



Declaration by the Management Board of the General Partner of Fresenius SE & Co. KGaA, Fresenius Management SE, and the Supervisory Board of Fresenius SE & Co. KGaA on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (Aktiengesetz)

The Management Board of the General Partner of Fresenius SE & Co. KGaA, Fresenius Management SE (hereafter the Management Board) and the Supervisory Board of Fresenius SE & Co. KGaA declare that since the issuance of the last Declaration of Conformity in December 2017, the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice and Consumer Protection (Bundesministerium der Justiz und für Verbraucherschutz) in the official section of the Federal Gazette (Bundesanzeiger) (hereafter the Code) in the version of February 7, 2017 have been met and will also be met in the future. Only the following recommendations of the Code in the version of February 7, 2017 have not and will not be met as explained in the following:

- Code number 4.2.3 paragraph 2 sentence 6: Compensation caps by specific amount**

Pursuant to Code number 4.2.3 paragraph 2 sentence 6, the compensation amount for Management Board members shall be capped by a specific amount, both overall and for variable compensation components.

This recommendation was only partly met with regard to the compensation of the Management Board members guaranteed for the fiscal years through 2017. Until FY 2017, stock options and phantom stocks as compensation components with long-term incentive and therefore the overall compensation, have not provided for a cap by specific amount as the setting of these types of caps for equity-based compensation components contradicts the basic idea of letting the Management Board members adequately take part in the economic risks and opportunities of the company. As part of updating the long-term equity-based compensation in 2018, a cap was introduced for this component. Starting 2018, the compensation for Management Board members granted by Fresenius Management SE as indicated in the Management Board contracts, will include caps by specific amount for each individual variable compensation component



and thus for overall compensation. The compensation promised by the Fresenius Management Board as of FY 2018 will thus fully meet the Code recommendation.

- **Code number 4.2.3 paragraph 4: Severance payment cap**

Pursuant to Code number 4.2.3 paragraph 4, when contracts are entered into with Management Board members, it shall be ensured that payments, including fringe benefits, made to a Management Board member due to early termination of their contract do not exceed twice the annual remuneration (Severance Cap) and do not constitute remuneration for more than the remaining term of the employment contract. If the employment contract of a Management Board member is terminated for good cause for which the Management Board member is responsible, no payments will be made to that Management Board member. The severance cap shall be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, shall take into account the expected total remuneration for the current fiscal year.

This recommendation was not complied with until the end of FY 2017 as uniform severance payment arrangements of this kind contradict the concept practiced by Fresenius in accordance with the German Stock Corporation Act (Aktiengesetz), according to which service agreements of the members of the Management Board are, in principle, concluded for the duration of their appointment. The employment contracts of the Fresenius Management SE with the Management Board members were adjusted and contain a severance payment cap effective as of FY 2018. The Code recommendation will thus be met as of FY 2018.

- **Code number 4.2.5 paragraph 3: Presentation in the compensation report**

Pursuant to Code number 4.2.5 paragraph 3, the presentation of the compensation for each individual member of the Management Board in the compensation report shall include information on the maximum and minimum achievable compensation for variable compensation components by using model tables.

This recommendation was not met in view of the compensation that was promised to the members of the Management Board for the fiscal years through 2017 as until that point in time, no caps by specific amount had been set for the variable compensation components and thus the overall compensation.

As already explained with regards to Code number 4.2.3 paragraph 2 sentence 6, caps by specific amount exist for compensation granted to the Management Board members by Fresenius Management SE as of FY 2018 for each individual variable compensation component and thus for the overall compensation. This meets the Code recommendation for the compensation granted to the Management Board members by Fresenius Management SE as of FY 2018.

- **Code number 5.1.2 paragraph 2 sentence 3: Age Limit for Management Board members**

Pursuant to Code number 5.1.2 paragraph 2 sentence 3, an age limit shall be specified for the members of the Management Board.

As in the past, Fresenius will refrain from specifying an age limit for Management Board members. Following this recommendation would unduly limit the selection of qualified candidates.

- **Code number 5.4.1 paragraph 2 and paragraph 4: Specification of concrete objectives regarding the composition of the Supervisory Board, preparation of a profile of skills and expertise and their consideration when making election proposals**

Pursuant to Code number 5.4.1 paragraph 2 and paragraph 4, the Supervisory Board shall specify specific goals for its composition and prepare a competency profile for the entire Board. The targets shall be considered when making election proposals to the Annual General Meeting and at the same time aim to fulfill the competency profile for the entire Board. The status of the implementation shall be published in the Corporate Governance Report.

The Supervisory Board has specified concrete goals for its composition and has prepared a competency profile for the entire Board. In the interest of the company and to avoid unduly limiting the selection of qualified candidates, it has

refrained from specifying an age limit and a regular limit for a member's tenure. Instead, the Supervisory Board should also consist of members with long-term experience and thus individuals, who are generally older. The balanced ratio of Supervisory Board members of various ages and with varying tenures is crucial. With this exception, the recommendations pursuant to Code number 5.4.1 paragraph 2 and paragraph 4 are met.

- **Code number 5.4.6 paragraph 2 sentence 2: A performance-related compensation of the members of the Supervisory Board oriented toward sustainable growth of the enterprise**

Pursuant to code number 5.4.6 paragraph 2 sentence 2, a performance-related compensation component, if promised to the Supervisory Board members, shall be oriented toward the sustainable growth of the enterprise.

For the last time for FY 2017, the members of the Supervisory Board received variable compensation that did not have a multi-year calculation basis and therefore was not oriented toward the sustainable growth of the enterprise within the meaning of the Code. On the contrary, it was linked to the dividend.

On May 12, 2017 the Annual General Meeting of Fresenius SE & Co. KGaA adopted a Supervisory Board compensation system that meets the recommendation of the Code. This compensation system will apply for the first time as of FY 2018. This Code recommendation will thus be met as of FY 2018.

Bad Homburg v.d.H., December 2018

Management Board of the General Partner of Fresenius SE & Co. KGaA, the Fresenius Management SE, and Supervisory Board of Fresenius SE & Co. KGaA