



# SEPARATE GROUP NON-FINANCIAL REPORT

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► **Our responsibility** | Serving the well-being of the patient | Doing the right thing | Being an attractive employer | Protecting nature as the basis for life  
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**GROUP NON-FINANCIAL REPORT.** We are committed to responsible and sustainable management as part of our corporate culture and day-to-day business practice. We place great importance on fulfilling our legal and ethical responsibility as a company. Only by doing so can we be perceived as a trustworthy and reliable partner in the health care sector.

## OUR RESPONSIBILITY

At Fresenius, our patients' well-being always comes first. For more than 100 years, our mission has been to preserve life, promote health, and improve patients' quality of life. Economic success is not an end in itself for Fresenius, but rather a means that enables us to continuously invest in better medicine.

Every business decision we make is ultimately guided by the well-being of our patients. It is at the center of everything we do. We are committed to integrity in the way we conduct business with our partners as well as to socially responsible behavior, and open communication.

In the Fresenius Code of Conduct, we have set ourselves binding rules for our activities. They apply to all employees, executives, and board members of Fresenius Group and are designed to help them make the right decisions in their daily work. In addition, the Code of Conduct is the basis for the respective codes of the individual business segments. The structure of this Group Non-financial Report is therefore aligned with our Code of Conduct and the Codes of the four business segments.

The **material non-financial topics** that Fresenius has defined in its Code of Conduct for all employees are reflected in the materiality analysis on which this Group Non-financial Report is based:

- We take **responsibility for our patients' well-being** and are committed 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.
- We largely owe our success and growth to the commitment of our more than 290,000 employees worldwide. Our aim is therefore to be perceived as an **attractive employer** to attract talent, retain employees, and allow them to develop their skills further in the long term.
- We think and act long term in our business decisions. It therefore goes without saying that we **protect nature as the basis of life** and treat resources with care.

- We are **committed to respecting human rights** as defined by international standards, such as 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, 2019, Fresenius Medical Care treated 345,096 patients at 3,994 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,

Fresenius Kabi develops 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 comprises Helios Germany and Helios Spain (Quirónsalud). At the end of 2019, Helios Germany operated a total of 86 hospitals, around 125 outpatient clinics, and 8 prevention centers. In Spain, Quirónsalud operated 47 hospitals, 71 outpatient centers, and around 300 occupational risk prevention centers at the end of 2019. In addition, it is active in Latin America with 4 hospitals and as a provider of medical diagnostics.
- **Fresenius Vamed** manages projects and provides service for hospitals as well as 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.

For additional information on the Group's business model, especially legal and economic factors, as well as key markets and competitive positions, please see page 35 ff. 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). Non-financial information is reported in reference to the international sustainability standard of the Global Reporting Initiative (GRI) as a framework within the meaning of Section 289d of the German Commercial Code. A limited assurance engagement on the information in this report has been performed by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

References to data or information outside of the Group Management Report are considered further information and are not part of the separate Group Non-financial Report. Additional information is part of this Group Non-financial Report.

The report is published annually and is an integral part of the Annual Report. Similar to the consolidated financial statements, this separate Group Non-financial Report encompasses all fully consolidated Fresenius entities over which Fresenius SE & Co. KGaA has legal or effective control.

The business models of the four segments set individual standards for the effective management of material non-financial topics (see the following section "Materiality analysis") at an operational level. Fresenius as the parent company ensures that uniform standards are implemented worldwide as a framework. The business segments are responsible for incorporating these into their respective operating processes.

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

**MATERIALITY ANALYSIS**

The content of this Group Non-financial Report is closely aligned with our business model, legal requirements, and the interests of our stakeholders. In 2017, we defined the material non-financial topics for the Fresenius Group in a three-step process comprising an external analysis, followed by 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 requirements of the HGB. Material in this respect are those aspects that are relevant for understanding Fresenius' business performance, results of operations, and position, as well as for understanding the effects of its own business

activities on the non-financial aspects. For example, the aspect "Social matters"<sup>1</sup> includes the following material topics: quality of medical outcomes and patient satisfaction, quality and safety of products, and data protection. As "Anti-corruption and bribery" is an integral part of the compliance management system, Fresenius reports on the Code of Conduct, the compliance organization, and the compliance management systems under this aspect. A list of the non-financial activity areas identified as being material can be found in the overview above.

In 2019, Fresenius Medical Care conducted a materiality analysis. A detailed description of this analysis is available in the company's own Non-financial Report. From a Fresenius Group perspective, no additional topics were identified that

would result in a change in the reporting scope of this report. Further, there were no developments or events in 2019 that would have required an adjustment of the activity areas and the associated material topics.

The material topics identified for the Group are explained separately based on the way they are managed in the individual business segments. On topics such as data protection, compliance, and human rights we report Group-wide concepts.

**SUSTAINABILITY GOVERNANCE STRUCTURE**

At Fresenius, the topic of sustainability is the responsibility of the Group Chief Executive Offer (CEO). The Investor Relations & Sustainability department reports directly to the CEO, coordinates the implementation of sustainability guidelines and standards at operational level, and is responsible for the non-financial reporting of the Fresenius Group. In addition, Investor Relations & Sustainability supports the business segments in developing policies and management concepts on the topic of sustainability. On the business segment level, each CEO has named a person responsible for the coordination of all sustainability matters. The Management Board and the Supervisory Board of Fresenius SE & Co. KGaA review the progress and the results of the sustainability management which are then published in the Non-financial Report. The Supervisory Board is supported in this process by the auditor's limited assurance engagement.

Fresenius Medical Care AG & Co. KGaA is a listed company and has its own sustainability governance structure. Here, too, sustainability is firmly established at Management Board level. The Sustainability Decision Board, which is headed

<sup>1</sup> The guidelines of 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 things. Above and beyond this, 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.

by the CEO, supports the Management Board in coordinating Fresenius Medical Care's sustainability efforts. Together with the Sustainability Decision Board, the Management Board takes the final decision concerning sustainability targets and the incorporation of sustainability aspects in the company's strategy.

Another important part of Fresenius Medical Care's global sustainability governance is the Corporate Sustainability Committee which acts as an advisory and steering committee. It comprises senior representatives from all regions and global functions who have been nominated to adequately represent regional and functional interests in the company's sustainability activities. The Sustainability Decision Board and the Corporate Sustainability Committee enable the Corporate Sustainability Office to manage Fresenius Medical Care's sustainability activities.

## DEVELOPMENTS IN 2019

The Management Board of Fresenius Group discussed the way forward for the company's sustainability program in three meetings in 2019. The CEOs of the four business segments reviewed their sustainability programs and the current reporting and have defined measures for continuous improvement of their respective programs and reporting. We report on initial progress achieved in the respective activity areas on the individual business segment's level.

Fresenius Medical Care has established a Global Sustainability Program in 2019. As part of the program, the company

has defined eight sustainability areas, which allow it to manage key sustainability topics. These include patients, employees, anti-corruption and bribery, data privacy and security, human/labor rights, supply chain, environment, and occupational health and safety. For further information, please see Fresenius Medical Care's separate Non-financial Report.

## NON-FINANCIAL RISKS

The Fresenius Group has not identified any material risks related to its own operations, business relationships, products, or services that are very likely to have an adverse effect on the non-financial aspects mentioned above or on the Group's business operations. For further information and a detailed overview of the Group's risk management, please see pages 76 ff. of the Group Management Report.

## SERVING THE WELL-BEING OF THE PATIENT

At Fresenius, our aspiration is: better medicine for more and more people. Our commitment to always strive for the highest quality in our products, services, and therapies is derived from this. The most important non-financial aspect by which we measure our success is our patients' well-being. We achieve this through the medical quality of our treatments and services, the safety and quality of our products, as well as through patient satisfaction in the individual business segments and the protection of personal data.

## QUALITY AND SAFETY OF OUR PRODUCTS, SERVICES, AND THERAPIES

Our patients' health depends on the quality of our products, services, and therapies. All business segments therefore contribute toward increasing the overall quality and efficiency of health care. This allows us to provide access to high-quality and affordable medical care for a growing number of people.

To achieve this, 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 who are directly involved in manufacturing products or providing medical services in our production plants, care centers, and clinics have a special obligation to exercise due care.

In all our business segments, we **have sophisticated, value-enhancing processes** in place that are geared toward efficiency and the needs of our customers. In the area of quality management, we focus on monitoring and managing these processes and improving procedures by means of performance indicators.

The individual business segments adapt their quality management systems to their respective business models and set priorities accordingly. We 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

Life expectancy is increasing worldwide. The result is an aging population that requires improved medical care and accelerates demand for dialysis products and services. We intend to respond to today's global health care challenges with innovative technologies and treatment concepts. In doing so, we apply different frameworks in our clinics and production facilities to measure and continuously improve the quality of our products and services.

Quality of care and patient satisfaction are key components of Fresenius Medical Care's corporate activities. The company treats over 345,000 patients in its 3,994 dialysis clinics around the world. The patients' well-being is a top priority, and key to the company's success all over the world. To continuously deliver on this commitment, it is important to coordinate the interpretation of clinical science and medical practice patterns on a global basis. For this reason, Fresenius Medical Care established a Global Medical Office in 2019. Headed by the **Global Chief Medical Officer**, this office is tasked with evaluating coordinated data from clinical scientific research and medical practice to improve treatment outcomes. This includes facilitating cooperation and knowledge transfer across the entire Fresenius Medical Care network.

At a regional level, responsibility for the quality of our dialysis care services lies with our Chief Medical Officers, the Chief Clinical Office, and the interdisciplinary patient care teams. They develop and review internal standards and policies relating to quality. Furthermore, they continuously measure and assess the quality of care at our dialysis clinics based on generally recognized quality standards and international guidelines. These include the Kidney Disease: Improving Global Outcomes (KDIGO) foundation, the Kidney Disease Outcome Quality Initiative (KDOQI), the European Renal Best Practice Guidelines (ERBP) as well as industry-specific clinical benchmarks and our own quality targets (see table on page 96).

### Quality parameters to measure quality of care

As a health care company, Fresenius Medical Care's success depends on its health care services improving outcomes. To this end, the company has defined a set of quality parameters, which it continuously monitors to make sure that the quality of care remains on a consistently high level. As part of this approach, Fresenius Medical Care regularly provides executives in the individual operating segments as well as the Management Board with aggregated data on the quality of care. In addition, the company publishes selected results of its treatment analyses on a quarterly basis to create transparency on the quality of patient care and to emphasize the importance of the social responsibility towards patients at Fresenius Medical Care.

Fresenius Medical Care evaluates a variety of medical indicators to measure the quality of care provided in its dialysis clinics. These quality parameters include the following:

- **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).
- 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. Anemia not only affects patients' quality of life but is also associated with multiple comorbidities, including an increased risk of cardiovascular morbidity and mortality.
- **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, a permanent vascular access (arteriovenous fistula/arteriovenous graft) 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 a vascular access for dialysis.

- The **number of days** in hospital is relevant for determining the quality of care because more days spent in hospital significantly reduce the quality of life for dialysis patients and are particularly cost-intensive for health care systems.

For 2019, the company included the quality parameters of 89% of its dialysis clinics worldwide in the table of quality parameters by operating segment.

For reasons of comparability, all data shown in the table are collected at the same time. As Fresenius Medical Care continuously measures the quality of patient care, medical data collected at a later point in time as well as lab test results might affect the quality parameters retroactively, requiring adjustments at a later stage.

### Approaches to enhance the quality of dialysis care

Fresenius Medical Care is committed to continuously improving the quality of life of patients affected by kidney disease. For this reason, the company is working on various schemes to offer even more flexible treatment, including new options for home dialysis and new, value-based care models for patients with chronic kidney disease. Fresenius Medical Care's recent acquisition of NxStage, which manufactures and distributes hemodialysis machines for home use, is just one aspect of the company's efforts to promote the benefits of home dialysis treatment and provide industry-leading solu-

### FRESENIUS MEDICAL CARE: QUALITY PARAMETERS BY OPERATING SEGMENT

	Description	Possible impact if too low	North America		Europe, Middle East, Africa		Latin America		Asia-Pacific	
			2019	2018	2019	2018	2019	2018	2019	2018
Kt/V <sup>1</sup> ≥ 1.2	Effectiveness of dialysis: measures how well the body is cleaned of uremic toxins	More days spent in hospital; increased mortality	97%	97%	94%	95%	91%	91%	95%	96%
Hemoglobin <sup>2,3,4</sup> = 10 – 12 g/dl	Hemoglobin is responsible for transporting oxygen around the body	Indicator for anemia	71%	72%	82%	82%	50%	53%	56%	58%
Calcium <sup>1</sup> = 8.4 – 10.2 mg/dl	Measures the patient's nutritional status and mineral balance	Marker for increased mortality	81%	86%	79%	81%	76%	75%	74%	74%
Albumin <sup>5</sup> ≥ 3.5 g/dl			81%	81%	89%	90%	91%	90%	87%	89%
Phosphate <sup>1,6</sup> ≤ 5.5 mg/dl			60%	62%	80%	81%	76%	75%	63%	67%
Patients without catheter (after 90 days) <sup>7</sup>	Measures the number of patients with vascular access	More days spent in hospital	81%	83%	78%	79%	79%	80%	83%	86%
Days in hospital per patient year <sup>8</sup>	Result of complications during dialysis	Restrictions in quality of life	10.3	10.8	7.5	7.8	4.3	4.2	2.6	3.3

<sup>1</sup> KDOQI guidelines (Kidney Disease Outcomes Quality Initiative)

<sup>2</sup> KDIGO guidelines (Kidney Disease: Improving Global Outcomes)

<sup>3</sup> ERBP standard (European Renal Best Practice)

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

<sup>5</sup> European Reference Material ERM<sup>®</sup>-DA470k

<sup>6</sup> Phosphate specified as mg/dL of phosphorus

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

<sup>8</sup> Days spent in hospital over a 365-day dialysis treatment period per patient

Relating to the fourth quarter of the respective year

tions to patients and physicians. Home dialysis expands the choice of dialysis treatment modalities, helping patients to live more independently.

As a further example of Fresenius Medical Care's approach to advance the quality of dialysis care, the company has entered into a strategic global partnership with Humacyte Inc., a medical research and development company. Fresenius Medical Care's investment in Humacyte gives the company

the opportunity to offer patients a dialysis vascular access option with the potential to significantly improve clinical efficacy and safety, including minimizing catheter contact time. Furthermore, Fresenius Medical Care is investing in **technologies for home therapies**, including innovations for remote patient monitoring, portals for patients, caregivers and providers, as well as telehealth, which, combined with predictive



analytics and artificial intelligence, will make it easier to clinically manage patients between visits to a doctor and avoid unnecessary hospitalizations.

One important key element of Fresenius Medical Care's growth strategy is to combine all aspects of dialysis-related care and coordinate them more effectively. As part of this approach, Fresenius Medical Care is participating in a **pilot project** called the **End Stage Renal Disease (ESRD) Seamless Care Organization (ESCO) program**. An ESCO is a group of dialysis facilities, nephrologists, and other health care providers in the North America region who work together to coordinate and improve the quality of care patients receive. An integrated care team is dedicated to providing holistic, high-quality care that meets the patient's individual needs and preferences, with a focus on outcome-based reimbursement rather than offering single products or services. The ESCO pilot project will run until the end of 2020.

Thanks to the company's ongoing **efforts to improve patient care**, Fresenius Medical Care North America came top in the industry in the U.S. government's Five Star Quality of Care Rating. In the rating, one to five stars are awarded to facilities based on a series of measurements relating to their clinical performance and patient outcomes. In 2019, the company had the highest percentage of clinics rated with four or five stars of all major dialysis providers in the U.S. More than

94% of the company's dialysis centers were rated with three stars and more for clinical quality, with a total of 762 centers achieving the highest five-star rating, up from 659 last year.

### Patient satisfaction as a quality parameter

As part of Fresenius Medical Care's commitment to providing sustainable clinical care to its patients, the company has set out clear and consistent general principles regarding patient care for all members of staff who interact with patients in its 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. In line with Fresenius Medical Care's Code of Ethics and Business Conduct, the company expects all staff, among other things, 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,
- accurately answer questions by patients and families,
- respond to and attempt to resolve all concerns and complaints promptly and thoroughly.

**Patient surveys** are a meaningful and essential source of information to measure, manage and improve the services and care Fresenius Medical Care offers to patients. The company carries out the surveys in various countries to assess whether it is meeting patients' expectations or is lacking in any areas. Fresenius Medical Care uses the results to identify process improvements and consequently to improve patients' quality of life and the care the company gives each individual patient.

To improve local responsiveness, responsibility for patient surveys lies with each region. In the U.S., for example, the federal public health care authority, the Centers for Medicare and Medicaid Services (CMS), determines the content of patient satisfaction surveys. The EMEA, Latin America and Asia-Pacific regions also conduct surveys as a tool to measure patients' experience and improve the quality of health care services. 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.

Another way to seek and respond to patient feedback are the **patient grievance processes** established at Fresenius Medical Care. To foster a culture of open communication and continuous improvement, Fresenius Medical Care has established grievance processes in all regions to enable a positive



patient experience based on dignity and respect. Depending on the region, the company offers its patients various channels through which they can express their concerns, such as complaints and suggestion books and boxes, dedicated hotlines and e-mail addresses as well as a web form on the company's website. Although all patients have the right to file a grievance without fear of reprisal or denial of services, some patients may not feel comfortable with doing so. For this reason, Fresenius Medical Care gives patients and their representatives the option of filing grievances anonymously.

### Patient support in emergency situations

Fresenius Medical Care operates dialysis facilities in many regions of the world with diverse geographic, social and economic conditions. To be able to continue providing its patients with their vital dialysis treatment, even in extreme conditions such as severe storms or floods, the company has developed a robust **emergency response program**, so that it can operate smoothly in the event of a crisis or disaster. As part of the program, Fresenius Medical Care has established a system of regionally organized emergency response teams. Their task is to mobilize very quickly at local level to help keep the clinics running without interruptions and provide treatment and supplies to patients regardless of the dialysis provider.

In addition to our disaster response activity, Fresenius Medical Care donates funds, dialysis machines and medical supplies to organizations that urgently require help. The

company's response to the life-threatening conditions caused by Hurricane Dorian in the U.S. in 2019 is a good example of its social responsibility and strong commitment to patients. The **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. Furthermore, affected employees were provided with emergency housing, personal goods, generators, fuel, food, and water so that they could continue to care for and treat patients. Applying best practices from prior hurricane seasons, we made sure that all patients and staff were accounted for after the storm and were happy to report only minor damages to the facilities.

### FRESENIUS MEDICAL CARE – QUALITY OF PRODUCTS

Quality management in our product business covers the entire product's lifecycle from research and development to production and application. We strive to create a safe and healthy clinical environment and take the quality, safety and efficacy of the medical and pharmaceutical products that we develop and manufacture very seriously.

### Innovations and research & development

Our worldwide R & D activities are centrally managed by our Global Research and Development (GRD) function, with a focus on developing innovative products that are not only of high quality, but also affordable. In doing so, GRD enables us to respond to the worldwide rise in demand for high-quality yet cost-efficient treatment methods. In addition to our internal R & D activities, we collaborate with external partners, including academic institutions, renowned universities, and start-ups, promoting an open culture of innovation and enabling access to the latest technologies.

To continuously grow our core business and expand into new business areas, we also invest in early-stage companies. As an important part of our innovation culture, we carefully consider the ethical implications of our R & D activities.

### Access to medicine and health care services

People living in low- and middle-income countries often have poor access to medicine and health care services including kidney treatment. To facilitate access to dialysis treatment, we have developed a **targeted portfolio** specifically designed to meet the needs of emerging markets. In 2018, we launched

the 4008A dialysis machine to bring life-saving dialysis within reach of the increasing number of patients who need urgent access to this treatment. The 4008A machine meets high therapy standards while reducing costs for health care systems. At the same time, it is designed to be robust and easy to handle, making it ideal for use in challenging infrastructures and remote locations.

In a systematic review of patients' access to treatment around the world, it is estimated that almost two million people in Asia with end-stage renal disease who needed dialysis were not receiving it – that is twice the number of patients being treated. In response to this treatment gap, the 4008A dialysis machine has so far been primarily deployed in India, with other countries across the Asia-Pacific region to follow.

### Product quality and safety as the basis of Fresenius Medical Care's business

Our operations are subject to extensive governmental regulation in virtually every country in which we operate. In the

European Union, this includes legislation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) EC 1907/2006, the Restriction of Hazardous Substances (RoHS) 2011/65/EU, the Medical Device Directive 93/42/EEC and the new Medical Device Regulation (EU) 2017/745. To fulfill our commitment to product quality and safety while complying with the numerous relevant regulatory requirements, our processes are embedded in comprehensive quality management systems (QMS). As a result, all of our products and procedures 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.

As we believe that quality management systems create more leverage via best-practice sharing and a more integrated global and regional organization, we have harmonized the local quality management systems in EMEA, Latin America and Asia-Pacific and, where applicable, in North America into one **consolidated quality management system**. This

multi-year initiative will enable GRD and Global Manufacturing, Quality and Supply (GMQS) to leverage synergies, allowing us to respond faster to market developments, and work together more efficiently and effectively to design and manufacture innovative, high-quality products that better support treatment outcomes for renal patients. In December 2018, the consolidated quality management system was successfully audited by the notified body TÜV Süd and achieved ISO 9001 and ISO 13485 certification.

To produce safe products with a reliable quality, our plants are subjected to regular external quality audits and reviews in accordance with local requirements. The table below shows the certification of our GMQS-managed production sites in accordance with ISO 9001/13485 and the Good Manufacturing Practice (GMP)/current Good Manufacturing Practice (cGMP) guidelines.

In addition to audits carried out by notified bodies and authorities, including the U.S. Food and Drug Administration (FDA), the German Ministry of Health and other applicable national health authorities, our local sites are subject to management reviews and regular internal quality audits. Any cases of non-conformance detected as part of these quality audits are forwarded to the respective department to determine and implement appropriate corrective and preventive measures.

#### CERTIFICATION OVERVIEW FOR GMQS-MANAGED PRODUCTION SITES AT FRESENIUS MEDICAL CARE

Region	ISO 9001/13485	GMP/cGMP
North America <sup>1</sup>	2 out of 8 production sites	8 out of 8 production sites
EMEA <sup>1</sup>	12 out of 12 production sites	All sites producing pharmaceutical products are certified in accordance with GMP
Asia-Pacific <sup>2</sup>	6 out of 6 production sites	4 out of 6 production sites
Latin America	1 out of 4 production sites	4 out of 4 production sites

<sup>1</sup> In addition to ISO 9001/13495 and GMP/cGMP certification, two of the sites in North America as well as seven of the sites in EMEA are certified by the Medical Device Single Audit Program (MDSAP).

<sup>2</sup> Excluding one plant that does not produce finished products, so that no certification is necessary.

## Global Quality Policy and quality manuals

Another cornerstone of our commitment to product quality and safety is our Global Quality Policy, which was jointly developed and approved by GMQS and GRD. As a key component of our quality management system, the Global Quality Policy describes our overarching quality objectives and reflects our commitment to providing uncompromised product and service quality, while maintaining compliance with relevant regulations.

In addition to our Global Quality Policy, all regions have developed quality manuals, which are maintained at local level. These contain a detailed description of our quality systems, including corporate oversight responsibilities, policies and procedures, as well as sub-system policies according to ISO 9001 and ISO 13485 and other documents needed to allow effective process planning, operation and control.

## Reporting adverse events and product complaints

Patient safety is of utmost importance to Fresenius Medical Care. We strive to ensure compliance with legal requirements related to monitoring the adverse effects of drugs – also called pharmacovigilance – and medical devices – known as technovigilance. To this end, we collect and review adverse events and product complaints.

In addition to compliance with applicable legal requirements, we have included the topic of reporting adverse events and product complaints in our Code of Ethics and Business Conduct.

As articulated in the Code, we require all staff involved in relevant tasks to understand, be familiar with, and follow Fresenius Medical Care’s principles regarding the reporting of adverse events and product complaints.

## FRESENIUS KABI – QUALITY AND PRODUCT SAFETY

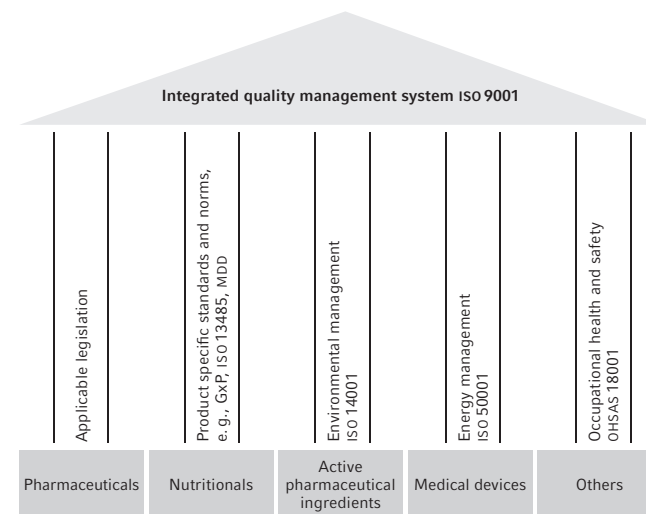
Fresenius Kabi’s corporate philosophy **“caring for life”** describes the company’s commitment to improving the quality of life of its patients. The quality and safety of its products and services is therefore of paramount importance to Fresenius Kabi. An important goal of the quality management at Fresenius Kabi is to monitor the applicability, efficacy, and safety of products and services, as well as the success of therapies and its continuous improvement. To ensure this, Fresenius Kabi has established an integrated quality management system, a monitoring and reporting system, and product risk management.

## Principles of quality management

The overarching **goals of 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. Fresenius Kabi has established quality processes and standards for its quality management and has defined the following **principles**:

- clear assignment of responsibilities
- qualification and training of employees
- monitoring of product and patient safety
- transparent and documented processes and procedures

## INTEGRATED QUALITY MANAGEMENT SYSTEM ISO 9001



- fulfillment of regulatory compliance
- continuous improvement
- checking of quality management effectiveness

The importance of quality management is reflected within the organization of Fresenius Kabi. The globally responsible quality managers directly report 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 global level and also covers local sites using matrix certification. 118 Fresenius Kabi organizations are included in the matrix certification process and are certified according to the ISO 9001 standard. The quality management system also takes applicable national and international regulations into account, including Good Clinical Practice (GCP), Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), Guideline on Good Pharmacovigilance Practices (GVP), Medical Device Regulation (MEDDEV; MDR), 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.

### Audits and inspections

In 2019, 64 audits and inspections (2018: 91) were performed at Fresenius Kabi by regulatory authorities or certifying bodies, and 60 global internal audits (2018: 73) were carried out. The external audits and inspections comprised a total of 24 (2018: 38) inspections regarding Good Manufacturing Practices (GMP) by the U.S. States Food and Drug Administration (FDA), Australian Therapeutic Goods Administration (TGA), European regulatory authorities, and Quality System audits from TÜV Süd (notifying body for ISO 9001).

Based on the respective observations an **audit and inspection score** has been developed. The score is calculated by addition of the number of critical and major observations identified during GMP inspections by the authorities mentioned above and the number of non-conformities identified during

TÜV Süd ISO 9001 audits divided by the overall number of inspections and audits; critical observations, if any, are weighted with a multiplier compared to major observations. The audit and inspection score for 2019 was 1.5 (2018: 1.8)<sup>1</sup>. Observations have been and will be addressed by respective corrective and preventive actions (CAPAs) and effectiveness checks have been and will be defined. The observations did not impact the issuing of any GMP certificate nor the ISO 9001 certificate.

### Core components of quality management

Fresenius Kabi has implemented a **global electronic quality management system, KabiTrack**, based on the Trackwise® 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 centrally defined processes and enables the independent review of whether all requirements have been met.

The company has **processes and standards**: Fresenius Kabi has implemented a global quality management handbook, as well as standard operating procedures. They are applicable globally and cover all sites. By offering 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.

The quality and safety of Fresenius Kabi's products, services, and therapies is of paramount importance. Our interactions with patients, users, and customers do not end with the

supply of products or the provision of services but involve the monitoring of the applicability, effectiveness, and safety of our products on the market. The insights gained are the basis for identifying opportunities for continuous improvement of products and services. Fresenius Kabi therefore monitors and evaluates relevant information and feedback on the products, services, and therapies during their use.

Fresenius Kabi has set up a **monitoring and reporting system (vigilance system)** and a **product risk management system** covering all regions worldwide, in order to be informed about product quality and patient safety issues in a timely manner and deal with them appropriately. These early-warning systems are designed in such a way that trained complaints and safety officers worldwide record complaints and side effects in IT systems and forward messages to experts for review.

### Vigilance system

The monitoring of adverse reactions or events (side effects) associated with the use of medicinal products is referred to as pharmacovigilance (drug safety). The statutory pharmacovigilance commitments relate to our medicinal products for human use. Similar regulations exist for medical devices.

Fresenius Kabi has established various standard operating procedures for the continuous monitoring of the benefit-risk ratio of its own products and assesses their successful implementation on the basis of specific indicators.

<sup>1</sup> For the calculation of the audit and inspection score Fresenius Kabi takes into account all information on findings from audits and inspections that is received by the company before 31 December 2019.

- Fresenius Kabi collects and assesses **reports** about individual **side effects** and reports them to health authorities worldwide according to regulatory requirements. Fresenius Kabi aims to submit more than 98% of all reports about side effects in a timely manner. The worldwide compliance rate for 2019 was 99.9% (2018: 99.6%). In Europe, in 2019, 99.6% (2018: 98.8%) percent of all adverse reactions were reported in due time to the European Medicines Agency (EMA).
- In addition, Fresenius Kabi regularly evaluates the benefit-risk ratio of its products based on safety-related information from various sources (e.g., adverse event reports, medical literature). The results of these analyses are submitted to authorities as **periodic safety reports**. Fresenius Kabi aims to submit more than 95% of periodic safety reports worldwide to authorities in due time. For 2019, the compliance rate was 99.1% (2018: 97.5%). In Europe, 97.5% of all periodic safety reports were submitted in due time to the European Medicines Agency (EMA) in 2019 (2018: 98.6%).
- According to regulatory requirements, Fresenius Kabi as a pharmaceutical company is obliged to describe its vigilance system in a **Pharmacovigilance System Master File (PSMF)**. Fresenius Kabi uses a global database to collect and evaluate vigilance data on a quarterly basis from all local marketing and sales units. These are then compiled

in the PSMF. The goal is to receive timely data from all marketing and sales units worldwide. This is documented in the company's vigilance system. For 2019, the compliance rate was 100% (2018: 98%).

With the help of our vigilance activities, Fresenius Kabi ensures that the patients' safety of its products is always guaranteed, and that the company is able to identify any changes in the benefit-risk ratio at an early stage and react in a timely manner.

#### Product risk management

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 can evaluate the safety profile of any of its products at a global level.

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

In 2019, no events with a material adverse impact were recorded that conflict with our quality management goals.

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.

#### FRESENIUS HELIOS – QUALITY MANAGEMENT, PATIENT SATISFACTION, AND PATIENT SAFETY

Fresenius Helios hospitals in both Germany and Spain aspire to achieving a high level of treatment quality, hygiene standards, patient safety, and quality of care. With the acquisition of Quirónsalud (Helios Spain), employees in both countries can learn from each other and build on their expertise. To this end, Helios Germany brings together colleagues from medicine and care in **specialist groups**. The leading physicians in a particular field from all Helios hospitals are grouped

together in these specialist groups. The specialist groups ensure that the knowledge of their field is anchored in all hospitals. They represent their respective medical fields internally and externally, advise and decide on the introduction of standard processes, sensible innovations, campaigns, and medical products. Moreover, the company will gradually roll out the quality management and proven peer review approaches used by Helios Germany to Helios Spain. The professional exchange between Helios Germany in Spain takes place on a topic-related basis. Helios Germany intends to use Helios Spain's experience in closely integrating outpatient and inpatient care. More information on the structure of the German and Spanish hospital markets can be found on pages 48f. of the Group Management Report.

### Quality management at Helios Germany

The Helios hospitals have developed a quality management system based on the three pillars "measure – publish – improve". It is now used in a similar form by around 500 hospitals in Germany and Switzerland. The basis of this quality management system is the accounting data (routine data) from patient treatments: each treatment step in the hospital is precisely documented for later accounting with the health insurance companies. This routine data also shows whether the healing process takes longer than expected, and whether complications or even a death occurred. It also indicates whether a treatment took a normal course or whether mistakes were made.

At Helios, the quality of the medical outcomes is a decisive factor. In Germany, this is represented by the **German Inpatient Quality Indicators (G-IQI)**. Data from the Federal

Statistical Office for all hospitals in Germany serves to provide comparative values. Helios Germany has defined concrete target values for 46 G-IQI quality indicators. They are derived from the aspiration to be better than the national average. In 2019, Helios Germany achieved this target for 44 of a total of 46 quality indicators. This corresponds to a target achievement rate of 96% (2018: 89%). For 2 indicators, the target value was not met.

This quality management system allows Helios Germany's hospitals to continuously compare themselves with each other or the national average: the hospitals receive monthly reports on the medical results of each individual department. Trends are identified at an early stage and, if necessary, more precise analyses are initiated. Since the quality results are continuously published in the hospitals and on the Internet, there is a considerable incentive for the hospital to find and implement improvement measures and to avoid mistakes.

Helios analyzes the cases – including treatments and medical routines – in hospitals that fail to meet individual targets, in order to identify and implement improvements. **Peer reviews** play a major role in this process. This review is a discussion between specially trained medical experts from Helios hospitals and from the **Initiative of Quality Medicine (IQM)** network, in which they question statistical abnormalities and systematically search for ways to identify improvements. Their insights are translated into concrete recommendations for action in the hospital with the aim of increasing patient safety. In 2019, a total of 60 peer reviews (2018: 55) were conducted at Helios Germany.

Helios Germany exchanges ideas and knowledge with other hospital operators in the IQM network. IQM members are committed to using three basic practices: quality measurement

### HELIOS QUALITY PERFORMANCE INDICATORS

Germany	2019	2018	2017	2016
Key indicators, total	>1,500	>1,500	>1,500	>1,500
G-IQI targets	46	46	45	46
Targets achieved	96%	89%	98%	93%
Peer reviews	60	55	69	58

Further information can be found at:

[www.helios-gesundheit.de/unternehmen/was-wir-tun/medizin/qualitaet/qualitaetskennzahlen/](http://www.helios-gesundheit.de/unternehmen/was-wir-tun/medizin/qualitaet/qualitaetskennzahlen/)

with administrative data, publication of results, and peer reviews. They provide inpatient care for approximately 7.8 million inpatients in more than 500 hospitals in Germany and Switzerland. In Germany, they account for 42% of inpatient care.

### Quality management at Helios Spain

The quality of medical treatment and patient safety are of key importance for Helios Spain. The company gears its **quality management** to the requirements of the Joint Commission International and the European Foundation for Quality Management (EFQM). In addition, Helios Spain aims to ensure high quality levels by adhering to ISO standards. In 2017, Helios Spain also began implementing quality indicators in line with the G-IQIs used by Helios Germany. To achieve this, several IQIs were selected based on relevant and high-volume diseases. Also, Helios Spain partnered with Fundación IDIS (Instituto para el Desarrollo e Integración para la Sanidad) to calculate E-IQIs based on Spanish medical routine data and compare them with publicly available reference values. The result achieved in these indicators is compared to the objectives set for the IQM network.

Each hospital's results are published in a corporate business intelligence tool on a quarterly basis, making it easier for each hospital to perform an analysis of deviations from the Helios standards. This internal analysis is carried out by each hospital and is complemented by peer reviews in those hospitals and indicators that have the largest deviations. Helios Spain also conducted eight peer reviews in 2019 (2018: four).

### Hygiene management

The goal of hygiene management at Fresenius Helios is to avoid infections within hospitals and quickly prevent them from spreading. A distinction is made between nosocomial (i.e., acquired in the hospital) infections and those brought in from the outside, for example by patients.

At **Helios Germany**, the **Helios Group Hygiene Regulation** (Helios Konzernregelung Hygiene), based on the recommendations of the Robert-Koch Institute, is mandatory for all employees and clinics. Helios Germany conducts regular training courses on hygiene management for its staff. In day-to-day operations, hygiene management is the responsibility of local, specially qualified nurses and hospital hygienists.

Helios is the only hospital operator in Germany to publish the number of pathogens in its clinics online every six months in the "Hygiene Insight" section. A separate chart for each clinic shows – over the last three years – how often the most important multiresistant pathogens have occurred. The three most important germ groups MRSA (Methicillin-resistant Staphylococcus aureus), VRE (Vancomycin-resistant Enterococci) and MRGN (Multi-resistant Gram-negative rods) are shown. This data shows how many patients have already brought the respective pathogen to the hospital and how many patients acquired it during their stay in the hospital.

**Helios Spain** conducts training courses on hygiene management on a regular basis. The company participates in the EPINE program (Prevalence Study of Nosocomial Infections in Spain), a surveillance system for nosocomial infections coordinated by the Spanish society of preventive medicine, public health, and hygiene, and supported by the Spanish Ministry of Health and the European Center for Disease Prevention and Control. In this system, data is collected locally by the infection control services of the participating hospitals. This data serves to carry out annual studies on the prevalence of nosocomial infections in Spanish hospitals. In addition, the data is used to develop measures and compare and assess the quality of care in hospitals.

As part of its quality management system, Helios Spain monitors a bundle of indicators related to hand hygiene compliance and to the prevention of nosocomial infections, such as the WHO Hand Hygiene Self-Assessment Framework or a central-line-catheter-related bacteremia incidence rate.

### Patient safety

In addition to its medical quality measurement system, **Helios Germany** has developed its own system for measuring patient safety and made it mandatory for its hospitals in September 2019. It combines internationally established Patient Safety Indicators (PSI) from the U.S. Agency for Healthcare Research and Quality (AHRQ) with Helios Germany's own indicators. Helios Germany will publish a differentiated report on claims against its hospitals as of 2020 and is thus embracing international comparison with other hospitals.

A Group regulation calls on all employees to report certain claims in a binding manner. From 2020, Helios Germany will also report on these claims. The aim of this transparent reporting is to analyze and eliminate weaknesses in patient care. The indicators include, for example, the number of abdominal cloths or medical instruments forgotten in the body during operations, confusion of sides, serious medication errors, falls, but also incorrect diagnoses in the hospitals. In some countries, such as the United Kingdom or the United States, some of the indicators are already subject to legal reporting requirements.

In recent years, Helios Germany has introduced numerous measures to increase patient safety. Since 2009, checklists have been mandatory for all operations in all Helios clinics. The "pre" checklist assesses the risks associated with the operation before it takes place. The "peri" checklist helps to avoid treatment errors immediately before, during, and immediately after the operation: this reduces side mix-ups or surgical material forgotten in the body to a minimum. In addition, CIRS (Critical Incident Reporting System) reports for critical events are in use in all Helios clinics.

**Helios Spain** is convinced that excellence in patient safety is a leadership topic. In 2018, the Corporate Safety Committee of Helios Spain adopted a **patient safety strategy** based on the principles of international institutions such as the WHO and the 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, which governs risk management for patient safety in health services.

Helios Spain also pursues an open culture of patient safety and promotes internal reporting of clinical incidents in order to mitigate the risks to which patients may be exposed during health care processes. In 2018, the company added new functionalities to the corporate risk notification and management tool, which allow it to immediately and efficiently analyze incidents and implement actions focused on improving the safety of the patients.

In 2019, the new **corporate risk notification and management tool** was rolled out across all Helios Spain hospitals. In addition, and to strengthen the analysis process of adverse events, training on the Root Cause Analysis methodology was provided to the own hospitals. Thanks to the progressive improvement of Helios Spain's patient safety culture, also reflected in the increasingly efficient use of this tool, it has been possible to identify incidents that were repeated in some hospitals. To avoid similar incidents in the future, recommendations were sent to the entire network of hospitals.

### Patient satisfaction

**Helios Germany** records patient satisfaction on digital mobile devices with the **Helios Service Monitor**. Once a week, employees at the hospital locations conduct short interviews with inpatients and record the data electronically and anony-

mously. The patient decides whether a member of staff should visit him or her for criticism in order to clarify and solve the problem. The goal is to react to patients' feedback within 24 hours.

The survey results can be summarized individually from any location into a daily, weekly, or monthly result. By evaluating this data, a general result can be obtained, and points of criticism can be identified. In this way, Helios Germany determines how satisfied the patients are with the care and service and can quickly initiate any necessary improvements. The monthly query results are automatically sent to the hospital management and authorized persons at the locations. The Service Monitor has been in use at all 86 Helios Germany hospital locations since mid-2019. The Service Monitor is used to reach a total of around 50% of inpatients.

Helios is convinced that transparency creates the best incentives for improvement. Helios Germany publishes further data on medical treatment quality, key indicators in the field of hygiene, and results of patient surveys in Germany online at [www.helios-gesundheit.de](http://www.helios-gesundheit.de).

At **Helios Spain**, the patient experience is a strategic pillar for the company. To measure the quality of the patients' experience, the company uses a Net Promoter Score (NPS) tool: 48 hours after a hospital stay, an e-mail is sent to patients asking if they would recommend the hospital and its services. Unsatisfied patients are interviewed to gain a better understanding of the criticism they raised. The results are analyzed centrally for Helios Spain and on a hospital level by field of care (hospitalization, surgical block, external consultations, and emergencies) and medical specialty. The target of the NPS system is to establish a continuous improvement path and meet

patient expectations. The global NPS score has increased over recent years. Patient complaints are an additional source for collection of patient feedback. Complaints are handled based on standard operating procedures through an IT-based management system and a rate is calculated among all hospitals, also identifying areas for improvement.

In 2019, Helios Spain identified waiting times and lack of information as the main causes of dissatisfaction among patients. Therefore, the company has 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 must be under 15 minutes. In emergency departments, the maximum waiting time should not exceed 30 minutes.

### FRESENIUS VAMED – QUALITY MANAGEMENT AND PATIENT SATISFACTION

Fresenius Vamed aligns its internal processes to established quality 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's health care facilities are certified according to the Joint Commission International (JCI), ISO, or QMS Reha standards. To ensure adherence to quality standards, the company performs regular internal audits as well as external recertifications.

Fresenius Vamed uses performance indicators in the quality management system of its health care facilities for the sole purpose of optimizing existing internal processes, but not to manage the company.



## Patient Satisfaction

Fresenius Vamed measures patient satisfaction in its health care facilities in a continuous and structured process.

The company evaluates the data internally and implements improvement measures in the respective facilities.

## PROTECTING DATA

As a globally operating company, we process the personal data of our patients, employees, customers, suppliers, and other business partners. We take responsibility for handling the data entrusted to us with care. This has priority for Fresenius as a trusted partner. We continuously enhance our data protection measures to fulfill our responsibility.

Fresenius respects the right to informational self-determination and the privacy of all those from whom we receive data in the course of our business. This also includes the processing of personal data by third parties on our behalf. This commitment is set out in the Fresenius Code of Conduct.

Data protection is a core task for us at Fresenius. We therefore constantly work on developing our data protection management systems to tackle new challenges. Operational activities in the area of data protection management are the responsibility of the functional departments. The functional departments are supported by basic processes of our Compliance Management System, such as risk analysis or investigation of possible data protection violations. We continuously work to fulfill the requirements of the **EU General Data Protection Regulation (GDPR)** and other applicable national data protection regulations.

## ORGANIZATION

Fresenius SE & Co. KGaA and all business segments have data protection organizations in accordance with their organizational and business structure. These include appointed independent **data protection officers** who report to the respective company's management. The data protection organizations support the management of the respective companies in complying with and monitoring applicable legal data protection requirements. Fresenius Netcare also maintains its own data protection organization in order to fulfill its particular responsibility as a data processor for the business segments. All data protection organizations have both advisory and monitoring functions with complementary tasks.

The data protection officers are contact persons for national and international supervisory authorities and are supported by competent **data protection advisors and coordinators** who are organized centrally, regionally, and locally, depending on the company structure. Quirónsalud has established Data Protection Committees at clinic level. In total, more than 300 employees at Fresenius are entrusted with data protection tasks.

Our goal is to establish comparable and effective data protection measures wherever we process personal data. For this purpose, data protection officers from all business segments meet regularly to discuss best practices and initiatives, for example in the context of Group Coordination Meetings and conferences.

## RISK ASSESSMENT

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

All business segments and Fresenius SE & Co. KGaA record their data processing activities in central IT applications and subject them to 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. This allows us to implement the principles of data protection and include the necessary technical and organizational measures in processing to meet the legal requirements, e.g. from the GDPR and minimize potential risks. New or significantly changed IT systems are subject to a standardized review process to examine the implementation of data protection and IT security requirements.

## DATA SUBJECT RIGHTS

We at Fresenius respect and protect the rights of all persons whose data we collect or process. This applies to employees, patients, and customers as well as to our business partners. We process, collect, store and delete personal data for the respective legal purposes in accordance with legal requirements.

All business segments and Fresenius SE & Co. KGaA guarantee the rights of data subjects by informing them appropriately about their rights and through established processes and tools to ensure that requests are answered on time. We inform our employees on their rights through privacy employee notices. In addition, we have implemented technical and organizational measures to protect data subject rights according to the GDPR requirements.

We offer data subjects – both outside and inside the company – an easy way to request information on their data processed or saved by us. To this end, Fresenius SE & Co. KGaA and Fresenius Kabi have developed easily accessible technical solutions that can be used to send data subject requests. These requests are handled and answered centrally. With these solutions, we support data subjects in exercising their rights to access, rectification, restriction, objection, portability and deletion of their personal data.

### PATIENT DATA

The patient's well-being always comes first at Fresenius. This also applies in particular to how we handle their data. We are aware of our responsibility arising from the special bond of trust we have with them. Therefore, we take additional measures beyond the fundamental respect of data subject rights, to ensure the protection of their sensitive data. We design our processes accordingly to provide reasonable protection in the handling of our patients' personal information.

We inform all patients of whom we take care at Fresenius and whose data we process about their rights in an adequate manner. We process data of our patients only after obtaining consent or on a legal basis and only to the extent necessary. A **privacy impact assessment** is conducted for processing activities that involve processing of personal data, in particular patient data. We protect patient data by limiting access to the data required for processing according to the principle of minimum access rights.

### INTERNATIONAL DATA TRANSFER

As a globally operating company, we give high priority to ensuring an appropriate level of data protection in all international data transfers as defined by the GDPR.

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

In addition, Fresenius SE & Co. KGaA and Fresenius Kabi submitted **Binding Corporate Rules (BCR)**, i.e. mandatory internal guidelines, to the respective data protection authorities for review and approval and are already preparing their internal implementation. BCRs are used by the participating companies to establish a uniform level of data protection based on the standards of the GDPR and contribute to compliant processing of personal data in accordance with international law.

In addition, Helios Germany processes personal data – especially patient data – preferably within its internal networks. In particular, if data is processed in countries outside the European Union, the contractor will be examined carefully, and measures are implemented to guarantee compliance with privacy regulations.

### DATA PROTECTION AND CYBERSECURITY

Fresenius takes responsibility for future-oriented health care. This includes the use of state-of-the-art information and communication technologies. As a result, we are committed to acting with special care when handling the data of our patients, employees, customers, and business partners. We ensure this by continuously working to improve our cybersecurity measures.

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

We want to prevent loss of data and to ensure its confidentiality, availability, and integrity. To this end, we especially focus on the areas in our company, in which cybersecurity risks



can occur, such as on the protection of the IT within our clinics, production sites, and medical products against potential attacks.

All business segments and Fresenius SE & Co. KGaA work together to define common minimum cybersecurity standards for the Group. These standards are implemented and if necessary supplemented in the respective business segments and are continuously monitored.

To minimize cybersecurity risks, such as tampering or unauthorized access to critical corporate data, we have implemented **security concepts**. These include access controls, security measures to protect the interfaces of our secure networks, and adequate protection of Fresenius terminals (e.g. desktops, servers, mobile devices, etc.). We also carry out regular penetration tests for applications that work with sensitive data (e.g. patient or employee data). We maintain redundant systems for all critical systems, such as communications infrastructure or clinical information systems. A central Cybersecurity Dashboard acts as a platform to analyze current and emerging threats to our critical information assets and systems. To respond more efficiently to cybersecurity incidents, we intend to roll out this dashboard further, and to introduce additional automated response mechanisms. In 2019 for instance, we implemented the automatization platform “Phantom” to automatically react to potential cyber threats.

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

In November 2017, the Management Board of Fresenius Group approved a new **global cybersecurity strategy**. Based on a cross-business-segment governance model (“CARE”), the strategy is designed to identify cyber risks and establish common, coordinated security policies. The purpose of these is to define global minimum security standards and to monitor the global security level. Within the CARE governance model, all business segments and their respective regions are responsible for determining and reporting on proper risk mitigation strategies and strategic goals. These should take into account any synergies with already established security measures. Due to the importance of cybersecurity for Fresenius Group, the position of a Group Head of Cybersecurity was created as of December 1, 2019, who will lead the central Cybersecurity organization and coordinate global activities groupwide.

## AWARENESS

Data protection is a shared effort of all employees of the Fresenius Group. This is based on the **joint commitment** of all business segments and Fresenius SE & Co. KGaA to data protection, as specified in their Codes of Conduct.

Furthermore, all business segments and Fresenius SE & Co. KGaA have created **policies for data protection** and handling personal data. These support our employees in implementing GDPR requirements and other relevant legal regulations within their area of responsibility. The data protection policies are complemented by other guidelines, standards, and operating procedures.

In addition, we **train** employees on current requirements and threats in relation to data protection and data security. To this end, we offer them a comprehensive range of e-learning courses, face-to-face training, and additional training measures. General training is supplemented with training measures for specific employee groups. In this way, we ensure that employees responsible for data processing activities are aware of current legal and internal requirements.

We inform new employees about confidentiality and handling sensitive data when they start work and commit them to secrecy. As an example, new hired employees of Fresenius Helios in Germany are also given mandatory data protection training within a defined time period. Every Helios entity is required to provide evidence at least every two years that their employees are trained in data protection.

As another example, Fresenius Vamed also holds training courses on how to deal with critical incidents; in 2019, these continuously focused on data protection.

## AUDITS AND MONITORING

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

The Internal Audit departments conduct independent audits in all business segments and Group entities. Hereby, aspects of data protection and IT security are included in the reviews, with a particular focus on compliance with data protection regulations and the consistent implementation of internal guidelines and processes. For this purpose, an exchange takes place with the respective data protection officer. All business segments and Fresenius SE & Co. KGaA have defined corresponding auditing concepts for this purpose.

In addition, **data protection controls** are part of various internal controls in the business segments; their effectiveness is reviewed by the responsible colleagues in the functional departments. We use insights on potential improvements identified in the audits and reviews to continuously enhance our data protection processes. For example, the audit concept at Helios Germany requires that each entity is reviewed regularly – at least once a year – with regard to data protection and IT security in an internal audit.

All employees of the Fresenius Group have the possibility 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 case as quickly as possible and to review and adjust our company processes where needed. If necessary, we inform affected persons about possible data protection violations promptly and in accordance with legal requirements.

## 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. In addition, all Fresenius business segments have implemented own 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

#### Responsibilities

Each of our business segments has appointed **Chief Compliance Officers**, dedicated members of the management board or a committee for compliance or a Compliance Committee, responsible for overseeing 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 moreover compliance responsibilities at the respective organizational levels. Within these structures, local management is responsible for compliance in the legal entities. In addition, more than 400 employees are working on compliance topics within the Fresenius Group. They support management and employees in all compliance-related questions. On the Group level, responsibility for Compliance lies within the Chief Compliance Officer of Fresenius SE & Co. KGaA, the member of the Management Board responsible for Legal, Compliance, and Labor Relations.

#### Corporate Compliance departments

The Corporate Compliance department of Fresenius SE & Co. KGaA supports the compliance functions of the business segments with standardized management tools, processes, and methodologies. To further develop the Group's **Compliance Management Systems**, Corporate Compliance develops

global compliance initiatives in cooperation with the compliance functions of the business segments, supports them in segment initiatives and sets minimum standards in the risk areas relevant to all divisions. The Compliance departments in the business segments develop further segment-specific global compliance initiatives and support the responsible compliance colleagues in the divisions. In addition, the Corporate Compliance department of Fresenius SE & Co. KGaA is in charge of developing, implementing, and monitoring their own CMS. The Corporate Compliance department reports to the Chief Compliance Officer of Fresenius SE & Co. KGaA.

#### Compliance Steering Committee

The Compliance Steering Committee (CSC) is the **central consultative committee** at Fresenius SE & Co. KGaA for compliance topics. 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, the Corporate Compliance department and, where necessary, representatives of other governance functions. It facilitates exchange between 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. In addition, participants discuss severe cases of potential misconduct and remediation actions. All business segments provide the CSC with an annual update on their Compliance Management Systems as well as on the results of the compliance risk analysis. CSC meetings are held every six to eight weeks, minimum six times per year. In 2019, eight CSC meetings took place.

#### Management Board

Corporate Compliance reports regularly, at least twice a year, on the status of the Compliance Management System of Fresenius SE & Co. KGaA and selected initiatives to the whole Management Board of Fresenius Management SE, which took place in June and November 2019. In addition, it receives an annual compliance report summarizing all corporate compliance initiatives.

#### 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. This reporting took place in October 2019.

#### 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** that take place on a recurring basis, and regular jour fixes. In addition, subject matter experts of all business segments work together in regular cross-company group exchanges, in particular on antitrust law, foreign trade law and international investigations.



## COMPLIANCE MANAGEMENT SYSTEMS

We have set up risk-based Compliance Management Systems in all our business segments and at Fresenius SE & Co. KGaA's corporate level. They comprise three objectives: 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 comprehensive risk recording and risk assessment, adequate and effective policies and procedures, regular training, and continuous advice.

### Risk assessment

We detect, analyze and evaluate compliance risks regularly using standardized methodologies in each business segment and at Fresenius SE & Co. KGaA. Depending on the corporate structure, these risk assessments cover more than **20 risk groups** which, in addition to core compliance risks such as bribery and corruption, antitrust law, money laundering, data protection and foreign trade, also include other significant business risks such as information security, the environment and occupational safety, quality, human resources and intellectual property. The risk assessment is conducted in a top-down approach by the respective experts in the functions. In addition, Fresenius Kabi performs an annual bottom-up risk assessment based on the same risk groups using its inte-

COMPLIANCE MANAGEMENT SYSTEMS (CMS)



grated risk management system since 2018. In 2019, more than 50 legal entities performed this assessment. In the coming year, we plan to launch bottom-up risk analysis in other divisions as well.

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 and initiate the necessary measures.

We are continuously working on harmonizing and improving our risk management systems. In 2019, we carried out a project to establish a uniform Group-wide system for recording, assessing and reporting risks. All business segments conduct their risk assessments according to a standardized methodology. With the introduction of a harmonized IT tool, we are merging existing risk processes and thus improving risk reporting and Group-wide transparency with regard to possible risks.

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, which we will take up further in the course of the report.

### 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 Compliance 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 and advice

We support our employees in the compliant fulfillment of their tasks through regular training tailored to their function and the respective risk. Training covers the Codes of Conduct, company policies, or specific topics, such as anti-corruption, antitrust, money laundering such as data protection



and information security. **Compliance training** has a high priority for Fresenius. We rely on individual training measures for different functions and risk areas and various formats, such as face-to-face training, live webinars, video training that can be called up at any time and classic online training courses in order to inform our employees specifically about the compliance content relevant to them. 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. For high-risk areas we conduct job-specific compliance training. In addition, we have processes in place to ensure participation in relevant compliance training. 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. We must not compromise the trust of our patients, business partners, and the public 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 Fresenius Code of Conduct clearly states: "We never offer business partners or third parties any undue benefits. In this respect, undue refers to the intentions to influence the behavior or the decision of the recipient. We even avoid the appearance of inappropriate behavior. We also do

not offer any undue benefits through third parties." With this clear regulation, we prohibit benefits with the intention of obtaining an undue advantage as well as advantages such as routine process accelerations, so-called "facilitation payments".

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 in accordance with the aforementioned four principles. 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 determined 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 accordingly, e.g., depending on the severity of the misconduct, with additional control measures.

### Acquisitions and investments

We also take compliance risks into account for acquisition and investment decisions. For this, we perform specific **due diligence procedures** in all business segments. We consider the results in the decision making and implement safeguards, such as compliance representations and warranties in the contracts, if necessary. 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 implemented measures for continuous implementation of the guideline locally, in line with their risk profile and 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 anti-money laundering guidelines, specific topic-related risk analyses, **internal controls**, such as prohibiting certain cash transactions for the affected business units, as well as due diligence processes for relevant transactions. Implemented controls are 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, also 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, as an example, has a tool in place to give a yearly 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.

### Internal control structures

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 aim to 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 as well as further control processes for supplier data base in the affected business areas enable us to detect compliance risks early on.

## Audits and 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 in total 14 international workshops in 2019, also supported by the Corporate Compliance Department of Fresenius SE & Co. KGaA. These workshops serve as intensive on-site training for employees, as well as to evaluate their understanding of local compliance, the effectiveness of local implementation of internal guidelines such as the structuring of central compliance initiatives and, if necessary, improve them.

As an example, Helios Germany has implemented a **compliance indicator** in 2018, 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 companies tests adherence to the regulations in the transparency guideline on a sample basis.

The **Internal Audit departments** of Fresenius perform independent audits of the Compliance measures 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 2019, the Internal Audit departments performed numerous compliance-related audits at Fresenius SE & Co. KGaA and in the business segments across the world, which also included audit steps relating to corruption, antitrust law, 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., by telephone or online 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 in local languages.

## Respond

### Handling of potential compliance cases

We follow up immediately 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 employ-

ment, 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. We also learn from the circumstances underlying the agreements<sup>1</sup> between Fresenius Medical Care and the U.S. authorities and examine to what extent the recommendations of the independent Monitor also contribute to the further development of compliance and financial controls' management systems in other business segments. Further relevant information regarding the Non-Prosecution Agreement as per Section 289c (3) no. 6 of the German Commercial Code (HGB) can be found on pages 224f. of the Notes.

### Continuous improvement

In order to identify and implement further possible improvements to our compliance measures, we analyze audit findings, compliance incidents, and feedback from consulting inquiries and workshops. 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.

## BEING AN ATTRACTIVE EMPLOYER

Fresenius' growth and success are largely thanks to the commitment of our more than 290,000 employees worldwide. Their achievements, skills, and dedication help our business segments to hold leading positions in their respective markets. We want to continue attracting, retaining, and developing talent at Fresenius. That is why we offer employees a wide range of development opportunities. Furthermore, we promote international and interdisciplinary cooperation as well as diversity in our business segments and regions. The importance we attach to employee matters is also reflected in our corporate structure: the member of the Group Management Board responsible for Legal, Compliance and Labor Relations has central responsibility for all employee concerns.

Reporting on personnel matters covers the following key topics: personnel structure and diversity, employee participation, profit sharing, attracting, retaining, and developing talent, as well as occupational health and safety. The business models of our four segments set different standards for the management of material topics at an operational level. In the following section, we therefore report on Group-wide as well as segment-specific personnel concepts and measures.

<sup>1</sup> Non-Prosecution Agreement with the U.S. Department of Justice and Cease-and-Desist Order of the U.S. Securities and Exchange Commission

## PERSONNEL STRUCTURE AND DIVERSITY

At the end of fiscal year 2019, the Fresenius Group had 294,134 employees. That was 17,384 or 6% more than in the previous year (December 31, 2018: 276,750). Based on **FTE (full-time equivalents)**, the increase was 7% in the Fresenius Group.

### EMPLOYEES (FTE) BY BUSINESS SEGMENT

	2019	2018	2017	2016
Fresenius Medical Care	120,659	112,658	114,000	109,319
Fresenius Kabi	38,264	36,423	34,923	33,476
Helios Germany <sup>1</sup>	53,423	51,429	57,719	56,596
Helios Spain	34,634	31,094	29,087	n. a.
Fresenius Vamed	14,770	13,665	7,215	6,909
Corporate/Other	1,154	1,060	969	889
<b>Total (FTE) as at Dec. 31</b>	<b>262,904</b>	<b>246,329</b>	<b>243,913</b>	<b>207,189</b>

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

The regional picture shows that 31% of our employees are based in Germany, while the rest of Europe accounts for 25%. 26% of our staff were employed in North America at the end of 2019.

### EMPLOYEES (HEADCOUNT) BY REGION

	2019	2018	2017	2016
Europe	165,862	158,939	154,172	119,434
thereof Germany	91,014	88,086	86,613	84,165
Europe excl. Germany	74,848	70,853	67,559	35,269
North America	74,894	72,672	75,083	72,803
Asia-Pacific	27,457	25,575	24,381	22,441
Latin America	23,998	17,610	17,709	16,283
Africa	1,923	1,954	1,904	1,912
<b>Total as at Dec. 31</b>	<b>294,134</b>	<b>276,750</b>	<b>273,249</b>	<b>232,873</b>

<sup>1</sup> Fresenius Medical Care's data 2017 reflect country data representing 96% of all employees. Prior year information, and Group data 2018 respectively, was adjusted to conform to the current year's presentation to reflect coverage of 100%. Helios Germany's data for 2016 and 2017 includes the post-acute care business in Germany. Fresenius Vamed's data for 2017 also includes temporary staff and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed.

Our employee structure by **function** remained largely unchanged in 2019: Around 14% of our employees work in production, while 71% are in services. The high share of service personnel is mainly due to the number of nurses in our health care facilities.

The **proportion of female employees** in the Fresenius Group was 68% as at December 31, 2019 (December 31, 2018: 68%). The proportion of females in services or care is higher than in the area of production. This is reflected in the proportion of female employees in our business segments on page 124. The number of female participants in the Group-wide Long Term Incentive Plan (LTIP 2018) is a good indication for the share of women in management positions worldwide. According to this, the ratio of women among the 1,500 top executives was 31.6% as at December 31, 2019.

The **average age**<sup>1</sup> of Group employees was 41.0 years (2018: 41.0 years). The majority (55%) of our employees are between 30 and 50 years of age. We aim to maintain a well-balanced age structure within our Group. The distribution reflects the demand for a high proportion of skilled and experienced employees in our business segments.

The **length of service**<sup>1</sup> within the Group can vary due to acquisitions in the business segments. In 2019, it was 8.1 years on average (2018: 8.2 years).

In 2019, the **voluntary turnover rate**<sup>1</sup> was 11.0% (2018: 9.8%), due to various reasons. At Fresenius Medical Care, we encounter increased rates especially in emerging countries due to the economic growth there, for example. At Fresenius

Helios, the competition for talent in the hospital setting has led to various activities to attract new personnel. We also intensified the dialogue at Helios with our employees to decrease the voluntary turnover rate. Further information is included on pages 118f. of the Non-financial Report.

The **rate of new hires**<sup>1</sup> in relation to the overall number of employees in each business segment provides proof of our efforts.

On page 124, we provide an overview of key figures relating to the personnel structure and diversity in the different business segments.

Fresenius respects and promotes a **culture of diversity**. We are convinced that the combination of different perspectives, opinions, cultural backgrounds, and experiences enables us to tap the potential that makes us successful as a global company. The knowledge and social skills of our employees and their different ethnic, social, and religious backgrounds help us to develop a particular sensitivity for the local needs of our customers and patients. The foundation for this company culture characterized by collaboration and mutual respect is the Fresenius Code of Conduct, which 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 142ff. of our Annual Report.

## ATTRACTING TALENT, RETAINING AND DEVELOPING EMPLOYEES

The ongoing globalization of our markets is a challenge for our human resources management. For this reason, the four business segments gear their employee development concepts individually to specific market requirements and cultural differences. In doing so, we focus on three topics:

- **Attracting talent:** To ensure that we meet our demand for highly qualified employees and attract new employees, we rely on digital personnel marketing, organize our own recruiting events, and present the company at careers fairs. In recent years, we have significantly broadened our personnel marketing activities and expanded our global career website. In 2019, the market research institute Potentialpark named Fresenius the German company with the best online offering for applicants for the eighth consecutive year.
- **Retaining employees:** As an international health care Group, we create various incentives for employees, depending on the country and location. These include flexible working time models or the chance to participate in the company's success via variable remuneration models.
- **Developing employees:** We offer our employees the opportunity to develop their career in an international, dynamic environment. We are continuously adjusting our personnel management instruments to the latest trends and requirements. As well as Group-wide obligatory training courses on our Code of Conduct, the business segments offer compulsory training, e.g., in quality management, environmental management, or occupational health

and safety. Individual training courses for employees and executives, as well as talent management geared to the respective business segments, complete our personnel development activities. Depending on their customer and market structures, our business segments pursue different concepts and measures for personnel development.

The Fresenius Group attaches great importance to **vocational training**. We trained more than 4,950 young people in more than 50 different occupations as well as in more than 30 degree programs together with universities of cooperative education at our German locations in 2019. We further increased the number of dual courses of study that we offer in cooperation with the Baden-Wuerttemberg Cooperative State University. For the first time, we are offering dual courses in Digital Business Management, in Information Technology (specialization in Applied Computer Science), and Safety Engineering (specialization in Environmental Engineering, as well as a Bachelor in Business Administration and Engineering (specialization in Electrical Engineering)). As an alternative to the traditional channel of direct job entry, Fresenius also offers trainee programs for university graduates.

The **Fresenius training catalog** comprises courses for all employees. They include, for example, programs on the topics of communication and presentation, self-management, project management, and target-group-specific learning content.

In addition to the training catalog, Fresenius offers training in cooperation with departments or business segments through the learning management system **Fresenius Learning Center (FLC)**. Depending on the subject, these training programs consist of one or more modules. Most are provided as e-learning, i.e., traditional web-based training, but also

### TRAINEES AND TRAINING RATIO FOR GERMANY

	2019	2018	2017	2016
Trainees <sup>1</sup>	4,952	4,354	4,019	3,743
Training ratio	5.44	4.94	4.64	4.45

<sup>1</sup> Includes vocational training and university students

include webinars or classroom training sessions. Employees in Germany who do not have their own computer or laptop, or who do not have a quiet work environment, can take the training courses they need at specially designed learning locations. Employees who have enrolled for a training module are required to start and successfully finish it within a defined period. Fresenius Medical Care, Fresenius Kabi, and the Group divisions of Fresenius manage and document the majority of their e-learning programs in the FLC system at Group headquarters in Bad Homburg. Fresenius Helios and Fresenius Vamed offer e-learning internally as needed and document the training activities in their own training management systems. In 2019, for example, new training modules on various compliance-specific topics were made available in the FLC. Further information can be found on page 111 f.

Fresenius has established two Group-wide programs for **executives**. The program Maximizing Leadership Impact in cooperation with the Harvard Business School targets top executives. An executive program in cooperation with the University of St. Gallen, Switzerland, with a focus on strategy and change management, 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. The company invests in its employees and provides them with attractive development opportunities, taking their roles and individual strengths into consideration. Functions, skills, and competencies differ within Fresenius Medical Care. This is reflected in the learning programs for either specific skills or selected leadership levels.

Employees participate in **training courses** on the Code of Ethics and Business Conduct and additional mandatory training related to areas such as workplace safety. In addition, employees can enroll in various e-learning courses and education opportunities based on their individual preferences and needs.

In 2018, Fresenius Medical Care implemented a global leadership **development program** for the top 400 leaders, built around the leadership expectations “define and shape vision & purpose”, “collaborate globally”, “lead innovation and positive change”, “be a good decision-maker”, and “develop our talent”. This is now the standard program to learn about the global leadership mindset. It was completed by the first approximately 100 participants in 2019.

To further boost the company’s efforts to manage global talent, it continued to refine the process for regularly reviewing leadership talent and succession planning and expanded

its scope, including a focus on female and future talents.

The results will be used by managers and HR colleagues to recognize and deliver “best-fit” solutions in the future, and are the basis for identifying, promoting, and developing future leaders at Fresenius Medical Care. In Asia-Pacific, the company continued to roll-out a program for managers, called FAME, with a focus on providing essential management skills. It supplements programs already established in other regions like North America and EMEA in recent years.

Fresenius Medical Care established a **global employee engagement framework** as a standard concept to collect feedback from all employees worldwide in a consistent manner. It takes place every two years. The first full cycle was completed in 2019. The global participation rate<sup>1</sup> was 68%, with a global engagement rate of 56%<sup>2</sup>. First insights show that one of the company’s strengths is a very strong identification with the products and services and the purpose to improve patient lives. Furthermore, results indicate that Fresenius Medical Care can further strengthen collaboration and provide employees with more development opportunities. The findings gained from the engagement process will be used to support local and global action plans and further improve engagement levels in the long term.

## FRESENIUS KABI

Fresenius Kabi has created global, regional, and local structures for training and developing employees. All employees are trained and qualified according to their functions and tasks. All new employees receive mandatory training on the Code of Conduct. Furthermore, compulsory data protection and information security training was introduced for the employees at the end of 2018. In addition, all employees in production receive mandatory training on good manufacturing practice, as well as occupational health and safety and environmental protection. The global quality management department expanded the use of the FLC in the reporting period, leading to documented training activities in more than 50 countries with more than 20,000 people trained in 2019.

**Leadership development** at Fresenius Kabi has the aim of training and developing high performers and talents according to their individual requirements. Their performance should contribute to successfully executing the corporate strategy and to achieving the company’s growth targets. This is why Fresenius Kabi identifies talents, retains them within the company, and develops them further. The development of employees to executives requires continuous learning and a clear focus on the company values of Fresenius Kabi. The company uses an annual **talent review** for a dialogue on performance, competencies, and development potential. This talent review is the basis for identifying, evaluating, and developing executives and talents in all of Fresenius Kabi’s regions, divisions, and central functions worldwide.

<sup>1</sup> Number of employees that participated in Fresenius Medical Care’s engagement survey compared to the number of invited employees

<sup>2</sup> Calculated based on the percentage of affirmative answers to questions about employees’ opinion of Fresenius Medical Care, their desire to work for the company and their motivation to contribute to the business success.

Fresenius Kabi is represented worldwide with its own locations, and numerous projects are thus placed in an intercultural environment. In many areas of the company, transnational teams are working on solutions to the manifold challenges in the health care sector. As the basis for the shared understanding of collaboration, Fresenius Kabi has defined a **value code** that has been introduced worldwide. These values are embodied in the company and the employees maintain a culture of cooperation across national borders, as well as across functions and hierarchies.

Fresenius Kabi uses **employee surveys** to sustainably increase employee satisfaction, to gain valuable insights into business processes, and to increase employee loyalty to the company. For example, the company has been conducting employee surveys in the United States and Canada for years, with an average participation of 80% of its employees. Fresenius Kabi plans to conduct the next employee survey in North America for the reporting year 2020. The on-site employee surveys are an integral part of local human resources work, and the results of this regular survey are important for the company, as they provide it with valuable information that helps to develop a stable and appreciative work environment for employees and to promote their engagement. In 2018, Fresenius Kabi began to conduct employee surveys in 13 countries of its Asia-Pacific region. In 2019, the company surveyed employees in Australia and New Zealand. As a measure derived from the survey results, for example, Fresenius Kabi offered leadership training in China. More than 80% of the workforce in these countries participated in the survey. The company will continue to conduct employee surveys in this region on a regular basis and plans to conduct employee surveys in other countries in the future.

## FRESENIUS HELIOS

For many years, sharing and increasing the knowledge of Helios' employees has been core to the corporate mission of the company. On the one hand, conveying and increasing knowledge directly influences the quality of medical services. On the other, it makes Fresenius Helios an attractive employer in the health care market. All employee training and development measures help Fresenius Helios to achieve its four corporate strategic goals: being best in service, leading medical quality, sustainable growth, and expansion of our market position. Nevertheless, Fresenius Helios faces strong competition in the recruitment of new personnel, mainly in the nursing area, driven by regulatory requirements, among other factors.

In 2019, the company's focus in Germany was on retaining our employees by implementing various feedback formats and attracting new employees in the **nursing area**. It expanded the capacities for vocational training from around 1,200 to 1,700 nurses-to-be. Their classroom sessions are conducted at Fresenius Helios' own training centers. Fresenius Helios initiated a nationwide recruiting campaign to attract experienced nurses, accompanied by local recruiting activities at its hospitals. The company was able to hire a total of around 1,300 additional nurses in 2019.

The company also intensified the dialogue with its employees in 2019, with the goal of improving the retention rate in the hospitals. The company aims to foster the communication in the clinics and promote feedback reviews between management and employees. More than 1,500 colleagues from various clinic locations and from different professional groups were invited to dialogue workshops to gain valuable insights.

A further 600 employees from all areas and levels joined a structured process between November 2019 and February 2020, starting to develop a new vision, values, and mission statement for the company. The new vision and mission statement will be presented to all Fresenius Helios' employees through an internal communication campaign in 2020. The company plans to publish a special edition of the internal corporate magazine, provide information on its intranet, and train the management. The management will then communicate and implement the new vision and the mission statement in their respective departments and wards in all Helios clinics.

The feedback Helios received from the dialogue formats provided valuable insights: our employees place great importance on comprehensive training and development opportunities within the company.

In Germany, the **Helios Academy** and 32 **Helios training centers** offer a wide range of competence-based training and educational opportunities for all professional groups in hospitals, to train either professional abilities or personal competencies, or to gain knowledge in the field of personal health and prevention. Further, hospitals without training centers offer a variety of different training and educational opportunities.



The **annual knowledge target** provides all employees with the opportunity to train via e-learning on a focus topic in the health care market.

Another focus of the company's work is the feedback from **appraisal interviews**. They are offered to all employees. One insight, which Helios also gained throughout the dialogue formats, was that the employees expect the company to value stable, well-working team structures. Helios will consider this relevant aspect in case of future internal organizational changes.

In order to support the compatibility of family and career, Helios offers care places in 35 kindergartens, which are affiliated with clinic locations or with which the company cooperates. Helios has also been approached regarding the desire for flexible working hours. However, it has to be ensured that patients are cared for at all times of the day.

Starting in 2019, a company-wide training program on patient-centered communication has been rolled out. It is a multi-step program with the aim of imparting communication skills, especially with regard to interaction with patients and their families as well as colleagues. In 2019, a total of 40 employees were trained. In a next step, they will act as communication coaches at their clinic locations and in training centers, training nurses and other staff in 2020 and beyond.

Helios Germany promotes young talent in medical and nursing care through a **central talent management system**. The company offers a special development program for budding executives in medical care. Thanks to its trainee programs and management training, Helios Germany continues to enjoy a reputation as an attractive employer among university graduates.

At Helios Spain, we seek to attract, retain, and develop our employees in order to remain the leading provider of private-sector health services in Spain. The company has published a **human resources policy**, which is available on the website. It states that the company considers employees to be the most valuable of its assets. The goals are:

- Utilize management by competencies as a fundamental element to support clinical management.
- Manage personnel in agreement with the company's ethical values and in a transparent and open manner.
- Make information available through our intranet.
- Consolidate and further develop a prevention policy, working toward a model of prevention that is scientifically based, comprehensive, integrated, and participatory, because doing so will safeguard the employees' safety and health.
- Maintain the intranet portal for the prevention of occupational risks. This portal is the point of entry for information on prevention issues.

- Use internal and external benchmarking as an element of in-depth knowledge, analysis, and motivation that can be put to the service of the professionals and help involve them in plans for continuous improvement.
- Institute a company-wide plan for internal communication.
- Develop the employee portal in all health centers.
- Develop continuous training together with the Office of the Director of Teaching and Research.

Helios Spain has implemented a **corporate talent plan** to support its employees. This incorporates a talent pool for internal exchange, as well as training activities. The company is continuously expanding the training program, focusing specifically on occupational health and safety, patient information, patient safety, and improving patient care.

#### **FRESENIUS VAMED**

One of Fresenius Vamed's key success factors is the individual performance of its employees based on their training, expertise, and project experience. The company gives high priority to enhancing this success factor. Fresenius Vamed offers its employees tailored programs for **professional training and development** to ensure that the company is ideally prepared for future health care developments. As part of its

strategic personnel planning, the company uses the VAMED **Human Capital Management (HCM) program**, a scheme for identifying and developing high potentials to take on management and key player functions in the future.

Fresenius Vamed is also dedicated to qualifying and training young employees through its various **trainee programs**. They offer young people 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**. These focus on specialist topics, as well as on self-development, leadership, and social and methodological skills. Various knowledge platforms, such as the International Medical Board (IMB), bundle the know-how of about 1,200 health care professionals who work for Fresenius Vamed.

## EMPLOYEE PARTICIPATION

### EXCHANGE WITH EMPLOYEE REPRESENTATIVES

Trust and cooperation between management, employees, and employee representatives is well-established at Fresenius and is an integral part of our corporate culture. An open and continuous dialogue between management and employee representatives, as well as unions, is important to us.

Fresenius acts responsibly towards its employees. This includes the 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 130 ff.

Employees liaise with their supervisors, but they can also turn to their human resources or compliance officers, as well as to the works council, their union representatives, or other employee representatives. In Europe, about 77% of our employees are covered by a **collective bargaining agreement**. In some European countries, Fresenius is subject to industry-related collective agreements, e.g., in France, which are binding by law due to the industry to which we belong. If this is not the case, country-specific collective bargaining agreements can be negotiated with local trade unions or comparable social partners.

In European countries, workplace representation bodies are organized according to national law. The business segments are mainly responsible for dealing with local employee representatives and trade unions at country or site level. Our discussions with these representatives focus on local and regional circumstances. Together with the employee representatives, we aim to find tailored solutions for the challenges in the different locations.

In addition, Fresenius aims to maintain an open and ongoing exchange with globally active trade union associations such as UNI Global Union, Public Services International, and IndustriAll Global Union.

### DIALOGUE AT EUROPEAN LEVEL

Fresenius SE & Co. KGaA has a European Works Council (EWC), which comprised 21 employee representatives as at December 31, 2019. They come from the member states of the EU and the EEA (European Economic Area) in which Fresenius employs staff.

The EWC is responsible for the participation of Fresenius employees in **cross-border measures**, insofar as these have a significant impact on the interests of Fresenius staff and affect at least two countries within its area of responsibility, such as the relocation or closure of companies or collective redundancies. Management informs and listens to the EWC, for example with regard to the following topics: the Group's



structure, economic and financial situation, its expected development, the employment situation, investments, organizational changes, and the introduction of new work and production processes.

The EWC meets once a year, and its executive committee convenes three times a year. The European trade union federations IndustriAll and Public Services International attend the meetings at the invitation of the EWC. The main topics discussed in the EWC in the past year focused on the reorganization in Group segments, like transfusion medicine and digital transformation projects, as well as compliance-based questions on the human rights declaration. The EWC elects six employee representatives to the Supervisory Board of Fresenius SE & Co. KGaA, including at least one trade union representative.

### PROFIT-SHARING SCHEME AND STOCK OPTION PLAN

For many years, Fresenius has offered employees in selected Germany-based Group companies a **stock-based profit-sharing scheme**. The Group distributes the bonus when it achieves its EBIT and earnings targets defined in the program. The current model is valid for the years 2019 to 2021. Within this period, the defined targets are: the Group net income has to increase compared to the previous year's figure. Further, Group EBIT has to increase by at least 5% compared to the previous year. In 2018, 6,228 eligible employees received a profit-sharing bonus for 2017. For 2018 and 2019, the Group did not achieve its earnings and EBIT targets for this program.

The stock-based **Long Term Incentive Plan 2018** (LTIP 2018) is a compensation instrument for executives, which links management's entrepreneurial responsibility to future opportunities and risks. More than 1,500 employees in executive positions participate in this program. For additional information, please see pages 247 ff. of the Notes.

Fresenius Medical Care also has its own share-based compensation scheme. Further information can be found in the Notes of the Annual Report 2019, see pages 252 ff.

### OCCUPATIONAL HEALTH AND SAFETY

We consider ensuring the health and safety of our employees to be part of our corporate responsibility. The Fresenius Code of Conduct stipulates that work-related incidents must be prevented. All business segments focus on preventive measures and on the individual responsibility of employees when it comes to occupational health and safety. The occupational safety concepts are adapted to the business models of the four business segments and cover occupational health and safety in production as well as corporate health management for employees in health care facilities and in administration. They are not only aimed at protecting our employees, but also ensuring the well-being and safety of our patients.

All Fresenius business segments continuously record data on occupational health and safety in line with regulatory provisions. Provided that this data are consolidated, it is published in the following sections on the business segments.

### OCCUPATIONAL HEALTH AND SAFETY AT FRESENIUS MEDICAL CARE

Fresenius Medical Care considers the health and safety of its employees part of its corporate responsibility. As voiced in the company's Code of Ethics and Business Conduct, it seeks to provide a safe, healthy, and productive work environment for the employees and business partners who assist in its business operations. Fresenius Medical Care is committed to safeguarding its employees against work-related illnesses and accidents. The company fosters a culture of continuous improvement and

- reports and analyzes work-related accidents and injuries,
- identifies their root causes, and
- implements corrective actions, as appropriate.

As part of this concept, Fresenius Medical Care has introduced **key performance indicators** (KPIs) in its production sites and dialysis clinics to collect and record incident data, and supply them to government authorities.

At Fresenius Medical Care, the topic of occupational health and safety is under local responsibility, allowing the company to better respond to legislative requirements at a local and regional level. As part of the Global Sustainability Program, the company will work on harmonizing management concepts in this area while complying with health and safety legislation and continually improving the performance in occupational health and safety.



At GMQS-coordinated plants, the topic of occupational health and safety is managed at local or plant level. Operational activities related to occupational health and safety are monitored and evaluated by specialized departments, which also assess external regulatory and legal requirements and incorporate them in the company's internal policies and guidelines in consultation with regional and local management.

As occupational health and safety in the field of health care is closely linked to injury prevention and employee education, Fresenius Medical Care provides health-related training on-site in its clinics. These courses cover topics including medication management, the safe use of sharps and disposables, hand hygiene as well as manual handling education, infection prevention and emergency control. The clinics have applicable guidelines, policies, and procedures related to occupational health and safety in place. Internal **reviews** as well as external **audits** by government agencies and national regulatory bodies are regularly conducted to monitor compliance with corresponding regulations, policies, and procedures.

## OCCUPATIONAL HEALTH AND SAFETY AT FRESENIUS KABI

The safety of Fresenius Kabi's employees at their workplace is our central concern. The aim is to avoid all work-related accidents. To achieve this goal, the company has implemented standard operating procedures (SOPs), other regulations, and instructions to provide a global framework for occupational health and safety. The implemented **occupational health and safety guidelines** focus on the following principles:

- implementing the necessary measures to ensure the health and safety of employees,
- ensuring and supporting continuous improvement,
- avoiding work-related injuries, illnesses, and other incidents, e.g., by adapting current practices to safe procedures or less dangerous technical activities,
- performing hazard and risk assessments for all routine and non-routine activities,
- complying with applicable legal requirements and other occupational health and safety requirements,
- providing and ensuring the continuous safe operation of facilities, machinery, and equipment,
- safe handling, use, storage, and proper disposal of hazardous substances.

Risk assessment is an important part of the occupational health and safety management. Based on the risk assessment, occupational health and safety measures are derived and performed locally. To support this, Fresenius Kabi has intro-

duced a **management system for occupational health and safety** in accordance with the international standard OHSAS 18001. The management handbook and SOPs provide global management requirements for the certified organizations' local occupational health and safety management. The global management system is audited on an annual basis by TÜV Rheinland. Currently, 19 organizations of Fresenius Kabi are certified according to this standard. Local targets are set at the certified organizations to enhance the occupational health and safety management. The local management reviews the occupational health and safety management system at least once a year, with regard to its continued suitability, appropriateness, effectiveness, and potential for improvement.

The company is working on rolling out the certification according to OHSAS 18001 to all manufacturing plants by 2023<sup>1</sup>. Fresenius Kabi aims to improve occupational health and safety processes there and align them with internationally recognized standards.

Employees in the global **Environmental and Occupational Management department** analyze and evaluate working procedures, risks, objectives, and occupational health and safety programs, and enable the exchange of best practices in occupational health and safety throughout the company. Fresenius Kabi performs internal audits at its organizations to identify potential for improvement. If necessary, the company develops measures to tap this potential together with local responsible persons.

<sup>1</sup> The certification roll-out is going to be concluded at all manufacturing plants of Fresenius Kabi in 2023. The certification issuance from the individual certification companies may extend into the following year.

#### LOST TIME INJURY FREQUENCY RATE<sup>1</sup>

Fresenius Kabi	2019	2018
LTIFR	2.6	3.1

Fresenius Kabi documents all accidents that lead to lost working time – worldwide and for all employees, including temporary workers. All reported cases are categorized according to their impact on an employee's health and their severity. Further, the local management assesses the documented cases to decide whether technical improvements, other working equipment or instructions, or further training are required to avoid future work-related incidents and improve occupational health and safety for employees.

Fresenius Kabi calculates the **lost time injury frequency rate** (LTIFR)<sup>1</sup> from the data it collects and uses it as an indicator for occupational health and safety. This indicator improved again compared to the previous year. Moreover, no severe work-related accidents or fatalities were recorded at Fresenius Kabi in 2019.

#### OCCUPATIONAL HEALTH AND SAFETY AT FRESENIUS HELIOS

In Germany, the focus of our programs in the area of employee health in 2019 was on coping with stressful everyday situations, as explained on page 119 of the Group Non-financial Report. One of the aims of the company-wide training pro-

gram "Patient-Centered Communication" was to train nursing staff to recognize critical conversational situations with patients and their families and to deal with them appropriately. In addition, numerous local measures were implemented at our clinics, addressing topics like the high workload in the nursing sector. These topics are also addressed at our annual nursing conference, which has been running since 2018. Around 1,300 of the company's nursing staff meet with doctors and clinic managers to discuss aspects of their careers, challenges in everyday working life, technical issues, and concepts for improving the working situation in the clinics.

Helios Germany works internally with time management reports that document **trends in absenteeism**. Whenever Helios Germany identifies deficits in its own hospitals, it takes corresponding measures and expands its corporate programs, for example, to promote occupational health or manage integration. Helios Germany is developing additional online training courses and will gradually roll these out throughout the company to strengthen employees' expertise in the area of occupational health and safety.

Helios Spain aims to develop an exemplary culture in the areas of health care, avoiding occupational health risks, and promoting healthy habits among its employees. This is also implemented in the company's **policy on workplace safety**. The policy is applicable at all levels and locations of the company. Helios Spain has harmonized occupational health and safety for the Group's hospitals and companies and developed a corporate training platform for specific, workplace-

related risks. Various KPIs, including absenteeism and work-related injuries, are consolidated in a standardized system and evaluated. Based on this, measures are taken to reduce absenteeism or to avoid accidents at work.

#### OCCUPATIONAL HEALTH AND SAFETY AT FRESENIUS VAMED

All entities of Fresenius Vamed are responsible for complying with occupational health and safety regulations in their facilities. The occupational health and safety of the company's employees is an integral part of both its corporate culture and its mission statement.

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

All employees have access to a wide range of schemes through Fresenius Vamed's occupational health management program.

<sup>1</sup> LTIFR: Number of work-related accidents with at least one day absence from work in relation to hours worked multiplied by 1,000,000.

Our responsibility | Serving the well-being of the patient | Doing the right thing ► **Being an attractive employer** | Protecting nature as the basis for life  
Caring for human rights | Responsibility in the supply chain | Limited assurance report of the independent auditor

EXTERNAL HIRES<sup>1, 2</sup>

in %	2019	2018	2017	2016
Fresenius Medical Care	24.7	21.7	n. a.	n. a.
Fresenius Kabi	17.1	16.9	19.8	19.0
Helios Germany	15.4	16.0	19.8	14.2
Helios Spain	20.1	27.6	n. a.	n. a.
Fresenius Vamed	17.8	22.5	11.0	n. a.
Corporate/Other	11.2	12.5	9.7	9.6

AVERAGE AGE<sup>1</sup>

	2019	2018	2017	2016
Fresenius Medical Care	40.8	40.8	41.7	n. a.
Fresenius Kabi	38.7	38.4	38.5	38.7
Helios Germany	42.4	42.6	42.7	42.6
Helios Spain	41.0	40.0	n. a.	n. a.
Fresenius Vamed	41.2	43.6	43.0	43.5
Corporate/Other	39.1	38.9	39.2	39.2
<b>Total</b>	<b>41.0</b>	<b>41.0</b>	<b>41.5</b>	<b>41.5</b>

AVERAGE LENGTH OF SERVICE<sup>1</sup>

in years	2019	2018	2017	2016
Fresenius Medical Care	6.8	7.1	7.0	n. a.
Fresenius Kabi	8.6	7.5	7.4	7.6
Helios Germany	10.6	10.8	10.5	10.8
Helios Spain	8.4	8.2	n. a.	n. a.
Fresenius Vamed	6.9	7.8	6.1	6.0
Corporate/Other	7.3	7.3	7.6	7.6
<b>Total</b>	<b>8.1</b>	<b>8.2</b>	<b>8.1</b>	<b>8.4</b>

## EMPLOYEES BY FUNCTION

Dec. 31	2019	2018	2017	2016
Production	42,572	41,100	40,189	38,069
Service	208,070	194,868	194,117	161,495
Administration	28,157	26,112	25,015	19,955
Sales and marketing	11,923	11,628	11,156	10,584
R & D	3,412	3,04	2,772	2,770
<b>Total</b>	<b>294,134</b>	<b>276,750</b>	<b>273,249</b>	<b>222,305</b>

## FEMALE EMPLOYEES

Dec. 31	2019	2018	2017	2016
Fresenius Medical Care	69%	69%	69%	69%
Fresenius Kabi	50%	69%	51%	51%
Fresenius Helios	75%	75%	76%	76%
Fresenius Vamed	63%	64%	56%	56%
Corporate/Other	39%	39%	39%	39%
<b>Total</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>

VOLUNTARY TURNOVER RATE<sup>1</sup>

in %	2019	2018	2017	2016
Fresenius Medical Care	14.3	13.2	12.2	n. a.
Fresenius Kabi	9.2	9.4	11.3	10.7
Helios Germany	9.1	6.9	6.0	5.3
Helios Spain	7.6	3.8	n. a.	n. a.
Fresenius Vamed	7.6	9.5	8.0	n. a.
Corporate/Other	3.5	3.8	2.7	2.5
<b>Total</b>	<b>11.0</b>	<b>9.8</b>	<b>9.9</b>	<b>10.4</b>

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

AGE STRUCTURE<sup>1</sup>

Dec. 31	2019			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	Below 30	Between 30 and 50	Above 50
Fresenius Medical Care	18%	56%	26%	16%	57%	27%	18%	56%	26%	n. a.	n. a.	n. a.
Fresenius Kabi	23%	60%	17%	23%	60%	17%	25%	59%	16%	24%	60%	16%
Helios Germany	19%	48%	33%	18%	49%	33%	19%	49%	32%	19%	50%	31%
Helios Spain	17%	61%	22%	18%	62%	20%	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
Fresenius Vamed	16%	50%	34%	15%	50%	35%	18%	54%	28%	18%	53%	29%
Corporate/Other	24%	54%	22%	25%	54%	21%	24%	55%	21%	23%	57%	20%
<b>Total</b>	<b>19%</b>	<b>55%</b>	<b>26%</b>	<b>18%</b>	<b>55%</b>	<b>27%</b>	<b>19%</b>	<b>55%</b>	<b>26%</b>	<b>20%</b>	<b>53%</b>	<b>27%</b>

<sup>1</sup> Fresenius Medical Care's data 2017 reflects country data representing 96% of all employees. Prior year information, and Group data 2018 respectively, was adjusted to conform to the current year's presentation to reflect coverage of 100%. Helios Germany's data for 2016 and 2017 includes the post-acute care business in Germany. Fresenius Vamed's data for 2017 also includes temporary staff and, as of 2018, the German post-acute care business transferred from Fresenius Helios to Fresenius Vamed.

<sup>2</sup> Calculated as the number of external hires in a business segment within the reporting period, relative to the number of employees at year-end.

## PROTECTING NATURE AS THE BASIS FOR LIFE

Fresenius, as a health care Group, is aware of its responsibility of protecting nature and using its resources carefully. Environmental protection means to monitoring and evaluating potential risks in our processes, and to setting up proper measures to limit possible impacts.

The business segments use the ISO 14001 standard as the basis for their environmental management. Further entities were included in the certification processes in 2019 and we aim to expand the scope going forward. We also made progress in each business segment in the implementation of energy management systems according to ISO standard 50001, and, where applicable, increased the number of certified locations.

As the four business segments of the Fresenius Group align their **environmental management** to their individual business models, we present the environmental management approaches separately for each of them. Data on energy consumption<sup>1</sup>, water consumption<sup>1</sup>, and greenhouse gas emissions (GHG)<sup>1</sup> is reported for all business segments. The consumption of resources varies depending on the business model. We also report the consumption by resource in relation to personnel (FTE) and sales.

**Water** is an important resource for all 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 ensure that adequate management and control systems are in place. These include, for example, regular flushing of pipes in hospitals to prevent contamination, but also water treatment for production or dialysis.

**Water management** and **water treatment** are controlled locally within the Fresenius Group. The business segments are responsible for ensuring compliance with all applicable laws and regulations. Their operational environmental protection measures provide the respective framework for all related activities. The same applies to **wastewater**: the business segments are expected to treat wastewater from their facilities in compliance with local laws and regulations and develop and implement corresponding management provisions if necessary.

Fresenius<sup>1</sup> consumed a total of 57.3 million m<sup>3</sup> of water in fiscal year 2019 (2018: 56.2 million m<sup>3</sup>). About 91% came from the municipal water supply, 7% was sourced from ground water. In the hospital setting, nearly all water consumed is sourced from the municipal water supply. To be compliant with existing regulation regarding hospital hygiene, we can only use, for example, rain water in areas that pose no risk to our patients' health.

### FRESENIUS GROUP<sup>1</sup> WATER CONSUMPTION

m <sup>3</sup> in millions	2019	2018	2017
Fresenius Medical Care	43.2	42.1	n. a.
Fresenius Kabi	9.6	9.7	9.8
Fresenius Helios	3.8	3.7	3.2
Fresenius Vamed	0.7	0.7	0.3
<b>Total</b>	<b>57.3</b>	56.2	n. a.

### FRESENIUS GROUP<sup>1</sup> RELATIVE WATER CONSUMPTION

in m <sup>3</sup>	2019	2018
Water consumption/€1million sales	1,612	1,676
Water consumption/FTE	217.8	228.2

### FRESENIUS GROUP<sup>1</sup> ENERGY CONSUMPTION

MWh in millions	2019	2018	2017
Fresenius Medical Care	2.42	2.38	n. a.
Fresenius Kabi	1.64	1.65	1.57
Fresenius Helios	1.09	1.14	0.95
Fresenius Vamed	0.16	0.17	0.05
<b>Total</b>	<b>5.32</b>	5.34	n. a.

### FRESENIUS GROUP<sup>1</sup> RELATIVE ENERGY CONSUMPTION

in MWh	2019	2018
Energy consumption/€1million sales	150	159
Energy consumption/FTE	20.2	21.7

<sup>1</sup> Fresenius Medical Care figures include energy and water consumption at production sites, as well as electricity and water consumption at dialysis centers. Greenhouse gases are calculated based on energy data. Fresenius Kabi's data include all facilities worldwide. The data from Fresenius Helios encompasses all company-owned hospitals in Germany, and as of 2018 also in Spain. 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. If data of the business segments is not available in time, it is extrapolated on the basis of existing data. An adjustment will be made in the next report. Prior year information was adjusted to conform to the current year's presentation.

Production processes and patient treatments in hospitals and other health care facilities require a large amount of **energy**.

The structural condition of our health care facilities also has a direct impact on energy consumption. Fresenius continuously invests in new construction projects and modernizations in line with the current energy efficiency standards and applicable regulations. In fiscal year 2019, Fresenius<sup>1</sup> consumed, as in 2018, a total of approximately 5.3 million MWh of energy from different sources, the majority relating to electricity, natural gas, and district heating. Energy management focuses above all on our patients' well-being and product safety. A safe and uninterrupted power supply is a top priority. Measures for saving energy are always considered with the utmost care. Furthermore, we continually optimize our energy procurement, based on consumption analysis and energy efficiency, and, where reasonable, evaluate the use of renewable energy. We also generate our own energy at numerous locations.

Among the aforementioned main energy sources, a major CO<sub>2</sub> driver is the demand for electricity. Accordingly, Scope 2 emissions are higher than Scope 1 emissions in all business segments. In fiscal year 2019, Fresenius<sup>1</sup> generated a total of 1,509 thousand t CO<sub>2</sub> equivalents (2018: 1,534 thousand t CO<sub>2</sub> equivalents).

In the health care industry, **waste** is strictly regulated. All Fresenius locations have to adhere to applicable laws and regulations regarding waste disposal, as well as 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.

These range from selecting suitable disposal containers, cleaning, and sterilization procedures to the occupational safety of our employees in the disposal of hazardous – e.g. infectious – waste.

Where necessary, the business segments set out specific rules and requirements in internal guidelines and communicate them, for example in local training courses. There are also controls in place, for example in the area of hygiene in our acute care clinics, to ensure compliance with regulations.

## ENVIRONMENTAL MANAGEMENT

### AT FRESENIUS MEDICAL CARE

Fresenius Medical Care actively reduces the environmental impact of its operations by monitoring and continuously improving the environmental performance, using resources as efficiently as possible, and seeking to leverage the advantages of new technology. The company takes a strategic approach to improving the environmental performance based on internationally agreed standards such as ISO 14001.

In North America, environmental management is organized at a regional level. Fresenius Medical Care constantly monitors national and international regulations relating to environmental, chemical, and occupational health and safety issues so that internal policies, guidelines, and standard operating procedures (SOPs) are up-to-date. In compliance with applicable laws and internal guidelines, manufacturing

### FRESENIUS GROUP<sup>1</sup> GREENHOUSE GAS EMISSIONS (GHG), SCOPE 1 AND 2

t CO <sub>2</sub> equivalents in thousands		2019	2018	2017
Fresenius Medical Care	Scope 1	227	219	n. a.
	Scope 2	547	557	n. a.
Fresenius Kabi	Scope 1	165	169	174
	Scope 2	249	255	248
Fresenius Helios	Scope 1	107	114	103
	Scope 2	178	182	152
Fresenius Vamed	Scope 1	18	19	3
	Scope 2	18	19	6
<b>Total</b>	Scope 1	<b>517</b>	521	n. a.
	Scope 2	<b>992</b>	1,013	n. a.

### FRESENIUS GROUP<sup>1</sup> RELATIVE GHG EMISSIONS

t CO <sub>2</sub> equivalents	2019	2018
t CO <sub>2</sub> equivalents/€1 million sales	42	46
t CO <sub>2</sub> equivalents/FTE	5.7	6.2

sites, distribution centers, and laboratories are subject to regular audits. Furthermore, the company regularly analyzes energy, water, and waste and reviews them to reduce consumption and improve efficiency in all facilities. In the United States, 92% of the dialysis clinics are covered by this approach.

In EMEA, environmental management is part of Fresenius Medical Care's integrated management system. The aim here is to systematically control and reduce risks associated with

<sup>1</sup> Fresenius Medical Care figures include energy and water consumption at production sites, as well as electricity and water consumption at dialysis centers. Greenhouse gases are calculated based on energy data. Fresenius Kabi's data include all facilities worldwide. The data from Fresenius Helios encompasses all company-owned hospitals in Germany, and as of 2018 also in Spain. 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. If data of the business segments is not available in time, it is extrapolated on the basis of existing data. An adjustment will be made in the next report. Prior year information was adjusted to conform to the current year's presentation.



environmental protection, comply with applicable legislation and meet the expectations of customers and patients. The **Environmental Health & Safety (EHS) Basic System** also focuses on compliance and risk control in connection with environmental and employee matters. The EHS Basic System has broad coverage as it applies to all operational units within the integrated management system, i.e., with a certified quality management system. In addition, all operational units in EMEA are required to file an annual declaration of responsible management as well as show their compliance with environmental and occupational health and safety regulations.

Since the **environmental certification** strategy of GMQS is focused on but not limited to production sites with a high environmental impact, eight of the largest production sites in the EMEA region are certified according to ISO 14001 standards. Two of these production sites also have ISO 50001 certification. In addition, 48% of the dialysis clinics are certified according to ISO 14001. Compliance with ISO standards is regularly reviewed by internal and external experts. At present, 72% of the clinics in the EMEA region 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, the company intends to increase the proportion of clinics using e-con5.

In Latin America, Fresenius Medical Care has implemented an **environmental management program** to control and improve the environmental performance in terms of energy, water, and waste in dialysis clinics. More than 90% of the clinics in this region use the integrated software solution e-con5 for eco-controlling. In addition, Fresenius Medical Care reviews the environmental data on a regular basis to control developments as well as target achievements and define measurements and activities for improvement.

In Asia-Pacific, environmental management within the GMQS organization is managed locally by each manufacturing site. This includes the management of water, wastewater, energy, waste, greenhouse gas emissions/air pollution, and noise, based on local regulations, which may differ from site to site. These topics are the focus of environmental management activities in the manufacturing facilities. The general target is to achieve environmental compliance and make improvements to reduce any negative environmental impact and risks for the patients and employees, as well as for the production facilities.

Fresenius Medical Care aims to conserve natural resources by means of environmentally sound and efficient operations. The corporate GMQS function encourages local **sustainability projects** as part of the Green & Lean Initiative to continuously improve the company's environmental performance and incorporate environmental management best practices into business operations. As part of this approach, 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 emis-

sions, promoting the responsible and efficient use of natural resources, as well as recycling waste and wastewater. The key objectives of the initiative are to achieve compliance with applicable environmental regulations, manage and reduce environmental risks, and establish environmentally sustainable operations.

### IMPROVING THE ENVIRONMENTAL PERFORMANCE OF PRODUCTS AND SERVICES ALONG THE PRODUCT LIFE CYCLE

Fresenius Medical Care takes advantage of innovations and new technologies to improve the environmental performance of its products and services. Most of the water utilized is needed to produce dialysate during life-saving dialysis treatment in the 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 being eco-friendly by automatically adjusting the dialysate flow to the effective blood flow. This allows to save substantial amounts of dialysate, water, and energy while maintaining a constant dialysis quality.



## ENVIRONMENTAL MANAGEMENT AT FRESENIUS KABI

Fresenius Kabi has implemented mandatory environmental guidelines worldwide, which provide the framework for environmental protection in all Fresenius Kabi's organizations. The guidelines include general principles on how to address and prevent environmental risks as well as how to avoid environmental pollution. The **environmental protection process** applicable to all Fresenius Kabi's organizations comprises four steps:

- Identify environmental impacts
- Comply with the respective law or other regulatory provisions
- Evaluate environmental risks
- Identify measures to protect the environment

Each organization shall identify environmental protection measures associated with environmental aspects of its activities and services. This can include: emissions to the air, water, or soil, consumption of natural resources and raw materials, waste and wastewater, packaging, transport, or other local environmental impacts. Each organization's impact on the environment is evaluated and necessary environmental protection measures are taken. Also, the company evaluates the effectiveness of the implemented measures aimed at environmental protection. In cases of environmental incidents, measures are defined to avoid negative environmental impacts as far as possible.

Environmental protection is also an important aspect of **product development** at Fresenius Kabi. In the enteral nutrition product segment, for example, the company has worked on reducing the use of plastics in packaging materials. The plastic used in the enteral container Easybottle was already reduced in two steps by 2g each per Easybottle. The company took a further step towards reducing plastic in 2019: it began supplying the Easybottle without a drinking straw. This reduces the bottle weight by 0.65g, leading to a decrease in the total quantity of plastic required for the production of the EasyBottle by almost 5g per bottle, or more than 23% of the original weight, over the past few years.

The company also uses an **environmental management system** and as an **energy management system** in line with the international standards ISO 14001 and ISO 50001, which are improved on a continuous basis. Handbooks for both management systems as well as standard process guidelines provide all certified local units with a framework for their environmental and energy management. The focus of the two management systems at Fresenius Kabi is primarily on reducing energy and water usage, as well as wastewater, waste, and emissions – depending on the overall production volume.

Fresenius Kabi has **matrix certifications** for its global environmental and energy management systems, which are reviewed by TÜV Rheinland and audited annually. 35 Fresenius Kabi organizations are currently certified according to ISO 14001, and 14 organizations according to ISO 50001. Fresenius Kabi is working to introduce the environmental management system according to the international standard

ISO 14001 and the energy management system according to the international standard ISO 50001 at all manufacturing plants worldwide by 2026<sup>1</sup>.

The company continuously monitors certified organizations to ensure that they comply with the standard process guidelines that are binding for them. Globally appointed, independent auditors conduct regular internal audits of the organizations. Local management reviews the environmental and energy management system at least once a year to ensure the continued suitability, appropriateness, and effectiveness of the systems, and to identify potential for improvement. On a global level, the local management reviews of the environmental and energy management systems are consolidated, analyzed, and evaluated on an annual basis.

Appropriate corrective measures will be initiated if deviations from the requirements of the ISO 14001 or ISO 50001 management systems are identified. The same applies to opportunities for improvement at a global or local level. Whenever potential is identified, a review is carried out to plan and implement appropriate measures with the aim of continuously improving environmental and energy management.

Fresenius Kabi also expects careful and responsible handling of nature and its resources from its suppliers; this is set out in the **Suppliers Code of Conduct**.

<sup>1</sup> The certification roll-out is going to be concluded at all Fresenius Kabi manufacturing plants in 2026. The certification issuance from the individual certification companies may extend into the following year.



Responsibility for environmental and energy management lies with the divisional and local organizations; global management responsibility lies with the central organization, which reports to the responsible member of Fresenius Kabi's management board. The responsible department analyzes and evaluates workflows and processes at the global and local levels, facilitating the exchange of practices, which have proven to be efficient or exemplary. In 2019, for example, the company established an internal platform for exchanging information on energy and water management practices, which is directed at all relevant production sites. This has already produced initial ideas for improvements, which will be prioritized and examined for implementation. In addition, using internal audits, Fresenius Kabi identifies further improvement opportunities at its own sites and develops appropriate measures with locally responsible managers to tap that potential.

The certified organizations work on continuously improving their **energy and environmental performance**. For example, Fresenius Kabi replaced its existing cooling system at the Haina plant in the Dominican Republic with a new, more efficient one, saving 756 MWh of energy per year.

Last year, the share of recycled **waste**<sup>1</sup> in the total internally generated waste from manufacturing plants, compounding centers, and logistics sites changed as follows: for non-hazardous waste, the proportion changed from 77% to 76% compared to the previous year; for hazardous waste<sup>2</sup>, from 87% to 79% in the same period.

## ENVIRONMENTAL MANAGEMENT AT FRESenius HELIOS

The Infrastructure business unit<sup>3</sup> is responsible for environmental management at Fresenius Helios' German clinics. It reports directly to the Chief Operating Officer (COO).

The Infrastructure business unit supports the clinics in the centralized purchasing of services and products and the exchange of best practices. **Energy efficiency** and **drinking-water quality** are of particular importance. As drinking-water quality has to be ensured at all times and microbiological contamination must be prevented, Fresenius Helios manages the water consumption in its hospitals and clinics with regard to maintaining a continuously high water quality.

The business unit has established a central purchasing and management system to control **energy consumption** at all sites and clinics in Germany. It allows the company to compare consumption at its different locations and derive improvement measures based on this benchmark. The system also forms the basis for certification of all Helios Germany hospitals according to the German Energy Saving Act (EDL-G) and in line with the DIN EN 16247 standard. In 2019, Helios Germany initiated the nationwide implementation of an energy management system according to ISO 50001. Further, the implementation of an environmental management system according to ISO 14001 is planned from 2020 onwards. Following the implementation of the energy management system according to ISO 50001, we aim to start the certification of clinic locations according to ISO 14001 in 2021.

In Spain, we use the ISO 50001 standard for the certification of its hospitals' **energy management** and aim to make them more energy efficient. Helios Spain set up an energy management committee in 2016 to exchange best practices and experience in the company. Furthermore, it monitors its greenhouse gas emissions and plans to reduce them through energy efficiency measures. Helios Spain also uses the ISO 14001 standard for **environmental management** and aims to contribute to the sustainability of hospitals by controlling energy consumption, improving waste management and increasing environmental awareness of workers. The certification process was started in 2011 for both standards and the first certificates were received in 2016. In 2019, 6 hospitals had already been certified according to ISO 50001 in Spain. In addition, 41 hospitals have already been certified according to ISO 14001, with others scheduled in 2020.

Helios Germany and Spain hospitals dispose of their **waste** and **wastewater** in line with overarching framework conditions and legal requirements, for example the German Recycling and Waste Management Act (Kreislaufwirtschaftsgesetz – KrWG) or the Spanish Ley 22/2011. Helios Spain only works with authorized service providers and encourages the reuse and recycling of waste wherever possible. In Germany, local municipalities and rural districts also issue specifications with regard to wastewater regulations that must be observed. Proper waste disposal is of great importance to hospitals.

<sup>1</sup> The share of recycled waste in total waste includes waste that is sent for recycling, reuse, and recovery, including energy recovery. As some confirmations, for example of the recovery quantity, are only available after the report has been prepared, these figures are estimated in some cases.

<sup>2</sup> Hazardous/non-hazardous waste in accordance with the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of March 22, 1989.

<sup>3</sup> The Infrastructure business unit was created as of August 15, 2018. The function combines the areas of construction and project management, plant technology, and sterile processing and authorized officers for the specific areas including environmental management at Helios Germany.





Fresenius Helios views waste disposal management as a process – from avoiding waste to consistently recycling or disposing of it in an environmentally friendly manner. At the same time, requirements pertaining to environmental protection, occupational health and safety, and infection protection and hospital hygiene have to be taken into account. This is particularly true for clinical waste, e.g., from the diagnosis and treatment of diseases.

## ENVIRONMENTAL MANAGEMENT AT FRESENIUS VAMED

At Fresenius Vamed, responsibility for the environmental management of the consolidated health care facilities lies directly with the respective management. The careful use of energy sources and fresh water is of particular importance to Fresenius Vamed. Health care facilities built by Fresenius Vamed use construction and installation techniques that enable optimal **resource management**.

In Austria, Fresenius Vamed's energy management for companies in which it has a majority stake is certified in accordance with ISO 50001 and is audited regularly. The thermal baths and medical wellness facilities managed by Fresenius Vamed also introduced an **energy management system** in line with ISO 50001 in 2016 and had it certified by Quality Austria. Fresenius Vamed provides framework conditions for energy management in its different units. The units define measures to improve energy efficiency themselves on this basis, and implement them locally.

## CARING FOR HUMAN RIGHTS

As a global health care company, we improve access to affordable, high-quality health care in many countries:

- ▶ **Fresenius Medical Care** provides a dialysis treatment somewhere around the globe every 0.6 seconds.
- ▶ **Fresenius Kabi** enables patients with medical needs to access modern therapies and affordable health care with a broad range of generic and biosimilar products.
- ▶ **Fresenius Helios** has invested more than €2 billion in the modernization and development of clinical services in Germany and Spain in the past five years, and thereby contributes to comprehensive high-quality health care.
- ▶ **Fresenius Vamed** is operating in countries 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.

We support these efforts with additional initiatives and projects worldwide:

- ▶ **Fresenius Medical Care**, in cooperation with the Sustainable Kidney Care Foundation, supports projects that give patients with acute kidney failure access to dialysis treatment in regions without an existing care structure.

- ▶ **Fresenius Kabi** supports the JumpStart Research Grant and thus supports young scientists in their research in the field of parenteral nutrition.
- ▶ **Helios Germany**, in cooperation with the aid organization Friedensdorf International, offers free treatment for children from crisis countries in German Helios clinics.
- ▶ **Fresenius Vamed** contributes to the improvement of health care for newborns and mothers by modernizing maternity wards in rural areas in Kenya, equipping the stations with modern medical devices and training local personnel as part of a project by the Austrian government.

We are committed to respecting and supporting the observance of 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)<sup>1</sup>. We consider this part of our responsibility as a company.

In 2018, we adopted a **Group-wide human rights statement**. 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.

We are currently carrying out a Group-wide project on human rights due diligence in which we identify human rights issues and fields of action that are particularly relevant

<sup>1</sup> ILO Declaration on Fundamental Principles and Rights at Work, adopted June 1, 1998.

to the value chains by conducting an analysis in all business segments. In doing so, we take into account the business models of the segments, current public discussions, e.g., from non-governmental organizations and the general public, as well as current regulatory developments, such as the National Action Plans on Business and Human Rights. We plan to prioritize the identified fields of action and to start the implementation of first measures in 2020.

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**

Taking responsibility for our employees is part of the corporate self-conception of the whole Fresenius Group. 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. Processes in the 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, we confirm compliance with these laws on the websites of our local entities.

► **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 Code of Conduct and the quality management handbook 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 pages 114 ff.

► **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 for our employees. We report in detail on occupational health and safety on pages 121 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 page 120 f.

► **Protecting personal data**

We respect the privacy of every person and feel accountable for the personal data of our patients, employees, customer groups, and suppliers. At the same time, our patients expect adequate protection of their data. We are aware of our responsibility within this especially trusted

relationship. 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 106 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 applicable legal requirements. In addition, we are constantly developing our environmental protection measures. You will find additional information on pages 125 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 133.

The human rights statement 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.

The safety of our patients is our priority. Worldwide, millions of them rely on the quality of our care. Therefore, the following applies for all business segments: When we recognize indications of 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 of deviations, we respond. We keep awareness for our values and principles of conduct up to date through regular classroom or online training on the respective Code of Conduct for our employees and managers.

Operational implementation and assessment of our activities are the responsibility of the respective functions 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 111 ff. In addition, 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 114. If we have information on potential violations, we take necessary measures.

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 themselves, and thereby ensure the highest quality standards. Beyond that, we work with suppliers and other business partners worldwide to care for our patients.

We expect our suppliers and business partners to commit to **ethical standards of conduct** in their daily business with employees, the 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 its expectations in **Sustainability Principles**<sup>1</sup>, which are part of Fresenius Medical Care's standard operating procedures of the GMQS procurement function and in the strategic procurement departments in EMEA, Latin America and Asia-Pacific. At Fresenius Kabi<sup>2</sup>, Fresenius Vamed, and Fresenius SE & Co. KGaA, these expectations are set out in the respective Codes of Conduct for business partners and suppliers. Fresenius Helios defines their

expectations for suppliers in its respective contracts. In the business segments, both the Sustainability Principles or the Supplier Codes of Conduct are used in procurement contracts, included as attachments or included as a link to the website. With this, we want to achieve that our partners commit to our standards of conduct. Responsibility for selecting and contracting suppliers lies with the functions in the business segments, such as procurement. They are supported in this by measures of the Compliance Management Systems, such as Business Partner Due Diligence or reporting mechanisms for possible misconduct.

We expect our partners in the supply chain to implement adequate processes that are suitable for ensuring compliance with relevant standards. If we suspect potential misconduct, we react accordingly, depending on the severity of the misconduct, e. g., with additional control measures.

In addition, Fresenius Kabi has identified strategic suppliers, which are under special supervision due to their business significance; this is managed by the global strategic procurement organization. Based on defined processes, a risk-based classification of strategic suppliers is carried out first, followed by regular evaluation, which includes quality, occupational health and safety, and environmental aspects,

as well as compliance. This process also includes **auditing** suppliers. Strategic active pharmaceutical ingredient (API) suppliers undergo an additional assessment to identify possible environmental risks and, if necessary, request the supplier to implement environmental protection measures. In addition, Fresenius Kabi has contracted an external service provider offering sustainability ratings for global supply chains to support the evaluation of suppliers. The first suppliers were invited for evaluation and rated in the categories environment, labor and human rights, ethics, and sustainable purchasing in 2019.

To further strengthen and harmonize its commitment to sustainable procurement practices, Fresenius Medical Care has launched a project 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.

<sup>1</sup> <https://www.freseniusmedicalcare.com/en/about-us/responsibility/>

<sup>2</sup> <https://www.fresenius-kabi.com/responsibilities/business-partner-code-of-conduct>; <https://www.fresenius-kabi.com/responsibilities/suppliers-code-of-conduct>



## LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR REGARDING THE SEPARATE NON-FINANCIAL GROUP REPORT<sup>1</sup>

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“ or “Company”) 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, 2019.

### 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.

<sup>1</sup> 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 Fresenius
- 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 Clinica La Luz SL, Madrid of Helios Healthcare Spain, S.L.U. and the Fresenius Medical Care site in Ogden, UT der Fresenius USA Manufacturing Inc. (United States of America)
- 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 SE & Co. KGaA for the period from January 1 to December 31, 2019 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](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, 2020

KPMG AG  
 Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Glöckner  
 Wirtschaftsprüfer  
 [German Public Auditor]

Brokof  
 Wirtschaftsprüferin  
 [German Public Auditor]