if and when all shares in the General Partner entity are no longer held directly or indirectly by one party, which at

the same time must hold, directly or indirectly by means of controlled company as defined in Section 17 (1) AktG, more than 25 % of the Company's share capital. This does not apply if all the shares of the General Partner entity are held directly or indirectly by the Company. Additionally, the General Partner will cease to be the Company's General Partner if the shares in the General Partner entity are acquired by another person.

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

The other grounds for withdrawal as provided by the law remain unaffected with respect to the General Partner.

As of December 31, 2020, Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, Germany holds 94,380,382 shares of the Company, which corresponds to a 32.23 % holding and hence exceeds 10 % of the Company's total share capital.

The appointment and removal of members of the Management Board of the General Partner entity are governed by Sections 84 and 85 AktG. Changes to the Articles of Association of the Company must be made in accordance with Section 278 (3) No. 179 in conjunction with Section 133 AktG. The Articles of Association entitle the Company's Supervisory Board to make amendments to the Articles of Association which concern only its working without resolution of the general meeting.

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

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

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

In addition, share capital shall be subject to a conditional increase of up to €9.494 M. This conditional capital increase will only be carried out to the extent that options were issued in accordance with the Stock Option Plan 2011 based on the shareholders' resolutions of May 12, 2011 and May 12, 2016, provided the holders of such options exercises their rights and the Company does not issue any of its own treasury shares to settle those options. With regard to options issued to members of the Management Board of the General Partner entity, the Supervisory Board of that entity shall be responsible.

In accordance with the resolution taken at the annual general meeting on May 12, 2016, the General Partner is authorized to acquire treasury shares until May 11, 2021 and up to a maximum of 10 % of the share capital in place on the date of the resolution. At no stage shall the acquired shares together with the treasury shares held by the Company or attributable to it pursuant to Sections 71a ff. AktG exceed 10 % of the Company's share capital. The acquisition can be made via the stock exchange or by means of a public invitation to submit offers for sale. The authorization may not be used for the purposes of trading in its own shares. The General Partner is authorized to use the shares of the Company acquired on the basis of this or an earlier authorization for all legally admissible purposes, in particular also (i) to withdraw them from circulation without any requirement for a further resolution to be taken at the annual general meeting, (ii) to sell them to third parties in return for contributions in kind, (iii) rather than using conditional capital, to award them to employees of the Company and its affiliates (including to members of the executive managements of affiliates) and to use them to service rights or commitments to acquire shares of the Company, and (iv) to service bonds with option or conversation rights issued by the Company or by dependent companies as defined by Section 17 AktG.

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

Hof an der Saale, February 26, 2021

Fresenius Medical Care AG & Co. KGaA

Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

NON-FINANCIAL GROUP REPORT

ABOUT THIS NON-FINANCIAL GROUP REPORT

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

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

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

BUSINESS MODEL

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

SUSTAINABILITY MANAGEMENT

STRATEGY

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

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

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

GLOBAL TARGETS

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

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

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

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

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

MATERIAL TOPICS

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

SUSTAINABILITY GOVERNANCE

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

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

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

RISK MANAGEMENT

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

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

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

STAKEHOLDER INCLUSION

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

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

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

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

SUSTAINABILITY IN THE SUPPLY CHAIN

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

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

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

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

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

RESPONSIBILITY FOR PATIENTS

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

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

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

IMPROVING QUALITY OF CARE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Digitizing health care

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

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

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

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

Collaborating to improve health care

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

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

ACCESS TO HEALTH CARE

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

Patient support in emerging countries

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

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

Patient support in crisis and emergency situations

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

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

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

PRODUCT SAFETY AND QUALITY

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

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

Certification and audits

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

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

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

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

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

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

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

Product improvements

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

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

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

T 3.3 CERTIFICATION OF OUR PLANTS

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

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

T 3.4 AUDIT SCORES

	2020	2019
Audit score	0.2	0.2

Reporting adverse events and product complaints

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

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

EMPLOYEES

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

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

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

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

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

EMPLOYEES WORLDWIDE

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

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

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

ATTRACTING AND DEVELOPING TALENT

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

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

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

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

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

EMPLOYEE ENGAGEMENT

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

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

Inclusion and diversity

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

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

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

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

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

Dialog with employee representatives

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

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

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

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

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

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

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

HEALTH AND SAFETY

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

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

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

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

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

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

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

TABLE 3.5 ON PAGE 92 shows the employment overview.

T 3.5 EMPLOYMENT OVERVIEW

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

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

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

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

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

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

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

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

PROMOTING INTEGRITY

COMPLIANCE

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

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

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

Prevent, detect and respond

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

Monitoring adherence to standards

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

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

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

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

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

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

T 3.6 **TOPICS OF THE REPORTS RECEIVED**

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

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

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

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

Enhancing our compliance program

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

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

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

SAFEGUARDING DATA

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

Privacy program and strategy

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

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

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

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

agreements and personal commitments to those whose data we process.

Cybersecurity

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

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

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

Responsibility to owners of personal data

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

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

Awareness and training

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

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

HUMAN RIGHTS

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

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

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

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

IDENTIFYING AND MANAGING OUR IMPACT ON HUMAN RIGHTS

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

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

AWARENESS AND COLLABORATION

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

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

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

ENVIRONMENTAL PROTECTION

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

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

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

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

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

ENVIRONMENTAL MANAGEMENT

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

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

REDUCING THE ENVIRONMENTAL IMPACT

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

Water

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

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

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

T 3.8 **WATER CONSUMPTION**

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

[1] In part subject to extrapolations.

Energy

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

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

T 3.9 **ENERGY CONSUMPTION**

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

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

Greenhouse gas emissions

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

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

T 3.10 **GREENHOUSE GAS EMISSIONS**

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

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

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

Waste

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

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

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

IMPROVING THE ECO-PERFORMANCE OF PRODUCTS AND SERVICES

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

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

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

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

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

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

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

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

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

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

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

PRACTITIONER'S RESPONSIBILITY

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

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

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

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

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

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

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

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

ASSURANCE CONCLUSION

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

INTENDED USE OF THE ASSURANCE REPORT

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

Frankfurt am Main, February 22, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
[German public auditor]

ppa. Mirjam Kolmar

CORPORATE GOVERNANCE

DR. DIETER SCHENK
Chairman of the Supervisory Board

REPORT BY THE SUPERVISORY BOARD

For Fresenius Medical Care, the past fiscal year was characterized by the Covid-19 pandemic and confronted the company with extraordinary challenges. As a healthcare company and global market leader in dialysis, Fresenius Medical Care is aware of its responsibility to improve the lives of patients around the world. The company can be proud that it has succeeded in guaranteeing medical care with its products and services despite the pandemic and the accompanying restrictions, and in maintaining high-quality production, supply chains and medical services.

In economic terms, the year under review was successful for the company. Fresenius Medical Care achieved a solid revenue and a strong earnings growth and has reached its aims for the fiscal year 2020 despite the Covid-19 pandemic.

Mr. Frank Maddux, MD, was appointed as a member of the Management Board of the General Partner, Fresenius Medical Care Management AG, (hereinafter the "Management Board") in his function as Global Chief Medical Officer with effect as of January 1, 2020. He had previously been entrusted with the newly created position of Global Chief Medical Officer of the company and is to link clinical research and therapy even more closely. Apart from this new appointment, there were no significant events concerning the organization and composition of the Management Board or the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (hereinafter the "Company").

The Supervisory Board also in the past fiscal year observed all duties imposed on it by law, the Articles of Association and the Rules of Procedure. In this context it also took into account the recommendations of the German Corporate Governance Code. The Supervisory Board supervised the General Partner within its responsibility and regularly advised the Management Board and was involved in decisions of fundamental importance to the company.

All relevant questions of the business policy, the company's planning and the strategy were subject to the deliberations of the Supervisory Board. Reports of the Management Board on the progress of the business, the profitability and liquidity as well as on the situation and perspectives of the Company and the group formed the basis for the work of the Supervisory Board. Further topics were the risk situation and risk management. Additional items on the agenda were discussions on acquisition and investment projects. The Supervisory Board and its competent committees comprehensively discussed these as well as also all further significant business events. Furthermore, the Supervisory Board also in the past year reviewed the development of the acquisitions of the previous years. The Supervisory Board passed resolutions within its competencies according to law and the Articles of Association.

MEETINGS

In the past fiscal year, seven meetings of the Supervisory Board, some of which lasted several days, took place. Some of the meetings were held as video conferences due to the Covid-19 pandemic and the associated travel and meeting restrictions. The Supervisory Board also met regularly without the Management Board.

The participation rate of the members in the meetings of the Supervisory Board and its committees was 100 %. The TABLE 4.1 ON PAGE 104 shows the participation of the members in the meetings of the Supervisory Board and the committees in the past fiscal year.

T 4.1 **PARTICIPATION OF MEMBERS OF THE SUPERVISORY BOARD**
IN MEETINGS AND TELEPHONE CONFERENCES IN 2020

	Supervisory Board	Audit and Corporate Governance Committee	Nomination Committee	Joint Committee	Special Joint Committee
Dr. Dieter Schenk (Chairman)	7/7	-	2/2	-	3/3
Rolf A. Classon (Vice Chairman)	7/7	9/9	2/2	0/0	-
William P. Johnston	7/7	9/9	-	0/0	-
Dr. Dorothea Wenzel	7/7	-	-	-	-
Pascale Witz	7/7	9/9	-	-	3/3
Prof. Dr. Gregor Zünd	7/7	-	-	-	-

The Management Board and the Supervisory Board cooperate on a trust basis to the benefit of the company. The Supervisory Board was in regular contact with the Management Board and was always promptly and comprehensively informed by it. Between meetings, the Management Board reported to the Supervisory Board in writing. During the meetings, the Management Board also informed the Supervisory Board verbally. In addition, the Supervisory Board also last year was in contact with members of the senior management level. The members of the Management Board were further available to the Supervisory Board for follow-up queries. The Chairman of the Supervisory Board maintained continuous contact with the Management Board outside the meetings, in particular with the Chairman of the Management Board and consulted with him questions regarding strategy, business development, the risk situation, risk management and compliance of the company. In case of important occasions or events, the Chairman of the Management Board promptly informed the Chairman of the Supervisory Board. In such cases, the Chairman of the Supervisory Board subsequently informed the other members of the Supervisory Board in the next meeting at the latest. During the entire fiscal year, the Chairman of the Supervisory Board also was in close contact with the other members of the Supervisory Board. In the year under review, the Chairman of the Supervisory Board was also available for communication with investors to the extent permitted by law and in close coordination with the Management Board.

FOCUS OF THE DISCUSSIONS IN THE SUPERVISORY BOARD

One of the main focus areas of the Supervisory Board's discussions in the past year was supporting the Management Board in dealing with the challenges of the Covid-19 pandemic. As a result of the comprehensive and early measures initiated by the company already at the very beginning of the pandemic, the impact on patients was minimized and operations at the more than 4,000 dialysis centers worldwide were maintained without major interruptions. Production at Fresenius Medical Care's worldwide manufacturing sites could also proceed largely without disturbances.

Fresenius Medical Care also expanded home dialysis as an important growth area. In the second quarter of the year under review, the home dialysis offering was expanded in the Europe, Middle East and Africa (EMEA) region. The integration of the NxStage home dialysis product portfolio in the EMEA region, which has now been completed, enables Fresenius Medical Care to offer even more patients treatment at home and a wider choice of treatment methods. Home dialysis is an important treatment option, particularly in the pandemic.

The business development, the competitive situation and the Management Board's planning in the individual regions and functions were also focal points of the Supervisory Board's discussions. In joint consultations with the Management Board, the development of the production quantities and their expansion were discussed. In the past year, the Supervisory Board also informed itself about the quality assurance systems and about the results of the product quality testing in the production facilities.

Another major focus of the Supervisory Board's discussions in the past fiscal year was the Strategy 2025, which the Management Board announced in October 2020, and the financial planning for the years 2021 to 2023.

In the past fiscal year, the Supervisory Board again discussed the development of cost reimbursement in the various health care systems, in particular in the U.S. One focus of the discussions was, inter alia, the U.S.-American CARES Act (Coronavirus Aid, Relief, and Economic Security Act), which is intended to compensate health care providers to a large extent for, among other things, the increased costs of measures to protect against Covid-19. With a view to the continued aim of increasing efficiency and the corresponding measures taken by the management already in previous years, the Supervisory Board further informed itself also in the past year about the success of the measures taken to improve the cost situation.

In the year under review, the Supervisory Board submitted the revised system for the compensation of the Management Board (Compensation System 2020+) to the Annual General Meeting

of the Company for approval. It further proposed to the Annual General Meeting that, as part of the upcoming auditor rotation, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft be elected as auditor instead of KPMG AG Wirtschaftsprüfungsgesellschaft, which had audited the financial statements of the Company and the group so far. The Annual General Meeting of the Company on August 27, 2020 approved both resolution proposals with a majority of 95.05 % and 98.82 %, respectively, of the votes cast.

Due to the Covid-19 pandemic, the Annual General Meeting of the Company in the year under review took place later than originally scheduled and, in line with the framework created by the legislator with short notice, was held as a virtual general meeting without the physical presence of shareholders or their proxies.

In the year under review two bonds with an aggregate volume of € 1.25 billion were successfully issued in May and a bond with a volume of $ 1 billion in September.

In the year under review, the Company redeemed all of the approximately 11.8 million treasury shares it had acquired in the year under review and in previous years as part of share buyback programs.

The Supervisory Board was regularly informed about the company's compliance. Findings of the internal audit department were also taken into account. In particular, the Supervisory Board has also informed itself intensively and on an ongoing basis about the findings, assessments and recommendations of the independent expert (Monitor) engaged by the Company to monitor the internal compliance in fulfillment of its obligations under the agreements it entered into in March 2019 with the U.S. Department of Justice (DoJ) and the U.S. Securities and Exchange Commission (SEC) concerning violations of provisions of the U.S. Foreign Corrupt Practices Act (FCPA). The Supervisory Board will continue to closely monitor this topic.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has formed professionally qualified committees from among its members that support the Supervisory Board as a whole in its supervisory and advisory functions. The respective chairmen have regularly reported to the Supervisory Board on the work of the committees. Details of the composition of the Supervisory Board's committees can be found in the Declaration on Corporate Governance starting on PAGE 109.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee convened nine times in the past fiscal year. All members of this committee - Messrs. Rolf A. Classon (Chairman) and William P. Johnston (Vice Chairman) as well as Ms. Pascale Witz - are financial experts according to Sec. 100 para. 5 of the German Stock Corporation Act (AktG). The Chairman of the Audit and Corporate Governance Committee Mr. Classon also has specific knowledge and experience in applying accounting principles and internal control procedures and is also familiar with auditing.

In the past year, the committee dealt with the annual and consolidated financial statements, the proposal for the allocation of profit and the report according to Form 20-F for the SEC. It also discussed the quarterly reports with the Management Board. Furthermore, it dealt with the selection and the independence of the auditor of the annual and consolidated financial statements. In doing so, it also considered any additional non-audit services provided. Also, the audit engagement pertaining to the audit of the consolidated financial statements according to the International Financial Reporting Standards (IFRS) and the internal controls concerning the financial reporting, which are part of the report according to Form 20-F, was issued by the committee. The committee further negotiated the fee agreement with the auditor. Audit focal points and further key audit matters of the past fiscal year were the goodwill impairment assessment for the groups of cash-generating units Latin America and EMEA (Europe, Middle East and Africa), the valuation of receivables from dialysis treatments in the U.S., the consequences of the Covid-19 pandemic for the financial reporting including the reflection of the U.S.-American CARES Act in the income statement, the accounting of an investment in the U.S. at fair value, the potential consequences of cyber-attacks on the financial reporting, as well as, for the annual financial statements of the Company, the measurement of investments in affiliates as well as the recognition of net income from investments.

Representatives of the auditor participated in all meetings of the committee and informed the members of the committee of their auditing activities. In addition, they provided information on any significant results of their audit and were available for additional information. In the absence of the members of the Management Board, they reported on the cooperation with them.

The Audit and Corporate Governance Committee dealt with the supervision of the accounting and its process, with the effectiveness of the internal control system, the risk management system and the internal audit system as well as with the audit and compliance. The committee also dealt with the review of the internal control processes as well as with the measures taken by the Management Board for the successful elimination of the control weakness that had been identified in the previous year and related to the design and effectiveness of the

internal controls on the revenue recognition in the North America business segment. In the course of its audit, the auditor audited the internal control system in relation to the accounting processes, the electronic reproduction of the consolidated financial statements and the group management report pursuant to Sec. 328 para. 1 of the German Commercial Code (HGB) (so-called ESEF documents) as well as the early risk recognition system. The audit showed that the General Partner has appropriately implemented the measures required under Sec. 91 para. 2 AktG, in particular regarding the establishment of a monitoring system, and that the monitoring system is suitable for the early identification of developments that may endanger the continued existence of the Company. The Management Board periodically reported to the committee on larger individual risks. It also regularly informed the committee on the compliance situation as well as on the audit plans and results of the internal audit.

The committee again reviewed the business relations of the Fresenius Medical Care group companies to Fresenius SE & Co. KGaA and the latter's affiliated companies. It was confirmed in each case that these relationships corresponded to those between unrelated third parties.

Certain transactions of the Company with related parties may be subject to the approval of the Supervisory Board pursuant to Sec. 111b AktG since the German Act Implementing the Second Shareholder Rights Directive (ARUG II) came into force. The Supervisory Board has made use of the option to delegate the responsibility for the approval resolution to the Audit and Corporate Governance Committee. The prerequisites under which a transaction requires such approval did not arise in the year under review. In accordance with Sec. 111a para. 2 sentence 2 AktG, the Audit and Corporate Governance Committee reviewed whether transactions between the Company and related parties were conducted in the ordinary course of business and at arm's length. No objections were raised in this respect.

The Chairman of the Audit and Corporate Governance Committee has regularly reported to the Supervisory Board on the results of the discussions and resolutions in the committee.

Nomination Committee

The Nomination Committee prepares candidate proposals and proposes to the Supervisory Board of the Company suitable candidates for its election proposals to the General Meeting. In the past fiscal year, the Nomination Committee convened two times, in particular to prepare the proposals for the election of the members of the Supervisory Board by the Annual General Meeting 2021.

Joint Committee

The Company has a Joint Committee which is composed of two members of the supervisory board of the General Partner as well as two members of the Supervisory Board of the Company. For certain matters, the Management Board requires the approval of the Joint Committee. In the past fiscal year, the Joint Committee did not convene since no meeting was required.

Special Joint Committee

In 2019, the Supervisory Board of the Company and the Supervisory Board of the General Partner had constituted a special joint committee (Special Joint Committee).

Within the scope of the responsibilities of the Supervisory Board, the Special Joint Committee was to review any consequences of the findings from the Company's agreements with the DoJ and the SEC in 2019 and to make recommendations to the Supervisory Board. The Special Joint Committee convened three times in the year under review. The Chairman of the Special Joint Committee has regularly informed the Supervisory Board of the Company.

The Special Joint Committee within the scope of its review concluded that the findings of the aforementioned agreements do not indicate that any action beyond the review by the Supervisory Board is warranted.

Following its own review, the Supervisory Board concurred with this conclusion and resolved that on the basis of the facts available to it in connection with the findings of the aforementioned agreements, no measures are to be initiated that fall within its responsibility.

The Special Joint Committee was dissolved by resolution of the Supervisory Board of the Company and of the supervisory board of the General Partner on November 30, 2020 upon completion of the task for which it had been formed.

CORPORATE GOVERNANCE

The members of the Supervisory Board in principle self-responsibly undertake educational and training measures required for their tasks, such as on changes in the legal framework and on new, future-oriented developments technologies, and are adequately supported in this respect by the Company.

In addition to the information provided to them by various external experts, also experts of the Company's departments regularly report on relevant developments, such as - for example - relevant new developments in the revision of legal rules or in jurisprudence and also about recent developments in regulations on accounting and audit. In this way, the Supervisory Board, with the Company's adequate assistance, ensures an

ongoing qualification of its members and also a further development and updating of their expertise, power of judgment and experience, which is required for the Supervisory Board including its committees to duly perform their tasks.

New members of the Supervisory Board can meet the members of the Management Board and specialist managers for a discussion of fundamental and current topics and thereby gain an overview of the relevant topics of the company (onboarding). For targeted further training, internal information events are offered as required. In the reporting year, further training was provided for the members of the Supervisory Board on the provisions of the FCPA and on a regular basis on current developments in corporate governance and upcoming relevant legal regulations. In the reporting year, this included developments in corporate and capital market law and reimbursement in relevant healthcare systems.

The Supervisory Board reports to the General Meeting on possible conflicts of interests of its members and on the treatment of such conflicts. In the year under review, there were no conflicts of interest of board members that would have been required to be disclosed to the Supervisory Board and of which the Supervisory Board would inform the General Meeting.

Further details on corporate governance, in particular on the independence of the Supervisory Board members, on the membership in the supervisory boards of the General Partner, Fresenius SE & Co. KGaA or the latter's general partner, the profile of skills and expertise for the Supervisory Board and the age limit for membership in the Company's Supervisory Board, as well as the self-assessment of the activities of the Supervisory Board and its committees, can be found in the Declaration on Corporate Governance starting ON PAGE 109. The Declaration on Corporate Governance was discussed by the Supervisory Board and approved in its meeting of March 9, 2021.

The Declaration on Corporate Governance also includes the Declaration of Compliance in relation to the German Corporate Governance Code according to Sec. 161 AktG as resolved by the Management Board and Supervisory Board and published in December 2020. The Declaration of Compliance is permanently available to the public on the Company's website www.freseniusmedicalcare.com/en in the section "Investors" and there in the sub-section "Corporate Governance". The update to the Declaration of Compliance resolved by the Management Board and the Supervisory Board in February 2021 can be found there, too.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements and the management report of Fresenius Medical Care AG & Co. KGaA were prepared in accordance with the regulations of the German Commercial Code (HGB). The consolidated financial statements and group management report follow Sec. 315e of the German Commercial Code (HGB) in accordance with IFRS as applicable in the European Union. Accountancy, the annual financial statements, the management report as well as the consolidated financial statements and the group management report for fiscal year 2020 were audited by Pricewaterhouse Coopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. Said company was elected as auditor by resolution of the Annual General Meeting of August 27, 2020 and mandated by the Supervisory Board. The auditor provided each of the aforementioned documents with an unqualified certificate. Mr. Peter Kartscher and Mr. Holger Lutz signed the respective audit certificate as the responsible auditors. The audit reports of the auditor were made available to the Audit and Corporate Governance Committee and the Supervisory Board. The Audit and Corporate Governance Committee reviewed the annual and consolidated financial statements as well as the management reports and included the audit reports of, and the discussions with, the auditor in its discussions. The Audit and Corporate Governance Committee reported to the Supervisory Board on this.

The Supervisory Board also reviewed the annual financial statements, the management report, the consolidated financial statements and the group management report in each case for the past fiscal year. The documents were provided to it in good time. The Supervisory Board declared its agreement with the result of the audit of the annual financial statements and the consolidated financial statements by the auditor. The representatives of the auditor who signed the audit reports participated in the discussions of the Supervisory Board of the annual and consolidated financial statements. They reported to the Supervisory Board on the significant findings of their audit and were available for additional information. Also according to the final results of its own review, no objections are to be raised by the Supervisory Board as regards the annual financial statements, the management report, the consolidated financial statements and the group management report.

In its meeting on February 22, 2021 the Supervisory Board discussed the draft of the report according to Form 20-F. The report according to Form 20-F was filed with the SEC on February 23, 2021.

The annual financial statements and management report of Fresenius Medical Care AG & Co. KGaA as well as the consolidated financial statements and the group management report for the past fiscal year, as presented by the General Partner, were approved by the Supervisory Board at its meeting on March 9, 2021.

The Supervisory Board also approved the General Partner's proposal for the application of profit which provides for a dividend of € 1.34 for each share.

SEPARATE NON-FINANCIAL GROUP REPORT

The separate non-financial group report of Fresenius Medical Care AG & Co. KGaA was prepared in accordance with the regulations of the German Commercial Code (HGB) and will be published separately from the management report. Fresenius Medical Care therein reports selected non-financial information in reference to the international sustainability standard of the Global Reporting Initiative (GRI) (GRI Standards 2016).

The Supervisory Board made use of the option to have the separate non-financial group report verified by an external auditor. The separate non-financial group report was subjected to a limited assurance engagement review by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, in accordance with the international standard on assurance engagements ISAE 3000 (Revised). PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft issued a corresponding assurance statement.

The Supervisory Board reviewed the separate non-financial group report. The documents were provided to it in good time. The Supervisory Board declared its agreement with the result of the limited assurance engagement by the auditor. The representatives of the auditor who signed the note on the limited assurance engagement participated in the discussions of the Supervisory Board of the separate non-financial group report. They reported to the Supervisory Board on the significant findings of their limited assurance engagement and were available for additional information. Also according to the final results of its own review, no objections are to be raised by the Supervisory Board as regards the separate non-financial group report.

DEPENDENCY REPORT

The General Partner prepared a report on its relationships to Fresenius SE & Co. KGaA and the latter's affiliates in accordance with Sec. 312 AktG for the past fiscal year. The report contains the following final declaration:

"With regard to the legal transactions listed in this report on the relationships to affiliated companies, FMC AG & Co. KGaA received appropriate compensation for each legal transaction in accordance with the circumstances of which we were aware at the time that the legal transactions were conducted. In the year under review there were no reportable measures taken or forgone."

Both the Audit and Corporate Governance Committee and the Supervisory Board received the dependency report in good time and reviewed it. The auditor participated in the relevant meetings. It reported on the main results of its audit and was available for additional information. On February 26, 2021 the auditor added the following certificate to the dependency report:

"On the basis of our proper audit and judgment we confirm that 1. the factual disclosures provided in the report are correct, 2. the consideration paid by the Company for the legal transactions stated in the report was not inappropriately high."

The Audit and Corporate Governance Committee and the Supervisory Board concur with the assessment of the auditor. Following the final results of its own review, the Supervisory Board, it does not raise any objections against the declaration of the General Partner at the bottom of the report on the relationships to affiliates.

ACKNOWLEDGEMENTS

Conclusively, the Supervisory Board thanks the members of the Management Board as well as all employees of the group for their outstanding and tireless efforts in an extremely challenging environment marked by the Covid-19 pandemic. Their very successful work performed under difficult conditions in the past fiscal year is highly appreciated!

Bad Homburg v.d. Höhe, March 9, 2021

On behalf of the Supervisory Board

DR. DIETER SCHENK
Chairman

DECLARATION ON CORPORATE GOVERNANCE

The Management Board and the Supervisory Board of Fresenius Medical Care are committed to responsible management that is focused on achieving a sustainable increase in the value of the Company. Long-term strategies, solid financial management, strict adherence to legal and ethical business standards, and a transparent communication of the Company are its key elements.

The Management Board of the General Partner, Fresenius Medical Care Management AG (hereinafter: the Management Board), and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (hereinafter: FMC AG & Co. KGaA or the Company) hereunder report on the year 2020 as the year under review (hereinafter: the year under review) pursuant to section 289f of the German Commercial Code (Handelsgesetzbuch - HGB) and in accordance with principle 22 of the German Corporate Governance Code in the version dated December 16, 2019 (hereinafter: the Code 2020), as published in the German Federal Gazette (Bundesanzeiger) on March 20, 2020, on the Company's corporate governance.

The Declaration on Corporate Governance is publicly available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

GROUP MANAGEMENT AND SUPERVISION STRUCTURE

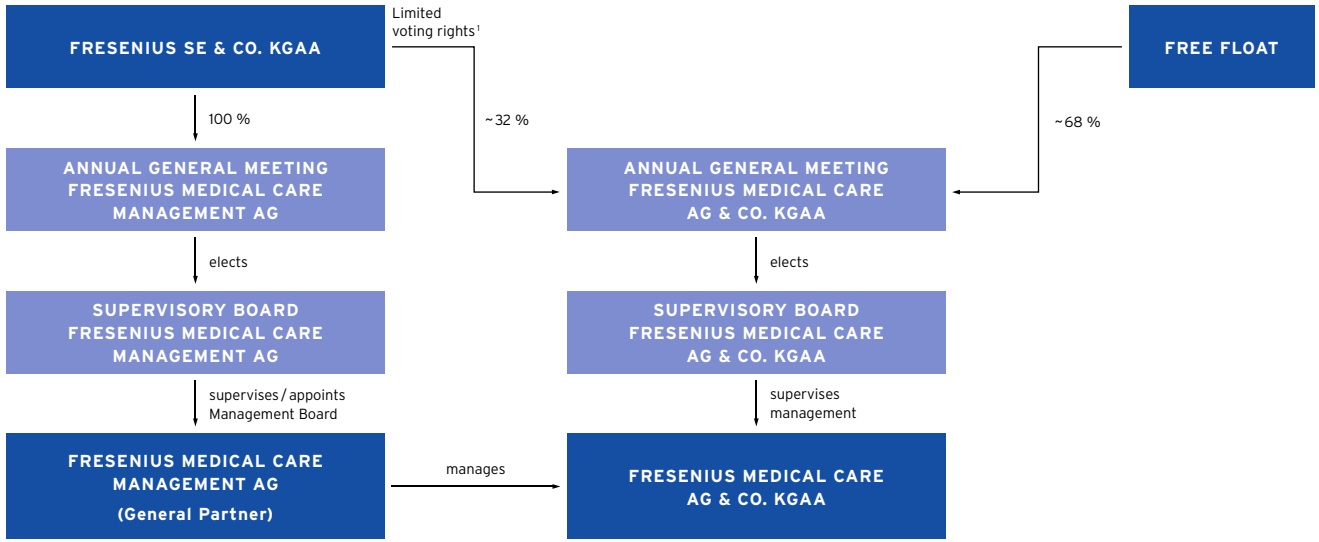
The legal form of the Company is that of a partnership limited by shares (Kommanditgesellschaft auf Aktien - KGaA). Its corporate bodies provided for by statutory law are the General Meeting, the Supervisory Board and the General Partner, which is Fresenius Medical Care Management AG. In the year under review, there were no significant changes to the group's management and supervision structure. The group's management and supervision structure is shown in CHART 4.2.

The Articles of Association of FMC AG & Co. KGaA, which also specify the responsibilities of the bodies of the Company in more detail, are available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

FUNCTIONING OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD AS WELL AS COMPOSITION AND FUNCTIONING OF THEIR COMMITTEES

The German Stock Corporation Act prescribes a dual management system (so-called two-tier management system) for stock corporations (Aktiengesellschaft) as well as for partnerships

C 4.2 **STRUCTURE OF FRESENIUS MEDICAL CARE AG & CO. KGAA**
BASED ON DATA AS OF DECEMBER 31, 2020



[1] For certain items, there are no voting rights, e. g. for the election of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA, for the formal approval of the actions of the General Partner and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA, for the election of the auditor of the annual financial statements.

limited by shares consisting of a management body and a supervisory board. The business activities of a partnership limited by shares are conducted by one or several personally liable shareholders (General Partner). In the case of FMC AG & Co. KGaA, this is Fresenius Medical Care Management AG. Its Management Board is also responsible for conducting the business activities of the KGaA. Within the scope of statutory allocation of competences, the Supervisory Board is responsible for supervising and advising the Management Board and is involved in making decisions that are fundamental to the Company. The duties and responsibilities of both bodies are in each case statutorily defined and are strictly separated from one another. Corresponding to FMC AG & Co. KGaA, Fresenius Medical Care Management AG has its own Supervisory Board.

THE GENERAL PARTNER AND ITS BODIES

The Management Board of Fresenius Medical Care Management AG

The General Partner - Fresenius Medical Care Management AG - represented by its Management Board, which acts on its own responsibility, manages the Company and conducts the Company's business. Its actions and decisions are directed towards the interests of the Company.

The Management Board of the General Partner manages the Company's business in accordance with the applicable laws and the Articles of Association as well as the rules of procedure within the meaning of section 77 para. 2 German Stock Corporation Act (AktG). The rules of procedure stipulate the principles of the cooperation and provide for the schedule of responsibilities which determines the departmental responsibilities of the individual Management Board members. The rules of procedure determine that meetings of the Management Board are held as the circumstances require, but at least twelve times a year. The meetings and the taking of resolutions by the Management Board are led by the Chairman of the Management Board. If he is unavailable, this task resides with the Management Board member named by the Chairman, or, if no member has been named, with the participating Management Board member most senior in office. The Chairman of the meeting determines the order of the agenda items and the mode of voting. In principle, the Management Board adopts resolutions at meetings by simple majority of votes cast, and outside the meetings by simple majority of its members. In case of a voting tie, the Chairman of the Management Board has the casting vote.

In the year under review, the Management Board was composed of eight members. Mr. Franklin W. Maddux, MD, with effect as of January 1, 2020 was appointed as Global Chief Medical Officer as a member of the Management Board. The members of the Management Board and their areas of responsibility are introduced on the Company's website at www.freseniusmedicalcare.com in the "About us" section.

Irrespective of the overall responsibility of the entire Management Board, each Management Board member is responsible for his or her own area of departmental responsibility. The Management Board members keep each other informed on an ongoing basis about all relevant business occurrences in their areas of departmental responsibility. In the case of interdepartmental matters, the Management Board members concerned are requested to coordinate with each other. The Chairman of the Management Board coordinates the affairs of the individual departments.

Matters of outstanding importance and significance are resolved on by the entire Management Board pursuant to the rules of procedure. In order to increase the efficiency of the Management Board's work, the Supervisory Board of the General Partner established a Management Board Committee for certain cross departmental matters. If necessary, such Management Board Committee essentially deals with corporate matters of subsidiaries of FMC AG & Co. KGaA or acquisitions that do not reach the minimum relevance and importance level required for being referred to the entire Management Board. The Management Board Committee must be composed of at least three members, among them the Chairman of the Management Board and the Chief Financial Officer as well as the Management Board member responsible for the respective matter or another Management Board member appointed by the Chairman at his reasonable discretion exercised in each case. In its meetings the Management Board Committee decides with a simple majority of the votes cast; outside of meetings the Management Board Committee decides with the simple majority of its members.

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

The Supervisory Board of the General Partner has resolved an age limit for the Management Board members. Management Board members of the General Partner who have reached the age of 65 years shall, as a rule, retire from the Management Board at the end of such calendar year. The Supervisory Board of the General Partner will take this age limit into account for each appointment of Management Board members. The age limit for the Management Board members of the General Partner does not apply to the current term of office of Mr. Rice Powell.

The Supervisory Board of Fresenius Medical Care Management AG

As a stock corporation, Fresenius Medical Care Management AG has its own Supervisory Board, which according to its Articles of Association consists of six members. Mr. Stephan Sturm has been appointed as Chairman. Other members of the Supervisory Board of Fresenius Medical Care Management AG in the year under review were Dr. Dieter Schenk (Vice Chairman), Mr. Rolf A. Classon, Ms. Rachel Empey, Mr. William P. Johnston and Dr. Gerd Krick.

Dr. Dieter Schenk, Mr. Rolf A. Classon and Mr. William P. Johnston are at the same time members of the Supervisory Board of FMC AG & Co. KGaA. Further information on them and on the other members of the Supervisory Board of FMC AG & Co. KGaA are available on the Company's website at www.freseniusmedicalcare.com in the "About us" section.

In addition, the following information is provided for the year under review with regard to the mandates exercised by the Chairman of the Supervisory Board of Fresenius Medical Care Management AG, Mr. Stephan Sturm, and by the additional members of the Supervisory Board of Fresenius Medical Care Management AG, Ms. Rachel Empey and Dr. Gerd Krick, who are not at the same time members of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA:

Stephan Sturm
Chairman of the Management Board
of Fresenius Management SE,
the General Partner of Fresenius SE & Co. KGAA
Supervisory Board
Fresenius Kabi AG (Chairman)
Deutsche Lufthansa AG
Comparable foreign body
VAMED AG, Austria (Vice Chairman)

Rachel Empey
Member of the Management Board
of Fresenius Management SE (Chief Financial Officer),
the General Partner of Fresenius SE & Co. KGAA
Supervisory Board
Fresenius Kabi AG (Vice Chairman)
Comparable foreign body
Inchcape plc, United Kingdom (Non-executive director)

Dr. Gerd Krick
Member of Supervisory Boards
Supervisory Board
Fresenius SE & Co. KGAA (Chairman)
Fresenius Management SE (Chairman)
Comparable foreign body
VAMED AG, Austria (Chairman)

Because of his extraordinary contributions to the development of the Company and his comprehensive experience, Dr. Ben Lipps is honorary chairman of the Supervisory Board of Fresenius Medical Care Management AG.

The Supervisory Board of Fresenius Medical Care Management AG appoints the members of the Management Board and supervises and advises the Management Board in its management responsibilities. The Supervisory Board has established rules of procedure.

Irrespective of the independence requirements according to statutory rules and of the recommendations of the German Corporate Governance Code in its respectively applicable form, the so-called Pooling Agreement entered into, among others, between Fresenius Medical Care Management AG and Fresenius SE & Co. KGaA provides that at least one third (and at least two) of the members of the Supervisory Board of Fresenius Medical Care Management AG must be independent members. Pursuant to the Pooling Agreement, an "independent member" is a member of the Supervisory Board with no substantial business or professional relationship with FMC AG & Co. KGaA, with its General Partner (Fresenius Medical Care Management AG), with Fresenius SE & Co. KGaA, or with its General Partner (Fresenius Management SE), or with any affiliates of these companies. Independent within the meaning of this definition are the Supervisory Board members Mr. Rolf A. Classon and Mr. William P. Johnston, as well as also the members of the Supervisory Board of FMC AG & Co. KGaA Dr. Dorothea Wenzel, Ms. Pascale Witz and Professor Dr. Gregor Zünd, who are not at the same time members of the Supervisory Board of Fresenius Medical Care Management AG.

Committees of the Supervisory Board of Fresenius Medical Care Management AG

From the midst of its members, the Supervisory Board forms qualified committees for the efficient exercise of its responsibilities, which prepare the matters for deliberation and resolutions of the Supervisory Board. The Supervisory Board regularly and timely receives briefings on the committees' work - SEE TABLE 4.3 ON PAGE 112.

SUPERVISORY BOARD OF THE COMPANY

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

Simultaneous membership in both the Supervisory Board and the Management Board is not permissible. In the year under

T 4.3 **COMMITTEES OF THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE MANAGEMENT AG**

Supervisory Board committee	Responsibility	Number of meetings
Human Resources Committee **Chairman** Mr. Stephan Sturm **Vice Chairman** Dr. Gerd Krick **Other members** Mr. William P. Johnston, Dr. Dieter Schenk, Mr. Rolf A. Classon	Advice on complex special matters such as the appointment of Management Board members and their compensation	As required
Regulatory and Reimbursement Assessment Committee **Chairman** Mr. William P. Johnston **Vice Chairman** Mr. Rolf A. Classon **Other member** Dr. Dieter Schenk	Advice on complex special matters such as regulatory provisions and reimbursement in particular in the dialysis segment	As required
Nomination Committee **Chairman** Mr. Stephan Sturm **Other members** Dr. Gerd Krick, Dr. Dieter Schenk	Preparing recommendations on suitable candidates for an election to the Supervisory Board, who are to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting	As required

review, the Supervisory Board did not include any members who previously were also members of the Management Board of the General Partner. The members of the Company's Supervisory Board are independent in their decisions and are not bound by requirements or instructions of third parties.

Composition

The Supervisory Board of FMC AG & Co. KGaA consisted in the year under review of the following members: Dr. Dieter Schenk (Chairman), Mr. Rolf A. Classon (Vice Chairman), Mr. William P. Johnston, Dr. Dorothea Wenzel, Ms. Pascale Witz and Professor Dr. Gregor Zünd. The members of the Supervisory Board of FMC AG & Co. KGaA are introduced on the Company's website at www.freseniusmedicalcare.com in the "About us" section. There is also information on their term of office on the Company's Supervisory Board.

Because of his extraordinary contributions to the Company's development and his comprehensive experience, Dr. Ben Lipps is also honorary chairman of the Supervisory Board of FMC AG & Co. KGaA.

All members of the Company's Supervisory Board are elected by the General Meeting of FMC AG & Co. KGaA as the competent election body according to the provisions of the German Stock Corporation Act by a simple majority of the votes cast. Fresenius SE & Co. KGaA is excluded from voting on this issue (further explanations on this matter can be found in the section titled "Shareholders" on PAGE 121).

Profile of skills and expertise

The Supervisory Board is in its own initiative paying attention to the requirement to have in its entirety the knowledge, capabilities and professional expertise required for the due observation of the duties of the Supervisory Board of a listed company operating internationally in the dialysis business and has resolved a profile of skills and expertise for the entire Supervisory Board in 2018 and has lastly updated this in November 2020. The profile of skills and expertise contains requirements for the individual Supervisory Board members as well as requirements for the entire Supervisory Board and is available on the Company's website at www.freseniusmedicalcare.com in the "About us" section.

When discussing its recommendations for the election of members of the Supervisory Board to the General Meeting, the Supervisory Board considers, within the framework of the profile of skills and expertise as determined by it, in particular the international activities of the enterprise, what it considers to be an adequate number of independent Supervisory Board members, and diversity. Pursuant to the profile of skills and expertise the Supervisory Board is in accordance with section 111 para. 5 German Stock Corporation Act to be composed of at least 30 % women and at least 30 % of men. Two of the six Supervisory Board members are female. The proportion of female Supervisory Board members thus exceeds the Supervisory Board's self-defined target of 30 % at the end of the year under review (see also section "Gender diversity and targets" starting on PAGE 116). The Supervisory Board has further resolved an age limit for the Supervisory Board members. The Supervisory Board shall, as a rule, only include persons who have not reached the age of 75 years at the time of their election or appointment. The Supervisory Board will observe this

age limit in its election proposals for membership in the Supervisory Board. The current composition of the Supervisory Board is in line with the profile of skills and expertise for the Supervisory Board and fulfills the objectives for the composition of the board designated therein.

Independence

According to the recommendation C.7 of the Code 2020, more than half of the members of the Supervisory Board shall be independent from the Company and the Management Board. Members of the Supervisory Board are to be considered independent from the Company and its Management Board if they have no personal or business relationship with the Company or its Management Board that may cause a substantial - and not merely temporary - conflict of interest. When assessing the independence of members of the Supervisory Board from the Company and its Management Board, the Supervisory Board shall particularly take into consideration whether the respective member of the Supervisory Board member itself or a close family member was a member of the Company's Management Board in the two years prior to appointment, is currently maintaining (or has maintained) a material business relationship with the Company or one of the entities dependent upon the company in the year up to his/her appointment, directly or as a shareholder, or in a leading position of a non-group entity, or is a close family member of a Management Board member, or has been a member of the Supervisory Board for more than twelve years.

The Supervisory Board has resolved that at least four of its members shall be independent within the meaning of the Code 2020. Independent within the meaning of the recommendation C.7 of the Code 2020 are, in the view of the Supervisory Board, in any case Mr. Rolf A. Classon, Dr. Dorothea Wenzel, Ms. Pascale Witz and Professor Dr. Gregor Zünd. The Supervisory Board did not need to consider the question of whether Dr. Dieter Schenk and Mr. William P. Johnston are to be regarded as independent within the meaning of the recommendation C.7 of the Code 2020 in view of their term of office on the Supervisory Board of the Company of more than twelve years, because the number of those Supervisory Board members who have been members of the Supervisory Board for no more than twelve years and are otherwise to be qualified as independent already complies with the recommendation C.7 of the Code 2020.

The recommendation C.9 of the Code 2020, according to which, in the event that the Company has a controlling shareholder within the meaning of the Code 2020, in the case of a Supervisory Board with six or fewer members at least one shareholder representative shall be independent of the controlling shareholder, does not apply to the Company, because Fresenius SE & Co. KGaA is no controlling shareholder in this meaning given the lack of a sustainable majority at the Annual General Meeting. However, assuming the applicability of this recommendation, Mr. Classon, Mr. Johnston, Dr. Wenzel, Ms. Witz and Professor Dr. Zünd would be considered independent in this meaning.

The term of office of the members of the Supervisory Board is in principle five years. The current term of office of the incumbent members of the Supervisory Board of FMC AG & Co. KGaA ends at the end of the General Meeting that resolves on the discharge for the fiscal year 2020, i.e. at the end of the Annual General Meeting 2021. It is intended to propose to the Annual General Meeting 2021 to elect the members of the Supervisory Board of FMC AG & Co. KGaA for a term of office of only four years.

Rules of Procedure

Details on the election, constitution and term of office of the Supervisory Board, its meetings and the adoption of resolutions, as well as its rights and obligations, are set out in the Company's Articles of Association available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section. In accordance with the recommendation D.1 of the Code 2020, the Supervisory Board has furthermore adopted rules of procedure which set out, among other things, the modalities for convening meetings and the manner in which resolutions are adopted. In accordance with these, the Supervisory Board meets regularly at least twice per calendar half year. The convocation period for meetings of the Supervisory Board is generally two weeks. The deliberations of the Supervisory Board are conducted by the Chairman or, if the latter is unavailable, by the Vice Chairman. The Chairman of the meeting also determines the order of the agenda items and the mode of voting. As a rule, the Supervisory Board decides by simple majority of votes cast if decisions are taken in physical meetings and otherwise with the simple majority of its members, unless other majorities are prescribed by a mandatory provision of law in the individual case. The provisions of the rules of procedure for the Supervisory Board of the Company also apply to its committees, unless their rules of procedure contain deviating provisions. The Chairman of the Supervisory Board coordinates the work and direction of the Supervisory Board; he also represents the Supervisory Board vis-à-vis third parties. The rules of procedure of the Supervisory Board of the Company are publicly available on the Company's website at www.freseniusmedicalcare.com in the section "About us" in the sub-section "Supervisory Board".

Self-assessments

In accordance with the recommendation D.13 of the Code 2020, the members of the Supervisory Board regularly carry out self-assessments with regard to their work. These take place in the form of open discussions in plenary meetings, based on a corresponding questionnaire. On these annual occasions, also the complexity and the design of the presentations, as well as the meetings' procedure and structuring are discussed. If necessary, the Supervisory Board may seek the assistance of an external service provider for its self-assessment. The results of

the self-assessment carried out have shown that each of the Supervisory Board and its committees are efficiently organized and that the cooperation of the Supervisory Board and the Management Boards works very well.

Professional competence

All members of the Supervisory Board have the capabilities as well as the knowledge required for the proper exercise of their duties. The Supervisory Board members are in their entirety familiar with the sector FMC AG & Co. KGaA operates in. The members of the Supervisory Board regularly update themselves via in-house sources and via external sources about the current status of supervisory requirements. Details of the support provided by the Company to the members of the Supervisory Board for their induction into office and for their training and development measures can be found in the Report by the Supervisory Board starting on PAGE 103.

COMMITTEES OF THE SUPERVISORY BOARD OF FMC AG & CO. KGAA

From the midst of its members, the Supervisory Board has formed qualified committees for the efficient exercise of its responsibilities, which prepare the matters for deliberation and resolutions of the Supervisory Board. The Supervisory Board regularly and timely receives briefings on the committees' work - SEE TABLE 4.4.

Audit and Corporate Governance Committee

With the consent of the Supervisory Board, the Audit and Corporate Governance Committee adopted rules of procedure. On the basis of the relevant provisions of the Articles of Association of the Company (section 12 para. 2) they define the composition as well as the work and tasks of the Audit and Corporate Governance Committee. According to these, the Audit and Corporate Governance Committee shall consist of at least three and not more than five exclusively independent members who, in particular, are to meet the criteria of independence pursuant to section 12 para. 2 sentence 3 of the Articles of Association as well as pursuant to the applicable rules of the New York Stock Exchange. In addition, pursuant to section 107 para. 4 of the German Stock Corporation Act in connection with section 100 para. 5 of the German Stock Corporation Act at least one member must have expertise in the fields of accounting or auditing. Moreover, in accordance with the recommendations of the Code 2020 the Chairman of the Audit and Corporate Governance Committee is neither Chairman of the Supervisory Board of the Company at the same time nor a former member of the Management Board whose appointment has ended less than two years ago. Pursuant to the recommendations of the Code 2020 the Chairman of the Audit and Corporate Governance Committee shall also be independent within the meaning of the Code 2020. In the opinion of the Supervisory Board, the composition of the Audit and Corporate Governance Committee meets all these requirements.

Joint Committee

FMC AG & Co. KGaA also has established a Joint Committee whose composition and activity are provided for in Articles 13a et seqq. of the Articles of Association of the Company. The Joint Committee is convened only as required, namely in certain legal transactions defined in the Articles of Association to be qualified as substantial transactions and for which the General Partner requires the consent of the Joint Committee - SEE TABLE 4.5 ON PAGE 115.

T 4.4 **COMMITTEES OF THE SUPERVISORY BOARD OF FMC AG & CO. KGAA**

Supervisory Board committee	Responsibility	Number of meetings
Audit and Corporate Governance Committee **Chairman** Mr. Rolf A. Classon **Vice Chairman** Mr. William P. Johnston **Other member** Ms. Pascale Witz	› Supervision of the accounting, the accounting process, the effectiveness of the internal control system, of the risk management system, of the internal audit system, the annual audit and of compliance › Supervision of the annual auditing, in particular with regard to the independence of the auditor and the additional services provided by it, issuing the auditing mandate, determining the focus areas of the auditing and the fee agreement › Addressing the report pursuant to Form 20-F, which contains, inter alia, the consolidated group financial statements and the consolidated group financial report › Assessment of the General Partner's report on relations to affiliated companies › Review and, if required, approval of transactions of the Company with related parties	At least four times per year and additionally as required
Nomination Committee **Chairman** Mr. Rolf A. Classon **Vice Chairman** Dr. Dieter Schenk	› Preparing recommendations on suitable candidates for an election to the Supervisory Board, who are to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting	As required

T 4.5 **JOINT COMMITTEE**

Joint Committee	Responsibility	Number of meetings
Members from the Supervisory Board of Fresenius Medical Care Management AG Mr. Stephan Sturm, Dr. Gerd Krick **Members from the Supervisory Board of Fresenius Medical Care AG & Co. KGaA** Mr. Rolf A. Classon, Mr. William P. Johnston	Approval of certain legal transactions as defined in the Articles of Association, such as material acquisitions or divestments	As required

T 4.6 **SPECIAL JOINT COMMITTEE (UNTIL NOVEMBER 30, 2020)**

Special Joint Committee	Responsibility	Number of meetings
Member from both Supervisory Boards Dr. Dieter Schenk (Chairman) **Member from the Supervisory Board of Fresenius Medical Care Management AG** Mr. Stephan Sturm **Member from the Supervisory Board of Fresenius Medical Care AG & Co. KGaA** Ms. Pascale Witz	Recommendations on possible consequences in the context of the Company's agreements with the DoJ and SEC concluded in the year under review	As required

Special Joint Committee

Further there was a special joint committee (Special Joint Committee) until November 30, 2020. Said committee was formed from of one member of the Supervisory Board of the Company, one member of the Supervisory Board of the General Partner, and one member of both afore-mentioned Supervisory Boards.

The Special Joint Committee was, within the scope of the responsibilities of the Supervisory Board, to review any consequences of the findings of the agreements concluded by the Company with the U.S. Department of Justice (DoJ) and the U.S. Securities and Exchange Commission (SEC) in 2019 and make recommendations to the Supervisory Board - SEE TABLE 4.6. Further information to this can be found in the Report of the Supervisory Board starting on PAGE 103.

DIVERSITY AND TARGETS

Diversity concept for governance bodies

Fresenius Medical Care highly values inclusion and diversity both for its governance bodies as well as its overall workforce, and considers this as a strength of the enterprise. A high degree of inclusion and diversity in the composition of the governance bodies and the workforce is one of Fresenius Medical Care's core objectives and is in the interest of the Company because it creates an integrative working environment and lays the foundation for personal and corporate success. Diversity at Fresenius Medical Care is defined in a broad way, including - but not limited to - age, gender, nationality, cultural and ethnical origin, sexual orientation, disability, educational background, and work experience. The goal of inclusion and diversity are the integration of differing perspectives and various aspects in the cooperation and decision-making in order to increase the understanding for the manifold requirements on a globally active company with heterogeneous groups of customers. Inclusion and diversity are an integral part of the Code of Conduct at Fresenius Medical Care.

Based on this, a diversity concept for the composition of the Management Board of the General Partner and the Supervisory Board of the Company exists that reflects this understanding and is part of the staffing processes. The individual qualification, e.g. expertise as well as skills and experience, continues to be the core selection criterion for the proposals to the General Meeting for the election of new members to the Supervisory Board; diversity aspects are considered to ensure a comprehensive and balanced decision process. For preparation of any nomination proposal, the respective competent governance body or the competent committee, as the case may be, thoroughly evaluates the current composition of the governance body to be filled and carefully analyzes each potential candidate's profile with regard to the diversity criteria.

Further diversity is actively managed in senior management levels below the Management Board. To this end, diversity aspects such as gender are particularly taken into account in the evaluation of the "talent pipelines". Additional reports, for example on the number and share of female junior talents in talent evaluation and the succession planning process, support the focus on diversity in development planning and the preparation for filling vacancies. This serves to strengthen the pur-

sued diversity concept and to identify suitable talents at an early stage.

The current diversity level of the Management Board of the General Partner and Supervisory Board of the Company across selected aspects is displayed in the TABLES 4.7 AND 4.8.

Gender diversity and targets

The Supervisory Board of FMC AG & Co. KGaA is obliged to define targets for the representation of female members in the Supervisory Board as well as an implementation period and to report on the defined targets and their achievement during the relevant reference period or in the event of a failure to meet these targets, on the reasons for this, as part of the declaration on corporate governance. The definition of targets for the composition of the Management Board is for companies which, like Fresenius Medical Care, are organized in the legal form of a partnership limited by shares, is by contrast expressly not required. Likewise, also the Supervisory Board of Fresenius Medical Care Management AG is not required to define targets for the Management Board, because Fresenius Medical Care Management AG is not in the scope of the relevant legal provisions. With two of in total eight members of the Management Board in the year under review being female, the share of women in the Management Board of Fresenius Management AG amounted to 25 % in the year under review.

T 4.7 **DIVERSITY LEVEL OF THE MANAGEMENT BOARD OF THE GENERAL PARTNER**

Management Board	Gender	Nationality	Education	Age
Rice Powell	Male	U.S.-American	Biology	65
Helen Giza	Female	British / U.S.-American	Business	52
Franklin W. Maddux, MD	Male	U.S.-American	Medicine and Mathematics	63
Dr. Katarzyna Mazur-Hofsäß	Female	Polish / German	Medicine	57
Dr. Olaf Schermeier	Male	German	Engineering	48
William Valle	Male	U.S.-American	Business	60
Kent Wanzek	Male	U.S.-American	Business	61
Harry de Wit	Male	Dutch	Medicine and Physiotherapy	58

T 4.8 **DIVERSITY LEVEL OF THE SUPERVISORY BOARD**

Supervisory Board of the Company	Gender	Nationality	Education	Age
Dr. Dieter Schenk	Male	German	Law	68
Rolf A. Classon	Male	U.S.-American / Swedish	Political Science	75
William P. Johnston	Male	U.S.-American	Law	76
Dr. Dorothea Wenzel	Female	German	Business and Business Informatics	51
Pascale Witz	Female	French	Biochemistry	54
Prof. Dr. Gregor Zünd	Male	Swiss	Medicine	61

The Supervisory Board of FMC AG & Co. KGaA has resolved on May 10, 2017 to set the target for the representation of female Supervisory Board members at 30 % and has set an implementation period ending on May 9, 2022. With two female members (33 %), the composition of the Supervisory Board in the year under review was in line with this target.

Pursuant to the Act on Equal Participation of Women and Men in Leadership Positions, the Management Board is obliged to determine targets for female representation in the two top management levels below the Management Board as well as an appropriate implementation period. In a first step, the Management Board on September 28, 2015, had resolved to define the two top management levels below the Management Board in relation to the participation of executives in the group-wide Long-Term Incentive Program (LTIP). In a second step, the Management Board resolved on January 13, 2016 upon targets for female representation for the two top management levels below the Management Board and upon the implementation period to end on December 31, 2020. Notwithstanding the determination of these two management levels, the best indicator for Fresenius Medical Care for women holding management positions worldwide is the total number of participants in the group-wide LTIP. Compared with 2018, the share of women in these management positions slightly increased and amounted to around 34.3 % at the end of the year under review (2019: 34 %).

The first management level included all managers worldwide who directly report to a member of the Management Board and participate in the LTIP. The respective target that was to be achieved by end of the implementation period on December 31, 2020 is 18.8 %. The share of female executives as of December 31, 2020 was 21.5 % (2019: 23.0 %). Hence, the target has been surpassed by the Company.

The second management level included all managers worldwide who directly report to a management executive of the first management level and participate in the LTIP. The respective target that was to be achieved by end of the implementation period on December 31, 2020 is 28.2 %. The share of female managers as of December 31, 2020 was 31 % (2019: 29.7 %). The defined target, thus, has also been surpassed for this management level.

In the year under review, the Management Board has determined new targets for female representation in the two top management levels below the Management Board and the respective new implementation periods. In this context, the definition of the two management levels below the Board of Management for which targets are to be set has also been adjusted. The positions of the first and second management levels are now determined on the basis of a global job evaluation system considering criteria such as impact and contribution of the position as well as required skills relating to communication, innovation and knowledge. The target figure for the first management level to be achieved by the end of the implementation period on December 31, 2025 has been increased compared with the previous target figure and is now 22 %. At the end of the year under review, 18.3 % of managers in this first management level were female. The target figure for the second management level to be achieved by the end of the implementation period on December 31, 2025 has also been increased compared with the previous target figure and is now 32 %. At the end of the year under review, 28.3 % of managers in this second management level were female.

Overall, the recruiting and staffing practice of Fresenius Medical Care as well as the selection decisions regarding the hiring and promotion to top management levels will also in the future be taken with a focus on the specific qualifications of the individual. For this reason, the Management Board will select candidates for the top management of Fresenius Medical Care according to the candidate's excellence and suitability for the specific role and function in such management positions, regardless of their race, gender or other non-performance related attributes. However, the number and proportion of female Supervisory Board members and Management Board members, the continuous achievement and increase of our diversity targets as well as the programmatic support within the sustainability efforts demonstrate the priority of diversity for Fresenius Medical Care.

LONG-TERM SUCCESSION PLANNING

Together with the Management Board of the General Partner, the Supervisory Board of the General Partner takes care for the long-term succession planning. For this purpose, the Chairman of the Supervisory Board of the General Partner liaises with the respective members of the Management Board sufficiently in advance and, as a rule, not later than one year before the end of the respective term of office about their willingness to continue their respective mandate. In addition, the Supervisory Board of the General Partner continuously reviews whether the Management Board of the General Partner continues to be composed in the best possible way. To this end, the Chairman of the Supervisory Board of the General Partner discusses with the Chairman of the Management Board, in particular, what knowledge, experience and professional as well as personal competencies in the Management Board of the General Partner should be represented also with regard to the strategic development of the Company and a possible changing regulatory environment and to what extent the Management Board of the General Partner is already staffed in accordance with these requirements.

If there is need for action with regard to the composition of the Management Board, potential internal or external candidates for the corresponding addition to the Management Board are identified. For the identification of suitable external candidates, the Supervisory Board of the General Partner also obtains the support of external consultants, where necessary. When evaluating suitable candidates, not only their individual knowledge and experience, but also their personality and its added value to the Management Board is taken into account. With the composition of the Management Board, a cooperative working environment across all departments and in the interest of the entire Company shall be created that not only allows but rather also promotes constructive criticism. The Chairman of the Management Board of the General Partner is closely involved in the entire selection process.

The Supervisory Board of the General Partner pays attention to diversity in the composition of the Management Board.

COMPLIANCE

Global business activities mean having global responsibility. As the global market leader in providing dialysis services and products, Fresenius Medical Care is aware of its responsibility. Every day, Fresenius Medical Care strives to improve the lives of its patients worldwide with high-quality products and services.

Fresenius Medical Care takes the highest medical standards as benchmark for quality. Fresenius Medical Care is committed to conducting its business activities in compliance with all relevant legal standards as well as internal and external provisions and requirements. The patients, customers, payors, investors and regulators of Fresenius Medical Care as well as all other stakeholders expect Fresenius Medical Care's business to be conducted based on responsible management, taking into account integrity, sound corporate governance and adherence to compliance principles.

Fresenius Medical Care's Code of Ethics and Business Conduct

Fresenius Medical Care's Code of Ethics and Business Conduct is the basis for everything Fresenius Medical Care and its employees do, whether in their dealings with patients, colleagues and suppliers or with a view to communities in general. The Code of Ethics and Business Conduct defines corporate governance practices beyond the legal requirements. It covers Fresenius Medical Care's material non-financial topics such as patient care, quality and innovation, anti-corruption, worker protection, environment, health and safety, as well as non-discrimination. The Code of Ethics and Business Conduct together with the underlying corporate core values also includes Fresenius Medical Care's commitment to respecting human rights. It applies to every function and division worldwide, to every employee of Fresenius Medical Care, and to the Company's direct and indirect majority-owned or controlled affiliates anywhere in the world. Employees must adhere to the principles in the Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct is publicly available on the Company's website at www.freseniusmedicalcare.com in the section "About us" in the sub-section "Compliance".

Ensuring compliance

Compliance with the rules is essential for the long-term success of Fresenius Medical Care as it determines the corporate culture and is an integral part of day-to-day work. Specialized functions at a global, regional and local level have the responsibility to implement and communicate these principles and core values within the organization. Code of Ethics and Business Conduct training programs increase awareness and an understanding of the applicable rules and help employees comply with these rules. These are held regularly and are mandatory for all relevant employees. There are processes in place to enable employees to take part in the courses.

Fresenius Medical Care fosters an open working atmosphere and therefore encourages its employees to question everything that does not comply with the rules and to report any indications of possible violations to their superiors or the Compliance, Legal or Human Resources departments. In addition, both Fresenius Medical Care employees and external parties can anonymously (to the extent permitted by law) report suspected unethical or inappropriate business practices of employees via a hotline - the Compliance Action Line - and via appropriate e-mail addresses. In accordance with Fresenius Medical Care's policy, there must be no negative consequences for whistleblowers if they have made the report in good faith.

The Company has made and continues to make further significant investments in its compliance and financial controls and in its compliance, legal and financial organizations. The Company is fully committed to compliance with applicable anti-bribery laws. Further information regarding the investigations in connection with the U.S. Foreign Corrupt Practices Act (FCPA) and regarding the settlements reached with the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DoJ) in 2019 can be found on PAGE 70.

RISK AND OPPORTUNITY MANAGEMENT

At Fresenius Medical Care, an integrated management system is in place to ensure that risks and opportunities are already identified at an early stage, optimizing the risk profile and minimizing the costs potentially related to the occurrence of risks through timely intervention. Fresenius Medical Care's risk management is therefore an important component of the corporate management of Fresenius Medical Care. The adequateness and effectiveness of the internal control systems of Fresenius Medical Care for the financial reporting are reviewed on a regular basis by the Management Board and by Fresenius Medical Care's auditor.

Further information about the risk and opportunity management system can be found in the "Risks and opportunities report" starting on PAGE 62.

GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF COMPLIANCE

The objective of the German Corporate Governance Code is to make the dual German corporate governance system transparent and understandable. The Code includes principles, recommendations and suggestions governing the management and monitoring of German listed companies that are accepted nationally and internationally as standards of good and responsible governance. It aims to promote confidence in the management and supervision of German listed companies by investors, customers, employees and the general public.

The Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA endorse the standards set forth in the German Corporate Governance Code. The vast majority of the recommendations and suggestions in the Code have been an integral and active part of Fresenius Medical Care's day-to-day operations since the founding of the Company.

The current annually required Declaration of Compliance according to section 161 of the German Stock Corporation Act issued by the Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA as of December 2020 as well as the update to this Declaration of Compliance resolved by the Management Board and the Supervisory Board in February 2021 are reported hereinafter. They and previous Declarations of Compliance and other extensive information on corporate governance are permanently made publicly available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

Declaration by the Management Board of the general partner of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Management AG, and by the Supervisory Board of Fresenius Medical Care AG & Co. KGaA on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (Aktiengesetz)

The Management Board of Fresenius Medical Care Management AG (hereafter: the Management Board), as the general partner of Fresenius Medical Care AG & Co. KGaA, and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA declare that since issuance of the previous declaration of compliance in December 2019 the recommendations of the "German Corporate Governance Code Government Commission" published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (hereafter: the Code) in the version of February 7, 2017 were met and in the version of December 16, 2019 will be met in the future. Only the following recommendations of the Code in its version of February 7, 2017 and in its version of December 16, 2019 have not been met or will not be met to the extent described below:

A. Code in the version of February 7, 2017

Code number 4.2.3 paragraph 2 sentence 6: Caps regarding specific compensation amounts

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

This recommendation was not met. The service agreements with members of the Management Board did not provide for caps regarding specific amounts for all compensation components and accordingly not for caps regarding specific amounts for the overall compensation. The performance-oriented short-term compensation (the variable bonus) was already capped. As regards stock options, phantom stock and performance shares as compensation components with long-term incentives, the service agreements with members of the Management Board did provide for a possibility of limitation but not for caps regarding specific amounts. Introducing caps regarding specific amounts in relation to such stock-based compensation components would have contradicted the basic idea pursued at that time of the members of the Management Board participating in the economic risks and opportunities of the company without such a restriction.

With the entry into force of the compensation system for the members of the Management Board of the general partner, which was approved by the ordinary General Meeting of the Company on August 27, 2020 (the "Compensation System 2020+") and implemented in the service agreements with the Management Board members, caps were also introduced for the stock-based compensation components with long-term incentives as well as a maximum compensation with specific amounts, each effective January 1, 2020.

Code number 4.2.3 paragraph 4: Severance payment cap

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

These recommendations were not met for the time until December 31, 2019 insofar as the service agreements of the members of the Management Board did partially not contain severance payment arrangements for each case of premature termination of the contract and consequentially did not contain a limitation of any severance payment amount insofar, because this would not in every case have done justice to the assessment of each individual case considered preferable at the time.

The Management Board contracts affected by this deviation were adjusted with effect from January 1, 2020. The recommendation has since been complied with.

Code number 4.2.5 paragraph 3: Presentation in the compensation report

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

Fresenius Medical Care, in deviation from Code number 4.2.3 paragraph 2 sentence 6, did not provide for caps regarding specific amounts for all variable compensation components and, therefore, did not provide for caps regarding specific amounts for the overall compensation. In this respect, the compensation report for the fiscal year 2019 could not fully meet the requirements of the Code.

Code number 5.1.2 paragraph 2 sentence 3: Age limit for members of the Management Board

Pursuant to Code number 5.1.2 paragraph 2 sentence 3, an age limit shall be specified for members of the Management Board.

This recommendation was deviated from. Not considering certain persons for the Management Board of the general partner solely on the basis of their age did not appear appropriate according to previous assessment.

In its meeting on November 30, 2020, the competent Supervisory Board of the general partner resolved to specify an age limit for the members of the Management Board of the general partner, which is to be disclosed in the Declaration on Corporate Governance.

Code number 5.4.1 paragraph 2 and paragraph 4: Specification of concrete objectives regarding the composition of the Supervisory Board and their consideration when making election proposals

Pursuant to Code number 5.4.1 paragraph 2 and paragraph 4, the Supervisory Board shall specify concrete objectives regarding its composition and shall prepare a profile of skills and expertise for the entire Supervisory Board. Within the company-specific situation, the composition of the Supervisory Board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity. Proposals by the Supervisory Board to the General Meeting shall take these targets into account, while simultaneously aiming at fulfilling the profile of skills and expertise of the entire Supervisory Board. The status of the implementation shall be published in the Corporate Governance Report.

These recommendations were partly not met. In the company's interest not to limit the selection of qualified candidates in a generalizing way, the Supervisory Board refrained from an age limit and from a duration limit on the term of office.

In its meeting on November 30, 2020, the Supervisory Board resolved to specify an age limit for the members of the Supervisory Board, which is to be disclosed in the Declaration on Corporate Governance.

B. Code in the version of December 16, 2019

Code recommendation C.10 Independence of the Chairman of the Supervisory Board

Pursuant to Code recommendation C.10, the Chairman of the Supervisory Board shall be independent of the Company and the Management Board.

As a precautionary measure, a deviation from this recommendation is declared with regard to the term of office of the Chairman of the Supervisory Board, Dr. Dieter Schenk, on the Supervisory Board of the Company. Whether Dr. Schenk in view of his term of office on the Supervisory Board of the Company of more than 12 years is to be regarded as independent of the Company and the Management Board within the meaning of the Code in the version of December 16, 2019 did not need to be considered, because the number of those Supervisory Board members who have been members of the Supervisory Board for no more than 12 years and are otherwise to be qualified as independent already complies with the Code recommendation C.7, pursuant to which more than half of the shareholder representatives shall be independent of the Company and the Management Board.

Bad Homburg v.d. Höhe, December 2020

Management Board of the general partner of
Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Management AG, and
Supervisory Board of Fresenius Medical Care AG & Co. KGaA

Update of the Declaration of Compliance by the Management Board of the general partner of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Management AG, and by the Supervisory Board of Fresenius Medical Care AG & Co. KGaA on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (Aktiengesetz) dated December 2020

The Management Board of Fresenius Medical Care Management AG (hereafter: the Management Board), as the general partner of Fresenius Medical Care AG & Co. KGaA (hereafter: the Company), and the Supervisory Board of the Company last issued a declaration of compliance on the recommendations of the German Corporate Governance Code (hereafter: the Code) pursuant to Section 161 of the German Stock Corporation Act in December 2020. This declaration is updated as follows:

Code recommendation G.8

Pursuant to recommendation G.8 of the Code, subsequent changes to the target values or comparison parameters of the variable compensation of the members of the Management Board shall be excluded. For precautionary reasons, a deviation from this recommendation is declared.

For the 2020 fiscal year, an impairment of goodwill and tradenames in the Latin America segment has materialized with an impact of almost EUR 195 million as a consequence of the macro-economic downturn and increasing risk adjustment rates for several countries in Latin America. In particular to ensure the comparability of the underlying financial figures of the performance targets with the Company's operating performance and to adequately recognize the actual performance of the members of the Management Board, the Supervisory Board of the general partner - in accordance with the recommendation G.11 of the Code, pursuant to which the Supervisory Board shall have the possibility to account for extraordinary developments to an appropriate extent - has decided to disregard the Latin American impairment in question, which solely relates to the carrying amounts, when determining the relevant target achievement.

In all other respects, the declaration of compliance of December 2020 remains unaffected.

Bad Homburg v.d. Höhe, February 2021

Management Board of the general partner
of Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Management AG, and
Supervisory Board of Fresenius Medical Care AG & Co. KGaA

SHAREHOLDERS

The shareholders of the Company exercise their rights and voting powers in the General Meeting. The share capital of FMC AG & Co. KGaA is divided exclusively into ordinary shares. Each share of FMC AG & Co. KGaA entitles the holder to one vote at the General Meeting. Shares with multiple or preference voting rights do not exist. As a matter of principle, the General Partner (as far as it would be a shareholder in the Company, which was not the case in the year under review) respectively, its sole shareholder, Fresenius SE & Co. KGaA, can exercise at the General Meeting the voting rights connected with the shares they hold in FMC AG & Co. KGaA. However, the General Partner and its sole shareholder are subject to various rules preventing them by law from voting on certain resolutions. These include, among others, the election of the Supervisory Board, formal approval of the actions of the General Partner and the members of the Supervisory Board of FMC AG & Co. KGaA, as well as the election of the auditor of the annual financial statements. This is to guarantee that the other shareholders in the partnership limited by shares (KGaA) can solely decide on these matters, particularly those concerning the control of the management.

GENERAL MEETING

Shareholders can exercise their voting rights at the General Meeting, by proxy via a representative of their choice or by a Company-nominated proxy acting on their instructions. Proxy voting instructions to a Company nominee can be issued before and during the General Meeting until the end of the general debate.

The Annual General Meeting 2020 of FMC AG & Co. KGaA took place at the Company's offices in Bad Homburg v.d. Höhe (Germany) on August 27, 2020 and, against the background of the spread of the coronavirus SARS-CoV-2, was held as a virtual General Meeting without the physical presence of shareholders or their proxies. Approximately 79 % of the share capital was represented at the Annual General Meeting. At the Annual General Meeting, resolutions were passed on the following topics:

- approval of the annual financial statements for fiscal year 2019,
- allocation of distributable profit,
- approval of the actions of the General Partner for fiscal year 2019,
- approval of the actions of the Supervisory Board for fiscal year 2019,
- election of the auditor and consolidated group auditor for fiscal year 2020 as well as the auditor for the potential review of interim financial information,

- resolution on the approval of the compensation system for the members of the Management Board of the General Partner,
- resolution on the remuneration of the members of the Supervisory Board and on the amendment of Article 13 and Article 13e (3) of the Articles of Association,
- resolution on the cancellation of the existing authorized capitals, on the creation of new authorized capitals including the possibility of the exclusion of subscription rights as well as on corresponding amendments to Article 4 (3) and (4) of the Articles of Association of the Company,
- resolution on the amendment of Article 15 (1) sentence 2 of the Company's Articles of Association (Alignment with the German Stock Corporation Act as amended by the ARUG II).

All documents and information on the Annual General Meeting are available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

LEGAL RELATIONSHIPS WITH MEMBERS OF THE COMPANY'S CORPORATE BODIES

When making decisions and in connection with the tasks and activities performed by them, the members of the Management Board of the General Partner and of the Supervisory Board of FMC AG & Co. KGaA, as well as the Supervisory Board of Fresenius Medical Care Management AG, do not pursue personal interests or give unjustified advantages to other people. Any business dealings with the Company by members of the corporate bodies are to be disclosed to the Supervisory Board of FMC AG & Co. KGaA immediately and are subject to its approval, if necessary. The Supervisory Board reports to the General Meeting on possible conflicts of interests of its members and on the treatment of such conflicts. In the year under review, there were no conflicts of interest of board members that would have been required to be disclosed to the Supervisory Board and of which the Supervisory Board would inform the General Meeting.

Mr. Rice Powell as the Chairman of Fresenius Medical Care Management AG's Management Board is, with the approval of Fresenius Medical Care Management AG's Supervisory Board, at the same time a member of the Management Board of Fresenius Management SE.

The member of the Supervisory Board of FMC AG & Co. KGaA Dr. Dieter Schenk (Chairman) is also member and Vice Chairman of the Supervisory Board of Fresenius Medical Care Management AG and of the Supervisory Board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA.

Dr. Dieter Schenk continues to be Chairman of the foundation board of the Else Kröner-Fresenius-Stiftung, which is the sole shareholder of Fresenius Management SE as well as a limited shareholder of Fresenius SE & Co. KGaA, and, in addition, member and chairman of the foundation board's steering committee, which tasks include the administration of the Else Kröner-Fresenius-Stiftung's participation in Fresenius SE & Co. KGaA and the exercise of the voting rights attached thereto.

The members of the Supervisory Board of FMC AG & Co. KGaA Mr. William P. Johnston and Mr. Rolf A. Classon are also members of the Supervisory Board of Fresenius Medical Care Management AG.

During the year under review, consulting or other service relationships between members of the Supervisory Board and the Company did not exist.

MANAGERS' TRANSACTIONS

According to Article 19 of the Regulation (EU) No 596/2014 (Market Abuse Regulation), the members of the Management Board and the Supervisory Board as well as other persons discharging managerial responsibilities and all persons who are closely associated with the aforementioned persons shall notify the issuer of any subsequent transaction with shares in Fresenius Medical Care and additional related financial instruments conducted on their own account once a total amount of EUR 20,000 has been reached within a calendar year. The issuer is required to publish the respective information.

The managers' transactions undertaken in the year under review are, inter alia, published on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

TRANSPARENCY OF REPORTING

Fresenius Medical Care meets all applicable transparency and external reporting requirements imposed by chapter F of the Code 2020. Fresenius Medical Care attaches special importance to informing its shareholders simultaneously and uniformly about the Company in its regular financial reporting events. Ad hoc releases and the website of Fresenius Medical Care play an essential role in these efforts. They provide investors and other interested persons equally with direct and timely access to the information Fresenius Medical Care releases.

FINANCIAL ACCOUNTING AND AUDIT, STOCK EXCHANGE LISTING

Fresenius Medical Care prepares consolidated financial statements and a group management report as well as interim consolidated quarterly reports in accordance with the "International Financial Reporting Standards" (IFRS) as adopted by the EU as well as in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB). The financial reporting is based on these statements. The consolidated financial statements are published within the first 90 days of the end of each fiscal year, and the consolidated quarterly reports within the first 45 days of the end of each quarter.

The annual financial statements and the management report of FMC AG & Co. KGaA are prepared in accordance with the legal requirements of the German Commercial Code. The annual financial statements are decisive for the distribution of the annual profit.

Moreover, an Annual Report of Fresenius Medical Care, which includes the consolidated financial statements and the group management report in accordance with IFRS and the German Commercial Code, is published each year.

Fresenius Medical Care's shares are listed on the stock exchange in the U.S. (as so-called American Depositary Receipts) and in Germany. Fresenius Medical Care is therefore subject to a number of regulations and recommendations regarding the management, administration and monitoring of the Company. On the one hand, in addition to mandatory requirements under stock corporation and commercial law, Fresenius Medical Care complies with the regulations of Deutsche Börse and adhere to most of the recommendations of the German Corporate Governance Code. On the other hand, being a non-U.S. company (a so-called "foreign private issuer") Fresenius Medical Care is subject to the regulations connected to Fresenius Medical Care's listing in the U.S. Observance of the Sarbanes-Oxley Act (SOX) and portions of the Corporate Governance Rules of the New York Stock Exchange in particular is required. The Sarbanes-Oxley Act includes provisions governing companies and their auditors and is aimed at improving financial reporting, ensuring auditor independence and implementing other matters. The extension of regulations for financial reporting and internal control systems is intended to increase the trust of investors and other parties interested in the Company. Fresenius Medical Care fully complies with the current requirements applicable to the Company.

COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Compensation Report for the year under review, the applicable compensation system for the members of the Management Board of the General Partner as approved by the Company's General Meeting as well as the last resolution of the Company's General Meeting on the remuneration of the members of the Supervisory Board of the Company are made publicly available on the following Company's websites:

www.freseniusmedicalcare.com/en/about-us/management-board/compensation

www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration

The Compensation Report for the year under review is also reproduced in the following.

COMPENSATION REPORT

The Compensation Report of FMC AG & Co. KGaA summarizes the main elements of the system for the compensation of the members of the Management Board of Fresenius Medical Care Management AG, the General Partner of FMC AG & Co. KGaA, and in this regard especially explains the amounts and structure of the compensation paid to the Management Board. Furthermore, the principles and the amount of the compensation of the Supervisory Board of the Company are described in the Compensation Report.

The compensation system for the members of the Management Board of Fresenius Medical Care Management AG was amended with effect as from January 1, 2020 in accordance with the provisions of the German Stock Corporation Act (AktG), as amended by the German Act Implementing the Second (EU) Shareholder Rights Directive, and approved by the Annual General Meeting of FMC AG & Co. KGaA on August 27, 2020 with a majority of more than 95 % of the votes cast (Compensation System 2020+). The details of the Compensation System 2020+ can be found on the Company's website at www.freseniusmedicalcare.com/en/about-us/management-board/compensation. The Compensation System 2020+ was implemented effective as of January 1, 2020 in the service agreements of all Management Board members. The compensation of the Management Board members for the fiscal year was determined in accordance with the Compensation System 2020+.

The Compensation Report is part of the Management Report and of the group management report of FMC AG & Co. KGaA as at December 31, 2020 and was prepared in accordance with the provisions of the German Commercial Code (HGB). The Compensation Report also includes in section VI. "Tables of the

C 4.9 **COMPENSATION COMPONENTS GRANTED FOR THE FISCAL YEAR**

COMPENSATION SYSTEM 2020+

Fixed components

- Base salary
- \+
- Fringe benefits
- \+
- Pension commitment

Variable components

Short-Term Incentive
(Multiplier: 1.05 times base salary)

Financial performance target
- 20 % Revenue
- 20 % Operating Income
- 40 % Net Income

Non-financial performance target
- 20 % sustainability

Target achievement cap: 120 %

Long-Term Incentive
(Multiplier: 1.35 times base salary)

Financial performance targets
- 1/3 Revenue Growth
- 1/3 Net Income Growth
- 1/3 Return on Invested Capital (ROIC)

Target achievement cap: 200 %

Overall proceeds cap incl. share price development: 400 %

Maximum compensation amount

Maximum compensation for each Management Board member depending on the function

Further design elements

- Share ownership
- Malus and clawback
- Severance payment cap

value of benefits granted and received" compensation tables which correspond, to a large extent, to the structure and the form of the model tables of the German Corporate Governance Code in its previous version dated February 7, 2017, to allow for the comparability with the previous year's figures.

Compensation of the Management Board

The Supervisory Board of Fresenius Medical Care Management AG is responsible for determining the compensation of the members of the Management Board. The Supervisory Board of Fresenius Medical Care Management AG is assisted in this task by a personnel committee, the Human Resources Committee, a committee which is composed of individual members of the Supervisory Board of Fresenius Medical Care Management AG and which is also responsible for the tasks of a compensation committee. The Human Resources Committee is composed of Mr. Stephan Sturm (Chairman), Dr. Gerd Krick (Vice Chairman), Mr. Rolf A. Classon, Mr. William P. Johnston and Dr. Dieter Schenk.

The Compensation System 2020+ underlying the compensation of the Management Board for the fiscal year was developed with the support of external compensation experts. The objective of the Compensation System 2020+ is to enable the members of the Management Board to participate reasonably in a sustainable and long-term development of the Company's business and to reward them based on their duties and performance as well as their success in managing the Company's economic and financial position giving due regard to the peer environment and to make a significant contribution to implementing and further developing the business strategy.

In order to assess the appropriateness of the compensation system and the individual compensation of the Management Board members, the Supervisory Board of Fresenius Medical Care Management AG conducts a horizontal review of compensation amounts and structures. The amounts of the target total direct compensation (base salary, target Short-Term Incentive amount and grant amount under the Long-Term Incentive) and the respective components granted to each member of the Management Board are compared to compensation market data of companies of a comparable sector, country-coverage and size. Additionally, the base salary as well as the target amounts of the variable compensation components of the Management Board members are benchmarked against those of companies of relevant peer groups (these include DAX 30 companies as well as U.S. companies with comparable sector and size). For the fiscal year, the DAX 30 companies as of December 31, 2019 and - depending on the specific tasks of the respective member of the Management Board - the following companies listed in the U.S. were used: Anthem Inc., Baxter International Inc., Boston Scientific Corporation, Cigna Corporation, CVS Health Corporation, DaVita Inc., Encompass Health Corporation, Humana Inc., McKesson Corporation, Medtronic plc, and UnitedHealth Group Incorporated.

The Supervisory Board of Fresenius Medical Care Management AG also conducts a vertical review with respect to the compensation levels of the Company's employees when determining the compensation system and the compensation of the Management Board members.

The compensation of the Management Board is, as a whole, performance-based and geared to promoting sustainable and long-term corporate development. In accordance with the Compensation System 2020+, it was composed in the fiscal year of non-performance-based and performance-based components:

1. a non-performance-based compensation, consisting of "fixed compensation components" (base salary, fringe benefits and pension commitment)
2. a short-term performance-based compensation, which is a one-year variable compensation (Short-Term Incentive)
3. components with long-term incentive effects (multi-year variable compensation comprised of share-based compensation with cash settlement and stock options, the latter granted in previous fiscal years) (Long-Term Incentive).

More information about the compensation components granted for the fiscal year is provided in CHART 4.9 ON PAGE 124.

Upon the introduction of the Compensation System 2020+, the composition of the compensation components for the Management Board members has changed. The grant amounts for variable, performance-based compensation components are each determined as a multiple of the base salary. The multiplier for the short-term performance-based compensation is 1.05 and the multiplier for the long-term performance-based compensation is 1.35. This results in a long-term oriented compensation structure that is consistent for all Management Board members and less complex than the previous compensation system.

Until 2019 under the previous compensation system, the Management Board members were entitled to a part of their one-year variable compensation irrespective of the target achievement. This entitlement was abolished upon the introduction of the Compensation System 2020+ and the respective amount has been included in the base salary. Consequently, the base salary of the Management Board members for the fiscal year, compared to the base salary for the year 2019, has increased accordingly. In addition, further adjustments of the base salary were necessary in individual cases to keep the target total direct compensation of the Management Board members for the fiscal year on a level comparable to that of the year 2019 and to avoid any reduction by the introduction of the Compensation System 2020+.

For the Management Board members Mr. Rice Powell and Mr. William Valle, a regular salary review and adjustment has been

carried out in addition to the conversion of the compensation system in the fiscal year.

I. Fixed compensation components

The fixed compensation granted to the Management Board members comprises a base salary, fringe benefits and - if individually agreed - a pension commitment.

The base salary is paid in Germany or Hong Kong (applicable to Mr. Harry de Wit, who is resident in Hong Kong) in twelve equal monthly installments. To the extent the base salary is paid to members of the Management Board in the U.S., the payment is made in accordance with local customs in twenty-six equal installments.

In addition, the members of the Management Board receive fringe benefits based on their service agreements. In the fiscal year these consisted mainly of the private use of company cars, special payments such as the payment of school fees, housing, rent and relocation supplements, reimbursement of air travel expenses, reimbursement of fees for the preparation of tax returns, reimbursement of charges, contributions to pension schemes (other than the pension commitments set out herein), contributions to accident, life and health insurance or other insurances as well as tax equalizations resulting from different tax rates applicable in Germany and, as the case may be, the country in which the Management Board member is personally liable to taxes. For details regarding the tax equalizations, please see section V. "Miscellaneous".

The pension commitments of the members of the Management Board are described in section IV. "Commitments to members of the Management Board in the event of a termination of their appointment" of this Compensation Report.

II. Variable compensation components

The variable compensation components comprise a short-term performance-based compensation component (Short-Term Incentive) and a long-term performance-based compensation component (Long-Term Incentive) that includes a mandatory share ownership element. The target Short-Term Incentive amount equals 105 % (multiplier of 1.05) of the respective Management Board member's relevant base salary. The grant amount under the Long-Term Incentive equals 135 % (multiplier of 1.35) of the respective Management Board member's relevant base salary.

More information about the variable compensation components granted under the Compensation System 2020+ in the fiscal year is provided in CHART 4.10.

For the Short-Term Incentive, the target achievement and payout are capped at 120 % of the applicable target Short-Term Incentive amount. For the Long-Term Incentive, the target achievement is capped at 200 % for each grant. In addition, the proceeds from each grant of the Long-Term Incentive are capped at 400 % of the grant amount for each grant, thus also capping the opportunity to profit from the share price development in the applicable performance period. The Supervisory Board of Fresenius Medical Care Management AG has also agreed on a cap option for the variable compensation components in the event of extraordinary developments.

C 4.10 **VARIABLE COMPENSATION COMPONENTS GRANTED UNDER THE COMPENSATION SYSTEM 2020+ IN THE FISCAL YEAR**

VARIABLE COMPENSATION	
SHORT-TERM INCENTIVE	Annual payment in cash after completion of the fiscal year
	Financial targets: Revenue, Operating Income and Net Income
	Non-financial targets: Sustainability
	Overall target achievement: 0 – 120 %
LONG-TERM INCENTIVE (MB LTIP 2020)[1]	Performance Share Plan with a performance period of three years
	Investment of the proceeds in Company shares acquired on the stock exchange with a holding period of at least one year
	Targets: Revenue Growth, Net Income Growth and Return on Invested Capital (ROIC)
	Overall target achievement: 0 – 200 %

[1] Fresenius Medical Care Management Board Long-Term Incentive Plan 2020

In addition, individual members of the Management Board may receive a variable compensation for their Management Board activities from compensation components granted for previous fiscal years.

The members of the Management Board were granted, for the last time, for the year 2019 the so-called Share Based Award to the extent that they were entitled to a one-year variable compensation under the compensation system applicable until December 31, 2019. The Share Based Award is the amount of the one-year variable compensation that under the compensation system applicable until December 31, 2019 was to be converted into virtual shares of the Company not backed by equity of the Company as an amount to be deferred. The Share Based Award is attributable to the compensation components with long-term incentive effect.

To the extent that members of the Management Board were entitled to a Share Based Award under the compensation system applicable until December 31, 2019, they can in principle receive a share-based compensation, at the earliest, after a period of three years following the respective allocation dates. The share-based compensation is paid in cash and its amount depends on the share price of FMC AG & Co. KGaA upon exercise. In special cases (e.g. occupational disability, retirement, non-renewal of expired service agreements by the company) a shorter period may apply.

To the extent that members of the Management Board have been granted performance shares under the Fresenius Medical Care AG & Co. KGaA Long-Term Incentive Plan 2016 (LTIP 2016) or the Fresenius Medical Care Management Board Long-Term Incentive Plan 2019 (MB LTIP 2019), they may under certain conditions - and, under the MB LTIP 2019, for the first time in 2023 - receive share-based compensation with cash settlement from these performance shares. Furthermore, under the Fresenius Medical Care AG & Co. KGaA Long-Term Incentive Program 2011 (LTIP 2011) individual members of the Management Board may under certain conditions exercise previously granted stock options or receive a share-based compensation with cash settlement from Phantom Stock already granted.

On the basis of the plan conditions of the MB LTIP 2020, the MB LTIP 2019 and the LTIP 2016 and in accordance with the service agreements concluded with the Management Board members, variable compensation components that have already been earned and paid may be reclaimed, in particular in case of relevant violations of internal guidelines or undutiful conduct (Clawback).

Short-Term Incentive

Under the Compensation System 2020+, the members of the Management Board are entitled to receive a Short-Term Incentive which may result in a cash payment. The Short-Term Incentive rewards the Management Board members for the Company's performance in the relevant fiscal year. The Short-Term Incentive is linked to the achievement of three financial and one non-financial performance target.

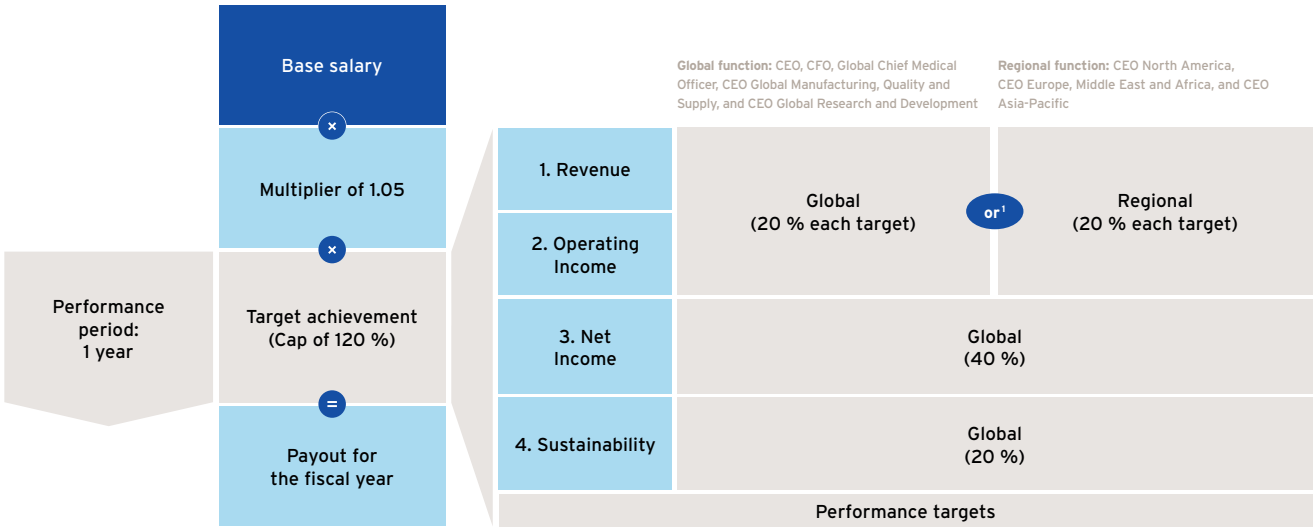
The target Short-Term Incentive amount to be granted to each member of the Management Board, which is paid out at a target achievement level of 100 %, equals 105 % (multiplier of 1.05) of the Management Board member's relevant base salary. The Short-Term Incentive is measured based on the achievement of four performance targets: 20 % relate to Revenue, 20 % to Operating Income, 40 % to Net Income and 20 % to the achievement of specific and measurable sustainability criteria (see CHART 4.11 ON PAGE 128).

The underlying financial figures of the financial performance targets are determined at constant currency and are adjusted for certain effects in line with the specifications determined before the beginning of the performance period, e.g. the effects from certain acquisitions and divestments, to ensure comparability of the financial figures with the operational performance.

For the fiscal year, an impairment of goodwill and tradenames in the Latin America Segment has materialized with an impact of €194,468 THOUS as a consequence of the macro-economic down-turn and increasing risk adjustment rates for several countries in the Latin America Segment. In particular to ensure the comparability of the underlying financial figures of the performance targets with the Company's operating performance and to adequately recognize the actual performance of the members of the Management Board, the Supervisory Board of Fresenius Medical Care Management AG has decided to disregard the Latin America Segment impairment in question, which solely relates to the carrying amounts, when determining the relevant target achievement for the Short-Term Incentive.

For Dr. Katarzyna Mazur-Hofsäß (member of the Management Board responsible for the region Europe, Middle East and Africa (EMEA)), Mr. William Valle (member of the Management Board responsible for the region North America (NA)) and Mr. Harry de Wit (member of the Management Board responsible for the region Asia-Pacific (AP)), who are responsible for a particular region, the Revenue and the Operating Income relate to the relevant financial figures of the respective region. For Mr. Rice Powell and Mrs. Helen Giza as Management Board members with corporate group functions as well as for Dr. Olaf Schermeier (member of the Management Board responsible for Global Research and Development), Mr. Kent Wanzek (member of the Management Board responsible for Global Manufacturing, Quality and Supply) and Mr. Franklin W. Maddux, MD (member of the Management Board and Global Chief Medical Officer) the Revenue and the Operating Income relate to the relevant financial figures of the Group. The Net Income target always relates to that of the Group. By measuring the performance targets on a regional as well as on a group level, both

C 4.11 **SHORT-TERM INCENTIVE**



[1] Depending on the Management Board member's function

the financial performance of the individual regions and that of the Group are reflected.

The Supervisory Board of Fresenius Medical Care Management AG has defined the target values of the underlying financial figures for each financial performance target that lead to a target achievement of 0 % (lower threshold), 50 %, 100 % and 120 % (cap).

In addition to the financial performance targets, the Compensation System 2020+ has incorporated sustainability as a non-financial performance target of the short-term variable compensation. This performance target underlines the Company's commitment to implement its Global Sustainability Program. The sustainability performance target is based on a qualitatively measurable sustainability target that relates to various sustainability areas.

The following applies for each performance target: If the lower target value is not exceeded, a target achievement of 0 % applies. If the upper target value is exceeded, a target achievement of 120 % (cap) applies. If the actual financial or non-financial figures lie between the respective target values for a target achievement of 0 % to 100 % or 100 % to 120 %, the target achievement is determined by linear interpolation.

TABLE 4.12 ON PAGE 129 shows the target values applied in the fiscal year and their achievement for the financial targets.

The achievement of the sustainability target is measured at the group level to ensure close collaboration across the Company's operating segments in the field of sustainability. For this purpose, eight material sustainability areas were defined: patients, anti-bribery and anti-corruption, employees, data privacy and security, human rights, supply chain, environment as well as occupational health and safety. The progress in each sustainability area is measured by the degree of implementation of pre-defined management concepts that include purpose, goals and objectives, responsibility and ownership, coverage, reporting and communication, results and progress as well as policy, guideline and training. The eight sustainability areas and seven management concepts result in 56 sustainability criteria.

For the period from 2020 to 2022, the yearly progress of the implementation of these sustainability criteria will be assessed by an external auditor and measured in two steps using an audited control and calculation model.

Within the control and calculation model, the degree of implementation of these sustainability criteria is evaluated in a first step using a predefined questionnaire. For each question 0 points, 0.25 points, 0.5 points, 0.75 points or 1 point can be achieved depending on the degree of implementation. Based on the evaluation of the questionnaire, the score for each sustainability criterion is determined in a second step. The score for each sustainability criterion can also be 0 points, 0.25 points, 0.5 points, 0.75 points or 1 point. To calculate the achieved score for each sustainability criterion, the average of the points over the number of questions per sustainability criterion is calculated. If the thus calculated average deviates from the aforementioned scores, it is rounded down to the next lower score. For example, a score of 0.45 points would lead to a score of 0.25 points for a sustainability criterion.

To determine the total score for the sustainability target, the sum of the points achieved for the 56 sustainability criteria is

calculated. The Supervisory Board of Fresenius Medical Care Management AG has set the following target values for the fiscal year: A total score of 10.75 or less results in a target achievement of 0 %, a total score of 18.00 results in a target achievement of 100 % and a total score of 20.00 or more results in a target achievement of 120 %.

The total score achieved in the fiscal year was 24.50. This resulted in a sustainability target achievement of 120 %.

The degree of the overall target achievement for the Short-Term Incentive is determined based on the weighted arithmetic mean of the target achievement of each performance target. Multiplying the degree of the respective overall target achievement with the target Short-Term Incentive amount results in the final Short-Term Incentive amount. Subject to the approval by the Supervisory Board of Fresenius Medical Care Management AG, the final Short-Term Incentive amount is paid to the respective Management Board member in cash. Since the overall target achievement is capped at 120 %, the final Short-Term Incentive amount is also capped at 120 % of the respective target Short-Term Incentive amount.

TABLE 4.13 shows the target achievement per performance target as well as the overall target achievement of the individual Management Board members for the fiscal year.

For the fiscal year and the previous year, the amount of cash compensation payments to members of the Management Board (without components with long-term incentive effects) can be found in TABLE 4.14 ON PAGE 130.

The Share Based Award that is attributable to the components with long-term incentive effect was granted for the last time for the year 2019. In accordance with the targets achieved in the year 2019, the members of the Management Board who were members of the Management Board on December 31, 2019 and

T 4.12 TARGET VALUES AND TARGET ACHIEVEMENT

	Target Values[1]			Target achievement in the fiscal year	
	0 %	100 %	120 %	Absolute	Relative
	in € M	in € M	in € M	in € M	in %
Revenue					
Group	≤ 17,477	= 18,880	≥ 19,229	18,395	65.44
NA	≤ 12,195	= 13,168	≥ 13,412	12,732	55.14
EMEA	≤ 2,693	= 2,809	≥ 2,863	2,840	111.55
AP	≤ 1,859	= 1,985	≥ 2,023	1,923	50.68
Operating Income					
Group	≤ 2,444	= 2,533	≥ 2,572	2,519	83.88
NA	≤ 1,989	= 2,053	≥ 2,080	2,130	120.00
EMEA	≤ 389	= 402	≥ 407	419	120.00
AP	≤ 325	= 335	≥ 340	345	120.00
NET INCOME	**≤ 1,285**	**= 1,349**	**≥ 1,377**	**1,349**	**98.86**

[1] The target values for a target achievement of 50 % follow from the linear interpolation for a target achievement between 0 % and 100 % and are therefore not listed separately.

T 4.13 OVERALL TARGET ACHIEVEMENT

	Target achievement				Overall target achievement
	Revenue	Operating Income	Net Income	Sustainability target	
Rice Powell	65.44	83.88	98.86	120.00	93.41
Helen Giza	65.44	83.88	98.86	120.00	93.41
Franklin W. Maddux, MD	65.44	83.88	98.86	120.00	93.41
Dr. Katarzyna Mazur-Hofsäß	111.55	120.00	98.86	120.00	109.85
Dr. Olaf Schermeier	65.44	83.88	98.86	120.00	93.41
William Valle	55.14	120.00	98.86	120.00	98.57
Kent Wanzek	65.44	83.88	98.86	120.00	93.41
Harry de Wit	50.68	120.00	98.86	120.00	97.68

T 4.14 AMOUNT OF CASH COMPENSATION
IN € THOUS

	Non-performance-based compensation				Short-term performance-based compensation		Cash compensation (without long-term incentive components)	
	Base salary[1]		Fringe benefits					
	2020	2019[2]	2020	2019[2]	2020	2019[2]	2020	2019[2]
Members of the Management Board serving as of December 31, 2020								
Rice Powell	1,769	1,340	429	256	1,734	1,970	3,932	3,566
Helen Giza[3]	855	108	320[4]	440[4]	839	159	2,014	707
Franklin W. Maddux, MD[3]	805	-	200	-	790	-	1,795	-
Dr. Katarzyna Mazur-Hofsäß	910	700	33	94	1,050	1,131	1,993	1,925
Dr. Olaf Schermeier	725	510	137	136	711	750	1,573	1,396
William Valle	1,366	866	327	237	1,414	1,035	3,107	2,138
Kent Wanzek	792	607	212	127	777	866	1,781	1,600
Harry de Wit	735	520	327	337	754	841	1,816	1,698
Former member of the Management Board who resigned during the year 2019[5]								
Michael Brosnan	-	633	-	211	-	1,117	-	1,961
TOTAL	**7,957**	**5,284**	**1,985**	**1,838**	**8,069**	**7,869**	**18,011**	**14,991**

[1] Until 2019 under the previous compensation system, the Management Board members were entitled to a part of their one-year variable compensation irrespective of the target achievement. This entitlement was abolished upon the introduction of the Compensation System 2020+ and the respective amount has been included in the base salary. Consequently, the base salary of the Management Board members for the fiscal year, compared to the base salary for the year 2019, has increased accordingly. In addition, further adjustments of the base salary were necessary in individual cases to keep the target total direct compensation of the Management Board members for the fiscal year on a level comparable to that of the year 2019 and to avoid any reduction by the introduction of the Compensation System 2020+. For the Management Board members Mr. Rice Powell and Mr. William Valle, a regular salary review and adjustment has been carried out in addition to the conversion of the compensation system in the fiscal year.

[2] Please note for purposes of comparison between the amounts indicated and those of the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Mrs. Helen Giza and Dr. Katarzyna Mazur-Hofsäß as well as Dr. Olaf Schermeier and Mr. Harry de Wit) or U.S. dollar (Messrs. Rice Powell, Franklin W. Maddux, MD, William Valle, Kent Wanzek and Michael Brosnan). The translation of U.S. dollar amounts was done at the average exchange rate for the applicable calendar year.

[3] Please note for purposes of comparison of the amounts indicated for the fiscal year that Mrs. Helen Giza was appointed as member of the Management Board only with effect as of November 1, 2019 and Mr. Franklin W. Maddux, MD with effect as of January 1, 2020 and, therefore, they have received compensation payments to be set out herein in each case commencing only as of such respective dates.

[4] The fringe benefits of Mrs. Helen Giza include a payment of €200 THOUS for the fiscal year and a payment of €400 THOUS for the year 2019, which Mrs. Helen Giza received in connection with her appointment to the Management Board. In the year 2021, Mrs. Helen Giza will receive a further payment of €200 THOUS in connection with her appointment to the Management Board.

[5] Mr. Michael Brosnan resigned from the Management Board with effect as of the end of October 31, 2019. Therefore, the amounts of his non-performance-based compensation as set out herein relate to the period until October 31, 2019.

the member of the Management Board who resigned during the year 2019 (Mr. Michael Brosnan) acquired entitlements to Share Based Awards valued in total at €2,623 THOUS. Based on this already fixed value, the allocation of the specific number of virtual shares made by the Supervisory Board of Fresenius Medical Care Management AG took place in March of the fiscal year on the basis of the then current price conditions of the shares of FMC AG & Co. KGaA. This number will also serve as multiplier for the share price on the applicable exercise date and, thus, as the basis for the determination of the payment amount of the respective share-based compensation.

Long-Term Incentive

On the basis of the Compensation System 2020+, the Management Board members were granted so-called Performance Shares for the fiscal year under the MB LTIP 2020 as a Long-Term Incentive. The MB LTIP 2020 was approved in the fiscal year by the Supervisory Board of Fresenius Medical Care Management AG upon recommendation of the Human Resources Committee and follows on the MB LTIP 2019, under which, as of the end of 2019, no further Performance Shares may be granted.

The Performance Shares granted to the members of the Management Board under MB LTIP 2020 are non-equity, cash-settled virtual compensation instruments with a performance period of three years. Any proceeds from Performance Shares are subject to the achievement of three equally weighted performance targets and further depend on the development of the stock exchange price of the shares of the Company. The proceeds from the Performance Shares (after taxes and contributions) are paid over to a credit institution which uses them for the purchase of shares of the Company on the stock exchange. The shares acquired in this way are subject to a holding period of at least one year. The proceeds from the Long-Term Incentive are therefore not accessible to the Man-

agement Board members prior to the lapse of a period of at least four years.

The grant amount for the Performance Shares equals 135 % (multiplier of 1.35) of the relevant base salary of the respective member of the Management Board. In order to determine the number of Performance Shares to be granted to the respective Management Board member, the respective grant amount is divided by the value per Performance Share determined in accordance with IFRS 2 and considering the average share price of the shares of the Company over a period of 30 calendar days prior to each respective grant date. The number of Performance Shares to vest for each member of the Management Board depends on the achievement of the performance targets.

The target achievement is measured based on the achievement of three equally weighted financial performance targets: Revenue growth (Revenue Growth), Net Income growth (Net Income Growth) and return on invested capital (ROIC), as provided in CHART 4.15.

Revenue Growth and Net Income Growth are determined at constant currency.

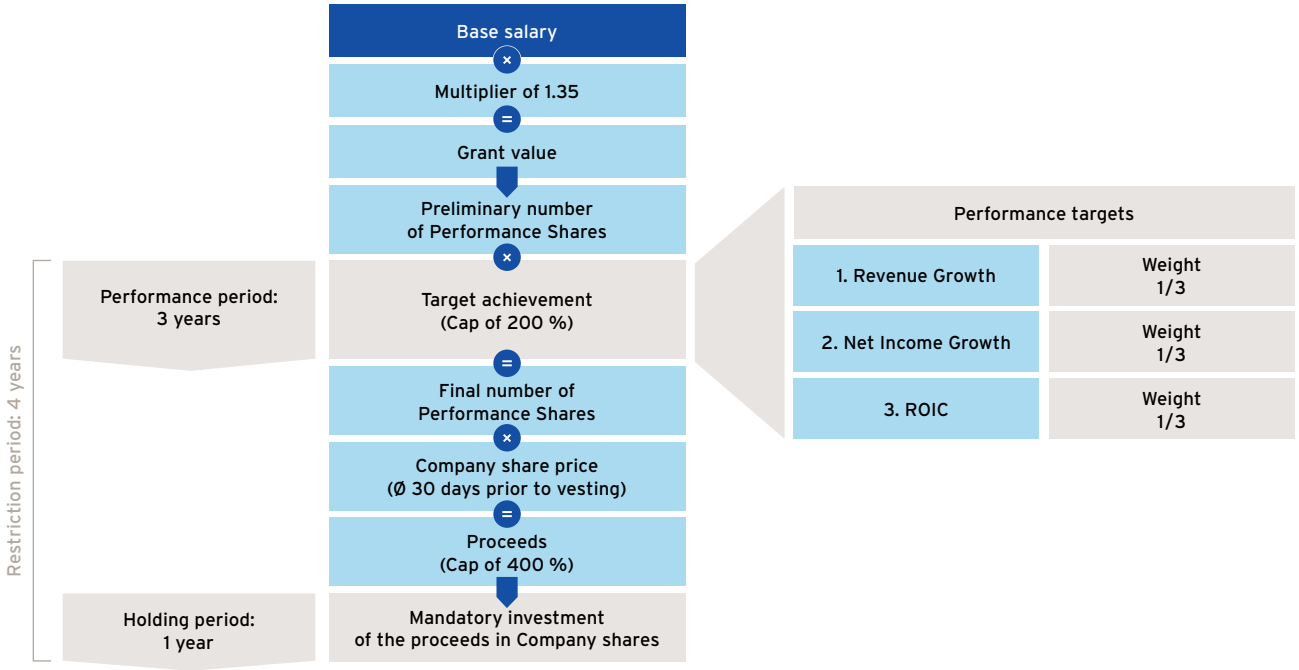
In particular to ensure the comparability of the underlying financial figures of the performance targets with the Company's operating performance and to adequately recognize the actual performance of the members of the Management Board for the components with long-term incentive effects, the Supervisory Board of Fresenius Medical Care Management AG has decided to disregard the impairment in the Latin America Segment that solely relates to the carrying amounts and is described in connection with the Short-Term Incentive above also when determining the relevant target achievement for the fiscal year under the LTIP 2016 (grant 2018), the MB LTIP 2019 (grant 2019) and the MB LTIP 2020 (grant 2020).

The Supervisory Board of Fresenius Medical Care Management AG has defined specific target values for each performance target that lead to a target achievement of 0 % (lower threshold), 100 % and 200 % (cap).

The following applies for each performance target: If the lower target value is not exceeded, a target achievement of 0 % applies. If the upper target value is exceeded, a target achievement of 200 % (cap) applies. If the actual financial figures are between the respective target values for a target achievement of 0 % and 100 % or 100 % and 200 %, the target achievement is determined by linear interpolation. The achievement of each performance target is determined annually. The three performance targets are weighted equally to determine the yearly target achievement. At the end of the three-year performance period, the Supervisory Board of Fresenius Medical Care Management AG determines the overall target achievement by taking the average of the yearly target achievements of the applicable performance period.

Based on the overall target achievement, the number of Performance Shares to vest is determined for each member of the

C 4.15 **LONG-TERM INCENTIVE**



Management Board. Such number of Performance Shares to vest may increase or decrease over the performance period. A total loss as well as (at most) doubling of the granted Performance Shares (200 % target achievement cap) is possible. After the final determination of the overall target achievement, the number of vested Performance Shares is multiplied with the last 30 calendar days' average price of the shares of the Company prior to each respective vesting date to calculate a corresponding cash amount as proceeds from the vested Performance Shares. The overall proceeds from a Performance Share are capped at 400 % of the respective grant amount.

The target values applied in the fiscal year for Performance Shares granted under the MB LTIP 2020 and the target achievement of the performance targets for the fiscal year are shown in TABLE 4.16.

Under the MB LTIP 2020, a total of 159,607 Performance Shares with a total value of €9,842 THOUS were granted to the members of the Management Board for the first time in the fiscal year. The fair value of the Performance Shares issued in November of the fiscal year amounted on the grant date to €61.27 for commitments in euros (applicable to Mrs. Helen Giza, Dr. Katarzyna Mazur-Hofsäß, Dr. Olaf Schermeier and Mr. Harry de Wit) and to $72.17 (€61.94) for commitments in U.S. dollars (applicable to Messrs. Rice Powell, Franklin W. Maddux, MD, William Valle and Kent Wanzek).

In the previous year, 114,999 Performance Shares with a total value of €7,158 THOUS were granted under the MB LTIP 2019. The fair value of the Performance Shares issued in July 2019 amounted on the grant date to €62.10 for commitments in euro (applicable to Dr. Katarzyna Mazur-Hofsäß, Dr. Olaf Schermeier and Mr. Harry de Wit) and to $69.71 (€62.69) for commitments in U.S. dollars (applicable to Messrs. Rice Powell, Michael Brosnan (member of the Management Board until October 31, 2019), William Valle and Kent Wanzek). Mrs. Helen Giza was granted Performance Shares in December 2019 whose fair value on the grant date was €60.58.

For the fiscal year, the number of Performance Shares granted to the members of the Management Board is shown, in each case compared to the previous year, individualized in TABLE 4.17.

At the end of the fiscal year, the members of the Management Board in office on December 31 of the fiscal year held a total of 159,607 Performance Shares under the MB LTIP 2020 (2019: 0), 102,435 Performance Shares under the MB LTIP 2019 (2019: 102,435) and 135,473 Performance Shares under the LTIP 2016 (2019: 211,878).

For the fiscal year, the value of the share-based compensation with cash settlement granted to the members of the Management Board is shown, in each case compared to the previous year, individualized in TABLE 4.18 ON PAGE 133.

T 4.16 TARGET CORRIDORS AND TARGETS

	Growth / ROIC	Target achievement	Weight
Performance target 1: Revenue Growth	≤ 1 %	0 %	
	6 %	100 %	1/3
	≥ 11 %	200 %	
Performance target 2: Net Income Growth	≤ 0 %	0 %	
	5 %	100 %	1/3
	≥ 10 %	200 %	
Performance target 3: ROIC	≤ 5.5 %	0 %	
	6 %	100 %	1/3
	≥ 6.5 %	200 %	

T 4.17 LONG-TERM INCENTIVE COMPONENTS

	Number of Performance Shares granted[1]	
	2020	2019
Members of the Management Board serving as of December 31, 2020		
Rice Powell	35,030	25,127
Helen Giza[2]	17,465	13,399
Franklin W. Maddux, MD[2]	15,954	-
Dr. Katarzyna Mazur-Hofsäß	18,588	12,927
Dr. Olaf Schermeier	14,809	12,927
William Valle	27,053	12,564
Kent Wanzek	15,694	12,564
Harry de Wit	15,014	12,927
Former member of the Management Board who resigned during the year 2019[3]		
Michael Brosnan	-	12,564
TOTAL	**159,607**	**114,999**

[1] The grants were made pursuant to the MB LTIP 2020 for the fiscal year and pursuant to the MB LTIP 2019 for the year 2019.
[2] Please note for purposes of comparison of the number of Performance Shares granted for the fiscal year that Mrs. Helen Giza was appointed as member of the Management Board only with effect as of November 1, 2019 and Mr. Franklin W. Maddux, MD with effect as of January 1, 2020 and, therefore, they have received compensation payments to be set out herein in each case commencing only as of such respective dates.
[3] Mr. Michael Brosnan resigned from the Management Board with effect as of the end of October 31, 2019.

The components with long-term incentive effect entitle to a cash payment or can be exercised only after the expiration of the predefined waiting and / or vesting periods. Their value is distributed over the waiting periods and is proportionally accounted for as an expense in the respective fiscal year.

The expenses pertaining to components with long-term incentive effects for the fiscal year and for the previous year are set out in TABLE 4.19 ON PAGE 133.

T 4.18 **LONG-TERM INCENTIVE COMPONENTS**
IN € THOUS

	Share-based compensation with cash settlement[1]	
	2020	2019[2]
Members of the Management Board serving as of December 31, 2020		
Rice Powell	2,170	2,232
Helen Giza[3]	1,070	865
Franklin W. Maddux, MD[3]	988	–
Dr. Katarzyna Mazur-Hofsäß	1,139	1,180
Dr. Olaf Schermeier	907	1,053
William Valle	1,676	1,133
Kent Wanzek	972	1,076
Harry de Wit	920	1,083
Former member of the Management Board who resigned during the year 2019[4]		
Michael Brosnan	–	1,160
TOTAL	**9,842**	**9,782**

[1] This includes Performance Shares pursuant to the MB LTIP 2020 (for the fiscal year) and to the MB LTIP 2019 (for the year 2019) as well as Share Based Awards (for the year 2019). The share-based compensation amounts are based on the fair value on the grant date.
[2] Please note for purposes of comparison between the amounts indicated for 2019 and those of the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Mrs. Helen Giza and Dr. Katarzyna Mazur-Hofsäß as well as Dr. Olaf Schermeier and Mr. Harry de Wit) or U.S. dollar (Messrs. Rice Powell, Franklin W. Maddux, MD, William Valle, Kent Wanzek and Michael Brosnan). The translation of U.S. dollar amounts was done at the closing rate of the applicable grant date.
[3] Please note for purposes of comparison of the amounts indicated for the fiscal year that Mrs. Helen Giza was appointed as member of the Management Board only with effect as of November 1, 2019 and Mr. Franklin W. Maddux, MD with effect as of January 1, 2020 and, therefore, they have received compensation payments to be set out herein in each case commencing only as of such respective dates.
[4] Mr. Michael Brosnan resigned from the Management Board with effect as of the end of October 31, 2019.

Performance Shares under the MB LTIP 2019

In 2019, grants of Performance Shares under the MB LTIP 2019 constituted a component of the compensation of the members of the Management Board. As of the end of year 2019, grants under the MB LTIP 2019 are no longer possible. However, individual members of the Management Board may exercise Performance Shares which have previously been granted and, taking into consideration vesting periods, the achievement of defined performance targets as well as, subject to deviating agreements in the individual case, the continuation of the service relationship, receive (for the first time in 2023) a share-based compensation with cash settlement from Performance Shares under the MB LTIP 2019. At December 31 of the fiscal year, the members of the Management Board then in office held a total of 102,435 Performance Shares (2019: 102,435) under the MB LTIP 2019.

T 4.19 **EXPENSES FOR LONG-TERM INCENTIVE COMPONENTS**
IN € THOUS

	Stock Options		Share-based compensation with cash settlement[1]		Share-based compensation	
	2020	2019	2020	2019	2020	2019
Members of the Management Board serving as of December 31, 2020						
Rice Powell	–	327	2,666	2,588	2,666	2,915
Helen Giza[2]	–	–	333	10	333	10
Franklin W. Maddux, MD[2]	–	–	206	–	206	–
Dr. Katarzyna Mazur-Hofsäß	–	–	691	224	691	224
Dr. Olaf Schermeier	–	109	1,256	1,226	1,256	1,335
William Valle[3]	–	–	1,331	731	1,331	731
Kent Wanzek	–	153	1,190	1,272	1,190	1,425
Harry de Wit	–	–	1,457	1,001	1,457	1,001
Former member of the Management Board who resigned during the year 2019[4]						
Michael Brosnan	–	164	–	3,552	–	3,716
TOTAL	**–**	**753**	**9,130**	**10,604**	**9,130**	**11,357**

[1] This includes expenses for Performance Shares under the MB LTIP 2020 (for the fiscal year only), under the MB LTIP 2019 and under the LTIP 2016, expenses for Phantom Stock under the LTIP 2011 and expenses for the Share Based Award.
[2] Please note for purposes of comparison of the amounts indicated for the fiscal year that Mrs. Helen Giza was appointed as member of the Management Board only with effect as of November 1, 2019 and Mr. Franklin W. Maddux, MD with effect as of January 1, 2020 and, therefore, they have received compensation payments to be set out herein in each case commencing only as of such respective dates.
[3] The amounts indicated for stock options do not include the expenses from stock options which have been granted to the member of the Management Board William Valle prior to his appointment to the Management Board.
[4] Mr. Michael Brosnan resigned from the Management Board with effect as of the end of October 31, 2019. The expenses for long-term incentive components result from the compensation components granted to Mr. Michael Brosnan under the LTIP 2011, the LTIP 2016, the MB LTIP 2019 and the Share Based Award which are payable or can be exercised, as the case may be, on the relevant regular vesting date in accordance with the respective plan conditions.

Performance Shares under the LTIP 2016

Until the end of year 2018, grants of Performance Shares under the LTIP 2016 constituted a component of the compensation of the members of the Management Board. As of the end of year 2018 grants under the LTIP 2016 are no longer possible. However, individual members of the Management Board may exercise Performance Shares which have previously been granted and, taking into consideration vesting periods, the achievement of defined performance targets as well as, subject to deviating stipulations in the individual case, the continuation of the service relationship, receive (for the first time in the fiscal year) a share-based compensation with cash settlement from Performance Shares under the LTIP 2016. At December 31 of the fiscal year, the members of the Management Board then in office held a total of 135,473 Performance Shares (2019: 211,878) under the LTIP 2016.

Stock options and Phantom Stock under the LTIP 2011

Until the end of the year 2015, grants under the LTIP 2011, which consisted of the Phantom Stock Plan 2011 and the Stock Option Plan 2011, constituted a component of the compensation for the members of the Management Board. As of the end of the fiscal year 2015, grants under the LTIP 2011 are no longer possible. However, individual members of the Management Board may exercise Phantom Stock or stock options which have previously been granted, taking into consideration blackout periods, the achievement of defined performance targets as well as, subject to deviating stipulations in the individual case, the continuation of the service relationship.

At December 31 of the fiscal year the members of the Management Board then in office did not hold any Phantom Stock (2019: 23,336) pursuant to the Phantom Stock Plan 2011 and a total of 465,308 stock options (2019: 452,989) originating from the Stock Option Plan 2011. For details regarding the conditional capital used to secure the Stock Option Plan 2011, please see the section "Conditional Capital" of the notes to the annual financial statements and consolidated financial statements of the Company.

The development and status of stock options in the fiscal year of the members of the Management Board serving at December 31 of the fiscal year are shown in more detail in TABLE 4.20.

T 4.20 **DEVELOPMENT AND STATUS OF THE STOCK OPTIONS**

		Rice Powell	Helen Giza	Franklin W. Maddux, MD[1]	Dr. Katarzyna Mazur-Hofsäß	Dr. Olaf Schermeier	William Valle[1]	Kent Wanzek	Harry de Wit	Total
Options outstanding January 1, 2020	Number	256,781	-	45,000	-	96,488	30,000	69,720	-	497,989
	Weighted average exercise price in €	66.06	-	67.97	-	63.88	76.99	76.99	-	68.00
Options exercised during the fiscal year	Number	32,681	-	-	-	-	-	-	-	32,681
	Weighted average exercise price in €	52.99	-	-	-	-	-	-	-	52.99
	Weighted average share price in €	72.00	-	-	-	-	-	-	-	72.00
Options outstanding December 31, 2020	Number	224,100	-	45,000	-	96,488	30,000	69,720	-	465,308
	Weighted average exercise price in €	67.97	-	67.97	-	63.88	76.99	76.99	-	69.05
	Weighted average remaining contractual life in years	2.24	-	2.24	-	1.99	2.57	2.57	-	2.26
	Range of exercise prices in €	49.93 - 76.99	-	49.93 - 76.99	-	49.76 - 76.99	76.99	76.99	-	49.76 - 76.99
Options exercisable December 31, 2020	Number	224,100	-	45,000	-	96,488	30,000	69,720	-	465,308
	Weighted average exercise price in €	67.97	-	67.97	-	63.88	76.99	76.99	-	69.05

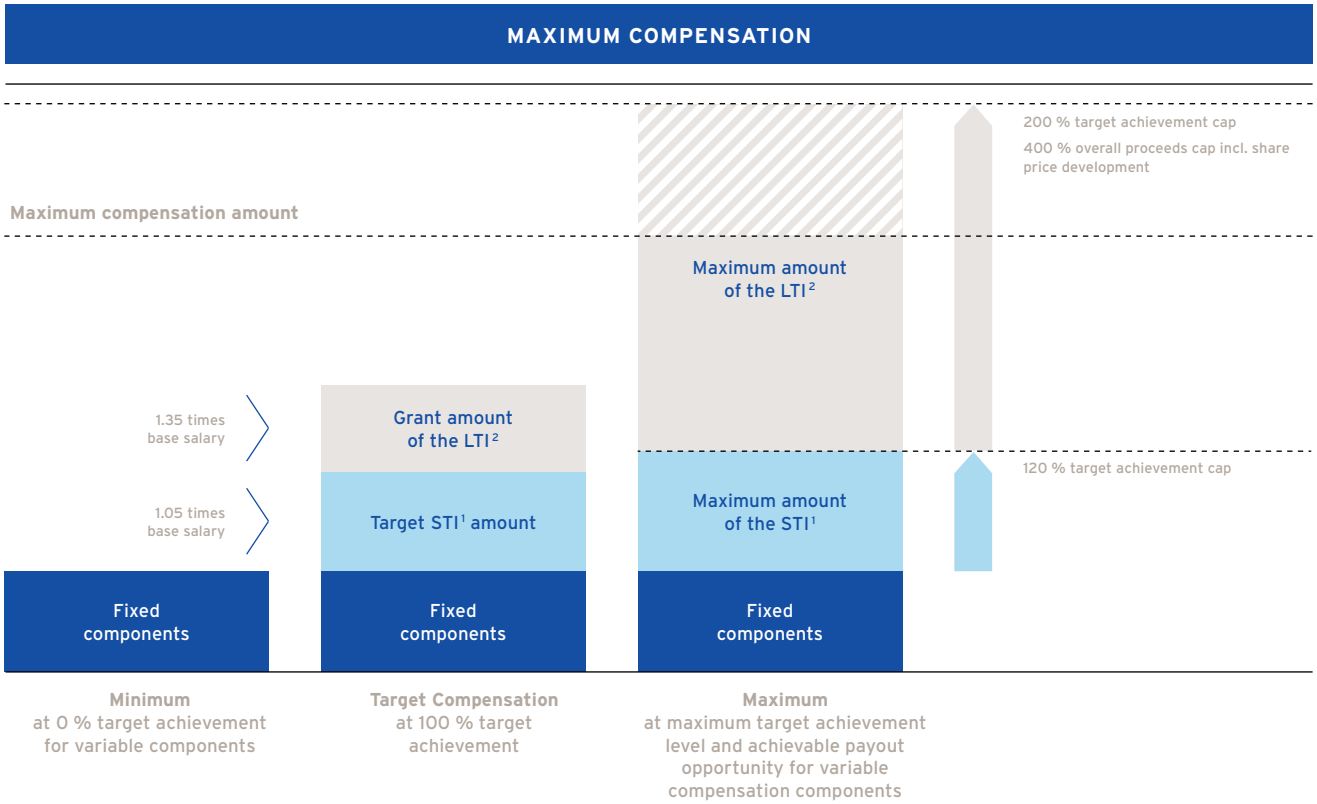
[1] The stock options as set out herein for Messrs. Franklin W. Maddux, MD and William Valle have been granted before the respective appointment to the Management Board.

III. Total Compensation

The structure for the total compensation of the Management Board for the fiscal year is shown in CHART 4.21.

The Compensation System 2020+ provides for an overall maximum compensation amount for each Management Board member. These maximum compensation amounts limit the payouts and allocations of the total compensation granted to a Management Board member for a fiscal year, irrespective of the dates of the payouts and allocations. The maximum compensation amount for each Management Board member can be below the sum of the potentially achievable payouts and allocations from the individual compensation components granted for a fiscal year.

C 4.21 **CAPS AND MAXIMUM COMPENSATION**



1 STI = Short-Term Incentive
2 LTI = Long-Term Incentive

The maximum compensation amounts are defined based on the currency of the base salary as stated in the respective Management Board member's service agreement and amount to €12,000 THOUS or $13,434 THOUS for the Chairman of the Management Board (CEO), €9,500 THOUS or $10,635 THOUS for the CEO North America and €7,000 THOUS or $7,836 THOUS for all other current Management Board functions.

The amount of the total compensation of the Management Board for the fiscal year and for the previous year is shown in TABLE 4.22 ON PAGE 136.

Personal investment from the variable compensation for the fiscal year

In order to let the members of the Management Board participate adequately in the sustainable corporate development, the Supervisory Board decided that the members of the Management Board - by mutual agreement - acquire shares in FMC AG & Co. KGaA for a portion of their Short-Term Incentive. The shares acquired in this way may only be sold by the respective member of the Management Board after a period of three years from the date of acquisition has expired. The respective portion of the Short-Term Incentive for which a member of the Management Board acquires shares in FMC AG & Co. KGaA depends on the respective overall target achievement.

The net amounts to be invested by the members of the Management Board are shown in TABLE 4.23 ON PAGE 136.

As a consequence of this personal investment, between 36 % and 60 % of the Short-Term Incentive for the fiscal year of the respective member of the Management Board will be invested in shares of the Company, which can be sold or exercised,

T 4.22 TOTAL COMPENSATION
IN € THOUS

	Cash compensation (without long-term incentive components)		Components with long-term incentive effect		Total compensation (including long-term incentive components)	
	2020	2019[1]	2020	2019[1]	2020	2019[1]
Members of the Management Board serving as of December 31, 2020						
Rice Powell	3,932	3,566	2,170	2,232	6,102	5,798
Helen Giza[2]	2,014	707	1,070	865	3,084	1,572
Franklin W. Maddux, MD[2]	1,795	-	988	-	2,783	-
Dr. Katarzyna Mazur-Hofsäß	1,993	1,925	1,139	1,180	3,132	3,105
Dr. Olaf Schermeier	1,573	1,396	907	1,053	2,480	2,449
William Valle	3,107	2,138	1,676	1,133	4,783	3,271
Kent Wanzek	1,781	1,600	972	1,076	2,753	2,676
Harry de Wit	1,816	1,698	920	1,083	2,736	2,781
Former member of the Management Board who resigned during the year 2019[3]						
Michael Brosnan	-	1,961	-	1,160	-	3,121
TOTAL	**18,011**	**14,991**	**9,842**	**9,782**	**27,853**	**24,773**

[1] Please note for purposes of comparison between the amounts indicated and those of the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Mrs. Helen Giza and Dr. Katarzyna Mazur-Hofsäß as well as Dr. Olaf Schermeier and Mr. Harry de Wit) or U.S. dollar (Messrs. Rice Powell, Franklin W. Maddux, MD, William Valle, Kent Wanzek and Michael Brosnan). In principle, the translation of U.S. dollar amounts was done at the average exchange rate for the applicable calendar year; the translation of U.S. dollar amounts for Performance Shares granted under the MB LTIP 2020 (for the fiscal year) and under the MB LTIP 2019 (for the year 2019) was done at the closing rate of the applicable grant date.
[2] Please note for purposes of comparison of the amounts indicated for the fiscal year that Mrs. Helen Giza was appointed as member of the Management Board only with effect as of November 1, 2019 and Mr. Franklin W. Maddux, MD with effect as of January 1, 2020 and, therefore, they have received compensation payments to be set out herein in each case commencing only as of such respective dates.
[3] Mr. Michael Brosnan resigned from the Management Board with effect as of the end of October 31, 2019.

T 4.23 PERSONAL INVESTMENT FROM THE NET SHORT-TERM INCENTIVE FOR THE FISCAL YEAR
IN THOUS

	Amount	Currency
Rice Powell	597	$
Helen Giza	253	€
Franklin W. Maddux, MD	272	$
Dr. Katarzyna Mazur-Hofsäß	189	€
Dr. Olaf Schermeier	214	€
William Valle	324	$
Kent Wanzek	268	$
Harry de Wit	153	€

respectively, at the earliest after a period of three years. This calculation is based on the simplified assumption of a personal tax and duty burden of 50 % on the payout of the Short-Term Incentive.

The Supervisory Board further decided that the members of the Management Board - by mutual agreement - acquire shares in FMC AG & Co. KGaA for a portion of their components with long-term incentive effects granted to them as Management Board members. The shares acquired in this way may only be sold by the respective member of the Management Board after a period of three years from the date of acquisition has expired. The respective portion of the components with long-term incentive effects for which a member of the Management Board acquires shares in FMC AG & Co. KGaA depends on the respective overall target achievement under the LTIP 2016 (grant 2018) and under the MB LTIP 2019 (grant 2019). Accordingly, the concrete amounts to be invested from the payouts from the aforementioned long-term incentive grants can be determined in 2022 (for the grant 2018 under the LTIP 2016) and in 2023 (for the grant 2019 under the MB LTIP 2019) only. The acquisition of the shares in FMC AG & Co. KGaA by the members of the Management Board shall be made after the amounts to be invested have been determined. The investment of the proceeds from the MB LTIP 2020 in shares of the Company as provided for under the MB LTIP 2020 remains unaffected.

IV. Commitments to members of the Management Board in the event of a termination of their appointment

The following pension commitments and other benefits are also components of the compensation for the members of the Management Board: Individual contractual pension commitments for the members of the Management Board Messrs. Rice Powell, Dr. Olaf Schermeier, William Valle, Kent Wanzek and Harry de Wit have been granted by Fresenius Medical Care Management AG.

Each of the individual contractual pension commitments by Fresenius Medical Care Management AG provides for a pension and survivor benefit (Hinterbliebenenversorgung) as of the time of conclusively ending active work (at age 65 at the earliest) or upon occurrence of disability or incapacity to work (Berufs- oder Erwerbsunfähigkeit) or of reduction of earning capacity (Erwerbsminderung), calculated by reference to the amount of the recipient's most recent base salary. Members of the Management Board who have been members of the Management Board for at least ten years at the time of their final retirement from active employment have this entitlement already upon reaching the age of 63 (early retirement); in this case, the benefits are reduced by 0.5 % per calendar month that the member leaves active employment before reaching the age of 65.

The retirement pension will be based on 30 % of the most recent base salary (for the Management Board members Rice Powell, Dr. Olaf Schermeier and Kent Wanzek) or the 5-year average of the last base salaries (for the Management Board members William Valle and Harry de Wit) and will increase for each complete year of service by 1.5 percentage points up to a maximum of 45 %. Current pensions increase according to legal requirements (Sec. 16 of the German Act to improve company pension plans, "BetrAVG"). 30 % of the gross amount of any post-retirement income from an activity of the Management Board member is in principle offset against the pension. If a Management Board member dies, the surviving spouse receives a pension amounting to 60 % of the pension claim resulting at that time. Furthermore, the deceased Management Board member's own legitimate children (leibliche eheliche Kinder) receive an orphan's pension amounting to 20 % of the pension claim resulting at that time, until the completion of their education or they reach 25 years of age, at the latest. All orphans' pensions and the surviving spouse's pension together, however, reach a maximum of 90 % of the Management Board member's pension. If a Management Board member leaves the Management Board before reaching the age of 65, the rights to the aforementioned benefits remain, however the pension to be paid is reduced - unless the Management Board member is leaving because of the occurrence of an event insured against (occupational disability, incapacity to work, pension payments to surviving dependents in case of death or, if applicable, early retirement) - in proportion to the ratio of the actual years of service as a Management Board member to the potential years of service until reaching the age of 65.

Based on individual contractual commitments, the Management Board members Messrs. Rice Powell, Franklin W. Maddux, MD, William Valle and Kent Wanzek additionally participated in the U.S.-based 401(k) savings plan in the fiscal year; in this regard, contributions in the amount of $8,550 (€7,486) (2019: $8,400 (€7,504)) were earned in the fiscal year in each case and allocated in January 2021 to the members of the Management Board mentioned above. This plan generally allows employees in the U.S. to invest a limited portion of their gross salaries in retirement pension programs. The Company supports its employees at this with contributions of up to 50 % of the yearly made payments.

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

Additions to pension provisions in the fiscal year for the members of the Management Board in office on December 31 of the fiscal year amounted to €4,082 THOUS (2019: €6,751 THOUS). The pension commitments are shown in TABLE 4.24 ON PAGE 138.

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

The service agreements concluded with the members of the Management Board provide for a severance payment cap. Under this cap, payments in connection with the early termination of a Management Board activity may not exceed the value of two years' compensation and may not compensate more than the remaining term of the service agreement. For the calculation of the relevant annual compensation, only the non-performance-based compensation components are applied. If Fresenius Medical Care Management AG terminates the service agreement for good cause or would be entitled to do so, no severance payments are made.

T 4.24 **DEVELOPMENT AND STATUS OF PENSION COMMITMENTS**[1]
IN € THOUS

	As of January 1, 2020	Additions	As of December 31, 2020[2]
Rice Powell	16,249	(1,522)	14,727
Helen Giza	-	-	-
Franklin W. Maddux, MD	-	-	-
Dr. Katarzyna Mazur-Hofsäß	-	-	-
Dr. Olaf Schermeier	1,523	477	2,000
William Valle	-	4,152	4,152
Kent Wanzek	4,778	418	5,196
Harry de Wit	1,702	557	2,259
TOTAL	**24,252**	**4,082**	**28,334**

[1] The status of the amount of the pension commitment according to HGB as of December 31, 2020 is 24,158 THOUS (2019: €19,741 THOUS). Of this amount, €12,791 THOUS (2019: €13,507 THOUS) are attributable to Mr. Rice Powell, €1,530 THOUS (2019: €1,058 THOUS) to Dr. Olaf Schermeier, €3,498 THOUS (2019: €0 THOUS) to Mr. William Valle, €4,452 THOUS (2019: €3,849 THOUS) to Mr. Kent Wanzek and €1,887 THOUS (2019: €1,327 THOUS) to Mr. Harry de Wit. For the fiscal year and for 2019, no pension commitments are attributable to Mrs. Helen Giza, Mr. Franklin W. Maddux, MD and Dr. Katarzyna Mazur-Hofsäß.
[2] The pension commitment of Messrs. Rice Powell, Willam Valle and Kent Wanzek is denominated in U.S. dollar. For the calculation of the pension provisions an exchange rate of €0.84 / $1 was applied.

V. Miscellaneous

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

Mr. Michael Brosnan was a member of the Management Board until the end of October 31, 2019. In his termination agreement, it was agreed with respect to the compensation components provided in his service agreement for the period from November 1, 2019 to December 31, 2020 that he will receive a base salary of $850 THOUS (€744 THOUS) p.a. (pro rata for the period from November 1, 2019 to December 31, 2019). In the fiscal year, Mr. Michael Brosnan received fringe benefits in the form of reimbursement of fees for the preparation of tax returns and for financial planning, insurance benefits, contributions to pension, accident, life and health insurances and housing, rent and relocation supplements as well as tax burden compensation due to varying tax rates in Germany and the U.S. (net compensation) and a car allowance in the total amount of $257 THOUS (€225 THOUS) (2019: $17 THOUS (€15 THOUS) for the period from November 1, 2019 to December 31, 2019). Additionally, Mr. Michael Brosnan participated in the U.S.-based 401(k) savings plan until December 31, 2020. For the period from January 1, 2020 to December 31, 2020, Mr. Michael Brosnan also received an amount equivalent to 30 % of his base salary. The compensation components granted to Mr. Michael Brosnan under the LTIP 2016, the MB LTIP 2019 and in the form of Share Based Awards are payable or exercisable in accordance with the respective plan conditions. As of January 1, 2021, Mr. Michael Brosnan receives an annual compensation for the agreed post-employment non-competition covenant in the amount of $553 THOUS (€451 THOUS) p.a. for a period of two years. It was agreed with Mr. Michael Brosnan that he is entitled to receive a retirement pension on the basis of the individual contractual pension commitment of Fresenius Medical Care Management AG in the annual amount of $405 THOUS (€330 THOUS) from January 1, 2021. The compensation for the agreed post-employment non-competition covenant is credited against the retirement pension.

Mr. Dominik Wehner was a member of the Management Board until the end of December 31, 2017. In his termination agreement, it was agreed with respect to the compensation components provided in his service agreement for the period from January 1, 2018 to March 31, 2022 that he will annually receive a base salary of €425 THOUS and an amount of 30 % of his base salary. In addition, Mr. Dominik Wehner is entitled to fringe benefits such as the private use of his company car, reimbursement of fees for the preparation of tax returns and for financial planning, insurance benefits and contributions to pension and health insurance in a total amount of approximately €35 THOUS p.a. The compensation components granted to Mr. Dominik Wehner under the LTIP 2011, the LTIP 2016 and in form of Share Based Awards are payable or can be exercised, as the case may be, upon the relevant regular vesting date in accordance with the respective plan conditions. As of the completion of the age of 65, Mr. Dominik Wehner will receive a company-funded retirement pension in accordance with the individual contractual pension commitment by Fresenius Medical Care Management AG, as described before.

Mr. Ronald Kuerbitz, who was a member of the Management Board until February 17, 2017, received an annual non-compete compensation from February 17, 2017 for a period of two years; this compensation amounted in the fiscal year to €0 THOUS (2019: €90 THOUS). It was also agreed with him

that, after the end of his service agreement, he would act as an advisor to National Medical Care, Inc. from August 14, 2017 until the end of August 13, 2019. The consideration granted for such services (including reimbursement of expenses) amounts to €0 THOUS (2019: €167 THOUS) for the fiscal year. As of the completion of the age of 65, Mr. Ronald Kuerbitz will receive a company-funded retirement pension of $146 THOUS (€119 THOUS) per year.

Mr. Roberto Fusté, who was a member of the Management Board until March 31, 2016, received pension payments in the amount of approximately €274 THOUS (2019: €274 THOUS) in the fiscal year.

Prof. Emanuele Gatti, who was a member of the Management Board until March 31, 2014, received pension payments in the amount of €355 THOUS in the fiscal year (2019: €355 THOUS).

Instead of a pension provision, a consulting agreement was entered into with Dr. Ben Lipps, who was the Chairman of the Management Board until December 31, 2012, for the period from January 1, 2013 to December 31, 2021. Under this consulting agreement, Dr. Ben Lipps provides consulting services on certain fields and within a specified time frame and is subject to a non-compete covenant. The consideration to be granted by Fresenius Medical Care Management AG for such services (including reimbursement of expenses) amounted for 2019 to €568 THOUS. An amendment to the agreement was made in 2019 which provides for a one-off payment of €1,129 THOUS for the remaining term of the agreement. This payment, too, was made in 2019. All payments for services to be performed by him under the consulting agreement have thus been made.

In accordance with applicable legal provisions, no loans or advance payments for future compensation components were made to the members of the Management Board of Fresenius Medical Care Management AG in the fiscal year.

The payments to U.S. members of the Management Board Rice Powell, Helen Giza, Franklin W. Maddux, MD, William Valle and Kent Wanzek were paid in part in the U.S. (in U.S. dollar) and in part in Germany (in euro). For the part paid in Germany, it was agreed with the members of the Management Board Rice Powell, Franklin W. Maddux, MD and Kent Wanzek that due to varying tax rates in both countries, the increased or lower tax burden to such members of the Management Board arising from German tax rates in comparison to U.S. tax rates will be balanced or will be paid back by them (net compensation). Pursuant to a modified net compensation agreement, these members of the Management Board will be treated as if they were taxed in their home country, the United States, only. Therefore, the gross amounts may be retroactively changed. Since the actual tax burden can only be calculated in connection with the preparation of the Management Board members' tax returns, subsequent adjustments may have to be made, which will then be retroactively covered in future compensation reports.

To the extent permitted by law, Fresenius Medical Care Management AG undertook to indemnify the members of the Management Board from claims against them arising out of their work for the Company and its affiliates, to the extent such claims exceed their liability under German law. To secure such obligations, a Directors & Officers liability insurance exists with a deductible that corresponds to the specifications according to the German Stock Corporation Act.

Former members of the Management Board did not receive any compensation in the fiscal year other than mentioned herein, whereupon the total compensation amounted to €629 THOUS (2019: €2,984 THOUS). As of December 31 of the fiscal year, pension obligations, in accordance with IAS 19, towards this group of persons exist in an amount of €36,587 THOUS (2019: €37,373 THOUS).

According to HGB, the status of the pension commitments towards this group of persons as of December 31 of the fiscal year amounted to €32,056 THOUS (2019: €31,156 THOUS).

VI. Tables of the value of benefits granted and received

The German Corporate Governance Code in the previous version dated February 7, 2017 provided that the compensation report shall include information for each member of the Management Board on the benefits granted and received as well as on pension expenses for the fiscal year. The model tables provided in the appendix to the German Corporate Governance Code in the referenced version were recommended to be used to present this information.

TABLES 4.25 AND 4.26 STARTING ON PAGE 140 include information on the value of benefits granted and received. They correspond, to a large extent, to the structure and form of the model tables of the German Corporate Governance Code in its previous version dated February 7, 2017, to allow for the comparability with the previous year's figures.

Compensation of the Supervisory Board

The compensation of the FMC AG & Co. KGaA Supervisory Board is set out in section 13 of the Articles of Association. The Annual General Meeting 2020 of FMC AG & Co. KGaA on August 27, 2020 resolved to amend section 13 of the Articles of Association and the compensation of the Supervisory Board with effect from January 1, 2021. In particular, the variable performance-based compensation component presented below will be abolished. The resolution of the Annual General Meeting on the remuneration of the members of the Supervisory Board can be found on the Company's website at www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration.

T 4.25 **BENEFITS GRANTED TO SERVING MEMBERS OF THE MANAGEMENT BOARD AS OF DECEMBER 31, 2020 (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	Rice Powell Chairman of the Management Board Member of the Management Board since December 21, 2005[1]				**Helen Giza** Chief Financial Officer Member of the Management Board since November 1, 2019				**Franklin W. Maddux, MD** Chief Medical Officer Member of the Management Board since January 1, 2020				**Dr. Katarzyna Mazur-Hofsäß** Member of the Management Board for EMEA Member of the Management Board since September 1, 2018			
	2020	**2020** Minimum	**2020** Maximum	**2019**[2]	**2020**	**2020** Minimum	**2020** Maximum	**2019**[2]	**2020**	**2020** Minimum	**2020** Maximum	**2019**[2]	**2020**	**2020** Minimum	**2020** Maximum	**2019**[2]
Base salary	1,769	1,769	1,769	1,340	855	855	855	108	805	805	805	-	910	910	910	700
Fringe benefits	429	429	429	256	320	320	320	440	200	200	200	-	33	33	33	94
TOTAL NON-PERFORMANCE-BASED COMPENSATION	**2,198**	**2,198**	**2,198**	**1,596**	**1,175**	**1,175**	**1,175**	**548**	**1,005**	**1,005**	**1,005**	**-**	**943**	**943**	**943**	**794**
One-year variable compensation	1,857	-	2,228	2,211	898	-	1,077	179	846	-	1,015	-	956	-	1,147	1,155
Multi-year variable compensation / components with long-term incentive effects	2,170	-	9,361	2,232	1,070	-	4,617	865	988	-	4,264	-	1,139	-	4,914	1,180
thereof Share Based Award - New Incentive Bonus Plan 2010 (3-year term)	-	-	-	657	-	-	-	53	-	-	-	-	-	-	-	377
thereof Performance Shares - MB LTIP 2019 (4-year term)	-	-	-	1,575	-	-	-	812	-	-	-	-	-	-	-	803
thereof Performance Shares - MB LTIP 2020[3] (3-year term)	2,170	-	9,361	-	1,070	-	4,617	-	988	-	4,264	-	1,139	-	4,914	-
TOTAL NON-PERFORMANCE-BASED COMPENSATION AND PERFORMANCE-BASED COMPENSATION	**6,225**	**2,198**	**13,787**	**6,039**	**3,143**	**1,175**	**6,869**	**1,592**	**2,839**	**1,005**	**6,284**	**-**	**3,038**	**943**	**7,004**	**3,129**
Pension expense	-	-	-	828	-	-	-	-	-	-	-	-	-	-	-	-
VALUE OF BENEFITS GRANTED	**6,225**	**2,198**	**13,787**[4]	**6,867**	**3,143**	**1,175**	**6,869**[4]	**1,592**	**2,839**	**1,005**	**6,284**[4]	**-**	**3,038**	**943**	**7,004**[4]	**3,129**

[1] The indicated date refers to the appointment as a member of the Management Board of the General Partner.
[2] Please note for purposes of comparison between the amounts indicated and those of the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Mrs. Helen Giza and Dr. Katarzyna Mazur-Hofsäß as well as Dr. Olaf Schermeier and Mr. Harry de Wit) or U.S. dollar (Messrs. Rice Powell, Franklin W. Maddux, MD, William Valle and Kent Wanzek). In principle, the translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year; the translation of U.S. dollar amounts for Performance Shares granted under the MB LTIP 2020 (for the fiscal year) and under the MB LTIP 2019 (for the year 2019) was done at the closing rate of the applicable grant date.
[3] The Company shares acquired by the members of the Management Board from the allocations are subject to a holding period of at least one year.
[4] The amount as set out herein represents the maximum sum that can be achieved for the individual compensation components. Additionally, the maximum compensation applies (€12,000 THOUS or $13,434 THOUS for the Chairman of the Management Board (CEO), €9,500 THOUS or $10,635 THOUS for the CEO North America and €7,000 THOUS or $7,836 THOUS for all other current Management Board functions).

BENEFITS GRANTED TO SERVING MEMBERS OF THE MANAGEMENT BOARD AS OF DECEMBER 31, 2020 (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	Dr. Olaf Schermeier Member of the Management Board for Global Research and Development Member of the Management Board since March 1, 2013				**William Valle** Member of the Management Board for North America Member of the Management Board since February 17, 2017				**Kent Wanzek** Member of the Management Board for Global Manufacturing, Quality and Supply Member of the Management Board since January 1, 2010				**Harry de Wit** Member of the Management Board for Asia-Pacific Member of the Management Board since April 1, 2016			
	2020	**2020** Minimum	**2020** Maximum	**2019**[1]	**2020**	**2020** Minimum	**2020** Maximum	**2019**[1]	**2020**	**2020** Minimum	**2020** Maximum	**2019**[1]	**2020**	**2020** Minimum	**2020** Maximum	**2019**[1]
Base salary	725	725	725	510	1,366	1,366	1,366	866	792	792	792	607	735	735	735	520
Fringe benefits	137	137	137	136	327	327	327	237	212	212	212	127	327	327	327	337
TOTAL NON-PERFORMANCE-BASED COMPENSATION	**862**	**862**	**862**	**646**	**1,693**	**1,693**	**1,693**	**1,103**	**1,004**	**1,004**	**1,004**	**734**	**1,062**	**1,062**	**1,062**	**857**
One-year variable compensation	761	-	914	842	1,434	-	1,721	1,430	832	-	998	1,002	772	-	926	858
Multi-year variable compensation / components with long-term incentive effects	907	-	3,915	1,053	1,676	-	7,230	1,133	972	-	4,194	1,077	920	-	3,969	1,083
thereof Share Based Award - New Incentive Bonus Plan 2010 (3-year term)	-	-	-	250	-	-	-	345	-	-	-	289	-	-	-	280
thereof Performance Shares - MB LTIP 2019 (4-year term)	-	-	-	803	-	-	-	788	-	-	-	788	-	-	-	803
thereof Performance Shares - MB LTIP 2020[2] (3-year term)	907	-	3,915	-	1,676	-	7,230	-	972	-	4,194	-	920	-	3,969	-
TOTAL NON-PERFORMANCE-BASED COMPENSATION AND PERFORMANCE-BASED COMPENSATION	**2,530**	**862**	**5,691**	**2,541**	**4,803**	**1,693**	**10,644**	**3,666**	**2,808**	**1,004**	**6,196**	**2,813**	**2,754**	**1,062**	**5,957**	**2,798**
Pension expense	504	504	504	179	4,152	4,152	4,152	0	474	474	474	379	619	619	619	1,795
VALUE OF BENEFITS GRANTED	**3,034**	**1,366**	**6,195**[3]	**2,720**	**8,955**	**5,845**	**14,796**[3]	**3,666**	**3,282**	**1,478**	**6,670**[3]	**3,192**	**3,373**	**1,681**	**6,576**[3]	**4,593**

[1] Please note for purposes of comparison between the amounts indicated and those of the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Mrs. Helen Giza and Dr. Katarzyna Mazur-Hofsäß as well as Dr. Olaf Schermeier and Mr. Harry de Wit) or U.S. dollar (Messrs. Rice Powell, Franklin W. Maddux, MD, William Valle and Kent Wanzek). In principle, the translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year; the translation of U.S. dollar amounts for Performance Shares granted under the MB LTIP 2020 (for the fiscal year) and under the MB LTIP 2019 (for the year 2019) was done at the closing rate of the applicable grant date.

[2] The Company shares acquired by the members of the Management Board from the allocations are subject to a holding period of at least one year.

[3] The amount as set out herein represents the maximum sum that can be achieved for the individual compensation components. Additionally, the maximum compensation applies (€12,000 THOUS or $13,434 THOUS for the Chairman of the Management Board (CEO), €9,500 THOUS or $10,635 THOUS for the CEO North America and €7,000 THOUS or $7,836 THOUS for all other current Management Board functions).

T 4.26 **ALLOCATIONS (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	Serving members of the Management Board as of December 31, 2020							
	Rice Powell Chairman of the Management Board Member of the Management Board since December 21, 2005[1]		**Helen Giza** Chief Financial Officer Member of the Management Board since November 1, 2019		**Franklin W. Maddux, MD** Chief Medical Officer Member of the Management Board since January 1, 2020		**Dr. Katarzyna Mazur-Hofsäß** Member of the Management Board for EMEA Member of the Management Board since September 1, 2018	
	2020	**2019[2]**	**2020**	**2019[2]**	**2020**	**2019[2]**	**2020**	**2019[2]**
Base salary	1,769	1,340	855	108	805	-	910	700
Fringe benefits	429	256	320	440	200	-	33	94
TOTAL NON-PERFORMANCE BASED COMPENSATION	**2,198**	**1,596**	**1,175**	**548**	**1,005**	**-**	**943**	**794**
One-year variable compensation	1,734	1,970	839	159	790	-	1,050	1,131
Multi-year variable compensation / components with long-term incentive effects	4,331	494	-	-	1,154	-	-	-
thereof Share Based Award - New Incentive Bonus Plan 2010 (3-year term)								
Grant 2015	-	150	-	-	-	-	-	-
Grant 2016	659	-	-	-	-	-	-	-
thereof LTIP 2011 - Stock Option Plan 2011[3] (8-year term)								
Grant 2011	-	-	-	-	-	-	-	-
Grant 2012	171	-	-	-	-	-	-	-
Grant 2013	450	-	-	-	-	-	-	-
Grant 2014	-	-	-	-	-	-	-	-
thereof LTIP 2011 - Phantom Stock Plan 2011 (5-year term)								
Grant 2014	-	344	-	-	-	-	-	-
Grant 2015	748	-	-	-	450	-	-	-
thereof LTIP 2016 (4-year term)								
Grant 2016	2,303	-	-	-	704	-	-	-
TOTAL NON-PERFORMANCE-BASED AND PERFORMANCE-BASED COMPENSATION	**8,263**	**4,060**	**2,014**	**707**	**2,949**	**-**	**1,993**	**1,925**
Pension expense	-	828	-	-	-	-	-	-
ALLOCATION	**8,263**	**4,888**	**2,014**	**707**	**2,949**	**-**	**1,993**	**1,925**

Footnote see next page

ALLOCATIONS (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	Serving members of the Management Board as of December 31, 2019							
	Dr. Olaf Schermeier Member of the Management Board for Global Research and Development Member of the Management Board since March 1, 2013		**William Valle** Member of the Management Board for North America Member of the Management Board since February 17, 2017		**Kent Wanzek** Member of the Management Board for Global Manufacturing, Quality and Supply Member of the Management Board since January 1, 2010		**Harry de Wit** Member of the Management Board for Asia-Pacific Member of the Management Board since April 1, 2016	
	2020	**2019**[2]	**2020**	**2019**[2]	**2020**	**2019**[2]	**2020**	**2019**[2]
Base salary	725	510	1,366	866	792	607	735	520
Fringe benefits	137	136	327	237	212	127	327	337
TOTAL NON-PERFORMANCE BASED COMPENSATION	**862**	**646**	**1,693**	**1,103**	**1,004**	**734**	**1,062**	**857**
One-year variable compensation	711	750	1,414	1,035	777	866	754	841
Multi-year variable compensation / components with long-term incentive effects	1,469	740	1,295	207	1,873	459	1,427	-
thereof Share Based Award - New Incentive Bonus Plan 2010 (3-year term)								
Grant 2015	-	53	-	-	-	115	-	-
Grant 2016	226	-	-	-	272	-	184	-
thereof LTIP 2011 - Stock Option Plan 2011[3] (8-year term)								
Grant 2011	-	-	-	-	-	-	-	-
Grant 2012	-	-	-	-	-	-	-	-
Grant 2013	-	-	-	-	-	-	-	-
Grant 2014	-	-	-	-	-	-	-	-
thereof LTIP 2011 - Phantom Stock Plan 2011 (5-year term)								
Grant 2014	-	-	-	207	-	344	-	-
Grant 2015	-	687	450	-	449	-	-	-
thereof LTIP 2016 (4-year term)								
Grant 2016	1,243	-	845	-	1,152	-	1,243	-
TOTAL NON-PERFORMANCE-BASED AND PERFORMANCE-BASED COMPENSATION	**3,042**	**2,136**	**4,402**	**2,345**	**3,654**	**2,059**	**3,243**	**1,698**
Pension expense	504	179	4,152	-	474	379	619	1,795
ALLOCATION	**3,546**	**2,315**	**8,554**	**2,345**	**4,128**	**2,438**	**3,862**	**3,493**

[1] The indicated date refers to the appointment as a member of the Management Board of the General Partner.

[2] Please note for purposes of comparison between the amounts indicated and those of the fiscal year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Mrs. Helen Giza and Dr. Katarzyna Mazur-Hofsäß as well as Dr. Olaf Schermeier and Mr. Harry de Wit) or U.S. dollar (Messrs. Rice Powell, Franklin W. Maddux, MD, William Valle and Kent Wanzek). The plan terms of the Share Based Award and of the LTIP 2011 entitle to allocations in euro. In principle, the translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year; the translation of U.S. dollar amounts for the LTIP 2016 was done at the closing rate of the applicable vesting date.

[3] The amounts for the Stock Option Plan 2011 as set out herein correspond to the intrinsic value of the stock options at the time of exercise.

For the fiscal year, the members of the Supervisory Board were compensated on the basis of and in accordance with section 13 of the Articles of Association in the version applicable in the fiscal year as follows:

Each Supervisory Board member received a base salary of $88 THOUS (2019: $88 THOUS) for the full fiscal year, payable in four equal installments at the end of a calendar quarter. The Chairman of the Supervisory Board received additional compensation of $88 THOUS (2019: $88 THOUS) and the Vice Chairman received additional compensation of $44 THOUS (2019: $44 THOUS) in each case for the full fiscal year.

In addition, each member of the Supervisory Board received, as a variable performance-based compensation component (hereinafter also: "performance-based compensation"), additional remuneration which was based on the respective average growth of earnings per share of the Company (EPS) during the period of the last three fiscal years prior to the payment date (3-year Average EPS Growth). The amount of the performance-based compensation was $60 THOUS in case of achieving a 3-year Average EPS Growth corridor from 8.00 % to 8.99 %, $70 THOUS in the corridor from 9.00 % to 9.99 % and $80 THOUS in case of a 3-year Average EPS Growth of 10.00 % or more. If the aforementioned targets were reached, the respective variable remuneration amounts of the performance-based compensation were earned to their full extent, i.e., within these margins there was no pro rata remuneration. In any case, this component was capped at the maximum amount of $80 THOUS per annum. Reciprocally, the members of the Supervisory Board were only entitled to the remuneration component if the 3-year Average EPS Growth of at least 8.00 % was reached. Provided that the relevant targets had been achieved, the remuneration was, in principle, disbursed on a yearly basis following approval of the Company's annual financial statements at the end of the calendar quarter in which the Company's annual financial statements were approved. For the fiscal year, the 3-year Average EPS Growth for the years 2018, 2019 and 2020 was relevant.

In application of the principles above, for the fiscal year no entitlement to a payment of performance-based compensation was achieved (2019: $0 THOUS).

As a member of a committee, a Supervisory Board member of FMC AG & Co. KGaA additionally annually received $44 THOUS (2019: $44 THOUS). A member of a committee who served as chairman or vice chairman of a committee additionally received $22 THOUS and $11 THOUS a year, respectively (2019: $22 THOUS and $11 THOUS, respectively), payable in identical installments at the end of a calendar quarter. For memberships in the Nomination Committee of the Supervisory Board and in the Joint Committee of the Company as well as in the capacity of their respective chairmen and vice chairmen, no separate remuneration was granted to the members of the Supervisory Board. In accordance with section 13e para. 3 of the Articles of Association of FMC AG & Co. KGaA, the members of the Joint Committee are, however, entitled to receive an attendance fee in the amount of $3.5 THOUS.

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

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

The members of the Supervisory Board of FMC AG & Co. KGaA are to be reimbursed for the expenses incurred in the exercise of their office, which also include the applicable VAT.

For the benefit of the members of the Supervisory Board of FMC AG & Co. KGaA a Directors & Officers liability insurance exists with a deductible that corresponds to the specifications according to the AktG.

The total compensation of the Supervisory Board of FMC AG & Co. KGaA, including the amount charged by Fresenius Medical Care Management AG to FMC AG & Co. KGaA, is stated in TABLE 4.27 STARTING ON PAGE 145.

T 4.27 **COMPENSATION OF THE SUPERVISORY BOARD (CONTINUATION SEE NEXT PAGE)**
IN € THOUS [1]

	Base salary for Supervisory Board at FMC Management AG		Base salary for Supervisory Board at FMC AG & Co. KGaA		Compensation for committee services at FMC Management AG		Compensation for committee services at FMC AG & Co. KGaA		Total amount of non-performance-based compensation	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Dr. Dieter Schenk	39	39	116	118	127	120	26	19	**308**	**296**
Stephan Sturm [2]	154	157	–	–	111	100	–	–	**265**	**257**
Rolf A. Classon	39	39	77	79	106	118	58	49	**280**	**285**
Rachel Empey [3]	77	79	–	–	–	–	–	–	**77**	**79**
William P. Johnston	39	39	39	39	116	108	48	59	**242**	**245**
Dr. Gerd Krick [4]	77	79	–	–	58	59	–	–	**135**	**138**
Dr. Dorothea Wenzel [5]	–	–	77	45	–	–	–	–	**77**	**45**
Pascale Witz [6]	–	–	77	79	–	–	74	60	**151**	**139**
Prof. Dr. Gregor Zünd [7]	–	–	77	79	–	–	–	–	**77**	**79**
TOTAL	**425**	**432**	**463**	**439**	**518**	**505**	**206**	**187**	**1,612**	**1,563**

[1] Shown without VAT and withholding tax; translation of U.S. dollar amounts at respective average exchange rates for the applicable calendar year.
[2] Chairman of the Supervisory Board of FMC Management AG, but not a member of the Supervisory Board of FMC AG & Co. KGaA; compensation paid by FMC Management AG.
[3] Member of the Supervisory Board of FMC Management AG, but not a member of the Supervisory Board of FMC AG & Co. KGaA; compensation paid by FMC Management AG.
[4] Member of the Supervisory Board of FMC Management AG, but not a member of the Supervisory Board of FMC AG & Co. KGaA; compensation paid by FMC Management AG.
[5] Member of the Supervisory Board of FMC AG & Co. KGaA, but not a member of the Supervisory Board of FMC Management AG; compensation paid by FMC AG & Co. KGaA. Please note for purposes of comparison of the amounts indicated for the fiscal year that Dr. Dorothea Wenzel was appointed as a member of the Supervisory Board of FMC AG & Co. KGaA as of May 16, 2019, and, therefore, received compensation payments to be set out herein as of this date.
[6] Member of the Supervisory Board of FMC AG & Co. KGaA, but not a member of the Supervisory Board of FMC Management AG; compensation paid by FMC AG & Co. KGaA.
[7] Member of the Supervisory Board of FMC AG & Co. KGaA, but not a member of the Supervisory Board of FMC Management AG; compensation paid by FMC AG & Co. KGaA.

COMPENSATION OF THE SUPERVISORY BOARD (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS [1]

	Performance-based compensation in FMC Management AG		Performance-based compensation in FMC AG & Co. KGaA		Performance-based compensation		Total compensation	
	2020	2019	2020	2019	2020	2019	2020	2019
Dr. Dieter Schenk	–	–	–	–	–	–	308	296
Stephan Sturm [2]	–	–	–	–	–	–	265	257
Rolf A. Classon	–	–	–	–	–	–	280	285
Rachel Empey [3]	–	–	–	–	–	–	77	79
William P. Johnston	–	–	–	–	–	–	242	245
Dr. Gerd Krick [4]	–	–	–	–	–	–	135	138
Dr. Dorothea Wenzel [5]	–	–	–	–	–	–	77	45
Pascale Witz [6]	–	–	–	–	–	–	151	139
Prof. Dr. Gregor Zünd [7]	–	–	–	–	–	–	77	79
TOTAL	**–**	**–**	**–**	**–**	**–**	**–**	1,612	1,563

[1] Shown without VAT and withholding tax; translation of U.S. dollar amounts at respective average exchange rates for the applicable calendar year.
[2] Chairman of the Supervisory Board of FMC Management AG, but not a member of the Supervisory Board of FMC AG & Co. KGaA; compensation paid by FMC Management AG.
[3] Member of the Supervisory Board of FMC Management AG, but not a member of the Supervisory Board of FMC AG & Co. KGaA; compensation paid by FMC Management AG.
[4] Member of the Supervisory Board of FMC Management AG, but not a member of the Supervisory Board of FMC AG & Co. KGaA; compensation paid by FMC Management AG.
[5] Member of the Supervisory Board of FMC AG & Co. KGaA, but not a member of the Supervisory Board of FMC Management AG; compensation paid by FMC AG & Co. KGaA. Please note for purposes of comparison of the amounts indicated for the fiscal year that Dr. Dorothea Wenzel was appointed as a member of the Supervisory Board of FMC AG & Co. KGaA as of May 16, 2019, and, therefore, received compensation payments to be set out herein as of this date.
[6] Member of the Supervisory Board of FMC AG & Co. KGaA, but not a member of the Supervisory Board of FMC Management AG; compensation paid by FMC AG & Co. KGaA.
[7] Member of the Supervisory Board of FMC AG & Co. KGaA, but not a member of the Supervisory Board of FMC Management AG; compensation paid by FMC AG & Co. KGaA.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME

T 5.1 **CONSOLIDATED STATEMENTS OF INCOME**
IN € THOUSANDS (THOUS), EXCEPT PER SHARE DATA

	Note	2020	2019	2018
Revenue				
Health care services		14,114,399	13,872,219	13,264,289
Health care products		3,744,664	3,604,336	3,282,584
TOTAL	4A, 26	**17,859,063**	**17,476,555**	**16,546,873**
Costs of revenue				
Health care services		10,575,424	10,483,822	9,899,714
Health care products		1,746,194	1,596,882	1,492,416
TOTAL		**12,321,618**	**12,080,704**	**11,392,130**
GROSS PROFIT		**5,537,445**	**5,395,851**	**5,154,743**
Operating (income) expenses				
Selling, general and administrative	4B	3,164,559	3,060,732	2,885,220
(Gain) loss related to divestitures of Care Coordination activities	4C	(30,779)	(28,788)	(809,003)
Research and development	4D	193,774	168,028	114,074
Income from equity method investees	26	(94,518)	(73,679)	(73,346)
OPERATING INCOME		**2,304,409**	**2,269,558**	**3,037,798**

	Note	2020	2019	2018
Other (income) expense				
Interest income	4G	(41,959)	(61,617)	(147,409)
Interest expense	4G	409,978	491,061	448,471
INCOME BEFORE INCOME TAXES		**1,936,390**	**1,840,114**	**2,736,736**
Income tax expense	4H	500,558	401,614	511,079
NET INCOME		**1,435,832**	**1,438,500**	**2,225,657**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		**271,455**	**238,881**	**243,733**
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA		**1,164,377**	**1,199,619**	**1,981,924**
BASIC EARNINGS PER SHARE	19	**3.96**	**3.96**	**6.47**
DILUTED EARNINGS PER SHARE	19	**3.96**	**3.96**	**6.45**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

T 5.2 **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
IN € THOUS

	Note	2020	2019	2018
NET INCOME		**1,435,832**	**1,438,500**	**2,225,657**
Other comprehensive income (loss)				
Components that will not be reclassified to profit or loss				
Equity method investees - share of OCI	24	58,166	-	-
FVOCI equity investments	24	19,439	-	-
Actuarial gain (loss) on defined benefit pension plans	16, 24	4,176	(99,613)	(28,070)
Income tax (expense) benefit related to components of other comprehensive income not reclassified	24	(3,517)	30,245	7,713
TOTAL		**78,264**	**(69,368)**	**(20,357)**
Components that may be reclassified subsequently to profit or loss				
Gain (loss) related to foreign currency translation	24	(1,359,397)	263,835	327,317
FVOCI debt securities	24	29,096	-	-
Gain (loss) related to cash flow hedges	23, 24	(188)	(9,672)	24,895
Cost of hedging	24	2,967	(1,961)	(1,335)
Income tax (expense) benefit related to components of other comprehensive income that may be reclassified	24	(5,797)	2,674	(6,734)
TOTAL		**(1,333,319)**	**254,876**	**344,143**
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**(1,255,055)**	**185,508**	**323,786**
TOTAL COMPREHENSIVE INCOME		**180,777**	**1,624,008**	**2,549,443**
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		**171,810**	**259,184**	**285,691**
COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA		**8,967**	**1,364,824**	**2,263,752**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

T 5.3 **CONSOLIDATED BALANCE SHEETS**
IN € THOUS, EXCEPT SHARE DATA

	Note	2020	2019
Assets			
Cash and cash equivalents	6	1,081,539	1,007,723
Trade accounts and other receivables from unrelated parties	7	3,153,045	3,421,346
Accounts receivable from related parties	5	91,438	159,196
Inventories	8	1,895,310	1,663,278
Other current assets	9	1,053,978	913,603
TOTAL CURRENT ASSETS		**7,275,310**	**7,165,146**
Property, plant and equipment	10	4,056,864	4,190,281
Right-of-use assets	21	4,129,888	4,325,115
Intangible assets	11	1,381,009	1,426,330
Goodwill	11	12,958,728	14,017,255
Deferred taxes	4H	351,152	361,196
Investment in equity method investees		761,113	696,872
Other non-current assets		774,972	752,540
TOTAL NON-CURRENT ASSETS		**24,413,726**	**25,769,589**
TOTAL ASSETS		**31,689,036**	**32,934,735**
Liabilities			
Accounts payable to unrelated parties		731,993	716,526
Accounts payable to related parties	5	95,401	118,663
Current provisions and other current liabilities	12	3,517,076	2,864,250
Short-term debt from unrelated parties	13	62,950	1,149,988
Short-term debt from related parties	13	16,320	21,865
Current portion of long-term debt	14	1,008,359	1,447,239
Current portion of long-term lease liabilities from unrelated parties	21	588,492	622,227
Current portion of long-term lease liabilities from related parties	5	20,664	16,514
Income tax payable		118,389	101,793
TOTAL CURRENT LIABILITIES		**6,159,644**	**7,059,065**
Long-term debt, less current portion	14	6,800,101	6,458,318
Long-term lease liabilities from unrelated parties, less current portion	21	3,763,775	3,959,865
Long-term lease liabilities from related parties, less current portion	5	119,356	106,432
Non-current provisions and other non-current liabilities	15	931,590	616,916
Pension liabilities	16	718,502	689,195
Income tax payable		78,872	78,005
Deferred taxes	4H	785,886	739,702
TOTAL NON-CURRENT LIABILITIES		**13,198,082**	**12,648,433**
TOTAL LIABILITIES		**19,357,726**	**19,707,498**
Shareholders' equity			
Ordinary shares, no par value, €1.00 nominal value, 362,370,124 shares authorized, 292,876,570 issued and outstanding as of December 31, 2020 and 374,165,226 shares authorized, 304,436,876 issued and 298,329,247 outstanding as of December 31, 2019	17	292,877	304,437
Treasury stock, at cost	17	–	(370,502)
Additional paid-in capital	17	2,872,630	3,607,662
Retained earnings	17	10,254,913	9,454,861
Accumulated other comprehensive income (loss)	24	(2,205,340)	(1,038,545)
TOTAL FMC AG & CO. KGAA SHAREHOLDERS' EQUITY		**11,215,080**	**11,957,913**
Noncontrolling interests	17	1,116,230	1,269,324
TOTAL EQUITY		**12,331,310**	**13,227,237**
TOTAL LIABILITIES AND EQUITY		**31,689,036**	**32,934,735**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

T 5.4 **CONSOLIDATED STATEMENTS OF CASH FLOWS**
IN € THOUS

	Note	2020	2019	2018
Operating activities				
Net income		1,435,832	1,438,500	2,225,657
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation, amortization and impairment loss	10,11,21,26	1,785,899	1,593,160	789,566
Change in deferred taxes, net		111,104	64,266	89,171
(Gain) loss from the sale of fixed assets, right-of-use assets, investments and divestitures		(58,364)	(99,074)	(807,106)
Compensation expense related to share-based plans	20	-	1,992	10,745
Income from equity method investees		(94,518)	(73,679)	(73,346)
Interest expense, net	4G	368,019	429,444	301,062
Changes in assets and liabilities, net of amounts from businesses acquired				
Trade accounts and other receivables from unrelated parties		11,611	(105,828)	(164,685)
Inventories		(355,831)	(117,504)	(157,092)
Other current and non-current assets		(178,473)	(46,132)	(12,561)
Accounts receivable from related parties		60,084	41,717	(5,805)
Accounts payable to related parties		(16,311)	(35,861)	4,480
Accounts payable to unrelated parties, provisions and other current and non-current liabilities		1,389,928	(128,906)	(84,561)
Income tax payable		324,455	380,067	514,957
Cash inflow (outflow) from hedging		-	(12,744)	-
Received dividends from investments in equity method investees		89,419	46,022	44,977
Paid interest		(379,994)	(470,223)	(311,971)
Received interest		41,959	49,453	56,809
Paid income taxes		(301,663)	(387,719)	(358,386)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**4,233,156**	**2,566,951**	**2,061,911**
Investing activities				
Purchases of property, plant and equipment and capitalized development costs		(1,051,983)	(1,124,791)	(1,057,276)
Acquisitions and investments, net of cash acquired, and purchases of intangible assets	3,25	(258,985)	(2,221,359)	(445,016)
Investments in debt securities	3	(96,401)	(11,312)	(480,251)
Proceeds from sale of property, plant and equipment		15,578	11,535	54,529
Proceeds from divestitures	3,25	14,608	43,317	1,532,803
Proceeds from sale of debt securities	3	42,241	16,623	150,172
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**(1,334,942)**	**(3,285,987)**	**(245,039)**
Financing activities				
Proceeds from short-term debt from unrelated parties		213,116	737,409	650,634
Repayments of short-term debt from unrelated parties		(1,304,526)	(807,807)	(205,790)
Proceeds from short-term debt from related parties		581,711	281,200	217,646
Repayments of short-term debt from related parties		(587,180)	(448,311)	(37,746)
Proceeds from long-term debt		2,120,905	3,460,805	612,388
Repayments of long-term debt		(1,586,218)	(2,217,005)	(1,076,204)
Repayments of lease liabilities from unrelated parties		(683,614)	(671,403)	-
Repayments of lease liabilities from related parties		(20,185)	(16,340)	-
Increase (decrease) of accounts receivable facility		(373,840)	381,430	(298,912)
Proceeds from exercise of stock options		12,653	15,864	47,404
Purchase of treasury stock	17	(365,988)	(599,796)	(37,221)
Dividends paid	17	(351,170)	(354,636)	(324,838)
Distributions to noncontrolling interests		(366,277)	(296,168)	(296,293)
Contributions from noncontrolling interests		46,586	68,125	67,196
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(2,664,027)**	**(466,633)**	**(681,736)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(160,371)**	**47,760**	**32,387**
Cash and cash equivalents				
Net increase (decrease) in cash and cash equivalents		73,816	(1,137,909)	1,167,523
Cash and cash equivalents at beginning of period		1,007,723	2,145,632	978,109
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**1,081,539**	**1,007,723**	**2,145,632**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS´ EQUITY

T 5.5 **CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION SEE NEXT PAGE)**
IN € THOUS, EXCEPT SHARE DATA

	Note	Ordinary shares		Treasury stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)				Total FMC AG & Co. KGaA shareholders' equity	Non-controlling interests	Total equity
		Number of shares	No par value	Number of shares	Amount			Foreign currency translation	Cash flow hedges	Pensions	Fair value changes			
BALANCE AT DECEMBER 31, 2017		**308,111,000**	**308,111**	**(1,659,951)**	**(108,931)**	**3,969,245**	**7,137,255**	**(1,203,904)**	**(18,336)**	**(263,338)**	**-**	**9,820,102**	**1,008,084**	**10,828,186**
Adjustment due to initial application of IFRS 9		-	-	-	-	-	(5,076)	-	-	-	-	(5,076)	-	(5,076)
ADJUSTED BALANCE AT DECEMBER 31, 2017		**308,111,000**	**308,111**	**(1,659,951)**	**(108,931)**	**3,969,245**	**7,132,179**	**(1,203,904)**	**(18,336)**	**(263,338)**	**-**	**9,815,026**	**1,008,084**	**10,823,110**
Proceeds from exercise of options and related tax effects	20	858,652	859	-	-	37,918	-	-	-	-	-	38,777	-	38,777
Compensation expense related to stock options	20	-	-	-	-	6,713	-	-	-	-	-	6,713	-	6,713
Purchase of treasury stock	17	-	-	(431,000)	(37,221)	-	-	-	-	-	-	(37,221)	-	(37,221)
Withdrawal of treasury stock	17	(1,091,000)	(1,091)	1,091,000	95,159	(94,068)	-	-	-	-	-	-	-	-
Dividends paid	17	-	-	-	-	-	(324,838)	-	-	-	-	(324,838)	-	(324,838)
Purchase / sale of noncontrolling interests		-	-	-	-	(46,463)	-	-	-	-	-	(46,463)	63,939	17,476
Contributions from / to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(214,167)	(214,167)
Put option liabilities	23	-	-	-	-	-	42,665	-	-	-	-	42,665	-	42,665
Net Income		-	-	-	-	-	1,981,924	-	-	-	-	1,981,924	243,733	2,225,657
Other comprehensive income (loss) related to		-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	24	-	-	-	-	-	-	292,431	(18)	(7,054)	-	285,359	41,958	327,317
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	16,826	-	-	16,826	-	16,826
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	(20,357)	-	(20,357)	-	(20,357)
Comprehensive income		-	-	-	-	-	-	-	-	-	-	2,263,752	285,691	2,549,443
BALANCE AT DECEMBER 31, 2018		**307,878,652**	**307,879**	**(999,951)**	**(50,993)**	**3,873,345**	**8,831,930**	**(911,473)**	**(1,528)**	**(290,749)**	**-**	**11,758,411**	**1,143,547**	**12,901,958**
Adjustment due to initial application of IFRS 16		-	-	-	-	-	(120,809)	-	-	-	-	(120,809)	(15,526)	(136,335)
ADJUSTED BALANCE AT DECEMBER 31, 2018		**307,878,652**	**307,879**	**(999,951)**	**(50,993)**	**3,873,345**	**8,711,121**	**(911,473)**	**(1,528)**	**(290,749)**	**-**	**11,637,602**	**1,128,021**	**12,765,623**
Proceeds from exercise of options and related tax effects	20	328,996	329	-	-	16,866	-	-	-	-	-	17,195	-	17,195
Compensation expense related to stock options	20	-	-	-	-	1,992	-	-	-	-	-	1,992	-	1,992
Purchase of treasury stock	17	-	-	(8,878,450)	(589,305)	-	-	-	-	-	-	(589,305)	-	(589,305)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS, EXCEPT SHARE DATA

		Ordinary shares		Treasury stock				Accumulated other comprehensive income (loss)						
	Note	Number of shares	No par value	Number of shares	Amount	Additional paid in capital	Retained earnings	Foreign currency translation	Cash flow hedges	Pensions	Fair value changes	Total FMC AG & Co. KGaA shareholders' equity	Non-controlling interests	Total equity
Withdrawal of treasury stock	17	(3,770,772)	(3,771)	3,770,772	269,796	(266,025)	-	-	-	-	-	-	-	-
Dividends paid	17	-	-	-	-	-	(354,636)	-	-	-	-	(354,636)	-	(354,636)
Purchase / sale of noncontrolling interests		-	-	-	-	(18,516)	-	-	-	-	-	(18,516)	102,341	83,825
Contributions from / to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(220,222)	(220,222)
Put option liabilities	23	-	-	-	-	-	(101,243)	-	-	-	-	(101,243)	-	(101,243)
Net Income		-	-	-	-	-	1,199,619	-	-	-	-	1,199,619	238,881	1,438,500
Other comprehensive income (loss) related to		-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	24	-	-	-	-	-	-	246,486	27	(2,981)	-	243,532	20,303	263,835
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	(8,959)	-	-	(8,959)	-	(8,959)
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	(69,368)	-	(69,368)	-	(69,368)
Comprehensive income		-	-	-	-	-	-	-	-	-	-	1,364,824	259,184	1,624,008
BALANCE AT DECEMBER 31, 2019		**304,436,876**	**304,437**	**(6,107,629)**	**(370,502)**	**3,607,662**	**9,454,861**	**(664,987)**	**(10,460)**	**(363,098)**	**-**	**11,957,913**	**1,269,324**	**13,227,237**
Proceeds from exercise of options and related tax effects	20	234,796	235	-	-	12,476	-	-	-	-	-	12,711	-	12,711
Purchase of treasury stock	17	-	-	(5,687,473)	(365,988)	-	-	-	-	-	-	(365,988)	-	(365,988)
Withdrawal of treasury stock	17	(11,795,102)	(11,795)	11,795,102	736,490	(724,695)	-	-	-	-	-	-	-	-
Dividends paid	17	-	-	-	-	-	(351,170)	-	-	-	-	(351,170)	-	(351,170)
Purchase / sale of noncontrolling interests		-	-	-	-	(22,813)	-	-	-	-	-	(22,813)	(69,132)	(91,945)
Contributions from / to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(255,772)	(255,772)
Put option liabilities	23	-	-	-	-	-	(24,540)	-	-	-	-	(24,540)	-	(24,540)
Transfer of cumulative gains / losses of equity investments		-	-	-	-	-	11,385	-	-	-	(11,385)	-	-	-
Net Income		-	-	-	-	-	1,164,377	-	-	-	-	1,164,377	271,455	1,435,832
Other comprehensive income (loss) related to		-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	24	-	-	-	-	-	-	(1,271,726)	724	13,831	(2,581)	(1,259,752)	(99,645)	(1,359,397)
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	2,030	-	-	2,030	-	2,030
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	2,985	-	2,985	-	2,985
Fair value changes	24	-	-	-	-	-	-	-	-	-	99,327	99,327	-	99,327
Comprehensive income		-	-	-	-	-	-	-	-	-	-	8,967	171,810	180,777
BALANCE AT DECEMBER 31, 2020		**292,876,570**	**292,877**	**-**	**-**	**2,872,630**	**10,254,913**	**(1,936,713)**	**(7,706)**	**(346,282)**	**85,361**	**11,215,080**	**1,116,230**	**12,331,310**

The following notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise noted, numbers are stated in thousands, except share data.

1. THE COMPANY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company

Fresenius Medical Care AG & Co. KGaA ("FMC AG & Co. KGaA" or the "Company"), a German partnership limited by shares (Kommanditgesellschaft auf Aktien) registered in the commercial registry of Hof an der Saale under HRB 4019, with its business address at Else-Kröner-Str. 1, 61352 Bad Homburg v. d. Höhe, is the world's leading provider of products and services for individuals with renal diseases, based on publicly reported revenue and number of patients treated. The Company provides dialysis care and related dialysis care services to persons who suffer from End-Stage Renal Disease (ESRD), as well as other health care services. The Company also develops, manufactures and distributes a wide variety of health care products, which includes dialysis and non-dialysis products. The Company's dialysis products include hemodialysis machines, peritoneal dialysis cyclers, dialyzers, peritoneal dialysis solutions, hemodialysis concentrates, solutions and granulates, bloodlines, renal pharmaceuticals and systems for water treatment. The Company's non-dialysis products include acute cardiopulmonary and apheresis products. The Company supplies dialysis clinics it owns, operates or manages with a broad range of products and also sells dialysis products to other dialysis service providers. The Company describes certain of its other health care services as "Care Coordination." Care Coordination currently includes, but is not limited to, value and risk-based arrangements, pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology and cardiology services, urgent care services (sold in the first quarter of 2020) and ambulant treatment services. All of these Care Coordination services together with dialysis care and related services represent the Company's health care services.

In these notes, "FMC AG & Co. KGaA," the "Company" or the "Group" refers to the Company or the Company and its subsidiaries on a consolidated basis, as the context requires. "Fresenius SE" and "Fresenius SE & Co. KGaA" refer to Fresenius SE & Co. KGaA. "Management AG" and the "General Partner" refer to Fresenius Medical Care Management AG which is FMC AG & Co. KGaA's general partner and is wholly owned by Fresenius SE. "Management Board" refers to the members of the management board of Management AG and, except as otherwise specified, "Supervisory Board" refers to the supervisory board of FMC AG & Co. KGaA. The term "North America Segment" refers to the North America operating segment, the term "EMEA Segment" refers to the Europe, Middle East and Africa operating segment, the term "Asia-Pacific Segment" refers to the Asia-Pacific operating segment, and the term "Latin America Segment" refers to the Latin America operating segment. For further discussion of the Company's operating segments, SEE NOTE 26.

Basis of presentation

The FMC AG & Co. KGaA as a stock exchange listed company in a member state of the European Union (EU) fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, as well as applying section 315e of the German Commercial Code (HGB), using the euro as the Company's reporting and functional currency.

The consolidated financial statements of FMC AG & Co. KGaA at December 31, 2020 have been prepared and are published in accordance with the standards valid on the balance sheet date issued by the International Accounting Standards Board (IASB) and the mandatory Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are binding to be applied in the EU.

Furthermore, the Company prepares consolidated financial statements in accordance with IFRS as issued by the IASB which is filed on Form 20-F with the Securities and Exchange Commission (SEC). At December 31, 2020, there were no IFRS or IFRIC interpretations as endorsed by the EU relevant for reporting that differed from IFRS as issued by the IASB.

Moreover, the notes include information required by HGB according to Section 315e (1) HGB. In addition to the IFRS consolidated financial statements, a group management report must be prepared according to section 315 HGB.

The Company is included in the IFRS consolidated financial statements of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, pursuant to Section 315e of the German Commercial Code (HGB), published in the Federal Gazette and drawn up for the smallest circle of companies. The consolidated financial statements for the largest circle of companies are drawn up by Fresenius Management SE, Bad Homburg v. d. Höhe, and also published in the Federal Gazette.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Such financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented. All such adjustments are of a normal recurring nature. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in all future periods affected.

In order to improve clarity of presentation, various items are aggregated in the consolidated balance sheets and consolidated statements of income. These items are analyzed separately in the notes where this provides useful information to the users of the consolidated financial statements.

The consolidated balance sheets contain all information required to be disclosed by IAS 1 (Presentation of Financial Statements) and are in accordance with Accounting Interpretation 1 (AIC 1, Balance Sheet Classification according to current / non-current Distinction in compliance with IAS 1) classified on the basis of the liquidity of assets and liabilities following the consolidated balance sheets. The consolidated statements of income are classified using the cost-of-sales accounting format.

The Company applies IAS 29, Financial Reporting in Hyperinflationary Economies, in its Argentine and Lebanese subsidiaries due to inflation in these countries. TABLE 5.6 details the specific inputs used to calculate the loss on net monetary position on a country-specific basis.

T 5.6 INPUTS FOR THE CALCULATION OF LOSSES ON NET MONETARY POSITIONS

	Argentina	Lebanon
Date of IAS 29 initial application	July 1, 2018	December 31, 2020
Consumer price index	Índice de precios al consumidor	Central Administration of Statistics
Index at December 31, 2020	385.9	284.04
Calendar year increase	36 %	146 %
Loss on net monetary position in € THOUS	18,513	5,112

In the consolidated balance sheets, "Non-current provisions and other non-current liabilities" in the amount of €51,831 as of December 31, 2019 have been reclassified to line item "current provisions and other current liabilities" to correct for an immaterial error in the classification of certain put options assumed as part of the acquisition of nephrology clinics.

Additionally, we have adjusted the prior year's comparative consolidated financial statements within the following footnotes to correct for immaterial errors in classification:

1. Inventories (SEE NOTE 8)

› An amount of €5,955 was reclassified from raw materials and purchased components to work in process for 2019.

2. Financial instruments (SEE NOTE 23)

› Cash and cash equivalents of €72,340 categorized as assets measured at fair value through profit and loss (FVPL) were recategorized as measured at amortized cost and removed from the leveling table. The remaining cash and cash equivalents of €166,677 categorized as Level 2 in 2019 were categorized as Level 1.
› Gain / loss recognized in equity for put option liabilities of €13,701 in 2019 was updated to €14,523. This includes €154,436 of gains / losses recognized in profit and loss and (€153,614) of dividends (the allocation of profit or loss and payments of dividends to noncontrolling interests) which had been disclosed separately prior to 2020.
› Gain / loss recognized in equity for put option liabilities of (€50,612) in 2018 was updated to (€48,075). This includes €142,279 of gains / losses recognized in profit and loss and (€139,742) of dividends (the allocation of profit or loss and payments of dividends to noncontrolling interests) which had been disclosed separately prior to 2020.

In addition to the adjustments noted above, certain revenue line items in the prior year's comparative consolidated financial statements pertaining to the Company's segment and Corporate activities have been adjusted to conform to the current year's presentation (SEE NOTE 26).

At February 26, 2021, the Management Board authorized the consolidated financial statements for issue and passed them through to the Supervisory Board for review and authorization.

Significant accounting policies

A) Principles of consolidation and composition of the group

The financial statements of consolidated entities have been prepared using uniform accounting methods in accordance with IFRS 10, Consolidated Financial Statements (IFRS 10). Acquisitions of companies are accounted for under the purchase method.

Besides FMC AG & Co. KGaA, the consolidated financial statements include all material subsidiaries according to IFRS 10 over which the Company has control. FMC AG & Co. KGaA controls an entity if it has power over the entity through existing rights that give the Company the current ability to direct the activities that significantly affect the Company's return. In addition, the Company is exposed to, or has rights to, variable returns from the involvement with the entity and the Company has the ability to use its power over the entity to affect the amount of the Company's return.

The equity method is applied in accordance with IAS 28, Investments in Associates and Joint Ventures (IAS 28). Generally, equity method investees are entities in which FMC AG & Co. KGaA, directly or indirectly, holds 50 % or less of the voting power and can exercise significant influence over their financial and operating policies. While our investment in Vifor Fresenius Medical Care Renal Pharma Ltd. makes up a large portion of our equity method investees, there are no investments in equity method investees that are individually material to the Company.

Acquisitions of companies are accounted for in accordance with IFRS 3, Business Combinations (IFRS 3) at the date of acquisition. Initially, all identifiable assets and liabilities of subsidiaries as well as the noncontrolling interests are recognized at their fair values. The cost is then compared with the fair value of the net assets acquired. Any remaining debit balance is recognized as goodwill and is tested at least once a year for impairment. Any excess of the net fair value of identifiable assets and liabilities over cost still existing after reassessing the purchase price allocation, subsequent to its finalization, is recognized immediately in profit or loss.

Intercompany revenues, expenses, income, receivables, payables, accruals, provisions and commitments and contingencies, are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other group entities are also eliminated.

Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest (NCI) is the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent and is recognized at its fair value at the date of first consolidation. Profits and losses attributable to the noncontrolling interests are separately disclosed in the consolidated statements of income. There are no non-controlling interests that are individually material to the Company.

The Company writes put options on NCI mainly for dialysis clinics in which nephrologists or nephrology groups own an equity interest. While in certain of the dialysis clinics the Company is generally the majority owner, other non-affiliated parties, such as groups of nephrologists or a single nephrologist, hold an NCI position. Generally, the put options associated with this business model are valid for an unlimited time. Accordingly, they do not constrain a long-term investment into a dialysis clinic by the NCI holder. The put options provide for settlement in cash. For these put options, IAS 32, Financial Instruments: Presentation (IAS 32) paragraph 23 requires the Company to recognize a liability for the present value of the exercise price of the option. The put option liability is recorded in other current provisions and other current liabilities and other non-current provisions and other non-current liabilities at present value of the redemption amount at the balance sheet date. The exercise price of the option is generally based on fair value which is approximated by a multiple of earnings, e.g. a multiple of the proportionate earnings before interest, taxes, depreciation and amortization of the dialysis clinic, and is therefore affected by the periodic changes in the profitability of such a clinic. The Company believes the accounting treatment of the changes to the put option liability under IFRS to this date has not been finally clarified. In the absence of IFRS guidance specifically applicable to the accounting for put options on NCI, the Company, in line with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) paragraph 10, applied the present access method. According to the present access method, NCI are further recorded in equity. The initial recognition of the put option liability, as well as valuation differences, is recorded in equity with no impact to the income statement (SEE NOTE 1 H). This presentation results in information that is relevant to the economic decision-making needs of users and to provide reliable financial information as the Company considers these NCI with written put options as equity holders and accordingly attributes net income to NCI.

T 5.7 **PRINCIPAL SUBSIDIARIES**

Name	Country	Main activity	Ownership
Fresenius Medical Care (FMC) Argentina S.A.	Argentina	Provision of health care services	100 %
		Sale of health care products	
FMC Australia Pty. Ltd.	Australia	Provision of health care services	100 %
		Sale of health care products	
FMC Colombia S.A.	Colombia	Provision of health care services	100 %
		Sale of health care products	
FMC Deutschland GmbH	Germany	Sale of health care products	100 %
		Production of health care products	
		Research and development	
FMC France S.A.S.	France	Sale of health care products	100 %
FMC GmbH	Germany	Sale of health care products	100 %
FMC Holdings, Inc.	USA	Provision of health care services	100 %
		Sale of health care products	
		Production of health care products	
		Research and development	
FMC Italia S.p.A.	Italy	Sale of health care products	100 %
FMC Korea Ltd.	South Korea	Sale of health care products	100 %
FMC Ltda. (FMC Ltda.)	Brazil	Sale of health care products	100 %
FMC Shanghai Ltd.	China	Sale of health care products	100 %
FMC (U.K.) Ltd.	United Kingdom	Provision of health care services	100 %
		Sale of health care products	
		Production of health care products	
National Medical Care of Spain, S.A.U.	Spain	Provision of health care services	100 %
NephroCare Portugal, S.A.	Portugal	Provision of health care services	100 %
		Sale of health care products	
ZAO Fresenius SP	Russian Federation	Provision of health care services	100 %
		Sale of health care products	

The consolidated financial statements for 2020 include FMC AG & Co. KGaA as well as 2,305 companies. In 2020, 49 companies were accounted for by the equity method. During 2020, 113 companies were first-time consolidations and 22 companies were deconsolidated.

The principal subsidiaries of the Company are those with the most significant contribution to the Company's revenue, net income or net assets. The Company's interest in these subsidiaries for the years ended December 31, 2020 and 2019 are listed in TABLE 5.7.

The complete list of participations in affiliated and associated companies of FMC AG & Co. KGaA will be submitted to the electronic Federal Gazette and the electronic companies register as well as published on www.freseniusmedicalcare.com/en/investors/news-publications/financial-reports/ as part of the annual financial report of FMC AG & Co. KGaA according to German law.

For 2020, the following fully consolidated German subsidiaries (SEE TABLE 5.8 ON PAGE 158) of the Company will apply the exemption provided in Section 264 (3) or Section 264b of the HGB and therefore will be exempt from applying certain legal requirements to prepare notes to the statutory standalone financial statements and a management report as well as the requirements of an independent audit and public disclosure.

B) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term investments (recorded at nominal value) with original maturities of up to three months. Short-term investments are highly liquid and readily convertible into known amounts of cash. The risk of changes in value is insignificant.

C) Trade accounts and other receivables from unrelated parties

Trade accounts and other receivables from unrelated parties are posted at fair value (nominal value less expected credit loss). For information regarding expected credit losses, SEE NOTE 2 C.

D) Inventories

Inventories are stated at the lower of cost (determined by using the average or first-in, first-out method) or net realizable value (SEE NOTE 8). Costs included in inventories are based on invoiced costs and/or production costs as applicable. Included in production costs are material, direct labor and production overhead, including depreciation charges.

T 5.8 COMPANIES EXEMPT FROM APPLYING CERTAIN LEGAL REQUIREMENTS

Name of the company	Registered office of the company
Ärztliches Versorgungszentrum Ludwigshafen GmbH im Lusanum	Ludwigshafen am Rhein, Germany
DiZ München Nephrocare GmbH	Munich, Germany
ET Software Developments GmbH	Heidelberg, Germany
Fresenius Medical Care Beteiligungsgesellschaft mbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Deutschland GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Frankfurt am Main GmbH	Frankfurt am Main, Germany
Fresenius Medical Care GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Investment GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Beteiligungsgesellschaft mbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Vermögensverwaltungs GmbH & Co. KG	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Zwei Vermögensverwaltungs GmbH & Co. KG	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Ventures GmbH	Bad Homburg v. d. Höhe, Germany
Medizinisches Versorgungszentrum Berchtesgaden GmbH	Berchtesgaden, Germany
MVZ Gelsenkirchen-Buer GmbH	Gelsenkirchen, Germany
Nephrocare Ahrensburg GmbH	Ahrensburg, Germany
Nephrocare Augsburg GmbH	Augsburg, Germany
Nephrocare Berlin-Weißensee GmbH	Berlin, Germany
Nephrocare Betzdorf GmbH	Betzdorf, Germany
Nephrocare Bielefeld GmbH	Bielefeld, Germany
Nephrocare Buchholz GmbH	Buchholz, Germany
Nephrocare Daun GmbH	Daun, Germany
Nephrocare Deutschland GmbH	Bad Homburg v. d. Höhe, Germany
Nephrocare Döbeln GmbH	Döbeln, Germany
Nephrocare Dortmund, GmbH	Dortmund, Germany
Nephrocare Friedberg GmbH	Friedberg, Germany
Nephrocare Grevenbroich GmbH	Grevenbroich, Germany
Nephrocare Hagen GmbH	Hagen, Germany
Nephrocare Hamburg-Altona GmbH	Hamburg, Germany
Nephrocare Hamburg-Barmbek GmbH	Hamburg, Germany
Nephrocare Hamburg-Süderelbe GmbH	Hamburg, Germany
Nephrocare Ingolstadt GmbH	Ingolstadt, Germany
Nephrocare Kaufering GmbH	Kaufering, Germany
Nephrocare Krefeld GmbH	Krefeld, Germany
Nephrocare Lahr GmbH	Lahr, Germany
Nephrocare Leverkusen GmbH	Leverkusen, Germany
Nephrocare Ludwigshafen GmbH	Ludwigshafen am Rhein, Germany
Nephrocare Mannheim GmbH	Mannheim, Germany
Nephrocare Mönchengladbach GmbH	Mönchengladbach, Germany
Nephrocare Mühlhausen GmbH	Mühlhausen, Germany
Nephrocare München-Ost GmbH	Munich, Germany
Nephrocare Münster GmbH	Münster, Germany
Nephrocare MVZ Aalen GmbH	Aalen, Germany
Nephrocare Oberhausen GmbH	Oberhausen, Germany
Nephrocare Papenburg GmbH	Papenburg, Germany
Nephrocare Pirmasens GmbH	Pirmasens, Germany
Nephrocare Püttlingen GmbH	Püttlingen, Germany
Nephrocare Recklinghausen GmbH	Recklinghausen, Germany
Nephrocare Rostock GmbH	Rostock, Germany
Nephrocare Salzgitter GmbH	Salzgitter, Germany
Nephrocare Schrobenhausen GmbH	Schrobenhausen, Germany
Nephrocare Starnberg GmbH	Starnberg, Germany
Nephrocare Wetzlar GmbH	Wetzlar, Germany
Nephrocare Witten GmbH	Witten, Germany
Nephrologisch-Internistische Versorgung Ingolstadt GmbH	Ingolstadt, Germany
Nova Med GmbH Vertriebsgesellschaft für medizinischtechnische Geräte und Verbrauchsartikel	Bad Homburg v. d. Höhe, Germany
VIVONIC GmbH	Sailauf, Germany
Zentrum für Nieren- und Hochdruckkrankheiten Bensheim GmbH	Bensheim, Germany

E) Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation (SEE NOTE 10). Maintenance and repair costs (day-to-day servicing) are expensed as incurred. The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing parts and major inspections if it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 4 to 50 years for buildings and improvements with a weighted average life of 14 years and 3 to 19 years for machinery and equipment with a weighted average life of 11 years. Internal use platform software that is integral to the computer equipment it supports is included in property, plant and equipment.

In fiscal years until December 31, 2018, prior to the implementation of IFRS 16, property, plant and equipment under capital leases was stated at the present value of future minimum lease payments at the inception of the lease, less accumulated depreciation. Equipment held under capital leases and leasehold improvements was amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

F) Leases

A lease is defined as a contract that conveys the right to use an underlying asset for a period of time in exchange for consideration. According to IFRS 16, a contract is or contains a lease if:

› the underlying asset is identified in the contract, and
› the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Under IFRS 16, the Company is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments for almost all leases.

The Company applies both the short-term and low-value lease exemption. These leases are exempt from balance sheet recognition and lease payments will be recognized as expenses over the lease term.

IFRS 16 is not applied to leases of intangible assets.

Lease liabilities

Lease liabilities are initially recognized at the present value of the following payments:

› fixed lease payments (including in-substance fixed payments), less any lease incentives receivable,
› variable lease payments (linked to an index or interest rate),
› expected payments under residual value guarantees,
› the exercise price of purchase options, where exercise is reasonably certain,
› lease payments in optional renewal periods, where exercise of extension options is reasonably certain, and
› penalty payments for the termination of a lease, if the lease term reflects the exercise of the respective termination option.

Lease payments are discounted using the implicit interest rate underlying the lease if this rate can be readily determined. Otherwise, the incremental borrowing rate of the lessee is used as the discount rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Furthermore, lease liabilities may be remeasured due to lease modifications or reassessments of the lease. A lease modification is any change in lease terms that was not part of the initial terms and conditions of the lease, including increases of the scope of the lease by adding the right to use one or more underlying assets or extending the contractual lease term, decreases of the scope of the lease by removing the right to use one or more underlying assets or shortening the contractual lease term or changes in the consideration. Reassessments are changes in estimates or changes triggered by a clause that was part of the initial lease contract, including changes in future lease payments arising from a change in an index or rate, change in the Company's estimate of the amount expected to be payable under residual value guarantees or change in the Company's assessment of whether it will exercise purchase, extension or termination options.

A lease modification is accounted for as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. Where a lease modification is accounted for as a separate lease, the respective new lease is recognized at the effective date of the modification based on the illustrated recognition and

valuation principles with the initial lease remaining unchanged. Where a lease modification is not accounted for as a separate lease, the initial lease is remeasured.

For most reassessments and lease modifications that are not accounted for as a separate lease, lease liabilities are remeasured by discounting the revised lease payments at a revised discount rate. For specific reassessments, the historical interest rate is used.

The revised discount rate is determined at the effective date of the lease modification or the reassessment. When lease liabilities are remeasured in this way, a corresponding remeasurement is made to the carrying amount of the right-of-use asset. Where a lease modification results in a decrease of the scope of the lease, any gain or loss is recognized in profit or loss to reflect the respective partial or full termination of the lease.

For lease contracts that include both lease and non-lease components that are not separable from lease components, no allocation is performed. Each lease component and any associated non-lease components are accounted for as a single lease.

Right-of-use assets

The Company recognizes right-of-use asset at the commencement date of the respective lease. Right-of-use asset are stated at cost less accumulated depreciation. Upon initial recognition, cost comprises of:

› the initial lease liability amount,
› initial direct costs incurred when entering into the lease,
› (lease) payments before commencement date of the respective lease, and
› an estimate of costs to dismantle and remove the underlying asset,
› less any lease incentives received.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. Where a lease agreement includes a transfer of ownership at the end of the lease term or the exercise of a purchase option is deemed reasonably certain, right-of-use assets are depreciated over the useful life of the underlying asset using the straight-line method. In addition, right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements.

For reassessments and lease modifications that are not accounted for as separate leases, a remeasurement corresponding to the respective remeasurement of the lease liability is recognized (for lease modifications and reassessments, as well as for partial or full termination of a lease please see guidance on "Lease liabilities" above). If the carrying amount of a right-of-use asset is reduced to zero by such remeasurements, the excess amount is recorded in profit or loss.

Right-of-use assets are classified into right-of-use assets relating to land, buildings and improvements or machinery and equipment. In addition, prepayments on right-of-use assets are presented separately (SEE NOTE 21).

G) Intangible assets and goodwill

Intangible assets such as non-compete agreements, technology, distribution rights, patents, licenses to treat, licenses to manufacture, distribute and sell pharmaceutical drugs, exclusive contracts and exclusive licenses, trade names, management contracts, application software, acute care agreements and customer relationships are recognized and reported apart from goodwill (SEE NOTE 11). Patient relationships, however, are not reported as separate intangible assets due to the missing contractual basis but are part of goodwill.

Goodwill and identifiable intangibles with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment. The Company identified certain trade names and qualified management contracts as intangible assets with indefinite useful lives because there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Company.

IIntangible assets with finite useful lives are amortized over their respective useful lives to their residual values. The Company amortizes non-compete agreements over their useful lives which, on average, are eight years. Technology is amortized over its average useful lives of twelve years. Internally developed intangibles are amortized on a straight-line basis over their average useful lives of eight years. Licenses to manufacture, distribute and sell pharmaceutical drugs, exclusive contracts and exclusive licenses are amortized over their useful lives which on average is 13 years. Customer relationships are amortized over their average useful lives of 16 years. All other intangible assets are amortized over their weighted average useful lives of eight years. The weighted average useful life of all amortizable intangible assets is ten years. Intangible assets with finite useful lives are evaluated for impairment when events have occurred that may give rise to an impairment (SEE NOTE 1 O).

To perform the annual impairment test of goodwill, the Company identified its groups of cash generating units (CGUs) and determined their carrying value by assigning the operating assets and liabilities, including the existing goodwill and intangible assets, to those groups of CGUs. Groups of CGUs reflect the lowest level on which goodwill is monitored for internal management purposes.

One group of CGUs was identified in each of the Company's operating segments. For the purpose of goodwill impairment testing, all corporate assets and liabilities are allocated to the groups of CGUs. At least once a year, the Company compares the recoverable amount of each group of CGUs to the group of CGUs' carrying amount. The recoverable amount is defined as the higher of the value in use or the fair value less cost of disposal of a group of CGUs. In a first step, the value in use of the group of CGUs is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the group of CGUs. In case that the value in use of the group of CGUs is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the goodwill.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Company compares the fair values of intangible assets with their carrying values. An intangible asset's fair value is determined using a discounted cash flow approach or other methods, if appropriate.

For further information SEE NOTE 2 A.

H) Financial instruments

The Company classifies its financial instruments in accordance with IFRS 9 in the following measurement categories: at amortized cost, at fair value through profit and loss (FVPL) and at fair value through other comprehensive income (FVOCI).

Financial assets are classified depending on the business model in which the financial assets are held and the contractual terms of the cash flows. Financial assets are only reclassified when the business model for managing those assets changes. During the reporting period, no financial instruments were reclassified. Purchases and sales of financial assets are accounted for on the trading day. The Company does not make use of the fair value option, which allows financial instruments to be classified at FVPL upon initial recognition. At initial recognition financial assets and financial liabilities are measured at fair value. Subsequent measurement is either at cost, FVPL or FVOCI.

In general, financial liabilities are classified and subsequently measured at amortized cost, with the exception of contingent considerations resulting from a business combination, put option liabilities as well as derivative financial liabilities.

Investments in equity instruments are recognized and subsequently measured at fair value. The Company's equity investments are not held for trading. In general, changes in the fair value of equity investments are recognized in the income statement. However, at initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic equity investments in other comprehensive income (loss) (OCI).

The Company invested in several debt securities, with the objective to achieve both collecting contractual cash flows and selling the financial assets. All debt securities are consequently measured at fair value. Some of these securities give rise on specified dates to cash flows that are solely payments of principle and interest. These securities are subsequently measured at FVOCI. Other securities are measured at FVPL.

The Company, as option writer of existing put options, can be obligated to purchase the noncontrolling interests held by third parties. The obligations are in the form of put liabilities and are exercisable at the third-party owners' discretion within specified periods or upon the occurrence of certain events as outlined in each specific put option. If these put option liabilities were exercised, the Company would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. The initial recognition and subsequent measurement are recognized in equity of the Company. For further information related to the estimation of these fair values, SEE NOTE 23.

Certain put option arrangements contain contingent triggers based on changes in legislation, which the Company has concluded are not genuine using the guidance in IFRS 9 B4.1.18 and IAS 32.25. The Company considers this subset of contracts as being non-genuine as the trigger in these clauses is considered to be an event that is extremely rare, highly abnormal and very unlikely to occur. Therefore, the Company has not recorded a liability on the balance sheet relating to this subset of puts option contracts.

Derivative financial instruments which primarily include foreign currency forward contracts and interest rate swaps are recognized as assets or liabilities at fair value in the balance sheet (SEE NOTE 23). From time to time, the Company may enter into other types of derivative instruments which are dealt with on a transaction by transaction basis.

Changes in the fair value of derivative financial instruments designated and qualifying as cash flow hedges are recognized in accumulated OCI (AOCI) in shareholders' equity. The Company only designated the change in fair value of the spot element of foreign exchange forward contracts as the hedging instrument in cash flow hedging relationships and uses a hedge ratio for designated risks of 1:1. The forward elements are separately accounted for as cost of hedging in a separate component within AOCI. The ineffective portion of cash flow hedge is recognized in the income statement.

The amounts recorded in AOCI are subsequently reclassified into earnings as a component of revenue for those foreign exchange contracts that hedge forecasted sales or as an adjustment of cost of revenue for those contracts that hedge forecasted intercompany product purchases. In connection with intercompany loans in foreign currency, the Company uses foreign exchange swaps to assure that no foreign exchange risks arise from those loans, which, if they qualify for cash flow hedge accounting, are also reported in AOCI and subsequently reclassified to selling, general and administrative expenses. The amounts recorded in AOCI are reclassified in the same period in which the hedged transaction affects earnings. Amounts recorded in AOCI for cash flow hedges related to product purchases from third parties are removed from AOCI and included directly in the carrying amount of the asset at initial recognition. Product purchases and sales designated in a cash flow hedging relationship are expected to affect profit and loss in the same period in which the cash flows occur. The critical terms of the forward exchange contracts generally align with the hedged item. The economic relationship between forward exchange contracts and the hedged forecast transaction is based on the timing, currency and amount of the hedged cash flows. Ineffectiveness could arise in case the timing of the hedged transaction or the credit default risk changes.

The Company enters into derivatives, particularly interest rate swaps and to a certain extent, interest rate options, to protect against the risk of rising interest rates. These interest rate derivatives are designated as cash flow hedges and have been entered into in order to effectively convert payments based on variable interest rates into payments at a fixed interest rate. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, maturities and the notional amounts. The effective portion of gains and losses of derivatives designated as cash flow hedges is deferred in AOCI; the amount of gains and losses reclassified from AOCI are recorded in interest income and interest expenses.

The change in fair value of derivatives that do not qualify for hedge accounting is recorded in the income statement and usually offsets the change in value recorded in the income statement for the underlying asset or liability.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

l) Impairment of financial assets

The impairment of financial assets is based on the expected credit loss approach, as introduced by IFRS 9. The expected credit loss approach requires that all impacted financial assets will carry a loss allowance based on their expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses over the contractual life of the financial assets.

This model comprises a three-stage approach. Upon recognition, the Company shall recognize losses that are expected within the next 12 months. If credit risk deteriorates significantly, from that time, impairment losses shall amount to lifetime expected losses. When assessing for significant increases in credit risk, the Company shall compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. The Company should consider reasonable and supportable information including historic loss rates, present developments such as liquidity issues and information about future economic conditions, to ensure foreseeable changes in the customer-specific or macroeconomic environment are considered. Separately, there is the rebuttable presumption that the credit risk has increased significantly since the initial recognition when contractual payments are overdue by more than 30 days.

In case of objective evidence of impairment there is an assignment to stage 3. The assignment of a financial asset to stage 3 should rely on qualitative knowledge on the customers' unfavorable financial position (for example bankruptcy, lawsuits with private or public payers), or quantitative criteria, based on an individual maturity analysis. Independently, there is an assignment to stage 3 if the contractual payments are overdue by more than 360 days. When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables as well as in investments in debt securities measured at fair value through other comprehensive income. The financial assets mainly comprise of accounts receivable as well as cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instrument. Financial assets whose expected credit loss is not assessed individually are grouped on the basis of geographical regions and the impairment is generally assessed on the basis of macroeconomic indicators such as credit default swaps.

For accounts receivable, the Company uses the simplified method which requires recognizing lifetime expected credit losses at inception. However, expected credit losses on cash and cash equivalents are measured according to the general method which is based on 12-month expected credit losses.

Based on the external credit ratings of the counterparties the Company considers that its cash and cash equivalents have a low credit risk (as the counterparties are generally investment grade).

J) Foreign currency translation

For purposes of these consolidated financial statements, the euro is the reporting currency. The requirement to report in euro arises from Section 315e and Section 244 HGB. Substantially all assets and liabilities of foreign subsidiaries that use a functional currency other than the euro are translated at year-end exchange rates, while revenues and expenses are translated at average exchange rates. Adjustments for foreign currency translation fluctuations are excluded from net earnings and are reported in AOCI. In addition, the translation adjustments of certain intercompany borrowings, which are of a long-term nature, are reported in AOCI. Transactions in foreign currencies recorded by subsidiaries are accounted for at the prevailing spot rate on the date of the respective transaction. Financial instruments denominated in a foreign currency are revalued at the spot rate as of the date of the consolidated statement of financial position.

The exchange rates of the United States (U.S.) dollar affecting foreign currency translation developed as shown in TABLE 5.9.

T 5.9 **EXCHANGE RATES**
1 U.S. DOLLAR IN EURO

December 31, 2020	December 31, 2019	2020	2019	2018
spot exchange rate in €	spot exchange rate in €	average exchange rate in €	average exchange rate in €	average exchange rate in €
0.81493	0.89015	0.87550	0.89328	0.84678

K) Revenue recognition

For both health care services revenue and health care products revenue, amounts billed to patients, third party payors and customers are recorded net of contractual allowances, discounts or rebates to reflect the estimated amounts to be receivable from these payors.

Health care services

Health care services revenue, other than the hospitalist and insurance revenues discussed below, are recognized on the date the patient receives treatment and includes amounts related to certain services, products and supplies utilized in providing such treatment at an amount to which the company expects to be entitled. The patient is obligated to pay for health care services at amounts estimated to be receivable based upon the Company's standard rates or at rates determined under reimbursement arrangements. In the U.S., these arrangements are generally with third party payors, such as Medicare, Medicaid or commercial insurers. Outside the U.S., the reimbursement is usually made through national or local government programs with reimbursement rates established by statute or regulation.

For services performed for patients where the collection of the billed amount or a portion of the billed amount cannot be determined at the time services are performed, the Company concludes that the consideration is variable (implicit price concession) and records the difference between the billed amount and the amount estimated to be collectible as a reduction to health care services revenue. Implicit price concessions include such items as amounts due from patients without adequate insurance coverage, patient co-payment and deductible amounts due from patients with health care coverage. The Company determines implicit price concessions based primarily upon past collection history. Upon receipt of new information relevant for the determination of the implicit price concession, the Company constrains, or adjusts the constraints for the variable consideration of the transaction price.

Prior to the divestiture of the Company's controlling interest in Sound Inpatient Physicians, Inc. (Sound) on June 28, 2018, hospitalist revenues in the U.S. were reported at the estimated amount expected to be received from third-party payors, client hospitals, and others at the time services were provided. Third-party payors included federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, and commercial insurance companies. Inpatient acute care services rendered to Medicare and Medicaid program beneficiaries were paid according to a fee-for-service schedule. These rates varied according to a patient classification system that was based on clinical, diagnostic and other factors. Inpatient acute services generated through payment arrangements with managed care health plans and commercial insurance companies were recorded on an accrual basis in the period in which services were provided at established rates.

The Company has entered into sub-capitation and other shared savings arrangements with certain payors to provide care to certain ESRD and chronic kidney disease patients. Under these arrangements, a baseline per patient per month amount is established. If the Company provides complete care for less than the baseline, it retains the difference. If the cost of complete care exceeds the baseline, the Company may owe the payor the difference.

In the U.S., the Company generates revenue from insurance contracts in accordance with IFRS 4, Insurance Contracts (IFRS 4). Insurance premium revenue is recognized as earned each month and risk adjustments are offset against revenue. Prior to January 1, 2019, in the U.S the Company provided Medicare Advantage ESRD Chronic Conditions Special Needs Plan products. These were Medicare Advantage health plans offered by the Company that contracted with the Centers for Medicare and Medicaid Services (CMS) to provide patients with Medicare benefits and receive capitated payments from CMS.

Revenue from insurance contracts is disclosed as part of "Other revenue" separately from "Revenue from contracts with customers" in the notes to the consolidated financial statements.

Health care products

In the health care product business, major revenues are generated from the sale of dialysis machines and water treatment systems, home hemodialysis products, disposable products and maintenance agreements for the Company´s health care products. Revenues from the sale of dialysis machines and water treatment system are typically recognized upon installation and provision of the necessary technical instructions as only thereafter the customer obtains control of the medical device. A small portion of the Company´s revenue is recognized from sales of dialysis machines, home hemodialysis products and other products used for in-center hemodialysis treatment to distributors. When the distributor is the principal in the contract, the revenue allocated to the machine or the products will be recognized upon transfer of control to the distributor. In case the Company is committed to perform the installation, revenue allocated to the installation, as a separate performance obligation, would be recorded upon installation of the machine at the end-customers' premises. In case the distributor is only an agent in the contract, revenue for sale of the machine would be recorded upon installation.

Under consignment arrangements revenue is recognized upon withdrawal of the products by the customer.

Maintenance is provided over time, and as such revenue is typically recognized on a straight-line basis as the customer is simultaneously receiving and consuming the benefits provided by the Company's performance.

All other dialysis and non-dialysis product revenues are recognized upon transfer of control to the customer. Product revenues are normally based upon pre-determined rates that are established by contractual arrangement.

A portion of dialysis product revenues is generated from arrangements which give the customer, typically a health care provider, the right to use dialysis machines. In the same contract the customer agrees to purchase the related treatment disposables at a price marked up from the standard price list. If the right to use the machine is conveyed through an operating lease and the customer agrees to purchase a minimum number of related treatment disposables, FMC AG & Co. KGaA does not recognize revenue upon delivery of the dialysis machine but recognizes revenue on the sale of disposables upon transfer of control with revenue for the use of dialysis machines recognized straight-line over the term of the lease contract. When there is no such agreement that the customer purchases a minimum number of related treatment disposables, revenue is recognized only on the sale of disposables unless the timing of the first purchase order of related treatment disposables justifies a combination of contracts according to IFRS 15.

If the lease of the machines is a finance lease, ownership of the dialysis machine is transferred to the user upon installation of the dialysis machine at the customer site. In this type of contract, revenue is recognized in accordance with the accounting principles for finance leases under IFRS 16. The allocation of the transaction price to lease and non-lease components is based on stand-alone selling prices.

For certain home-dialysis products the Company offers month-to month rental arrangements, where revenue is recognized on a monthly basis.

In addition, for some licensing agreements and equipment sales to dialysis clinic customers in the area of home-dialysis, the Company recognizes upfront fees received as lease revenue on a straight-line basis over the term of the contract.

IFRS 15 specifically excludes leases from the scope of the revenue standard. The transaction price of contracts which include lease components is allocated in accordance with IFRS 15. Revenue is recognized separately for the lease and the non-lease components of the contract.

Revenue from lease contracts is disclosed as part of "Other revenue" separately from "Revenue from contracts with customers" in the notes to the consolidated financial statements.

L) Capitalized interest

The Company includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2020, 2019 and 2018, interest of €4,963, €7,240 and €5,724, based on an average interest rate of 3.67 %, 3.84 % and 4.03 %, respectively, was recognized as a component of the cost of assets.

M) Research and development expenses

Research is the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge. Development is the technical and commercial implementation of research results and takes place before the start of commercial production or use. Research costs are expensed as incurred. Development costs that fully meet the criteria for the recognition of an intangible asset set out in IAS 38, Intangible Assets (IAS 38) are capitalized as intangible asset.

N) Income taxes

Current taxes are calculated based on the profit (loss) of the fiscal year and in accordance with local tax rules of the respective tax jurisdictions. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the single entity's financial statement carrying amounts of existing assets and liabilities and their respective tax basis, tax credits and tax loss carryforwards which are probable to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period. A change in tax rate for the calculation of deferred tax assets and liabilities is recognized in the period the new laws are enacted or substantively enacted. The effects of the adjustment are generally recognized in the income statement. The effects of the adjustment are recognized in equity, if the temporary differences are related to items directly recognized in equity.

Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. In addition, deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. A deferred tax asset is recognized to the extent that the utilization of parts or all of it is probable because sufficient taxable profit will be available (SEE NOTE 4 H). The determination of future taxable income is based on assumptions on future market conditions and future profits of FMC AG & Co. KGaA and considers all currently available information as well as the level of historical taxable income. In addition, the determination of the recoverable amount of deferred tax assets considers implemented tax strategies.

The Company recognizes assets and liabilities for uncertain tax treatments to the extent it is probable the tax will be recovered or that the tax will be payable, respectively.

In North America and Germany, interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37. All other jurisdictions account for interest and penalties related to income taxes in accordance with local tax rules of the respective tax jurisdiction either under IAS 37 or as income tax expense under IAS 12.

O) Impairment

The Company reviews the carrying amount of its property, plant and equipment, its intangible assets with definite useful lives, its right-of-use assets as well as other non-current assets for

impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the asset's recoverable amount in accordance with IAS 36, Impairment of Assets (IAS 36). The fair value less cost of disposal of an asset is estimated as its net realizable value. The value in use is the present value of future cash flows expected to be derived from the relevant asset. If it is not possible to estimate the future cash flows from the individual assets, impairment is tested on the basis of the corresponding group of CGUs.

Impairment losses, except impairment losses recognized on goodwill, are reversed up to the amount of the amortized acquisition cost, as soon as the reasons for impairment no longer exist.

Long-lived assets to be disposed of by sale are reported at the lower of carrying value or fair value less cost to sell and depreciation is ceased. Long-lived assets to be disposed of other than by sale are considered to be held and used until disposal.

P) Debt issuance costs

Debt issuance costs related to a recognized debt liability are presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. These costs are amortized over the term of the related obligation (SEE NOTE 14).

Q) Self-insurance programs

SEE NOTE 2 D.

R) Concentration of risk

The Company is engaged in the manufacture and sale of products for all forms of kidney dialysis, principally to health care providers throughout the world, and in providing kidney dialysis treatment. The Company also provides additional health care services under Care Coordination. The Company performs ongoing evaluations of its customers' financial condition and, generally, requires no collateral.

Revenues which were earned and subject to regulations under Medicare and Medicaid, governmental health care programs administered by the U.S. government, were approximately 32 %, 33 %, and 33 % of the Company's worldwide revenues in 2020, 2019 and 2018, respectively.

SEE NOTE 2 C for concentration risks of debtors or group of debtors as well as NOTE 8 for discussion of suppliers with long-term purchase commitments.

S) Legal contingencies

SEE NOTE 2 B.

T) Other provisions

In accordance with IAS 12 and IAS 37, accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the required amount can be reliably estimated. Provisions by their nature are more uncertain than most other items in the statement of financial position.

Tax accruals include obligations for the current year and for prior periods.

Non-current provisions with a remaining period of more than one year are discounted to the present value of the expenditures expected to settle the obligation. The applied discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

U) Earnings per share

Basic earnings per share is calculated in accordance with IAS 33, Earnings per Share (IAS 33). Basic earnings per share is calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on shares that would have been outstanding during the years presented had the dilutive instruments been issued. For the calculation of basic earnings per share, treasury stock is not considered outstanding and is therefore deducted from the number of shares outstanding.

Equity-settled awards granted under the Company's stock incentive plans (SEE NOTE 20), are potentially dilutive equity instruments.

V) Treasury stock

The Company may, from time to time, acquire its own shares (Treasury Stock) as approved by its shareholders. The acquisition, sale or retirement of its Treasury Stock is recorded separately in equity. The value of such Treasury Stock is shown as a reduction of the Company's equity.

W) Employee benefit plans

Pension obligations for post-employment benefits are measured in accordance with IAS 19 (revised 2011), Employee Benefits (IAS 19), using the projected unit credit method, taking into account future salary and trends for pension increase.

The Company uses December 31 as the measurement date when measuring the net pension liability.

For the Company's funded benefit plans the defined benefit obligation is offset against the fair value of plan assets (net pension liability). Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies. A pension liability is recognized in the consolidated balance sheet if the defined benefit obligation exceeds the fair value of plan assets. A pension asset is recognized (and reported under "Other non-current assets" in the consolidated balance sheet) if the fair value of plan assets exceeds the defined benefit obligation and if the Company has a right of refund against the fund or a right to reduce future payments to the fund.

Net interest costs are calculated by multiplying the benefit obligation (fair value of plan assets) at beginning of the year with the discount rate utilized in determining the benefit obligation.

Remeasurements include actuarial gains and losses resulting from the evaluation of the defined benefit obligation as well as from the difference between actual investment returns and the return implied by the net interest cost. In the event of a surplus for a defined benefit pension plan remeasurements can also contain the effect from asset ceiling, as far as this effect is not included in net interest costs.

Remeasurements are recognized in AOCI completely. Remeasurements may not be reclassified in subsequent periods. Components of net periodic benefit cost are recognized in profit and loss of the period.

X) Share-based plans

The grant date fair value of stock options and convertible equity instruments that are settled by delivering equity instruments granted to the Management Board and executive employees of the Company and its subsidiaries by FMC AG & Co. KGaA is measured in accordance with IFRS 2, Share-based Payment (IFRS 2) using the binominal option pricing model and recognized as expense over the vesting period of the stock option plans. For certain exceptions, as defined in the respective plan terms, a shorter vesting period may apply after which the stock options will not forfeit in any way. In such cases the vesting period is shortened accordingly.

The balance sheet date fair value of cash-settled phantom stock granted to the Management Board and executive employees of the Company is calculated in accordance with IFRS 2 using the binominal option pricing model. The corresponding liability based on the balance sheet date fair value is accrued over the vesting period of the phantom stock plans. For certain exceptions as defined in the respective plan terms, a shorter vesting period may apply after which the phantom stock will not forfeit in any way. In such cases the vesting period is shortened accordingly.

The balance sheet date fair value of cash-settled performance shares granted to the Management Board and executive employees of the Company is calculated using the Monte Carlo pricing model in accordance with IFRS 2. The corresponding liability based on the balance sheet date fair value is accrued over the vesting periods of the performance share plans. For certain exceptions a shorter vesting period may apply after which the performance shares will not forfeit in any way. In such cases the vesting period is shortened accordingly.

Y) Government grants

In accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, government grants, including non-monetary grants at fair value, are recognized only when there is reasonable assurance that the Company will comply with all conditions attached to the grant and that the grants will be received. Government grants or government assistance are recognized directly against the respective qualifying expense in either the cost of revenue line item or selling, general and administrative expense line item within the statement of profit and loss. Amounts received for which a respective cost is not yet incurred are recorded as a liability on the Company's consolidated balance sheet and offset against all qualifying costs that are incurred in future periods.

The Company and its patient population have been impacted by severe acute respiratory syndrome coronavirus 2 (COVID-19).

On March 27, 2020, the U.S. administration signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which provides relief funds to hospitals and other healthcare providers in connection with the impact of the on-going COVID-19 pandemic. The Company currently estimates that all funds received from grants comply with the terms and conditions associated with the funding received. Additional guidance may be released from the U.S. Department of Health and Human Services with regards to the application of CARES Act relief funds which could affect the Company's estimate as of December 31, 2020. All funding received under the CARES Act in the U.S. is to be applied solely to the Company's U.S. operations. In accordance with the conditions of the funding received under the grants, the Company is obliged and committed to fulfilling all the requirements of the grant funding arrangements in the respective jurisdictions in which funding was received. The Company has determined that there is reasonable assurance that it will continue to be entitled to the amounts received and comply with the requirements related to the grants.

Z) Recent pronouncements

Recently implemented accounting pronouncements

The Company has prepared its consolidated financial statements at and for the year ended December 31, 2020 in conformity with IFRS that have to be applied for fiscal years beginning on January 1, 2020. For the year ended December 31, 2020, there were no recently implemented accounting pronouncements that had a material effect on the Company's consolidated financial statements.

Recent accounting pronouncements not yet adopted

The IASB issued the following new standards which are relevant for the Company:

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts there was a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using current values. The frequent updates to the insurance values are expected to provide more useful information to users of financial statements. On June 25, 2020, the IASB issued amendments to IFRS 17, which among others, defer the effective date to fiscal years beginning on or after January 1, 2023. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers. The Company is evaluating the impact of IFRS 17 on the consolidated financial statements.

Amendments to IAS 1, Classification of Liabilities as Current and Non-current

In January 2020, the IASB issued Amendments to IAS 1, Classification of Liabilities as Current and Non-current. The amendments clarify under which circumstances debt and other liabilities with an uncertain settlement date should be classified as current or non-current. Among others, the amendments state that liabilities shall be classified depending on rights that exist at the end of the reporting period and define under which conditions liabilities might be settled by cash, other economic resources or equity.

On July 15th, 2020, the IASB deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from the amendments. The Amendments to IAS 1 are now effective for annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted. The Company is currently evaluating the impact of the amendments to IAS 1 on the consolidated financial statements.

In the Company's view, no other pronouncements issued by the IASB are expected to have a material impact on the consolidated financial statements.

The EU Commission's endorsements of IFRS 17 and of the amendments to IAS 1 are still outstanding.

2. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTIES

The Company's reported results of operations, financial position and net assets are sensitive to significant judgments, assumptions and estimates that are the basis for its financial statements. The critical accounting policies, the judgments made in the creation and application of these policies and the sensitivities of reported results to changes in accounting policies, significant judgments and estimates are factors to be considered along with the Company's financial statements. In the opinion of the Management of the Company, the following accounting policies, significant judgments and sources of estimation uncertainties are critical for the consolidated financial statements in the present economic environment.

A) Recoverability of goodwill and intangible assets

The growth of the business through acquisitions has created a significant amount of intangible assets, including goodwill, trade names, management contracts, non-compete agreements, technology and customer relationships as well as licenses and distribution agreements. In addition, the Company recognizes internally developed intangible assets related to research and development and software development projects. At December 31, 2020, the carrying amount of goodwill and non-amortizable intangible assets amounted to €13,168,605 (€14,247,709 at December 31, 2019) representing approximately 42 % and 43 % of the Company's total assets at December 31, 2020 and 2019, respectively.

In accordance with IAS 36, the Company performs an impairment test of goodwill and non-amortizable intangible assets at least once a year for each group of CGUs or more frequently if the Company becomes aware of events that occur or if circumstances change that would indicate the carrying value may not be recoverable (SEE ALSO NOTE 1 G).

To comply with IFRS to determine possible impairments of these assets, the value in use of the group of CGUs is first compared to the group of CGUs' carrying amount. In cases where the value in use of the group of CGUs is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the group of CGUs.

The value in use of each group of CGUs is determined using estimated future cash flows for the unit discounted by a pre-tax discount rate (WACC) specific to that group of CGUs. The Company's WACC consists of a basic rate adjusted by a weighted average country risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flows from recent material acquisitions within each group of CGUs, until they are appropriately integrated. Estimating the future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. The key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources. In determining discounted cash flows, the Company utilizes for every group of CGUs its three-year budget, projections for years four to ten and a representative growth rate for all remaining years. Projections for up to ten years are possible due to the non-discretionary nature of the health care services the Company provides, the need for health

T 5.10 **KEY ASSUMPTIONS**
IN %

	North America[1]		EMEA		Asia-Pacific[1]		Latin America	
	2020	2019	2020	2019	2020	2019	2020	2019
Average revenue growth in ten year projection period	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	high-single-digit	mid-single-digit	mid-single-digit
Residual value growth	1.00	1.00	1.00	1.00	4.00	4.00	1.60	2.95
Pre-tax WACC	6.42	7.71	8.64	8.73	6.40	6.79	13.29 – 24.28	10.45 – 20.02
After-tax WACC	5.08	6.00	6.21	6.25	5.65	6.04	9.14 – 20.13	8.06 – 17.63

[1] There are no reasonably possible changes in assumptions that would lead to an impairment in these groups of CGUs.

care products utilized to provide such services and the availability of government reimbursement for a substantial portion of its services.

TABLE 5.10 ON PAGE 169 shows the key assumptions of value-in-use calculations.

An overview of the carrying amounts of goodwill and intangibles with indefinite useful life for each group of CGUs is shown in NOTE 11. To evaluate the recoverability of intangible assets with indefinite useful lives, the Company compares the recoverable amount of intangible assets with their carrying values and an intangible asset's recoverable amount is determined using a discounted cash flow approach or other methods, if appropriate.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and / or higher than expected costs for providing health care services and for procuring and selling health care products or a significant increase of mortality of patients with chronic kidney diseases which may be attributable to COVID-19 could adversely affect the Company's estimated future cash flows. Future adverse changes in a cash-generating unit's economic environment of a group of CGUs could affect the country specific risk rate and therefore the discount rate. Equally an increase of the general interest rate level could affect the base rate and therefore the discount rate. A decrease in the estimated future cash flows and / or a decline in the cash-generating units economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful life which could materially and adversely affect the Company's future financial position and operating results.

In 2020, as a result of the annual impairment test of goodwill, the Latin America group of CGUs recognized an impairment of goodwill in the amount of €193,978 and trade names in the amount of €490 to reduce the carrying amount of goodwill and trade names (Impairment Loss). The impairment was driven by a macro-economic downturn and increasing risk adjustment rates for certain countries in Latin America. Additionally, the recoverable amount of the EMEA group of CGUs exceeds the carrying amount by €492,736. TABLE 5.11 shows the reasonable amounts by which the key assumptions would need to change individually that the recoverable amount equals the carrying amount.

T 5.11 **SENSITIVITY ANALYSIS**
CHANGE IN PERCENTAGE POINTS

	EMEA	
	2020	2019
Pre-tax WACC	0.91	3.19
After-tax WACC	0.64	2.15
Operating income margin of each projection year	(1.16)	(3.71)

B) Legal contingencies

From time to time, during the ordinary course of operations as well as due to acquisitions, the Company is party to litigation and arbitration and is subject to investigations relating to various aspects of its business (SEE NOTE 22). The Company regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Company utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for loss accrual, the Company considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that accrual of a loss is appropriate.

The outcome of these matters may have a material adverse effect on the results of operations, financial position and net assets of the Company.

C) Trade accounts and other receivables from unrelated parties and expected credit losses

Trade accounts and other receivables from unrelated parties are a substantial asset of the Company and the expected credit losses are based upon a significant estimate made by management. Trade accounts and other receivables from unrelated parties were €3,153,045 and €3,421,346 at December 31, 2020 and 2019, respectively, net of expected credit losses of €142,372 at December 31, 2020 and €141,358 at December 31, 2019.

The Company sells health care products directly or through distributors in around 150 countries and provides health care services in around 50 countries. Most payors are government institutions or government-sponsored programs with significant variations between the countries and even between payors within one country in local payment and collection practices.

Receivables resulting from health care services are recognized and billed at amounts estimated to be collectable under government reimbursement programs and reimbursement arrangements with third party payors. U.S. Medicare and Medicaid government programs are billed at predetermined net realizable rates per treatment that are established by statute or regulation. Revenues for non-governmental payors with which the Company has contracts or letters of agreement in place are recognized at the prevailing contract rates. The remaining non-governmental payors are billed at the Company's standard rates for services and, in the Company's North America Segment, a contractual adjustment is recorded to recognize revenues based on historic reimbursement. The contractual adjustment and the expected credit losses are reviewed quarterly for their adequacy. No material changes in estimates were recorded for the contractual allowance in the periods presented. The collectability of receivables is reviewed locally on a regular basis, generally monthly. For further information, SEE NOTE 1 K.

In the Company's North America Segment operations, the collection process is usually initiated shortly after service is provided or upon the expiration of the time provided by contract. For Medicare and Medicaid, once the services are approved for payment, the collection process begins upon the expiration of a period of time based upon experience with Medicare and Medicaid. In all cases where co-payment is required the collection process usually begins within 30 days after service has been provided. In those cases where claims are approved for amounts less than anticipated or if claims are denied, the collection process usually begins upon notice of approval of the lesser amounts or upon denial of the claim. The collection process can be confined to internal efforts, including the accounting and sales staffs and, where appropriate, local management staff. If appropriate, external collection agencies may be engaged.

Public health institutions in a number of countries outside the U.S. require a significant amount of time until payment is made because a substantial number of payors are government entities whose payments are often determined by local laws and regulations and budget constraints. Depending on local facts and circumstances, the period of time to collect can be quite lengthy. In those instances where there are commercial payors, the same type of collection process is initiated as in the North America Segment.

Due to the number of subsidiaries and different countries that the Company operates in, the Company's policy of determining when an individual expected credit loss is required considers the appropriate individual local facts and circumstances that apply to an account. While payment and collection practices vary significantly between countries and even agencies within one country, government payors usually represent low to moderate credit risks. It is the Company's policy to determine when receivables should be classified as bad debt on a local basis taking into account local payment practices and local collection experience. An individual expected credit loss is calculated locally if specific circumstances indicate that amounts will not be collectible.

Receivables where the expected credit losses are not assessed individually are grouped based on geographical regions and the impairment is assessed based on macroeconomic indicators such as credit default swaps. For more information regarding the impairment on trade accounts and other receivables from unrelated parties please refer to NOTE 1 I.

When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and written off.

Write offs are taken on a claim-by-claim basis. Due to the fact that a large portion of its reimbursement is provided by public health care organizations and private insurers, the Company expects that most of its accounts receivables will be collectible, albeit potentially more slowly outside the North America Segment. A significant change in the Company's collection experience, deterioration in the aging of receivables and collection difficulties could require that the Company increases its estimate of the expected credit losses. Any such additional bad debt charges could materially and adversely affect the Company's future operating results.

If, in addition to the Company's existing expected credit losses, 1 % of the gross amount of the Company's trade accounts and other receivables from unrelated parties as of December 31, 2020 were uncollectible through either a change in the Company's estimated contractual adjustment or revised estimate of the collectability, the Company's operating income for 2020 would have been reduced by approximately 1.4 %.

TABLE 5.12 ON PAGE 172 shows the portion of major debtors or debtor groups of trade accounts and other receivables from unrelated parties as of December 31, 2020 and 2019. Other than U.S. Medicare and Medicaid, no single debtor accounted for more than 5 % of total trade accounts and other receivables from unrelated parties in any of these years.

T 5.12 **COMPOSITION OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES**

	December 31, 2020	December 31, 2019
U.S. Government health care programs	30 %	30 %
U.S. commercial payors	14 %	15 %
U.S. hospitals	5 %	4 %
Self-pay of U.S. patients	3 %	2 %
Other North America Segment payors	2 %	4 %
Product customers and health care payors outside the North America Segment	46 %	45 %
TOTAL	**100 %**	**100 %**

D) Self-insurance programs

Under the Company's insurance programs for professional, product and general liability, auto liability, worker's compensation and medical malpractice claims, the Company's largest subsidiary which is located in the U.S. is partially self-insured for professional liability claims. For all other coverages, the Company assumes responsibility for incurred claims up to predetermined amounts above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

E) Level 3 financial instruments

Put option liabilities, variable payments outstanding for acquisitions and equity investments are recognized at their fair value. Each put option contract contains specific clauses related to the terms of exercisability, which require significant judgment in order to determine appropriate liability recognition and classification. For further information related to the significant judgments and estimates related to these instruments and their fair values, SEE NOTES 1 H AND 23.

F) Income taxes

The Company is subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions. Different interpretations of tax laws may lead to potential additional tax payments or tax refunds for prior years. To consider income tax provisions or income tax receivables of uncertain tax assessments management's estimations are based on local tax rules of the respective tax jurisdiction and the interpretation of such. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. For further information to estimates related to the recoverability of deferred taxes, SEE NOTES 1 N AND 4 H.

G) Business combinations

The Company measures the noncontrolling interest in an acquisition at fair value and classifies costs related to its business combinations within general and administrative expense. In determining whether an intangible asset related to a business combination is identifiable and should be separated from goodwill, significant judgment is required. Additionally, estimation of the acquisition-date fair values of identifiable assets acquired and liabilities assumed also involves significant judgment. The applicable measurements and inputs used in this estimation (including revenue growth rates, gross profit margin adjusted for synergy assumptions associated with manufacturing savings and the discount rate) are based upon information available at the acquisition date using expectations and assumptions that management deems reasonable. Such judgments, estimates and assumptions could materially affect the Company's business, results of operations and financial condition, primarily due to:

- Fair values assigned to assets subject to depreciation and amortization directly impact the depreciation and amortization recorded in the Company's consolidated statements of income in periods subsequent to a related acquisition.
- Any subsequent measurement resulting in a decrease in the estimated fair values of assets acquired may result in impairment.
- Subsequent changes resulting in an increase or decrease to the estimated fair values of liabilities assumed may result in additional expense or income, respectively.

For further information on business combinations, SEE NOTE 3.

3. ACQUISITIONS, INVESTMENTS (INCLUDING DEBT SECURITIES), PURCHASES OF INTANGIBLE ASSETS, DIVESTITURES AND SALE OF DEBT SECURITIES

The Company completed acquisitions, investments (including debt securities) and the purchase of intangible assets in the amount of €406,644, €2,297,173 and €956,803 in 2020, 2019 and 2018, respectively. In 2020, €355,386 was paid in cash and €51,258 were assumed obligations and non-cash consideration. In 2019, €2,232,671 was paid in cash and €64,502 were assumed obligations and non-cash consideration. In 2018, €925,267 was paid in cash and €31,536 were assumed obligations and non-cash consideration.

Acquisitions

The Company made acquisitions of €265,612, €2,224,599 and €280,643 in 2020, 2019 and 2018, respectively in order to expand the scope of its services and to increase its market shares in the respective countries. In 2020, €214,836 was paid in cash and €50,776 were assumed obligations and non-cash consideration. In 2019, €2,160,097 was paid in cash and €64,502 were assumed obligations and non-cash consideration. In 2018, €249,965 was paid in cash and €30,678 were assumed obligations and non-cash consideration.

The Company's acquisition spending was driven primarily by the purchase of dialysis clinics in the normal course of its operations in 2020, 2019 and 2018 as well as the acquisition of NxStage Medical, Inc. (NxStage) in 2019.

Impacts on consolidated financial statements from acquisitions

The assets and liabilities of all acquisitions were recorded at their estimated fair value at the date of the acquisition and are included in the Company's financial statements and operating results from the effective date of acquisition. The measurement period adjustments from the previous year's acquisitions did not have a significant impact on the consolidated financial statements in 2020.

The excess of the total acquisition costs over the fair value of the net assets acquired resulted in goodwill of €258,544 and €1,607,559 at December 31, 2020 and 2019, respectively.

The purchase price allocations for all collectively and individually non-material acquisitions for 2020 are not yet finalized. The Company is in the process of obtaining and evaluating the information necessary for the purchase price allocations, primarily related to property, plant and equipment, intangible assets, accounts receivable and other liabilities. In 2020, based on preliminary purchase price allocations, the Company recorded €258,544 of goodwill and €19,507 of intangible assets, which represent the share of both controlling and noncontrolling interests. Goodwill arose principally due to the fair value of the established streams of future cash flows for these acquisitions.

Business combinations during 2020 increased the Company's net income (net income attributable to shareholders of FMC AG & Co. KGaA) by €2,749, excluding the costs of the acquisitions, and revenue increased by €62,072. Total assets increased €337,300 due to business combinations.

Acquisition of NxStage Medical, Inc.

On February 21, 2019, the Company acquired all of the outstanding shares of NxStage for $30.00 (€26.42) per common share. The total acquisition value of this business combination, net of cash acquired, was $1,976,235 (€1,740,563 at date of closing). NxStage is a medical technology company that develops, produces and markets an innovative product portfolio of medical devices for use in home dialysis and in the critical care setting. This acquisition was part of the Company's stated strategy to expand and complement its existing business through acquisitions. Generally, these acquisitions do not change the Company's business model and can be integrated without disruption to its existing business, requiring little or no realignment of its structures. The NxStage acquisition was consistent in this regard as it supplemented the Company's existing business.

TABLE 5.13 ON PAGE 174 summarizes the fair values, as of the date of acquisition based upon information available, as of December 31, 2019, of assets acquired and liabilities assumed at the date of the acquisition.

T 5.13 **FAIR VALUES OF ASSETS ACQUIRED AND LIABILITIES ASSUMED**

	in $ THOUS	in € THOUS
Cash and cash equivalents	47,203	41,574
Trade accounts and other receivables from unrelated parties	34,062	30,000
Inventories	63,735	56,134
Other current assets	15,819	13,933
Property, plant and equipment	104,533	92,067
Right-of-use assets	21,603	19,027
Intangible assets and other assets	761,734	670,895
Goodwill	1,201,613	1,058,317
Accounts payable to unrelated parties, current provisions and other current liabilities	(72,429)	(63,792)
Deferred taxes	(100,485)	(88,502)
Lease liabilities from unrelated parties	(22,065)	(19,434)
Other liabilities	(27,822)	(24,504)
Noncontrolling interests	(4,063)	(3,578)
TOTAL ACQUISITION COST	**2,023,438**	**1,782,137**
Less: Cash acquired	(47,203)	(41,574)
NET CASH PAID	**1,976,235**	**1,740,563**

As of the acquisition date amortizable intangible assets (primarily technology in the amount of $660,300 (€581,557) acquired in this acquisition have weighted average useful lives of 13 years.

Goodwill in the amount of $1,201,613 (€1,058,317) was acquired as part of the NxStage acquisition and is allocated to the North America Segment.

NxStage's results have been included in the Company's consolidated statement of income since February 21, 2019. Specifically, NxStage has contributed revenue and an operating loss in the amount of $294,281 (€262,875) and $31,145 (€27,821) respectively, to the Company's consolidated operating income in 2019. This operating loss amount does not include synergies which may have resulted at consolidated entities outside NxStage since the acquisition closed.

Pro forma financial information

The following financial information, on a pro forma basis, reflects the consolidated results of operations for the twelve months ended December 31, 2019 as if the NxStage acquisition had been consummated on January 1, 2019 and excludes related transaction costs (SEE TABLE 5.14). The pro-forma financial information is not necessarily indicative of the results of operations as it would have been had the transactions been consummated on January 1, 2019.

T 5.14 **PRO FORMA FINANCIAL INFORMATION**
IN € THOUS, EXCEPT PER SHARE DATA

	2019
Pro forma revenue	17,521,432
Pro forma net income attributable to shareholders of FMC AG & Co. KGaA	1,186,516
Basic earnings per share	3.92
Diluted earnings per share	3.92

Investments (including debt securities) and purchases of intangible assets

Investments (including debt securities) and purchases of intangible assets were €141,032, €72,574 and €676,160 in 2020, 2019 and 2018, respectively. These amounts were primarily driven by investments in debt securities in 2020, investments in debt securities as well as equity investments in 2019 as well as investments in debt securities and an equity investment in Humacyte, Inc. (Humacyte) in 2018. Of this amount €140,550, €72,574 and €675,302 were paid in cash in 2020, 2019 and 2018, respectively.

Divestitures and sale of debt securities

Proceeds from divestitures and sale of debt securities were €77,509, €79,427 and €1,683,292 in 2020, 2019 and 2018, respectively. These amounts mainly related to the divestment of debt securities and certain research & development investments in 2020, divestment of MedSpring Urgent Care Centers in Texas, a California based cardiovascular business, sales of debt securities as well as B.Braun Medical Inc.'s purchase of NxStage's bloodlines business in connection with our acquisition of NxStage in 2019, the divestiture of the controlling interest in Sound (SEE NOTES 4 C AND 25) as well as divestitures of debt securities in 2018. In 2020, €56,849 was

received in cash and €20,660 were non-cash components. In 2019, €59,940 was received in cash and €19,487 were non-cash components. In 2018, €1,682,975 was received in cash and €317 were non-cash components.

4. NOTES TO THE CONSOLIDATED STATEMENTS OF INCOME

A) Revenue

The Company has recognized the following revenue in the consolidated statement of income for the year ended December 31, 2020, 2019 and 2018 as shown in TABLE 5.15.

For further information on the revenue attributable to our operating segments, SEE NOTE 26.

The Company has recognized the in TABLE 5.16 shown amounts as receivables and contract liabilities relating to contracts with customers for the years ended December 31, 2020 and 2019.

T 5.16 **TRADE ACCOUNTS RECEIVABLES FROM UNRELATED PARTIES AND CONTRACT LIABILITIES**
IN € THOUS

	2020	2019
Trade accounts receivables from unrelated parties	3,084,311	3,341,111
Contract liabilities	876,051	22,802

Impairment losses in the amount of €27,541, €41,982 and €16,981 for the years ended December 31, 2020, 2019 and 2018, respectively, relate to receivables arising from contracts with customers.

The change in the contract liabilities balance during the period results primarily from advance payments received under the CMS Accelerated and Advance Payment program which are

T 5.15 **REVENUE**
IN € THOUS

	2020			2019			2018		
	Revenue from contracts with customers	Other revenue	Total	Revenue from contracts with customers	Other revenue	Total	Revenue from contracts with customers	Other revenue	Total
Health care services									
Dialysis services	12,558,644	-	12,558,644	12,447,092	-	12,447,092	11,420,415	-	11,420,415
Care Coordination	1,251,945	303,810	1,555,755	1,176,227	248,900	1,425,127	1,622,862	221,012	1,843,874
	13,810,589	**303,810**	**14,114,399**	**13,623,319**	**248,900**	**13,872,219**	**13,043,277**	**221,012**	**13,264,289**
Health care products									
Dialysis products	3,538,605	104,669	3,643,274	3,402,987	125,519	3,528,506	3,115,753	93,068	3,208,821
Non-dialysis products	101,390	-	101,390	75,830	-	75,830	73,763	-	73,763
	3,639,995	**104,669**	**3,744,664**	**3,478,817**	**125,519**	**3,604,336**	**3,189,516**	**93,068**	**3,282,584**
TOTAL	**17,450,584**	**408,479**	**17,859,063**	**17,102,136**	**374,419**	**17,476,555**	**16,232,793**	**314,080**	**16,546,873**

recorded as contract liabilities upon receipt and recognized as revenue when the respective services are provided.

Contract liabilities also relate to advance payments from customers and to sales of dialysis machines where revenue is recognized upon installation and provision of the necessary technical instructions whereas a receivable is recognized once the machine is billed to the customer.

Contract liabilities are shown in the consolidated balance sheet in line items "Current provisions and other current liabilities" and "Non-current provisions and other non-current liabilities".

At December 31, 2020, revenue recognized that was included in the contract liabilities balance at the beginning of the period was €17,790 (2019: €12,608).

At December 31, 2020, performance obligations of €1,916,558 (2019: €1,160,077 and 2018: €1,157,314) are unsatisfied (or partially unsatisfied).

Expected recognition of the transaction price allocated to unsatisfied performance obligations as revenue for the next five years and in the aggregate for the five years thereafter are as shown in TABLE 5.17.

T 5.17 **UNSATISFIED PERFORMANCE OBLIGATIONS**
IN € THOUS

1 year	856,206
1–3 years	683,293
3–5 years	272,549
5–10 years	104,510
TOTAL	**1,916,558**

B) Selling, general and administrative expenses

Selling, general and administrative expenses are generated in the administrative, logistic and selling functions which are not attributable to production or research and development. Furthermore, general and administrative expenses included realized and unrealized foreign exchange gains and losses. In addition, in 2020 general and administrative expenses included the Impairment Loss in the Latin America Segment of €194,468, reimbursement payments and funding received related to economic assistance programs to address the consequences of the COVID-19 pandemic (SEE NOTE 4 I) in the amount of €27,414, net gains from changes in the fair value of investments of €20,938, mainly related to equity investments, income attributable to a consent agreement on foregone profits from the sale of certain pharmaceuticals to non-associated companies of €39,540, a net gain related to variable payments outstanding for acquisitions of €1,996 mainly due to revaluation, a net loss from the sale of fixed assets of €17,358, a gain from the settlement of pension plans in the U.S. in the amount of €331 (SEE NOTE 16), an impairment loss on intangible assets of €1,066, a net gain from the sale of investments and divestitures of €11,159 as well as a gain from right-of-use assets of €12,867. In addition, in 2019 general and administrative expenses included net gains from changes in the fair value of investments of €97,375, mainly related to equity investments, income attributable to a consent agreement on foregone profits from the sale of certain pharmaceuticals to non-associated companies of €60,471, a net gain related to variable payments outstanding for acquisitions of €41,537 mainly due to revaluation, a net loss from the sale of fixed assets of €28,911, a gain from the settlement of pension plans in the US in the amount of €4,754 (SEE NOTE 16), an impairment loss on intangible assets of €932 as well as a net loss from the sale of investments and divestitures of €68. General and administrative expenses also included costs for restructuring activities related to the Company's cost optimization program in the amount of €91,689, mainly for the impairment of right-of-use assets, the sale of fixed assets as well as severance payments. In 2018, general and administrative expenses included a Foreign Corrupt Practices Act (FCPA) related charge of €77,200 (SEE NOTE 22), an impairment loss on intangible assets of €64,719, income attributable to a consent agreement on foregone profits from the sale of certain pharmaceuticals to non-associated companies of €53,283, a net gain from the revaluation of variable payments outstanding for acquisitions of €36,327, a net gain from the sale of fixed assets of €6,041, net losses from changes in the fair value of investment of €9,762 and a net gain from the sale of investments and divestitures of €1,824.

C) (Gain) loss related to divestitures of Care Coordination activities

On June 28, 2018, the Company divested its controlling interest in Sound to an investment consortium led by Summit Partners, L.P. The total transaction proceeds were $1,770,516 (€1,531,109), net of related tax payments. The pre-tax gain related to divestitures for Care Coordination activities for the year ended December 31, 2018 was €809,003, which primarily related to this divestiture, the effect of the six month impact from the increase in valuation of Sound's share based payment program, incentive compensation expense and other costs caused by the divestment of Sound. Sound was included in Care Coordination within the North America Segment.

D) Research and development expenses

Research and development expenses of €193,774 (2019: €168,028 and 2018: €114,074) included research and non-capitalizable development costs as well as depreciation and amortization expenses related to capitalized development costs of €5,024 (2019: €3,052 and 2018: €341).

E) Cost of materials

The cost of materials for the year ended December 31, 2020, 2019 and 2018 consisted of the following items shown in TABLE 5.18.

T 5.18 **COST OF MATERIALS**
IN € THOUS

	2020	2019	2018
Cost of raw materials, supplies and purchased components	3,959,216	4,031,371	3,395,895
Cost of purchased services	261,805	258,959	233,638
COST OF MATERIALS	**4,221,021**	**4,290,330**	**3,629,533**

F) Personnel expenses

Included within costs of revenue, selling, general and administrative expenses and research and development expenses are personnel expenses in the amount of €7,067,407, €6,799,358 and €6,439,653 for the year ended December 31, 2020, 2019 and 2018, respectively. Personnel expenses consisted of the following items shown in TABLE 5.19.

T 5.19 **PERSONNEL EXPENSES**
IN € THOUS

	2020	2019	2018
Wages and salaries	5,753,795	5,448,662	5,025,128
Social security contributions and cost of retirement benefits and social assistance	1,313,612	1,350,696	1,414,525
thereof retirement benefits	181,347	174,009	156,581
PERSONNEL EXPENSES	**7,067,407**	**6,799,358**	**6,439,653**

The Company employed the in TABLE 5.20 shown personnel on a full-time equivalents basis, on average, for the following years.

T 5.20 **EMPLOYEES BY FUNCTION**

	2020	2019	2018
Production and Services	106,797	103,896	97,971
Administration	12,525	11,634	10,510
Sales and Marketing	3,972	3,253	3,360
Research and Development	1,198	1,050	881
TOTAL EMPLOYEES	**124,492**	**119,833**	**112,722**

G) Net interest

Net interest in the amount of €368,019 (2019: €429,444 and 2018: €301,062) included interest expense of €409,978 (2019: €491,061 and 2018: €448,471) and interest income of €41,959 (2019: €61,617 and 2018: €147,409). Interest expense resulted mainly from the Company's financial liabilities including outstanding bonds, loans and credit facilities (SEE NOTE 13 AND NOTE 14), lease liabilities and lease liabilities from related parties (SEE NOTE 21) as well as interest expense related to uncertain tax treatments. In 2020, interest income primarily results from interest on overdue receivables, valuation of derivatives and lease receivables. In 2019, interest income primarily results from the valuation of the derivatives embedded in the equity-neutral convertible bonds (Convertible Bonds), as well as interest on overdue receivables and lease receivables. In 2018, interest income primarily results from the valuation of the derivatives embedded in the Convertible Bonds, interest on overdue receivables and lease receivables as well as interest related to uncertain tax treatments.

H) Income taxes

Income before income taxes is attributable to the geographic locations shown in TABLE 5.21.

T 5.21 **INCOME BEFORE INCOME TAXES**
IN € THOUS

	2020	2019	2018
Germany	160,866	101,734	161,861
United States	1,487,931	1,149,149	2,191,834
Other	287,593	589,231	383,041
TOTAL	**1,936,390**	**1,840,114**	**2,736,736**

Income tax expense (benefit) for the years ended December 31, 2020, 2019 and 2018 are shown in TABLE 5.22.

T 5.22 **INCOME TAX EXPENSE (BENEFIT)**
IN € THOUS

	2020	2019	2018
Current			
Germany	17,879	(59,928)	45,136
United States	242,062	168,503	261,211
Other	129,512	228,773	115,561
	389,453	**337,348**	**421,908**
Deferred			
Germany	27,844	48,313	(34,685)
United States	95,444	57,352	145,700
Other	(12,183)	(41,399)	(21,844)
	111,105	**64,266**	**89,171**
TOTAL	**500,558**	**401,614**	**511,079**

A reconciliation between the expected and actual income tax expense is shown in TABLE 5.23. The expected corporate income tax expense is computed by applying the German corporation tax rate (including the solidarity surcharge) and the trade tax rate on income before income taxes. The German combined statutory tax rates were 30.21 % for the fiscal years ended December 31, 2020 and 2019 and 30.18 % for December 31, 2018, respectively.

T 5.23 **RECONCILIATION OF INCOME TAXES**
IN € THOUS

	2020	2019	2018
Expected corporate income tax expense	584,983	555,898	825,810
Tax free income	(51,231)	(65,889)	(50,747)
Income from equity method investees	(28,510)	(23,683)	(18,185)
Tax rate differentials	(71,755)	(58,386)	(106,258)
Non-deductible expenses[1]	106,437	44,283	60,721
Taxes for prior years	(2,748)	(5,454)	(91,138)
Noncontrolling partnership interests	(70,300)	(60,724)	(61,936)
Tax on divestitures	–	–	(74,560)
Tax rate changes	4,221	2,743	(219)
Change in realizability of deferred tax assets and tax credits	12,627	8,519	3,211
Withholding taxes	4,858	13,083	4,564
Other	11,976	(8,776)	19,816
INCOME TAX EXPENSE	**500,558**	**401,614**	**511,079**
Effective tax rate	25.9 %	21.8 %	18.7 %

[1] Non-deductible tax expenses for the year ended December 31, 2020 included €58,749 related to the Impairment Loss in the Latin America Segment discussed above.

The tax effects of the temporary differences and net operating losses that give rise to deferred tax assets and liabilities at December 31, 2020 and 2019, are presented in TABLE 5.24.

T 5.24 DEFERRED INCOME TAX ASSETS AND LIABILITIES
IN € THOUS

	2020	2019
Deferred tax assets		
Trade accounts receivable	16,243	13,392
Inventories	73,087	71,915
Intangible assets	4,817	4,994
Property, plant and equipment and other non-current assets	78,545	72,769
Lease Liabilities	853,352	1,164,620
Provisions and other liabilities	187,406	50,819
Pension liabilities	148,808	135,356
Net operating loss carryforwards, tax credit carryforwards and interest carryforwards	111,861	175,394
Derivatives	11,447	3,027
Compensation expense related to stock options	3,064	3,426
Other	41,598	36,403
TOTAL DEFERRED TAX ASSETS	**1,530,228**	**1,732,115**
Deferred tax liabilities		
Trade accounts receivable	38,753	30,310
Inventories	3,066	19,324
Intangible assets	759,146	632,984
Property, plant and equipment and other non-current assets	228,609	165,082
Right-of-use assets	780,321	1,068,409
Provisions and other liabilities	13,204	92,756
Derivatives	1,508	372
Other	140,355	101,384
TOTAL DEFERRED TAX LIABILITIES	**1,964,962**	**2,110,621**
NET DEFERRED TAX LIABILITIES	**(434,734)**	**(378,506)**

In the consolidated balance sheets, the accumulated amounts of deferred tax assets and liabilities are shown in TABLE 5.25.

T 5.25 NET DEFERRED INCOME TAX ASSETS AND LIABILITIES
IN € THOUS

	2020	2019
Deferred tax assets	351,152	361,196
Deferred tax liabilities	785,886	739,702
NET DEFERRED TAX LIABILITIES	**(434,734)**	**(378,506)**

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense / (benefit). This is due to deferred taxes that are booked directly to equity, the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro, the acquisition and disposal of entities as part of ordinary activities and the reclassification of deferred tax assets and liabilities which are presented on the face of the balance sheet as components of other assets and liabilities.

The net operating losses included in TABLE 5.26 ON PAGE 180 reflect U.S. federal tax, German corporate income tax, and other tax loss carryforwards in the various countries in which the Company operates, and expire.

Included in the balance of net operating loss carryforwards at December 31, 2020 are €218,710 not expected to be absorbed. Deferred tax assets regarding this portion are not recognized.

In assessing the realizability of deferred tax assets, management considers to which extent it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax loss carryforwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable the Company will realize the benefits of these deferred tax assets at December 31, 2020.

T 5.26 **NET OPERATING LOSS CARRYFORWARDS**
IN € THOUS

2021	14,918
2022	10,324
2023	14,163
2024	29,173
2025	46,365
2026	5,840
2027	7,590
2028	5,275
2029	10,585
2030 and thereafter	166,111
Without expiration date	195,637
TOTAL	**505,981**

The Company provides for income taxes and foreign withholding taxes on the cumulative earnings of foreign subsidiaries and foreign subsidiaries in which the Company has ownership of less than 100 % that will not be reinvested. At December 31, 2020, the Company provided for €7,353 (2019: €6,645) of deferred tax liabilities associated with earnings that are likely to be distributed in 2021 and the following years. Provision has not been made for additional taxes on €8,747,019 (2019: €8,867,422) undistributed earnings of foreign subsidiaries as these earnings are considered indefinitely reinvested. The earnings could become subject to additional tax if remitted or deemed remitted as dividends; however, calculation of such additional tax is not practicable. These taxes would predominantly comprise foreign withholding tax on dividends of foreign subsidiaries, and German income tax; however, those dividends and capital gains would generally be 95 % tax free for German tax purposes.

l) Impacts of COVID-19

The Company provides life-sustaining dialysis treatments and other critical healthcare services and products to patients. Its patients need regular and frequent dialysis treatments, or else they face significant health consequences that would result in either hospitalization or death. To be able to continue care for its patients in light of COVID-19, the Company determined that it needed to implement a number of measures, both operational and financial, to maintain an adequate workforce, protect its patients and employees through expanded personal protective equipment protocols and to develop surge capacity for patients suspected or confirmed to have COVID-19. Additionally, the Company experienced a loss of revenue due to the pandemic in certain parts of its business, offset by increased demand for its services and products in other parts. Various governments in regions in which the Company operates have provided economic assistance programs to address the consequences of the pandemic on companies and support healthcare providers and patients.

The Company has recorded €251,662 of related reimbursement payments and funding. In addition to the costs incurred which are eligible for government funding in various countries, the Company has been affected by impacts that COVID-19 had on the global economy and financial markets as well as effects related to lockdowns. At the same time the Company incurred lower costs in certain areas, for example for travel. Overall, including COVID-19 reimbursements, the Company concluded that COVID-19 resulted in an immaterial impact to net income attributable to shareholders of FMC AG & Co. KGaA for the year ended December 31, 2020.

The Company received U.S. federal relief funding under the CARES Act in the amount of $284,600 (€249,168 for the year ended December 31, 2020). Additionally, the Company recorded a contract liability for advance payments received under the CMS Accelerated and Advance Payment program within current provisions and other current liabilities and non-current provisions and other non-current liabilities in the amount of €852,437 as of December 31, 2020.

For further information regarding government grants, SEE NOTE 1Y.

5. RELATED PARTY TRANSACTIONS

Fresenius SE is the Company's largest shareholder and owns 32.2 % of the Company's outstanding shares at December 31, 2020. The Else Kröner-Fresenius-Stiftung is the sole shareholder of Fresenius Management SE, the general partner of Fresenius SE, and has sole power to elect the supervisory board of Fresenius Management SE. The Company has entered into certain arrangements for services and products with Fresenius SE or its subsidiaries and with certain of the Company's equity method investees as described in item a) below. The arrangements for leases with Fresenius SE or its subsidiaries are described in item b) below. The Company's terms related to the receivables or payables for these services, leases and products are generally consistent with the normal terms of the Company's ordinary course of business transactions with unrelated parties and the Company believes that these arrangements reflect fair market terms. The Com-

pany utilizes various methods to verify the commercial reasonableness of its related party arrangements. Financing arrangements as described in item c) below have agreed upon terms which are determined at the time such financing transactions occur and reflect market rates at the time of the transaction. The relationship between the Company and its key management personnel who are considered to be related parties is described in item d) below. The Company's related party transactions are settled through Fresenius SE's cash management system where appropriate.

A) Service agreements and products

The Company is party to service agreements with Fresenius SE and certain of its affiliates (collectively the "Fresenius SE Companies") to receive services, including, but not limited to: administrative services, management information services, employee benefit administration, insurance, information technology services, tax services and treasury management services. The Company also provides central purchasing services to Fresenius SE Companies. These related party agreements generally have a duration of 1 to 5 years and are renegotiated on an as needed basis when the agreement comes due. The Company provides administrative services to one of its equity method investees.

The Company sells products to Fresenius SE Companies and purchases products from Fresenius SE Companies and equity method investees. In addition, Fresenius Medical Care Holdings, Inc. (FMCH) purchases heparin supplied by Fresenius Kabi USA, Inc. (Kabi USA), through an independent group purchasing organization (GPO). Kabi USA is an indirect, wholly-owned subsidiary of Fresenius SE. The Company has no direct supply agreement with Kabi USA and does not submit purchase orders directly to Kabi USA. FMCH acquires heparin from Kabi USA, through the GPO contract, which was negotiated by the GPO at arm's length on behalf of all members of the GPO.

The Company entered into a ten-year agreement with a Fresenius SE Company for the manufacturing of infusion bags. In order to establish the new production line, the Company purchased machinery from the Fresenius SE Company in the amount of €206, €7,183 and €4,497 during the year ended December 31, 2020, 2019 and 2018, respectively.

T 5.27 **SERVICE AGREEMENTS AND PRODUCTS WITH RELATED PARTIES**
IN € THOUS

	2020		2019		2018		December 31, 2020		December 31, 2019	
	Sales of goods and services	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Service agreements[1]										
Fresenius SE	250	29,174	153	29,114	445	24,456	251	3,655	35	360
Fresenius SE affiliates	4,708	102,323	4,420	105,832	3,819	101,590	824	7,944	2,003	6,416
Equity method investees	19,730	–	49,052	–	58,362	–	74,935	–	68,300	–
TOTAL	**24,688**	**131,497**	**53,625**	**134,946**	**62,626**	**126,046**	**76,010**	**11,599**	**70,338**	**6,776**
Products										
Fresenius SE	–	–	3	–	–	–	–	–	–	–
Fresenius SE affiliates	41,180	44,164	44,771	37,279	33,564	39,181	10,330	5,732	16,803	3,405
Equity method investees	–	474,100	–	469,474	–	399,667	–	57,207	–	36,262
TOTAL	**41,180**	**518,264**	**44,774**	**506,753**	**33,564**	**438,848**	**10,330**	**62,939**	**16,803**	**39,667**

[1] In addition to the above shown accounts payable, accrued expenses for service agreements with related parties amounted to €5,368 and €8,352 at December 31, 2020 and 2019.

In December 2010, the Company and Galenica Ltd. (now known as Vifor Pharma Ltd.) formed the renal pharmaceutical company Vifor Fresenius Medical Care Renal Pharma Ltd., an equity method investee of which the Company owns 45 %. The Company has entered into exclusive supply agreements to purchase certain pharmaceuticals from, as well as certain exclusive distribution agreements with, Vifor Fresenius Medical Care Renal Pharma Ltd. Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €302,092 of pharmaceuticals, of which €296,647 is committed at December 31, 2020 for 2021. The terms of these agreements run up to four years.

Under the CMS Comprehensive ESRD Care Model, the Company and participating physicians formed entities known as ESCOs as part of a payment and care delivery model that seeks to deliver better health outcomes for Medicare ESRD patients while lowering CMS's costs. The Company has entered into participation / service agreements with these ESCOs, which are accounted for as equity method investees.

TABLE 5.27 ON PAGE 181 is a summary, including the Company's receivables from and payables to the indicated parties resulting from the above described transactions with related parties.

B) Lease agreements

In addition to the above-mentioned product and service agreements, the Company is a party to real estate lease agreements with the Fresenius SE Companies, which mainly include leases for the Company's corporate headquarters in Bad Homburg, Germany and production sites in Schweinfurt and St. Wendel, Germany. The leases have maturities up to the end of 2029.

TABLE 5.28 shows a summary resulting from the above described lease agreements with related parties.

C) Financing

The Company receives short-term financing from and provides short-term financing to Fresenius SE. The Company also utilizes Fresenius SE's cash management system for the settlement of certain intercompany receivables and payables with its subsidiaries and other related parties. As of December 31, 2020 and December 31, 2019, the Company had accounts receivable from Fresenius SE related to short-term financing in the amount of €1,037 and €71,078, respectively. As of December 31, 2020, the Company did not have accounts payable to Fresenius SE related to short-term financing. As of December 31, 2019, the Company had accounts payable to Fresenius SE related to short-term financing in the amount of €38,050. The interest rates for these cash management arrangements are set on a daily basis and are based on the then-prevailing overnight reference rate, with a floor of zero, for the respective currencies.

On August 19, 2009, the Company borrowed €1,500 from the General Partner on an unsecured basis at 1.335 %. The loan repayment has been extended periodically and is currently due on August 20, 2021 with an interest rate of 0.825 %. On November 28, 2013, the Company borrowed an additional €1,500 with an interest rate of 1.875 % from the General Partner. The loan repayment has been extended periodically and is currently due on November 23, 2021 with an interest rate of 1.025 %.

At December 31, 2019, a subsidiary of Fresenius SE held unsecured bonds issued by the Company in the amount of €1,000. At December 31, 2020, the subsidiary of Fresenius SE held the unse-

T 5.28 **LEASE AGREEMENTS WITH RELATED PARTIES**
IN € THOUS

	2020			2019			2018		December 31, 2020		December 31, 2019	
	Depreciation	Interest expense	Lease expense[1]	Depreciation	Interest expense	Lease expense[1]	Interest expense	Lease expense[1]	Right-of-use asset	Lease liability	Right-of-use asset	Lease liability
Fresenius SE	7,925	740	2,452	4,580	501	4,005	-	8,745	**58,073**	**58,610**	30,336	30,820
Fresenius SE affiliates	13,236	1,272	572	12,589	1,396	452	-	15,852	**80,188**	**81,410**	91,879	92,126
TOTAL	**21,161**	**2,012**	**3,024**	**17,169**	**1,897**	**4,457**	**-**	**24,597**	**138,261**	**140,020**	**122,215**	**122,946**

[1] Short-term leases and expenses relating to variable lease payments are exempted from balance sheet recognition.

cured bonds issued by the Company in the amount of €1,000. These bonds were issued in 2011 with a coupon of 5.25 % and interest payable semiannually until maturity in 2021. For further information on these bonds, SEE NOTE 14.

At December 31, 2020 and December 31, 2019, the Company borrowed from Fresenius SE in the amount of €13,320 at an interest rate of 0.825 % and €18,865 on an unsecured basis at an interest rate of 0.930 %, respectively. For further information on this loan agreement, SEE NOTE 13.

D) Key management personnel

Due to the Company's legal form of a German partnership limited by shares, the General Partner holds a key management position within the Company. In addition, as key management personnel, members of the Management Board and the Supervisory Board, as well as their close relatives, are considered related parties.

The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the members of the Management Board. The aggregate amount reimbursed to the General Partner was €33,284, €23,905 and €14,612, respectively, for its management services during 2020, 2019 and 2018 and included an annual fee of €120 as compensation for assuming liability as general partner. The annual fee is set at 4 % of the amount of the General Partner's share capital (€3,000 as of December 31, 2020). As of December 31, 2020 and December 31, 2019, the Company had accounts receivable from the General Partner in the amount of €4,061 and €977, respectively. As of December 31, 2020 and December 31, 2019, the Company had accounts payable to the General Partner in the amount of €20,863 and €34,170, respectively.

For information regarding compensation of the Management Board and the Supervisory Board of the Company SEE NOTE 28.

6. CASH AND CASH EQUIVALENTS

As of December 31, 2020 and 2019, cash and cash equivalents are as shown in TABLE 5.29.

T 5.29 **CASH AND CASH EQUIVALENTS**
IN € THOUS

	2020	2019
Cash	746,851	768,706
Securities and time deposits	334,688	239,017
CASH AND CASH EQUIVALENTS	**1,081,539**	**1,007,723**

The cash and cash equivalents disclosed in the table above, and respectively in the consolidated statement of cash flows, include at December 31, 2020 an amount of €5,807 (2019: €18,820) from collateral requirements towards an insurance company in North America that are not available for use.

For further information on our multi-currency notional pooling cash management system, SEE NOTE 13.

7. TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES

As of December 31, 2020 and December 31, 2019, trade accounts and other receivables from unrelated parties are as shown in TABLE 5.30 ON PAGE 184.

The other receivables in the amount of €86,230 include receivables from finance leases, operating leases and insurance contracts (December 31, 2019: €100,613). For further information, SEE NOTE 1 K.

All trade accounts and other receivables from unrelated parties are due within one year.

Trade accounts receivables and finance lease receivables with a term of more than one year in the amount of €126,883 (December 31, 2019: €132,144) are included in the balance sheet item "Other non-current assets".

T 5.30 TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES
IN € THOUS

	December 31, 2020		December 31, 2019	
		thereof credit-impaired[1]		thereof credit-impaired
Trade accounts and other receivables, gross	3,295,417	376,459	3,562,704	366,497
thereof finance lease receivables	56,484	-	57,398	-
less expected credit losses	(142,372)	(113,430)	(141,358)	(102,269)
TRADE ACCOUNTS AND OTHER RECEIVABLES	**3,153,045**	**263,029**	**3,421,346**	**264,228**

[1] Trade accounts receivable balances are "credit-impaired" when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the receivable balance (e.g. overdue by more than one year, etc.).

TABLE 5.31 shows the development of expected credit losses in the fiscal years 2020, 2019 and 2018.

T 5.31 DEVELOPMENT OF EXPECTED CREDIT LOSSES FOR DOUBTFUL ACCOUNTS FROM UNRELATED PARTIES
IN € THOUS

	2020	2019	2018
EXPECTED CREDIT LOSSES AS OF JANUARY 1	**141,358**	**118,015**	**474,891**
Change in valuation allowances as recorded in the consolidated statements of income	28,302	42,315	19,112
Write-offs and recoveries of amounts previously written-off	(14,213)	(18,587)	(378,201)
Foreign currency translation	(13,075)	(385)	2,213
EXPECTED CREDIT LOSSES AS OF DECEMBER 31	**142,372**	**141,358**	**118,015**

The TABLES 5.32 AND 5.33 are showing the aging analysis of trade accounts and other receivables from unrelated parties and expected credit losses as of December 31, 2020 and as of December 31, 2019.

T 5.32 AGING ANALYSIS OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES 2020
IN € THOUS

	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts and other receivables	1,809,658	829,895	195,724	208,653	251,487	3,295,417
less expected credit losses	(7,668)	(4,204)	(3,865)	(10,568)	(116,067)	(142,372)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**1,801,990**	**825,691**	**191,859**	**198,085**	**135,420**	**3,153,045**

T 5.33 AGING ANALYSIS OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES 2019
IN € THOUS

	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts receivable	1,997,671	899,987	229,012	184,768	251,266	3,562,704
less allowance for doubtful accounts	(9,385)	(8,411)	(6,267)	(13,325)	(103,970)	(141,358)
TRADE ACCOUNTS RECEIVABLE, NET	**1,988,286**	**891,576**	**222,745**	**171,443**	**147,296**	**3,421,346**

8. INVENTORIES

TABLE 5.34 shows the inventories at December 31, 2020 and December 31, 2019.

T 5.34 **INVENTORIES**
IN € THOUS

	2020	2019
Finished goods	1,088,311	940,407
Health care supplies	473,164	399,585
Raw materials and purchased components	232,422	227,654
Work in process	101,413	95,632
INVENTORIES	**1,895,310**	**1,663,278**

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €359,709 of materials, of which €196,770 is committed at December 31, 2020 for 2021. The terms of these agreements run 1 to 5 years. Further unconditional purchase agreements exist with an equity method investee of the Company. For further information on these agreements, SEE NOTE 5.

Allowances on inventories amounted to €61,256 and €69,427 for the years ended December 31, 2020 and 2019, respectively.

9. OTHER CURRENT ASSETS

At December 31, 2020 and 2019, other current assets consisted of the following are shown in TABLE 5.35.

T 5.35 **OTHER CURRENT ASSETS**
IN € THOUS

	2020	2019
Payments on account	278,788	110,078
Debt securities	161,688	133,322
Income Taxes Receivable	136,048	209,545
Other Taxes Receivable	108,375	127,880
Receivables for supplier rebates	90,388	51,296
Prepaid insurance	24,888	19,796
Notes receivable	20,599	5,131
Loans to customers or suppliers	19,147	11,427
Deposit / Guarantee / Security	17,577	22,226
Prepaid rent	13,082	26,374
Derivatives	6,470	2,513
Other	176,928	194,015
OTHER CURRENT ASSETS	**1,053,978**	**913,603**

The item "Other" in TABLE 5.35 primarily includes receivables from employees and interest receivables.

10. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2020 and 2019, the acquisition or manufacturing costs and the accumulated depreciation of property, plant and equipment consisted of the following items as shown in TABLES 5.36, 5.37 AND 5.38 STARTING ON PAGE 186.

T 5.36 **ACQUISITION OR MANUFACTURING COSTS**
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2020
Land	63,992	(3,542)	(352)	8,175	1,592	(283)	69,582
Buildings and improvements	3,644,437	(298,571)	(13,130)	58,302	280,716	(58,582)	3,613,172
Machinery and equipment	5,139,656	(323,731)	(9,615)	528,280	96,267	(197,855)	5,233,002
Construction in progress	509,282	(29,668)	2,928	333,082	(337,758)	(6,388)	471,478
PROPERTY, PLANT AND EQUIPMENT	**9,357,367**	**(655,512)**	**(20,169)**	**927,839**	**40,817**	**(263,108)**	**9,387,234**

	January 1, 2019	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2019
Land	58,887	802	2,824	466	3,153	(2,140)	63,992
Buildings and improvements	3,311,704	65,782	10,648	43,560	296,276	(83,533)	3,644,437
Machinery and equipment	4,541,906	59,529	86,743	569,352	127,613	(245,487)	5,139,656
Machinery, equipment and rental equipment under capitalized leases	89,734	2,151	-	-	(91,885)	-	-
Construction in progress	505,168	7,692	(1,167)	368,577	(366,895)	(4,093)	509,282
PROPERTY, PLANT AND EQUIPMENT	**8,507,399**	**135,956**	**99,048**	**981,955**	**(31,738)**	**(335,253)**	**9,357,367**

T 5.37 **DEPRECIATION**
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2020
Land	1,332	(15)	-	-	-	-	1,317
Buildings and improvements	2,052,820	(170,668)	(7,122)	260,450	1,146	(38,607)	2,098,019
Machinery and equipment	3,112,934	(185,612)	(16,657)	477,751	11,484	(168,866)	3,231,034
Construction in progress	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**5,167,086**	**(356,295)**	**(23,779)**	**738,201**	**12,630**	**(207,473)**	**5,330,370**

	January 1, 2019	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2019
Land	1,295	19	-	20	-	(2)	1,332
Buildings and improvements	1,818,053	32,818	(8,312)	255,683	8,805	(54,227)	2,052,820
Machinery and equipment	2,798,709	34,291	(7,023)	461,947	24,591	(199,581)	3,112,934
Machinery, equipment and rental equipment under capitalized leases	53,332	1,334	-	-	(54,666)	-	-
Construction in progress	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**4,671,389**	**68,462**	**(15,335)**	**717,650**	**(21,270)**	**(253,810)**	**5,167,086**

T 5.38 **BOOK VALUE**
IN € THOUS

	December 31, 2020	December 31, 2019
Land	68,265	62,660
Buildings and improvements	1,515,153	1,591,617
Machinery and equipment	2,001,968	2,026,722
Construction in progress	471,478	509,282
PROPERTY, PLANT AND EQUIPMENT	**4,056,864**	**4,190,281**

Depreciation expense for property, plant and equipment amounted to €738,201, €717,650 and €631,423 for the years ended December 31, 2020, 2019, and 2018, respectively. These expenses are allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €118,472 of property, plant and equipment, of which €27,178 is committed at December 31, 2020 for 2021. The terms of these agreements run one to ten years.

Included in machinery and equipment at December 31, 2020 and 2019 were €758,151 and €775,601, respectively, of peritoneal dialysis cycler machines which the Company leases to customers with ESRD on a month-to-month basis and hemodialysis machines which the Company leases to physicians under operating leases.

At December 31, 2020 and 2019, the hyperinflationary effects on property, plant and equipment are shown in TABLE 5.39.

T 5.39 **EFFECT OF HYPERINFLATION**
IN € THOUS

	Acquisition or manufacturing costs	Accumulated depreciation	December 31, 2020
Land	2,784	-	2,784
Buildings and improvements	25,970	9,587	16,383
Machinery and equipment	43,041	27,322	15,719
Construction in progress	1,402	-	1,402
PROPERTY, PLANT AND EQUIPMENT	**73,197**	**36,909**	**36,288**

	Acquisition or manufacturing costs	Accumulated depreciation	December 31, 2019
Land	2,307	-	2,307
Buildings and improvements	20,652	7,802	12,850
Machinery and equipment	33,237	21,470	11,767
Construction in progress	1,108	-	1,108
PROPERTY, PLANT AND EQUIPMENT	**57,304**	**29,272**	**28,032**

11. INTANGIBLE ASSETS AND GOODWILL

At December 31, 2020 and 2019, the acquisition or manufacturing costs and the accumulated amortization of intangible assets and goodwill consisted of the following as shown in TABLES 5.40, 5.41 AND 5.42 STARTING ON PAGE 189.

T 5.40 **ACQUISITION OR MANUFACTURING COSTS (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2020
Amortizable intangible assets							
Non-compete agreements	332,722	(26,948)	6,682	327	-	(1,430)	311,353
Technology	742,621	(57,258)	185	-	182	-	685,730
Licenses and distribution agreements	202,287	(12,468)	-	3,222	2,581	(7,159)	188,463
Customer relationships	68,931	(4,590)	-	-	(1,567)	-	62,774
Construction in progress	267,403	(10,499)	-	146,057	(168,797)	(892)	233,272
Internally developed intangibles	298,039	(24,621)	-	12,487	117,584	(9,175)	394,314
Other	408,341	(22,371)	13,135	20,611	52,121	(102,756)	369,081
TOTAL	**2,320,344**	**(158,755)**	**20,002**	**182,704**	**2,104**	**(121,412)**	**2,244,987**
Non-amortizable intangible assets							
Trade names	255,047	(21,555)	-	-	-	-	233,492
Management contracts	3,225	(189)	-	-	16	-	3,052
TOTAL	**258,272**	**(21,744)**	**-**	**-**	**16**	**-**	**236,544**
INTANGIBLE ASSETS	**2,578,616**	**(180,499)**	**20,002**	**182,704**	**2,120**	**(121,412)**	**2,481,531**
GOODWILL	**14,409,852**	**(1,148,174)**	**253,455**	**-**	**-**	**-**	**13,515,133**

ACQUISITION OR MANUFACTURING COSTS (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	January 1, 2019	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2019
Amortizable intangible assets							
Non-compete agreements	324,910	6,012	4,744	25	(274)	(2,695)	332,722
Technology	153,164	(376)	589,833	-	-	-	742,621
Licenses and distribution agreements	235,625	4,678	(38,126)	783	5,093	(5,766)	202,287
Customer relationships	23,847	(116)	47,880	-	(2,680)	-	68,931
Construction in progress	148,002	1,208	36,892	171,446	(86,898)	(3,247)	267,403
Internally developed intangibles	217,033	971	-	9,105	71,152	(222)	298,039
Other	381,390	6,852	(1,949)	11,007	17,763	(6,722)	408,341
TOTAL	**1,483,971**	**19,229**	**639,274**	**192,366**	**4,156**	**(18,652)**	**2,320,344**
Non-amortizable intangible assets[1]							
Tradename	182,901	3,326	41,002	-	-	-	227,229
Management contracts	3,134	91	-	-	-	-	3,225
TOTAL	**186,035**	**3,417**	**41,002**	**-**	**-**	**-**	**230,454**
INTANGIBLE ASSETS	**1,670,006**	**22,646**	**680,276**	**192,366**	**4,156**	**(18,652)**	**2,550,798**
GOODWILL	**12,209,606**	**217,996**	**1,589,653**	**-**	**-**	**-**	**14,017,255**

[1] Non-amortizable intangible assets and Goodwill are presented net of accumulated impairments as of December 31, 2019.

T 5.41 **AMORTIZATION**
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2020
Amortizable intangible assets								
Non-compete agreements	296,123	(24,152)	(315)	10,697	-	(6)	(1,512)	280,835
Technology	175,010	(13,488)	-	55,318	-	(821)	-	216,019
Licenses and distribution agreements	143,712	(7,933)	(22)	3,545	-	(181)	(10,372)	128,749
Customer relationships	11,356	(613)	-	4,134	-	(1,567)	-	13,310
Construction in progress	-	-	-	-	-	-	-	-
Internally developed intangibles	169,185	(12,565)	-	43,321	-	(88)	(4,477)	195,376
Other	329,082	(14,265)	(75)	27,654	304	23	(103,157)	239,566
TOTAL	**1,124,468**	**(73,016)**	**(412)**	**144,669**	**304**	**(2,640)**	**(119,518)**	**1,073,855**
Non-amortizable intangible assets								
Trade names	27,818	(2,351)	-	-	490	-	-	25,957
Management contracts	-	(52)	-	-	762	-	-	710
TOTAL	**27,818**	**(2,403)**	**-**	**-**	**1,252**	**-**	**-**	**26,667**
INTANGIBLE ASSETS	**1,152,286**	**(75,419)**	**(412)**	**144,669**	**1,556**	**(2,640)**	**(119,518)**	**1,100,522**
GOODWILL	**392,597**	**(30,170)**	**-**	**-**	**193,978**	**-**	**-**	**556,405**

	January 1, 2019	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2019
Amortizable intangible assets								
Non-compete agreements	282,296	5,235	(166)	11,868	-	26	(3,136)	296,123
Technology	124,605	1,140	-	49,265	-	-	-	175,010
Licenses and distribution agreements	131,492	2,607	-	14,293	-	-	(4,680)	143,712
Customer relationships	7,245	12	-	4,099	-	-	-	11,356
Construction in progress	-	-	-	-	-	-	-	-
Internally developed intangibles	138,343	1,328	-	28,722	932	360	(500)	169,185
Other[1]	304,694	4,795	(3,606)	27,235	-	1,410	(5,446)	329,082
TOTAL	**988,675**	**15,117**	**(3,772)**	**135,482**	**932**	**1,796**	**(13,762)**	**1,124,468**

[1] Non-amortizable intangible assets and Goodwill are presented net of accumulated impairments as of December 31, 2019.

T 5.42 **BOOK VALUE**
IN € THOUS

	December 31, 2020	December 31, 2019
Amortizable intangible assets		
Non-compete agreements	30,518	36,599
Technology	469,711	567,611
Licenses and distribution agreements	59,714	58,575
Customer relationships	49,464	57,575
Construction in progress	233,272	267,403
Internally developed intangibles	198,938	128,854
Other	129,515	79,259
TOTAL	**1,171,132**	**1,195,876**
Non-amortizable intangible assets		
Trade names	207,535	227,229
Management contracts	2,342	3,225
TOTAL	**209,877**	**230,454**
INTANGIBLE ASSETS	**1,381,009**	**1,426,330**
GOODWILL	**12,958,728**	**14,017,255**

The amortization of intangible assets amounted to €144,669, €135,482 and €93,424 for the years ended December 31, 2020, 2019, and 2018, respectively. These expenses are allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

At December 31, 2020 and 2019, the hyperinflationary effects on intangible assets and goodwill are shown in TABLE 5.43.

T 5.43 **EFFECT OF HYPERINFLATION**
IN € THOUS

	Acquisition or manufacturing costs	Accumulated amortization and impairments	December 31, 2020
Amortizable intangible assets			
Internally developed intangibles	2,081	1,362	719
Other	2,860	1,042	1,818
INTANGIBLE ASSETS	**4,941**	**2,404**	**2,537**
GOODWILL	**33,564**	**33,540**	**24**

	Acquisition or manufacturing costs	Accumulated amortization and impairments	December 31, 2019
Amortizable intangible assets			
Internally developed intangibles	1,971	1,281	690
Other	1,697	727	970
INTANGIBLE ASSETS	**3,668**	**2,008**	**1,660**
GOODWILL	**28,057**	**2,926**	**25,131**

Goodwill and intangible assets with indefinite useful lives

The decrease in the carrying amount of goodwill during 2020 is mainly as a result of the impact of foreign currency translations and the impairment of goodwill in the Latin America Segment, partly offset by the purchase of clinics in the normal course of operations.

The carrying amount of goodwill and intangibles with indefinite useful life is allocated to the groups of CGUs at December 31, 2020 and 2019 as shown in TABLE 5.44 ON PAGE 193.

The Company recorded an impairment of goodwill and trade names in the Latin America Segment in 2020 (SEE NOTE 2 A). Additionally, an impairment of management contracts in the Asia-Pacific Segment was recorded in 2020 as noted in the "Amortization" table above. The Company did not record any impairment losses in 2019.

T 5.44 **ALLOCATION OF THE CARRYING AMOUNT TO THE GROUPS OF CGUS**
IN € THOUS

	North America		EMEA		Asia-Pacific		Latin America	
	2020	2019	2020	2019	2020	2019	2020	2019
Goodwill	10,908,633	11,762,791	1,328,543	1,342,730	720,225	716,665	1,327	195,069
Management contracts with indefinite useful life	-	-	-	-	2,342	3,225	-	-
Trade name with indefinite useful life	207,535	226,692	-	-	-	-	-	537

12. CURRENT PROVISIONS AND OTHER CURRENT LIABILITIES

Current provisions

TABLE 5.45 shows a reconciliation of the current provisions for 2020.

T 5.45 **DEVELOPMENT OF CURRENT PROVISIONS**
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Utilized	Reversed	Additions	Reclassifications	December 31, 2020
Self-insurance programs	219,866	(18,963)	-	-	(101,497)	107,023	-	206,429
Personnel expenses	90,526	(3,459)	(1,226)	(77,774)	(8,092)	29,166	26,124	55,265
Risk of lawsuit	20,981	(1,992)	204	(531)	(111)	5,998	(159)	24,390
Other current provisions	40,683	(1,778)	545	(8,716)	(5,732)	12,912	(160)	37,754
CURRENT PROVISIONS	**372,056**	**(26,192)**	**(477)**	**(87,021)**	**(115,432)**	**155,099**	**25,805**	**323,838**

Self-insurance programs

SEE NOTE 2 D.

Personnel expenses

Personnel expenses mainly refer to provisions for share-based plans, the current portion of the provisions for accrued severance payments and provisions for jubilee payments. As at December 31, 2020 and 2019 the provisions for share-based plans amounted to €26,876 and €63,447, respectively. SEE NOTE 20.

Risk of lawsuit

SEE NOTE 22.

Other current provisions

The item "Other current provisions" (SEE TABLE 5.45 ON PAGE 193) includes provisions for warranties, physician compensation and return of goods.

Other current liabilities

As at December 31, 2020 and 2019 other current liabilities are shown in TABLE 5.46.

T 5.46 **OTHER CURRENT LIABILITIES**
IN € THOUS

	2020	2019
Personnel liabilities	732,771	647,508
Put option liabilities	645,784	654,963
Contract liabilities	571,420	22,795
Unapplied cash and receivable credits	495,962	482,682
Invoices outstanding	180,227	178,209
VAT and other (non-income) tax liabilities	113,595	104,388
Interest liabilities	73,140	73,593
Derivatives	40,923	13,246
Deferred Income	34,885	8,145
Bonuses, commissions	32,971	27,510
Legal matters, advisory and audit fees	31,902	27,979
Variable payments outstanding for acquisitions	19,313	34,253
Other liabilities	220,345	216,923
OTHER CURRENT LIABILITIES	**3,193,238**	**2,492,194**

Personnel liabilities

The personnel liabilities mainly refer to liabilities for wages and salaries, bonuses and vacation payments.

Contract liabilities

The Company received advance payments under the CMS Accelerated and Advance Payment program which are recorded as contract liability upon receipt and recognized as revenue when the respective services are provided. For additional information on the advanced payments, SEE NOTE 4 I above.

Contract liabilities also relate to advance payments from customers and to sales of dialysis machines where revenue is recognized upon installation and provision of the necessary technical instructions whereas a receivable is recognized once the machine is billed to the customer.

Other liabilities

The item "Other liabilities" in the table above includes the current portion of pension liabilities as well as liabilities for insurance premiums.

13. SHORT-TERM DEBT

At December 31, 2020 and December 31, 2019, short-term debt are shown in TABLE 5.47.

T 5.47 **SHORT-TERM DEBT**
IN € THOUS

	2020	2019
Commercial paper program	19,995	999,732
Borrowings under lines of credit	42,442	143,875
Other	513	6,381
Short-term debt from unrelated parties	62,950	1,149,988
Short-term debt from related parties (see note 5 c)	16,320	21,865
SHORT-TERM DEBT	**79,270**	**1,171,853**

Commercial paper program

The Company maintains a commercial paper program under which short-term notes of up to €1,000,000 can be issued. At December 31, 2020 and 2019, the outstanding commercial paper amounted to €20,000 and €1,000,000, respectively.

Borrowings under lines of credit and further availabilities

Borrowings under lines of credit in the amount of €42,442 and €143,875 at December 31, 2020 and 2019, respectively, represented amounts borrowed by the Company and its subsidiaries under lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2020 and 2019 were 4.05 % and 0.86 %, respectively.

Excluding amounts available under the Amended 2012 Credit Agreement (SEE NOTE 14), at December 31, 2020 and 2019, the Company had €1,077,152 and €517,926 available under other commercial bank agreements. In some instances, lines of credit are secured by assets of the Company's subsidiary that is party to the agreement or may require the Company's guarantee. In certain circumstances, the subsidiary may be required to meet certain covenants.

The Company and certain consolidated entities operate a multi-currency notional pooling cash management system. The Company met the conditions to offset balances within this cash pool for reporting purposes. At December 31, 2020 and 2019, cash and borrowings under lines of credit in the amount of €998,044 and €152,598 were offset under this cash management system.

Other

At December 31, 2020 and 2019, the Company had €513 and €6,381 of other debt outstanding related to fixed payments outstanding for acquisitions.

Short-term debt from related parties

The Company and one of its subsidiaries are parties to an unsecured loan agreement, as borrowers, with Fresenius SE, as lender, under which the Company and one of its subsidiaries may request and receive one or more short-term advances up to an aggregate amount of €600,000 until maturity on July 31, 2022. For further information on short-term debt from related parties, SEE NOTE 5 C.

14. LONG-TERM DEBT

As of December 31, 2020 and 2019, long-term debt are shown in TABLE 5.48.

T 5.48 **LONG-TERM DEBT**
IN € THOUS

	2020	2019
Amended 2012 Credit Agreement	1,162,342	1,901,372
Bonds	6,408,118	4,966,619
Convertible Bonds	-	399,939
Accounts Receivable Facility	-	379,570
Other	238,000	258,057
Long-term debt	7,808,460	7,905,557
Less current portion	(1,008,359)	(1,447,239)
LONG-TERM DEBT, LESS CURRENT PORTION	**6,800,101**	**6,458,318**

The Company's long-term debt as of December 31, 2020, all of which ranks equally in rights of payment, are described as follows:

Amended 2012 credit agreement

The Company originally entered into a syndicated credit facility of $3,850,000 (€2,970,221) and a 5-year tenor (the "2012 Credit Agreement") on October 30, 2012. On November 26, 2014, the 2012 Credit Agreement was amended to increase the total credit facility to approximately $4,400,000 (€3,527,054) and extend the term for an additional two years until October 30, 2019 (Amended 2012 Credit Agreement). On July 11, 2017, the Company further amended and extended the Amended 2012 Credit Agreement. SEE TABLE 5.49.

Interest on the credit facilities is floating at a rate equal to EURIBOR / LIBOR (as applicable) plus an applicable margin. The applicable margin is variable and depends on the Company's consolidated net leverage ratio, which is a ratio of its consolidated funded debt less cash and cash equivalents to consolidated EBITDA (as these terms are defined in the Amended 2012 Credit Agreement). At December 31, 2020 and 2019, the dollar-denominated tranches outstanding under the Amended 2012 Credit Agreement had a weighted average interest rate of 1.21 % and 3.24 %, respectively. At December 31, 2020 and 2019, the euro-denominated tranches had a weighted average interest rate of 0.88 % and 0.93 %, respectively.

The Amended 2012 Credit Agreement contains affirmative and negative covenants with respect to the Company and its subsidiaries. Under certain circumstances these covenants limit indebtedness and restrict the creation of liens. Under the Amended 2012 Credit Agreement the Company is required to comply with a maximum consolidated net leverage ratio.

TABLE 5.49 shows the available and outstanding amounts under the Amended 2012 Credit Agreement at December 31, 2020 and 2019.

T 5.49 **AMENDED 2012 CREDIT AGREEMENT - MAXIMUM AMOUNT AVAILABLE AND BALANCE OUTSTANDING**
IN THOUS

	Maximum amount available 2020		Balance outstanding 2020[1]	
Revolving credit USD 2017 / 2022	$900,000	€733,436	-	-
Revolving credit EUR 2017 / 2022	€600,000	€600,000	-	-
USD term loan 2017 / 2022	$1,110,000	€904,572	$1,110,000	€904,572
EUR term loan 2017 / 2022	€259,000	€259,000	€259,000	€259,000
EUR term loan 2017 / 2020[2]	-	-	-	-
TOTAL		**€2,497,008**		**€1,163,572**

	Maximum amount available 2019		Balance outstanding 2019[1]	
Revolving credit USD 2017 / 2022	$900,000	€801,139	$138,700	€123,464
Revolving credit EUR 2017 / 2022	€600,000	€600,000	-	-
USD term loan 2017 / 2022	$1,230,000	€1,094,891	$1,230,000	€1,094,891
EUR term loan 2017 / 2022	€287,000	€287,000	€287,000	€287,000
EUR term loan 2017 / 2020	€400,000	€400,000	€400,000	€400,000
TOTAL		**€3,183,030**		**€1,905,355**

[1] Amounts shown are excluding debt issuance costs.
[2] The EUR term loan 2017 / 2020 in the amount of €400,000 due on July 30, 2020, was repaid on May 29, 2020.

At December 31, 2020 and 2019, the Company had letters of credit outstanding in the amount of $1,087 and $1,135 (€886 and €1,010), respectively, under the USD revolving credit facility, which

are not included above as part of the balance outstanding at those dates but which reduce available borrowings under the applicable revolving credit facility.

Bonds

At December 31, 2020 and 2019, the Company's bonds are shown in TABLE 5.50.

T 5.50 **BONDS**
IN THOUS

Issuer / Transaction	Face amount	Maturity	Coupon	Book value 2020 in €	Book value 2019 in €
FMC US Finance II, Inc. 2014	$500,000	October 15, 2020[1]	4.125 %	-	444,507
FMC US Finance, Inc. 2011	$650,000	February 15, 2021[2]	5.75 %	529,509	577,069
FMC Finance VII S.A. 2011	€300,000	February 15, 2021[2]	5.250 %	299,961	299,498
FMC US Finance II, Inc. 2012	$700,000	January 31, 2022	5.875 %	569,987	622,135
Fresenius Medical Care AG & Co. KGaA, 2019	€650,000	November 29, 2023	0.25 %	647,719	646,936
FMC US Finance II, Inc. 2014	$400,000	October 15, 2024	4.75 %	324,725	354,338
Fresenius Medical Care AG & Co. KGaA, 2018	€500,000	July 11, 2025	1.50 %	496,841	496,138
Fresenius Medical Care AG & Co. KGaA, 2020	€500,000	May 29, 2026	1.00 %	495,598	-
Fresenius Medical Care AG & Co. KGaA, 2019	€600,000	November 30, 2026	0.625 %	594,196	593,216
FMC US Finance III, Inc. 2019	$500,000	June 15, 2029	3.75 %	399,753	435,673
Fresenius Medical Care AG & Co. KGaA, 2019	€500,000	November 29, 2029	1.25 %	497,138	497,109
Fresenius Medical Care AG & Co. KGaA, 2020	€750,000	May 29, 2030	1.50 %	745,454	-
FMC US Finance III, Inc. 2020	$1,000,000	February 16, 2031	2.375 %	807,237	-
TOTAL				**6,408,118**	**4,966,619**

[1] Redeemed prior to maturity on July 17, 2020.
[2] For further information on the repayment of these bonds, SEE NOTE 27.

All bonds issued by entities other than Fresenius Medical Care AG & Co. KGaA are guaranteed by the Company and by FMCH, while bonds issued by Fresenius Medical Care AG & Co. KGaA are guaranteed by FMCH. All bonds may be redeemed at the option of the respective issuers at any time at 100 % of principal plus accrued interest and a premium calculated pursuant to the terms of the applicable indenture. The holders of our bonds have the right to request that the issuers repurchase the bonds at 101 % of principal plus accrued interest upon the occurrence of a change of control of the Company followed by a decline in the ratings of the respective bonds.

The Company has agreed to a number of covenants to provide protection to the bond holders which, under certain circumstances and with certain exceptions for the bonds issued since 2018, limit the ability of the Company and its subsidiaries to, among other things, incur debt, incur liens, engage in sale-leaseback transactions and merge or consolidate with other companies or sell assets. The limitation on incurrence of debt in the bonds issued before 2018 was suspended automatically as the rating of the respective bonds reached investment grade status. At December 31, 2020, the Company was in compliance with all of its covenants under the bonds.

Since 2018, bonds can be issued with different maturities under the Company's €10,000,000 Debt Issuance Program (Debt Issuance Program). On May 29, 2020, the Company issued bonds in two tranches with an aggregate principal amount of €1,250,000 under the Debt Issuance Program:

› bonds of €500,000 with a maturity of 6 years and a coupon of 1.000 %, and
› bonds of €750,000 with a maturity of 10 years and a coupon of 1.500 %

On September 16, 2020, Fresenius Medical Care US Finance III, Inc. issued bonds with a volume of $1,000,000 (€842,531). The bonds have a maturity of 10 years and 5 months and a coupon of 2.375 %. The proceeds of both the euro and the U.S. dollar issuances were used for general corporate purposes and the refinancing of existing liabilities.

The bonds issued by Fresenius Medical Care US Finance II, Inc. in the amount of $500,000 (€392,557 as of the date of issuance on October 29, 2014) originally due on October 15, 2020, were redeemed prior to maturity on July 17, 2020.

Convertible bonds

On September 19, 2014, the Company issued €400,000 principal amount of equity-neutral convertible bonds with a coupon of 1.125 %. The bonds were issued at par and repaid as planned on January 31, 2020. In November 2019, the conversion feature expired and no conversions occurred. The call options on its shares that the Company purchased in 2014 to fully offset the economic exposure from the conversion feature also expired in November 2019.

Accounts Receivable Facility

The Company refinanced the Accounts Receivable Facility on December 20, 2018 increasing the facility to $900,000 (€785,958) and extending it until December 20, 2021.

TABLE 5.51 shows the available and outstanding amounts under the Accounts Receivable Facility at December 31, 2020 and December 31, 2019.

T 5.51 **ACCOUNTS RECEIVABLE FACILITY - MAXIMUM AMOUNT AVAILABLE AND BALANCE OUTSTANDING**
IN THOUS

	Maximum amount available 2020[1]		Balance outstanding 2020[2]	
Accounts Receivable Facility	$900,000	€733,437	-	-

	Maximum amount available 2019[1]		Balance outstanding 2019[2]	
Accounts Receivable Facility	$900,000	€801,139	$427,000	€380,096

[1] Subject to availability of sufficient accounts receivable meeting funding criteria.
[2] Amounts shown are excluding debt issuance costs.

At December 31, 2020, the Company is not currently utilizing the Accounts Receivable Facility and the principal cash flows related to bank investors' initial investments have been returned.

The Company also had letters of credit outstanding under the Accounts Receivable Facility in the amount of $12,522 at December 31, 2020 and $23,460 at December 31, 2019 (€10,205 and €20,883, respectively). These letters of credit are not included above as part of the balance outstanding at December 31, 2020 and 2019; however, they reduce available borrowings under the Accounts Receivable Facility.

Under the Accounts Receivable Facility, certain receivables are sold to NMC Funding Corporation (NMC Funding), a wholly-owned subsidiary. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors (and their conduit affiliates). Under the terms of the Accounts Receivable Facility, NMC Funding retains the rights in the underlying cash flows of the transferred receivables. Interest is remitted to the bank investors at the end of each tranche period, however, the principal cash flows are continuously reinvested to purchase additional interests in the receivables. Furthermore, NMC Funding retains significant risks and rewards in the receivables as the percentage ownership interest assigned requires the Company to retain first loss risk in those receivables, and the Company can, at any time, recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the Company's consolidated balance sheet and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors calculated based on the commercial paper rates for the particular tranches selected. At December 31, 2019, the average interest rate paid was 1.98 %. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

Other

At December 31, 2020 and 2019, in conjunction with certain acquisitions and investments, the Company had fixed payments outstanding for acquisitions totaling approximately €33,562 and €27,611, respectively, of which €23,202 and €12,456, respectively, were classified as the current portion of long-term debt.

15. NON-CURRENT PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Of the total amount of non-current provisions and other non-current liabilities amounting to €931,590 at December 31, 2020 (2019: €616,916), €700,306 (2019: €219,129) are due in between more than one and three years, €104,343 (2019: €34,762) are due in between three to five years and €126,941 (2019: €363,025) are due after five years.

The item "Other non-current liabilities" in the amount of €836,030 at December 31, 2020 (2019: €508,113) includes, among others, contract liabilities of €304,632 (2019: €6), put option liabilities of €236,638 (2019: €279,462) and variable payments outstanding for acquisitions of €47,046 (2019: €55,424).

T 5.52 **DEVELOPMENT OF NON-CURRENT PROVISIONS**
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Utilized	Reversed	Additions	Reclassifications	December 31, 2020
Personnel expenses	60,366	(4,569)	710	(1,747)	(3,576)	20,190	(26,630)	44,744
Interest payable related to income taxes	26,111	(197)	-	-	-	3,161	-	29,075
Other non-current provisions	22,326	(2,859)	3,199	(1,644)	(960)	854	825	21,741
NON-CURRENT PROVISIONS	**108,803**	**(7,625)**	**3,909**	**(3,391)**	**(4,536)**	**24,205**	**(25,805)**	**95,560**

TABLE 5.52 shows the development of non-current provisions in the fiscal year.

Personnel expenses mainly refer to provisions for share-based plans and provisions for severance payments. As at December 31, 2020, the provisions for share-based plans amounted to €36,406 (2019: €47,411). SEE NOTE 20.

The item "Other non-current provisions" in TABLE 5.52 includes provisions for asset retirement obligations.

The increase during the period in the discounted amount arising from the passage over time and the effect of any change in the discount rate is not material.

16. EMPLOYEE BENEFIT PLANS

General

FMC AG & Co. KGaA recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Company. The Company's pension plans are structured in accordance with the differing legal, economic and fiscal circumstances in each country. The Company currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Company is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Company has five major defined benefit plans, one funded plan in the U.S. and one in France as well as one unfunded plan in Germany and two in France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under the Company's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefit obligations and the return on plan assets for that year. The Company's pension liability is impacted by these actuarial gains or losses.

Under defined contribution plans, the Company pays defined contributions to an independent third party as directed by the employee during the employee's service life, which satisfies all obligations of the Company to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Company paid contributions upon leaving the Company. The Company has a defined contribution plan in the U.S.

Defined benefit pension plans

During the first quarter of 2002 FMCH, the Company's U.S. subsidiary, curtailed its defined benefit and supplemental executive retirement plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. The Company has retained all employee benefit obligations as of the curtailment date. Each year FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2020, FMCH did not have a minimum funding requirement. The Company voluntarily provided €9,901 to the defined benefit plan. Expected funding for 2021 is €1,059.

The benefit obligation for all defined benefit plans at December 31, 2020, was €996,237 (2019: €976,467) which consists of the gross benefit obligation of €385,333 (2019: €399,339) for the U.S. plan and of €5,581 (2019: €5,498) for the French plan, which are partially funded by plan assets, and the benefit obligation of €593,100 (2019: €560,255) for the German unfunded plan and the benefit obligation of €12,223 (2019: €11,375) for the two French unfunded plans.

In the fourth quarter of 2019, FMC North America offered a lump-sum payout for its defined benefit pension plan to former employees. This settlement reduced the benefit obligation and resulted in a gain.

Controlling and managing the administration of the plan in the U.S. was delegated by the Company to an administrative committee. This committee has the authority and discretion to manage the assets of the fund and to approve and adopt certain plan amendments. The board of directors of National Medical Care, Inc., a subsidiary of the Company, reserves the right to approve or adopt all major plan amendments, such as termination, modification or termination of the future benefit accruals and plan mergers with other pension plans.

Related to defined benefit plans the Company is exposed to certain risks. Besides general actuarial risks, e.g. the longevity risk and the interest rate risk, the Company is exposed to market risk as well as to investment risk.

TABLE 5.53 shows the changes in benefit obligations, the changes in plan assets, the net funded position and the net liability of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from the Company's funded benefit plan.

T 5.53 **NET PENSION LIABILITY**
IN € THOUS

	2020	2019
Change in benefit obligation		
Benefit obligation at beginning of year	976,467	842,601
Foreign currency translation (gains) losses	(35,216)	7,459
Current service cost	40,213	30,070
Past service cost	(244)	-
Interest cost	21,298	28,016
Transfer of plan participants	252	194
Actuarial (gains) losses arising from changes in financial assumptions	15,480	140,923
Actuarial (gains) losses arising from changes in demographic assumptions	(87)	(2,306)
Actuarial (gains) losses arising from experience adjustments	9,278	(4,873)
Remeasurements	24,671	133,744
Benefits paid	(30,873)	(60,863)
Settlements	(331)	(4,754)
BENEFIT OBLIGATION AT END OF YEAR	**996,237**	**976,467**
Change in plan assets		
Fair value of plan assets at beginning of year	316,124	317,585
Foreign currency translation gains (losses)	(28,316)	6,130
Interest income from plan assets	10,846	14,108
Actuarial gains (losses) arising from experience adjustments	28,847	34,131
Actual return on plan assets	39,693	48,239
Employer contributions	9,901	1,131
Benefits paid	(26,329)	(56,961)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**311,073**	**316,124**
NET FUNDED POSITION AT END OF YEAR	**685,164**	**660,343**
Benefit plans offered by other subsidiaries	43,950	39,147
NET PENSION LIABILITY	**729,114**	**699,490**

For the years 2020 and 2019, there were no effects from the asset ceiling.

At December 31, 2020, the weighted average duration of the defined benefit obligation was 19 years (2019: 19 years).

Benefit plans offered by the Company in the U.S., Germany and France contain a pension liability of €685,164 and €660,343 at December 31, 2020 and 2019, respectively. The pension liability consists of a current portion of €6,923 (2019: €6,190) which is recorded in the line item "Current provisions and other current liabilities" in the consolidated balance sheets. The non-current portion of €678,241 (2019: €654,153) is recorded in non-current liabilities as "Pension liabilities" in the consolidated balance sheets.

As of December 31, 2020, €74,364 related to the U.S. pension plan, €593,100 related to the German plan and €17,700 related to the French plans. At December 31, 2019, €83,323 related to the U.S. pension plan, €560,255 related to the German plan and €16,765 related to the French plans. Approximately 64 % of the beneficiaries are located in the U.S. and 8 % in France with the majority of the remaining 28 % located in Germany.

Benefit plans offered by other subsidiaries outside of the U.S., Germany and France contain separate benefit obligations. The total net pension liability for these other plans was €43,950 and €39,147 at December 31, 2020 and 2019 and consists of a current pension liability of €3,689 (2019: €4,105), which is recognized in the line item "Current provisions and other current liabilities." The non-current pension liability of €40,261 (2019: €35,042) for these plans is recorded in non-current liabilities as "Pension liabilities" in the consolidated balance sheets.

The discount rates for all plans are based upon yields of portfolios of highly rated debt instruments with maturities that mirror each plan's benefit obligation. The Company's discount rates at December 31, 2020 and 2019 are the weighted average of these plans based upon their benefit obligations.

Weighted-average assumptions that were utilized in determining benefit obligations at December 31, 2020 and 2019 are shown in TABLE 5.54.

T 5.54 **WEIGHTED AVERAGE ASSUMPTIONS**
IN %

	2020	2019
Discount rate	2.02	2.35
Rate of compensation increase	3.17	3.18
Rate of pension increase	1.46	1.70

Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability at December 31, 2020 as shown in TABLE 5.55.

T 5.55 **SENSITIVITY ANALYSIS**
IN € THOUS

	0,5 % increase	0,5 % increase
Discount rate	(91,605)	106,665
Rate of compensation increase	16,509	(16,254)
Rate of pension increase	47,915	(43,190)

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2020. The calculations were performed isolated for each significant actuarial parameter, in order to show the effect on the fair value of the pension liability separately.

The sensitivity analysis for compensation increases and for pension increases excludes the U.S. pension plan because it is frozen and therefore is not affected by changes from these two actuarial assumptions.

The defined benefit pension plans' net periodic benefit costs are comprised of the following components for the years ended December 31, 2020, 2019 and 2018 that are shown in TABLE 5.56.

T 5.56 COMPONENTS OF NET PERIODIC BENEFIT COST
IN € THOUS

	2020	2019	2018
Service cost	40,213	30,070	25,467
Net interest cost	10,452	13,908	13,056
Prior service cost	(244)	-	-
(Gains) losses from settlements	(331)	(4,754)	-
NET PERIODIC BENEFIT COSTS	**50,090**	**39,224**	**38,523**

Service cost and net interest cost are allocated as personnel expense within costs of revenues; selling, general and administrative expense; or research and development expense. This is depending upon the area in which the beneficiary is employed. The gain from settlement is included in selling, general and administrative expense.

The following weighted-average assumptions shown in TABLE 5.57 were used in determining net periodic benefit cost for the years ended December 31, 2020, 2019 and 2018.

T 5.57 WEIGHTED AVERAGE ASSUMPTIONS
IN %

	2020	2019	2018
Discount rate	2.35	3.27	3.08
Rate of compensation increase	3.18	3.21	3.22
Rate of pension increase	1.70	1.69	1.45

Expected benefit payments are as shown in TABLE 5.58.

T 5.58 DEFINED BENEFIT PENSION PLANS: CASH OUTFLOWS
IN € THOUS

	2020	2019
1 year	24,645	28,706
1–3 years	53,882	56,577
3–5 years	60,444	62,441
5–10 years	178,971	183,896
TOTAL	**317,942**	**331,620**

Plan Assets

TABLE 5.59 ON PAGE 203 presents the fair values of the Company´s pension plan assets at December 31, 2020 and 2019.

The methods and inputs used to measure the fair value of plan assets at the balance sheet date are as follows:

- Common stocks are valued at their market prices.
- Index funds are valued based on market quotes.
- Government bonds are valued based on both market prices and market quotes.
- Corporate bonds and other bonds are valued based on market quotes.
- Cash is stated at nominal value which equals the fair value.
- U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market price.

T 5.59 **FAIR VALUES OF PLAN ASSETS**
IN € THOUS

	2020				2019			
Asset category	**Total**	**Quoted prices in active markets for identical assets**	**Significant observable inputs**	**Significant unobservable inputs**	**Total**	**Quoted prices in active markets for identical assets**	**Significant observable inputs**	**Significant unobservable inputs**
		(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)
Equity investments								
Index funds[1]	88,169	8,926	79,243	-	85,321	8,440	76,881	-
Fixed income investments								
Government securities[2]	15,720	15,441	279	-	2,875	2,547	328	-
Corporate bonds[3]	182,850	-	182,850	-	202,642	-	202,642	-
Other bonds[4]	16,576	-	9,380	7,196	10,179	-	2,762	7,417
U.S. treasury money market funds[5]	7,654	7,654	-	-	14,999	14,999	-	-
Other types of investments								
Cash, money market and mutual funds[6]	104	104	-	-	108	108	-	-
TOTAL	**311,073**	**32,125**	**271,752**	**7,196**	**316,124**	**26,094**	**282,613**	**7,417**

[1] This category comprises low-cost equity index funds not actively managed that track the S&P 500, S&P 400, Russell 2000, MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.
[2] This Category comprises fixed income investments by the U.S. government and government sponsored entities.
[3] This Category primarily represents investment grade bonds of U.S. issuers from diverse industries.
[4] This Category comprises private placement bonds as well as collateralized mortgage obligations.
[5] This Category represents funds that invest in U.S. treasury obligations directly or in U.S. treasury backed obligations.
[6] This Category represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

Plan investment policy and strategy in the U.S.

The Company periodically reviews the assumption for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class.

The Company´s overall investment strategy is to achieve a mix of approximately 99 % of investments for long-term growth and income and 1 % in cash or cash equivalents. Investment income and cash or cash equivalents are used for near-term benefit payments. Investments are governed by the plan investment policy and include well diversified index funds or funds targeting index performance.

The plan investment policy, utilizing a revised target investment allocation in a range around 26 % equity and 74 % fixed income investments, considers that there will be a time horizon for invested funds of more than 5 years. The total portfolio will be measured against a custom index that reflects the asset class benchmarks and the target asset allocation. The plan investment

policy does not allow investments in securities of the Company or other related party securities. The performance benchmarks for the separate asset classes include: S&P 500 Index, S&P 400 Mid-Cap Index, Russell 2000 Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long-Corporate Bond Index, Bloomberg Barclays U.S. Corporate High Yield Index, and Bloomberg Barclays U.S. High Yield Fallen Angel 3 % Capped Index.

Defined contribution plans

Most FMCH employees are eligible to join a 401(k) savings plan. Employees can deposit up to 75 % of their pay up to a maximum of $19.5 (€15.9) if under 50 years old ($26.0 (€21.2) if 50 or over) under this savings plan. The Company will match 50 % of the employee deposit up to a maximum Company contribution of 3 % of the employee's pay. The Company's total expense under this defined contribution plan for the years ended December 31, 2020, 2019, and 2018, was €64,855, €53,290 and €53,872 respectively.

Additionally, the Company contributed for the years ended December 31, 2020, 2019, and 2018 €28,096, €25,950 and €24,721 to state pension plans.

17. SHAREHOLDERS' EQUITY

Capital stock

At December 31, 2020, the Company's share capital consists of 292,876,570 bearer shares without par value (Stückaktien) and a nominal value of €1.00 each. The Company's share capital has been fully paid in.

The General Partner of FMC AG & Co. KGaA, Fresenius Medical Care Management AG, Hof an der Saale, is not obliged to make a capital contribution and has not made a capital contribution. It does not participate in the profits and losses or in the assets of the Company. Under the Company's Articles of Association, the General Partner receives for the management of the Company and the assumption of liability as general partner an annual remuneration independent of profit and loss in the amount of 4 % of its share capital (SEE NOTE 5 D). The General Partner is also reimbursed for any and all expenses in connection with management of the Company's business, which include remuneration of the members of its Management Board and its Supervisory Board.

Pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) any party subject to the notification requirement shall notify the Company when certain mandatory reportable thresholds for voting rights, also by taking into account the attribution provisions, are reached, exceeded or fallen below. Section 38 WpHG also stipulates a notification requirement when certain thresholds are reached, exceeded or have fallen below through directly or indirectly held instruments and also, according to Section 39 WpHG when certain thresholds are reached, exceeded or have fallen below through the addition of voting rights according to Section 33 WpHG and instruments according to Section 38 WpHG. Notifications received by the Company subject to the notification requirements were published in accordance with the applicable legal provisions, including publication in the Investors section of the Company's website at www.freseniusmedicalcare.com.

In a notification dated February 8, 2011, Fresenius SE disclosed to the Company pursuant to Section 21 of the WpHG at the date of notification (predecessor provision to Section 33 of the WpHG) that it held 35.74 % of the voting rights in FMC AG & Co. KGaA. At December 31, 2020, Fresenius SE held 32.2 % of the Company's voting rights. In addition, Fresenius SE is the sole stockholder of the General Partner.

On December 21, 2020, Artisan Partners Asset Management Inc., Wilmington, DE, U.S., also on behalf of attributed subsidiaries, disclosed pursuant to Section 33, 34 of the WpHG that 3.07 % of the voting rights of FMC AG & Co. KGaA were held as of December 14, 2020.

On December 21, 2020, Harris Associates L.P., Wilmington, DE, U.S., also on behalf of attributed subsidiaries, disclosed pursuant to Section 33, 34 of the WpHG that 3.08 % of the voting rights of FMC AG & Co. KGaA were held as of December 15, 2020.

On April 3, 2020, BlackRock, Inc., Wilmington, DE, U.S., (BlackRock) also on behalf of attributed subsidiaries, disclosed pursuant to Section 33, 34 of the WpHG that 3.12 % of the voting rights of FMC AG & Co. KGaA and instruments relating to 0.32 % of the voting rights of FMC AG & Co. KGaA were held as of March 30, 2020.

The general meeting of a partnership limited by shares may approve Authorized Capital (genehmigtes Kapital). The resolution creating Authorized Capital requires the affirmative vote of a majority of three quarters of the capital represented at the vote and may authorize the General Partner and its Management Board to issue new shares up to a stated amount for a period of up to five years. The nominal value of any proposed increase of the Authorized Capital may not exceed half of the issued capital stock at the time of the authorization.

In addition, the general meeting of a partnership limited by shares may create Conditional Capital (bedingtes Kapital) for the purpose of issuing (i) new shares to holders of convertible bonds or other securities which grant a right to shares, (ii) new shares as the consideration in a merger with another company, or (iii) new shares offered to management or employees. In each case, the authorizing resolution requires the affirmative vote of a majority of three quarters of the capital represented at the vote. The nominal value for any proposed increase of the Conditional Capital may not exceed half or, in the case of Conditional Capital created for the purpose of issuing shares to management and employees, 10 % of the Company's issued capital at the time of the resolution.

All resolutions increasing the capital of a partnership limited by shares also require the consent of the General Partner in order for the resolutions to go into effect.

The subscribed capital comprised solely ordinary shares due to the conversion of all outstanding preference shares into ordinary shares (approved at FMC AG & Co. KGaA's Annual General Meeting and Preference Shareholder Meeting held on May 16, 2013) as well as the options associated with the preference shares on a 1:1 basis.

Authorized capital

By resolution of the Company's Annual General Meeting (AGM) on August 27, 2020, the General Partner was authorized, with the approval of the Supervisory Board, to increase, on one or more occasions, the Company's share capital until August 26, 2025 up to a total of €35,000 through issue of new bearer ordinary shares for cash contributions, "Authorized Capital 2020/I". The newly issued shares may also be taken up by a credit and/or financial institution or a consortium of such credit and/or financial institutions retained by the General Partner with the obligation to offer them to the shareholders of the Company. The General Partner is entitled, subject to the approval of the supervisory board, to exclude the pre-emption rights of the shareholders. However, such an exclusion of pre-emption rights will be permissible only for fractional amounts. No Authorized Capital 2020/I has been issued at December 31, 2020.

In addition, by resolution of the AGM on August 27, 2020, the General Partner was authorized, with the approval of the Supervisory Board, to increase, on one or more occasions, the share capital of the Company until August 26, 2025 up to a total of €25,000 through the issue of new bearer ordinary shares for cash contributions or contributions in kind, "Authorized Capital 2020/II". The new shares can also be obtained by a credit and/or financial institution or a consortium of such credit and/or financial institutions retained by the General Partner with the obligation to offer the shares to the Company's shareholders for subscription. The General Partner is entitled, subject to the approval of the Supervisory Board, to exclude the pre-emption rights of the shareholders. However, such exclusion of pre-emption rights will be permissible only if (i) in case of a capital increase against cash contributions, the nominal value of the issued shares does not exceed 10 % of the nominal share value of the Company's share capital and the issue price for the new shares is at the time of the final determination by the General Partner not significantly lower than the stock price of the existing listed shares of the same class and with the same rights or, (ii) in case of a capital increase against contributions in kind, the purpose of such increase is to acquire an enterprise, parts of an enterprise, interest in an enterprise or other assets. No Authorized Capital 2020/II has been issued at December 31, 2020.

Authorized Capital 2020/I and Authorized Capital 2020/II became effective upon registration with the commercial register of the local court in Hof an der Saale on September 23, 2020.

Conditional capital

By resolution of the Company's AGM on May 12, 2011, the Company's share capital was conditionally increased with regards to the Stock Option Plan 2011 (2011 SOP) by up to €12,000 subject to the issue of up to 12 million no par value bearer ordinary shares with a nominal value of €1.00 each (Conditional Capital 2011/I), (SEE NOTE 20). The Conditional Capital increase is only executed to the extent subscription rights were awarded under the 2011 SOP, the holders of the subscription rights exercise their right and the Company does not use treasury shares to fulfill the subscription rights, with each stock option awarded exercisable for one ordinary share (SEE NOTE 20). The Company has the right to deliver ordinary shares that it owns or purchases in the market in lieu of increasing capital by issuing new shares.

At December 31, 2020, 3,201,074 options remained outstanding with a remaining average term of 2.35 years under the 2011 SOP. For the year ending December 31, 2020, 234,796 options had been exercised under the 2011 SOP (SEE NOTE 20).

Conditional capital at December 31, 2020 was €9,494 in total, all relating to the 2011 SOP (SEE NOTE 20).

A total of 234,796 shares were issued out of Conditional Capital 2011/I during 2020 (2019: 328,996 shares), increasing the Company's capital stock by €235 (2019: €329).

Treasury stock

By resolution of the Company's AGM on May 12, 2016, the General Partner is authorized to purchase treasury shares up to a maximum amount of 10 % of the registered share capital existing at the time of this resolution (€30,537). The Company announced this authorization on May 12, 2016. The shares acquired, together with other treasury shares held by the Company or attributable to the Company pursuant to sections 71a et seqq. AktG, must at no time exceed 10 % of the registered share capital. The purchases were authorized to be made through the stock exchange, by way of a public tender offer, or a public invitation to shareholders to submit an offer for sale. This authorization may not be used for the purpose of trading in treasury shares. The General Partner is authorized to use treasury shares purchased on the basis of this authorization or any other earlier authorization for any legally permissible purpose, in particular (i) to redeem shares without requiring any further resolution by the General Meeting, (ii) to sell treasury shares to third parties against contributions in kind, (iii) to award treasury shares, in lieu of the utilization of conditional capital of the Company, to employees of the Company and companies affiliated with the Company, including members of the management of affiliated companies, and use them to service options or obligations to purchase shares of the Company, and (iv) to use treasury shares to service bonds carrying warrant and/or conversion rights or conversion obligations issued by the Company or companies affiliated with the Company pursuant to section 17 AktG.

On the basis of the authorization granted by the Company's AGM on May 12, 2016 to conduct a share buy-back program, on March 11, 2019, the Company announced a program to purchase up to 6.000,000 ordinary shares for an aggregate purchase amount of up to €330,000. Pursuant to this program, which expired on May 10, 2019, the Company repurchased 3,770,772 treasury shares in the period from March 12, 2019 up to and including May 10, 2019 for an average weighted stock price of €71.55 per share for the purpose of capital reduction. Pursuant to the May 12, 2016 AGM authorization, on June 14, 2019, the Company announced a program to purchase up to 12,000,000 shares for an aggregate purchase amount of up to €660,000. Pursuant to this program, the Company repurchased 10,795,151 treasury shares in the period from June 17, 2019 up to and including April 1, 2020 for an average weighted stock price of €63,50 per share for the purpose of capital reduction. Following the purchases in April 2020, a total of 14,879,979 ordinary shares remained to be purchased pursuant to the authorization granted at the 2016 AGM. On December 11, 2020, these repurchased shares were retired, together with the remaining 999,951 treasury shares acquired in 2013, in order to decrease the Company's share capital. The repurchased shares acquired pursuant to the program that expired on May 10, 2019 were retired in 2019. As of December 31, 2020, the Company did not hold treasury shares.

The authorization granted by the AGM resolution of May 12, 2016 will expire on May 11, 2021. The Company does not intend to make further share repurchases pursuant to such authorization prior to its expiration.

TABLE 5.60 ON PAGE 207 disclosure provides the number of shares acquired in the context of the share buy-back programs as well as the repurchased treasury stock.

Additional paid-in capital

Additional paid-in capital is comprised of the premium paid on the issue of shares and stock options, the tax effects from stock options, the compensation expense from stock options, which is recognized according to IFRS 2 as well as changes in ownership interest in a subsidiary that does not result in a loss of control.

Retained earnings

Retained earnings is comprised of earnings generated by group entities in prior years to the extent that they have not been distributed as well as changes of the put option liabilities.

Dividends

Under German law, the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of the Company as reported in its balance sheet determined in accordance with the German Commercial Code (Handelsgesetzbuch).

Cash dividends of €351,170 for 2019 in the amount of €1.20 per share were paid on September 1, 2020.

Cash dividends of €354,636 for 2018 in the amount of €1.17 per share were paid on May 21, 2019.

Cash dividends of €324,838 for 2017 in the amount of €1.06 per share were paid on May 23, 2018.

T 5.60 **TREASURY STOCK**

Period	Average price per share in €	Total number of shares purchased and retired as part of publicly announced plans or programs[1]	Total value of shares in € THOUS
DECEMBER 31, 2017	**65.63**	**1,659,951**	**108,931**
Purchase of Treasury Stock			
May 2018	86.69	173,274	15,020
June 2018	86.14	257,726	22,201
Repurchased Treasury Stock	**86.37**	**431,000**	**37,221**
Retirement of repurchased Treasury Stock			
December 2018	87.23	1,091,000	95,159
DECEMBER 31, 2018	**51.00**	**999,951**	**50,993**
Purchase of Treasury Stock			
March 2019	69.86	1,629,240	113,816
April 2019	72.83	1,993,974	145,214
May 2019	72.97	147,558	10,766
Repurchased Treasury Stock	**71.55**	**3,770,772**	**269,796**
Retirement of repurchased Treasury Stock			
June 2019	71.55	3,770,772	269,796
Purchase of Treasury Stock			
June 2019	67.11	504,672	33,870
July 2019	66.77	1,029,655	68,748
August 2019	57.53	835,208	48,050
September 2019	59.67	627,466	37,445
October 2019	57.85	692,910	40,084
November 2019	64.78	852,859	55,245
December 2019	63.85	564,908	36,067
Repurchased Treasury Stock	**62.55**	**5,107,678**	**319,509**
DECEMBER 31, 2019	**60.66**	**6,107,629**	**370,502**
Purchase of Treasury Stock			
January 2020	84.37	124,398	10,495
February 2020[2]	249.10	25,319	6,307
March 2020	63.05	4,842,943	305,362
April 2020	63.07	694,813	43,824
Repurchased Treasury Stock	**64.35**	**5,687,473**	**365,988**
Retirement of repurchased Treasury Stock			
December 2020	62.44	11,795,102	736,490
TOTAL		**-**	**-**

[1] All shares purchased between May 12, 2016 and April 1, 2020 were purchased pursuant to the share purchase program authorized by the AGM resolution of May 12, 2016. The Company did not purchase any shares other than pursuant to such program.

[2] The purchase price of the shares of the program beginning on June 17, 2019 is based on the volume weighted average price of the Company's shares for the period and changes in the volume weighted average price resulted in retroactive adjustments to the purchase price, even if no shares were purchased. The February adjustment, in combination with a lower number of shares purchased, resulted in a particularly high average price per share for the month.

Noncontrolling interests

Noncontrolling interests represent the proportion of the net assets of consolidated subsidiaries owned by minority shareholders. The Company has purchase obligations under put options held by the holders of noncontrolling interests in certain of its subsidiaries. These obligations result from contractual put options and are exercisable by the owners of the noncontrolling interests. In addition to noncontrolling interests, the related potential obligations under these put options are reclassified from equity of the Company, with no impact to the income statement, and recognized as a put option liability at the present value of the exercise price of the options in other current or non-current liabilities.

18. CAPITAL MANAGEMENT

The principle objectives of the Company's capital management strategy are to optimize the weighted average cost of capital and to achieve a balanced mix of total equity and debt. The dialysis industry, in which the Company has a strong market position in global, growing and largely non-cyclical markets, is characterized by stable cash flows. Due to the Company's payors' mostly high credit quality, it is able to generate high, stable, predictable and sustainable cash flows. These generated cash flows allow a reasonable proportion of debt.

As of December 31, 2020 and December 31, 2019, total equity and debt were as shown in TABLE 5.61.

T 5.61 **TOTAL EQUITY, DEBT AND TOTAL ASSETS**
IN € THOUS

	2020	2019
Total equity including noncontrolling interests	12,331,310	13,227,237
Debt and lease liabilities	12,380,017	13,782,448
Total assets	31,689,036	32,934,735
Debt and lease liabilities in % of total assets	39.1	41.8
Total equity in % of total assets (equity ratio)	38.9	40.2

The Company is not subject to any capital requirements provided for in its Articles of Association. The Company has obligations to issue shares out of the conditional capital relating to the exercise of stock options on the basis of the existing 2011 SOP stock option plan (SEE NOTE 20).

In 2020 and 2019, the Company conducted a share buy-back program. The repurchased shares were used solely to either reduce the registered share capital of the Company by cancellation of the acquired shares or to fulfill employee participation programs (SEE NOTE 17).

Assuring financial flexibility is a top priority in the Company's financing strategy. This flexibility is achieved through a high degree of diversification of tenors, investors and banks. The Company's maturity profile displays a broad spread of maturities with a high proportion of medium and long-term financings. In the choice of financing instruments market capacity, investor diversification, financing conditions and the existing maturity profile are taken into account (SEE NOTE 14).

A key financial performance indicator for the Company is the net leverage ratio, defined as the ratio of net debt / EBITDA. To determine the net leverage ratio, debt and lease liabilities less cash and cash equivalents (net debt) is compared to EBITDA (adjusted for acquisitions and divestitures made during the year with a purchase price above a €50,000 threshold as defined in the Amended 2012 Credit Agreement, non-cash charges and impairment loss). At December 31, 2020 and December 31, 2019, this ratio was 2.7 and 3.2, respectively.

The Company's financing structure and business model are reflected in the investment grade ratings. The Company is covered and rated investment grade by the three leading rating agencies, Moody's, Standard & Poor's and Fitch (SEE TABLE 5.62).

T 5.62 **RATING** [1]

	Standard & Poor's	Moody's	Fitch
Corporate credit rating	BBB	Baa3	BBB-
Outlook	stable	stable	stable

[1] A rating is not a recommendation to buy, sell or hold securities of the Company, and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

19. EARNINGS PER SHARE

TABLE 5.63 contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for 2020, 2019 and 2018.

T 5.63 **RECONCILIATION OF BASIC AND DILUTED EARNINGS PER SHARE**
IN € THOUS, EXCEPT SHARE AND PER SHARE DATA

	2020	2019	2018
Numerator			
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA	**1,164,377**	**1,199,619**	**1,981,924**
Denominators			
Weighted average number of shares outstanding	294,055,525	302,691,397	306,541,706
Potentially dilutive shares	223,429	57,892	684,681
BASIC EARNINGS PER SHARE	**3.96**	**3.96**	**6.47**
DILUTED EARNINGS PER SHARE	**3.96**	**3.96**	**6.45**

20. SHARE-BASED PLANS

The Company accounts for its share-based plans in accordance with IFRS 2 and has as of December 31, 2020, various share-based compensation plans, which may either be equity- or cash-settled.

Fresenius Medical Care AG & Co. KGaA long-term incentive plans during 2016–2020 (Performance Shares)

As of May 11, 2016, the issuance of stock options and Phantom Stock under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011 (LTIP 2011) terminated. Furthermore, as of January 1, 2019 the issuance of Performance Shares under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2016 (LTIP 2016) terminated. Additionally, the Management Board has approved and adopted the Fresenius Medical Care AG & Co. KGaA NxStage Long Term Incentive Plan (NxStage LTIP) for the management board and managerial staff members of NxStage in the course of the integration of NxStage into the Company. A grant has been made once in 2019. Furthermore, as of January 1, 2020 the issuance of Performance Shares under the Fresenius Medical Care Management Board Long Term Incentive Plan 2019 (MB LTIP 2019) is no longer possible.

In order to continue to enable the members of the Management Board, the members of the management boards of affiliated companies and managerial staff members to adequately participate in the long-term, sustained success of the Company, successor programs were introduced. For members of the Management Board, the Supervisory Board of Management AG has approved and adopted the Fresenius Medical Care Management Board Long Term Incentive Plan 2020 (MB LTIP 2020) effective January 1, 2020. For the members of the management boards of affiliated companies and managerial staff members, the Management Board has approved and adopted the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2019 (LTIP 2019) effective January 1, 2019.

The LTIP 2016, the NxStage LTIP, the MB LTIP 2019, the LTIP 2019 and the MB LTIP 2020 are each variable compensation programs with long-term incentive effects which grant or granted so-called "Performance Shares". Performance Shares are non-equity, cash-settled virtual compensation instruments which may entitle plan participants to receive a cash payment depending on the achievement of pre-defined performance targets further defined below as well as the Company's share price development.

TABLE 5.64 provides an overview of these plans.

T 5.64 **LONG-TERM INCENTIVE PLANS**

	MB LTIP 2020	LTIP 2019	MB LTIP 2019	NxStage LTIP	LTIP 2016
Eligible persons	Members of the Management Board	Other Plan participants	Members of the Management Board	Other Plan participants	Members of the Management Board and other Plan participants
Grant in the years	2020–2023	2019–2021	2019	2019	2016–2018
Months in which a Grant may occur	November (2020), March (2021–2023)[1]	July, December	July, December	February	July, December

[1] If the appointment as a member of the Management Board comes into effect after the regular grant date in March, the grant date may differ.

For members of the Management Board, the Supervisory Board of Management AG will, in due exercise of its discretion and taking into account the individual responsibility and performance of each Management Board member, determine an initial value for each grant for any awards to

Management Board members. For plan participants other than the members of the Management Board, such determination will be made by the Management Board. The initial grant value is determined in the currency in which the respective participant receives his or her base salary at the time of the grant. In order to determine the number of Performance Shares each plan participant receives, the respective grant value will be divided by the value per Performance Share at the time of the grant, which is mainly determined based on the average price of the Company's shares over a period of thirty calendar days prior to the respective grant date.

The number of granted Performance Shares may change over the performance period of three years, depending on the level of achievement of the following: (i) revenue growth at constant currency (Revenue Growth), (ii) growth of the net income attributable to the shareholders of FMC AG & Co. KGaA at constant currency (Net Income Growth) and (iii) return on invested capital (ROIC). For the LTIP 2019 exclusively, the level of achievement for Performance Shares granted in year 2019 may be subject to an increase if certain targets in relation to the second phase of the Company's Global Efficiency Program (GEP-II targets) and in relation to the Free Cash Flow (Free Cash Flow target) are achieved.

Revenue, net income and ROIC are determined according to the Company's consolidated reported and audited figures in Euro for the financial statements prepared in accordance with IFRS, applying the respective plan terms. Revenue Growth, Net Income Growth and the fulfillment of the GEP-II targets, for the purpose of the relevant plan, are determined at constant currency.

The performance targets to be applied for the fiscal year for Performance Shares granted in the fiscal year under the MB LTIP 2020 and under the LTIP 2019 are presented in TABLE 5.65. If Revenue Growth, Net Income Growth or ROIC range between these values, the respective degree of target achievement will be linearly interpolated between these values.

For Performance Shares granted throughout 2016 to 2019, an annual target achievement level of 100 % will be reached for the Revenue Growth performance target if Revenue Growth is 7 % in each individual year of the three-year performance period; Revenue Growth of 0 % will lead to a target achievement level of 0 % and the maximum target achievement level of 200 % will be reached in case of Revenue Growth of at least 16 %. If Revenue Growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

T 5.65 **PERFORMANCE TARGETS TO BE APPLIED FOR THE FISCAL YEAR FOR PERFORMANCE SHARES GRANTED IN THE FISCAL YEAR UNDER THE MB LTIP 2020 AND UNDER THE LTIP 2019**

	Growth / ROIC	Target achievement	Weight
Performance target 1: Revenue Growth	≤ 1 %	0 %	
	6 %	100 %	1/3
	≥ 11 %	200 %	
Performance target 2: Net Income Growth	≤ 0 %	0 %	
	5 %	100 %	1/3
	≥ 10 %	200 %	
Performance target 3: ROIC	≤ 5.5 %	0 %	
	6 %	100 %	1/3
	≥ 6.5 %	200 %	

For Performance Shares granted throughout 2016 to 2019, an annual target achievement level of 100 % for the Net Income Growth performance target will be reached if Net Income Growth is 7 % in each individual year of the three-year performance period. In case of Net Income Growth of 0 %, the target achievement level will also be 0 %; the maximum target achievement of 200 % will be reached in the case of Net Income Growth of at least 14 %. Between these values, the degree of target achievement will be determined by means of linear interpolation.

For ROIC, an annual target achievement level of 100 % will be reached if the target ROIC as defined for the applicable year is reached. For Performance Shares granted throughout 2016 to 2019, the target ROIC is 7.3 % for 2016, 7.5 % for 2017, 7.7 % for 2018, 7.9 % for 2019 and 8.1 % for 2020. A target achievement level of 0 % will be reached if the ROIC falls below the target ROIC for the applicable year by 0.2 percentage points or more, whereas the maximum target achievement level of 200 % will be reached if the target ROIC for the respective year is exceeded by 0.2 percentage points or more. The degree of target achievement will be determined by means of linear interpolation if the ROIC ranges between these values. In case the annual ROIC target achievement level in the third year of a performance period for Performance Shares granted throughout years 2016 to 2019 is equal to or higher than the ROIC target achievement level in each of the two previous years of such performance period, the ROIC target achievement level of the third year is deemed to be achieved for all years of the applicable performance period.

For all plans, the achievement level for each of the three performance targets will be weighted annually at one-third to determine the yearly target achievement for each year of the three-year performance period. The level of overall target achievement over the three-year performance period will then be determined on the basis of the mean of these three average yearly target achievements. The overall target achievement can be in a range of 0 % to 200 %. For Performance Shares granted in fiscal year 2019 under the LTIP 2019, the overall target achievement shall be increased by 20 percentage points if the GEP-II targets achievement is 100 %. Furthermore, the overall target achievement for Performance Shares granted in year 2019 under the LTIP 2019 shall be increased by 20 percentage points if the Free Cash Flow target achievement is 200 %. In case of a GEP-II targets achievement between 0 % and 100 % and a Free Cash Flow target achievement between 0 % and 200 %, the increase of the overall target achievement will be calculated by means of linear interpolation. The overall target achievement shall not exceed 200 %.

The number of Performance Shares granted to the plan participants at the beginning of the performance period will each be multiplied by the level of overall target achievement in order to determine the final number of Performance Shares.

For the MB LTIP 2020, the final number of Performance Shares is generally deemed earned three years after the day of a grant. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400 % of the grant value received by the participant, less taxes and contributions is paid over to a credit institution which uses it for the purchase of shares of the Company on the stock exchange. The shares acquired in this way are subject to a holding period of at least one year.

For plan participants of the LTIP 2019, the final number of Performance Shares is generally deemed earned three years after the day of a respective grant. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400 % of the grant value received by the participant, will then be paid to the plan participants as cash compensation.

For the MB LTIP 2019, the final number of Performance Shares is generally deemed earned four years after the day of a respective grant. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

For plan participants of the NxStage LTIP, the final number of Performance Shares granted in February 2019 is generally deemed earned in December 2022. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

For plan participants of the LTIP 2016, the final number of Performance Shares is generally deemed earned four years after the day of a grant. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

During 2020, the Company awarded 159.607 Performance Shares under the MB LTIP 2020 at a measurement date weighted average fair value of €64.20 each and a total fair value of €10,247, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2020, the Company awarded 800,165 Performance Shares under the LTIP 2019 at a measurement date weighted average fair value of €64.06 each and a total fair value of €51,259, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2019, the Company awarded 114,999 Performance Shares under the MB LTIP 2019 at a measurement date weighted average fair value of €60.70 each and a total fair value of €6,980, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2019, the Company awarded 817,089 Performance Shares under the LTIP 2019 at a measurement date weighted average fair value of €62.16 each and a total fair value of €50,790, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2019, the Company awarded 55,978 Performance Shares under the NxStage LTIP at a measurement date weighted average fair value of €62.17 each and a total fair value of €3,480,

which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2018, the Company awarded 632,804 Performance Shares under the LTIP 2016 including 73,315 Performance Shares to the members of the Management Board at a measurement date weighted average fair value of €51.99 each and a total fair value of €32,900, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

Fresenius Medical Care AG & Co. KGaA long-term incentive program 2011 (stock options and "Phantom Stock")

On May 12, 2011, the 2011 SOP was established by resolution of the Company's AGM. The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of the General Partner's Management and supervisory boards, forms the Company's LTIP 2011. Under the LTIP 2011, participants were granted awards, which consisted of a combination of stock options and Phantom Stock. The final grant under the LTIP 2011 was made in December 2015. Awards under the LTIP 2011 were subject to a four-year vesting period. Vesting of the awards granted was subject to achievement of pre-defined performance targets. The 2011 SOP was established with a conditional capital increase up to €12,000 subject to the issue of up to twelve million non-par value bearer ordinary shares with a nominal value of €1.00 per share.

Stock options granted under the LTIP 2011 have an eight-year term and can be exercised for the first time after a four-year vesting period. The exercise price of stock options granted under the LTIP 2011 shall be the average stock exchange price on the Frankfurt Stock Exchange of the Company's shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the LTIP 2011 to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Stock options under the LTIP 2011 are not transferable by a participant or a participant's heirs, and may not be transferred, pledged, assigned, or disposed of otherwise.

Phantom Stock awards under the LTIP 2011 entitled the holders to receive payment in euro from the Company upon exercise of the Phantom Stock. The payment per Phantom Stock in lieu of the issuance of such stock was based upon the share price on the Frankfurt Stock Exchange of one of the Company's shares on the exercise date. Phantom Stock awards had a five-year term and could be exercised for the first time after a four-year vesting period. For participants who were U.S. taxpayers, the Phantom Stock was deemed to be exercised in any event in the month of March following the end of the vesting period.

New incentive bonus plan

Since January 1, 2020 and under the Company's new compensation system, the issuance of awards under the New Incentive Bonus Plan (NIBP) is no longer possible. In 2019, the members of the Management Board were eligible for performance-related compensation that depended upon achievement of pre-defined targets. The targets were measured based on the adjusted net income growth attributable to the shareholders of FMC AG & Co. KGaA at constant currency (Adjusted Net Income Growth), adjusted net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments (Adjusted Free Cash Flow) in percent of revenues and adjusted operating margin (Adjusted Operating Margin), and were derived from the comparison of targeted and actually achieved figures. Targets were divided into Company level targets and those to be achieved in individual regions and areas of responsibility.

Performance-related bonuses for 2019 consisted proportionately of a cash component and a cash-settled share-based component. Upon meeting the annual targets, the cash component for the year 2019 was paid in year 2020, after the consolidated financial statements for 2019 had been approved. The share-based component is subject to a three-year vesting period, although a shorter period may apply in special cases (e.g. occupational disability, retirement and employment contracts which were not extended by the Company). The amount of cash for the payment relating to the share-based component shall be based on the share price of Fresenius Medical Care AG & Co. KGaA ordinary shares upon exercise. For each of the members of the Management Board, the amount of the achievable pay component as well as of the allocation value of the cash-settled share-based compensation was capped.

Share-based compensation related to this plan for fiscal years ended 2020, 2019 and 2018 was €0, €2,623 and €3,414, respectively.

Information on holdings under share-based plans

At December 31, 2020 and 2019, the members of the Management Board and plan participants other than the members of the Management Board held the in TABLE 5.66 shown Performance Shares under the share-based plans.

T 5.66 **PERFORMANCE SHARES**

	2020			2019		
	Members of the Management Board	Other plan participants	Total	Members of the Management Board	Other plan participants	Total
MB LTIP 2020	159,607	–	159,607	–	–	–
LTIP 2019	8,869	1,522,102	1,530,971	–	797,659	797,659
MB LTIP 2019	102,435	12,564	114,999	102,435	12,564	114,999
NxStage LTIP	–	40,530	40,530	–	45,007	45,007
LTIP 2016	135,473	947,133	1,082,606	211,878	1,747,142	1,959,020

Additionally, at December 31, 2020, the members of the Management Board held 465,308 stock options (December 31, 2019: 452,989) and plan participants other than the members of the Management Board held 2,735,766 stock options (December 31, 2019: 3,036,000) under the 2011 SOP.

Members of the Management Board did not hold any Phantom Stock under the LTIP 2011 as of December 31, 2020 (December 31, 2019: 23,336). Plan participants other than the members of the Management Board also did not hold any Phantom Stock under the LTIP 2011 as of December 31, 2020 (December 31, 2019: 311,650).

Additional information on share-based plans

TABLE 5.67 provides reconciliations for stock options outstanding at December 31, 2020, as compared to December 31, 2019 and 2018.

T 5.67 **TRANSACTIONS**

	Options (in thousands)	Weighted average exercise price in €
Stock options for shares		
BALANCE AT DECEMBER 31, 2018	**3,896**	**68.85**
Granted	–	–
Exercised[1]	329	51.72
Forfeited	78	75.08
BALANCE AT DECEMBER 31, 2019	**3,489**	**70.32**
Granted	–	–
Exercised[2]	235	53.00
Expired	53	75.65
BALANCE AT DECEMBER 31, 2020	**3,201**	**71.50**

[1] The average share price at the date of exercise of the options was €67.62.
[2] The average share price at the date of exercise of the options was €71.75.

TABLE 5.68 ON PAGE 214 provides a summary of fully vested options outstanding and exercisable at December 31, 2020 and December 31, 2019, respectively.

During the fiscal years ended December 31, 2020, 2019, and 2018, the Company received cash of €12,445, €17,014 and €43,508, respectively, from the exercise of stock options (SEE NOTE 17). The intrinsic value of stock options exercised for the twelve-month periods ended December 31, 2020, 2019, and 2018 was €4,402, €5,231 and €29,440, respectively.

The compensation expense related to equity-settled stock option programs was determined based upon the fair value on the grant date and the number of stock options granted which was recognized over the four-year vesting period. In connection with the 2011 SOP, the Company incurred compensation expense of €0, €1,992 and €6,713 for the fiscal years ended December 31, 2020, 2019 and 2018, respectively.

T 5.68 **STOCK OPTIONS**

Range of exercise prices in €	2020 Outstanding Number of options	2020 Outstanding Weighted average remaining contractual life	2020 Outstanding Weighted average exercise price in €	2020 Exercisable Number of options	2020 Exercisable Weighted average exercise price in €	2019 Outstanding Number of options	2019 Outstanding Weighted average remaining contractual life	2019 Outstanding Weighted average exercise price in €	2019 Exercisable Number of options	2019 Exercisable Weighted average exercise price in €
45.01 - 50.00	630,870	1.44	49.91	630,870	49.91	767,001	2.38	49.90	767,001	49.90
50.01 - 55.00	-	-	-	-	-	825	0.93	52.27	825	52.27
55.01 - 60.00	31,080	1.92	58.63	31,080	58.63	133,375	1.24	57.68	133,375	57.68
60.01 - 65.00	-	-	-	-	-	-	-	-	-	-
65.01 - 70.00	-	-	-	-	-	-	-	-	-	-
70.01 - 75.00	-	-	-	-	-	-	-	-	-	-
75.01 - 80.00	2,539,124	2.58	77.03	2,539,124	77.03	2,587,788	3.58	77.03	2,587,788	77.03
TOTAL	**3,201,074**	**2.35**	**71.50**	**3,201,074**	**71.50**	**3,488,989**	**3.23**	**70.32**	**3,488,989**	**70.32**

The compensation expense related to cash-settled share-based payment transactions is determined based upon the fair value at the measurement date and the number of Phantom Stock or Performance Shares granted which will be recognized over the vesting period. The compensation expense that the Company recognized for Performance Shares for the fiscal years ended December 31, 2020, 2019 and 2018, respectively, is presented in TABLE 5.69.

T 5.69 **COMPENSATION EXPENSE RELATED TO CASH-SETTLED PLANS**
IN € THOUS

	2020	2019	2018
MB LTIP 2020	2,115	-	-
LTIP 2019	13,689	4,771	-
MB LTIP 2019	820	656	-
NxStage LTIP	513	572	-
LTIP 2016	21,864	30,304	4,152
LTIP 2011	1,894	5,724	(8,799)

Care Coordination stock incentive plans

In 2014, the Company established a subsidiary stock incentive plan for Sound. The Company divested its controlling interest in Sound on June 28, 2018 (SEE NOTE 4 C). For the years ended December 31, 2020 and 2019, the Company did not record stock compensation expense associated with the Sound subsidiary stock incentive plan (2018: €87,157).

21. LEASES

The Company leases land, buildings and improvements, machinery and equipment, as well as IT- and office equipment under various lease agreements.

Leasing in the consolidated statements of income

TABLE 5.70 shows the effects from lease agreements on the consolidated statements of income for the year ended December 31, 2020 and 2019.

T 5.70 **LEASING IN THE CONSOLIDATED STATEMENTS OF INCOME**
IN € THOUS

	2020	2019
Depreciation on right-of-use assets	703,999	700,276
Impairments on right-of-use assets	3,496	38,820
Expenses relating to short-term leases	49,532	52,108
Expenses relating to leases of low-value assets	27,359	25,239
Expenses relating to variable lease payments	12,442	10,814
Income from subleasing right-of-use assets	4,165	4,367
Interest expense on lease liabilities	159,148	171,724

For information regarding leases with related parties, SEE NOTE 5 B.

Leases in the consolidated balance sheets

At December 31, 2020 and 2019, the acquisition costs and the accumulated depreciation of right-of-use assets consisted of the following as shown in TABLES 5.71, 5.72 AND 5.73 ON PAGES 216 AND 217.

Depreciation expense is allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

Impairment losses are allocated within costs of revenue and selling, general and administrative expense, depending upon the area in which the asset is used.

For a maturity analysis of lease liabilities SEE NOTE 23.

Leasing in the consolidated statements of cash flows

Total cash outflows from leases were €951,066 for the year ended December 31, 2020 (€945,169 for the year ended December 31, 2019).

Leases that the Company entered into as a lessee that have not yet begun as of December 31, 2020 will result in future cash outflows of €123,679 (December 31, 2019: €254,171).

Potential future cash outflows resulting from purchase options of €41,215 were not reflected in the measurement of the lease liabilities as of December 31, 2020, as the exercise of the respective options is not reasonably certain (December 31, 2019: €56,507).

Potential future cash outflows resulting from extension options of €6,407,955 were not reflected in the measurement of the lease liabilities as of December 31, 2020, as the exercise of the respective options is not reasonably certain (December 31, 2019: €6,691,551). The major part of these potential future cash outflows relates to extension options in real estate lease agreements, primarily for dialysis clinics in the North America Segment. Individual lease agreements include multiple extension options. The Company uses extension options to obtain a high degree of flexibility in performing its business. These extension options held are exercisable solely by the Company.

Potential future cash outflows resulting from termination options of €3,374 were not reflected in the measurement of the lease liabilities as of December 31, 2020, as the exercise of the respective options is not reasonably certain (December 31, 2019: €3,493).

T 5.71 ACQUISITION COSTS
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2020
Right-of-use assets: Land	30,575	(2,240)	(24)	6,384	98	(283)	34,510
Right-of-use assets: Buildings and improvements	4,590,695	(375,099)	(12,391)	851,392	(613)	(36,199)	5,017,785
Right-of-use assets: Machinery and equipment	434,718	(34,013)	(1,346)	34,066	(35,189)	(7,334)	390,902
Right-of-use assets: Advance Payments	24	-	-	138	(58)	(104)	-
RIGHT-OF-USE ASSETS	**5,056,012**	**(411,352)**	**(13,761)**	**891,980**	**(35,762)**	**(43,920)**	**5,443,197**

	January 1, 2019	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2019
Right-of-use assets: Land	28,717	447	(14)	2,300	512	(1,387)	30,575
Right-of-use assets: Buildings and improvements	3,840,380	65,603	(3,577)	694,031	15,074	(20,816)	4,590,695
Right-of-use assets: Machinery and equipment	407,436	7,639	3,257	23,243	18,002	(24,859)	434,718
Right-of-use assets: Advance Payments	-	-	-	24	-	-	24
RIGHT-OF-USE ASSETS	**4,276,533**	**73,689**	**(334)**	**719,598**	**33,588**	**(47,062)**	**5,056,012**

T 5.72 DEPRECIATION
IN € THOUS

	January 1, 2020	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2020
Right-of-use assets: Land	4,502	(419)	(4)	4,242	-	(16)	(199)	8,106
Right-of-use assets: Buildings and improvements	613,926	(77,935)	(5,319)	604,493	3,496	(304)	(18,338)	1,120,019
Right-of-use assets: Machinery and equipment	112,469	(14,229)	(88)	95,264	-	(2,494)	(5,738)	185,184
Right-of-use assets: Advance Payments	-	-	-	-	-	-	-	-
RIGHT-OF-USE ASSETS	**730,897**	**(92,583)**	**(5,411)**	**703,999**	**3,496**	**(2,814)**	**(24,275)**	**1,313,309**

	January 1, 2019	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2019
Right-of-use assets: Land	-	14	(4)	3,936	134	128	294	4,502
Right-of-use assets: Buildings and improvements	-	(1,364)	(1,768)	581,081	38,686	3,424	(6,133)	613,926
Right-of-use assets: Machinery and equipment	-	(291)	(105)	115,259	-	21,930	(24,324)	112,469
Right-of-use assets: Advance Payments	-	-	-	-	-	-	-	-
RIGHT-OF-USE ASSETS	**-**	**(1,641)**	**(1,877)**	**700,276**	**38,820**	**25,482**	**(30,163)**	**730,897**

T 5.73 **BOOK VALUE**
IN € THOUS

	December 31, 2020	December 31, 2019
Right-of-use assets: Land	26,404	26,073
Right-of-use assets: Buildings and improvements	3,897,766	3,976,769
Right-of-use assets: Machinery and equipment	205,718	322,249
Right-of-use assets: Advance Payments	-	24
RIGHT-OF-USE ASSETS	**4,129,888**	**4,325,115**

22. COMMITMENTS AND CONTINGENCIES

Legal and regulatory matters

The Company is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Company currently deems to be material or noteworthy are described below. The Company records its litigation reserves for certain legal proceedings and regulatory matters to the extent that the Company determines an unfavorable outcome is probable and the amount of loss can be reasonably estimated. For the other matters described below, the Company believes that the loss probability is remote and / or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with the Company's view of the merits can occur. The Company believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

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

In the course of this dialogue, the Company identified and reported to the DOJ and the SEC, and took remedial actions with respect to, conduct that resulted in the DOJ and the SEC seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around the Company's products business in countries outside the United States.

On March 29, 2019, the Company entered into a non-prosecution agreement (NPA) with the DOJ and a separate agreement with the SEC intended to resolve fully and finally the U.S. government allegations against the Company arising from the investigations. Both agreements included terms starting August 2, 2019. The DOJ NPA is scheduled to terminate on August 2, 2022 and the dismissal of the SEC Order is scheduled to be on November 30, 2022. The Company paid a combined total in penalties and disgorgement of approximately $231,715 (€205,854) to the DOJ and the SEC in connection with these agreements. The entire amount paid to the DOJ and the SEC was reserved for in charges that the Company recorded in 2017 and 2018 and announced in 2018. As part of the resolution, the Company agreed to certain self-reporting obligations and to retain an independent compliance monitor. Due to COVID-19 pandemic restrictions, the monitorship program faced certain delays, but the Company is working to have all its obligations under the resolution with the DOJ and SEC finalized in 2022.

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

Since 2012, the Company has made and continues to make further significant investments in its compliance and financial controls and in its compliance, legal and financial organizations. The Company's remedial actions included separation from those employees responsible for the above-mentioned conduct. The Company is dealing with post-FCPA review matters on various levels. The Company continues to be fully committed to compliance with the FCPA and other applicable anti-bribery laws.

On October 30, 2020, Mexico's primary social security and health care agency filed a civil complaint in the United States District Court for the District of Massachusetts (Boston) asserting claims for common law fraud against the Company and FMCH. 2020 Civ. 11927-IT (E. D. Mass.). The allegations of the complaint rely on the Company's resolution under the FCPA. FMCH has been served and is proceeding to defend the litigation, initially by seeking dismissal based on improper venue and lack of jurisdiction. The Company has not been served.

Personal injury and related litigation, including litigation by certain state government agencies, involving FMCH's acid concentrate product, labeled as Granuflo® or Naturalyte®, first arose in 2012. The matters remaining after judicial decisions favorable to FMCH and settlement, including most significantly the settlement in the federal multi-district personal injury litigation consummated in November 2017, do not present material risk. Accordingly, specific reporting on these matters has been discontinued.

FMCH's insurers agreed to the settlement of the acid concentrate personal injury litigation and funded $220,000 (€179,284) of the settlement fund under a reciprocal reservation of rights. FMCH accrued a net expense of $60,000 (€48,896) in connection with the settlement, including legal fees and other anticipated costs. Following the settlement, FMCH's insurers in the AIG group initiated litigation against FMCH seeking to be indemnified by FMCH for their $220,000 (€179,284) outlay and FMCH initiated litigation against the AIG group to recover defense and indemnification costs FMCH had borne. National Union Fire Insurance v. Fresenius Medical Care, 2016 Index No. 653108 (Supreme Court of New York for New York County).

Discovery in the litigation is largely complete. The AIG group abandoned certain of its coverage claims and submitted expert reports on damages asserting that, if AIG prevails on all its remaining claims, it should recover $60,000 (€48,896). FMCH contests all of AIG's claims and submitted expert reports supporting rights to recover $108,000 (€88,012) from AIG, in addition to the $220,000 (€179,284) already funded. A trial date has not been set in the matter.

In August 2014, FMCH received a subpoena from the United States Attorney's Office (USAO) for the District of Maryland inquiring into FMCH's contractual arrangements with hospitals and physicians involving contracts relating to the management of in-patient acute dialysis services. On August 27, 2020, after the USAO declined to pursue the matter by intervening, the United States District Court for Maryland unsealed a 2014 relator's qui tam complaint that gave rise to the investigation. United States ex rel. Martin Flanagan v. Fresenius Medical Care Holdings, Inc., 2014 Civ. 00665 (D. Maryland). The relator has served the complaint and litigation is proceeding. In response to FMCH's motion to dismiss the unsealed complaint, the relator filed an amended complaint on February 5, 2021 making broad allegations about financial relationships between FMCH and nephrologists.

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act alleging a conspiracy pursuant to which certain Liberty Dialysis subsidiaries of FMCH overbilled Hawaii Medicaid for Liberty's Epogen® administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. Hawaii v. Liberty Dialysis–Hawaii, LLC et al., Case No. 15-1-1357-07 (Hawaii 1st Circuit). The State alleges that Liberty acted unlawfully by relying on incorrect and unauthorized billing guidance provided to Liberty by Xerox State Healthcare LLC, which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during the relevant period. With discovery concluded, the State has specified that its demands for relief relate to $7,700 (€6,275) in overpayments on approximately twenty thousand "claims" submitted by Liberty. After prevailing on motions by Xerox to preclude it from doing so, FMCH is pursuing third-party claims for contribution and indemnification against Xerox. The State's False Claims Act complaint was filed after Liberty initiated an administrative action challenging the State's recoupment of alleged overpayments from sums currently owed to Liberty. The civil litigation and administrative action are proceeding in parallel. Trial in the civil litigation has been postponed because of COVID-19-related administrative issues and has been rescheduled for January 2022.

On August 31, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) inquiring into FMCH's participation in and management of dialysis facility joint ventures in which physicians are partners. FMCH continues to cooperate in the Denver USAO investigation, which has come to focus on purchases and sales of minority interests in ongoing outpatient facilities between FMCH and physician groups.

On November 25, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) also inquiring into FMCH's involvement in certain dialysis facility joint ventures in New York. On September 26, 2018, the Brooklyn USAO declined to intervene on the qui tam complaint filed under seal in 2014 that gave rise to this investigation. CKD Project LLC v. Fresenius Medical Care, 2014 Civ. 06646 (E.D.N.Y. November 12, 2014). The court unsealed the complaint, allowing the relator to serve and proceed on its own. The relator–a special-purpose entity formed by law firms to pursue qui tam proceedings–has served its complaint and litigation is proceeding.

Beginning October 6, 2015, the United States Attorney for the Eastern District of New York (Brooklyn) has led an investigation, through subpoenas issued under the False Claims Act, of utilization and invoicing by FMCH's subsidiary Azura Vascular Care for a period beginning after FMCH's acquisition of American Access Care LLC (AAC) in October 2011. FMCH is cooperating in the Brooklyn USAO investigation. The Brooklyn USAO has indicated that its investigation is nationwide in scope and is focused on whether certain access procedures performed at Azura facilities were medically unnecessary and whether certain physician assistants employed by Azura exceeded their permissible scope of practice. Allegations against AAC arising in districts in Connecticut, Florida and Rhode Island relating to utilization and invoicing were settled in 2015.

On June 30, 2016, FMCH received a subpoena from the United States Attorney for the Northern District of Texas (Dallas) seeking information under the False Claims Act about the use and management of pharmaceuticals including Velphoro®. The investigation encompasses DaVita, Amgen, Sanofi, and other pharmaceutical manufacturers and includes inquiries into whether certain compensation transfers between manufacturers and pharmacy vendors constituted unlawful kickbacks. FMCH understands that this investigation is substantively independent of the $63,700 (€53,778) settlement by DaVita Rx announced on December 14, 2017 in the matter styled United States ex rel. Gallian v. DaVita Rx, 2016 Civ. 0943 (N.D. Tex.). FMCH believes that this investigation is no longer active as to FMCH and will cease reporting on it absent material developments.

On November 18, 2016, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) seeking documents and information relating to the operations of Shiel Medical Laboratory, Inc. (Shiel), which FMCH acquired in October 2013. In the course of cooperating in the investigation and preparing to respond to the subpoena, FMCH identified falsifications and misrepresentations in documents submitted by a Shiel salesperson that relate to the integrity of certain invoices submitted by Shiel for laboratory testing for patients in long-term care facilities. On February 21, 2017, FMCH terminated the employee and notified the United States Attorney of the termination and its circumstances. The terminated employee's conduct is expected to result in demands for FMCH to refund overpayments and to pay related penalties under applicable laws, but the monetary value of such payment demands cannot yet be reasonably estimated. FMCH contends that, under the asset sale provisions of its 2013 Shiel acquisition, it is not responsible for misconduct by the terminated employee or other Shiel employees prior to the date of the acquisition. The Brooklyn USAO continues to investigate a range of issues involving Shiel, including allegations of improper compensation (kickbacks) to physicians, and has disclosed that multiple sealed qui tam complaints underlie the investigation.

On December 12, 2017, FMCH sold to Quest Diagnostics certain Shiel operations that are the subject of this Brooklyn subpoena, including the misconduct reported to the United States Attorney. Under the Quest Diagnostics sale agreement, FMCH retains responsibility for responding to the Brooklyn investigation and for liabilities arising from conduct occurring after its 2013 acquisition of Shiel and prior to its sale of Shiel to Quest Diagnostics. FMCH is cooperating in the investigation.

On December 14, 2016, CMS, which administers the federal Medicare program, published an Interim Final Rule (IFR) titled "Medicare Program; Conditions for Coverage for End-Stage Renal Disease Facilities-Third Party Payment." The IFR would have amended the Conditions for Coverage for dialysis providers, like FMCH and would have effectively enabled insurers to reject premium payments made by or on behalf of patients who received grants for individual market coverage from the American Kidney Fund ("AKF" or "the Fund"). The IFR could thus have resulted in those patients losing individual insurance market coverage. The loss of coverage for these patients would have had a material and adverse impact on the operating results of FMCH.

On January 25, 2017, a federal district court in Texas responsible for litigation initiated by a patient advocacy group and dialysis providers including FMCH preliminarily enjoined CMS from implementing the IFR. Dialysis Patient Citizens v. Burwell, 2017 Civ. 0016 (E.D. Texas, Sherman Div.). The preliminary injunction was based on CMS's failure to follow appropriate notice-and-comment procedures in adopting the IFR. The injunction remains in place and the court retains jurisdiction over the dispute.

On June 22, 2017, CMS requested a stay of proceedings in the litigation pending further rulemaking concerning the IFR. CMS stated, in support of its request, that it expects to publish a Notice of Proposed Rulemaking in the Federal Register and otherwise pursue a notice-and-comment process. Plaintiffs in the litigation, including FMCH, consented to the stay, which was granted by the court on June 27, 2017.

On January 3, 2017, FMCH received a subpoena from the United States Attorney for the District of Massachusetts under the False Claims Act inquiring into FMCH's interactions and relationships with the AKF, including FMCH's charitable contributions to the Fund and the Fund's financial assistance to patients for insurance premiums. Thereafter, FMCH cooperated in the investigation, the USAO declined to intervene in the relator's qui tam complaint that gave rise to the subpoena. On July 17, 2020, the relator filed a notice of dismissal without serving his complaint or otherwise pursuing his allegations and the court thereafter closed the case.

On April 8, 2019, United Healthcare initiated arbitration against FMCH alleging that FMCH unlawfully "steered" patients by waiving co-payments and other means away from coverage under government-funded insurance plans including Medicare into United Healthcare's commercial plans, including Affordable Care Act exchange plans. FMCH denied and contested United's claims. On September 16, 2020, FMCH and United entered a settlement agreement requiring (1) certain amendments to contracts between United and FMCH governing terms and conditions for dialysis treatments to be performed by FMCH for United beneficiaries and (2) dismissal of the arbitrations with each party to bear its own costs and expenses.

In consideration of the prolonged absence of federal government activity, changes in administration, and resolution of the United Healthcare dispute, the Company believes that the previously reported matters involving charitable contributions do not present material risk. Accordingly, and absent new material developments, the Company will cease reporting on them.

In early May 2017, the United States Attorney for the Middle District of Tennessee (Nashville) issued identical subpoenas to FMCH and two subsidiaries under the False Claims Act concerning FMCH's retail pharmaceutical business. The investigation is exploring allegations related to improper inducements to dialysis patients to fill oral prescriptions through FMCH's pharmacy service, improper billing for returned pharmacy products and other allegations similar to those underlying the $63,700 (€53,778) settlement by DaVita Rx in Texas announced on December 14, 2017. United States ex rel. Gallian, 2016 Civ. 00943 (N.D. Tex.). FMCH is cooperating in the Nashville investigation.

On March 12, 2018, Vifor Fresenius Medical Care Renal Pharma Ltd. and Vifor Fresenius Medical Care Renal Pharma France S.A.S. (collectively, "VFMCRP") (SEE NOTE 5), filed a complaint for patent infringement against Lupin Atlantis Holdings SA and Lupin Pharmaceuticals Inc. (collectively, "Lupin"), and Teva Pharmaceuticals USA, Inc. (Teva) in the U.S. District Court for the District of Delaware (Case 1:18-cv-00390-MN). The patent infringement action is in response to Lupin and Teva's filings of Abbreviated New Drug Applications (ANDA) with the U.S. Food and Drug Administration (FDA) for generic versions of Velphoro®. Velphoro® is protected by patents listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book. The complaint was filed within the 45-day period provided for under the Hatch-Waxman legislation, and triggered a stay of FDA approval of the ANDAs for 30 months (specifically, up to July 29, 2020 for Lupin's ANDA; and August 6, 2020 for Teva's ANDA. In response to another ANDA being filed for a generic Velphoro®, VFMCRP filed a complaint for patent infringement against Annora Pharma Private Ltd., and Hetero Labs Ltd. (collectively, "Annora"), in the U.S. District Court for the District of Delaware on December 17, 2018. The case was settled among the parties, thus terminating the court action on August 4, 2020. On May 26, 2020, VFMCRP filed a further complaint for patent infringement against Lupin in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00697-MN) in response to Lupin's ANDA for a generic version of Velphoro® and on the basis of a newly listed patent in the Orange Book. On July 6, 2020, VFMCRP filed an additional complaint for patent infringement against Lupin and Teva in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00911-MN) in response to the companies' ANDA for generic versions of Velphoro® and on the basis of two newly listed patents in the Orange Book. All cases involving Lupin as defendant were settled among the parties, thus terminating the corresponding court actions on December 18, 2020.

On December 17, 2018, FMCH was served with a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) as part of an investigation of allegations against DaVita, Inc. involving transactions between FMCH and DaVita. The subject transactions include sales and purchases of dialysis facilities, dialysis-related products and pharmaceuticals, including dialysis machines and dialyzers, and contracts for certain administrative services. FMCH is cooperating in the investigation.

On June 28, 2019, certain FMCH subsidiaries filed a complaint against the United States seeking to recover monies owed to them by the United States Department of Defense under the Tricare program, and to preclude Tricare from recouping monies previously paid. Bio-Medical Applications of Georgia, Inc., et al. v. United States, CA 19-947, United States Court of Federal Claims. Tricare provides reimbursement for dialysis treatments and other medical care provided to members of the military services, their dependents and retirees. The litigation challenges unpublished administrative actions by Tricare administrators reducing the rate of compensation paid for dialysis treatments provided to Tricare beneficiaries based on a recasting or "crosswalking" of codes used and followed in invoicing without objection for many years. Tricare administrators have acknowledged the unpublished administrative action and declined to change or abandon it. On July 8, 2020, the U.S. government filed its answer (and confirmed their position). The parties will proceed to discovery. The court has not yet set a date for trial in this matter. FMCH has imposed a constraint on revenue otherwise recognized from the Tricare program that it believes, in consideration of facts currently known, sufficient to account for the risk of this litigation.

On May 22, 2020, CMS issued a final rule that, effective January 1, 2021, removes outpatient dialysis facilities from the time-and-distance standards applicable under the network adequacy rules for Medicare Advantage plans. On June 22, 2020, Dialysis Patient Citizens, a charitable patient advocacy organization, filed a lawsuit on behalf of all dialysis patients to challenge that rule, and on July 13, 2020, FMCH along with two other dialysis providers joined the lawsuit. Dialysis Patient Citizens, et al. v. Alex Azar, et al., U.S.D.C. D.C, 1:20-cv-01664. The plaintiffs sought to have the final rule regarding outpatient dialysis facilities vacated and to enjoin CMS from enforcing those provisions. On January 19, 2021, the court granted the defendant's motion to dismiss the case without prejudice.

On August 21, 2020, FMCH was served with a subpoena from the United States Attorney for the District of Massachusetts requesting information and documents related to urgent care centers that FMCH owned, operated, or controlled as part of its ChoiceOne and Medspring urgent care operations prior to its divestiture of and exit from that line of business in 2018. The subpoena appears to be related to an ongoing investigation of alleged upcoding in the urgent care industry,

which has resulted in certain published settlements under the federal False Claims Act. FMCH is cooperating in the investigation.

From time to time, the Company is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, like other health care providers, insurance plans and suppliers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories, dialysis clinics and other health care facilities, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Company could be subject to significant adverse regulatory actions by the FDA and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority which may require the Company to expend significant time and resources in order to implement appropriate corrective actions. If the Company does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of the Company's products and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to one pending FDA warning letter. The Company must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law, the federal Civil Monetary Penalties Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from the Company's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, the Company's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to the Company's compliance with applicable laws and regulations. The Company may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

The Company operates many facilities and handles the personal data (PD) of its patients and beneficiaries throughout the United States and other parts of the world and engages with other business associates to help it carry out its health care activities. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies and its business associates. On occasion, the Company or its business associates may experience a breach under the Health Insurance Portability and Accountability Act Privacy Rule and Security Rules, the EU's General Data Protection Regulation and or other similar laws (Data Protection Laws) when there has been impermissible use, access, or disclosure of unsecured PD or when the Company or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or a data breach that results in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries. On those occasions, the Company must comply with applicable breach notification requirements.

The Company relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of its employees. On occasion, the Company may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene the Company's policies or violate applicable law. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act, Data Protection Laws, the Health Information Technology for Economic and Clinical Health Act and the Foreign Corrupt Practices Act, among other laws and comparable state laws or laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Company has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Company maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Company or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

The Company has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

In Germany, the tax audits for the years 2006 through 2009 have been substantially completed. The German tax authorities have indicated a re-qualification of dividends received in connection with intercompany mandatorily redeemable preferred shares into fully taxable interest payments for these and subsequent years until 2013. The Company has defended its position and will avail itself of appropriate remedies. The Company is also subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions in the ordinary course of business. Tax authorities routinely pursue adjustments to the Company's tax returns and disallowances of claimed tax deductions. When appropriate, the Company defends these adjustments and disallowances and asserts its own claims. A successful tax related claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition and results of operations.

Other than those individual contingent liabilities mentioned above, the current estimated amount of the Company's other known individual contingent liabilities is immaterial. For further information regarding the Company's purchase commitments, SEE NOTE 8 AND NOTE 10.

23. FINANCIAL INSTRUMENTS

TABLES 5.74 STARTING ON PAGE 223 AND 5.75 STARTING ON PAGE 224 show the carrying amounts and fair values of the Company's financial instruments at December 31, 2020 and December 31, 2019.

Derivative and non-derivative financial instruments are categorized in the following three-tier fair value hierarchy that reflects the significance of the inputs in making the measurements. Level 1 inputs are quoted prices in active markets. Level 2 is defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring the Company to develop its own assumptions. Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of fair value due to the relatively short period of maturity of these instruments. Transfers between levels of the fair value hierarchy have not occurred as of December 31, 2020. The Company accounts for transfers at the end of the reporting period. At September 30, 2019 the Company transferred its Humacyte investment with a carrying amount of €186,427 from Level 2 to Level 3, because the Company remeasured the fair value using a discounted cash flow model after events or changes in circumstances were identified that had a significant effect on the fair value of the investment.

Non-derivative financial instruments

The significant methods and assumptions used for the classification and measurement of non-derivative financial instruments are as follows:

The Company assessed its business models and the cash flow characteristics of its financial assets. The vast majority of the non-derivative financial assets are held in order to collect the contractual cash flows. The contractual terms of the financial assets allow the conclusion that the cash flows represent payment of principle and interest only. Trade accounts and other receivables from unrelated parties, Accounts receivable from related parties and Other financial assets are consequently measured at amortized cost.

Cash and cash equivalents are comprised of cash funds and other short-term investments. Cash funds are measured at amortized cost. Short-term investments are highly liquid and readily convertible to known amounts of cash. Short-term investments are measured at FVPL. The risk of changes in fair value is insignificant.

T 5.74 **CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS**
IN € THOUS

December 31, 2020	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents[1]	781,029	300,510	-	-	1,081,539	300,367	143	-
Trade accounts and other receivables from unrelated parties	3,080,770	-	-	72,275	3,153,045	-	-	-
Accounts receivable from related parties	91,438	-	-	-	91,438	-	-	-
Derivatives - cash flow hedging instruments	-	-	-	1,130	1,130	-	1,130	-
Derivatives - not designated as hedging instruments	-	5,367	-	-	5,367	-	5,367	-
Equity investments	-	191,739	56,911	-	248,650	11,911	48,221	188,518
Debt securities	-	103,387	297,954	-	401,341	396,392	4,949	-
Other financial assets	195,926	-	-	108,830	304,756	-	-	-
Other current and non-current assets	195,926	300,493	354,865	109,960	961,244	-	-	-
FINANCIAL ASSETS	**4,149,163**	**601,003**	**354,865**	**182,235**	**5,287,266**	-	-	-
Accounts payable to unrelated parties	731,993	-	-	-	731,993	-	-	-
Accounts payable to related parties	95,401	-	-	-	95,401	-	-	-
Short-term debt	79,270	-	-	-	79,270	-	-	-
Long-term debt	7,808,460	-	-	-	7,808,460	6,764,681	1,404,640	-
Lease liabilities	-	-	-	4,492,287	4,492,287	-	-	-
Derivatives - cash flow hedging instruments	-	-	-	1,667	1,667	-	1,667	-
Derivatives - not designated as hedging instruments	-	39,281	-	-	39,281	-	39,281	-
Variable payments outstanding for acquisitions	-	66,359	-	-	66,359	-	-	66,359
Put option liabilities	-	-	-	882,422	882,422	-	-	882,422
Other financial liabilities	1,537,783	-	-	-	1,537,783	-	-	-
Other current and non-current liabilities	1,537,783	105,640	-	884,089	2,527,512	-	-	-
FINANCIAL LIABILITIES	**10,252,907**	**105,640**	-	**5,376,376**	**15,734,923**	-	-	-

[1] Highly liquid short-term investments are mainly categorized in level 1 of the fair value hierarchy. Cash and cash equivalents measured at amortized cost is not categorized.

T 5.75 **CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS**
IN € THOUS

December 31, 2019	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents[1]	841,046	166,677	-	-	1,007,723	166,677	-	-
Trade accounts and other receivables from unrelated parties	3,343,873	-	-	77,473	3,421,346	-	-	-
Accounts receivable from related parties	159,196	-	-	-	159,196	-	-	-
Derivatives - cash flow hedging instruments	-	-	-	107	107	-	107	-
Derivatives - not designated as hedging instruments	-	2,406	-	-	2,406	-	2,406	-
Equity investments	-	186,273	50,975	-	237,248	13,110	41,084	183,054
Debt securities	-	107,988	261,833	-	369,821	365,170	4,651	-
Other financial assets	141,355	-	-	111,649	253,004	-	-	-
Other current and non-current assets	141,355	296,667	312,808	111,756	862,586	-	-	-
FINANCIAL ASSETS	**4,485,470**	**463,344**	**312,808**	**189,229**	**5,450,851**	-	-	-
Accounts payable to unrelated parties	716,526	-	-	-	716,526	-	-	-
Accounts payable to related parties	118,663	-	-	-	118,663	-	-	-
Short-term debt	1,171,853	-	-	-	1,171,853	-	-	-
Long-term debt	7,905,557	-	-	-	7,905,557	5,555,475	2,537,932	-
Lease liabilities	-	-	-	4,705,038	4,705,038	-	-	-
Derivatives - cash flow hedging instruments	-	-	-	2,534	2,534	-	2,534	-
Derivatives - not designated as hedging instruments	-	10,762	-	-	10,762	-	10,762	-
Variable payments outstanding for acquisitions	-	89,677	-	-	89,677	-	-	89,677
Put option liabilities	-	-	-	934,425	934,425	-	-	934,425
Other financial liabilities	1,414,464	-	-	-	1,414,464	-	-	-
Other current and non-current liabilities	1,414,464	100,439	-	936,959	2,451,862	-	-	-
FINANCIAL LIABILITIES	**11,327,063**	**100,439**	-	**5,641,997**	**17,069,499**	-	-	-

[1] Highly liquid short-term investments are categorized in level 1 of the fair value hierarchy. Cash and cash equivalents measured at amortized cost is not categorized.

Equity investments are not held for trading. At initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic investments in OCI. All equity investments for which changes in fair value are recorded in OCI relate to purchases of publicly traded shares or percentage ownership of companies in the health sciences or adjacent fields and are made up of individually non-significant investments. At December 31, 2020, the Company held 12 non-listed equity investments (December 31, 2019: 12) and 1 listed equity investment (December 31, 2019: 1). During 2020, gains of €11,385 were transferred from OCI to retained earnings as one investment was disposed of and another was fully consolidated during the year. There were no dividends recognized during 2020 and 2019 from these equity investments. If equity investments are quoted in an active market, the fair value is based on price quotations at the period-end-date. From time to time the Company engages external valuation firms to determine the fair value of Level 3 equity investments. The external valuation uses a discounted cash flow model, which includes significant unobservable inputs such as investment specific forecasted financial statements, weighted average cost of capital, that reflects current market assessments as well as a terminal growth rate. The Company's listed and non-listed equity investments measured at FVOCI had the fair values shown in TABLE 5.76 at December 31, 2020 and 2019.

T 5.76 **EQUITY INVESTMENTS MEASURED AT FVOCI**
IN € THOUS

	2020	2019
Listed equity investments	11,911	13,110
Non-listed equity investments	45,000	37,865
Equity investments FVOCI	**56,911**	**50,975**

The majority of the debt securities are held within a business model whose objective is achieving both contractual cash flows and sell the securities. The standard coupon bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount. Subsequently these financial assets have been classified as FVOCI. The smaller part of debt securities does not give rise to cash flows that are solely payments of principle and interest. Consequently, these securities are measured at FVPL. In general, most of the debt securities are quoted in an active market.

Long-term debt is initially recognized at its fair value. The fair values of major long-term debt are calculated on the basis of market information. Liabilities for which market quotes are available are measured using these quotes. The fair values of the other long-term debt are calculated at the present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Company as of the balance sheet date are used.

Variable payments outstanding for acquisitions are recognized at their fair value. The estimation of the individual fair values is based on the key inputs of the arrangement that determine the future contingent payment as well as the Company's expectation of these factors. The Company assesses the likelihood and timing of achieving the relevant objectives. The underlying assumptions are reviewed regularly.

Put option liabilities are recognized at the present value of the exercise price of the option. The exercise price of the option is generally based on fair value. The methodology the Company uses to estimate the fair values assumes the greater of net book value or a multiple of earnings, based on historical earnings, development stage of the underlying business and other factors. From time to time the Company engages external valuation firms for the valuation of the put options. The external valuation estimates the fair values using a combination of discounted cash flows and a multiple of earnings and / or revenue. The put option liabilities are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The estimated fair values of these put options can also fluctuate, and the discounted cash flows as well as the implicit multiple of earnings and / or revenue at which these obligations may ultimately be settled could vary significantly from the Company's current estimates depending upon market conditions. For the purpose of analyzing the impact of changes in unobservable inputs on the fair value measurement of put option liabilities, the Company assumes an increase on earnings of 10 % compared to the actual estimation as of the balance sheet date. The corresponding increase in fair value of €63,362 is then compared to the total liabilities and the shareholder's equity of the Company. This analysis shows that an increase of 10 % in the relevant earnings would have an effect of less than 1 % on the total liabilities and less than 1 % on the shareholder's equity of the Company.

At December 31, 2020, 2019 and 2018 the Company's potential obligations under these put option liabilities, which are recorded in other current liabilities and other non-current liabilities, were €882,422, €934,425 and €818,871, respectively. At December 31, 2020, 2019 and 2018, put option liabilities with an aggregate purchase obligation of €395,759, €385,924 and €408,525, respectively, were exercisable. In the last three fiscal years ending December 31, 2020, 231 such put options have been exercised for a total consideration of €98,936.

T 5.77 **RECONCILIATION FROM BEGINNING TO ENDING BALANCE OF LEVEL 3 FINANCIAL INSTRUMENTS**
IN € THOUS

	2020			2019			2018	
	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities	Variable payments outstanding for acquisitions	Put option liabilities
Beginning balance at January 1	183,054	89,677	934,425	-	172,278	818,871	205,792	830,773
Transfer from Level 2	-	-	-	186,427	-	-	-	-
Increase	-	17,253	51,388	2,233	4,828	109,109	19,051	53,731
Decrease	-	(35,764)	(99,877)	-	(43,941)	(20,269)	(15,734)	(50,706)
Gain / loss recognized in profit or loss[1]	22,489	(1,996)	-	128	(41,537)	-	(36,327)	-
Gain / loss recognized in equity	-	-	73,993	-	-	14,523	-	(48,075)
Foreign currency translation and other changes	(17,025)	(2,811)	(77,507)	(5,734)	(1,951)	12,191	(504)	33,148
ENDING BALANCE AT DECEMBER 31	**188,518**	**66,359**	**882,422**	**183,054**	**89,677**	**934,425**	**172,278**	**818,871**

[1] Includes realized and unrealized gains / losses.

TABLE 5.77 is a roll forward of Level 3 financial instruments at December 31, 2020, 2019 and 2018.

Derivative financial instruments

Derivative financial risks

The Company is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Company issues bonds and enters mainly into long-term credit agreements with banks. Due to these financing activities, the Company is exposed to changes in the interest rate as well as to price risks of balance sheet items with a fixed interest rate.

In order to manage the risk of currency exchange rate and interest rate fluctuations, the Company enters into various hedging transactions by means of derivative instruments with highly rated financial institutions (generally investment grade) as authorized by the Company's General Partner. On a quarterly basis, the Company performs an assessment of its counterparty credit risk. The Company currently considers this risk to be low (as the counterparties are generally investment grade). The Company's policy, which has been consistently followed, is that financial derivatives be used only for the purpose of hedging foreign currency and interest rate exposure.

In certain instances, the Company enters into derivative contracts that do not qualify for hedge accounting but are utilized for economic purposes (economic hedges). The Company does not use financial instruments for trading purposes. The Company established guidelines for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

To reduce the credit risk arising from derivatives the Company entered into Master Netting Agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

These master netting agreements do not provide a basis for offsetting the fair values of derivative financial instruments in the statement of financial position as the offsetting criteria under IFRS are not satisfied.

At December 31, 2020 and December 31, 2019, the Company had €6,452 and €2,108 of derivative financial assets subject to netting arrangements and €40,724 and €12,355 of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €1,192 and €137 as well as net liabilities of €35,464 and €10,384 at December 31, 2020 and December 31, 2019, respectively.

The Company calculates benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and reasonable market rates. Depending on the individual benchmarks, hedging strategies are agreed on and implemented.

In connection with the issuance of the Convertible Bonds in September 2014, the Company purchased Share Options. Any change in the Company's share price above the conversion price would be offset by a corresponding value change in the Share Options. The Share Options expired in November 2019.

Market risk

Foreign exchange risk management

The Company conducts business on a global basis in various currencies, though a majority of its operations are in Germany and the United States. For financial reporting purposes, the Company reports in euro pursuant to Section 315e and Section 244 HGB. Therefore, changes in the rate of exchange between the euro and the local currencies in which the financial statements of the Company's international operations are maintained, affect its results of operations and financial position as reported in its consolidated financial statements.

Additionally, individual subsidiaries are exposed to transactional risks mainly resulting from intercompany purchases between production sites and other subsidiaries with different functional currencies. This exposes the subsidiaries to fluctuations in the rate of exchange between the invoicing currencies and the currency in which their local operations are conducted. For the purpose of hedging existing and foreseeable foreign exchange transaction exposures the Company enters into foreign exchange forward contracts.

The notional amounts of foreign exchange contracts in place that are designated and qualify as cash flow hedges totaled €134,637 and €115,263 at December 31, 2020 and December 31, 2019, respectively. At December 31, 2020, the Company had foreign exchange derivatives with maturities of up to 14 months. Earnings of the Company were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives matched mainly the critical terms of the underlying exposures.

The Company also enters into derivative contracts for forecasted product purchases and sales and for intercompany loans in foreign currencies which do not qualify for hedge accounting but are utilized for economic hedges as defined above. The notional amounts of economic hedges totaled €1,537,416 and €626,585 at December 31, 2020 and December 31, 2019, respectively.

The Company uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following twelve months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations of the preceding 250 business days. The calculation is made assuming a confidence level of 95 % and a holding period of up to one year. The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i.e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. Based on a net exposure of €1,565,589, the Company's CFaR amounts to €59,557 at December 31, 2020, this means with a probability of 95 % a potential loss in relation to the forecasted foreign exchange cash flows of the next twelve months will be not higher than €59,557.

TABLE 5.78 shows the average hedging rate and the nominal amount of the foreign exchange forward contracts for the currencies with highest hedging volume at December 31, 2020.

T 5.78 **SIGNIFICANT CURRENCY PAIRS**
IN € THOUS

	Nominal amount	Average hedging rate
EUR / USD	988,595	1.1902
EUR / AUD	212,264	1.6303
EUR / GBP	58,273	0.9041

Interest rate risk management

The Company's interest rate risks mainly arise from money market and capital market transactions of the group for financing its business activities.

For purposes of analyzing the impact of changes in the relevant reference interest rates on the Company's results of operations, the Company calculates the portion of financial debt which bears variable interest rate and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Company assumes an increase in the Reference Rates of 0.5 % compared to the actual rates as of the balance sheet date. The corresponding additional annual interest expense is then compared to the Company's net income. This analysis shows that an increase of 0.5 % in the relevant Reference Rates would have an effect of less than 1 % on the consolidated net income and less than 0.1 % on the shareholder's equity of the Company.

In addition, the Company also entered into interest rate hedges (pre-hedges) in anticipation of future long-term debt issuance. These pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future long-term debt issuance and which could rise until the respective debt is actually issued. These pre-hedges were settled at the issuance date of the corresponding long-term debt with the settlement amount recorded in AOCI amortized to interest expense over the life of the debt. At December 31, 2020 and December 31, 2019, the Company had €7,572 and €9,249, respectively, related to settlements of pre-hedges deferred in AOCI, net of tax.

Derivative financial instruments valuation

TABLE 5.79 shows the carrying amounts of the Company's derivatives at December 31, 2020 and December 31, 2019.

The significant methods and assumptions used in estimating the fair values of derivative financial instruments are as follows:

The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the balance sheet date. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the applicable currency.

The Company's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Company monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The default probability is based upon the credit default swap spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is performed by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

T 5.79 **DERIVATIVE FINANCIAL INSTRUMENTS VALUATION**
IN € THOUS

	2020		2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Current				
Foreign exchange contracts	1,103	(1,642)	107	(2,484)
Non-current				
Foreign exchange contracts	27	(25)	–	(50)
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS	**1,130**	**(1,667)**	**107**	**(2,534)**
Current				
Foreign exchange contracts	5,367	(39,281)	2,406	(10,762)
Non-current				
Foreign exchange contracts	–	–	–	–
DERIVATES NOT DESIGNATED AS HEDGING INSTRUMENTS	**5,367**	**(39,281)**	**2,406**	**(10,762)**

The effect of financial instruments on the consolidated statements of income

The effects of financial instruments recorded in the consolidated statements of income consist of interest income of €41,137 (2019: €59,448), interest expense of €407,065 (2019: €486,039) as well as expected credit losses of €28,302 (2019: €42,315).

In the fiscal year 2020 net losses from foreign currency transactions amount to €15,919 (2019: net losses €4,901).

TABLE 5.80 shows the effect of derivatives in cash flow hedging relationship on the consolidated financial statement.

TABLE 5.81 ON PAGE 230 shows the effect of derivatives not designated as hedging instruments on the consolidated financial statements.

TABLE 5.82 ON PAGE 230 shows when the cash flow from derivative financial instruments is expected to occur.

Credit risk

The Company is exposed to potential losses in the event of non-performance by counterparties. With respect to derivative financial instruments it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions (generally investment grade). The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value at the balance sheet date. The maximum credit exposure of all derivatives amounted to €6,497 at December 31, 2020 (2019: €2,513). The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all financial assets. In order to control this credit risk, the Company's management carries out an aging analysis of trade accounts and other receivables from unrelated parties. For details on the aging analysis and on expected credit losses, please SEE NOTE 7.

T 5.80 **THE EFFECT OF DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS ON THE CONSOLIDATED FINANCIAL STATEMENTS**
IN € THOUS

	Fair value gain (loss) recognized in AOCI on hedging instrument (hedge reserve)		Fair value gain (loss) recognized in AOCI on hedging instrument (cost of hedging)		Location of reclassified amounts from AOCI	Amount reclassified from hedge reserve		Amount reclassified from cost of hedging	
	2020	2019	2020	2019		2020	2019	2020	2019
Interest rate contracts	–	(12,807)	–	–	Interest income / expense	1,249	2,753	–	–
Foreign exchange contracts	6,123	(3,189)	(2,062)	(1,473)	thereof:				
					Revenue	(4,612)	1,331	1,990	1,480
					Costs of revenue	(2,662)	2,509	3,085	(1,913)
					Inventories	(286)	(269)	(46)	(55)
TOTAL	**6,123**	**(15,996)**	**(2,062)**	**(1,473)**		**(6,311)**	**6,324**	**5,029**	**(488)**

T 5.81 **THE EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS**
IN € THOUS

	Location of (gain) loss recognized in income on derivatives	Amount of (gain) loss recognized in income on derivatives for the year ended, December 31	
		2020	2019
Foreign exchange contracts	Selling, general and administrative expenses	48,925	7,686
Foreign exchange contracts	Interest income / expense	3,800	16,491
Derivatives embedded in the Convertible Bonds	Interest income / expense	–	(11,820)
Share Options to secure the Convertible Bonds	Interest income / expense	–	11,820
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS		**52,725**	**24,177**

T 5.82 **CASH FLOW FROM DERIVATIVE FINANCIAL INSTRUMENTS**
IN € THOUS

	Expected in period of			
	Less than 1 year	1 – 3 years	3 – 5 years	Over 5 years
2020				
Designated as hedging instrument	(539)	2	–	–
Not designated as hedging instrument	(33,914)	–	–	–
2019				
Designated as hedging instrument	(2,377)	(50)	–	–
Not designated as hedging instrument	(8,356)	–	–	–

Liquidity risk

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Company manages the liquidity of the group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Company's management believes that existing credit facilities, net cash provided by operating activities and additional short-term debt are sufficient to meet the Company's foreseeable demand for liquidity (SEE NOTE 13).

TABLE 5.83 ON PAGE 231 shows all non-discounted payments agreed by contract concerning financial liabilities and derivative financial instruments recorded in the consolidated balance sheets.

T 5.83 PAYMENTS AGREED BY CONTRACTS
IN € THOUS

	Payments due by period of			
	Less than 1 year	1 - 3 years	3 - 5 years	Over 5 years
2020				
Accounts payable to unrelated parties	731,993	1	-	-
Accounts payable to related parties	95,401	-	-	-
Other current financial liabilities	1,537,782	-	-	-
Short-term debt[1]	79,270	-	-	-
Amended 2012 Credit Agreement[2]	138,326	1,043,542	-	-
Bonds	976,211	1,416,985	987,015	4,031,570
Other long-term debt	53,097	66,310	70,339	48,332
Lease liabilities[1]	735,890	1,375,720	1,026,391	2,053,642
Variable payments outstanding for acquisitions	19,313	18,687	28,261	8,273
Put option liabilities	645,784	102,142	93,357	74,648
Letters of credit	11,091	-	-	-
Derivative financial instruments - in cash flow hedging relationships	1,642	25	-	-
Derivative financial instruments - not designated as hedging instrument	39,281	-	-	-
2019				
Accounts payable to unrelated parties	716,526	-	-	-
Accounts payable to related parties	118,663	-	-	-
Other current financial liabilities	1,414,464	-	-	-
Short-term debt[1]	1,171,853	-	-	-
Amended 2012 Credit Agreement[2]	577,115	1,424,798	-	-
Bonds and Convertible Bonds	1,004,042	1,686,586	1,109,894	2,166,434
Accounts Receivable Facility[2]	7,518	387,468	-	-
Other long-term debt	68,078	66,531	74,131	49,467
Lease liabilities[1]	789,145	1,479,119	1,112,401	2,190,926
Variable payments outstanding for acquisitions	34,253	26,710	26,325	9,503
Put option liabilities	654,963	114,950	136,163	69,190
Letters of credit	21,893	-	-	-
Derivative financial instruments - in cash flow hedging relationships	2,484	50	-	-
Derivative financial instruments - not designated as hedging instrument	10,762	-	-	-

[1] Includes amounts from related parties.
[2] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2020 and 2019.

24. OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of other comprehensive income (loss) for the years ended December 31, 2020, 2019, and 2018 are shown in TABLE 5.84.

T 5.84 **OTHER COMPREHENSIVE INCOME (LOSS)**
IN € THOUS

	2020			2019			2018		
	Pretax	Tax effect	Net	Pretax	Tax effect	Net	Pretax	Tax effect	Net
Components that will not be reclassified to profit or loss									
Equity method investees - share of OCI	58,166	-	58,166	-	-	-	-	-	-
FVOCI equity investments	19,439	(2,326)	17,113	-	-	-	-	-	-
Actuarial gain (loss) on defined benefit pension plans	4,176	(1,191)	2,985	(99,613)	30,245	(69,368)	(28,070)	7,713	(20,357)
Components that may be reclassified subsequently to profit or loss									
Foreign currency translation adjustment	(1,359,397)	-	(1,359,397)	263,835	-	263,835	327,317	-	327,317
FVOCI debt securities	29,096	(5,048)	24,048	-	-	-	-	-	-
Other comprehensive income (loss) relating to cash flow hedges									
Changes in fair value of cash flow hedging reserve during the period	6,123	(1,839)	4,284	(15,996)	3,892	(12,104)	4,924	(1,301)	3,623
Cost of hedging	(2,062)	608	(1,454)	(1,473)	460	(1,013)	(2,244)	603	(1,641)
Reclassification adjustments	(1,282)	482	(800)	5,836	(1,678)	4,158	20,880	(6,036)	14,844
Total other comprehensive income (loss) relating to cash flow hedges	2,779	(749)	2,030	(11,633)	2,674	(8,959)	23,560	(6,734)	16,826
OTHER COMPREHENSIVE INCOME (LOSS)	**(1,245,741)**	**(9,314)**	**(1,255,055)**	**152,589**	**32,919**	**185,508**	**322,807**	**979**	**323,786**

25. SUPPLEMENTARY CASH FLOW INFORMATION

The additional information in TABLE 5.85 is provided with respect to net cash provided by (used in) investing activities for the years ended December 31, 2020, 2019 and 2018.

T 5.85 **DETAILS FOR NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**
IN € THOUS

	2020	2019	2018
Details for acquisitions			
Assets acquired	(337,300)	(2,639,432)	(360,375)
Liabilities assumed	41,761	260,120	21,122
Put option liabilities	26,801	72,151	11,901
Noncontrolling interests	10,339	65,217	45,319
Non-cash consideration	33,804	26,637	28,530
Cash paid	(224,595)	(2,215,307)	(253,503)
Less cash acquired	9,759	55,210	3,538
NET CASH PAID FOR ACQUISITIONS	**(214,836)**	**(2,160,097)**	**(249,965)**
Cash paid for investments	**(10,899)**	**(23,290)**	**(109,948)**
Cash paid for intangible assets	**(33,250)**	**(37,972)**	**(85,103)**
TOTAL CASH PAID FOR ACQUISITIONS AND INVESTMENTS, NET OF CASH ACQUIRED, AND PURCHASES OF INTANGIBLE ASSETS	**(258,985)**	**(2,221,359)**	**(445,016)**
Details for divestitures			
Cash received from sale of subsidiaries or other businesses, less cash disposed[1]	14,608	43,317	1,532,724
Cash received from repayment of loans	–	–	79
PROCEEDS FROM DIVESTITURES	**14,608**	**43,317**	**1,532,803**

[1] In 2018, cash received from sale of subsidiaries or other businesses, less cash disposed included a cash payment of €142,593 relating to tax payments in connection with the divestiture of Sound.

In connection with divestitures which occurred during 2018, the Company divested, in aggregate, assets, excluding cash, of €1,100,315, liabilities of €296,857, put option liabilities of €469 and noncontrolling interests of €16,540.

TABLE 5.86 ON PAGE 234 shows a reconciliation of debt to net cash provided by (used in) financing activities for 2020.

TABLE 5.87 ON PAGE 234 shows a reconciliation of debt to net cash provided by (used in) financing activities for 2019.

T 5.86 RECONCILIATION OF DEBT TO NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES
IN € THOUS

			Non-cash changes				
	January 1, 2020	Cash Flow	Acquisitions (net of divestitures)	Foreign currency translation	Amortization of debt issuance costs	Other[1]	December 31, 2020
Short-term debt from unrelated parties	1,149,988	(1,091,410)	4,093	(3,431)	-	3,710	62,950
Short-term debt from related parties	21,865	(5,469)	-	-	-	(76)	16,320
Long-term debt (excluding Accounts Receivable Facility)[2]	7,525,987	557,433	22,644	(309,632)	10,466	1,562	7,808,460
Accounts Receivable Facility	379,570	(373,840)	-	(6,385)	655	-	-
Lease liabilities from unrelated parties	4,582,092	(683,614)	(9,583)	(349,656)	-	813,028	4,352,267
Lease liabilities from related parties	122,946	(20,185)	-	(169)	-	37,428	140,020

[1] Includes newly concluded leases, lease modifications and reassessments of leases with third parties and related parties.
[2] Cash Flow excluding repayments of variable payments outstanding for acquisitions in the amount of €22,746.

T 5.87 RECONCILIATION OF DEBT TO NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES
IN € THOUS

			Non-cash changes				
	January 1, 2019[1]	Cash Flow	Acquisitions (net of divestitures)	Foreign currency translation	Amortization of debt issuance costs	Other[2]	December 31, 2019
Short-term debt from unrelated parties	1,205,294	(70,398)	14,611	618	-	(137)	1,149,988
Short-term debt from related parties	188,900	(167,111)	-	-	-	76	21,865
Long-term debt (excluding Accounts Receivable Facility)[3]	6,115,890	1,285,603	22,815	85,424	15,147	1,108	7,525,987
Accounts Receivable Facility	-	381,430	-	(2,435)	575	-	379,570
Lease liabilities from unrelated parties	4,451,081	(671,403)	2,141	81,817	-	718,456	4,582,092
Lease liabilities from related parties	137,494	(16,340)	-	35	-	1,757	122,946

[1] Line item „Long-term Debt (excluding Accounts Receivable Facility)" as of December 31, 2018, was labeled as "Long-term debt and capital lease obligations (excluding Accounts Receivable Facility)" and included liabilities from capital leases in accordance with IAS 17 of €36,144; As of January 1, 2019, these liabilities have been transferred to the line item "Lease liabilities". Furthermore, upon the initial application of IFRS 16 as of January 1, 2019, Lease liabilities from unrelated parties of €4,414,937 and Lease liabilities from related parties of €137,494 were recognized.
[2] Includes newly concluded leases, lease modifications and reassessments of leases with third parties and related parties.
[3] Cash Flow excluding repayments of variable payments outstanding for acquisitions in the amount of €41,803.

26. SEGMENT AND CORPORATE INFORMATION

The Company's operating segments are the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment. The operating segments are determined based upon how the Company manages its businesses with geographical responsibilities. All segments are primarily engaged in providing health care services and the distribution of products and equipment for the treatment of ESRD and other extracorporeal therapies.

Management evaluates each segment using measures that reflect all of the segment's controllable revenues and expenses. With respect to the performance of business operations, management believes that the most appropriate measures are revenue, operating income and operating income margin. The Company does not include income taxes as it believes taxes are outside the segments' control. Financing is a corporate function, which the Company's segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measurement. Similarly, the Company does not allocate certain costs, which relate primarily to certain headquarters' overhead charges, including accounting and finance as well as certain legal costs, because the Company believes that these costs are also not within the control of the individual segments. Production of products, production asset management, quality and supply chain management as well as procurement related to production are centrally managed. Products transferred to the segments are transferred at cost; therefore, no internal profit is generated. The associated internal revenue for the product transfers and their elimination are recorded as corporate activities. Capital expenditures for production are based on the expected

T 5.88 **SEGMENT AND CORPORATE INFORMATION (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2020							
Revenue from health care services	11,060,231	1,364,976	876,036	484,930	13,786,173	24,416	13,810,589
Revenue from health care products	1,094,828	1,363,820	969,674	196,445	3,624,767	15,228	3,639,995
Revenue from contracts with customers	12,155,059	2,728,796	1,845,710	681,375	17,410,940	39,644	17,450,584
Other revenue external customers	323,361	33,792	48,468	2,858	408,479	-	408,479
Revenue external customers	12,478,420	2,762,588	1,894,178	684,233	17,819,419	39,644	17,859,063
Inter - segment revenue	28,753	5,933	239	304	35,229	(35,229)	-
REVENUE	**12,507,173**	**2,768,521**	**1,894,417**	**684,537**	**17,854,648**	**4,415**	**17,859,063**
OPERATING INCOME	**2,119,737**	**411,674**	**343,632**	**(156,555)**	**2,718,488**	**(414,079)**	**2,304,409**
Interest	-	-	-	-	-	-	(368,019)
INCOME BEFORE INCOME TAXES	**-**	**-**	**-**	**-**	**-**	**-**	**1,936,390**
Depreciation and amortization	(997,509)	(191,204)	(110,400)	(35,731)	(1,334,844)	(252,025)	(1,586,869)
Impairment loss	(1,231)	(2,266)	(1,065)	(194,468)	(199,030)	-	(199,030)
Income (loss) from equity method investees	87,493	4,237	2,950	18	94,698	(180)	94,518
Total assets	21,358,156	3,879,386	2,830,867	724,124	28,792,533	2,896,503	31,689,036
thereof investment in equity method investees	413,401	215,650	105,661	26,401	761,113	-	761,113
Additions of property, plant and equipment, intangible assets and right-of-use assets	1,162,847	249,401	143,939	50,682	1,606,869	395,654	2,002,523

[1] Includes inter - segment consolidation adjustments.

SEGMENT AND CORPORATE INFORMATION (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2019							
Revenue from health care services	10,907,934	1,354,220	861,963	499,202	13,623,319	-	13,623,319
Revenue from health care products	1,023,462	1,298,723	930,057	206,434	3,458,676	20,141	3,478,817
Revenue from contracts with customers	11,931,396	2,652,943	1,792,020	705,636	17,081,995	20,141	17,102,136
Other revenue external customers	263,777	40,530	66,750	3,362	374,419	-	374,419
Revenue external customers	12,195,173	2,693,473	1,858,770	708,998	17,456,414	20,141	17,476,555
Inter - segment revenue	3,067	686	504	251	4,508	(4,508)	-
REVENUE	**12,198,240**	**2,694,159**	**1,859,274**	**709,249**	**17,460,922**	**15,633**	**17,476,555**
OPERATING INCOME	**1,794,101**	**448,062**	**328,996**	**42,508**	**2,613,667**	**(344,109)**	**2,269,558**
Interest	-	-	-	-	-	-	(429,444)
INCOME BEFORE INCOME TAXES	**-**	**-**	**-**	**-**	**-**	**-**	**1,840,114**
Depreciation and amortization	(992,526)	(188,580)	(98,599)	(33,352)	(1,313,057)	(240,351)	(1,553,408)
Impairment loss	(36,411)	(3,341)	-	-	(39,752)	-	(39,752)
Income (loss) from equity method investees	75,941	(4,414)	2,551	1,152	75,230	(1,551)	73,679
Total assets	21,700,202	4,058,523	2,852,271	917,184	29,528,180	3,406,555	32,934,735
thereof investment in equity method investees	400,514	171,704	99,815	24,839	696,872	-	696,872
Additions of property, plant and equipment, intangible assets and right-of-use assets	1,097,517	212,282	190,591	36,595	1,536,985	356,934	1,893,919

[1] Includes inter - segment consolidation adjustments.

demand of the segments and consolidated profitability considerations. The Company's global research and development as well as its Global Medical Office (as of January 1, 2020), which seeks to standardize medical treatments and clinical processes within the Company, are also centrally managed. These corporate activities (Corporate) do not fulfill the definition of a segment according to IFRS 8, Operating Segments. In addition, certain revenues, investments and intangible assets, as well as any related expenses, are not allocated to a segment but are accounted for as Corporate.

Information pertaining to the Company's segment and Corporate activities for the twelve-month periods ended December 31, 2020, 2019 and 2018 is shown in TABLE 5.88 STARTING ON PAGE 235.

SEGMENT AND CORPORATE INFORMATION (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2018							
Revenue from health care services	10,503,816	1,274,015	776,005	489,441	13,043,277	–	13,043,277
Revenue from health care products	844,147	1,285,470	851,710	193,453	3,174,780	14,736	3,189,516
Revenue from contracts with customers	11,347,963	2,559,485	1,627,715	682,894	16,218,057	14,736	16,232,793
Other revenue external customers	221,769	27,073	61,638	3,600	314,080	–	314,080
Revenue external customers	11,569,732	2,586,558	1,689,353	686,494	16,532,137	14,736	16,546,873
Inter - segment revenue	1,609	304	633	240	2,786	(2,786)	–
REVENUE	**11,571,341**	**2,586,862**	**1,689,986**	**686,734**	**16,534,923**	**11,950**	**16,546,873**
OPERATING INCOME	**2,665,187**	**398,683**	**303,956**	**28,848**	**3,396,674**	**(358,876)**	**3,037,798**
Interest	–	–	–	–	–	–	(301,062)
INCOME BEFORE INCOME TAXES	**–**	**–**	**–**	**–**	**–**	**–**	**2,736,736**
Depreciation and amortization	(377,836)	(116,384)	(45,475)	(22,344)	(562,039)	(162,808)	(724,847)
Impairment loss	–	(64,719)	–	–	(64,719)	–	(64,719)
Income (loss) from equity method investees	75,279	(4,322)	2,125	264	73,346	–	73,346
Total assets	16,936,646	3,612,800	2,322,284	719,334	23,591,064	2,651,204	26,242,268
thereof investment in equity method investees	348,096	178,886	98,741	24,057	649,780	–	649,780
Additions of property, plant and equipment and intangible assets	598,988	158,974	53,962	26,894	838,818	316,147	1,154,965

[1] Includes inter - segment consolidation adjustments.

For the geographic presentation, revenues are attributed to specific countries based on the end user's location for products and the country in which the service is provided. Information with respect to the Company's geographic operations is set forth in TABLE 5.89.

T 5.89 **GEOGRAPHIC PRESENTATION**
IN € THOUS

	Germany	North America	Rest of the world	Total
2020				
Revenue external customers	493,436	12,478,420	4,887,207	17,859,063
Long-lived assets	1,202,528	17,878,746	4,325,335	23,406,609
2019				
Revenue external customers	474,750	12,195,173	4,806,632	17,476,555
Long-lived assets	1,311,786	19,112,827	4,335,569	24,760,182
2018				
Revenue external customers	426,327	11,569,732	4,550,814	16,546,873
Long-lived assets	948,355	13,260,913	3,290,930	17,500,198

27. SUBSEQUENT EVENTS

The bonds issued by Fresenius Medical Care US Finance, Inc. in the amount of $650,000 (€472,889 as of the date of issuance on February 3, 2011) were redeemed at maturity on February 15, 2021. Additionally, the bonds issued by Fresenius Medical Care Finance VII S.A. on February 3, 2011 in the amount of €300,000 were redeemed at maturity on February 15, 2021.

No further significant activities have taken place subsequent to the balance sheet date December 31, 2020 that have a material impact on the key figures and earnings presented. Currently, there are no (other) significant changes in the Company's structure, management, legal form or personnel.

28. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Compensation of the Management Board of the General Partner

The total compensation of the members of the Management Board of Fresenius Medical Care Management AG for the fiscal year 2020 amounted to €27,853 (2019: €24,773) and consisted of non-performance-based compensation (including fringe benefits) in the total amount of €9,942 (2019: €7,122), short-term performance-based compensation in the total amount of €8,069 (2019: €7,869) and components with long-term incentive effects (multi-year variable compensation) in the total amount of €9,842 (2019: €9,782). Components with long-term incentive effects, which were granted in or for the fiscal year 2019, include exclusively share-based compensation with cash settlement.

Under the MB LTIP 2020, in the fiscal year 2020, a total of 159,607 Performance Shares (2019: 114,999 under the MB LTIP 2019) were granted to the members of the Management Board of Fresenius Medical Care Management AG. The fair value of the Performance Shares granted in November of the fiscal year 2020 was on the grant date €61.27 (2019: €62.10 for Performance Shares granted in July and €60.58 for Performance Shares granted in December each under the MB LTIP 2019) each for grants denominated in euro and $72.17 (€61.94) (2019: $69.71 (€62,69) for Performance Shares granted in July under the MB LTIP 2019) for grants denominated in U.S. dollars.

Based on the target achievement in the fiscal year 2020, in addition to the Performance Shares granted under the MB LTIP 2020, the Management Board members of Fresenius Medical Care Management AG were not entitled (2019: €2,623) to further share-based compensation with cash settlement (so-called Share Based Award) because the Share Based Award was granted for the last time in 2019.

At the end of fiscal year 2020, the members of the Management Board of Fresenius Medical Care Management AG being in office on December 31 of the fiscal year held a total of 397,515 Performance Shares (2019: 314,313) and no Phantom Stock (2019: 23,336). In addition, they held a total of 465,308 stock options at the end of the fiscal year 2020 (2019: 452,989 stock options).

As of December 31, 2020, aggregate pension obligations, in accordance with IAS 19, of €28,334 (December 31, 2019: €24,252) existed relating to existing pension commitments. In the fiscal year 2020, the appropriation to the pension reserves amounted to €4,082 (2019: €6,751).

According to HGB, the status of the pension commitments as of December 31, 2020 amounted to €24,158 (December 31, 2019: €19,741) and the appropriation in the fiscal year amounted to €4,416 (2019: €4,913).

In accordance with applicable legal provisions, no loans or advance payments for future compensation components were made to the members of the Management Board of Fresenius Medical Care Management AG in the fiscal year.

To the extent permitted by law, Fresenius Medical Care Management AG undertook to indemnify the members of the Management Board from claims against them arising out of their work for the Company and its affiliates, to the extent such claims exceed their liability under German law. To secure such obligations, a Directors & Officers liability insurance exists with a deductible that corresponds to the specifications according to the German Stock Corporation Act.

Mr. Michael Brosnan was a member of the Management Board until the end of October 31, 2019. In his termination agreement, it was agreed with respect to the compensation components provided in his service agreement for the period from November 1, 2019 to December 31, 2020 that he will receive a base salary of $850 (€744) p.a. (pro rata for the period from November 1, 2019 to December 31, 2019). In the fiscal year, Mr. Michael Brosnan received fringe benefits in the form of reimbursement of fees for the preparation of tax returns and for financial planning, insurance benefits, contributions to pension, accident, life and health insurances and housing, rent and relocation supplements as well as tax burden compensation due to varying tax rates in Germany and the U.S. (net compensation) and a car allowance in the total amount of $257 (€225) (2019: $17 (€15) for the period from November 1, 2019 to December 31, 2019). Additionally, Mr. Michael Brosnan participated in the U.S.-based 401(k) savings plan until December 31, 2020. For the period from January 1, 2020 to December 31, 2020, Mr. Michael Brosnan also received an amount equivalent to 30 % of his base salary. The compensation components granted to Mr. Michael Brosnan under the LTIP 2016, the MB LTIP 2019 and in the form of Share Based Awards are payable or exercisable in accordance with the respective plan conditions. As of January 1, 2021, Mr. Michael Brosnan receives an annual compensation for the agreed post-employment non-competition covenant in the amount of $553 (€451) p.a. for a period of two years. It was agreed with Mr. Michael Brosnan that he is entitled to receive a retirement pension on the basis of the individual contractual pension commitment of Fresenius Medical Care Management AG in the annual amount of $405 (€330) from January 1, 2021. The compensation for the agreed post-employment non-competition covenant is credited against the retirement pension.

Mr. Dominik Wehner was a member of the Management Board until the end of December 31, 2017. In his termination agreement, it was agreed with respect to the compensation components provided in his service agreement for the period from January 1, 2018 to March 31, 2022 that he will annually receive a base salary of €425 and an amount of 30 % of his base salary. In addition, Mr. Dominik Wehner is entitled to fringe benefits such as the private use of his company car, reimbursement of fees for the preparation of tax returns and for financial planning, insurance benefits and contributions to pension and health insurance in a total amount of approximately €35 p.a. The compensation components granted to Mr. Dominik Wehner under the LTIP 2011, the LTIP 2016 and in form of Share Based Awards are payable or can be exercised, as the case may be, upon the relevant regular vesting date in accordance with the respective plan conditions. As of the completion of the age of 65, Mr. Dominik Wehner will receive a company-funded retirement pension in accordance with the individual contractual pension commitment by Fresenius Medical Care Management AG.

Mr. Ronald Kuerbitz, who was a member of the Management Board until February 17, 2017, received an annual non-compete compensation from February 17, 2017 for a period of two years; this compensation amounted in the fiscal year to €0 (2019: €90). It was also agreed with him that, after the end of his service agreement, he would act as an advisor to National Medical Care, Inc. from August 14, 2017 until the end of August 13, 2019. The consideration granted for such services (including reimbursement of expenses) amounts to €0 (2019: €167) for the fiscal year. As of the completion of the age of 65, Mr. Ronald Kuerbitz will receive a company-funded retirement pension of $146 (€119) per year.

Mr. Roberto Fusté, who was a member of the Management Board until March 31, 2016, received pension payments in the amount of approximately €274 (2019: €274) in the fiscal year.

Prof. Emanuele Gatti, who was a member of the Management Board until March 31, 2014, received pension payments in the amount of €355 in the fiscal year (2019: €355).

Instead of a pension provision, a consulting agreement was entered into with Dr. Ben Lipps, who was the Chairman of the Management Board until December 31, 2012, for the period from January 1, 2013 to December 31, 2021. Under this consulting agreement, Dr. Ben Lipps provides consulting services on certain fields and within a specified time frame and is subject to a non-compete covenant. The consideration to be granted by Fresenius Medical Care Management AG for

such services (including reimbursement of expenses) amounted for 2019 to €568. An amendment to the agreement was made in 2019 which provides for a one-off payment of €1,129 for the remaining term of the agreement. This payment, too, was made in 2019. All payments for services to be performed by him under the consulting agreement have thus been made.

Former members of the Management Board of Fresenius Medical Care Management AG did not receive any compensation in the fiscal year other than mentioned herein, whereupon the total compensation amounted to €629 (2019: €2,984). As of December 31 of the fiscal year 2020, pension obligations, according to IAS 19, towards this group of persons exist in an amount of €36,587 (December 31, 2019: €37,373).

According to HGB, the status of the pension commitments towards this group of persons as of December 31 of the fiscal year 2020 amounted to €32,056 (December 31, 2019: €31,156).

A post-employment non-competition covenant was agreed by all members of the Management Board of Fresenius Medical Care Management AG. If such covenant becomes applicable, the members of the Management Board for a period of up to two years shall receive compensation amounting to half of their respective annual base salaries for each year of application of the non-competition covenant. The service agreements of the members of the Management Board contain no express provisions that are triggered by a change of control.

The service agreements concluded with the members of the Management Board provide for a severance payment cap. Under this cap, payments in connection with the early termination of a Management Board activity may not exceed the value of two years' compensation and may not compensate more than the remaining term of the service agreement. For the calculation of the relevant annual compensation, only the non-performance-based compensation components are applied. If Fresenius Medical Care Management AG terminates the service agreement for good cause or would be entitled to do so, no severance payments are made.

On the basis of the plan conditions of the MB LTIP 2020, the MB LTIP 2019 and the LTIP 2016 and in accordance with the service agreements concluded with the Management Board members, variable compensation components that have already been earned and paid may be reclaimed, in particular in case of relevant violations of internal guidelines or undutiful conduct (Clawback).

FMC AG & Co. KGaA publishes detailed and also individualized information for each member of the Management Board of Fresenius Medical Care Management AG on the compensation of the Management Board in its Compensation Report, which is part of the management report and which can be accessed on Company's website under www.freseniusmedicalcare.com/en/investors/corporate-governance/declaration-on-corporate-governance/.

Compensation of the Supervisory Board

In the fiscal year the total compensation fees to all members of the Supervisory Board of FMC AG & Co. KGaA amounted to €669 (2019: €626). This includes a fixed compensation of €463 (2019: €439) and compensation components for the work in the Committees of €206 (2019: €187). For the fiscal year, no entitlement to a payment of variable performance-related compensation (2019: €0) was achieved. In accordance with section 13e para. 3 of the Articles of Association of FMC AG & Co. KGaA, the members of the Joint Committee are entitled to receive an attendance fee in the amount of $3.5 (€2.9).

The compensation of the supervisory board of the Fresenius Medical Care Management AG and the compensation of its Committees was, in compliance with article 7 para. 3 of the Articles of Association of FMC AG & Co. KGaA, charged to FMC AG & Co. KGaA. In the fiscal year the total compensation for the members of the supervisory board of the Fresenius Medical Care Management AG amounted to €943 (2019: €937). This includes fixed compensation components for the work in the supervisory board in the amount of €425 (2019: €432) and compensation components for the work in the Committees of €518 (2019: €505). For the fiscal year, no entitlement to a payment of variable performance-related compensation (2019: €0) was achieved.

For the benefit of the members of the Supervisory Board of FMC AG & Co. KGaA a Directors & Officers liability insurance exists with a deductible that corresponds to the specifications according to the German Stock Corporation Act.

29. PRINCIPAL ACCOUNTANT FEES AND SERVICES

At our AGM on August 27, 2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, was approved to serve as our new independent accountants beginning with the 2020 fiscal year, thereby replacing KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Berlin, as the Company's auditors.

In 2020, 2019 and 2018, fees for the auditors and their affiliates were expensed as shown in TABLE 5.90.

T 5.90 **FEES**
IN € THOUS

	2020		2019		2018	
	Consolidated group	thereof Germany	Consolidated group	thereof Germany	Consolidated group	thereof Germany
Audit fees - PwC	9,386	1,608	-	-	-	-
Audit fees - KPMG	455	-	10,113	1,665	7,845	1,322
Audit-related fees - PwC	510	394	-	-	-	-
Audit-related fees - KPMG	87	45	615	525	320	316
Tax fees - PwC	951	54	-	-	-	-
Tax fees - KPMG	310	0	318	-	1,069	115
Other fees - PwC	5,236	5,236	-	-	-	-
Other fees - KPMG	42	-	41	-	251	234

Audit fees are the aggregate fees billed by the Company's auditors for the audit of the Company's consolidated financial statements and the statutory financial statements of FMC AG & Co. KGaA and certain of its subsidiaries, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. Fees related to the audit of internal control over financial reporting are included in audit fees.

Audit-related fees are fees charged by the Company's auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under audit fees. This category mainly comprises fees billed by PwC for comfort letters, agreed-upon procedure engagements and other attestation services subject to regulatory requirements. Fees billed by KPMG comprises fees for comfort letters, consultation on accounting issues, agreed-upon procedure engagements and other attestation services subject to regulatory requirements.

Tax fees are fees for professional services rendered by PwC for tax compliance, tax advice on implications for actual or contemplated transactions, tax consulting associated with international transfer prices, as well as support services related to tax audits. Tax fees billed by KPMG comprises fees for tax compliance, tax advice on implications for actual or contemplated transactions, tax consulting associated with international transfer prices, and expatriate employee tax services, as well as support services related to tax audits.

In 2020, other fees include amounts related to services from PwC, mainly in regard to corporate governance. Prior to 2020, other fees included amounts related to services from KPMG in regard to the harmonization of the IT-landscape as well as amounts related to supply chain consulting fees.

Fees billed by the Company's auditors for non-audit services in Germany include fees for the services described above within the audit-related fees, tax fees and other fees.

30. CORPORATE GOVERNANCE

The Management Board of the General Partner, represented by Fresenius Medical Care Management AG, and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA issued a compliance declaration pursuant to Section 161 of the German Stock Corporation Act (AktG). The Company has frequently made this declaration available to the public by publishing it on its website.

The Company's declaration of compliance can be found at the following address: www.freseniusmedicalcare.com/en/investors/corporate-governance/declaration-of-compliance/.

31. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

It is proposed that the earnings of Fresenius Medical Care AG & Co. KGaA for the fiscal year 2020 will be distributed in TABLE 5.91.

T 5.91 **PROPOSAL FOR THE DISTRIBUTION OF EARNINGS**
IN € THOUS, EXCEPT FOR SHARE DATA

Payment of a dividend of €1.34 per share on share capital of €292,877 entitled to receive dividends	392,455
Balance to be carried forward	935,359
TOTAL	**1,327,814**

Hof an der Saale, den February 26, 2021

Fresenius Medical Care AG & Co. KGaA

Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

R. POWELL H. GIZA F. W. MADDUX, MD DR. K. MAZUR-HOFSÄSS

DR. O. SCHERMEIER W. VALLE K. WANZEK H. DE WIT

SUPERVISORY BOARD AND MANAGEMENT BOARD

SUPERVISORY BOARD

Dr. Dieter Schenk
Chairman
Attorney and Tax Advisor

Member of the Supervisory Board of:
Fresenius Management SE (Vice Chairman)
Fresenius Medical Care Management AG (Vice Chairman)
HWT invest AG (formerly Bank Schilling & Co. AG) (Chairman)
Gabor Shoes AG (Chairman)
TOPTICA Photonics AG (Chairman)

Member of the Foundation Board of:
Else Kröner-Fresenius-Stiftung (Chairman)

Rolf A. Classon
Vice Chairman

Member of the Supervisory Board of:
Fresenius Medical Care Management AG

Member of the Board of Directors of:
Catalent, Inc., U.S. (Non-Executive Director)
Perrigo Company plc, Ireland (Non-Executive Director)

William P. Johnston
Operating Executive of The Carlyle Group Inc., U.S. (until February 29, 2020)

Member of the Supervisory Board of:
Fresenius Medical Care Management AG

Dr. Dorothea Wenzel
Executive Vice President and Head of the Global Business Unit Surface Solutions of Merck KGaA

Pascale Witz
President of PWH Advisors SASU, France, and CEO of PWH Advisors LLC, U.S.

Member of the Board of Directors of:
Horizon Therapeutics plc, Ireland (Non-Executive Director)
Regulus Therapeutics, Inc., U.S. (Non-Executive Director)
Perkin Elmer, Inc., U.S. (Non-Executive Director)

Prof. Dr. Gregor Zünd
Chief Executive Officer of the University Hospital of Zurich

SUPERVISORY BOARD COMMITTEES

Audit and Corporate Governance Committee
Rolf A. Classon (Chairman since January 1, 2020)
William P. Johnston (Vice Chairman since January 1, 2020)
Pascale Witz

Nomination Committee
Rolf A. Classon (Chairman)
Dr. Dieter Schenk (Vice Chairman)

Joint Committee[1]
Rolf A. Classon
William P. Johnston

Special Joint Committee[2] (until November 30, 2020)
Dr. Dieter Schenk (Chairman)
Pascale Witz

MANAGEMENT BOARD OF THE GENERAL PARTNER FRESENIUS MEDICAL CARE MANAGEMENT AG

Rice Powell
Chairman and Chief Executive Officer

Member of the Management Board of:
Fresenius Management SE, General Partner of Fresenius SE & Co. KGaA

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S. (Chairman)

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (Vice Chairman)

Helen Giza
Chief Financial Officer

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S.

Franklin W. Maddux, MD
Global Chief Medical Officer (since January 1, 2020)

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland

Member of the Board of Directors of:
Goldfinch Bio, Inc., U.S.
Humacyte, Inc., U.S.

Dr. Katarzyna Mazur-Hofsäss
Chief Executive Officer for Europe, Middle East and Africa

Member of the Supervisory Board of:
Xenios AG (Chairman since February 11, 2021)
Medos Medizintechnik AG (Chairman since February 11, 2021)

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (since April 23, 2020)

Member of the Board of Directors of:
Smith & Nephew plc, United Kingdom (since November 1, 2020)

[1] Joint Committee of the Supervisory Boards of FMC AG & Co. KGaA and Fresenius Medical Care Management AG. Further members of the Joint Committee are Mr. Sturm (Chairman) and Dr. Krick as representatives of Fresenius Medical Care Management AG. Mr. Sturm and Dr. Krick are not members of the Supervisory Board of FMC AG & Co. KGaA.
[2] Further member of the Special Joint Committee was Mr. Sturm.

Dr. Olaf Schermeier
Chief Executive Officer for Research and Development

Member of the Supervisory Board of:
Xenios AG (Chairman until February 10, 2021;
Vice Chairman since February 11, 2021)
Medos Medizintechnik AG (Chairman until February 10, 2021;
Vice Chairman since February 11, 2021)

Member of the Board of Administration of:
Unicyte AG, Switzerland (since September 18, 2020)

William Valle
Chief Executive Officer for North America

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S.

Kent Wanzek
Chief Executive Officer for Global Manufacturing, Quality and Supply

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S.

Harry de Wit
Chief Executive Officer for Asia-Pacific

Member of the Board of Directors of:
New Asia Investments Pte Ltd., Singapore
(since October 22, 2020)

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" (Separate report on ESEF conformity). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of income, consolidated statement of shareholders' equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Fresenius Medical Care AG & Co. KGaA for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB.

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

› the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
› the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

› Recoverability of goodwill

Our presentation of this key audit matter has been structured as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matter:

Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to € 12,959 million (40.9 % of total assets or 105.1 % of equity) is reported under the "Goodwill" balance sheet item. In accordance with IAS 36, the Company performs an annual impairment test of goodwill at least once a year for each group of cash generating units ("CGUs") or more frequently if the Company becomes aware of events that occur or if circumstances change that would indicate the carrying value may not be recoverable. To perform the annual impairment test of goodwill, the Company identified its groups of cash generating units and determined their carrying value by assigning the operating assets and liabilities, including the existing goodwill and intangible assets, to those groups of CGUs. Groups of CGUs reflect the lowest level on which goodwill is monitored for internal management purposes. To comply with IFRS to determine possible impairments of these assets, the value in use of the groups of CGUs is first compared to the CGU's carrying amount. In cases where the value in use of the group of CGU is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carry-

ing amount of the group of CGUs. The value in use of each group of CGUs is determined using estimated future cash flows for the unit discounted by a pre-tax discount rate ("WACC") specific to that group of CGUs. The annual impairment tests determined that it was necessary to recognize an impairment loss amounting to € 194 million with respect to the group of CGUs "Latin America".

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of CGUs, the pre-tax discount rate used and other assumptions, and is, also against the background of the effects of the ongoing Corona pandemic, subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our procedures on the goodwill impairment tests, we assessed the effectiveness of the processes and controls established by the Company with respect to the valuation model and the determination of the applicable pre-tax discount rate. Our procedures also included, among others, comparing the Company's historical financial forecasted budgets with the actual results, agreeing future cash flows to approved budgets, and performing sensitivity analyses over significant assumptions used by the executive directors, including the applied pre-tax discount rate. In addition, we involved our valuation professionals with specialized skills and knowledge, who assisted in evaluating the pre-tax discount rates for each group of CGUs and the appropriateness of the valuation model. For groups of CGUs in which the value in use did not exceed the carrying amount significantly, we also performed procedures to assess the revenue growth rates, residual value growth rates and operating income margins used in the cash flow forecasts by comparing the development of assumptions to underlying documentation, including patient growth expectations. We also performed sensitivity analyses over the revenue growth rates, residual value growth rates, and operating income margin to evaluate the impact of changes to the respective group of CGU's value in use.

   Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in NOTES 1G), 2A) AND 11 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB, which we obtained prior to the date of our auditor's report.

The other information comprises further the separate non-financial group report pursuant to § 315b Abs. 3 HGB, which we obtained prior to the date of our auditor's report.

The annual report is expected to be made available to us after the date of the auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

› Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
› Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file FME_AG_KA_KLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (ESEF format). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

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

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the

group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

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

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 27 August 2020. We were engaged by the supervisory board on 6 November 2020. We have been the group auditor of the Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Peter Kartscher.

Frankfurt am Main, February 26, 2021

PRICEWATERHOUSECOOPERS GMBH
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

PETER KARTSCHER
Wirtschaftsprüfer
[German Public Auditor]

HOLGER LUTZ
Wirtschaftsprüfer
[German Public Auditor]

FURTHER INFORMATION

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the results of operations, financial position and net assets of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hof an der Saale,
February 26, 2021

Fresenius Medical Care AG & Co. KGaA

Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

R. POWELL H. GIZA F. W. MADDUX, MD

DR. K. MAZUR-HOFSÄSS DR. O. SCHERMEIER

W. VALLE K. WANZEK H. DE WIT

REGIONAL ORGANIZATION

T 6.1 **REGIONAL ORGANIZATION OF FRESENIUS MEDICAL CARE (CONTINUATION SEE NEXT PAGE)**

Europe, Middle East and Africa			
Austria	FMC Austria GmbH	Vienna	100 %
Belgium	FMC Belgium N.V.	Willebroek	100 %
Bosnia and Herzegovina	FMC BH d.o.o.	Sarajevo	100 %
Bulgaria	FMC Bulgaria EOOD	Gabrovo	100 %
Croatia	FMC-Nephro d.o.o.	Zagreb	100 %
Czech Republic	FMC-DS, s.r.o.	Prague	100 %
Denmark	FMC Danmark A / S	Taastrup	100 %
Estonia	OÜ FMC Estonia	Tallinn	100 %
Finland	FMC Suomi Oy	Helsinki	100 %
France	FMC France S.A.S.	Fresnes	100 %
Germany	FMC Deutschland GmbH	Bad Homburg v.d.H.	100 %
Great Britain	FMC (U.K.) Ltd.	Nottinghamshire	100 %
Hungary	FMC Dializis Center Kft. *	Budapest	100 %
Ireland	FMC (Ireland) Ltd.	Dublin	100 %
Israel	FMC Israel Ltd.	Raanana	100 %
Italy	FMC Italia S.p.A.	Palazzo Pignano	100 %
Kazakhstan	FMC Kazakhstan LLP	Almaty	100 %
Kyrgyzstan	FMC KGZ LLC	Bishkek	100 %
Lebanon	FMC Lebanon S.a.r.l.	Beirut	100 %
Morocco	FMC Nord Ouest et Centre Afrique S.A.	Casablanca	100 %
Poland	FMC Polska S.A.	Poznań	100 %
Portugal	NephroCare Portugal, S.A.	Lisbon	100 %
Romania	FMC Romania S.r.l.	Bucharest	100 %
Russian Federation	ZAO Fresenius SP	Moscow	100 %
Serbia	FMC Srbija d.o.o.	Vršac	100 %
Slovakia	FMC Slovensko, spol. s.r.o.	Pieštany	100 %

REGIONAL ORGANIZATION OF FRESENIUS MEDICAL CARE (CONTINUATION OF THE PREVIOUS PAGE)

Europe, Middle East and Africa				
Slovenia	FMC Slovenija d.o.o.	Celje		100 %
South Africa	FMC South Africa (Pty.) Ltd.	Johannesburg		100 %
Spain	NMC of Spain, S.A.U.	Madrid		100 %
Sweden	FMC Sverige AB	Sollentuna		100 %
Switzerland	FMC (Schweiz) AG	Oberdorf		100 %
The Netherlands	FMC Nederland B.V.	Nieuwkuijk		100 %
Turkey	Fresenius Medikal Hizmetler A.S.	Istanbul		100 %
Ukraine	FMC Ukraine TOV	Kiev		100 %
North America				
Mexico	FMC de México, S.A. de C.V.	Zapopan		100 %
U.S.	FMC Holdings, Inc.	New York		100 %
Latin America				
Argentina	FMC Argentina S.A.	Buenos Aires		100 %
Brazil	FMC Ltda.	Jaguariúna		100 %
Chile	FMC Chile S.A.	Santiago de Chile		100 %
Colombia	FMC Colombia S.A.	Bogotá		100 %
Curaçao	Caribbean Medic Health Care System N.V.	Willemstad		100 %
Ecuador	Nefrocontrol S.A.	Quito		100 %
Guatemala	SUGERENCIAS MEDICAS, S.A.	Guatemala-City		100 %
Peru	FMC del Perú S.A.	Lima		100 %
Uruguay	Casarelio S.A.	Montevideo		100 %

Asia-Pacific				
Australia	FMC Australia Pty. Ltd.	Sydney		100 %
Bangladesh	FMC Bangladesh Ltd.	Dhaka		100 %
China	FMC (Shanghai) Co., Ltd.	Shanghai		100 %
Hong Kong	FMC Hong Kong Ltd.	Wan Chai		100 %
India	FMC India Private Ltd.	Gurugram		100 %
Indonesia	PT FMC Indonesia	Jakarta		100 %
Japan	Fresenius-Kawasumi Co., Ltd.	Tokyo		70 %
Malaysia	FMC Malaysia Sdn. Bhd.	Petaling Jaya		100 %
Myanmar	FMC Myanmar Company Ltd.	Yangon		100 %
Pakistan	FMC Pakistan (Private) Ltd.	Lahore		100 %
Philippines	FMC Philippines, Inc.	Manila		100 %
Singapore	Asia Renal Care (SEA) Pte. Ltd.	Singapore		100 %
South Korea	FMC Korea Ltd.	Seoul		100 %
Sri Lanka	FMC Lanka (Private) Ltd.	Colombo		100 %
Taiwan	FMC Taiwan Co., Ltd.	Taipei		100 %
Thailand	FMC (Thailand) Ltd.	Bangkok		100 %
Vietnam	FMC Vietnam LLC	Ho Chi Minh City		100 %

Production Sales Service

Simplified chart of Fresenius Medical Care's regional organization. Line of business in respective country in 2020.
We use FMC for Fresenius Medical Care except for all susidiaries marked with *.
Some percentages of subsidiaries represent direct and indirect shareholdings.

GLOSSARY

A

ALBUMIN

A protein with two important functions: On the one hand, it binds water and therefore ensures that the fluid contained in the ► **blood** remains in the bloodstream and does not pass through the arterial walls into the surrounding tissue; on the other, it transports various important substances, for example, numerous drugs as well as free fatty acids and hormones that are bound to albumin and carried throughout the body with the blood. The level of this protein provides information about a patient's general nutritional condition.

AMERICAN DEPOSITARY RECEIPT (ADR)

A certificate issued by an American depositary bank allowing U.S. investors to have an indirect stake in a non-U.S. company (rather than holding actual shares). Fresenius Medical Care shares are listed on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADR).

ANEMIA

Reduced ability of the ► **blood** to transport oxygen, measured as a lower ► **hemoglobin** concentration in the blood.

ANTICOAGULANT

An agent (e.g. heparin) that prevents ► **blood coagulation**.

AUTOMATED PERITONEAL DIALYSIS (APD)

Machine-supported version of ► **peritoneal dialysis** treatment that is usually performed at night.

B

BIOFINE

Environmentally friendly material for producing foils, tubing and other components for ► **peritoneal dialysis** and acute dialysis (► **kidney failure, acute**). Biofine is recyclable and PVC-free.

BLOOD

Fluid circulating in the body consisting of blood plasma and blood cells (red blood cells, white blood cells, platelets, etc.). The main function of blood is to transport oxygen, nutrients and hormones to the body's cells and to remove waste products (such as carbon dioxide and urea). Blood also regulates the water and electrolyte balance and helps ward off contaminants as part of the immune system.

BLOOD CELLS, RED – ERYTHROCYTES

Blood cells that are responsible for transporting oxygen. They are produced by erythropoietin, a hormone formed in the kidneys.

BLOOD CELLS, WHITE – LEUKOCYTES

Blood cells that are responsible for defending the human body against infections. They are involved in allergic reactions and destroy damaged, old or dead cells in the body.

BLOOD COAGULATION

A complex process in which solid clots are formed that stem the flow of ► **blood**. The damaged wall of a blood vessel is covered by a fibrin clot that stops hemorrhaging and helps repair the damaged vessel. Coagulation disorders can lead to increased hemorrhaging and/or thrombosis, and even embolism. During dialysis treatment, blood coagulation is inhibited by administering ► **anticoagulants** (such as heparin).

BLOODLINE SYSTEM

Tubing system connecting a patient's blood circulation to a ► **dialyzer** during dialysis treatment.

C

CALCIMIMETICS

Drugs that have a positive effect on the bone and mineral metabolism, which is often disturbed in chronically ill kidney patients. Calcimimetics supplement treatment of chronic kidney failure (► **kidney failure, chronic**).

CATHETER

A flexible tube inserted surgically through the skin into a blood vessel or a body cavity to transport fluid into or out of the body. In ► **peritoneal dialysis**, a catheter is used to infuse ► **dialysate** into the abdominal cavity and drain it out again. In ► **hemodialysis**, a catheter can be used as a vascular access for dialysis treatment. In this case, it is usually inserted into the superior vena cava, or occasionally the femoral vein.

CONTINUOUS AMBULATORY PERITONEAL DIALYSIS (CAPD)

A treatment method in which the ► **dialysate** is exchanged manually, generally four times a day.

CSR DIRECTIVE IMPLEMENTATION ACT

A law that became effective in April 2017 to change the German Commercial Code with the aim of strengthening non-financial reporting by certain major capital market companies in their (group) management reports.

CYCLER

A device that automatically exchanges the ► **dialysis solution** that flows through the peritoneum and removes excess water and harmful substances from the patient's body over a period of several hours, typically at night.

D

DAX

The German stock index, calculated on the basis of the weighted prices of the 30 largest German companies listed on the stock exchange in terms of market capitalization and trading volume.

DAYS SALES OUTSTANDING (DSO)

A ratio indicating the average number of days it takes for a receivable to be paid. A shorter DSO results in lower interest charges for the creditor and a lower risk of default.

DEBT/EBITDA RATIO

An important indicator in corporate management. It is calculated by putting a company's debt in relation to its earnings before interest, tax, depreciation and amortization (► **EBITDA**) and other non-cash charges.

DELIVERED OPERATING INCOME

Operating income less noncontrolling interests. We consider delivered operating income to be an important indicator for investors because of the significance of noncontrolling interests in our operating activities. Delivered operating income is roughly equivalent to the operating income attributable to the shareholders of Fresenius Medical Care AG & Co. KGaA.

DIABETES

An increased blood sugar level resulting from the body's inability to regulate glucose efficiently in the body's cells. Insulin, the main regulatory hormone in sugar metabolism, usually helps in this process.

DIALYSATE

Dialysis solution – a fluid used in ► **dialysis** to remove the substances filtered out during treatment and excess water from the ► **blood**.

DIALYSIS

A form of renal replacement therapy where a semi-permeable membrane – the patient's peritoneum in ► **peritoneal dialysis** or the membrane of the ► **dialyzer** in ► **hemodialysis** – is used to clean a patient's ► **blood**.

DIALYSIS SOLUTION

► **Dialysate**

DIALYZER

A special filter used in ► **hemodialysis** to remove toxic substances, waste products of metabolic processes, and excess water from the ► **blood**. The dialyzer is frequently referred to as an "artificial kidney".

DIVIDEND

A portion of a company's profit. The profit to be distributed is divided by the number of outstanding shares to produce the dividend per share, which is paid to shareholders usually once a year in the form of cash.

E

EBITDA (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION)

A financial ratio to describe a company's operating performance before capital expenditure.

EMERGING MARKETS

Term for countries that have grown increasingly in recent years and whose economic markets are on the way to becoming developed.

ERYTHROPOIESIS-STIMULATING AGENTS (ESA)

Recombinant (artificially produced) human EPO that is commonly prescribed to patients on dialysis who suffer from ► **anemia**.

F

FDA

U.S. Food and Drug Administration.

FREE FLOAT

The total number of shares of a stock corporation that are available for trading. According to the definition by Deutsche Börse, the free float includes all shares that are not held by major shareholders (with more than 5 % of the registered share capital), and can therefore be acquired and traded by the general public.

G

GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative has defined guidelines for sustainability reporting. Companies as well as governments and non-governmental organizations worldwide report on their economic, environmental and social strategy based on these data and indicators.

GLOMERULAR FILTRATION RATE (GFR)

Indicates the volume of liquid filtered by the ► **kidneys** from the ► **blood** per minute (primary urine). If the GFR is less than 15 ml / min (stage 5), dialysis or a kidney transplant is needed. Patients with stage 4 chronic kidney disease (GFR of 15 to 29 ml / min) have advanced kidney damage; it is highly likely that these patients will need dialysis or a kidney transplant in the near future.

Stages of chronic kidney disease according to the U.S. National Kidney Foundation:

› Stage 1 – kidney damage with normal or increased GFR ≥ 90 GFR (ml / min)
› Stage 2 – kidney damage with slightly decreased GFR 60 – 89 GFR (ml / min)
› Stage 3 – kidney damage with moderately decreased GFR 30 – 59 GFR (ml / min)
› Stage 4 – kidney damage with greatly decreased GFR 15 – 29 GFR (ml / min)
› Stage 5 – kidney failure (or dialysis) < 15 GFR (ml / min)

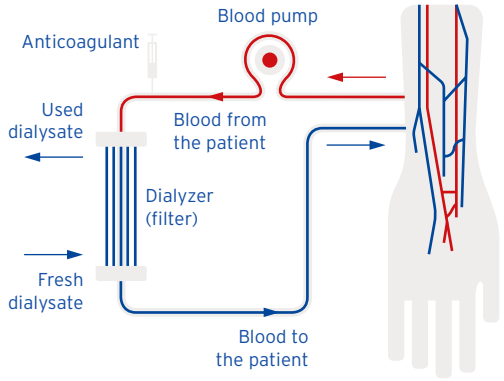
H

HEMODIAFILTRATION (HDF)

A process combining ► **hemodialysis** and ► **hemofiltration**. The theoretical basis for the combination of both methods is the fact that low-molecular substances such as urea and creatinine are predominantly removed by diffusive transportation as in hemodialysis, whereas larger molecules are mainly removed by convective transportation as in hemofiltration. In hemodiafiltration (HDF), the total amount of toxins removed is greater than in the individual processes, since convection and diffusion are not cumulative, but run in parallel and influence each other. HDF uses synthetic membranes that are more permeable (high-flux dialyzers) and have a better ultrafiltration performance.

HEMODIALYSIS (HD)

A treatment method for dialysis patients in which the patient's ► **blood** flows through plastic bloodlines into a special filter, the ► **dialyzer**. In the dialyzer, waste products from metabolic processes and excess water are removed from the blood and transported away in the ► **dialysate**. Afterwards, the purified blood is returned to the patient's body. The process is controlled by a hemodialysis machine that pumps blood, adds anti-coagulants, regulates the purification process, and controls the mixing of the dialysate and its flow rate through the system. A patient typically receives three treatments per week, each lasting between three and six hours.



HEMOFILTRATION (HF)

A form of treatment for patients with chronic kidney failure (► **kidney failure, chronic**) that does not use ► **dialysate**. The solutes are removed by filtering the plasma water through a semi-permeable membrane by means of convective forces. A substitution fluid is infused to replace the volume removed by filtration.

HEMOGLOBIN

Component of red blood cells that binds oxygen and carries it through the body. It also gives blood its color (blood pigment).

HEPARIN

Universal anticoagulant substance administered during ► **hemodialysis** to slow down ► **blood coagulation**.

HIGHVOLUMEHDF

A form of ► **hemodiafiltration** (HDF). With HighVolumeHDF, the volume of fluid substituted by convective transport is greater than with HDF. Recent studies show that HighVolumeHDF significantly increases patient survival rates compared to conventional dialysis treatment methods.

HOME DIALYSIS

Form of ► **dialysis** performed at home after completing professional training. In principle, ► **peritoneal dialysis** as well as ► **hemodialysis** (as home hemodialysis) can be performed at home.

I

IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)

Accounting standards issued by the International Accounting Standards Board (IASB).

ISO

International Organization for Standardization.

K

KIDNEY FAILURE, ACUTE

Acute loss of renal function. Depending on the severity of renal function loss, dialysis treatment may be necessary temporarily. Unlike chronic kidney failure ► **kidney failure, chronic**, ► **dialysis** can help to completely restore ► **kidney** function in many patients with acute kidney failure.

KIDNEY FAILURE, CHRONIC (END-STAGE RENAL DISEASE, ESRD)

Permanent failure of the ► **kidney** (terminal kidney failure) resulting from a slow and progressive loss of kidney function (no more detoxification of the body) over several years. Since the renal function cannot be recovered, patients must be treated with renal replacement therapy, i.e. a kidney transplantation or dialysis. Chronic kidney failure is accompanied by long-term complications such as renal ► **anemia**, hypertension and other cardiovascular problems, as well as bone disease, loss of appetite and malnutrition.

KIDNEYS

Two vital organs located at the rear of the abdominal cavity, one each on the right and left side of the spinal column. They are approximately 10 to 12 cm long and weigh around 160 grams each. The kidneys guarantee a regulated acid-base balance by filtering excreta and producing urine. Approximately 1,700 liters of blood pass through an adult's kidneys every 24 hours.

KIDNEY TRANSPLANTATION

A surgical procedure to implant a kidney from a donor.

KOMMANDITGESELLSCHAFT AUF AKTIEN (KGAA)

A German entity with its own legal identity in which at least one general partner (personally liable shareholder, or "Komplementär") has unlimited liability toward the company's creditors, while the other shareholders (Kommanditaktionäre) participate in the capital stock that has been broken down into shares, without being personally liable for the company's debts.

KT/V

Indicator to evaluate treatment quality. It is calculated by putting the product of urea clearance through dialysis (K) and the duration of treatment (t) in relation to the filtration rate of certain toxins (V).

M

MARKET CAPITALIZATION

The total value of all outstanding shares of a company. It is calculated by multiplying the number of outstanding shares by the share price.

MEDICARE/MEDICAID

A health care program developed by the U.S. Social Security Administration that reimburses health insurance companies and providers of medical services for the cost of medical care to individuals over 65, patients with chronic kidney failure (► **kidney failure, chronic**), the disabled or needy.

MEMBRANE

A semi-permeable barrier in the ► **dialyzer** that separates the ► **blood** from the ► **dialysate**.

O

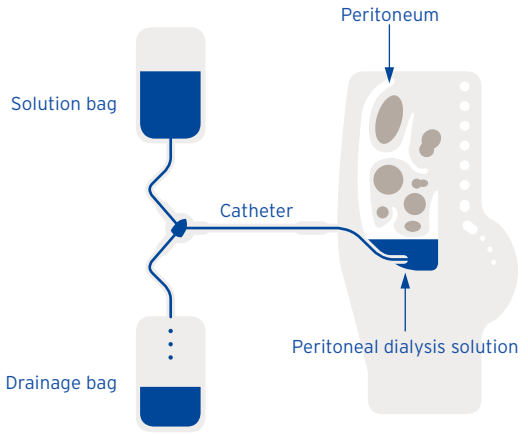
OPERATING INCOME

A financial ratio to describe a company's profitability, irrespective of regional taxation and different forms of financing.

P

PERITONEAL DIALYSIS (PD)

A treatment method that uses the patient's peritoneum, i.e. the lining covering the inner wall of the abdominal cavity and the abdominal organs, as the dialyzing membrane. A sterile ► **dialysate** is introduced into the patient's abdominal cavity and removed through a ► **catheter** that has been surgically implanted. The dialysis solution absorbs toxins and removes them together with excess water. Most treatments are administered by patients themselves at home or at work several times a day or during the night using a machine – the ► **cycler**.



PHOSPHATE BINDERS

Drugs that bind excess phosphate in the intestine that has been ingested via food. Excess phosphate is normally discharged by healthy ► **kidneys**. In patients with chronic kidney failure (► **kidney failure, chronic**), this filtering process can only partially be replaced by ► **dialysis**. Too much phosphate in the ► **blood** can cause numerous adverse effects, such as bone disease, thyroid problems and vascular calcification.

POLYSULFONE

A polymer (plastic) used to produce ► **dialyzer membranes**. It is characterized by extreme thermal stability, chemical resistance and blood compatibility.

PREVALENCE

Number of patients suffering from a specific disease within a defined period.

R

RATING

A classification of the creditworthiness of a company recognized by the international capital markets. It is published by independent rating agencies such as Standard & Poor's, Moody's, or Fitch based on a company analysis.

REGENERATIVE MEDICINE

Approach to completely restore diseased tissue to its original, healthy, and functional state. New technologies include lab-grown biomaterials, tissue engineering, stem cell or gene therapies.

ROIC (RETURN ON INVESTED CAPITAL)

Ratio showing operating income after adapted income taxes in relation to the average invested capital of the last five quarterly balance sheet dates. It provides information on how efficiently a company works with its available capital or how efficiently the capital is employed for a specific investment project. Fresenius Medical Care calculates its ROIC in euros based on annual figures in accordance with ► **IFRS**.

S

SARBANES-OXLEY ACT (SOX)

A law aimed at corporations and their auditors with the objective of improving financial accounting. The goal is to strengthen the confidence of shareholders and other stakeholders in a company by extending regulations relating to financial reporting and internal monitoring systems. The law strengthens the obligation of company management to provide complete and correct information. The rules apply to all companies listed on U.S. stock exchanges.

SECURITIES AND EXCHANGE COMMISSION (SEC)

A federal agency that regulates and monitors the U.S. financial markets.

SLEEP.SAFE HARMONY

A system offering the full range of ► **automated peritoneal dialysis** options while ensuring maximum safety and comfort for the patient, physician and nursing staff.

U

U.S. GAAP

United States Generally Accepted Accounting Principles

V

VASCULAR ACCESS, ARTERIOVENOUS (AV)

A direct, surgically created connection between an artery (blood vessel carrying ► **blood** from the heart to the body) and a vein (blood vessel carrying blood to the heart) in the patient's forearm. This connection forms one large blood vessel with an increased blood flow that provides access for ► **hemodialysis**. Adequate vascular access is a prerequisite for hemodialysis.

VOLATILITY

Price fluctuation of a security or currency.

FIVE-YEAR SUMMARY

T 6.3 **FIVE-YEAR-SUMMARY (CONTINUATION SEE NEXT PAGE)**
IN € M, EXCEPT PER SHARE DATA

	2020	2019	2018	2017	2016
Statements of income					
Revenue	17,859	17,477	16,547	17,784	16,570
Earnings before interest, taxes, depreciation, amortization and impairment loss (EBITDA)	4,090	3,863	3,827	3,098	3,110
Operating income	2,304	2,270	3,038	2,362	2,409
Delivered operating income[1]	2,033	2,031	2,794	2,088	2,133
Net income (attributable to shareholders of FMC AG & Co. KGaA)	1,164	1,200	1,982	1,280	1,144
Basic earnings per share in €	3.96	3.96	6.47	4.17	3.74
Balance sheets					
Current assets	7,275	7,165	7,847	6,374	6,884
Non-current assets	24,414	25,770	18,395	17,651	18,620
Total assets	31,689	32,935	26,242	24,025	25,504
Current liabilities[2]	6,160	7,059	6,268	5,300	5,299
Non-current liabilities[2]	13,198	12,649	7,072	7,897	9,154
Equity	12,331	13,227	12,902	10,828	11,051
Total liabilities and equity	31,689	32,935	26,242	24,025	25,504
Total debt and lease liabilities	12,380	13,782	7,546	7,448	8,132
Cash flow					
Net cash provided by (used in) operating activities	4,233	2,567	2,062	2,192	1,932
Free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments)	3,197	1,454	1,059	1,351	1,017

FIVE-YEAR SUMMARY (CONTINUATION OF THE PREVIOUS PAGE)

	2020	2019	2018	2017	2016
Share data					
Year-end share price Frankfurt, Xetra in €	68.20	65.96	56.64	87.78	80.45
Year-end share price (ADS) New York in $	41.56	36.83	32.39	52.55	42.21
Weighted average number of shares	294,055,525	302,691,397	306,541,706	306,563,400	305,748,381
Total dividend amount [3] in € M	392	351	355	325	294
Dividend per share [3] in €	1.34	1.20	1.17	1.06	0.96
Employees					
Full-time equivalents	125,364	120,659	112,658	114,000	109,319
Operational ratios in %					
Operating income margin	12.9	13.0	18.4	13.3	14.5
Basic earnings per share growth	(0.1)	(38.7)	54.9	11.6	19.3
Organic revenue growth	3.1	5.2	3.9	6.6	7.0
Return on invested capital (ROIC) [4]	5.8	6.1	12.4	8.6	7.8
Net leverage ratio [4]	2.7	3.2	1.8	2.1	2.3
Net cash provided by (used in) operating activities in % of revenue	23.7	14.7	12.5	12.3	11.7
Free cash flow in % of revenue	17.9	8.3	6.4	7.6	6.1
Equity ratio (equity / total assets)	38.9	40.2	49.2	45.1	43.3
Dialysis care data					
Treatments in M	53.6	52.1	50.0	48.3	46.5
Patients	346,553	345,096	333,331	320,960	308,471
Dialysis clinics	4,092	3,994	3,928	3,752	3,624

[1] Operating income less noncontrolling interests.
[2] 2019: Put option liabilities for €52 M have been reclassified from non-current liabilities to current liabilities to conform to the current year's presentation.
[3] Planned proposal to be approved by the Annual General Meeting on May 20, 2021.
[4] See calculation in the Group Management Report, chapter "Overview of the group", section "Performance management system" starting on PAGE 24.

FINANCIAL CALENDAR 2021

Subject to change.

MAY **6**
Report on first quarter 2021

MAY **20**
Annual General Meeting

MAY **26**
Payment of dividend
Subject to the approval by the Annual General Meeting.

JULY **30**
Report on second quarter 2021

NOVEMBER **2**
Report on third quarter 2021

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FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that are based on plans, projections and estimates and subject to various risks and uncertainties. Actual results could differ materially from those described in these forward-looking statements due to certain factors. The risks and uncertainties are detailed in the reports filed with the U.S. Securities and Exchange Commission. We do not undertake any obligation to update any forward-looking statements in this Annual Report.

PUBLICATION SERVICE

This Annual Report of Fresenius Medical Care is available in both German and English. Annual Reports, Interim Reports, and further information on the Company are also available on our website: www.freseniusmedicalcare.com.

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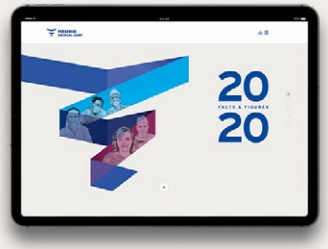

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