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GROUP NON-FINANCIAL REPORT. We are committed to responsible management and ethical business principles as an integral part of the Fresenius corporate culture. These principles, which underpin our professionalism, include honesty and integrity in relations with our patients, customers, governments, and the general public.

OUR RESPONSIBILITY

At Fresenius, the patient always comes first. For more than 100 years, we have been working to save lives, promote health, and improve the quality of life of our patients. Economic success is not an end in itself for Fresenius; it rather enables us to keep investing in better medicine.

Every business decision we make is consistently guided by the well-being of our patients. It is at the center of everything we do. We are committed to integrity in conducting business with external partners and responsible action, as well as reliability in our communication.

With the Fresenius Code of Conduct, we set binding rules for our course of business that cover all employees of Fresenius SE & Co. KGaA, managers, and board members. The rules are intended to help us make the right decisions in our daily work. In addition, the Code of Conduct is the framework for the individual Codes of the business segments. The structure of this Group Non-financial Report is therefore aligned with our Code of Conduct and the Codes of the business segments.

The Fresenius Code of Conduct defines **material topics** for all our employees, which are mirrored in the materiality analysis conducted for this Group Non-financial Report:

- ▶ We take **responsibility for the well-being of the patient** and commit to the highest quality in our products, therapies, and services.
- ▶ We want to **do the right thing** and comply with all applicable rules and laws. In addition to legal requirements, we adhere to high ethical standards and rules of good corporate governance.
- ▶ Our success and growth are based on the commitment of our more than 276,000 employees worldwide. As an **attractive employer** we want to attract talent, retain employees, and develop them in the long term.
- ▶ With every business decision we make, we think and act long term. Therefore, it is natural for us to **protect nature as a basis for life** and to conserve resources.
- ▶ We **care for human rights** as they are defined by international standards, e. g., the Declaration of Human Rights of the United Nations.

THE GROUP'S BUSINESS MODEL

Fresenius is a global health care Group in the legal form of an SE & Co. KGaA (a partnership limited by shares). We offer products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities worldwide.

The operating business comprises four business segments, all of which are legally independent entities managed by the operating parent company Fresenius SE & Co. KGaA. The business segments have a regional and decentralized structure.

- ▶ **Fresenius Medical Care** offers services and products for patients with chronic kidney failure. As of December 31, 2018, Fresenius Medical Care treated 333,331 patients at 3,928 dialysis clinics. Dialyzers and dialysis machines are among the most important product lines. In addition, Fresenius Medical Care offers dialysis-related services, among others in the field of Care Coordination.
- ▶ **Fresenius Kabi** specializes in intravenously administered generic drugs (IV drugs), clinical nutrition, and infusion therapies. The company is also a supplier of medical devices and products of transfusion technology. In addition, we are developing products with a focus on oncology and autoimmune diseases within the biosimilars segment of Fresenius Kabi.
- ▶ **Fresenius Helios** is Europe's leading private hospital operator. The company is part of the holding company Helios Health, which comprises Helios Germany and Helios Spain (Quirónsalud). At the end of 2018, Helios Germany operated a total of 86 hospitals, 124 outpatient clinics, and 10 prevention centers. Quirónsalud operated 47 hospitals, 57 outpatient centers, and around 300 occupational risk prevention centers at the end of 2018.

- ▶ **Fresenius Vamed** manages projects and provides services for hospitals and other health care facilities worldwide and is a leading post-acute care provider in Central Europe. The portfolio ranges along the entire value chain – from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management.

Fresenius has an international sales network and maintains more than 90 production sites. Large production sites are located in the United States, China, Japan, Germany, and Sweden. Production plants are also located in other European countries and in Latin America, Asia-Pacific, and South Africa. In total, Fresenius operates in about 90 countries through its subsidiaries. The main markets are Europe with 43% and North America with 42% of sales, respectively.

For additional information on the Group's business model, especially legal and economic factors, as well as important markets and competitive positions, please see page 37f. of the Group Management Report.

STRUCTURE OF THE NON-FINANCIAL REPORT

The separate Fresenius Group Non-financial Report was prepared pursuant to Sections 315b and 315c in connection with Sections 289c to 289e of the German Commercial Code (HGB). Statements and key figures are reported in reference to internationally applicable standards for sustainability reporting set out by the Global Reporting Initiative (GRI) guidelines. This separate Group Non-financial Report has been subject to a limited assurance engagement conducted by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

Reference to data or information outside of the Group management report is further information and not part of the separate Group Non-financial Report. References to additional information are part of this Group Non-financial Report.

The report is published annually and is an integral part of the Annual Report. The report encompasses all Fresenius entities worldwide in which Fresenius SE & Co. KGaA has legal or effective control, as in the consolidated financial statement.

The business models of the four segments place different demands on effective management of key issues at the operational level. Fresenius ensures that global standards are implemented as a framework, building the base for the specific codes and standards tailored to the business segments' nature and market.

NON-FINANCIAL ACTIVITY AREAS AT FRESENIUS

Serving the well-being of the patient	Doing the right thing	Being an attractive employer	Protecting nature as the basis of life	Caring for human rights
Social matters	Anti-corruption and bribery	Employee matters	Environmental matters	Human rights
<ul style="list-style-type: none"> ▶ Quality of medical outcomes and patient satisfaction ▶ Quality and safety of products ▶ Data protection 	<ul style="list-style-type: none"> ▶ Code of Conduct ▶ Compliance Organization ▶ Compliance Management Systems (Prevent, Detect, Respond) 	<ul style="list-style-type: none"> ▶ Personnel structure and diversity ▶ Attract talent, retain and develop employees ▶ Employee engagement and participation ▶ Profit-sharing scheme ▶ Occupational health and safety 	<ul style="list-style-type: none"> ▶ Water ▶ Energy ▶ GHG emissions ▶ Waste ▶ Wastewater 	<ul style="list-style-type: none"> ▶ No exploitative nor illegal child or forced labor ▶ Working conditions ▶ Non-discrimination ▶ Data protection

MATERIALITY ANALYSIS

We want our reporting on non-financial topics to be closely aligned with our business model, the interests of our stakeholders, and legal requirements. In 2017, we defined the material non-financial topics for the Fresenius Group in a three-step process. This process consisted of an external analysis, an internal analysis, and a final prioritization and validation of the identified topics.

The non-financial aspects requiring disclosure pursuant to Section 289c (3) HGB were determined based on the materiality requirement of the Corporate Social Responsibility Directive Implementation Act. The most important aspects are those that are relevant for an understanding of Fresenius’ business performance, results of operations, and position, as well as the effects of its own business activities on the non-financial aspects. Thus, social matters¹ include: quality of medical outcomes and patient satisfaction, quality and safety of products, as well as data protection. As anti-corruption and bribery are an integral part of the Compliance Management System, Fresenius reports on the Code of Conduct, the Compliance Organization, and the Compliance Management Systems. A detailed list of the non-financial activity areas identified as material can be found in the overview above. There were no developments or events in the year under review which require an adjustment of the activity areas and the associated topics.

The key topics identified and their specific management are explained for the individual business segments. Group-wide concepts such as data protection, compliance, and human rights are not reported on a segment-specific basis.

SUSTAINABILITY GOVERNANCE STRUCTURE

At Fresenius, the Group CEO is responsible for sustainability. The Investor Relations department directly reports to the CEO, coordinates the operational implementation of sustainability guidelines and standards, and is responsible for the non-financial reporting of the Fresenius Group. In addition, Investor Relations provides further guidance on the development of sustainability policies and management concepts. The Management Board and the Supervisory Board discuss the results of the sustainability efforts in the form of the Non-Financial Report. In this context, the Supervisory Board reviews the Non-Financial Report and is supported by the auditor’s limited assurance engagement.

Fresenius Medical Care is a separately listed company and has its own sustainability governance structure. At Fresenius Medical Care, sustainability is also firmly established at Management Board level. Responsibility for the Company’s sustainability efforts lies with the Sustainability Decision Board, Fresenius Medical Care’s highest decision-making body for sustainable development, which is headed by the CEO.

The Sustainability Decision Board and the Corporate Sustainability Committee enable the Corporate Sustainability Office to manage Fresenius Medical Care’s sustainability program.

¹ The standards developed by the Global Reporting Initiative (GRI) as an internationally acknowledged framework for sustainability reporting define social matters as the impact of companies’ activities on their customers’ health, among other items. The guidelines for non-financial reporting drawn up by the European Union demand, for example, that companies disclose material information regarding health, safety, and consumer satisfaction under the aspect of social matters.

The Corporate Sustainability Committee has an advisory and steering role. It consists of senior representatives of all regions and global functions who have been nominated so that regional and functional interests are appropriately represented in the company's sustainability program.

The Corporate Sustainability Office has introduced a global sustainability program in 2018 to further strengthen and harmonize Fresenius Medical Care's sustainability management concepts.

NON-FINANCIAL RISKS

The Fresenius Group has not identified material risks related to its own operations, business relationships, products, or services that are very likely to have a material adverse effect on the non-financial aspects or on the Group's business operations. For a detailed overview of the Group's risk management please see pages 77 ff. of the Group Management Report.

SERVING THE WELL-BEING OF THE PATIENT

At Fresenius, our aspiration is: better medicine for more people. We commit ourselves to strive for the highest quality in our products, services, and therapies. Our patients' well-being is the main non-financial aspect in the Fresenius Group to measure our success. We achieve this through the medical quality of our treatments and services, product safety and quality, as well as protection of personal data and patient satisfaction.

QUALITY OF OUR PRODUCTS, SERVICES, AND THERAPIES

We place great importance on the high quality of our products, services, and therapies. The patients' health depends on it. All business segments make an overall contribution to increasing the quality and **efficiency of health care**. This will enable access to high-quality and affordable medical care for a growing number of people.

It is important that every Fresenius employee ensures that all applicable **quality and safety regulations** are consistently adhered to in his or her area of responsibility. Our

employees in production plants, care centers, and clinics have a special duty of care while working in the manufacturing of products or providing medical services.

In our business segments, we **focus on value-enhancing processes** oriented toward efficiency and the needs of our customers. With our quality management, we aim to monitor and manage them on the basis of performance indicators, as well as to improve procedures.

The business segments adapt their quality management systems to their respective business models, resulting in different approaches. We therefore present the specific requirements, management approaches, and results in separate sub-sections for each business segment.

FRESENIUS MEDICAL CARE – QUALITY OF CARE AND PATIENT SATISFACTION

Fresenius Medical Care is committed to providing exceptional clinical care to its patients. To measure the quality of products and services, the company applies different frameworks in clinics and production facilities. This section focuses on the quality management system used in dialysis clinics. For information on Fresenius Medical Care's quality management system at plant level, please refer to the section on "Customer health and product safety".

Fresenius Medical Care aims to improve patients' quality of life by offering them high-quality products and services. For this reason, the company has set out clear and consistent general **principles regarding patient care** for all members of staff who interact with patients treated in the company's own dialysis centers. According to these principles, clinical care must be consistent with national and international scientific guidelines, Fresenius Medical Care's policy, and the physician's orders.

Among other things, Fresenius Medical Care expects all staff to:

- ▶ act ethically, fairly, courteously, competently and timely, when dealing with patients,
- ▶ treat all patients with dignity and respect,
- ▶ involve patients and families in treatment planning and processes whenever appropriate,
- ▶ respond carefully and accurately to patients' and families' questions.

Quality standards and guidelines

To improve the quality of Fresenius Medical Care's dialysis care services, the company continuously measures and assesses the quality of care at its dialysis clinics in all operating segments on the basis of generally recognized quality standards and international guidelines¹, industry-specific clinical benchmarks, and own quality targets. In each operating segment, responsibility for this process lies with our **Chief Medical Officers (CMOs)** and relevant specialist departments. Together they develop and review internal quality policies, standards, and guidelines based on the general standards and international guidelines mentioned above. Fresenius Medical Care's specialists use various IT systems and algorithms in line with local requirements to calculate, monitor, and review **key performance indicators (KPIs)** relating to quality. In addition, they use IT-supported systems and processes to assess such data within the scope provided by the standards and guidelines, aiming to continuously improve the quality of patient care at Fresenius Medical Care.

Quality parameters

As a further indicator of Fresenius Medical Care's **culture of quality improvement**, the company implements and monitors quality parameters so that the quality of care remains on a consistently high level. As part of this approach, the company regularly shares aggregated data on the quality of care as well as financial results with executives in the individual operating segments as well as with the Management Board. In addition, Fresenius Medical Care publishes selected results of its treatment analyses on a quarterly basis to provide transparency on the quality of patient care and to emphasize Fresenius Medical Care's social responsibility towards its patients. Fresenius Medical Care uses the following global quality parameters for public reporting:

- **Kt/V** provides information about the effectiveness and efficiency of dialysis. It is calculated by dividing the product of urea clearance (K) and the duration of treatment (dialysis time, t) by the volume of body space to be cleaned of toxins (the urea distribution volume in the patient, V).

FRESENIUS MEDICAL CARE: QUALITY PARAMETERS BY OPERATING SEGMENT

Description	Possible impact if too low	North America		Europe, Middle East, Africa		Latin America		Asia-Pacific	
		2018	2017	2018	2017	2018	2017	2018	2017
Kt/V ¹ ≥ 1.2	Effectiveness of dialysis: measures how well the body is cleaned of uremic toxins More days spent in hospital; increased mortality	97%	97%	95%	95%	91%	93%	96%	96%
Hemoglobin ^{2,3,4} = 10 – 12 g/dl	Hemoglobin is responsible for transporting oxygen around the body Indicator for anemia	72%	73%	83%	83%	53%	52%	58%	58%
Calcium ¹ = 8.4 – 10.2 mg/dl	Measures the patient's nutritional status and mineral balance Marker for increased mortality	86%	85%	81%	80%	75%	77%	74%	75%
Albumin ⁵ ≥ 3.5 g/dl		81%	79%	90%	88%	90%	90%	89%	88%
Phosphate ^{1,6} ≤ 5.5 mg/dl	62%	63%	81%	81%	75%	76%	67%	70%	
Patients without catheter (after 90 days) ⁷	Measures the number of patients with vascular access More days spent in hospital	83%	83%	79%	80%	80%	81%	86%	88%
Days in hospital per patient year ⁸	Result of complications during dialysis Restrictions in quality of life	10.2	10.7	7.5	7.7	4.2	4.1	3.3	3.8

¹ KDOQI guidelines (Kidney Disease Outcomes Quality Initiative)

² KDIGO guidelines (Kidney Disease: Improving Global Outcomes)

³ ERBP standard (European Renal Best Practice)

⁴ EMEA data includes patients with Hb > 12 g/dl without erythropoiesis-stimulating agents (ESA)

⁵ European Reference Material ERM®-DA470k

⁶ Phosphate specified as mg/dL of phosphorus

⁷ Where we as the care provider are directly responsible, the proportion of patients with permanent vascular access serves as an indirect quality indicator

⁸ Days spent in hospital over a 365-day dialysis treatment period per patient

Relating to the fourth quarter of the respective year

- ▶ 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.
- ▶ **Albumin, calcium, 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.
- ▶ **Catheters** are associated with a serious risk of infection and an increase in the number of days spent in hospital. In contrast, permanent vascular access is associated with reduced risk and supports effective dialysis treatment. Fresenius Medical Care records the number of patients who do not use a catheter as vascular access for dialysis.
- ▶ The **number of days** patients are hospitalized is relevant for determining the quality of care, because more days spent in hospital significantly reduce the quality of life of dialysis patients and are particularly cost-intensive for health care systems.

In the reporting year, Fresenius Medical Care included the quality parameters of 88% of its dialysis clinics worldwide in its table of quality parameters by operating segment on page 97.

Holistic dialysis care for patients worldwide

Fresenius Medical Care has identified a need for **integrated care for patients** with advanced renal disease to optimize care transition, develop cost-effective alternative therapies and care structures, increase renal transplantation rates, and reduce the costs associated with caring for patients. Based on these considerations, the CMOs as well as other specialist departments at Fresenius Medical Care and other dialysis organizations have set up a **global initiative** to collaborate and share their clinical expertise with the aim of aligning the various definitions of clinical parameters used in quality management for end-stage renal disease. This group of experts is also dedicated to improving care as well as outcomes for dialysis patients worldwide. To this end, they analyze good clinical practices, develop new guidelines, and promote their distribution in the respective clinic networks.

Patient satisfaction

Patient surveys are essential to measure, manage, and improve the services and care Fresenius Medical Care offers its patients. The company carries out **patient surveys** in selected countries with the aim of collecting information on the patients' experience and finding out where further improvements can be made and in which areas the company should expand its services. The survey results are used to identify process improvements and consequently to improve patients' quality of life and the care given to each individual patient.

To improve local responsiveness, responsibility for the patient surveys lies with each region. In the U.S. for example, the state-run public health care authority, the Centers for Medicare & Medicaid Services (CMS), determines the content of patient satisfaction surveys. The EMEA, Latin America, and Asia-Pacific segments also conduct surveys to measure and improve patient satisfaction. In EMEA and Latin America, the surveys are part of the quality management system. In all three regions, the survey results are analyzed and discussed with central functions at country level to identify and act upon strengths and weaknesses in the area of patient care.

Patient support in emergency situations

Fresenius Medical Care as a whole fulfills its social responsibility in crisis situations or in the event of international disasters. To continue providing patients with their vital dialysis treatment even in extreme conditions such as severe storms or floods, Fresenius Medical Care has established a system of regionally organized emergency response teams. Their task is to protect patients and employees in emergency situations and to give patients the best possible care, even under extremely difficult conditions.

In addition to its **disaster response activity**, Fresenius Medical Care donates funds, dialysis machines, and medical supplies to organizations that urgently require help. In 2018, the company's response to the life-threatening conditions caused by Hurricanes Michael and Florence in the United

States is a good example of Fresenius Medical Care's social responsibility and our strong commitment to patients. The company's Disaster Response Team prepared for the storm well in advance and actively monitored its track so that the company could continue caring for its patients as well as providing support and safety for the company's employees. Applying best practices from prior seasons, Fresenius Medical Care made sure that all patients and staff were accounted for after the storm and was happy to report only minor damages to the facilities.

FRESENIUS MEDICAL CARE – CUSTOMER HEALTH AND PRODUCT SAFETY

For Fresenius Medical Care, customer health and product safety mean creating a safe and healthy clinical environment to avoid potential harm caused by Fresenius Medical Care's products. The quality and safety of our products and services are the foundation of the company's business success.

Depending on the target market and the country of production, Fresenius Medical Care is subject to different rules and regulations. In the European Union, these include the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Restriction of Hazardous Substances (RoHS) legislation, and the Medical Device Directive 93/42/EEC. Furthermore, Fresenius Medical Care continuously strives to meet the requirements of selected relevant standards, including those of the Association for the Advancement of Medical Instrumentation (AAMI), the International Organization for Standardization (ISO), and the International Electrotechnical Commission (IEC). To fulfill its commitment to customer health and product safety while complying with the numerous relevant regulatory requirements, Fresenius Medical Care's processes are embedded in comprehensive **quality management systems (QMS)**. These QMS enable all of the company's products and procedures to comply with quality and safety standards from their development to market approval, manufacturing, and use in clinics through to training customers and dealing with complaints.

Global Quality Policy and quality manuals

To allow the company to provide its products and processes with a high quality, Fresenius Medical Care is committed to adhering to its Global Quality Policy, which is a key component of the QMS. The policy reflects Fresenius Medical Care's commitment to providing uncompromised product and service quality, while maintaining compliance with relevant regulations. By approving the Global Quality Policy, the heads of the Global Research & Development (GRD) and Global Manufacturing & Quality (GMQ), who are also members of the Management Board, confirmed their commitment to implementing a harmonized quality management system and maintaining its effectiveness.

Aside from quality policies, quality manuals are a vital framework for describing Fresenius Medical Care's quality systems. For this reason, the North America segment has developed a quality manual to satisfy applicable regulatory requirements and internal policies and procedures. In 2018, the GMQ and GRD functions in EMEA, Latin America, and Asia-Pacific have also introduced a quality manual. This manual identifies key policies and procedures, describes corporate oversight responsibilities, and includes sub-system policies according to ISO 13485 and ISO 9001 as well as other documents needed by the organization to allow effective process planning, operation, and control.

Quality management systems and quality inspections

Quality management systems and quality inspections play an important role when it comes to the quality, safety, and efficacy of medical and pharmaceutical products and supplies. It is therefore of great importance to Fresenius Medical Care that all plants have successfully passed the annual ISO 13485, ISO 9001, or Good Manufacturing Practice (GMP) inspections required for recertification.

As regulatory requirements vary around the world, the QMS are managed at a regional or local level. Responsibility always lies with the Head of Quality of the corresponding region. As part of this approach, local sites are subject to management reviews and regular **internal quality audits** performed by personnel who are not directly involved in the processes. Furthermore, the company's manufacturing sites in all regions undergo **external audits** by notified bodies and authorities such as the U.S. Food and Drug Administration (FDA) or the German Ministry of Health. Any cases of non-conformance are forwarded to the respective department to determine and implement appropriate corrective and preventive actions in due time.

As a result of this management concept, all of our sites in North America are GMP-compliant and four out of eight sites are certified according to ISO 13485. In EMEA, all sites coordinated by GMQ are certified according to ISO 9001 and ISO 13485. In Asia-Pacific, three out of eight sites are GMP-compliant. Furthermore, all plants that produce medical devices or pharmaceuticals are certified in accordance with ISO 9001 and/or ISO 13485. In Latin America, one plant is certified in accordance with ISO 13485. Furthermore, all production sites are GMP-compliant and have the applicable certifications required by law to manufacture, import, distribute, and export pharmaceutical products and medical devices.

Reporting adverse events and product complaints

Patient safety is given top priority at Fresenius Medical Care. To continuously improve the quality and safety of its products and services, the company reviews adverse events and analyzes product complaints. It uses this information to maximize safety in its facilities. Furthermore, Fresenius Medical Care requires all staff involved in the relevant tasks to understand, be familiar with, and follow Fresenius Medical Care's policies regarding the reporting of adverse events and product complaints.

FRESENIUS KABI – QUALITY AND PRODUCT SAFETY

Fresenius Kabi's corporate philosophy "**caring for life**" describes the company's commitment to improving the quality of life of its patients. The quality and safety of its products and services is of paramount importance to Fresenius Kabi.

The overarching **goals of the quality management** at Fresenius Kabi are to ensure the well-being of patients, as well as the quality and safety of products, services, and therapies. In its quality management, Fresenius Kabi establishes quality processes and standards and has defined the following **principles**:

- ▶ clear assignment of responsibilities
- ▶ educated and well-trained employees
- ▶ monitoring of product and patient safety
- ▶ transparent and documented processes and procedures
- ▶ achieving full regulatory compliance
- ▶ continuous improvement
- ▶ maintaining an effective Quality Management System

The importance of quality management is reflected within the organization of Fresenius Kabi. The global quality managers report directly to the respective member of the Management Board. The Management Board is thus directly responsible for quality management.

Fresenius Kabi's quality management system is organized in accordance with the **ISO 9001 standard** and is binding for all Fresenius Kabi organizations. Compliance with the standard is certified by TÜV Süd in annual audits at the global level. It also covers local sites through a matrix certification. More than 115 Fresenius Kabi organizations are included in the matrix certification process and are certified according to the ISO 9001 standard. The quality management system also covers applicable national and international regulations, including Good Clinical Practice (GCP), Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), the Code of Federal Regulations (CFR) of the U.S. Food and Drug Administration (FDA), as well as the ISO 13485 quality management standard for medical devices.

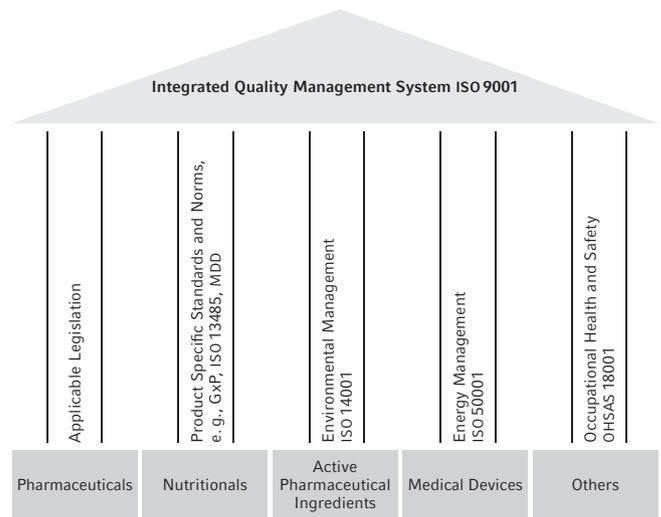
In 2018, more than 90 audits and inspections were performed at Fresenius Kabi by regulatory authorities or certifying bodies, and more than 70 global internal audits were carried out.

Fresenius Kabi has implemented a **global electronic quality management system, KabiTrack**, based on the Track-wise® software for all quality management processes. In 2018, the implementation was completed in all manufacturing plants, R & D departments, and market units. The system supports the local implementation of the globally defined processes and enables the review of implementation of requirements.

The core components of quality management at Fresenius Kabi are:

- ▶ **Global processes and standards:** Fresenius Kabi has implemented a global quality management handbook, as well as standard operating procedures. They are applicable globally and covering all sites. Through regular training on a global, regional, and local level, Fresenius Kabi ensures that employees are aware of those aspects of the quality management system that are relevant for their daily work.
- ▶ Fresenius Kabi has set up a **global monitoring and reporting system (vigilance system)** in order to be informed about product quality and patient safety issues in a timely manner and deal with them appropriately. The system comprises global **product risk management**, and an early-warning system. In the product risk management, specially trained safety & complaints officers worldwide record complaints and side effects in IT systems and route reports to experts for evaluation. Reports are passed on to product experts to be investigated. The global safety officers react promptly and appropriately to potential quality-related issues. They initiate and coordinate necessary actions on a global level, e. g., product recalls. With its **early-warning system**, Fresenius Kabi evaluates any quality-related information from various risk areas to identify risks at an early stage and take corrective and preventive actions. Information is obtained from databases for complaints and side effects, internal and external audits, and from key performance indicators used for internal control and optimization of quality processes. With these systems, Fresenius Kabi is able to evaluate the safety profile of any of its products at a global level.

INTEGRATED QUALITY MANAGEMENT SYSTEM ISO 9001



- ▶ Fresenius Kabi regularly conducts **internal quality audits** to ensure the effectiveness of the quality management system and compliance with internal and external standards and regulations.
- ▶ **Suppliers** of Fresenius Kabi related to manufacturing of products are subject to a qualification process based on the relevance of the delivered material or service. The qualification of suppliers, as well as their recertification, includes regular audits.
- ▶ **Inspections by regulatory authorities** and **audits** by independent organizations and customers are performed along the entire value chain at Fresenius Kabi. Whenever these inspections reveal weaknesses or deficiencies, Fresenius Kabi promptly takes steps to deal with them.

Product recalls are initiated as a risk-minimizing measure, if necessary, in cooperation with the responsible regulatory authority. The cause of the recall is analyzed. Where necessary, corrective measures are taken to prevent the cause of the recall in the future.

In the past fiscal year, no events with a material adverse impact were recorded that conflict with our quality management goals.

Crisis management

In 2018, Fresenius Kabi responded swiftly in crisis situations. In the United States, employees who work at the Wilson plant and our field-based staff in the region affected in the Carolinas withstood tropical storm Florence without significant personal damage or injury. In preparation for Florence, the plant allowed employees to prepare their homes for the storm and the facility was closed briefly after the company had completed established hurricane preparedness and safety procedures.

FRESENIUS HELIOS – QUALITY OF MEDICAL OUTCOME, PATIENT SATISFACTION, AND PATIENT SAFETY

Fresenius Helios places great importance on high standards of treatment quality, hygiene, patient safety, and care in its hospitals. With the acquisition of Quirónsalud (Helios Spain), the company fosters mutual knowledge and best practice sharing to expand competencies across borders: in medicine and care, Fresenius Helios brings together colleagues in specialist groups. Helios Germany's quality management and peer review approaches will be implemented at Helios Spain. At Helios Germany, management would like to use Helios Spain's experience with regard to the close cooperation between outpatient and inpatient care. More information on the structure of the German and Spanish hospital markets can be found on pages 51 f. of the Group Management Report.

Helios Germany

Helios measures the **quality of medical outcomes** using key indicators on the basis of G-IQIs (German Inpatient Quality Indicators). These G-IQIs are not only used in the Helios hospitals. In more than 450 German hospitals, different hospital operators have implemented these key indicators. Clinically relevant indications and surgical procedures are documented with the help of more than 1,500 key figures derived from routine administrative data. Helios Germany uses the latest reference data from the German Federal Statistics Office to benchmark its own performance. Helios Germany has defined specific **targets** for 46 G-IQIs. These targets are set at a level above the national average for Germany. In 2018, Helios Germany achieved the targets for 41 quality indicators, a success

HELIOS QUALITY PERFORMANCE INDICATORS

Germany	2018	2017	2016
Key indicators, total	>1,500	>1,500	>1,500
G-IQI targets	46	45	46
Targets achieved	89%	98%	93%
Peer reviews	55	69	58

Further information can be found at:

www.helios-gesundheit.de/unternehmen/was-wir-tun/medizin/qualitaet/qualitaetskennzahlen/

rate of 89% (2017: 98%). For the five targets that the company did not meet, it will analyze all cases in the respective hospitals and initiate corrective measures.

Head doctors and hospital managers receive monthly reports on the medical quality of each department. Helios analyzes the cases – including treatments and medical routines – in hospitals where target values were not achieved, to identify improvement opportunities. The **peer review** is of great importance in this process. In Germany, this review is a discussion between specially trained medical experts from Helios and from the **Initiative of Quality Medicine (IQM)**. They question statistical abnormalities and systematically search for improvements. Insights can be translated into concrete recommendations for action in the hospital to increase patient safety. In 2018, a total of 55 peer reviews were conducted in our German hospitals.

Helios Germany is involved in the IQM to exchange ideas and knowledge with other hospital operators. IQM members are committed to observing three basic principles: quality measurement with administrative data, publication of results, and peer review processes. IQM members provide acute care for approximately 7.7 million inpatients in more than 450 hospitals in Germany and Switzerland. In Germany, their share of acute care is 40%.

Helios Spain

The quality of clinical practice and patient safety are key for Helios Spain. The **quality management** is aligned with the Joint Commission International and European Foundation for Quality Management (EFQM). Further, the quality standards of the ISO norms help to ensure high quality levels. The first hospitals were certified according to ISO 14001 in 2018. In 2019, further hospitals will be included in this certification.

In addition to the already existing ISO certifications, Helios Spain has initiated the implementation of quality indicators aligned to the G-IQI used by Helios Germany. Helios Spain reached an agreement with Fundación IDIS (Instituto para el Desarrollo e Integración para la Sanidad) to calculate the G-IQIs based on Spanish medical routine data and make them comparable using public reference statistical data. Furthermore, Helios Spain has conducted four peer reviews in the reporting period.

For 2019, Helios Spain aims to increase the number of G-IQIs for which targets will be set as well as the number of peer reviews.

Hygiene management and patient safety

The principal goal of hygiene management at Fresenius Helios is to prevent the spread of infections by pathogens in a clinic.

At Helios Germany the **Helios Group Hygiene Regulation** (Helios Konzernregelung Hygiene) is based on the recommendations of the Robert Koch Institute and is binding for all employees and clinics. Helios Germany conducts regular training courses on hygiene management. In daily operations, hygiene management is conducted locally by specially qualified nurses and hospital hygienists. It differentiates between nosocomial (i. e., acquired in the hospital) infections and those brought from the outside by patients.

Further data on the most common pathogens¹ are published in the Helios Germany publication Hygiene EinBlick (Hygiene InSight) and on the Internet.

Complementing its quality management, Helios Germany plans to further develop a system of **indicators for patient safety**, which is already internally reported. Internationally established indicators – Patient Safety Indicators (PSI) of the U.S. Agency for Healthcare Research and Quality (AHRQ) – will be combined with internal indicators. Helios has already had very good experience with this: the quality indicators of the AHRQ were used as international reference values in the development of the G-IQIs.

In its hospitals, Helios Spain aims to achieve the following:

- ▶ to promote continuous hand hygiene to prevent infections associated with care in health care facilities,
- ▶ to monitor perioperative antibiotic prophylaxis use to prevent surgical site infections, and
- ▶ to enhance the implementation of good biosafety practices in the operating theater

In 2018, the Corporate Safety Committee of Helios Spain approved the **Patient Safety Strategy**. The strategy is based on the principles of international reference bodies in patient safety such as WHO and Joint Commission International. It includes the certification of hospitals according to the standards of the Spanish Association for Standardization (Asociación Española de Normalización – UNE). The first hospitals have already been certified in accordance with the standard UNE 179003 Health Services Risk Management for Patient Safety. Further, Helios Spain aims to certify its hospitals according to UNE standard 179006 System for surveillance, prevention, and control of infections related to health care in hospitals. The standards support the hospitals in their daily work to prevent and control infections in health care facilities.

Patient satisfaction

At Helios Germany employees conduct weekly inpatient **interviews** at the hospital sites and electronically and anonymously record the information. The surveys are evaluated locally. Through the questionnaire, patients can ask for more transparency on their treatment and request more support throughout the daily hospital routine. The feedback also facilitates a more intense dialogue between the nurses and the patients. Helios can measure how satisfied patients are with treatment, care, and services in order to initiate improvement processes without delay. The overall goal is to react to patients' feedback within 24 hours.

For Helios Spain, the main causes of dissatisfaction among patients are waiting times and lack of information. To monitor this, Helios Spain implemented a **"15/15" target** in all hospitals. A patient must get an appointment within 15 days, and the waiting time before the appointment starts has to be below 15 minutes. In emergency departments, 30 minutes is the maximum waiting time.

¹ The most relevant pathogens published are: MRSA (methicillin-resistant Staphylococcus aureus), VRE (vancomycin-resistant Enterococcus), and MRGN (multiresistant gram-negative rods).

Handling of patient complaints is based on standard operating procedures and monitored internally through an IT-based management system. 48 hours after hospital attendance, an e-mail is sent to patients asking if they would recommend Helios Spain services or not, and the reasons. Unsatisfied patients are specifically interviewed to gain a better understanding of the criticism they raised.

Helios is convinced that transparency creates the best incentive for improvement. In addition, the results for medical treatment quality, key indicators in the field of hygiene, and results of patient surveys in Germany are published on the website www.helios-gesundheit.de.

FRESENIUS VAMED – QUALITY MANAGEMENT AND PATIENT SATISFACTION

Fresenius Vamed designs its quality processes based on established standards such as ISO 9001, ISO 14001, and ISO 13485, as well as the European Foundation for Quality Management (EFQM) standards. In addition, Fresenius Vamed has certified health care facilities according to the Joint Commission International (JCI), ISO, or QMS Reha models. To ensure its quality standards, Fresenius Vamed uses regular internal audits as well as external recertifications.

Fresenius Vamed uses performance indicators in the quality management system of its health care facilities. These are exclusively used for the optimization of local and internal processes.

Patient satisfaction

Fresenius Vamed has implemented a continuous and structured process for patient satisfaction surveys in its health care facilities. The company evaluates data internally and implements improvement measures in the respective facilities.

PROTECTING DATA

As a globally operating company, we process personal data of our customers, business partners, employees, and patients. We take responsibility for the careful handling of their data. This has priority for Fresenius as a trusted partner. We continuously develop our data protection measures to fulfill our responsibility towards our patients, employees, and other partners.

Fresenius respects the right to informational self-determination and the privacy of all persons of whom we receive data as part of our business. This includes processing of personal data by third parties on our behalf. This commitment is voiced in the Fresenius Code of Conduct.

To implement the requirements of the **EU General Data Protection Regulation (GDPR)**, effective since May 25, 2018, we have improved our data protection management system through a number of measures. We have strengthened our data protection organization and continuously developed our data protection management system. From a Fresenius Group perspective, data protection is a focus risk area in compliance. In this context, operational measures of data protection management are the responsibility of the functional departments. Basic measures, such as risk assessments or monitoring, are supported by the Compliance Management Systems.

The following sections describe the way data protection is handled at Fresenius SE & Co. KGaA, Fresenius Kabi, Fresenius Vamed, and Fresenius Helios. For information on Fresenius Medical Care's Global Privacy Program, Global Privacy Organization, and Privacy Organization Team, please refer to pages 107 f.

ORGANIZATION

Fresenius SE & Co. KGaA and all business segments have implemented data protection organizations based on their corporate structure. These include appointed independent **data protection officers** reporting to the respective company's management. The data protection organization supports the management of the respective companies in complying with and monitoring of applicable legal data protection requirements. Fresenius Netcare also maintains its own data protection organization in order to fulfill its particular responsibility as a regular data processor for the business segments. All

data protection organizations have both advisory and monitoring functions, which complement each other in their respective tasks.

The data protection officers are contact persons for national and international supervisory authorities and are supported by **expert data protection advisors and coordinators** who are organized both centrally and locally, reflecting the company structure. In total, Fresenius employs more than 200 employees who are entrusted with data protection tasks.

Our goal is to establish comparable and effective data protection measures wherever we process personal data. For this, data protection colleagues from all business segments regularly exchange experience and best practices, e. g., within Group Coordination Meetings and peer-to-peer reviews.

RISK ASSESSMENT

We regularly assess risks related to data protection and IT security in every business segment and Fresenius SE & Co. KGaA using standardized methods in a top-down approach.

We record data processing activities in all business segments and Fresenius SE & Co. KGaA in central tools and put them under a data protection review, including a risk assessment. For this purpose, we organize business processes in such a way that data protection is integrated into the design of new data processing activities as early as possible to carry out assessments under data protection law. In this way, we can implement the data protection principles and the necessary technical and organizational measures included in the processing to meet the requirements of the GDPR and minimize potential risks. New or significantly changed IT systems operated by Fresenius Netcare are subject to a standardized review process in which implementation of data protection and IT security requirements are reviewed.

DATA SUBJECT RIGHTS

We at Fresenius respect and protect the rights of all persons from whom we collect or process data. This applies to employees, patients, and customers as well as to our business partners. We process, collect, and store data only to the extent and as long as it is appropriate and necessary for the respective purpose. Likewise, we process the data collected only for the lawful purposes specified in each case.

All business segments and Fresenius SE & Co. KGaA support the rights of data subjects by appropriately informing data subjects on their rights and responding to their requests in a timely manner. We inform our employees on their rights through appropriate privacy employee notices. In addition, we have established an organization to protect data subject rights according to the GDPR requirements.

In addition, we give data subjects, external and employees, an additional easy way to request information on their data that is processed by us. Fresenius SE & Co. KGaA and Fresenius Kabi have developed easily accessible technical solutions for sending data subject requests to the companies. The requests will be handled and answered centrally.

PATIENT DATA

The patient always comes first at Fresenius. This also and especially applies to handling the data of our patients. We are aware of our responsibility within the especially trusted relationship with our patients. Our patients expect adequate protection in handling of their data. This guides our procedures in handling patient data.

We inform every patient of whom we take care and thereby process data about their rights in an adequate manner. We process data of our patients only after obtaining consent or based on a legal basis and to the extent necessary. A **privacy impact assessment** is conducted for processing activities that involve processing of patient data. We protect patient data by minimizing access to this data according to the principles of minimum right to the responsibilities necessary for processing.

INTERNATIONAL DATA TRANSFER

As a globally operating company, ensuring an appropriate level of data protection in international data transfers as defined by the GDPR is our priority.

All business segments and Fresenius SE & Co. KGaA transfer data to third countries outside the European Union only based on the adequacy decision of the European Commission, generally recognized certifications, or sufficient guarantees. To do so, we conclude contracts with the data recipients. These contain EU model clauses provided by the European Commission.

In addition, Fresenius SE & Co. KGaA and Fresenius Kabi intend to submit **Binding Corporate Rules (BCR)** to the respective data protection authorities for review and approval and implement them subsequently. These will drive the harmonization of the level of data protection in countries outside the European Union.

Fresenius Helios processes personal data – especially patient data – preferably within internal networks. If data is processed in countries outside the European Union, the contractor will be reviewed diligently and protection measures will be implemented.

DATA PROTECTION & CYBERSECURITY

Fresenius takes responsibility for future-oriented health care. This includes the use of information and communication technologies. This requires us to act with special care when handling the data of our patients, employees, customers, and partners. We ensure this by continuously working to improve our cybersecurity measures.

The data protection organizations of the Fresenius Group are in close cooperation with the respective IT security departments when carrying out the risk assessments. Based on the risk analysis, the respective data protection and IT security specialists develop and implement suitable measures to further minimize the identified risks. These measures are supplemented by data protection impact assessments and resulting security measures for processing activities that are likely to lead to a high risk for the rights of individuals.

We want to prevent loss of data and to ensure its confidentiality, availability, and integrity. We thereby focus on all areas within the Group, where cybersecurity risks can occur. This includes the protection of IT within our clinics, production sites, and medical devices against potential attacks.

All business segments and Fresenius SE & Co. KGaA collaborate in order to set a common cybersecurity baseline for the Group. These standards are adopted, implemented, and continuously monitored within the respective business segments.

To minimize cybersecurity risks, such as tampering or unauthorized access to critical information assets, we have implemented **security concepts**. These include access controls, perimeter security measures, and adequate protection

of Fresenius endpoints (e. g. desktop, server, mobile devices, etc.). We carry out regular penetration tests for information assets with sensitive data (for example, patient or employee data). We maintain redundant systems for all critical systems, e. g., communications infrastructure or clinical information systems. A central Cybersecurity Dashboard acts as a platform to monitor current and emerging threats to our information assets. We introduce further automated response capabilities to increase the efficiency when responding to cybersecurity incidents.

Our own Cyber Emergency Response Team (CERT) follow up on potential attacks against our information assets, suspected violations, and inquiries from people who have been affected by incidents or from the authorities. We take all identified weaknesses or potential violations and new developments as an opportunity to improve our internal processes. If current developments require it, we take further ad hoc measures to respond to cyber incidents in an effective and timely manner.

In November 2017, the Management Board of Fresenius SE & Co. KGaA approved a new **global Cybersecurity Strategy**. Based on a cross-business-segment governance model, the program's intent is to identify cyber risks, establish common and agreed upon security policies to shape the global security baseline, and to monitor the global security level. Within the CARE governance model, every business segment and their respective regions are responsible for determining and reporting on the effectiveness of proper risk mitigation strategies based on their context, strategic objectives, and synergies to already established security capabilities.

AWARENESS

Data protection is a shared effort of all employees of the Fresenius Group. The foundation is the joint commitment of all business segments and Fresenius SE & Co. KGaA toward data protection, which is voiced in the codes of conduct.

All business segments and Fresenius SE & Co. KGaA have created **policies** for protection and processing of personal data. These support our employees to implement GDPR requirements and other relevant legal regulations within their responsibility. Guidelines, principles, and operating procedures complement the data protection policies.

In addition, we **train** employees on current requirements and threats in relation to data protection and IT security. For this, we offer a comprehensive range of e-learnings, classroom training, and additional training to employees. Thereby, we combine general training with targeted training measures for specific employee groups. This ensures that employees responsible for data processing activities are aware of current legal and internal requirements.

New employees are informed about confidentiality in handling sensitive data and bound to secrecy.

In addition, new employees of Fresenius Helios in Germany need to undergo mandatory data protection training within a defined time period. Every Helios entity needs to prove training of their employees on data protection every two years.

Fresenius Vamed conducts training on dealing with critical incidents, which were recently focused on data protection.

AUDIT AND MONITORING

A number of governance functions regularly perform controls with different focus areas to ensure compliance with data protection regulations in all business segments.

As part of this, Internal Audit conducts independent audits in all business segments and entities, also regarding relevant aspects of data protection and IT security. These focus on implementation of principles and procedures. In addition, there are reviews in cooperation with the responsible data protection officer. All business segments and Fresenius SE & Co. KGaA have defined respective audit concepts.

Furthermore, relevant **data protection controls** are part of the different internal controls frameworks of the business segments and reviewed by the responsible internal control departments. We use insights and identified improvement potential from audits and reviews to continuously improve our data protection processes. In addition, the data protection officers of the business segments and Fresenius SE & Co. KGaA review compliance with data protection principles and regulations as an independent supervisory function.

The audit concept of Fresenius Helios foresees a regular audit, minimum every one to two years, of every entity regarding data protection and IT security.

All employees of the Fresenius Group have the opportunity to report potential violations of data protection regulations or internal guidelines via existing whistleblowing systems or dedicated e-mail addresses. We take all reports on potential violations as an opportunity to clarify the facts quickly and to review and adjust our company processes where needed.

PROTECTION OF PATIENTS' MEDICAL INFORMATION AT FRESENIUS MEDICAL CARE

As a company in the health care sector, Fresenius Medical Care is entrusted with sensitive personal data on patients' treatment. Fresenius Medical Care uses this data to continuously optimize the quality of care it provides and fulfill its social responsibility towards the company's patients.

Fresenius Medical Care takes data privacy and security seriously and respects the privacy of all its stakeholders. Fresenius Medical Care is committed to maintaining the trust of its stakeholders and protecting patients' medical information. As the company highly values quality, honesty, and integrity, it uses its best efforts to handle patient data with the expected and appropriate care. This includes continuous attention and dedication to the protection of personal data that we process.

Fresenius Medical Care aims to apply adequate and **global minimum privacy standards** relating to the way we handle patient data at Fresenius Medical Care, and its affiliates, subsidiaries, and majority-controlled joint ventures. As legal requirements differ throughout the world, Fresenius Medical Care has established the Global Privacy Foundation, which specifies a consistent set of minimum requirements so that personal data is used appropriately throughout its life cycle. While the Global Privacy Foundation creates a baseline requirement for all affiliates to comply with, Fresenius Medical Care is also committed to adhering to applicable local laws that may impose stricter standards.

Fresenius Medical Care's **global privacy program** is overseen by its Management Board, which is informed on a bi-annual basis of the program status and any privacy-related issues that need to be addressed. Through the Global Head of Data Protection and Cybersecurity Laws, as well as the Global Privacy Team, the Fresenius Medical Care affiliates are guided in order to meet their compliance with the global privacy program. The Global Privacy Team maintains the Global Privacy Foundation by developing policies, procedures, and guidelines, planning training and awareness programs, monitoring and reporting on compliance, collecting, investigating, and resolving privacy inquiries, concerns, and complaints, as well as determining and updating appropriate sanctions for violations of these rules. Each Fresenius Medical Care affiliate is accountable for establishing and implementing at the minimum the baseline global privacy program for its operations. They shall, as deemed appropriate, designate resources qualified to serve in such capacity by virtue of their background, experience, education, and training.

In 2018, Fresenius Medical Care continued to further develop its global privacy program with a focus on its General Data Protection Regulation (GDPR) readiness program, so that our systems, databases, and applications meet GDPR requirements.

As expressed in the company's Code of Ethics and Business Conduct, Fresenius Medical Care is committed to protecting the privacy of its patients and only uses information collected in accordance with local data protection and privacy rules. Furthermore, Fresenius Medical Care's employees are expected to promptly report lost, stolen, or damaged devices owned by the company or containing company information. To safeguard the confidentiality of sensitive patient information, all relevant employees of Fresenius Medical Care with access to patient data are instructed to never disclose personal information to any unauthorized persons, either inside or outside the company, who do not have a legal right of access to this information.

DOING THE RIGHT THING

For us, compliance means more than acting in accordance with laws and regulations. Compliance means doing the right thing. This means: we adhere to all rules, including legal requirements, internal guidelines, our commitments, and ethical principles. Compliance is an integral part of our corporate culture and our daily work. Our **Fresenius Code of Conduct** defines the framework of our rules. All Fresenius business segments have implemented Codes of Conduct. They cover the specifics of their businesses and reflect the values of the Fresenius Code of Conduct. Underlying guidelines, instructions, and process descriptions complement and specify the rules of the Code of Conduct. Our Compliance Management Systems are designed to achieve the implementation of these rules within the company.

We take even possible misconduct seriously. Any illegal actions or violations of the rules may harm the individual and Fresenius. We do not tolerate non-compliance. If a violation of applicable regulations is detected, we will take the necessary actions to remediate the violation and prevent any recurrence. We also take all reports as an opportunity to review our company processes for possible improvements.

COMPLIANCE MANAGEMENT

COMPLIANCE ORGANIZATION

Organization

Each of our business segments has appointed a **Chief Compliance Officer** who oversees the development, implementation, and monitoring of the Compliance Management System (CMS) of the business segment. In line with the business structure and organization, the business segments have established compliance responsibilities at the respective organizational levels. Within these structures, local management is responsible for compliance in the legal entities. Besides this, more than 400 employees are working on compliance topics within the Fresenius Group. They support management and employees in all compliance-related questions.

Corporate Compliance department

The Corporate Compliance department of Fresenius SE & Co. KGaA supports the compliance functions of the business segments with standardized tools, processes, and methodologies. To further develop the Group's **Compliance Management Systems**, Corporate Compliance develops global compliance initiatives in consultation with the compliance functions of the business segments. The Compliance departments on the corporate level of the business segments develop further segment-specific global compliance initiatives and support the responsible compliance colleagues in the regions and divisions. In addition, the Corporate Compliance department of Fresenius SE & Co. KGaA is responsible for developing, implementing, and monitoring the CMS of Fresenius SE & Co. KGaA and its corporate functions. The Corporate Compliance department reports to the Chief Compliance Officer of Fresenius SE & Co. KGaA – the member of the Management Board responsible for Legal, Compliance, and Labor Relations.

Compliance Steering Committee

The Compliance Steering Committee (CSC) is the **central consultative committee** at Fresenius SE & Co. KGaA for compliance topics. It facilitates exchange with other relevant governance functions. The committee consults on the developments of the Group's CMS and important compliance initiatives, current key risk areas as well as compliance-relevant topics of other governance functions, such as Internal Audit planning and Internal Audit reports. In addition, participants discuss severe cases of potential misconduct and remediation actions. The CSC comprises the following participants of Fresenius SE & Co. KGaA: the Chief Compliance Officer, the Chief Financial Officer, and the Heads of Legal, Internal Audit, and the Corporate Compliance department. All business segments provide the CSC with an annual update on their Compliance Management Systems. CSC meetings are held every six to eight weeks, minimum six times per year.

Supervisory Board

The Supervisory Boards of Fresenius SE & Co. KGaA and the general partner, Fresenius Management SE, are regularly informed – at least once per year – about compliance within the Group.

COMPLIANCE MANAGEMENT SYSTEMS (CMS)



Conference and group exchange

To ensure ethical conduct, we continuously review and question current practices and try to learn from best practices. In our annual Compliance Conference, the compliance functions of the business segments regularly share their experience. This **dialogue** enables us to learn from each other. In the course of the year, the Compliance Conference is complemented by **telephone conferences** every two months, and regular jour fixes. In addition, subject matter experts of all business segments work together on relevant topics in regular group exchanges.

COMPLIANCE MANAGEMENT SYSTEMS

We have implemented risk-based Compliance Management Systems in all our business segments and at Fresenius SE & Co. KGaA's corporate level. They comprise three pillars: Prevent, Detect, and Respond. Emphasis is placed on preventing any acts of non-compliance before they occur. Such systems consider the markets Fresenius is operating in. They are tailored to the specific requirements of each business segment.

Prevent

Essential measures for prevention include a thorough risk assessment, adequate and effective policies and procedures, regular training, and continuous advice.

Risk assessment

We assess compliance risks regularly using standardized methodologies in each business segment and at Fresenius SE & Co. KGaA. These risk assessments include up to 21 **compliance risk groups** depending on the business structure and are conducted in a top-down approach. Once per year, the compliance functions of the business segments and Fresenius SE & Co. KGaA share significant insights from the individual risk assessments. Thereby, they identify relevant risk areas and material changes that are relevant for the Group.

In 2018, Fresenius Kabi has implemented an integrated risk management system. This system consolidates risk assessment processes within the business segment in one tool using a bottom-up approach and thereby enhancing risk analysis. We use the experiences of Fresenius Kabi for successful implementation of the tool within the whole Group. Thereby, we harmonize the risk assessment processes in one tool to achieve development risk management by analyzing risks across all reporting and risk areas.

Across all business segments, bribery and anti-corruption is one of the **focus risk areas**. From a Fresenius Group perspective, antitrust, data protection, anti-money laundering, foreign trade, and human rights are additional focus risk areas.

Internal controls, policies and procedures

In all our business segments and at Fresenius SE & Co. KGaA, the compliance functions support the management in establishing adequate internal controls to ensure compliant business transactions in daily business. The internal controls are described in compliance policies and procedures on business segment and corporate level.

Training

We support our employees through regular classroom and online training. Training covers the Codes of Conduct, company policies, or specific topics, such as anti-corruption, antitrust, or data protection. Training has a high priority for Fresenius. We plan and conduct training tailored to the relevant employee groups based on their function and risk. Key compliance training, such as the Fresenius Code of Conduct, is mandatory. To foster a risk-conscious and value-based company culture, we conduct targeted training for managers. We conduct job-specific compliance training for high-risk areas. In addition, we have processes in place to ensure that all employees join relevant compliance training on a regular basis. All compliance functions provide continuous advice to employees in compliance-related questions.

Anti-corruption measures

All business segments have defined anti-corruption measures as a central element of their Compliance Management Systems. The trust of our patients, business partners, and the public must not be compromised by non-compliant conduct. We do not tolerate any business that is initiated or carried out in an unfair manner, and we strictly oppose corruption and bribery. Our codes of conduct strictly prohibit every form of influence through undue practices.

The following **four principles** help us to act with integrity at Fresenius:

- ▶ We set appropriate remunerations: performance and reward must be equivalent – for us as well as for third parties.
- ▶ We document business arrangements transparently in agreements.
- ▶ We strictly separate sales transactions and transfers of value, received or granted: transfers of value must not be related to a potential sales transaction through timing or cause.
- ▶ We observe approval and disclosure requirements.

Cooperating with health care professionals and patient organizations

We especially care for cooperating with health care professionals and organizations as well as patient organizations and public customers in a transparent way. Therefore, we set high standards for interaction with these partners, which we have outlined in various **guidelines** in our business segments. We are actively engaged in different organizations, such as Medicines for Europe and MedTech Europe, aiming to continuously enhance transparency in the health care sector and commit ourselves to the corresponding codes and principles. Furthermore, we disclose value transfers to health care professionals and patient organizations in our business segments according to applicable disclosure requirements.

Managing third-party risk

Our anti-corruption measures include selecting our partners carefully and according to **objective criteria**. In all our business segments and at Fresenius SE & Co. KGaA's corporate level, we have risk-based due diligence processes in place to determine the risks related to our business partners. Based on the risk profile of the business partner, we implement necessary mitigation measures, such as contractual commitments, to prevent corruption at the business partner and the right to terminate the contract in case of breaches. If we detect potential misconduct on the part of our business partners, we will react adequately, e. g., with additional control measures, depending on the severity of the misconduct.

Acquisitions and investments

We also take compliance risks into account for acquisition and investment decisions. For this, specific due diligence procedures are performed in all business segments to identify potential **compliance risks**. The results are considered in the decision making and relevant safeguards, such as compliance representations and warranties in the contracts, are implemented. After an acquisition, we integrate the new entity into our Compliance Management Systems as soon as possible.

Antitrust

We have addressed the need for compliance with worldwide antitrust regulations in a **guideline** for all business segments. The guideline details principles of antitrust compliance and

important elements of the antitrust compliance program, such as training, specific controls, and monitoring concepts. The business segments have continuously worked to implement the guideline and related measures taking into account local regulatory requirements and the characteristics of their business models in the past year.

Money laundering

In line with the risk profiles of our business segments, we have established relevant measures to address money laundering risks across the Fresenius Group, implementing requirements of the anti-money laundering law for companies trading in goods. This includes **internal controls**, such as prohibiting certain cash transactions, as well as risk assessment and due diligence processes for relevant transactions. Implemented controls will be outlined in policies and trained respectively.

Foreign trade

We also deliver our life-saving products to countries that are subject to trade restrictions. Thereby, we take special care and aim to ensure that we comply with all currently applicable legal requirements, including sanctions and export controls. We have implemented risk-based measures in the relevant business segments, such as monitoring processes and dedicated IT system checks for deliveries that are subject to export or import controls. Thereby, we aim to ensure compliance with applicable sanctions and export control requirements, including for short-term legal changes.

Detect

Risk detection

Through objective indicators we try to detect potential compliance risks early on. With the **Compliance Cockpit**, Fresenius Kabi has a tool in place to give an overview on compliance-relevant indicators of each legal entity. For this, it uses objective internal and external indicators. Fresenius Kabi reviews the Compliance Cockpit of all entities annually and determines required monitoring measures for entities with a higher risk profile.

Cash controls

For cash and bank transactions, we have implemented controls such as the **four-eyes principle**, as well as complete monitoring of cash payments above certain thresholds. Thereby, we ensure that all financial transactions are based on a legitimate purpose and are properly authorized and executed. Automated procedures and analyses of the adherence to value limits enable us to detect compliance risks early on.

Reviews

In addition, the Corporate Compliance functions of Fresenius SE & Co. KGaA and Fresenius Kabi regularly perform functional reviews of compliance initiatives in the form of workshops. The compliance organization of Fresenius Kabi performed a number of international workshops in 2018, also supported by the Corporate Compliance Department of Fresenius SE & Co. KGaA.

Helios Germany has introduced a compliance indicator, measuring the implementation of relevant company guidelines through a self-assessment in all clinics. The compliance indicator is used to plan further compliance measures, such as the regular transparency review, in selected hospitals. In this review, the adherence to the regulations in the transparency guideline is tested on a sample basis.

Internal Audit

The Internal Audit departments of Fresenius perform independent **audits** of the Compliance Management Systems by auditing business segments and Group companies regarding implementation of policies and procedures and the effectiveness of the CMS. If the results of reviews or audits reveal any potential for improvement, necessary actions are defined in consultation with the responsible management. In 2018, the Internal Audit departments performed multiple compliance-related audits at Fresenius SE & Co. KGaA and in the business segments across the world, also with particular focus on data protection and IT security.

Reporting channels

If Fresenius employees are aware of potential misconduct, e. g., non-compliance with laws, regulations, or internal policies, they can contact their superior or the responsible compliance

function to report a potential compliance case. In addition, they can report compliance cases anonymously, e. g., via **whistleblowing systems** or dedicated e-mail addresses. Most whistleblowing systems are open not only to employees, but also to third parties, such as customers, suppliers, and other partners, via the corporate website.

Respond

Handling of potential compliance cases

We follow up on all reported or otherwise detected compliance cases. To this end, we objectively assess all cases of potential misconduct for their plausibility and potential severity first, in order to manage all potential misconduct consistently, fairly, and comprehensively. The severity of the case determines who is responsible for handling the case. If necessary, an investigation is performed either by an internal investigation team or with external support.

We take all reports as an opportunity to review our company processes for possible improvements. The implementation of measures is performed in a timely manner by the responsible management in cooperation with the responsible compliance function. Depending on the type and severity of misconduct, potential sanctions, such as actions under employment, civil, and criminal law, can be imposed. After finishing the investigation, we define and implement necessary remediation measures that prevent or at least impede future misconduct.

Continuous improvement

In addition, we analyze audit findings to identify and realize additional improvement potential in our compliance measures. Our aim is the continuous improvement of the compliance measures to fulfill our commitment to the highest quality of our products and services, integrity in dealing with our partners, responsible conduct, and reliability in our communication for the well-being of our patients in the future.

Further relevant information regarding legal and regulatory matters can be found on pages 225 ff. of the Notes.

BEING AN ATTRACTIVE EMPLOYER

The commitment of our more than 276,000 employees worldwide is the basis for the success and sustained growth of Fresenius. With their achievements and skills, our employees are helping our businesses occupy leading positions in their markets. We want to attract, retain, and develop talent at Fresenius. That is why we offer them a variety of attractive development opportunities. Furthermore, we promote international and interdisciplinary cooperation, as well as diversity in the business areas and regions. In the Group Management Board, the member of the Management Board responsible for Legal and Compliance and Labor Relations is responsible for all central employee matters.

Reporting on employee matters includes the key topics: personnel structure and diversity, employee engagement, profit-sharing schemes, how Fresenius attracts, retains, and develops talents, as well as occupational health and safety. The business models of our segments are adjusted to the individual needs of the health care markets we operate in. Therefore, we report on Group personnel concepts as well as on specific measures within our business segments.

PERSONNEL STRUCTURE AND DIVERSITY

At the end of fiscal year 2018, the Fresenius Group employed 276,750 employees. That was 3,501 people or 1% more than in the previous year (December 31, 2017: 273,249).

Our **employee structure by function** remained fairly unchanged compared to the previous year's figure. About 15% of our employees work in production while 70% are engaged in service.

The **proportion of female employees** in the Fresenius Group was again 68% as of December 31, 2018 (December 31, 2017: 68%). The number of women who participate in the Group-wide Long Term Incentive Plan (LTIP 2018) is a good indication for the women's share in management positions worldwide. The female quota among these approximately 1,400 top executives amounted to 30.3% as of December 31, 2018.

The **average age**¹ of an employee was 41.6 years in 2018 (2017: 41.5 years). The majority (55%) of our employees is between the age of 30 and 50.

The **length of service**¹ within the Group may vary due to acquisitions in the business segments. In 2018 it was 7.4 years (2017: 8.2 years).

In 2018, the **voluntary turnover rate**¹ was 9.6% (2017: 9.9%). On page 120, we provide an overview of key personnel structure and diversity figures per business segment.

Fresenius respects and promotes a **culture of diversity**. We are convinced that the combination of different perspectives, opinions, cultural impressions, experiences, and values will enable us to exploit the potential that will make us successful as a global company. The knowledge and social skills of our employees of different ethnic, social, and religious backgrounds support us in developing a high sensitivity for local needs of our customers and patients. The Fresenius Code of Conduct is the foundation of this company culture characterized by collaboration and mutual respect. It is binding for all Fresenius employees.

For further information on our diversity concept for the Management Board and the Supervisory Board, please see our Corporate Governance Declaration and Report on pages 137 ff. of our Annual Report.

ATTRACT TALENT, RETAIN AND DEVELOP EMPLOYEES

The ongoing globalization of our markets remains a challenge for our human resources management. Since needs differ in the various business segments, all employee development concepts are formulated and implemented according to specific market requirements and cultural differences. Our human resources management focuses on three topics:

- **Attract talent:** To ensure that our long-term needs for highly qualified employees are met, and to recruit new employees, we make use of online **personnel marketing**, regularly participate in recruiting events and careers fairs, and organize our own recruiting events. Over recent years, we significantly broadened our personnel marketing activities and expanded our global career website. In fiscal year 2018, the market research institute Potentialpark named Fresenius as the best German company in the category "Online appeal to applicants" for the seventh consecutive year.

¹ Data of Fresenius Medical Care based on country data representing 96% all employees. Prior year information was adjusted to reflect the increased scope and to conform to the current year's presentation. Fresenius Kabi's data encompass employees globally. Data of Helios Germany in 2016 and 2017 include the post-acute care business in Germany. Data of Fresenius Vamed also include temporary staff in 2017 and as of 2018 the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed.

- ▶ **Retain employees:** As an international health care Group, our human resources management and accompanying activities are designed for local needs, e. g., flexible working time models or incentive programs to participate in the company's success.
- ▶ **Develop employees:** We offer our employees the opportunity to develop their career in an international, dynamic environment. Our personnel management instruments are continuously adjusted to meet future challenges. The Group-wide binding trainings on our Code of Conduct are accompanied by mandatory training in the business segments, e. g., in quality management, environmental management, or occupational health and safety management. Further individual training courses for employees and executives, as well as training relevant to the respective departments, complement our personnel development measures. Depending on the customer and market structure, our business segments place very different demands on concepts and measures for personnel development.

The Fresenius Group devotes a lot of attention to **vocational training**. We trained more than 4,150 young people in 53 different occupations at our German locations in 2018 and also put more than 150 university students through 31 degree programs in cooperation with dual institutions of higher learning. In order to meet the challenges of the digitization of its work processes, Fresenius has further increased the number of training and study places it offers in IT and IT-related professions. In 2018 we added dual courses of study in Information Technology, specializing in Cybersecurity, as well as in Electrical Engineering, specializing in Medical Technology, and training programs as an electronics technician in Industrial Engineering as well as Automation Technology. Alongside the traditional channel of direct job entry, Fresenius offers trainee programs for university graduates. The **Group-wide training catalog** is available to all employees. It includes, for example, programs for communication and presentation, self-management, project management, and target-group-specific learning content.

In addition to the training catalog, Fresenius documents training activities through the learning management system **Fresenius Learning Center (FLC)**. Those training activities are conducted in cooperation with a business segment or a

TRAINEES AND TRAINING RATIO FOR GERMANY

	2018	2017	2016
Trainees ¹	4,354	4,019	3,743
Training ratio	4.94	4.64	4.45

¹includes vocational training and university students

department. Depending on the subject, these training programs may consist of one or more modules. Most training programs are provided as e-learning, as traditional web-based training, but may also include webinars or classroom training sessions. Employees in Germany who do not have access to a company computer, or who do not have a quiet work environment, can carry out the necessary training at specially designed learning places. Employees who have been enrolled into a training module are required to start and successfully finish the training within a defined period. Fresenius Medical Care, Fresenius Kabi, and the Group departments of Fresenius SE & Co. KGaA manage and document the majority of their e-learning programs in the FLC system from the headquarters in Bad Homburg. Fresenius Helios and Fresenius Vamed offer e-learning independently and document the training activities in their own management systems. Group-wide **compliance training**, for example on the Code of Conduct, is compulsory for all employees and conducted on a regular basis. Furthermore, Fresenius conducts management-specific training for high-risk compliance areas. Fresenius has implemented control processes to ensure that all employees are trained on topics relevant to their work on a regular basis. In 2018, the focus was on compliance-specific training modules. The training will continue in 2019. Further information can be found in the compliance section, see page 110.

Fresenius has established two **Group-wide programs for executives**. The Top Executive Program Maximizing Leadership Impact in cooperation with the Harvard Business School targets senior executives. The Executive Program with the University of St. Gallen, Switzerland, focuses on strategy and change management, and is designed for executives in middle and upper management.

FRESENIUS MEDICAL CARE

Lifelong learning and education as well as personal and professional development are crucial elements of employee motivation and prerequisites for a successful career. In addition, they are critical for giving the company a competitive

edge. Fresenius Medical Care invests in its employees and provides them with attractive development opportunities, taking their roles and individual strengths into consideration. This is reflected in various local, regional, and global development programs. For instance, in the reporting year, the company developed and started to implement a global leadership development program for the top 400 leaders, built around specified leadership expectations. It also runs the Clinical Advancement Program (CAP), a development program designed specifically for state-registered nurses in the U.S., and the new FAME program with a focus on providing management essentials in the Asia-Pacific region. Another aspect of this investment is the use of online training, which is available in all countries in which Fresenius Medical Care employs staff.

To further boost its global talent management, the company continued to refine the process for regularly reviewing leadership talent and succession planning and expanded its scope, including a focus on female talent. The results support managers and HR colleagues in recognizing and delivering “best-fit” solutions in the future; they are the basis for identifying, promoting, and developing future leaders at Fresenius Medical Care.

FRESENIUS KABI

Fresenius Kabi has created global, regional, and local structures for the training and development of employees. All employees are trained and qualified according to their functions and/or tasks. All new employees receive mandatory training on the Code of Conduct. Furthermore, data protection and information security training has been mandatory for our employees since the end of 2018. In addition, our employees in production receive obligatory training with respect to good manufacturing practice, as well as occupational health and safety and environmental protection. In 2018, Fresenius Kabi documented training activities in more than 50 countries in the FLC.

Management development at Fresenius Kabi aims to support the corporate strategy and to achieve the growth targets. This is why Fresenius Kabi aims to identify talents, retain them within the company, and develop them further. The development of executives requires continuous learning and is focused on the company values of Fresenius Kabi. The company sup-

ports the development of its executives with an annual talent review, a dialogue on performance, competences, and development potential. This talent review is the basis for identifying, evaluating, and developing talents in all of Fresenius Kabi’s regions, divisions, and central functions worldwide.

FRESENIUS HELIOS

Knowledge is one of the four strategic corporate goals of Fresenius Helios: we want to share and increase our knowledge. It directly influences the quality of medical services and supports our ambition to present Fresenius Helios as an attractive employer in the health care market. All employee development programs support Fresenius Helios in reaching its other three corporate strategic goals: patient benefit, profitability, and growth. In 2018, recruitment of new personnel was a challenge in the hospital business. The company’s focus was on attracting new employees and retaining those we have.

In Germany, the **Helios Academy** and the **Helios training centers** offer extensive opportunities for competence-oriented education and further education to all professional groups in the hospitals. In 2018, a new training center was opened in Berlin. Up to 300 employees will be trained there for nursing care in the future. Helios is also increasing the number of training places at its other nursing schools. Starting in 2019, a comprehensive training program with the focus on “patient-centered communication” is to be rolled out. A multi-year program is planned with the aim of imparting communication skills. A pilot project in our clinic in Erfurt showed initial success.

Helios Germany supports young talents in medical care and nursing care through a **central talent management system**. We offer a special development program to leading executives in the medical service. Thanks to its trainee programs and management training, Helios Germany enjoys a reputation as an attractive employer among university graduates.

Helios Spain has implemented a **corporate talent plan** to develop its employees. This contains a talent pool for internal exchange and training activities. The company continues to expand the training program, focusing specifically on occupational health and safety, patient information, patient

safety, and patient care improvements. In our hospitals we have implemented a training program on the topic of “Dialogue and Nursing” for doctors. In 2018, we focused on emergency units and developed classes tailored to this area. More than 940 employees were trained.

FRESENIUS VAMED

One of Fresenius Vamed’s key success factors is the individual performance of its employees based on training, expertise, and project experience. The focus is on the further development of this success factor. Fresenius Vamed therefore offers its employees tailored programs for **professional training and development**. Key to all personnel development programs is keeping employees updated with regard to health care developments. The VAMED **Human Capital Management (HCM) program** is a leadership and development program for the identification of those with potential and their individual further development in order to be able to take on management and performance functions in the future.

Fresenius Vamed is also dedicated to the qualification and training of young employees through its various **trainee programs**. The trainee programs offer young employees with above-average development potential the opportunity to acquire comprehensive specialist know-how and professional experience for a particular job profile. In addition, all employees are entitled to participate in courses and training offered by the **VAMED Academy**. Besides specialist topics, training is offered for self-development, leadership, and social and methodological competence. Various knowledge platforms, such as the International Medical Board (IMB), bundle the know-how of more than 1,200 health care professionals who work for Fresenius Vamed.

EMPLOYEE ENGAGEMENT AND PARTICIPATION

EXCHANGE WITH EMPLOYEE REPRESENTATIVES

Fresenius acts responsibly towards its employees. This includes the voluntary commitment to comply with international labor and social standards, which are contained in our Code of Conduct and in the Human Rights Statement. For more information, see pages 125 ff.

Employees engage in dialogue with their supervisors, but can also contact their human resources or compliance officers, as well as the works council, their union representatives, or other employee representatives. In Europe, more than 70% of our employees are covered by a **collective bargaining agreement**¹.

In European countries, workplace representations of interests are organized according to national law. When dealing with local employee representatives and trade unions, the main responsibility lies with the divisions at the country or site level. The focus of our discussions is on local and regional conditions. Together with the employee representatives we want to find tailor-made solutions for the different challenges for each location.

DIALOGUE AT EUROPEAN LEVEL

Fresenius SE & Co. KGaA has a European Works Council (EWC) consisting of 22 employee representatives as of December 31, 2018. They come from the member states of the EU and the EEA (European Economic Area) in which Fresenius employs workers.

The EWC is responsible for the participation of Fresenius employees in **cross-border actions**, insofar as they have a significant impact on the interests of Fresenius workers and cover at least two countries within its area of responsibility, such as relocation or closure of companies or collective redundancies. The management informs and consults the EWC, for example, about the structure and the economic and financial situation of the Group and its expected development, employment situation, investments, organizational changes, and introduction of new work and production processes.

The EWC meets once, its executive committee three times a year. The European trade union federations IndustriAll and European Public Services Union attend the meetings at the invitation of the EWC. The main areas of discussion of the EWC in the reporting period were the integration of Quirónsalud, digital transformation projects in the Group, and the EU General Data Protection Regulation. The EWC elects six employee representatives to the supervisory board of Fresenius SE & Co. KGaA, including at least one representative from trade unions.

¹ Number of employees covered by collective agreements or other collective agreements with unions or comparable social partners in total. This does not include agreements with works councils or other local representatives.

PROFIT-SHARING BONUS

	2017	2016	2015
Profit-sharing bonus ¹ in €	2,200	2,200	2,200
Eligible employees	6,228	6,130	5,934
Total of profit-sharing bonus ¹ payment, € in millions	12.5	12.2	11.9

¹ The profit participation is paid retroactively for the respective fiscal year. It forms part of the compensation in some German Group companies.

The trusting cooperation between company management and employee representatives is an established practice at Fresenius.

PROFIT-SHARING SCHEME AND STOCK OPTION PLAN

For many years, Fresenius has paid a **stock-based profit-sharing bonus**, which is distributed when the Fresenius Group's EBIT and earnings targets defined in the program have been achieved. The table above shows the development in the profit-sharing bonus over the last several years. In 2018, the Group targets for this program were not achieved.

The share-based **Long Term Incentive Plan 2018** (LTIP 2018) is a global compensation instrument linking management's entrepreneurial responsibility to future opportunities and risks. For additional information, please see pages 251 ff. of the Notes.

Fresenius Medical Care has its own share-based compensation plans.

OCCUPATIONAL HEALTH AND SAFETY

Ensuring the health and safety of our employees is part of our corporate responsibility. The Fresenius Code of Conduct bindingly stipulates that all necessary measures for employee safety are taken to prevent work-related incidents. All business segments focus on preventive measures in the field of occupational health and safety and on the individual responsibility of the employees. The safety concepts are adapted to the business models of the four business segments and cover production-related occupational health and safety as well as corporate health initiatives for employees in health care facilities and administration. We aim to secure the occupational safety of our employees, as well as the safety of our patients.

All Fresenius business segments record data on occupational health and safety in line with regulatory provisions. Those which are consolidated at the business segment level are published in the following section.

FRESENIUS MEDICAL CARE

The company aims to foster a culture of continuous improvement in the work environment with the goal of minimizing injuries and reducing incident rates. This includes:

- ▶ reporting and analyzing work-related accidents and injuries,
- ▶ identifying their root causes,
- ▶ implementing corrective action as appropriate.

As part of this concept, Fresenius Medical Care has introduced KPIs for occupational health and safety to production sites and dialysis clinics to provide information, as required by governmental authorities. To further strengthen and harmonize management concepts and KPIs in this context, Fresenius Medical Care launched an **occupational health and safety initiative** in 2018 as part of our global sustainability program.

At Fresenius Medical Care, the topic of occupational health and safety is managed locally, allowing the company to meet local and regional legislative requirements. In many countries, medical facilities are obliged to fulfill country-specific occupational health and safety requirements to achieve certification. In North America, operational activities related to occupational health and safety are monitored and evaluated by a specialized department. This function also assesses external regulatory and legal requirements and incorporates them into our internal policies and guidelines together with regional and local management.

Every year, Fresenius Medical Care's production sites and laboratories in the U.S. are put through a formal program to monitor **environmental protection and occupational safety standards**. Audits are carried out to check compliance with the regulations of the U.S. Occupational Safety & Health Administration, the Department of Transportation, and the

Environmental Protection Agency, as well as state and local statutes. In the EMEA region, we have established an **Environmental Health & Safety (EHS) Basic System** that focuses on compliance and risk control in connection with environmental and employee matters. The EHS Basic System applies to all operational units within the Integrated Management System (IMS) that have a certified quality management system in place. Aside from the EHS Basic System, all operational units in EMEA are required to file an annual declaration of responsible management confirming their compliance with environmental and occupational health and safety regulations (Declaration of EHS Compliance). Fresenius Medical Care's occupational health and safety procedures in the EMEA region are bundled in a central management system for occupational health and safety based on the British Standards for Occupational Health and Safety Assessment Series 18001 (BS OHSAS 18001), which is incorporated into the company's IMS. As a result, Fresenius Medical Care conducts internal reviews and audits as part of its regional QMS to monitor compliance with occupational health and safety policies and procedures in the dialysis care business.

In Latin America, the company has established occupational health and safety management systems under local responsibility. In the GMQ-managed production sites, dedicated functions like work safety officers or EHS officers are responsible for introducing OHS guidelines, policies, and procedures in accordance with local regulations. These functions record and report work-related injuries to local authorities, the local OHS committee, or local management. The dialysis care business in Latin America has introduced OHS guidelines, policies, or procedures in accordance with local regulations. All of these sites are subject to regular internal reviews as well as external audits from government agencies or national regulatory bodies.

In Asia-Pacific, occupational health and safety management in production sites is under local responsibility. All production sites have dedicated personnel including OHS Committees, and HR or EHS departments responsible for overseeing the application of OHS laws and regulations. As part of this management approach, the production sites have established

OHS guidelines, policies, or procedures in accordance with the applicable local regulations. In the provider business, the clinical quality team has introduced a risk management system that covers occupational health and safety aspects. This includes infection prevention and control, medication management, and the safe use of sharps and disposables, as well as other clinical quality tools. Fresenius Medical Care provides a clinical framework including guidelines, standards, operating procedures, and policies. To monitor compliance with the clinical framework as well as country, state, and federal legislation, we regularly perform internal clinical quality audits.

FRESENIUS KABI

Fresenius Kabi has implemented binding **occupational health and safety guidelines**. The guidelines on occupational health and safety focus on the following principles:

- ▶ Avoidance of work-related injuries, illnesses, and other incidents
- ▶ Performing hazard and risk assessments for all routine and non-routine activities
- ▶ Compliance with applicable legal requirements and other occupational health and safety requirements
- ▶ Avoiding unsafe activities
- ▶ Provision and continuous safe operation of facilities, machinery, and equipment
- ▶ Safe handling, use, storage, and proper disposal of hazardous substances

The aim is to avoid all work-related accidents. To achieve this goal, standard operating procedures (SOPs) and standard process guidelines were implemented to provide a global framework for occupational health and safety. In addition, Fresenius Kabi uses a **management system for occupational health and safety** in accordance with the international standard OHSAS 18001. This management system will be rolled out globally. Fresenius Kabi aims to improve occupational health and safety processes and control mechanisms at all locations to align them with internationally recognized standards.

The employees at Fresenius Kabi's **Global Work and Environmental Safety department** analyze and evaluate working procedures, risks, and processes and enable the exchange

of best practices within the business segment. Fresenius Kabi performs internal audits at its locations to identify potential for improvement. To exploit this potential, measures are defined together with local employees responsible for occupational health and safety. Fresenius Kabi documents all occupational health and safety incidents and accidents that lead to lost working time for its employees or temporary workers worldwide. Reported cases are categorized according to their severity and might lead to technical improvements, further training, or, in some cases, the adjustment of the existing standard operating procedures, to avoid future work-related incidents and improve occupational health and safety of employees.

All recorded incidents are transferred into the **key performance indicator** LTIFR (Lost Time Injury Frequency Rate) to evaluate the occupational health and safety. This KPI improved in 2018, compared to the previous year's figure. Further, in 2018, no work-related fatalities or severe accidents were recorded at Fresenius Kabi.

FRESENIUS HELIOS

Helios Germany is subject to various laws and regulations regarding occupational health and safety. Throughout 2018, the health and safety indicator (GSI) developed by the company has made a contribution to identifying and exploiting the status quo and potential for improvement in occupational health and safety. The department for employee health and safety held responsibility for occupational health and safety at Helios Germany. As Helios Germany wants this issue to carry more weight beyond the company itself, this internal area was merged into the new AMAGS division (Occupational Medicine, Employee Health and Safety – Arbeitsmedizin, Mitarbeitergesundheit und Sicherheit). In the future, AMAGS will also be a provider of occupational health and safety services outside the German Helios hospitals and will continue to develop these areas.

Irrespective of this, Helios Germany works internally with time management reports, which focus on **trends in absenteeism**. If Helios Germany identifies weak points in its own

hospitals, measures are taken and programs are offered, for example to promote occupational health or for occupational integration management. Helios Germany is developing additional online training courses and will roll them out throughout the company in order to strengthen its expertise in the area of occupational health and safety.

Helios Spain strives to develop a role-model culture of prevention within the health care sector focused on caring for health, preventing occupational health risks, and promoting healthy habits among its employees. Helios Spain unified the joint OHS service of its private hospitals and companies and developed a corporate training platform for specific, work-place-related risks to train employees.

FRESENIUS VAMED

The management of the local entities of Fresenius Vamed is responsible for the implementation of occupational health and safety measures and procedures, in compliance with the applicable laws and regulations. Occupational health and safety is a corporate responsibility of Fresenius Vamed and included in its corporate culture and the vision statement of the company.

All locations are subject to regular **occupational health and safety inspections**. Furthermore, the employees of Fresenius Vamed are provided with occupational medical care and a related offer of checkups.

Fresenius Vamed offers all employees a wide range of health promotion offers through its occupational health management.

EMPLOYEES (FTE) BY BUSINESS SEGMENT

	2018	2017	2016
Fresenius Medical Care	112,658	114,000	109,319
Fresenius Kabi	36,423	34,923	33,476
Helios Germany ¹	51,429	57,719	56,596
Helios Spain (Quirónsalud)	31,094	27,858	n. a.
Fresenius Vamed	13,665	7,215	6,909
Corporate/Other	1,060	969	889
Total (FTE) as of Dec. 31	246,329	242,684	207,189

¹ Number of employees converted to the full collectively agreed working time on monthly average (Vollkräfte)

EMPLOYEES BY FUNCTION

as of Dec. 31	2018	2017	2016
Production	41,100	40,189	38,069
Service	194,868	194,117	161,495
Administration	26,112	25,015	19,955
Sales and marketing	11,628	11,156	10,584
Research and development	3,042	2,772	2,770

EMPLOYEES (HEADCOUNT) BY REGION

	2018	2017	2016
Europe	158,939	154,172	119,434
thereof Germany	88,086	86,613	84,165
Europe excl. Germany	70,853	67,559	35,269
North America	72,672	75,083	72,803
Asia-Pacific	25,575	24,381	22,441
Latin America	17,610	17,709	16,283
Africa	1,954	1,904	1,912
Total as of Dec. 31	276,750	273,249	232,873

FEMALE EMPLOYEES IN THE BUSINESS SEGMENTS

as of Dec. 31	2018	2017	2016
Fresenius Medical Care	69%	69%	69%
Fresenius Kabi	50%	51%	51%
Fresenius Helios	75%	76%	76%
Fresenius Vamed	64%	56%	56%
Corporate/Other	39%	39%	39%

AGE STRUCTURE ¹

as of Dec. 31	2018			2017			2016		
	Below 30	Between 30 and 50	Above 50	Below 30	Between 30 and 50	Above 50	Below 30	Between 30 and 50	Above 50
Fresenius Medical Care	17%	56%	27%	18%	56%	26%	n. a.	n. a.	n. a.
Fresenius Kabi	23%	60%	17%	25%	59%	16%	24%	60%	16%
Helios Germany	18%	49%	33%	19%	49%	32%	19%	50%	32%
Helios Spain	19%	61%	20%	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
Fresenius Vamed	15%	50%	35%	18%	54%	28%	18%	54%	29%
Corporate/Other	25%	54%	21%	24%	55%	21%	23%	57%	20%
Total	18%	55%	26%	19%	55%	26%	20%	53%	27%

¹ Data of Fresenius Medical Care based on country data representing 96% all employees. Prior year information was adjusted to reflect the increased scope and to conform to the current year's presentation. Fresenius Kabi's data encompass employees globally. Data of Helios Germany in 2016 and 2017 include the post-acute care business in Germany. Data of Fresenius Vamed also include temporary staff in 2017 and as of 2018 the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed.

AVERAGE AGE ¹

	2018	2017	2016
Fresenius Medical Care	42.1	41.7	n. a.
Fresenius Kabi	38.4	38.5	38.7
Helios Germany	42.6	42.7	42.6
Helios Spain	40.0	n. a.	n. a.
Fresenius Vamed	43.6	43.0	43.5
Corporate/Other	38.9	39.2	39.2
Total	41.6	41.5	41.5

AVERAGE LENGTH OF SERVICE ¹

in years	2018	2017	2016
Fresenius Medical Care	7.4	7.0	n. a.
Fresenius Kabi	7.5	7.4	7.6
Helios Germany	10.8	10.5	10.8
Helios Spain	8.2	n. a.	n. a.
Fresenius Vamed	7.8	6.1	6.0
Corporate/Other	7.3	7.6	7.6
Total	7.4	8.1	8.4

VOLUNTARY TURNOVER RATE ¹

in %	2018	2017	2016
Fresenius Medical Care	12.9	12.2	n. a.
Fresenius Kabi	9.4	11.3	10.7
Helios Germany	6.9	6.0	5.3
Helios Spain	3.8	n. a.	n. a.
Fresenius Vamed	9.5	8.0	n. a.
Corporate/Other	3.8	2.7	2.5
Total	9.6	9.9	10.4

Calculated as the number of employees who left the organization voluntarily in relation to the number of employees at the end of the year.

PROTECTING NATURE AS THE BASIS OF LIFE

Fresenius is committed to protecting nature as the basis of life and using its resources responsibly. We comply with legal requirements and aim to improve the safety of our plants and our performance in the areas of environmental protection, product responsibility, and logistics. The four Fresenius business segments manage environmental matters differently to meet their individual business requirements. Therefore, we present the corresponding **environmental management approaches** separately for each business segment.

Fresenius Medical Care, Fresenius Kabi, and Fresenius Vamed use the ISO 14001 standard as the basis for their environmental management and have locations certified according to this standard. Furthermore, they have certified locations according to the energy management standard ISO 50001.

Energy consumption, water consumption, and greenhouse gas emissions (GHG) data are collected in all business segments. To comply with the interests of external stakeholders, we have been reporting key figures¹ since 2017. External stakeholders, such as investors and environmental associations, frequently inquire about information on waste and effluents for the Group. Therefore, we also include information on these topics.

Water is an important resource for all of the four Fresenius business segments. Fresenius operates in highly regulated markets with regard to hygiene, sterility, and product quality. Water used in our health care facilities and production sites has to meet regulatory requirements. To safeguard our patients' and employees' health, we have to ensure that adequate management and control systems are in place.

Water management and water treatment is coordinated and controlled locally within the Fresenius Group. The business segments have to ensure compliance with all applicable laws and regulations. In fiscal year 2018, Fresenius¹ consumed a total of approximately 56 million m³ of water. The same applies to **wastewater**: the business segments are expected to treat wastewater from production or health care facilities in compliance with local laws and regulations and implement relevant management provisions, if necessary.

FRESENIUS GROUP¹ WATER CONSUMPTION

m ³ in millions	2018	2017	2016
Fresenius Medical Care	41.8	n. a.	n. a.
Fresenius Kabi	9.7	9.8	9.8
Fresenius Helios	3.7	3.2	3.0
Fresenius Vamed	0.7	0.3	0.3
Total	55.9	n. a.	n. a.

Production processes and patient treatments in hospitals or other health care facilities require a high amount of **energy**. The structural condition of health care facilities also influences energy consumption. Fresenius continuously invests in environmental protection through structural measures, such as new construction projects and modernizations in line with the latest standards of efficient heat insulation and applicable energy savings regulations. In fiscal year 2018, Fresenius¹ consumed a total of approximately 5.3 million MWh of energy. As with water consumption, our patients' well-being and product safety are the focus of energy management. Safe and uninterrupted power supply is therefore a top priority. Measures for saving energy are always considered with the utmost care. We continually optimize our energy procurement and generate energy ourselves at numerous locations. This makes us independent and shall secure the energy supply in the long term.

FRESENIUS GROUP¹ ENERGY CONSUMPTION

MWh in millions	2018	2017	2016
Fresenius Medical Care	2.35	n. a.	n. a.
Fresenius Kabi	1.65	1.57	1.49
Fresenius Helios	1.14	0.95	0.96
Fresenius Vamed	0.16	0.05	0.05
Total	5.30	n. a.	n. a.

In fiscal year 2018, Fresenius¹ caused a total of 1,523 thousand t **CO₂ equivalents**.

¹ Fresenius Medical Care figures include data on energy and water consumption provided by GMQ-coordinated manufacturing sites as well as data on electricity and water consumption from dialysis centers. Greenhouse gases are calculated based on energy data. Due to the timing of this publication and the availability of data sources such as energy or water bills, the company has performed a limited amount of extrapolations to complete this reporting year's dataset. The data from Fresenius Helios contain all company-owned hospitals in Germany and Spain. Fresenius Kabi's data include all facilities worldwide. Fresenius Vamed's data include all fully consolidated health care facilities, and as of 2018 the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed.

GREENHOUSE GAS EMISSIONS FRESENIUS GROUP¹,
SCOPE 1 AND 2

tCO ₂ equivalents in thousands		2018	2017
Fresenius Medical Care	Scope 1	218	n. a.
	Scope 2	548	n. a.
Fresenius Kabi	Scope 1	169	174
	Scope 2	255	248
Fresenius Helios	Scope 1	114	103
	Scope 2	182	152
Fresenius Vamed	Scope 1	18	3
	Scope 2	19	6
Total	Scope 1	519	n. a.
	Scope 2	1,004	n. a.

In the health care industry, **waste** is a strictly regulated factor. All Fresenius locations have to adhere to all applicable laws and regulations and also to global or local standard operating procedures and environmental management provisions. There are important interfaces between professional, safe disposal and the requirements for hygiene and sterility in production processes and hospital treatments. This ranges from the selection of suitable disposal containers, cleaning, and sterilization procedures to the occupational safety of our employees when disposing of hazardous – e. g., infectious – waste.

Where necessary, business segments lay down specific rules and requirements in internal guidelines, training, and controls for our employees, for example in the area of hygiene in our acute care clinics.

FRESENIUS MEDICAL CARE – ENVIRONMENTAL MANAGEMENT

Environmental management at Fresenius Medical Care includes management of water, wastewater, energy, waste and as well as greenhouse gas emissions. These topics are the focus of the company's environmental management activities. Fresenius Medical Care aims to achieve environmental improvements along the entire life cycle of its products and reduce negative environmental impacts and risks for its patients and employees.

Fresenius Medical Care is subject to a broad range of federal, state, and local laws and regulations relating to the

protection of the environment. These laws regulate, among other things, the discharge of substances into the environment, the handling and disposal of waste and wastewater and the remediation of contaminated sites. As the company operates in highly regulated markets, it has established management structures in line with its decentralized structure to comply with applicable laws and regulations.

In North America, environmental management is established at regional level. As part of this approach, the company constantly monitors national and international regulations relating to environmental, chemical, and occupational health and safety issues so that internal policies, guidelines, and SOPs are up-to-date. For the purpose of compliance with applicable laws and internal guidelines, manufacturing sites, distribution centers, and laboratories are subject to regular audits by the company's Corporate Audit team. Furthermore, Fresenius Medical Care regularly analyzes energy, water, and waste and reviews them to reduce consumption and improve efficiency in all of its facilities. 91% of Fresenius Medical Care's dialysis clinics in the U.S. are covered by this approach.

In the EMEA segment, environmental management is part of Fresenius Medical Care's Integrated Management System (IMS). Its aim is to systematically reduce and control risks associated with environmental protection, comply with applicable legislation, and meet the expectations of our customers and patients. Since the environmental certification strategy is focused on but not limited to production sites with high consumption levels, eight of Fresenius Medical Care's largest production sites in the EMEA segment are certified according to ISO 14001. Two of these production sites are also certified according to ISO 50001. In addition, almost 50% of the company's dialysis clinics are certified according to ISO 14001. Compliance with ISO standards is regularly reviewed by internal and external experts.

At present, more than 70% of Fresenius Medical Care's clinics in the EMEA segment use the integrated software solution e-con5 for eco-controlling. This software is designed to monitor and reduce energy, water, and waste while improving the quality and consistency of environmental data. In the years to come, we intend to continuously increase the pro-

¹ Fresenius Medical Care figures include data on energy and water consumption provided by GMQ-coordinated manufacturing sites as well as data on electricity and water consumption from dialysis centers. Greenhouse gases are calculated based on energy data. Due to the timing of this publication and the availability of data sources such as energy or water bills, the company has performed a limited amount of extrapolations to complete this reporting year's dataset. The data from Fresenius Helios contain all company-owned hospitals in Germany and Spain. Fresenius Kabi's data include all facilities worldwide. Fresenius Vamed's data include all fully consolidated health care facilities, and as of 2018 the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed.

portion of clinics using e-con5. For further information on our Environmental Health & Safety (EHS) Basic System and the Declaration of EHS compliance, please refer to the section on “Occupational health and safety” on page 117.

In Latin America, Fresenius Medical Care has implemented an environmental management program to control and improve its environmental performance in terms of energy, water, and waste in dialysis clinics. More than 92% of the company’s clinics are covered by the integrated software solution e-con5 for eco-controlling. The environmental data is reviewed on a regular basis to control developments as well as target achievements and define measurements and activities for improvement.

ENVIRONMENTALLY SOUND AND EFFICIENT OPERATIONS IN GMQ AND GRD

Fresenius Medical Care’s corporate GMQ function encourages local sustainability projects as part of the Green & Lean initiatives with the aim of continuously improving the company’s environmental performance and incorporating environmental management best practices into its business operations. This means that each plant is responsible for defining, planning, and implementing environmental initiatives.

Green & Lean reporting enables best practices to be shared between plants with a view to reducing emissions, promoting the responsible and efficient use of natural resources and recycling waste and wastewater. The key objectives of the initiatives are compliance with applicable environmental regulations, managing and reducing environmental risks, and implementing environmentally sustainable operations. In 2018, the Green & Lean initiatives included the conversion to LED lighting in warehouses and production areas, wastewater heat recovery, the replacement of production chillers and boilers to adapt to environmental conditions, and the increased use of solar power. Fresenius Medical Care also saved water and wastewater by implementing and optimizing reverse osmosis systems, autoclaves, and purification systems. Furthermore, the company improved its production processes and recycling activities and was consequently able to reduce waste produced at its manufacturing sites.

Fresenius Medical Care’s commitment to using natural resources efficiently is also part of the environmental policy set out by the GMQ function in EMEA and Latin America as well as by GRD. In this policy, the company pledges to minimize the impact of our activities on the environment, comply with applicable laws and regulations, and provide safe and healthy working conditions for all employees. Using natural resources efficiently, preventing environmental pollution, recycling waste efficiently, and enhancing our environmental performance are core elements of the company’s efforts to continually improve its environmental management system.

REDUCING ENVIRONMENTAL IMPACT ALONG THE PRODUCT LIFE CYCLE

At Fresenius Medical Care, innovations and new technologies help to reduce the company’s impact on the environment and the use of resources. Most of the **water utilized** by Fresenius Medical Care is needed to produce dialysate during life-saving dialysis treatment in our dialysis centers around the world. The amount of dialysate and consequently the amount of water required per dialysis treatment is determined by a variety of factors including the blood flow rate, the selected dialyzer, and the treatment method, most of which are the direct responsibility of the physician.

In its efforts to save resources, it is of utmost importance to Fresenius Medical Care that resource efficiency does not compromise the quality of care or product quality. With the latest machine generations, the 5008 and 6008 series, the company has developed a dialysis machine that supports patient safety while at the same time being eco-friendly by automatically adjusting the dialysate flow to the effective blood flow. This allows the saving of substantial amounts of dialysate, water, and energy while maintaining a constant dialysis quality. Fresenius Medical Care is continuously increasing sales of these machines worldwide. In 2018, more than one in five dialysis machines produced belonged to one of these **resource-friendly machine generations**.

With the aim of reducing its environmental impact, Fresenius Medical Care takes a life cycle approach that takes into consideration all significant environmental impacts along the entire product life cycle. To this end, the company has established a simplified, lean product life cycle assessment (Screening LCA) as part of its EMEA environment, health, and safety program. Based on international guidelines, we calculate the environmental impact caused during the different stages of a product's life cycle in order to meet the requirements of ISO 14001 and IEC 60601-1-9. The Screening LCA covers the majority of the company's active medical device product lines.

FRESENIUS KABI – ENVIRONMENTAL MANAGEMENT

Fresenius Kabi has implemented binding global environmental guidelines. In addition, Fresenius Kabi uses an **environmental management system** in line with the international standard ISO 14001 as well as an **energy management system** in line with the international standard ISO 50001. An environmental and energy management handbook as well as standard process guidelines are the framework for the environmental and energy management of all certified local units. Both the environmental and energy management systems are certified by TÜV Rheinland and audited annually. Both in its environmental and energy management, Fresenius Kabi focuses on the continuous improvement of energy and water usage, as well as the reduction of wastewater, waste, and emissions – depending on the overall production volume. Fresenius Kabi also expects careful and responsible handling of nature and its resources from its suppliers. This is implemented in Fresenius Kabi's Supplier Code of Conduct.

Responsibility for environmental and energy management is allocated to global, divisional, and local organizations ultimately reporting to Fresenius Kabi's CEO. Employees in the Global Work and Environmental Safety division analyze and evaluate processes centrally and at the sites. They facilitate the exchange of best practices. With internal audits, Fresenius Kabi identifies improvement opportunities at its own sites and develops appropriate measures with locally responsible managers to tap these potentials.

The production sites place special importance on the improvement of **energy performance and environmental impact**. At our plant in Wuxi, China, we have installed a solar thermal-based preheating system to support the central heating. With this measure, we were able to achieve annual savings of 58.4t CO₂ and 27,000 m³ natural gas.

FRESENIUS HELIOS – ENVIRONMENTAL MANAGEMENT

At Helios Germany, the business unit Infrastructure¹ is responsible for environmental management. The business unit reports directly to the manager responsible for operating the company's international business (COO).

The business unit Infrastructure supports purchasing activities and the exchange of best practices at the clinics. On an operational level, environmental topics are managed by the individual hospitals. For them, the **energy consumption** and **drinking water quality** are of particular importance in environmental management. However, as drinking water quality has to be ensured at all times and microbiological contamination must be prevented, Helios can only control the water consumption in hospitals and clinics to a small extent.

The business unit has also established a central purchasing and management system to control energy consumption at all sites and clinics. It allows the company to regularly and promptly compare targets with actual values and to derive improvement measures. In addition to this system, all Helios Germany hospitals are certified according to the German Energy Saving Act (EDL-G). Through this certification, we fulfill the DIN EN 16247 standard.

Helios Spain uses the ISO 50001 standard for the certification of its hospitals' energy management and aims to increase their energy efficiency. By 2018, some hospitals had already been certified, with other hospitals scheduled to be certified in 2019. In 2016, the company started the exchange of best practices and experience in the company through an energy management committee. Furthermore, it controls its greenhouse gas emissions and plans to reduce them through energy efficiency measures. Helios Spain also uses the ISO 14001 standard for environmental management. By 2018, some hospitals had already been certified, with other hospitals scheduled to be certified in 2019.

Waste and sewage in the German and Spanish hospitals are disposed of according to legal requirements, for example the German Recycling and Waste Management Act (Kreislaufwirtschaftsgesetz) or the Spanish Ley 10/1998, RD 952/1997.

¹ On August 15, 2018, Helios Germany established the business area infrastructure. Main responsibilities are construction and project control, industrial engineering, sterilization processes, and authorized representatives units including environmental management at Helios Germany.

Helios Spain uses authorized service providers to manage hazardous waste. Wherever possible, the company encourages the reuse and recycling of waste. In Germany, local municipalities and rural districts also set specifications in wastewater regulations. Proper waste disposal is of great importance to hospitals. Helios views waste disposal management as a process: it starts with avoiding any future waste, and ends with the consistent recycling or environmentally friendly disposal of the same. Requirements pertaining to environmental protection, occupational health and safety, and infection protection and hospital hygiene are taken into account. That relates particularly to major waste groups such as clinical waste, i. e., from the diagnosis and treatment of human diseases.

FRESENIUS VAMED – ENVIRONMENTAL MANAGEMENT

At Fresenius Vamed, the responsibility for the environmental management of the consolidated health facilities is anchored directly to the respective management. In environmental management, the resource-efficient handling of energy sources and fresh water is of particular importance. State-of-the-art construction and installation techniques are used in health care facilities built by Fresenius Vamed, to ensure optimal **resource management**.

Fresenius Vamed's energy management in Austria is certified for companies with a majority stake in accordance with ISO 50001 and is regularly audited. In 2016, an **energy management system** in line with ISO 50001 was introduced in the thermal baths managed by Fresenius Vamed on a voluntary basis. It is certified by Quality Austria. The local units are provided by Fresenius Vamed with the framework conditions for energy management. On this basis, measures to improve energy efficiency are defined and implemented locally.

CARING FOR HUMAN RIGHTS

As a global health care company, we improve access to affordable, high-quality health care in many countries and thereby contribute to respecting human rights.

- ▶ Every 0.7 seconds, **Fresenius Medical Care** provides a dialysis treatment somewhere around the globe.
- ▶ With a broad range of generic products, **Fresenius Kabi** enables patients with medical needs to access modern therapies and affordable health care.
- ▶ In the past five years, **Fresenius Helios** has invested more than €1 billion in the modernization and development of clinical services in Germany and Spain and thereby contributes to comprehensive high-quality health care.
- ▶ **Fresenius Vamed** has completed more than 900 projects in around 90 countries, many of these in regions in which the development of health care infrastructure is still at an early stage. Through this, Fresenius Vamed contributes decisively to facilitating access to health care facilities for patients.

HOW WE CONTRIBUTE

We are committed to respecting and supporting human rights as they are defined by international standards, such as the United Nations Universal Declaration of Human Rights and the Fundamental Principles as published by the International Labor Organization (ILO)¹. We consider this part of our responsibility as a company.

In 2018, we have adopted a **Group-wide statement regarding human rights**. It contains aspects of human rights that are of special importance for Fresenius. Our activities serve to respect human rights and shall support their protection. We strive to continuously develop these activities.

¹ ILO Declaration on Fundamental Principles and Rights at Work, adopted June 1, 1998.

In our human rights statement, we express our position on the following areas in relation to human rights:

► **No exploitative nor illegal child nor forced labor**

We do not tolerate the use or threat of violence, or any other form of coercion. In particular, we are dedicated to protecting children from exploitation. We strictly forbid using, supporting, or approving of exploitative and illegal child or forced labor.

Taking responsibility for our employees is part of the corporate responsibility of the whole Fresenius Group. Processes in local entities of all business segments serve to adhere to applicable laws on the prevention of exploitative and illegal child or forced labor. We expect our business partners to comply with these laws. Where it is required by local laws, such as the UK Modern Slavery Act, we confirm compliance with these laws on the websites of our local entities.¹

► **Standing against discrimination and promoting equal opportunity**

We support equal opportunities and take a clear stand against discrimination. No one may ever be discriminated against, e. g., for their skin color, race, gender, religion, political views, age, physical constitution, sexual orientation, appearance, or other personal characteristics. We also do not tolerate discrimination due to membership in unions or works councils.

We interact openly, fairly, and appreciatively. All business segments have embedded these principles in their codes of conduct.

Fresenius Kabi has established shared company values for all employees that form a worldwide common understanding of its corporate culture. They emphasize the importance of respectful collaboration among all employees. The values are part of the quality management handbook and the Code of Conduct at Fresenius Kabi.

To promote equal opportunity, Fresenius Helios particularly emphasizes the compatibility of family and work, especially for employees working in shifts and on-call duty, and offers or supports child care. With these and other exemplary initiatives, we foster a company culture without discrimination at Fresenius. Further information and figures regarding our employee structure and diversity can be found on page 113.

► **Creating safe working conditions**

We are committed to ensuring that the necessary safety measures are taken and that working conditions are fair and safe for all our employees. We want to provide a healthy and productive place to work to our employees. We report in detail on occupational health and safety on pages 117 ff.

► **Respecting the right of freedom of association and collective bargaining**

Fresenius respects the freedom of association and the right to collective bargaining. Our employees can join labor unions, seek representation, and engage in collective bargaining in accordance with local laws. We foster open and direct communication within our workforce and strictly oppose any discrimination, as stated in our Code of Conduct. No one shall be discriminated against at the workplace due to membership of unions or works councils.

You will find further information on employee participation and collective bargaining on pages 116 f.

¹ For further information, please see:
www.freseniusmedicalcare.co.uk/about-us/statement-modern-slavery
www.fresenius-kabi.co.uk/7266.htm
www.calea.co.uk/about/compliance/calea-modern-slavery-act-2015-statement

► **Protecting personal data**

We respect the privacy of every person. We feel accountable for the personal data of our patients, employees, customers, and suppliers. We are aware of our responsibility within the especially trusted relationship with our patients. Our patients expect adequate protection of their data. This guides our procedures in handling patient data. All business segments and Fresenius SE & Co. KGaA have implemented comprehensive Data Protection Management Systems, which ensure responsible handling of the data we receive. Details on this are described in the section on Data Protection Management Systems on pages 104 ff.

► **Considering the influence on our environment**

It is also part of our joint responsibility to protect nature as the basis of life, to preserve resources, and to reduce our impact on the environment. It is our mutual duty to protect resources for future generations.

We aim to comply with legal requirements and to improve the safety of our plants and our performance in the areas of environmental protection, product responsibility, and logistics. You will find additional information on pages 121 ff.

► **Taking responsibility in our supply chain**

We expect our suppliers and business partners to commit to ethical standards of conduct in daily business, towards employees, society, and the environment. This also includes the described areas in relation to respecting human rights. You can find more information on how we take responsibility in our supply chain on page 128.

The statement on human rights is a self-commitment, which is valid for all business segments and Fresenius SE & Co. KGaA. It complements the commitments and principles regarding respecting human rights, which all business segments have included in their Codes of Conduct.

Beyond that, the safety of our products and therapies is our priority. Millions of patients worldwide rely on the quality of our care. Therefore, the following applies for all business segments: when we recognize indications for deficiencies and limitations in our products, therapies, or processes, we make them transparent and take necessary actions. When conducting clinical studies, too, our first priority is the safety of our patients. We observe ethical, medical, and legal requirements. When we recognize any indications for deviations, we respond immediately. We keep awareness of our employees and managers for our values and principles of conduct up to date through regular classroom or online training on the respective Code of Conduct.

Operational implementation and assessment of our activities are the responsibility of the respective functions, such as Human Resources and Occupational Health and Safety, within the business segments. Measures such as training on the Codes of Conduct or reporting mechanisms are supported by the Compliance Management Systems. You will find details on this on pages 109 ff. In addition, sample checks are also conducted as part of internal audits.

Employees of all business segments and Fresenius SE & Co. KGaA as well as external partners can report potential violations, also related to human rights aspects, via whistleblower hotlines or e-mail addresses. In addition, employees can report their concerns directly to their superiors. Additional information on reporting possibilities is described in the chapter on the Compliance Management Systems on page 112. If we have information on potential violations, we take necessary measures.

In case current developments require it, we implement appropriate measures to fulfill our responsibility to respect human rights in our company activities.

We take the results of internal reviews and reports as an opportunity to review our company processes for improvements of our internal processes and implement corrective or improvement measures.

No events with a material adverse impact were recorded in the business year that conflict with our goal of respecting human rights.

RESPONSIBILITY IN THE SUPPLY CHAIN

Our business segments cover a large part of their value chain and thereby ensure the highest quality standards. Beyond that, we work with suppliers and other business partners worldwide to care for our patients.

Thereby, we expect our suppliers and business partners to commit to **ethical standards of conduct** in daily business, towards employees, society, and the environment. This also includes areas described in our human rights statement.

We specify and communicate our expectations toward suppliers, service providers, and other partners. Fresenius Medical Care has enshrined these in **Sustainability Principles** for suppliers of the Global Manufacturing and Quality function in the regions EMEA, Latin America, and Asia-Pacific. Fresenius Kabi, Fresenius Vamed, and Fresenius SE & Co. KGaA specify these expectations in the respective Supplier Codes of Conduct. Both the Sustainability Principles and the Supplier Codes of Conduct are used as attachments for procurement contracts in the business segments.

With this, we want to achieve that our partners commit to our standards of conduct. Responsibility for selection and contracting lies within the dedicated responsible functions within the business segments. Basic measures, such as assessments or reporting mechanisms, are supported by the Compliance Management Systems.

We expect from our partners in supply to implement adequate processes, which ensure compliance with relevant standards. If we detect potential misconduct on the part of them, we will react, e. g., with additional control measures, depending on the severity of the misconduct.

In addition, Fresenius Kabi has identified strategic suppliers, which are under dedicated supervision by the global strategic procurement organization. First, a risk-based qualification is conducted according to defined global processes. Afterwards, strategic suppliers are regularly assessed according to criteria such as quality and workplace health and safety, as well as environmental factors and compliance. This process also includes **audits** at suppliers.

To further strengthen and harmonize its commitment to sustainable procurement practices, Fresenius Medical Care has launched an initiative to promote sustainable supply as part of a global sustainability program. The global, cross-functional working group set up in this context will focus on supplier relationship management, risk management within our supply chain, and a sustainable supply strategy.

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR REGARDING THE SEPARATE NON-FINANCIAL GROUP REPORT¹

To the Supervisory Board of Fresenius SE & Co. KGaA,
Bad Homburg v. d. Höhe

We have performed an independent limited assurance engagement on the separate non-financial group report as well as the by reference qualified part of the group management report "Group's business model", (further "non-financial group report"), of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe (further "Fresenius") according to § 315b, 315c in connection with 289c to 289e of the German Commercial Code (HGB) for the period from January 1 to December 31, 2018.

MANAGEMENT'S RESPONSIBILITY

The legal representatives of Fresenius are responsible for the preparation of the non-financial group report in accordance with §§ 315b, 315c in connection with 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial group report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, this responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the non-financial group report in a way that is free of – intended or unintended – material misstatements.

INDEPENDENCE AND QUALITY ASSURANCE ON THE PART OF THE AUDITING FIRM

We are independent from the company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a conclusion on the non-financial group report based on our work performed within a limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the non-financial group report, has not been prepared, in all material respects in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB. We do not, however, issue a separate conclusion for each disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

¹ Our engagement applied to the German version of the separate non-financial group report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

Within the scope of our engagement, we performed amongst others the following procedures:

- ▶ Inquiries of personnel of the CSR core team who are responsible for the materiality analysis to get an understanding of the process for identifying material topics and respective report boundaries for FSE
- ▶ A risk analysis, including a media research, to identify relevant information on Fresenius' sustainability performance in the reporting period
- ▶ Evaluation of the design and implementation of the systems and processes for the collection, processing and control of disclosure on environmental, employee and social matters, respect for human rights as well as anti-corruption and bribery matters, including the collection and consolidation of quantitative data
- ▶ Inquiries of personnel who are responsible for determining disclosures and for compiling the disclosures on concepts, due diligence processes, results and risks, the conduction of internal controls and consolidation of the disclosures
- ▶ Evaluation of selected internal and external documents
- ▶ Analytical evaluation of data and trends of quantitative disclosures which are reported by all sites on group level
- ▶ Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey at the sites Friedberg of Fresenius Kabi Deutschland GmbH, at Helios Klinikum Hildesheim GmbH and at the site of Lyon of the Fresenius Medical Care SMAD, S. A. S., Savigny (France)
- ▶ Assessment of the overall presentation of the disclosures

CONCLUSION

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group report of Fresenius for the period from January 1 to December 31, 2018 is not prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

RESTRICTION OF USE/CLAUSE ON GENERAL ENGAGEMENT TERMS

This assurance report is issued for purposes of the Supervisory Board of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, February 19, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Hell

Glöckner
Wirtschaftsprüfer
[German Public Auditor]