FRESENIUS

#FutureFresenius

ANNUAL REPORT 2023

FRESENIUS

Operating Companies		Investment Companies	
FRESENIUS KABI	FRESENIUS HELIOS	FRESENIUS VAMED	FRESENIUS MEDICAL CARE

Fresenius is a global healthcare company. We offer system-critical products and services for therapies for care of critically and chronically ill patients. Fresenius comprises the Operating Companies Fresenius Kabi and Fresenius Helios as well as the Investment Companies Fresenius Vamed and Fresenius Medical Care.

GROUP IN FIGURES

€ in millions	2023	2022	2021	2020	2019
Revenue and earnings					
Revenue [1]	**22,299**	21,532	19,969	18,476	17,993
EBITDA [1,2]	**3,422**	3,315	3,353	3,042	3,191
EBIT [1,2]	**2,262**	2,190	2,337	2,113	2,332
Net income [1,2,3]	**1,505**	1,729	1,867	1,796	1,879
Depreciation and amortization [1,2]	**1,160**	1,125	1,016	929	859
Earnings per share in € [1,2,3]	**2.67**	3.08	3.35	3.22	3.37
Cash flow and balance sheet					
Operating cash flow [1]	**2,131**	2,031	2,589	2,316	1,696
Free cash flow before acquisitions, dividends and lease liabilities [1]	**1,024**	942	1,401	986	376
Free cash flow after acquisitions, dividends and lease liabilities [1]	**115**	-318	388	18	-394
Cash conversion rate [1]	**1.0**	0.9	0.9	0.8	0.5
Total assets	**45,284**	76,400	71,962	66,646	67,006
Non-current assets	**32,764**	58,121	54,501	50,874	51,742
Equity [4]	**19,651**	32,218	29,288	26,023	26,580
Equity ratio [4]	**43%**	42%	41%	39%	40%
Net debt [1]	**13,268**	13,316	12,650	13,021	12,980
Net debt/EBITDA [1,2,5]	**3.76**	3.80	3.64	4.12	3.93
Investments [1,6]	**1,346**	2,015	1,635	1,841	1,664
Profitability					
EBIT margin [1,2]	**10.1%**	10.2%	11.7%	11.4%	13.0%
Return on invested capital (ROIC) [1,2]	**5.2%**	5.6%	6.2%	5.9%	6.7%
Dividend per share in €	**–**	0.92	0.92	0.88	0.84
Employees (December 31) [1]	**193,865**	188,876	185,827	178,140	165,834

[1] Prior-year figures have been adjusted due to the application of IFRS 5 to the deconsolidated operations of Fresenius Medical Care
[2] Before special items
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items
[4] Including noncontrolling interests
[5] At average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures, including lease liabilities, including Fresenius Medical Care dividend
[6] Investments in property, plant and equipment, and intangible assets, acquisitions

For a detailed overview of special items please see the reconciliation tables on pages 64 to 67.

View our interactive tool

TARGETS, RESULTS, AND OUTLOOK

	TARGETS 2023[1]	RESULTS 2023	OUTLOOK 2024
Fresenius Group			
Revenue growth ex FMC (organic)	Growth in a mid-single-digit percentage range	**6%**	3% to 6% (base: €21,776 m)
EBIT growth ex FMC (in constant currency)[2]	Broadly flat	**2%**	4% to 8% (base: €2,220 m)
Liquidity and capital management			
Cash conversion rate ex FMC	Below 1	**1**	Around 1
Net debt/EBITDA ex FMC[3]	Below 4.0x	**3.76x**	3.0 to 3.5x
Capital efficiency			
Return on invested capital (ROIC) ex FMC[2,4]	Around 5%	**5.2%**	Within a range of 5.4% to 6.0%

[1] Updated in October 2023
[2] Before special items
[3] At average expected exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures; before special items, including lease liabilities
[4] Pro forma acquisitions

For a detailed overview of special items please see the reconciliation tables on pages 64 to 67.

TARGETS, RESULTS, AND OUTLOOK

	TARGETS 2023[1]	RESULTS 2023	OUTLOOK 2024
Operating and Investment Companies			
Fresenius Kabi			
Revenue growth (organic)	Mid-single-digit percentage growth	7%	Mid-single-digit percentage growth (base: €8,009 m)
EBIT margin[2]	Around 14% (structural margin band: of 14%–17%)	14.3%	Around 15% (structural margin band: 14% to 17%; base: €1,145 m)
Fresenius Helios			
Revenue growth (organic)	Mid-single-digit percentage growth	5%	Low-to-mid-single-digit percentage growth (base: €11,952 m)
EBIT margin[2]	Within structural EBIT margin band of 9%–11%	10.0%	Within the structural margin band of 9% to 11% (base: €1,190 m)
Fresenius Vamed			
Revenue growth (organic)	Low-to-mid-single-digit percentage growth	1%	Mid-single-digit percentage growth (base: €2,201 m)
EBIT margin[2]	Clearly below structural EBIT margin band of 4%–6%	-0.7%	1% to 2%-points below the structural margin band of 4% to 6% (base: -€16 m)

[1] Updated in October 2023
[2] Before special items

For a detailed overview of special items please see the reconciliation tables on pages 64 to 67.

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TO OUR SHAREHOLDERS

1

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

The healthcare industry is not only of fundamental importance to people's well-being, but also a highly attractive economic sector: nowhere are more investments currently being made. Healthcare is the most exciting field of activity right now for future technologies like artificial intelligence (AI) and robotics.

Fresenius is at the heart of healthcare and will continue to draw on these developments in the future to further strengthen its position as a leading therapy-focused company. In the 2023 fiscal year, we achieved important milestones and shall maintain the high pace of implementation in the coming years.

Michael Sen
Chairman of the Management Board

The healthcare industry offers tremendous opportunities. It is growing structurally, yet at the same time facing the challenge of having to use resources more efficiently.

A demographic shift is taking place: in many regions of the world, the population is aging and the number of people with chronic diseases is increasing. The importance of health equity – that is to say, fair, affordable, and high-quality healthcare for all people – is rightly growing. Health awareness has improved among many people, too.

At the same time, great progress has been made in recognizing, treating, and curing diseases that were until recently considered incurable. This is thanks to disruptive changes such as cell and gene research in biology, technological advances in AI and robotics, and ever greater quantities of usable data.

We have realigned our company to the #FutureFresenius strategy and are now focusing on simplifying the structure, sharpening our focus, and enhancing performance. Fresenius previously had a complex corporate structure. In today's fast-paced world, we must be faster and more focused. Only by improving Fresenius can we fulfil our mission and thus improve people's health.

Humans and machines for optimal therapy: robot-assisted surgery enables greater precision and therefore a faster recovery.

Simplified structure

We have reduced complexity and created transparency and flexibility. Fresenius completed the deconsolidation of Fresenius Medical Care (FMC) at the end of November 2023. This historic step offers both companies tremendous advantages: decisions are now made faster and more efficiently. The management teams can concentrate on their respective core business. Capital allocation has improved. FMC is no longer part of the fully consolidated subsidiaries of Fresenius. The latter continues to hold a 32 percent stake in of FMC's share capital however and therefore has a vested interest in its value-preserving development.

» Great progress has been made in recognizing, treating, and curing diseases that were until recently considered incurable. «

Sharper focus

We are now concentrating on our operating companies Fresenius Helios and Fresenius Kabi. Both businesses afford attractive market positions and good growth opportunities. We manage FMC and the hospital and healthcare provider Fresenius Vamed as investment companies. At the same time, we are divesting ourselves of businesses for which we are no longer the "best owner." We have sold our hospital business in Peru and the Eugin chain of fertility clinics, for example.

With Fresenius Helios in Germany and Quirónsalud in Spain, Fresenius is Europe's leading private hospital operator and treats around 26 million patients every year. Two things that makes us proud: in 2023, *Newsweek* magazine voted five Quirónsalud clinics among the world's best specialized hospitals. And *Wirtschaftswoche* business magazine named Fresenius Helios the top healthcare provider in Germany in the "Regional clinic/hospital groups" category.

A few examples of innovations:

- At Quirónsalud, digital solutions already support a large part of the patient journey. The Casiopea platform developed in-house is used to assign patients to the right location and to initiate the correct course of treatment before a patient has even visited the doctor or clinic. Overall, the outcome is better coordinated processes, more pleasant treatment paths, and more successful therapies.
- AI applications and digital solutions are also increasingly being integrated into everyday clinical practice at our Fresenius Helios facilities in Germany. Thanks to AI, for example in the analysis of radiological images or use of robots during minimally invasive procedures, diagnoses and medical interventions are becoming more precise and efficient. This is good for both the medical quality and the company's economic success.

Fresenius Kabi is successfully implementing the Vision 2026 strategy. The generics we produce save healthcare systems around the world substantial sums of money and make high-quality medicines available to a growing number of people. Seventy percent of the intravenous drugs we deliver to the USA are on the list of essential medicines of the U.S. Food and Drug Administration (FDA). With our portfolio and pipeline of biosimilars, new treatment options with affordable medicines and medical products are constantly becoming available – in 40 countries worldwide already.

» Fresenius is at the heart of healthcare and will continue to draw on these developments in the future to further strengthen its position as a leading therapy-focused company. «

Biosimilars are follow-on versions of biopharmaceuticals, that is to say, biotechnological drugs that are authorized after the patent period of the original active ingredient has expired. They are used to treat autoimmune diseases or cancer.

Biosimilars from Fresenius Kabi allow more people access to state-of-the-art therapies.

Some highlights at Fresenius Kabi:

- In 2023, we among others achieved two milestones with our biosimilars: with the launch of Tyenne®, which is used to treat inflammatory and autoimmune diseases, a biosimilar with the active ingredient tocilizumab is now available in the EU for the first time. And in the USA, we significantly expanded the treatment options for patients with autoimmune diseases and cancer through the market launches of the two biosimilars Idacio® and Stimufend®.
- In terms of medical technology, we offer state-of-the-art infusion pump technology with the Ivenix® infusion system. In the USA, we have signed a multi-year agreement with the renowned U.S. hospital group, the Mayo Clinic, for the supply and service of 10,000 Ivenix® large-volume infusion pumps for its hospitals and clinics.
- Fresubin® PLANT-BASED Drink, a vegan alternative, complements our extensive range of clinical nutrition and meets the growing demand for plant-based alternatives.

Enhanced performance

With the implementation of our strategy at the start of the year, we also established our Fresenius Financial Framework. The main new feature is a focus on returns through clearly defined EBIT margin bands for the business segments and capital returns at Group level.

The focus on the operating companies already paid off in 2023:

- Fresenius Kabi and Fresenius Helios delivered consistently good figures in the 2023 fiscal year and fulfilled their commitments to the capital market.
- We met our earnings outlook, which we raised over the course of the year: Looking at full fiscal year 2023, group revenue increased to around EUR 22.3 billion, with a strong organic revenue growth of 6 percent. Operating earnings (EBIT) increased by 2 percent in constant currency to around EUR 2.3 billion. In terms of the EBIT and revenue, the businesses were within the defined bands.
- We significantly exceeded our savings target in 2023 and are now aiming to reduce costs by €400 million by 2025. The target for 2025 was previously around €350 million.
- The cost reductions, divestments, and higher earning power are helping to reduce the debt ratio.

The German federal government's Energy Relief Package ("Entlastungspaket Energiehilfen") also contributes to this. It involves compensation and reimbursement payments of around €300 million to cover the higher energy costs in our hospitals in Germany. However, the legislator has imposed the restriction on use of these relief payments provided for in the German Hospital Financing Act that no dividends or management bonuses may be distributed in

» The words trust and responsibility are at the core of everything we do. «

2023. Despite this, we decided to make use of this government relief in order to further reduce the company debt and net interest and enhance the company value. Nevertheless, Fresenius is of the opinion that the linking of hospital financing to a ban on dividends and bonuses is unconstitutional, however, we are not yet finally committed to taking legal action.

In principle, we will continue to pursue our progressive dividend policy. This means that we aim to increase the dividend in line with the currency-adjusted growth in earnings per share before special items or to at least maintain the previous year's level.

We initiated #FutureFresenius with the aim of repositioning Fresenius and making it fit for the future. Hence we pressed the Reset button in 2023 with the launch of #FutureFresenius, transformed Fresenius, and immediately initiated the second phase, Revitalize. We also strengthened our team: Pierluigi Antonelli, Michael Moser, and Robert Möller were appointed to the Management Board in 2023. We have a committed management team that is now driving the necessary changes.


More than one million infusion pumps from Fresenius Kabi are in use worldwide and help to optimize patient care.

In 2024, we shall continue to focus on efficient, cross-segment collaboration, improved profitability, and higher productivity; debt reduction will also remain important. This will be followed by the Rejuvenate phase: we wish to continue to grow organically and to expand into attractive business areas that are close to our core competences. We have named the phase thereafter, during which we wish to develop first-class therapies and leading healthcare technologies, Reimagine.

Platform-driven growth will form the basis for this. Fresenius Kabi and Fresenius Helios are working on three platforms for the therapies of the future: (Bio)Pharma, MedTech, and

> » Every year, Fresenius touches the lives of almost 450 million people with its products and services. People entrust us with their most valuable asset: their health. We bear responsibility for this. «

Care Provision. We have a good starting position: an end-to-end integrated biopharma platform with the biopharmaceutical company mAbxience in which we acquired a majority stake in 2022 and our biosimilars; a range of state-of-the-art technical medical devices with a focus on transfusion, cell technologies, and infusion devices; and a comprehensive network of clinics and care specialists.

What makes Fresenius unique is the combination of medical expertise and clinical practice with industrial production and technological know-how. Unlike our competitors from the pharmaceutical and medical technology sectors, we have direct contact with patients through our clinics. We are able to gather experience that is beneficial to patient well-being via this human-to-human interface.

We need the best for this. Fresenius is a top address for talented experts from all over the world – as countless awards prove. Fresenius offers more than 40 apprenticeships and

Fresenius supports life from a very early stage: a caesarian section at a Fresenius Helios hospital in Germany.

over 30 dual study programs, for example in our newly created dual study programs Sustainable Science & Technology and Data Science & Artificial Intelligence, within which we explore the topics of the future. Finding new ways to attract and retain nursing staff is equally important. Whether through targeted recruitment and the subsequent integration of skilled workers from abroad. Or through innovative marketing campaigns on social media.

The words trust and responsibility are at the core of everything we do. We contribute decisively to health equity, which is one of our environmental, social, and governance (ESG) goals. Another is the reduction of our CO_2 emissions. We are making progress here as planned: in 2023, we already reduced our Scope 1 and Scope 2 emissions (direct and indirect emissions from purchased energy) by 22 percent from the 2020 level. We are gradually approaching the targets of halving CO_2 emissions by 2030 and achieving climate neutrality by 2040.

Else Kröner's motto of "If not us, then who?" has helped to transform Fresenius into a global company. Every year, Fresenius touches the lives of almost 450 million people with its products and services. People entrust us with their most valuable asset: their health. We bear responsibility for this. On behalf of the Management Board, I would like to thank our 190,000 colleagues for their outstanding work and commitment. My heartfelt thanks also to the Supervisory Board and the Else Kröner-Fresenius Foundation for their unwavering support. Finally, I would like to thank you, dear shareholders, for the trust you place in us. I look forward to exchanging with you at our Annual General Meeting in Frankfurt am Main on May 17.

Until then, I remain cordially yours,

Michael Sen
Chairman of the Management Board

MANAGEMENT BOARD

Pierluigi Antonelli
Business Segment
Fresenius Kabi

Sara Hennicken
Chief Financial Officer

Michael Sen
Chairman of the
Management Board

Dr. Michael Moser
Legal, Risk Management, Compliance,
ESG, Human Resources and
Business Segment Fresenius Vamed

Robert Möller
Business Segment
Fresenius Helios

REPORT OF THE SUPERVISORY BOARD

Wolfgang Kirsch
Chairman of the Supervisory Board

Dear shareholders, ladies and gentlemen,

We look back on a year full of challenges and changes. The wars in Ukraine and the Middle East continue to cause immense suffering. These conflicts also have consequences for the global economy and geopolitical stability, for example with regard to supply chains, the availability of essential medicines, energy prices, and inflation. Despite these difficult conditions, Fresenius has performed well compared to the competition as a leading healthcare company and is resolutely pursuing its own transformation.

Important milestones in the #FutureFresenius strategy program were achieved as planned in the past fiscal year. In addition to a simplified structure, focus on Fresenius Kabi and Fresenius Helios, and enhanced performance, this also includes the use of cutting-edge technology. Artificial intelligence, digitalization, robotics, and breakthroughs in cell and gene therapy will shape the future of healthcare and help to improve people's health.

The deconsolidation of Fresenius Medical Care is a historic step. Both companies are now independent and can make decisions faster and concentrate on their core business. Fresenius has set itself the goal of achieving profitable growth in 2024. Around 400 million people use Fresenius services and products every year, whether be this at Helios and Quirónsalud clinics or Fresenius Kabi products. Fresenius strives to improve people's health and at the same time increase the cost effectiveness and efficiency of the healthcare system. This will in turn enable the company to generate lasting value for all stakeholders. The Supervisory Board supports the strategy of the Management Board.

REPORT OF THE SUPERVISORY BOARD

In the reporting year, the Supervisory Board of Fresenius SE & Co. KGaA fulfilled its obligations in accordance with the provisions of the law, the articles of association and the rules of procedure. It regularly advised the Management Board of the general partner, Fresenius Management SE, regarding the management of the Company and has supervised the management in accordance with its Supervisory Board responsibilities.

COOPERATION BETWEEN THE MANAGEMENT AND THE SUPERVISORY BOARD

Carrying out its monitoring and advisory activities, the Supervisory Board was regularly kept informed by the management in a timely and comprehensive oral and written manner about, among other things:

- all important matters relating to corporate policy
- the course of business
- profitability
- the situation of the Company and of the Group
- corporate strategy and planning
- the risk situation
- risk management and compliance
- the work of Internal Audit
- important business transactions

Based on the reports provided by the Management Board of the general partner, the Supervisory Board discussed all significant business transactions in the Audit Committee and in its plenary meetings, depending on their areas of responsibility. The Management Board of the general partner discussed in detail the Company's strategic direction with the Supervisory Board. The Supervisory Board passed resolutions within its legal and Company statutory authority.

The Supervisory Board of Fresenius SE & Co. KGaA convened for four regular meetings on March 16, May 17, October 12 and December 6 and three extraordinary meetings on February 17, September 5 and September 8 in the 2023 fiscal year. The extraordninary Supervisory Board meeting on September 8 was held as a video conference, while the other ordinary and extraordinary meetings were held in person. Before the meetings, the Management

Board of the general partner regularly provided the members of the Supervisory Board with detailed reports and comprehensive draft resolutions. At the meetings, the Supervisory Board discussed with them in detail the business performance and any important corporate matters based on the reports from the general partner's Management Board. The Supervisory Board also met regularly without the Management Board.

All matters requiring Supervisory Board approval were submitted with sufficient time for proper scrutiny. After reviewing the related approval documents and following detailed consultation with the Management Board of the general partner, the Supervisory Board approved all matters submitted to it.

The Supervisory Board was also informed of important business transactions and important events between meetings. In addition, members of the general partner's Management Board, in particular the Chairman, regularly informed the Chairman of the Supervisory Board in separate meetings about the latest development of the business and forthcoming decisions and discussed them with him.

MEETING PARTICIPATION

Mr. Konrad Kölbl, Dr. Iris Löw-Friedrich and Mr. Romero de Paco each did not attend one meeting of the Supervisory Board and Mr. Behlert did not attend one meeting of the Audit Committee. Otherwise, all meetings of the Supervisory Board and its committees in 2023 were attended by all sitting members of the Supervisory Board of Fresenius SE & Co. KGaA or of the respective committee.

Participation in meetings of the Supervisory Board and its committees is reported individually for each member on the Company's website. Information on this can be found under "Supervisory Board".

MAIN FOCUS OF THE SUPERVISORY BOARD'S ACTIVITIES

In 2023, the Supervisory Board mostly focused its monitoring and consulting activities on supporting business operations and the transformation of the Fresenius Group. The Supervisory Board thoroughly reviewed and discussed all business activities of significance to the Company with the Management Board of the general partner.

The Supervisory Board dealt in particular with the following items:

- budget
- medium-term planning of the Fresenius Group
- strategic alignment of the Fresenius Group and its business segments as part of the #FutureFresenius transformation process
- transformation of the Fresenius Group including the change of legal form of Fresenius Medical Care and the associated deconsolidation of Fresenius Medical Care at Fresenius
- further development of the risk management and internal control system
- utilization of the government compensation and reimbursement payments provided for in the "Energy Relief Package" and the associated restrictions for the Fresenius Group

The Management Board of the general partner also regularly informed the Supervisory Board about the risk situation, risk management and compliance within the Group, both in the Audit Committee and in plenary sessions.

At the meeting on February 17, 2023, the Supervisory Board was informed about the preliminary results of the strategy process.

At its meeting on March 16, 2023, the Supervisory Board dealt in detail with the audit and approval of the financial statements, the consolidated financial statement (IFRS) as well as the management report and the Group management report of Fresenius SE & Co. KGaA as of December 31, 2022. The results for 2022 were discussed on the basis of a detailed report provided by the Chairman of the Audit Committee and statements by the auditor, Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. At the same meeting, resolutions were passed on the compensation report of Fresenius SE & Co. KGaA for the 2022 fiscal year, the report of the Supervisory Board of Fresenius SE & Co. KGaA for the 2022 fiscal year, the Corporate Governance Declaration of Fresenius SE & Co. KGaA for the 2022 fiscal year, the proposal of the general partner, Fresenius Management SE, on profit distribution and the separate Group Non-financial Report for the fiscal year 2022. In addition, the business segments reported in detail on the course of business in the first two months of the fiscal year.

Another item discussed was the upcoming Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2023.

At the meeting on May 17, 2023, the Management Board reported to the general partner on business performance for the months January through April 2023. The Supervisory Board also received information on current developments at Fresenius Vamed and with regard to the intended change of legal form of Fresenius Medical Care and the associated deconsolidation.

The Supervisory Board meeting on September 5, 2023, focused on the strategy within the individual business areas.

At the meeting on September 8, 2023, the Supervisory Board was informed about personnel matters.

At the meeting on October 12, 2023, the members of the Supervisory Board were informed in detail about business performance from January through September 2023. In addition, the Supervisory Board received information on current developments at Quirónsalud the planned change in legal form and deconsolidation of Fresenius Medical Care, the planned sale of a Fresenius Kabi plant and shares in companies in Peru, the United States and Spain by Fresenius Helios. It also dealt with the declaration of conformity with the Corporate Governance Code and the topic of cyber security at Fresenius.

At the meeting on December 6, 2023, information was provided on the 2024 budget and medium-term planning for the years 2025 to 2026, the 2024 financing budget and the maturities for 2024 to 2026. The Management Board of the general partner also reported on the business performance from January to October 2023. The Supervisory Board noted with approval the fundamental decision taken the previous day by the Management Board of Fresenius Management SE to utilize the government compensation and reimbursement payments for increased energy costs of German hospitals provided for in the “Energy Relief Package” and thus, due to the corresponding regulations, not to be able to pay a dividend to the shareholders of the company and no variable remuneration components to the members of the Management Board of Fresenius Management SE, among others, for the 2023 financial year. The Chairwoman of the Audit Committee reported in detail on the status of preparation of the financial statements. The Supervisory Board dealt with the closure of the business operations of Curalie GmbH and the concept of onboarding and the training and further education of the Supervisory Board. Furthermore, a resolution was passed on the declaration of conformity with the German Corporate Governance Code.

CORPORATE GOVERNANCE

In December 2023, the Supervisory Board of Fresenius SE & Co. KGaA and the Management Board of the general partner issued the declaration of conformity to the German Corporate Governance Code in accordance with Article 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders on the Company’s website.

In 2023, the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA was ready and continues to be ready, to the extent permitted by law and in close consultation with the Management Board of the general partner, to hold discussions with investors on topics specific to the Supervisory Board. In November 2023, the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA again participated in the annual Corporate Governance Roadshow.

The Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA have a duty to act in the best interests of the Company. In performing their activities, they do not pursue personal interests or bestow unjustified benefits on others. Any secondary activities or dealings with the Company by members of the corporate bodies must immediately be reported to, and approved by, the Supervisory Board.

There were no conflicts of interest of Supervisory Board members in the past fiscal year.

There are regular separate preliminary meetings of the employee representatives and consultations among the shareholder representatives.

The members of the Supervisory Board independently take on necessary training and further education measures required for their tasks are supported appropriately by Fresenius. They keep themselves regularly informed, through internal and external sources, about the latest requirements with regard to their supervisory activities and exchange information on relevant external training opportunities. The Supervisory Board at all times ensures that its members are suitably qualified, keep their professional knowledge up to date and further develop their judgment and expertise.

External experts as well as experts from Fresenius provide information about important developments, for example about relevant new laws and precedents or changes in the IFRS accounting and auditing standards. In the 2023 fiscal year, the topics addressed included the hospital market in Spain and cyber security. Onboarding is offered to the Supervisory Board members.

The Supervisory Board regularly assesses how effectively it and its committees fulfill their tasks.

For more information on Corporate Governance at Fresenius, please see the Corporate Governance Declaration on pages 205 ff. of the Annual Report. Fresenius has disclosed the information on related parties on page 355 f. of the Annual Report.

WORK OF THE COMMITTEES

In order to perform its duties efficiently, the Supervisory Board has formed various standing committees which prepare the consultations and resolutions in the plenary session or can pass resolutions themselves. The committees of the Supervisory Board consist of an Audit Committee, a Nomination Committee and a Joint Committee.

The **Audit Committee** held eight regular meetings in the 2023 fiscal year. Five of these meetings were held in person and three virtually. The auditor took part in all meetings. The committee also held regular discussions without the Management Board.

The Audit Committee dealt with the issues that fall within its area of responsibility under German and European law, the German Corporate Governance Code and the rules of procedure for the Supervisory Board. These topics include, in particular, the monitoring of accounting and the accounting process, the effectiveness of the internal control system, the risk management system, the compliance management system and the internal audit system as well as the audit of the financial statements.

As part of the monitoring of the annual audit, the Audit Committee dealt in particular with the selection and independence of the auditor. The committee used a scorecard to assess the quality of the audit for the 2022 fiscal year and monitored the non-audit services provided by the auditor on a quarterly basis. The Audit Committee recommended to the Supervisory Board that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) be appointed as auditors for the 2023 fiscal year at the Annual General Meeting. The notification, information and reporting obligations recommended by the German Corporate Governance Code were contractually agreed with the auditor. The Audit Committee discussed with the auditor the audit strategy, the materiality thresholds, the key audit issues, the risk assessment and key audit areas, the audit fee and the scope of reporting on the audit. For the audit of the separate non-financial Group report, the Audit Committee discussed with the auditor in particular the planned supplementary audit procedures to obtain reasonable assurance for individual components of the report. The Audit Committee discussed the half-year financial report and the quarterly financial reports with the Management Board prior to their publication and the auditor and discussed the auditor's report on the review of the interim consolidated financial statements and Management Report as at June 30, 2023. The Chair of the Audit Committee regularly discussed the preparation and progress of the various audits with the auditor (of the annual financial statements) outside of meetings and reported on this to the committee.

In 2023, the focus of the committee's work in the area of accounting was on the financial development at Fresenius Vamed and the organizational measures introduced, the change of legal form of Fresenius Medical Care and the impact of this on the consolidated financial statements as well as the effects that the utilization of the government compensation and reimbursement payments for increased energy costs of German hospitals provided for in the "energy aid relief package" will have on earnings, cash flow and the dividend for the 2023 financial year and on the payment of variable remuneration components, including for the members of the Management Board of Fresenius Management SE for the 2023 financial year. The Audit Committee discussed the work of Internal Audit at length. In the area of compliance, the Audit Committee dealt in particular with the implementation of the Act on Corporate Due Diligence Obligations in Supply Chains. In the area of risk management and the internal control system, in addition to regular reporting, the focus was on the consideration of geopolitical and fundamental risks, the further rollout and the planned further development of the systems in the Group. In the area of sustainability reporting, the focus was on current and future regulatory requirements, in particular the materiality analysis in accordance with the new European reporting standards (ESRS), and their implementation. Finally, the Audit Committee was informed about compliance management in the area of taxes, the processes for fulfilling reporting obligations regarding cross-border tax arrangements and preparations for the expected requirements of the Minimum Taxation Directive.

The **Audit Committee** was also informed by the auditor about current regulatory developments in the 2023 fiscal year. It also discussed external training opportunities that are particularly relevant to the committee's work. The committee members are responsible for making use of these opportunities and are supported by the Company in this regard.

The Chair of the Audit Committee reports in detail at the subsequent plenary meeting on the topics discussed and resolutions passed and explains the proposed resolutions.

The Company's **Nomination Committee** met once in 2023. The meeting was held as a mixed in-person and video conference meeting. The Nomination Committee dealt in particular with the onboarding, training and development of Supervisory Board members and succession planning.

The **Joint Committee** is responsible for approving certain important transactions of Fresenius SE & Co. KGaA and certain legal transactions between the Company and the Else Kröner-Fresenius-Stiftung. In 2023, no transactions were carried out that required its approval. Accordingly, the Joint Committee did not meet in 2023.

There is no **Mediation Committee** because the Supervisory Board of Fresenius SE & Co. KGaA does not appoint the Management Board members of Fresenius Management SE.

For more information about the committees and their composition and work methods, please refer to the Corporate Governance Declaration on page 210 f. and page 371 of the Annual Report.

PERSONNEL

When the change of legal form of Fresenius Medical Care took effect on November 30, 2023 and the associated deconsolidation of Fresenius Medical Care, the employee representative Ms. Stefanie Balling resigned from the Supervisory Board of Fresenius SE & Co. KGaA stepped down. Her successor, Mr. Holger Michel, was elected in advance as a personal substitute member at the constituent meeting of the European Works Council.

The composition of the Management Board of the general partner, Fresenius Management SE, also changed in the past fiscal year. Mr. Pierluigi Antonelli was appointed as the member of the Management Board responsible for Fresenius Kabi with effect from March 1, 2023. Dr. Michael Moser became the member of the Management Board responsible for Legal, Compliance, Risk Management and Environmental, Social and Governance (ESG) on July 1, 2023. After Dr. Ernst Wastler left the Management Board on July 18, 2023, Dr. Michael Moser also became responsible for the Fresenius Vamed business segment. On December 1, 2023, he also took over the Human Resources and Insurance departments. On September 8, 2023, Mr. Robert Möller was appointed as the Management Board member responsible for the Fresenius Helios business segment. He follows Dr. Francesco De Meo, who left the Company on September 8, 2023. Dr. Sebastian Biedenkopf left the Management Board on November 30, 2023. Ms. Helen Giza also left the Management Board of Fresenius Management SE when the change in legal form and the deconsolidation of Fresenius Medical Care took effect on November 30, 2023.

Fresenius now has a management team that comprises experienced top managers, who possess comprehensive and complementary expertise. The management team will work closely with the employees to consistently implement #FutureFresenius in the coming years. The Supervisory Board would like to thank the outgoing members of the Management Board for their work and commitment.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENT 2023

The auditor PwC audited the annual financial statements and Management Report as well as the consolidated financial statements and Group Management Report for the 2023 fiscal year and issued an unqualified audit opinion in each case. PwC has been the auditor for Fresenius SE & Co. KGaA and the Fresenius Group since the 2020 fiscal year. Since then, Dr. Ulrich Störk and Dr. Bernd Roese have served as auditors, the latter also as the auditor responsible for the audit.

The company's annual financial statements, management report and Group management report were prepared in accordance with the accounting provisions of the German Commercial Code (HGB) and the company's consolidated financial statements were prepared in accordance with IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e HGB. The auditors conducted all audits in accordance with Section 317 HGB and the EU Audit Regulation, taking into account the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and the International Standards on Auditing (ISA).

The Audit Committee already received comprehensive reports on the preparatory work for the 2023 annual and consolidated financial statements at the meetings on October 10, 2023 and December 5, 2023.

At the Audit Committee meeting on February 19, 2024, the Audit Committee discussed the drafts of the annual and consolidated financial statements together with the management report and Group management report with the Executive Board. The Audit Committee dealt in detail with the Management Board's statement in the management report and Group management report on the appropriateness and effectiveness of the risk management and internal control system. The auditors informed the Supervisory Board that the audits of the financial statements had been materially completed and – provided there were no new findings – could be concluded on the following day with unqualified audit opinions. The annual and consolidated financial statements together with the management report and Group management report, the draft annual report and the auditor's reports were made available to the Supervisory Board in good time.

At the Audit Committee meeting on March 6, 2024, the Management Board explained the annual and consolidated financial statements in detail. The auditors reported in detail on the scope, focus and key findings of their audit, focusing in particular on the key audit matters, including the audit procedures performed in this context. No significant weaknesses in the accounting-related internal control system or the early risk detection system set up by the Management Board were reported. As a result of its review, the Audit Committee recommended that the Supervisory Board approve the findings of the audit at the plenary meeting on March 7, 2024 and, since in its opinion there were no objections to the documents submitted by the Management Board, to approve the annual and consolidated financial statements.

On March 7, 2024, the Supervisory Board conducted its final review of the financial statement documents, taking into account the report and recommendations of the Audit Committee and the auditor's reports. It discussed further issues with the Management Board and the auditor. The Supervisory Board approved the auditor's findings. As there were no objections to the annual financial statements and management report of the company or the consolidated financial statements and Group management report following the final results of its own examination, the Supervisory Board approved the annual financial statements and consolidated financial statements prepared by the Management Board in accordance with the Audit Committee's proposed resolution.

SEPARATE GROUP NON-FINANCIAL REPORT 2023

PwC subjected the separate non-financial Group report for the 2023 financial year to a formal and substantive audit and concluded the audit without objections. The remuneration-relevant key figures of this report were audited with reasonable assurance, while the other components of the report were audited with limited assurance. PwC conducted its audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), issued by the International Accounting and Assurance Standards Board (IAASB).

At the meeting on December 5, 2023, the Audit Committee received a report on the preparatory work for the Separate Non-financial Group Report. In particular, this involved the effects of the change in the Group structure, the preparation for the first-time audit of individual key figures with reasonable assurance and the expansion of reporting on the EU Taxonomy.

The separate Group Non-financial Report and the audit report from PwC were made available to each member of the Supervisory Board of the Company in good time. At their meetings on March 6 and 7, 2024, the Audit Committee and then the full Supervisory Board discussed all the documents in detail. At both meetings, the appointed auditor reported on the key findings of its audit and answered questions. The Audit Committee and the Supervisory Board approved the auditor's findings. The Audit Committee's and the Supervisory Board's own review also found no objections to the separate Group Non-financial Report. At its meeting on March 7, 2024, the Supervisory Board approved the separate Group Non-financial Report in accordance with the resolution proposed by the Audit Committee.

COMPENSATION REPORT

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, formally and materially audited the compensation report for the 2023 fiscal year and did not raise any objections.

The compensation report was prepared together with the general partner and finally discussed and approved at the Supervisory Board meeting on March 7, 2024.

The compensation report is published on pages 222 ff. of the Annual Report and the auditor's findings are published on page 259 of the Annual Report.

THANKS FROM THE SUPERVISORY BOARD

The Management Board and employees have accomplished a great deal and made significant progress in what has been a trailblazing year for Fresenius. The Supervisory Board wishes to express its recognition and thanks to the Management Board of the General Partner and all employees for their achievements in the past fiscal year.

Bad Homburg v. d. H., March 7, 2024

The Supervisory Board of Fresenius SE & Co. KGaA

Wolfgang Kirsch
Chairman

FRESENIUS SHARE. In a stabilizing macroeconomic environment and supported by strong business results, the Fresenius share performed positively overall over the course of the fiscal year and achieved a total return of around +11%.

STOCK MARKETS AND DEVELOPMENT OF THE FRESENIUS SHARE

The fears of recession that were still prevalent at the start of 2023 did not materialize overall over the course of the fiscal year. Supported by emerging markets such as China and, among the industrialized countries, the United States in particular, the global economy showed stable development overall with moderate growth. In view of the decline in global inflation, which continued over the course of the year, central banks announced interest rate cuts towards the end of 2023.

In the wake of these developments, the global stock markets recorded significant gains over the course of the year. In the United States, the growth in the leading S&P 500 and Dow Jones Industrial Average indices was primarily driven by companies from the technology and artificial intelligence sectors. In Europe, the STOXX® Europe 500 gained around 13% in the 2023 fiscal year; the most important German stock market barometer, the DAX40, even rose by around 19%. The STOXX® Europe 600 Health Care, which tracks the comparatively defensive European healthcare sector, gained around 6% over the course of the year.

The closing price of the Fresenius share on December 29, 2023, the last trading day of the year, was €28.07, around 7% higher than the closing price at the end of 2022. The Fresenius share reached its low for the year of €23.46 on March 15, 2023, and its high for the year at €31.11 on September 20, 2023. Including the dividend paid, Fresenius shareholders saw a total return of around 11% in 2023.

At www.fresenius.com/shareprice-center you can find an interactive chart tool for graphical display and further analysis of the share price development. You can also find out how the Fresenius share has performed compared to the shares of competitors.

The market capitalization of Fresenius was €15.8 billion as of December 31, 2023. The average daily trading volume on Xetra amounted to 1,286,530 shares in the 2023 fiscal year.

CAPITALIZATION

The total number of issued shares at the end of 2023 was 563,237,277 and thus remained unchanged during the 2023 fiscal year.

Information on stock option plans can be found on page 348 ff. of the Notes to this Annual Report.

INVESTOR RELATIONS

Our investor relations activities are in accordance with the transparency rules of the German Corporate Governance Code. We communicate comprehensively, promptly, and openly with private and institutional investors, as well as financial analysts. The equal treatment of all market actors is very important to us. In addition to our current financial results and guidance, the focus is also on the strategy and long-term positioning of the Fresenius Group.

We maintained an intense dialog with the capital markets in 2023 both virtually and in person. We were in direct contact with institutional investors and analysts on 14 days at international investor conferences, 22 roadshow days and in numerous one-on-one meetings. We also organized CEO calls and virtual field trips with banks, giving investors and analysts the opportunity to discuss matters with the Management Board. In 2023, we once again held our annual corporate governance roadshow together with the Supervisory Board.

Communication with private investors was maintained both virtually and in person at events organized by shareholder associations.

In addition, interested parties had access to live webcasts of the conference calls on our quarterly results at www.fresenius.com/events-and-roadshows as well as the constantly expanding range of information on our social media channels on LinkedIn or "X" (Twitter).

Fresenius' Investor Relations team was recognized in this year's Investors' Darling competition by manager magazin with third place in the overall ranking and received the special award in the Investor Relations category.

RELATIVE SHARE PRICE PERFORMANCE 2019 – 2023
FRESENIUS SHARE VS. INDICES

ABSOLUTE SHARE PRICE PERFORMANCE 2023
FRESENIUS SHARE IN €

KEY DATA OF THE FRESENIUS SHARE

	2023	2022	2021	2020	2019
Number of shares	**563,237,277**	563,237,277	558,502,143	557,540,909	557,379,979
Stock exchange quotation[1] in €					
High	**31.11**	37.88	47.44	50.32	52.42
Low	**23.46**	20.04	33.35	25.66	40.74
Year-end quotation	**28.07**	26.25	35.40	37.84	50.18
Market capitalization[2] in million €	**15,810**	14,785	19,771	21,097	27,969
Total dividend distribution in million €	**–**	518	514	491	468
Dividend per share in €	**–**	0.92	0.92	0.88	0.84
Earnings per share in €[3]	**2.67**	3.08	3.35	3.22	3.37

[1] Xetra closing price on the Frankfurt Stock Exchange
[2] Total number of ordinary shares multiplied by the respective Xetra year-end quotation on the Frankfurt Stock Exchange
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

In addition, Fresenius' capital market communication achieved third place in the IR-Benchmark ranking of the NetFed agency.

If you would like to contact the Investor Relations team or find out about our 2024 financial calendar, please take a look at the last page of this Annual Report. For additional information on the Fresenius Group and share, please visit us at www.fresenius.com/investors

DIVIDEND

Due to legal restrictions resulting from the utilization of state compensation and reimbursement payments for increased energy costs provided for in the Hospital Financing Act ("Krankenhausfinanzierungsgesetz"), it will not be proposed to the 2024 Annual General Meeting to distribute a dividend for the 2023 fiscal year.

Irrespective of the legally required suspension of dividend payments for the 2023 fiscal year, Fresenius will maintain its dividend policy for the future. In the future, we continue to aim to increase the dividend in line with earnings per share growth (before special items, in constant currency) but at least maintain the dividend at the prior-year's level.

SHAREHOLDER STRUCTURE

The charts on the right show the shareholder structure at the end of 2023.

The Else Kröner-Fresenius-Stiftung was the largest shareholder of Fresenius SE & Co. KGaA, with 27% of the shares.

According to notifications pursuant to the German Securities Trading Act (WpHG), there was no investor in the Fresenius shareholder base apart from the Else Kröner-Fresenius-Stiftung with voting rights of more than 5 %. Voting rights notifications can be found at www.fresenius.com/shareholder-structure.

As of December 31, 2023, a shareholder survey identified the ownership of about 96% of our subscribed capital. According to this analysis, Fresenius can rely on a solid shareholder base: as in the previous year, over 600 institutional investors in total held about 61% of shares outstanding. The 10 largest institutional investors held about 20% (2022: 23%) of the share capital. 8% of Fresenius shares were again identified as retail holdings.

Our shares were mostly held by investors in Germany, the United States, and the United Kingdom.

ANALYST RECOMMENDATIONS

The recommendations published by financial analysts are an important guide for institutional and private investors when making investment decisions. According to our survey, as of February 12, 2024, we were rated with 13 "buy", 6 "hold" recommendations and no sell recommendations.

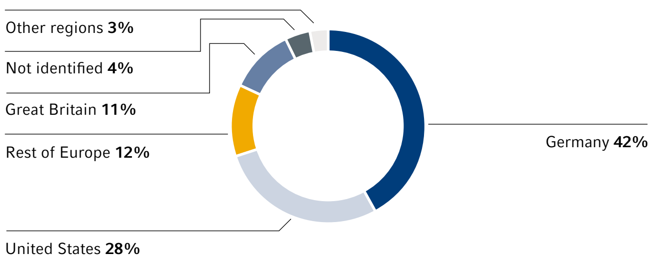
At www.fresenius.com/analysts-and-consensus you can find out which banks regularly report on Fresenius and rate our shares.

ADR PROGRAM

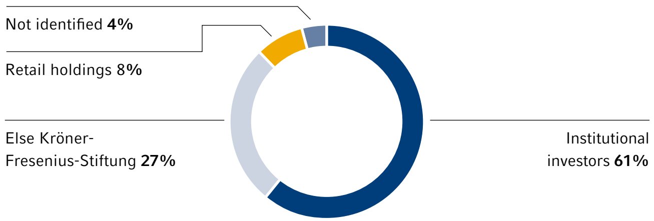
In the United States, Fresenius has a Sponsored Level I American Depositary Receipt (ADR) program. In this program, four Fresenius ADRs correspond to one Fresenius share. They are priced in U.S. dollars and traded in the U.S. over-the-counter (OTC) market.

You can find further information on our ADR program on www.fresenius.com/adr.

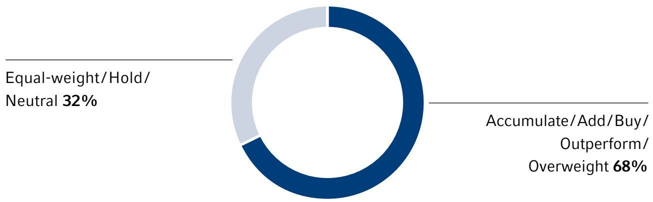
SHAREHOLDER STRUCTURE BY REGION



SHAREHOLDER STRUCTURE BY INVESTORS



ANALYST RECOMMENDATIONS



GROUP MANAGEMENT REPORT

2

GROUP MANAGEMENT REPORT. Advancing Patient Care – the health and well-being of patients is Fresenius' top priority. We have been saving and improving the lives of critically and chronically ill people for more than 100 years. We continuously improve the quality and efficiency of healthcare, giving a growing number of people access to world-class therapies. We are always looking for even better solutions and thus contribute to medical progress.

FUNDAMENTAL INFORMATION ABOUT THE GROUP

THE GROUP'S BUSINESS MODEL

Fresenius is a global healthcare Group in the legal form of an SE & Co. KGaA (a partnership limited by shares). As a therapy-focused healthcare company, Fresenius offers system-critical products and services for leading therapies for the treatment of critically and chronically ill patients.

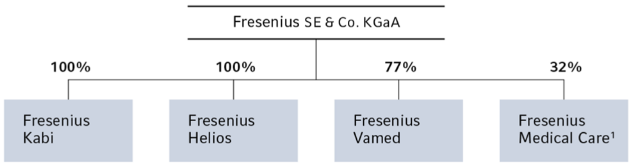
In addition to the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., Germany, the operating activities in the 2023 fiscal year were spread across the following legally incorporated, fully consolidated business segments:

- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed
- Fresenius Medical Care[1]

As part of the strategic review of the Fresenius Group, since the 2023 fiscal year, we have distinguished between the Operating Companies Fresenius Kabi and Fresenius Helios (each with 100% ownership share) and the Investment Companies Fresenius Medical Care (32% ownership share) and Fresenius Vamed (77% ownership share).

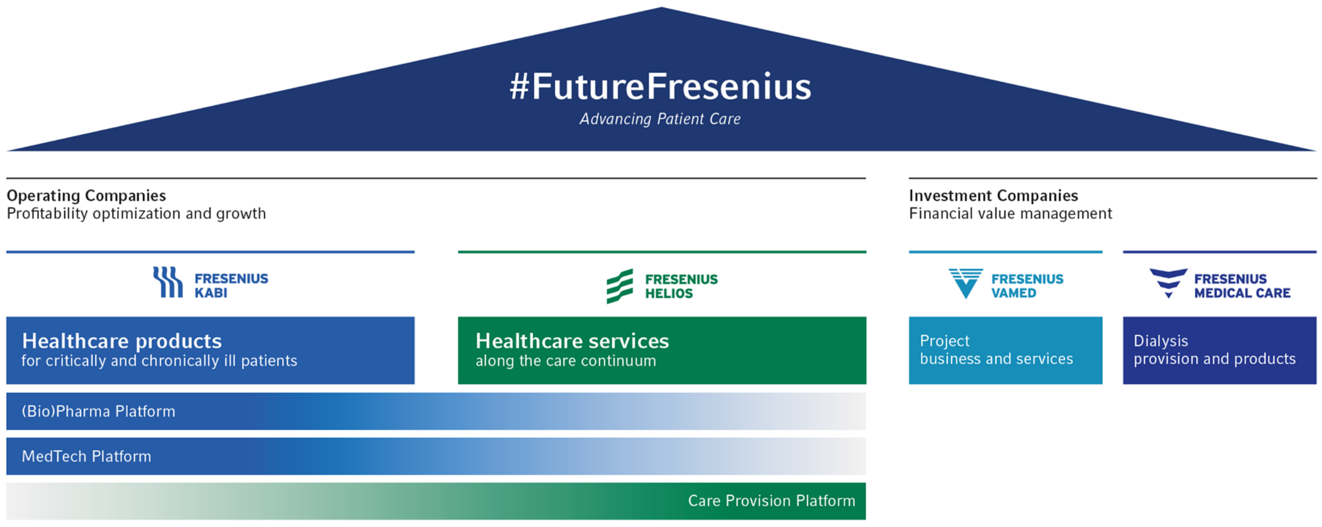
[1] deconsolidated as of November 2023

GROUP STRUCTURE



[1] Deconsolidated as of November 30, 2023

GROUP-WIDE OPERATING MODEL



Fresenius Medical Care deconsolidated as of November 30, 2023

For the **Operating Companies**, the focus is on profitability optimization and growth. For the **Investment Companies**, the focus is on financial value management.

Fresenius SE & Co. KGaA is the largest shareholder of Fresenius Medical Care AG with a 32% stake. By changing the legal form of Fresenius Medical Care AG & Co. KGaA into a stock corporation, Fresenius Medical Care was deconsolidated in the reporting year. Since November 30, 2023, the investment in Fresenius Medical Care has been accounted for using the equity method in accordance with IAS 28.

For further information on the strategic realignment, please refer to the Portfolio in focus section on page 35 and to the section deconsolidation of Fresenius Medical Care on page 34.

Operating Companies

- **Fresenius Kabi** specializes in products for the therapy and care of critically and chronically ill patients. The portfolio includes biopharmaceuticals, clinical nutrition, MedTech products, intravenously administered generic drugs (generic IV drugs), and IV fluids.
- **Fresenius Helios** is Europe's leading private healthcare service provider. In fiscal year 2023, the company included Helios Germany, Helios Spain, and Eugin Group, which was sold on January 31, 2024. Helios Germany operates 86 hospitals, ~230 medical care centers, 27 occupational health centers, and 6 prevention centers. Helios Spain operates 51 hospitals, ~100 outpatient health centers and around 300 facilities for occupational health management. Helios Spain is also active in Latin America with 8 hospitals and as a provider of medical diagnostics.

Investment Companies

- **Fresenius Vamed** manages projects and provides services for hospitals and other healthcare facilities on an international level. The range of services covers the entire value chain: from development, planning, and turnkey construction to maintenance, technical management, total operational management, and high-end services. The company comprises three functional areas: High-End Services (HES), Health Facility Operations (HFO) and Health Tech Engineers (HTE) and is steered according to the Projects and Services reporting segments. For further information on Fresenius Vamed, please refer to the "Transformation of Fresenius Vamed" section on page 35.
- **Fresenius Medical Care** offers services and products for patients with chronic kidney failure. Dialyzers and dialysis machines are among the most important product lines. In addition, Fresenius Medical Care offers dialysis-related services.

Operating model and functional services

Within the Fresenius Group, we provide effective, supportive service and governance functions as part of the operating model initiated in the 2023 fiscal year, which benefit our business segments and increase the Group's overall capital efficiency. This framework enables us to steer and improve performance in a more targeted manner in the future based on the Fresenius Financial Framework.

IMPORTANT MARKETS AND COMPETITIVE POSITION

Fresenius operates in more than 60 countries through its subsidiaries. The **main markets** are Europe with 73% and North America with 12% of revenue, respectively. Fresenius operates an international distribution network and more than 50 production sites.

Fresenius Kabi aims to make a significant contribution to the treatment and care of critically and chronically ill patients with its products and services. In this area of care particularly, the need for high-quality, modern, and affordable therapies is growing, as the proportion of chronic diseases is steadily increasing.

Fresenius Kabi is one of the leading companies in Europe for large parts of its product portfolio and has significant market shares in the growth markets of Asia-Pacific and Latin America. Furthermore, Fresenius Kabi is one of the leading companies in the field of generic IV drugs both in the U.S. market and in Europe. Further information on the market position of Fresenius Kabi can be found in the market description on page 53.

Fresenius Helios is Europe's leading private healthcare service provider. Helios Germany and Helios Spain are the largest private hospital operators in their respective home markets.

Fresenius Vamed is a global company with no direct competitors covering a comparably comprehensive portfolio of projects, services, and total operational management over the entire life cycle of healthcare facilities. As a result, Fresenius Vamed has a unique selling proposition of its own. Depending on the business segment, the company competes with international companies and consortia, as well as with local providers.

The company is one of the leading private operators of rehabilitation and care facilities in Central Europe.

EXTERNAL FACTORS

In fiscal year 2023, the difficult macroeconomic environment had a negative impact on business development. This included increased uncertainties, inflation-related cost increases, staff shortages, and increased energy costs.

Despite the challenging market environment, the structural growth drivers in the non-cyclical healthcare markets are in place. We report on our markets on pages 51 ff. We report on the new aid payments in the hospital business on pages 54 ff.

The legal framework for the operating business of the Fresenius Group remained essentially unchanged in 2023.

Fluctuating exchange rates, particularly between the U.S. dollar and the euro, have an effect on the income statement and the balance sheet. In 2023, the average annual exchange rate between the U.S. dollar and the euro of 1.08 was above the 2022 rate of 1.05. This resulted in a negative currency translation effect on the income statement in fiscal year 2023. Details of this can be found in the statement of comprehensive income on page 263. The extraordinarily high inflation in Argentina and the associated devaluation of the Argentinian peso had a negative impact on the consolidated income statement.

In the reporting year, the Fresenius Group was involved in various legal disputes resulting from business operations. Although it is not possible to predict the outcome of these disputes, none is expected to have a significant adverse impact on the assets and liabilities, financial position, and results of operations of the Group. Further information regarding legal matters can be found on pages 327 f. of the Notes.

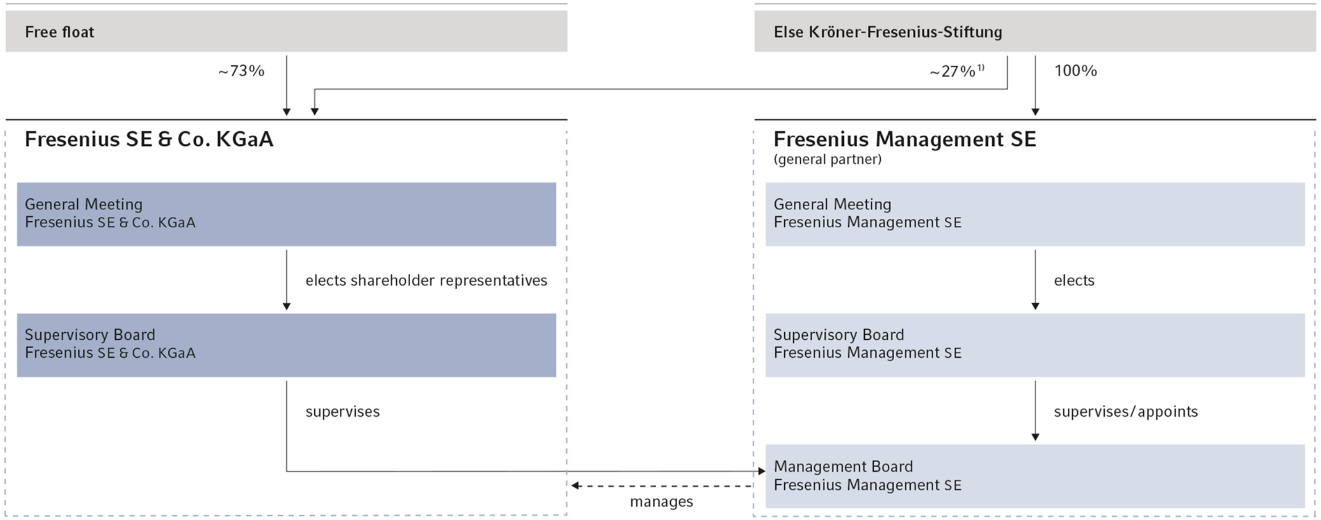
We carefully monitor and evaluate country-specific, political, legal, and financial conditions regarding their impact on our business activities. This also applies to the potential impact of inflation and currency risks.

MANAGEMENT AND CONTROL

In the legal form of a KGaA, the Company's corporate bodies are the Annual General Meeting, the Supervisory Board, and the general partner, Fresenius Management SE. Fresenius Management SE is wholly owned by Else Kröner-Fresenius-Stiftung. The KGaA has a **two-tier management system** – management and control are strictly separated.

The **general partner**, represented by its **Management Board**, conducts the business, and represents the Company in dealings with third parties. Since the deconsolidation of Fresenius Medical Care took effect on November 30, 2023, the Management Board has consisted of five members. According to the Management Board's rules of procedure, each member is accountable for his or her own area of responsibility. However, the members have joint responsibility for the management of the Group. In addition to the Supervisory Board of Fresenius SE & Co. KGaA, Fresenius Management SE has its own Supervisory Board. The Management Board is required to report to the Supervisory Board of Fresenius Management SE regularly, in particular on its corporate policy and strategies. In addition, the Management Board reports on business profitability, current operations, and any other matters that could be of significance for the Company's profitability and liquidity. The Supervisory Board of Fresenius Management SE also advises and supervises the Management Board in its management of the Company. It is prohibited from managing the Company directly. However, the Management Board's rules of procedure require that certain transactions obtain the prior approval of the Supervisory Board of Fresenius Management SE.

CORPORATE STRUCTURE AT FRESENIUS SE & CO. KGAA



[1] For selected items no voting power, e.g., election of Supervisory Board of Fresenius SE & Co. KGaA, discharge of general partner and Supervisory Board of Fresenius SE & Co. KGaA, election of the auditor.

The members of the Management Board are appointed and dismissed by the Supervisory Board of Fresenius Management SE. Appointment and dismissal is in accordance with Article 39 of the SE Regulation[1]. The articles of association of Fresenius Management SE also provide that deputy members of the Management Board may be appointed.

The **Supervisory Board of Fresenius SE & Co. KGaA** advises on and supervises the management of the Company's business by the general partner, reviews and approves the annual financial statements and the consolidated financial statements, and performs the other functions assigned to it by law and the Company's articles of association. It is involved in corporate planning and strategy, and in all matters of fundamental importance for the Group. The Supervisory Board of Fresenius SE & Co. KGaA has six shareholder representatives and six employee representatives. A Nomination Committee of the Supervisory Board of Fresenius SE & Co. KGaA has been instituted for election proposals for the shareholder representatives. Its activities are aligned with the provisions of law and the Corporate Governance Code. The shareholder representatives are elected by the **Annual General Meeting of Fresenius SE & Co. KGaA.** The European works council elects the employee representatives to the Supervisory Board of Fresenius SE & Co. KGaA.

[1] Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company (SE) (SE Regulation – SE-Reg)

The Supervisory Board must meet at least twice per calendar half-year. The Supervisory Board of Fresenius SE & Co. KGaA has two permanent **committees:** the Audit Committee, consisting of five members, and the Nomination Committee, consisting of three members. The members of the committees are listed on page 371 of this Annual Report. The Company's annual corporate governance declaration pursuant to Section 315d and Section 289f of the German Commercial Code (HGB) describes the procedures of the Supervisory Board's committees on page 205 f. The declaration can also be found on the website www.fresenius.com/corporate-governance.

The descriptions of both the **compensation system** and individual amounts paid to the Management Board and Supervisory Board of Fresenius Management SE, and the Supervisory Board of Fresenius SE & Co. KGaA, are included in the Compensation Report on pages 222 ff. of this Group Annual Report.

CAPITAL, SHAREHOLDERS, ARTICLES OF ASSOCIATION

The subscribed capital of Fresenius SE & Co. KGaA amounted to 563,237,277 ordinary shares as of December 31, 2023 (December 31, 2022: 563,237,277).

The shares of Fresenius SE & Co. KGaA are non-par-value bearer shares. Each share represents €1.00 of the capital stock. Shareholders' rights are regulated by the German Stock Corporation Act (AktG – Aktiengesetz) and the articles of association.

Fresenius Management SE, as general partner, is authorized, subject to the consent of the Supervisory Board of Fresenius SE & Co. KGaA: to increase the subscribed capital of Fresenius SE & Co. KGaA by a total amount of up to €125 million, until May 12, 2027, through a single issuance or multiple issuances of new bearer ordinary shares against cash contributions and / or contributions in kind **(Authorized Capital I).**

In principle, the shareholders shall be granted a subscription right. In certain cases, however, the right of subscription can be excluded.

In addition, there are the following **Conditional Capitals** according to the articles of association of June 15, 2023:

- The subscribed capital is conditionally increased by up to €4,735,083.00 through the issuance of new bearer ordinary shares **(Conditional Capital I)**. The conditional capital increase will only be executed to the extent that convertible bonds for ordinary shares have been issued under the 2003 Stock Option Plan and the holders of these convertible bonds exercise their conversion rights. Following the expiry of the 2003 Stock Option Plan in 2018, Conditional Capital I is no longer used.
- The subscribed capital is conditionally increased by up to €3,452,937.00 through the issuance of new bearer ordinary shares **(Conditional Capital II)**. The conditional capital increase will only be executed to the extent that subscription rights have been issued under the 2008 Stock Option Plan, the holders of these subscription rights exercise their rights, and the Company does not use its own shares to service the subscription rights or does not exercise its right to make payment in cash. Following the expiry of the 2008 Stock Option Plan in 2020, Conditional Capital II is no longer used.
- The general partner is authorized, with the approval of the Supervisory Board, until May 12, 2027, to issue option bearer bonds and / or convertible bearer bonds, once or several times. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €48,971,202.00 through issuance of new bearer ordinary shares **(Conditional Capital III)**.

  The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash, or of warrants from option bonds issued for cash, exercise their conversion or option rights and as long as no other forms of settlement are used. As of December 31, 2023, Fresenius had not utilized this authorization.
- The share capital is conditionally increased by up to €22,824,857.00 by the issuance of new ordinary bearer shares **(Conditional Capital IV)**. The conditional capital increase will only be implemented to the extent that subscription rights have been, or will be, issued in accordance with the Stock Option Program 2013 and the holders of subscription rights exercise their rights, and the Company does not grant its own shares to satisfy the subscription rights. As of December 31, 2023, Fresenius had not utilized this authorization.

The Company is authorized, until May 12, 2027, to purchase and use its **own shares** up to a maximum amount of 10% of the subscribed capital. In addition, when purchasing its own shares, the Company is authorized to use equity derivatives with possible exclusion of any tender right. The Company had not utilized this authorization as of December 31, 2023.

As the **largest shareholder**, Else Kröner-Fresenius-Stiftung, Bad Homburg, Germany, informed the Company on December 1, 2023, that it held 151,842,509 ordinary shares of Fresenius SE & Co. KGaA. This corresponds to an equity interest of 27.0% as of December 31, 2023.

Amendments to the articles of association are made in accordance with Section 278 (3) and Section 179 (2) of the German Stock Corporation Act (AktG) in conjunction with Article 17 (3) of the articles of association of

Fresenius SE & Co. KGaA. Unless mandatory legal provisions require otherwise, amendments to the articles of association require a simple majority of the subscribed capital represented in the resolution. If the voting results in a tie, a motion is deemed rejected. Furthermore, in accordance with Section 285 (2) sentence 1 of the German Stock Corporation Act (AktG), amendments to the articles of association require the consent of the general partner, Fresenius Management SE. The Supervisory Board is entitled to make such amendments to the articles of association that only concern their wording without a resolution of the Annual General Meeting.

Under certain circumstances, a **change of control** would impact our major long-term financing agreements, which contain customary change of control provisions that grant creditors the right to request early repayments of outstanding amounts in case of a change of control. The majority of our financing arrangements, in particular our bonds placed in the capital markets, however, require that the change of control is followed by a decline or a withdrawal of the Company's rating or that of the respective financing instruments.

STRATEGY AND GOALS

ADVANCING PATIENT CARE

Demographic change is posing fundamental challenges to societies worldwide. Not only are people living longer, but the pace of population aging is also increasing significantly. As a result, the social and healthcare systems of many countries are coming under increasing pressure. As the average age of the population increases, so does the number of critically and chronically ill patients.[1] Health is thus a critically important factor for the benefit of individuals and societies as a whole. The extent to which these opportunities can be leveraged depends heavily on one factor: health.

At Fresenius, we are at the heart of healthcare. We offer healthcare products and services for critically and chronically ill individuals, in line with the megatrends of health and demographics. We improve people's lives by providing high-quality and affordable healthcare. In doing so, we consider significant paradigm shifts in the healthcare environment with regards to biologic products and therapies, technological change, and new forms of data generation, processing, and usage.

Advancing patient care is always the focus of our activities. Our goal is to expand Fresenius' position as a leading global provider of products, services, and therapies for critically and chronically ill people. At the same time, we want to grow profitably and use our capital efficiently, in order to create value for our stakeholders and enable us to continue investing in better medicine.

For more efficient and focused management, since the beginning of 2023 we have differentiated between our Operating Companies, Fresenius Kabi and Fresenius Helios, which we own 100%, and our Investment Companies, Fresenius Medical Care and Fresenius Vamed, in which we hold 32% and 77% of the shares, respectively.

In the fiscal year, we deconsolidated the Fresenius Medical Care business segment by changing the legal form of Fresenius Medical Care AG & Co. KGaA into a stock corporation. Further information can be found in the "Deconsolidation of Fresenius Medical Care" section.

Fresenius operates in key healthcare areas indispensable for critically and chronically ill patients. We continuously develop our business segments and strive to assume leading positions in system-critical healthcare markets and segments. We orient our portfolio towards healthy, profitable growth, a strong focus on margins and capital returns, and the highest ambitions for operational excellence and competitiveness.

At Fresenius, we hold ourselves accountable to the highest standards of quality and integrity. All of our business segments make an overall contribution to increasing the quality, affordability, and efficiency of healthcare as well as patient satisfaction. At the same time, we care for our environment by protecting nature and using its resources carefully.

Fresenius Kabi's commitment is to improving the quality of life of its patients. The quality and safety of its products and services is thus of paramount importance to Fresenius Kabi.

Fresenius Helios hospitals are characterized by high standards of treatment quality, hygiene, patient safety, and quality of care.

Fresenius Vamed bases its quality processes on clearly defined and generally established standards.

At Fresenius, we combine our medical expertise with extensive production capacities, and clinical practice with technology know-how to continuously improve therapies for our patients. We will continue building on our strength in technology, our competence and quality in patient care, and our ability to manufacture cost-effectively. Developing products and systems that provide a high level of safety and user-friendliness and enable tailoring to individual patient needs is an inherent part of our strategy of sustainable and profitable growth.

[1] WHO 2022: "Ageing and health"

We plan to develop more effective products and treatment methods for critically and chronically ill patients in order to offer best-in-class medical standards. Digitalization is playing an increasingly important role – whether it is in healthcare facilities or in production. It drives innovative technologies and treatment concepts and can contribute to solving numerous challenges in the healthcare system (see separate Group Non-financial Report p. 137 ff.).

The commitment of our more than 190,000 employees worldwide is key for the success and sustained growth of Fresenius. We firmly believe in a culture of diversity, as we are convinced that different perspectives, opinions, experiences, and values enable Fresenius to continue successfully growing as a global healthcare company.

To tackle the upcoming challenges and be able to continue to grow as a company, attracting new employees is key. Not only do we try to attract new talent, but also do everything we can to retain and develop our employees over the long term. We offer a variety of flexible working-time models and incentive programs to ensure that our long-term needs for highly qualified employees are met. Furthermore, we offer our employees attractive opportunities to develop their careers in an international and dynamic environment.

EXECUTING SEGMENT STRATEGIES

The Fresenius Group offers a broad spectrum of system-critical products and services for the health and quality of life of our patients. Our business segments hold leading positions in key areas of healthcare, and all of them are continuing to execute their respective strategic priorities to sustain leadership and contribute significantly to the benefit of healthcare systems. At the level of the Fresenius Group, we manage the strategic direction of the Group, and orient our portfolio towards value-maximizing business areas and maximum patient impact.

With its Vision 2026, **Fresenius Kabi** has developed a strategic plan to transform the company for the next decade and to better capture new growth opportunities. Fresenius Kabi will continue to focus on high-quality products for critically and chronically ill patients. Within this clear direction, Fresenius Kabi has defined three growth vectors, alongside the strengthening of the resilience of our volume businesses (3+1 strategy). The growth vectors are:

- the broadening of our biopharmaceutical offering,
- further rollout of clinical nutrition,
- expansion in the MedTech area.

Fresenius Kabi’s growth strategy was transparently presented at a Capital Markets Day in May 2023.

With the acquisition of a majority stake in mAbxience, we form a fully integrated, vertical biopharma business that holds a strong portfolio and pipeline, provides extensive and cost-efficient manufacturing, and is strengthening the targeted commercial footprint in Fresenius Kabi’s and mAbxience’s target regions.

Successful market launches have made Fresenius Kabi the leading provider of intravenous lipid nutrition in North America. This strengthens the global clinical nutrition business beyond its solid base in Europe, Latin America, and Asia-Pacific.

Our newly bundled MedTech business has been further strengthened by the acquisition of Ivenix. With the award-winning Ivenix infusion system, we are entering the infusion therapy market in the United States. The design of the Ivenix infusion system is easier to use than conventional systems and increases the safety of infusions. The pump also works seamlessly with other systems.

In parallel, Fresenius Kabi has continued to build resilience in its volume-driven IV business and is extending the portfolio with continued launches in all regions.

Fresenius Helios wants to further strengthen its position as the leading private healthcare service provider in Europe.

Helios Germany will continue to focus its offerings on cross-sector healthcare, further specialize hospitals, and coordinate their respective medical service portfolios within regional structures. In regional competence centers, we are already pooling expertise in various specialist areas in order to achieve the best treatment results for our patients.

We will continue to drive this clustering forward in the future in order to further enhance medical quality. We intend to exploit the growth potential in the outpatient sector by linking our medical care centers (MVZs) even more closely with hospitals. In addition, we will seize the newly created regulatory opportunity of daytime inpatient treatment as a further form of care. We also aim to increase the efficiency of our energy consumption in the interests of sustainability and climate protection.

In Spain, we expect demand for hospital and other healthcare services to continue to rise. We want to continue to exploit this potential by building new clinics and expanding existing hospital sites. We aim to integrate our diverse range of inpatient and outpatient services even better and further expand them across the entire network of sites. We consistently focus on the strategic factors of medical excellence, innovation, and service quality in order to attract patients. Our focus here is on optimal treatment quality as well as patient satisfaction. In addition, we expect growth opportunities from consolidations in the fragmented private hospital market.

Fresenius Helios is constantly advancing its digitalization agenda in order to further improve patient care and service. In addition to the digitalization of our documents and internal processes, we will focus even more strongly on the digitalization of direct clinical processes and clinical decision support in the future. In doing so, we also want to make responsible use of the opportunities offered by artificial intelligence.

Fresenius Vamed manages projects in the area of integrated healthcare services to support healthcare systems more efficiently. Fresenius Vamed uses state-of-the-art standards such as building information modeling (BIM) in the construction of healthcare facilities. In operational management, Fresenius Vamed relies on new concepts, the use of innovative technologies, and digitalization measures. All of this serves to improve medical care and reduce the workload of medical staff.

#FUTUREFRESENIUS

In the 2023 fiscal year, we advanced our #FutureFresenius program in order to transform our Group and position it for the coming decades. We made great progress in the 2023 financial year, particularly in the structural progression of the Group.

The healthcare industry has a long runway for growth, which will be accelerated by quickly evolving technologies, new therapies such as biopharmaceuticals, more and more professional steering of patient journeys, and a true digital revolution. We want Fresenius to be at the forefront of these trends and have thus charted our course to continued system relevance in our businesses.

The first step of this journey was a Reset: strengthening our return focus, driving structural productivity, and creating change momentum across the organization. With the closure of the Reset phase, we are now in the Revitalize phase, gearing up for continuous portfolio optimization and the pursuit of growth verticals.

In the 2023 fiscal year, the deconsolidation of Fresenius Medical Care and targeted divestments sharpened the focus of the portfolio and achieved structural simplification. Clear structures and responsibilities were also defined with the initiation of a new operating model. This framework will enable us to steer and improve performance in a more targeted manner in future based on the Fresenius Financial Framework.

PORTFOLIO FOCUS

We have executed a comprehensive diagnosis of our Group portfolio at sub-segment level, in order to highlight growth opportunities aligned with market trends, further refine our management approach for each business we operate and identify areas to strengthen our portfolio focus.

Going forward, we want to increasingly orient our portfolio to **three platforms: (Bio)Pharma – including clinical nutrition**, **MedTech**, and **Care Provision**. With these platforms, we cater to major trends in healthcare and become a more therapy-focused company. The health and quality of life of our patients who we serve with high-quality, affordable products and services is at the core. At the same time, our platforms address attractive value pools in healthcare, which will provide opportunities for future profitable growth.

We will prioritize growth investments for the healthcare products and services of tomorrow in our Operating Companies Fresenius Kabi and Fresenius Helios.

Across all segments, we are seeking opportunities to strengthen the focus on core business cells, in order to safeguard a sound capital structure and availability of capital for future growth prospects. Within the Fresenius Group, we will – under the operating model initiated in 2023 – provide strategic direction, effective governance and risk management and provide targeted services to the benefit of our segments and the overall capital efficiency of the Group.

As announced, Fresenius continued to focus on and prioritize its core business areas in the 2023 fiscal year as part of its active portfolio management. The following portfolio measures were agreed as part of this:

- Disposal of the majority interest in a co-holding entity of the Clínica Ricardo Palma hospital in Lima, Peru, and resulting exit from the Peruvian hospital business
- Sale of the Eugin Group to the global fertility medicine group IVI RMA to further focus Fresenius Helios on its core business; closed on January 31, 2024
- Transfer of the Fresenius Kabi plant in Halden (Norway) to HP Halden Pharma AS, a company of the Prange Group, as part of the Vision 2026 strategy, which aims, among other things, to reduce complexity and optimize capacity utilization in the global production network
- Termination of the activities of Curalie GmbH, a provider of healthcare apps belonging to Fresenius Helios, and sale of the Curalie subsidiaries meditec and ibs

DECONSOLIDATION OF FRESENIUS MEDICAL CARE

With the deconsolidation of the Fresenius Medical Care business segment in the 2023 fiscal year, we reached a milestone in the implementation of our #FutureFresenius strategy. The resulting significant reduction in the complexity of the corporate structure creates the conditions for greater flexibility and more efficient, faster decision-making.

In February 2023, it was announced that Fresenius intends to deconsolidate Fresenius Medical Care via a change of legal form of Fresenius Medical Care AG & Co. KGaA into a stock corporation (Aktiengesellschaft, AG). At the Extraordinary General Meeting of Fresenius Medical Care in July 2023, this legal form change was approved by 99% of the shareholders. At its constituent meeting following the Annual General Meeting, the new Supervisory Board of Fresenius Medical Care AG elected Michael Sen as its Chair and Fresenius CFO Sara Hennicken as Deputy Chair. This underscores Fresenius' close ties with Fresenius Medical Care and its ongoing commitment to the company. Following the entry of the conversion in the commercial register on November 30, 2023, the change of legal form and the associated deconsolidation of Fresenius Medical Care became effective.

As a result of the approval of the legal form change at the Extraordinary General Meeting on July 14, 2023, Fresenius Medical Care was presented as a separate line item (activities held for deconsolidation) in the consolidated income statement, the consolidated statement of financial position, and the consolidated statement of cash flows for the first time in the third quarter of 2023, in accordance with IFRS 5.

Following the entry of Fresenius Medical Care's change of legal form in the commercial register on November 30, 2023, the investment in Fresenius Medical Care was deconsolidated and subsequently accounted for using the equity method in accordance with IAS 28. Further information on the financial effects of the deconsolidation of Fresenius Medical Care can be found in the Results of Operations, Financial Position, Assets and Liabilities section (pages 59).

STRUCTURAL PRODUCTIVITY

While fundamentally healthy and geared toward long-term growth, our market environment is also characterized by strong current macro headwinds that challenge our operations and increase our cost base. With that in mind, we have reinvigorated our focus on structural productivity and are running corresponding programs in all our business segments and at the corporate center.

Structural productivity improvements are expected to offset market headwinds and to create financial flexibility for future growth investments in the coming years.

We have increased the original target of saving around €350 million (excluding Fresenius Medical Care) annually in sustainable costs at EBIT level from 2025. We now plan to save around €400 million (excluding Fresenius Medical Care) in structural costs at EBIT level from 2025.

The cost savings program includes programs in all business segments and in the Corporate Center, which are managed and controlled centrally by the Group. The most important elements are process optimization, the reduction of sales, administration and procurement costs as well as digitalization measures.

The Group-wide cost and efficiency program is making excellent progress. In the 2023 fiscal year, we increased the annual savings achieved since the start of the program to around €280 million (excluding Fresenius Medical Care). This significantly exceeded the original target of €200 million for 2023. One-time costs incurred as part of the program amounted to around €221 million (excluding Fresenius Medical Care) in the 2023 fiscal year.

For 2024, Fresenius expects to increase the annual cost savings under the cost and efficiency program to €330 to 350 million

To achieve the targeted cost savings, additional one-time costs of around €80 to 100 million are expected at EBIT level for the period 2024 to 2025. The one-off costs will continue to be classified as special items in line with previous practice.

TRANSFORMATION OF FRESENIUS VAMED

As a result of the continuing negative earnings development at Fresenius Vamed, Fresenius comprehensively analyzed the business model, governance, and all processes of Fresenius Vamed and initiated a comprehensive transformation of the company's organization. At the same time, a far-reaching restructuring program was initiated with the clear objective of increasing the company's profitability. The reorganization of the management of Fresenius Vamed was announced at the end of June 2023. Dr. Michael Moser, member of the Fresenius Management Board, is now responsible for Fresenius Vamed. In addition, the control function of the Vamed Supervisory Board was strengthened by new appointments and the establishment of an Audit Committee, consisting of Sara Hennicken as Chair and Dr. Michael Moser as Deputy Chair, among others.

As part of the transformation, Fresenius Vamed has realigned its project business, particularly in Germany. Moreover, Fresenius Vamed has initiated the withdrawal from non-core activities in main non-European markets in the service business. This will lead to a redimensioning of activities and thus to a significantly lower risk profile.

In the future, Fresenius Vamed will focus on attractive functional business areas comprising:

- Health Facility Operations (HFO) centered on inpatient and outpatient rehabilitation and nursing
- High-End Services (HES) for hospitals focused on the management of medical equipment, hospital operating technology, and sterile supplies
- Health Tech Engineers (HTE) covering the project business for the healthcare sector

Despite a negative EBIT before special items of -€16 million (compared to a positive EBIT before special items of +€20 million in the 2022 fiscal year), Fresenius Vamed made progress in the 2023 financial year, to which the successfully initiated transformation processes in particular contributed.

As a result of this transformation, Fresenius Vamed remeasured the affected business activities in the 2023 fiscal year and recognized special items of €554 million. These are attributable in particular to impairments of loans, investments, receivables, inventories and orders, restructuring expenses, and the recognition of corresponding provisions. These special items are largely non-cash items.

From the 2025 fiscal year, Fresenius Vamed is expected to achieve the structural EBIT margin range of 4% to 6% specified in the Fresenius Financial Framework.

CHANGE MOMENTUM

At Fresenius, our collective actions have always been driven by our enormous passion and the strongest possible commitment to patients. On our pathway to #FutureFresenius, we want to nurture this passion, and combine it with a strong appetite for change, preparing us for the dynamic shifts in the healthcare industry for the best of our patients. As part of #FutureFresenius, we aim to embrace new ways of working and establish a culture of excellence, where we measure ourselves against the best and maintain trusting dialog that welcomes diverse perspectives. Throughout our company, we engage in such trusting dialog with our employees, stakeholders, and external partners, and our global top leaders are agreed about the need for change. We aim to continuously pick up the pace of change and improvement and use this momentum to create #FutureFresenius.

SUSTAINABILITY PROGRAM

For Fresenius, sustainability is an integral part of its business model. The company is working to establish global sustainability standards and continuously improve its own sustainability performance. To this end, Fresenius continued to drive forward its ESG (Environment, Social, Governance) initiatives in fiscal year 2023.

Fresenius has set a climate target for the Group complementing its existing sustainability targets and programs. The company aims to be climate-neutral by 2040 and to reduce 50% of absolute Scope 1 and Scope 2 emissions by 2030 compared to 2020 levels. Fresenius will continuously assess Scope 3 emission impacts for inclusion in our targets.

Further information on our sustainability organization and the measures taken in the 2023 fiscal year can be found in the Non-financial Group Report starting on page 107 of this Annual Report.

CORPORATE PERFORMANCE CRITERIA

The Management Board makes strategic and operational management decisions based on our Group-wide performance indicators for growth, profitability, liquidity, capital efficiency, and capital management. The most important financial performance indicators for us are explained below and a definition is provided in the glossary of financial terms on pages 376 to 378.

As part of the Fresenius Financial Framework, we have defined ambition levels (growth bands, among others EBIT margin) for the business segments. These serve as an ambition level for the internal management of our business sectors and are benchmarked against leading competitors.

The key figures for the financial performance indicators for 2024 of the Group and the business segments can be found in the Outlook section on pages 84 f.

GROWTH

For Fresenius, currency-adjusted revenue growth, in particular organic revenue growth in the Group and in the business segments, is of central importance for managing revenue growth. It shows the growth of our business that comes from our own resources and not from acquisitions, divestitures, or currency translation and hyperinflation effects. Currency translation effects are the difference between revenue in the reporting period at the exchange rates of the reporting period, less revenues in the reporting period at the exchange rates of the comparative period. A portfolio effect takes place in the case of an acquisition or divestment. Any portfolio effect is excluded for 12 months after the end of the relevant transaction in the reporting or comparative period, after which both current and prior periods fully reflect the portfolio change.

In the Fresenius Financial Framework, organic revenue growth represents the key performance indicator for the Group's growth and that of the business segments. With the Fresenius Financial Framework, we have defined annual organic revenue growth ranges (ambition levels) for the Operating Companies.

AMBITION LEVEL OF ANNUAL ORGANIC REVENUE GROWTH

OPERATING COMPANIES	Organic revenue growth p.a.
Fresenius Kabi	4–7%
Fresenius Helios	3–5%

PROFITABILITY

At Group level, we primarily use earnings before interest and taxes (EBIT) and EBIT growth in constant currency.

As part of the new Fresenius Financial Framework, we have defined annual margin bands (ambition levels) for the business segments. These serve as an ambition level for the internal management of our business sectors and are benchmarked against leading competitors. The annual EBIT margin is defined as earnings before interest and taxes divided by revenue.

To improve comparability of operating performance over several periods, the earnings figure is adjusted for special items where necessary.

AMBITION LEVEL OF ANNUAL EBIT MARGIN BANDS

	EBIT margin bands p.a.
OPERATING COMPANIES	
Fresenius Kabi	14–17%
Fresenius Helios	9–11%
INVESTMENT COMPANIES	
Fresenius Vamed	4–6%
Fresenius Medical Care[1]	10–14%

[1] deconsolidated as of November 30, 2023

For Fresenius Medical Care and Fresenius Vamed, we present the annual margin band that reflects our expectation as the major shareholder.

LIQUIDITY AND DIVIDEND

Within the Group, Cash Conversion Rate (CCR) was used as the main liquidity indicator in fiscal year 2023. CCR is defined as the ratio of adjusted free cash flow (cash flow before acquisitions and dividends; before interest, tax, and special items) to operating income (EBIT) before special items. This allows us to assess our ability to generate cash and pay dividends, among other things. The ambition level for the CCR is around 1.0, considering the growth profile of the respective year.

With the Fresenius Financial Framework, Fresenius aims to generate attractive and predictable dividend yields. In line with its progressive dividend policy, the Company aims to increase the dividend in line with earnings per share growth (before special items, in constant currency), but at least maintain the dividend at the prior-year's level. However, due to legal restrictions resulting from the utilization of state compensation and reimbursement payments for increased energy costs provided for in the Hospital Financing Act ("Krankenhausfinanzierungsgesetz"), it will not be proposed to the 2024 Annual General Meeting to distribute a dividend for the 2023 fiscal year.

Notwithstanding the legally required suspension of dividend payments for fiscal year 2023, Fresenius maintains its dividend policy for the future.

FINANCIAL PERFORMANCE INDICATORS 2023

Financial performance indicators of the new Fresenius Financial Framework

Growth	Profitability	Liquidity and dividend	Capital efficiency	Capital management
Revenue growth (organic)	**Operating income (EBIT)** ÷ Revenue = **EBIT-margin** **EBIT growth** (in constant currency)	**Free Cash Flow, adjusted** (before Interest, Taxes and Special items) ÷ EBIT = **Cash Conversion Rate** **Profit distribution** ÷ Number of outstanding shares = **Dividend per share**	EBIT - Income taxes = NOPAT ÷ Invested capital = **ROIC**	Net debt ÷ EBITDA = **Leverage ratio**

CAPITAL EFFICIENCY

We work as profitably and efficiently as possible with the capital provided to us by shareholders and lenders.

Under the Fresenius Financial Framework, the Group's capital efficiency is managed on the basis of return on invested capital (ROIC). This serves as an ambition level for the internal management of our Group. We aim to achieve a ROIC of between 6% and 8%. An overview of the return on invested capital by business area can be found in the Group Management Report on page 78.

CAPITAL MANAGEMENT

We use the ratio of net debt and EBITDA as the key parameter for managing the capital structure. This measure indicates the degree to which a company is able to meet its payment obligations. Our business segments usually hold leading positions in growing and mostly non-cyclical markets. Since the majority of our customers are of high credit quality, they generate mainly stable, predictable cash flows. According to the management assessment, the Group is therefore able to use debt to finance its growth to a greater extent than companies in other industries.

The self-imposed target corridor for the leverage ratio remains unchanged at 3.0× to 3.5×.

NON-FINANCIAL PERFORMANCE TARGETS

In fiscal year 2023, sustainability was included as a non-financial performance target in the Management Board compensation system (Short-Term Incentive; STI). The KPIs cover the key sustainability topics of medical quality / patient satisfaction and employees. An additional ESG component is included in the long-term remuneration of the Management Board, as explained in the Remuneration Report on page 234.

The topic of **employees** is measured with the key figure of the **Employee Engagement Index (EEI)** for the Fresenius Group. The indicator measures how positively employees identify with their employer, how committed they feel, and how engaged they are at work. The index is the weighted average of engagement scores derived from a business segment's entities included in the survey. The EEI is measured within the range of 1 (strongly disagree) to 6 (strongly agree.

For the 2024 fiscal year, Fresenius is targeting an EEI of 4.33 (corresponds to 100% target achievement).

The **Medical Quality / Patient Satisfaction** topic is made up of equally weighted key performance indicators defined at business segment level. The three key figures are based on their respective materiality for the business model.

- Fresenius Kabi: Audit & Inspection Score
- Fresenius Helios: Inpatient Quality Indicator
- Fresenius Vamed: Patient Satisfaction Score

The **Audit & Inspection Score** at Fresenius Kabi is based on the number of critical and serious non-conformances from regulatory GMP inspections and the number of serious non-conformances from TÜV ISO 9001 audits in relation to the total number of inspections and audits performed. The score shows how many deviations were identified on average during the inspections and audits considered (scale >0).

For the 2024 fiscal year, Fresenius Kabi is targeting an Audit & Inspection Score of no more than 2.3 (100% target achievement).

The **Inpatient Quality Indicator** at Fresenius Helios comprises the measurement of a set of standardized inpatient quality indicators (G-IQI/E-IQI). These are based on routinely collected hospital billing data from hospital information systems. The number of indicators achieved compared to the total number of indicators is calculated to measure the overall success rate.

There is individual target setting and measurement of target achievement in the two Helios segments Helios Germany and Helios Spain. Subsequently, target achievement is consolidated at Helios company level with equal weighting (50% each) for Executive Board compensation. The Inpatient Quality Indicator is measured on a scale of 0% to 100%.

For the 2024 fiscal year, Helios Germany is targeting an Inpatient Quality Indicator (G-IQI) score of at least 88% (100% target achievement); an Inpatient Quality Indicator (E-IQI) score of at least 55% (100% target achievement) is targeted for Helios Spain. The differences in the values between the two countries are a result of the adaptation of quality measurement to the German standard in Spain, which was then gradually rolled out in the clinics.

NON-FINANCIAL PERFORMANCE INDICATORS 2023

Employees	Medical Quality / Patient Satisfaction
Employer Engagement Index (EEI) Fresenius Group	**Fresenius Kabi** Audit & Inspection Score **Fresenius Helios** Inpatient Quality Indicator (G-IQI) Score **Fresenius Vamed** Patient Satisfaction

Fresenius Vamed measures the level of **patient satisfaction** in its healthcare facilities in a continuous and structured process. At or immediately after the point of discharge, each patient receives a questionnaire, which contains at least 16 standardized questions that are evaluated for the patient satisfaction target. Patient satisfaction is measured on a scale from 1 (very satisfied) to 5 (not satisfied).

Fresenius Vamed aims to achieve a patient satisfaction rating of at least 1.57 in the 2024 fiscal year (100% target achievement).

Further information on our sustainability program can be found in the separate Group Non-financial Report starting on page 107 and in the Compensation Report starting on page 233.

INVESTMENT AND ACQUISITION PROCESS

Against the backdrop of debt, Fresenius pursues a targeted capital allocation with a focus on deleveraging. Our investments and acquisitions are carried out based on a detailed coordination and evaluation process. As a first step, the Management Board sets the Group's investment targets and the budget based on investment proposals. In the next step, the respective business segments and the internal Acquisition & Investment Council (AIC) determine the proposed projects and measures, taking into account the overall strategy, the total investment budget, and the required and potential return on investment. We evaluate investment projects based on commonly used methods, such as internal rate of return (IRR) and net present value (NPV). Within the framework of the due diligence process, opportunities and risks associated with the potential acquisition target are analyzed and assessed. To this end, we review the business model, the key financial figures and tax issues, and the resulting company valuation. In addition, we comprehensively analyze the market and competitive environment, the regulatory framework, and the legal aspects. The audit also covers various issues relating to compliance, production, research and development, quality, information technology, human resources, and the environment. Based on investment volume, a project is submitted for approval to the executive committees or respective managements of the business segments, to the Group Management Board of Fresenius Management SE, and / or, if applicable, also additionally for the consent of its Supervisory Board.

You can find more details on our key performance indicators in our interactive tool on our website at www.fresenius.com/interactive-tool.

DEVELOPMENT OF FINANCIAL PERFORMANCE INDICATORS 5 YEARS

GROUP[1]

	Ambition levels	Targets 2023[3]	2023	2022	2021	2020	2019
Revenue growth ex FMC (organic)	-	Growth in a mid-single-digit percentage range	6%	5%	6%	3%	5%
EBIT growth ex FMC (in constant currency)	-	Broadly flat	2%	–10	12%	-8%	2%
Liquidity and capital management							
Cash conversion rate ex FMC	Around 1	Below 1	1.0	0.9	0.9	0.8	0.5
Net debt/EBITDA ex FMC[2]	3.0–3.5×	Below 4.0×	3.76×	3.80×	3.64×	4.12×	3.93×
Capital efficiency							
Return on invested capital (ROIC) ex FMC	6–8%	Around 5%	5.2%	5.6%	6.2%	5.9%	6.7%

BUSINESS SEGMENTS[1]

	Ambition levels	Targets 2023[3]	2023	2022	2021	2020	2019
Fresenius Kabi							
Revenue growth (organic)	4–7%	Mid-single-digit percentage growth	7%	3%	4%	4%	4%
EBIT margin	14–17%	Around 14%	14.3%	13.8%	16.0%	15.7%	17.4%
Fresenius Helios							
Revenue growth (organic)	3–5%	Mid-single-digit percentage growth	5%	6%	7%	4%	5%
EBIT margin	9–11%	Within structural EBIT margin band of 9–11%	10.0%	10.1%	10.3%	10.4%	11.1%
Fresenius Vamed							
Revenue growth (organic)	-	Low- to mid-single-digit percentage range	1%	2%	11%	-8%	16%
EBIT margin	4–6%	Clearly below structural EBIT margin band of 4–6%	-0.7%	0.8%	4.4%	1.4%	6.1%

[1] The previous year's figures were adjusted due to the application of IFRS 5 to the deconsolidated activities of Fresenius Medical Care. Growth rates are based on the assumptions of the respective annual forecasts and are adjusted for special items and, if applicable, other effects affecting the underlying growth (adjustments to new accounting standards, acquisitions/divestments, acquisition costs, or cost-saving programs).
[2] Both net debt and EBITDA calculated at LTM average exchange rates; pro forma closed acquisitions/divestitures; before special items; including leasing liabilities and Fresenius Medical Care dividend
[3] most recent October 2023

DEVELOPMENT OF NON-FINANCIAL PERFORMANCE INDICATORS

	Ambition levels	Targets 2023[3]	2023	2022	2021	2020	2019
Employees							
Employee Engagement Index (EEI)		4.33	4.24[1]	Qualitative measurement	Qualitative measurement	n.a.	n.a.
Medical Quality/Patient Satisfaction							
Fresenius Kabi Audit & Inspection Score		no more than 2.3	1.9	Qualitative measurement	Qualitative measurement	n.a.	n.a.
Fresenius Helios Germany Inpatient Quality Indicator (G-IQI) Score		at least 88%	88.7%	Qualitative measurement	Qualitative measurement	n.a.	n.a.
Fresenius Helios Spain Inpatient Quality Indicator (G-IQI) Score		at least 55%	76.7%	Qualitative measurement	Qualitative measurement	n.a.	n.a.
Fresenius Vamed Patient Satisfaction		at least 1.65	1.56	Qualitative measurement	Qualitative measurement	n.a.	n.a.

[1] Including Fresenius Medical Care

RESEARCH AND DEVELOPMENT

New product and process development and the improvement of therapies are at the core of our strategy. Research and development activities mainly take place in the Fresenius Kabi business segment. We focus our R & D efforts on our core competencies in the following areas:

- Generic IV drugs
- Biopharmaceuticals
- Infusion and nutrition therapies
- Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

Research services provided by third parties are mainly used by Fresenius Kabi, especially in the field of biopharmaceuticals.

As of December 31, 2023, there were 2,522 employees in research and development (2022: 2,564).

Our main research sites are in Europe, the United States, and India. Product-related development activities are also carried out in China.

Group Research and development **expenses**[1,2] were €607 million (2022: €631 million) in the fiscal year. Research and development expenses[1,2] at Fresenius Kabi accounted for 7.6% of Fresenius Kabi total revenue (2022: 8.0%).

KEY FIGURES RESEARCH AND DEVELOPMENT

	2023	2022	2021	2020	2019
Group: R & D expenses, € in millions[1,2]	607	631	574	560	522
Fresenius Kabi: R & D expenses as % of revenue[1,2]	7.6%	8.0%	8.1%	8.2%	7.7%
Group: R & D employees[1]	2,522	2,564	2,366	2,288	2,200

[1] Previous year's figures were adjusted due to the application of IFRS 5 to the deconsolidated activities of Fresenius Medical Care.
[2] Before special items and excluding impairment losses from capitalized in-process R & D activities

[1] Before special items
[2] Before special items and excluding impairment losses from capitalized in-process R & D activities

FRESENIUS KABI

Fresenius Kabi's research and development activities concentrate on products for the therapy and care of critically and chronically ill patients. Our products are used where the patient is most at risk: in emergency medicine, intensive care, special care, and for those who need to be treated in hospital or as an outpatient for a longer period of time. In these patient groups, every single step is essential for the success of the therapy. Products of Fresenius Kabi make a crucial contribution to the success of the treatment and the interaction between medicine and technology is highly important.

We consider it our task to develop products that help to support medical advancements in acute and post-acute care and improve patients' quality of life. At the same time, our products are intended to enable an increasing number of people worldwide to have access to high-quality, modern therapies.

Chronic diseases are on the increase worldwide; more and more people need access to high-quality therapies. In the care of critically ill patients, the requirements for successful treatment are becoming ever higher. The demand for effective therapies in conjunction with intelligent medical technology applications and devices will continue to rise in the future. We want to be the preferred point of contact for doctors and nursing staff in the care of critically and chronically ill patients.

With our Vision 2026 we have defined a clear direction for Fresenius Kabi with three growth areas: the broadening of our biopharmaceutical range, the further development and global introduction of our clinical nutrition products, and expansion in the area of MedTech. In the volume-driven IV business, we will continue to expand our resilience. Our future development work will be geared toward this.
Our development expertise includes all related components, such as the drug-active pharmaceutical ingredients and raw materials, the pharmaceutical formulation, the primary packaging, the medical device needed for application of drugs and infusions, and the production technology.

In the **biopharmaceutical** area, our currently expanding and highly attractive product pipeline of biosimilars includes a range of commercialized medicines and molecules in various development stages. Predominantly targeting areas of immunology and oncology, we are committed to providing access to biologics for more patients and healthcare providers around the world. Our high-quality, effective, and safe therapies offer solutions for patients and healthcare professionals and contribute significantly to the care and quality of life of patients.

With the 55% majority stake acquisition in mAbxience in 2022, we diversified our biosimilars pipeline, vertically expanded our research & development and manufacturing capabilities, and extended our B2B contract development and manufacturing (CDMO) business offering. With a proven track record in delivering high-value biologic projects, our partners can benefit from our specialized services for the biosimilar development and manufacturing of biopharmaceuticals and complex proteins offered by our CDMO business.

Our experience spans many years in the research & development of biopharmaceuticals. We have a research & development center for biosimilars in Eysins, Switzerland, where new biosimilars for the treatment of autoimmune and oncological diseases are developed in state-of-the-art development and research laboratories. The state-of-the art mAbxience GMP (Good Manufacturing Practice) research & development laboratories are based in Europe (Léon, Spain) and South America (Garín and Munro, Argentina). Our R & D centers with cutting-edge technology include small-scale facilities and pilot plants focused on process optimization, clinical batches and new technologies.

A biosimilar is a biological product that is similar to another approved biological product called the reference product. The biosimilar product demonstrates a similar analytical profile, similar pharmacokinetic and comparable efficacy, safety, and immunogenicity to the reference product. We apply the same high-quality standards to our biosimilar products throughout the entire value chain, from research, development, and manufacturing to commercialization, as are required for the reference product. The adoption and uptake of biosimilars has been growing considerably worldwide and more and more patients are being treated with high-quality biologic drugs.

Our first biosimilar Idacio®[1], an adalimumab biosimilar that can be used in chronic inflammatory diseases such as rheumatoid arthritis, Crohn's disease, or psoriasis (skin disease), has been approved and commercialized in over 39 countries since its introduction in 2019. In July of the reporting year, IDACIO® was launched in the United States, as well as in Paraguay and Latvia. We will continue to work toward providing access to more patients in additional markets globally.

Our second biosimilar, Stimufend®[2], a pegfilgrastim biosimilar used to treat patients who experience neutropenia following chemotherapy, was launched in the United States in February 2023 following approval from the U.S. Food and Drug Administration (FDA) in September 2022. Stimufend® was already launched in France in the last quarter of 2022.

Our third biosimilar, Tyenne®[3], was launched in the European Union (EU) in November 2023 and is the first tocilizumab biosimilar to receive approval and be made available in the EU. Commercial activities for Tyenne® have been ongoing in six European countries since November 2023. Tyenne® is a biosimilar to the reference medicinal product RoActemra®[4], a prescription medicine called an Interleukin-6 (IL-6) receptor antagonist. Tocilizumab is a biological therapy approved in the EU for use in the treatment of various inflammatory and immune-mediated conditions, including rheumatoid arthritis, giant cell arteritis, polyarticular juvenile idiopathic arthritis, systemic juvenile idiopathic arthritis, and cytokine release syndrome (CRS), as well as for the treatment of COVID-19.

In August 2022, the FDA accepted for review Fresenius Kabi's 351(k) Biologics License Application (BLA) for its tocilizumab biosimilar candidate for both intravenous and subcutaneous administrations (prefilled syringe and autoinjector), Fresenius Kabi's third BLA submission to the FDA. The Tyenne BLA was supplemented in September 2023 after the U.S. FDA's inspection findings at the manufacturing site had been fully addressed. No issues were identified with the biosimilarity, preclinical, or clinical trial results that were submitted in the dossier for the first time.

In July 2023, Fresenius Kabi announced that its denosumab biosimilar candidate FKS518 successfully met its primary and secondary objectives in a recently conducted clinical trial on pharmacokinetic similarity. The randomized, double-blind, parallel-group study compared the pharmacokinetics, pharmacodynamics, safety, tolerability, and immunogenicity of FKS518 to the U.S. reference product Prolia®[5] following a single subcutaneous injection in healthy male subjects. The study also successfully demonstrated pharmacokinetic equivalence of FKS518 to the U.S. reference product Prolia®. The pharmacodynamic responses evaluated by quantification of bone turnover biomarkers, as well as safety and immunogenicity data, support biosimilarity of FKS518 to the U.S. reference product.

The company is also conducting a clinical study with the aim of comparing the efficacy, safety, tolerability, and immunogenicity of its denosumab biosimilar candidate FKS518 with the U.S. reference product in postmenopausal women with osteoporosis.

In the reporting year, Fresenius Kabi and its license partner Formycon secured the U.S. license date for the proposed ustekinumab biosimilar candidate to Stelara®[6], FYB202, a proposed ustekinumab biosimilar. As per the settlement agreement, Fresenius Kabi and Formycon have the right to market FYB202 in the United States from no later than April 15, 2025.

In September 2023, Fresenius Kabi and its license partner Formycon also announced that the European Medicines Agency (EMA) has accepted for review the Marketing Authorization Application (MAA) for FYB202.

In November 2023, Fresenius Kabi and its license partner Formycon announced the FDA submission acceptance for review for the ustekinumab biosimilar candidate FYB202.

In addition to Fresenius Kabi's biosimilars development activities in Switzerland, mAbxience develops biosimilar products in Spain and Argentina. Bevacizumab and rituximab, two of mAbxience's biosimilars used to treat various types of cancer, have been commercially available to patients in more than 40 countries in Latin America, Asia-Pacific, and the Middle East for many years. In addition, mAbxience received EMA approval for its bevacizumab biosimilar in 2021, making it available in Europe.

In the United States, the FDA granted marketing approval for mAbxience's bevacizumab biosimilar, making it available to patients in the United States as of October 2022.

Furthermore, mAbxience received marketing approval for the bevacizumab biosimilar in seven additional countries between August and December 2022, and in two countries in the reporting period.

[1] Idacio is a biosimilar of Humira® and has not yet been approved by the relevant health authorities. Humira® (adalimumab) is a registered trademark of AbbVie Biotechnology Ltd.
[2] Stimufend® (pegfilgrastim) is a registered trademark of Fresenius Kabi Deutschland GmbH in selected countries; it is a pegfilgrastim biosimilar of Neulasta® (pegfilgrastim), a registered trademark of Amgen Inc.
[3] Tyenne is a registered trademark of Fresenius Kabi Deutschland GmbH in selected countries.
[4] Actemra®/RoActemra® (tocilizumab) are registered trademarks of Chugai Seiyaku Kabushiki Kaisha Corp., a member of the Roche Group.
[5] Prolia® is a registered trademark of Amgen Inc.
[6] Stelara® is a registered trademark of Johnson & Johnson

In the reporting year, mAbxience announced a strategic partnership with Abbott to commercialize several biosimilars focusing on oncology, women's health, and respiratory diseases in emerging markets including Latin America, Southeast Asia, the Middle East, and Africa.

In October 2023, mAbxience also announced an exclusive licensing agreement with Amneal Pharmaceuticals to commercialize the mAbxience denosumab biosimilars for the treatment of oncology and bone diseases in the U.S. market.

Furthermore, mAbxience announced an exclusive licensing agreement with MS Pharma to commercialize the denosumab biosimilar in selected markets in the Middle East and Africa. Under the terms of the agreement, mAbxience will conduct the full development of the biosimilar and manufacture it in its state-of-the-art, GMP-approved facilities.

In November 2023, mAbxience and Abdi İbrahim, the leading pharmaceutical company in Türkiye, announced a technology transfer agreement. This collaboration marks a historic milestone in the production of biopharmaceuticals in Türkiye, specifically focusing on a crucial cancer drug.

Fresenius Kabi is a leading provider of **clinical nutrition** products as well as related medical-technical products and disposables for administering these products. Clinical nutrition provides care for patients who cannot nourish themselves normally or sufficiently. This includes, for example, patients in intensive care and those who are seriously or chronically ill.

There are two types of clinical nutrition therapy: parenteral nutrition and enteral nutrition. Parenteral nutrition is administered intravenously when the intestinal function is impaired. This is necessary if the condition of a patient does not allow them to absorb and metabolize essential nutrients orally or as sip and tube feed in a sufficient quantity. Enteral nutrition is administered in the form of a sip or tube feed using the gastrointestinal tract. Fresenius Kabi is one of the few companies worldwide to offer both forms of clinical nutrition.

Clinical nutrition provides care for patients who cannot nourish themselves normally or sufficiently. This includes, for example, patients in intensive care units (ICU) and those who are critically or chronically ill. Early and adequate intervention can help prevent malnutrition and its consequences.

Malnutrition is a common problem in hospitalized patients: studies carried out in Europe show that one in four patients in the hospital suffers from malnutrition or is at risk of malnutrition. The clinical significance of malnutrition results from a less favorable prognosis in terms of morbidity and mortality. Further consequences can be a longer stay in the hospital and higher associated treatment costs.

In the parenteral nutrition product segment, we focus our research and development on products that help improve clinical treatment and the nutritional condition of patients, as well as on innovative containers such as our multi-chamber bags that are safer and more convenient in everyday use, both in a hospital and in a homecare setting.

In 2023, we continued our development work on **parenteral nutrition** products. We are concentrating on formulations that are tailored to the needs of individual patient groups. In addition to our global development projects, we work on parenteral nutrition products for specific markets and regions such as the United States, China, and Europe.

The use of fish oil in parenteral nutrition continues to be a focus area. Parenteral nutrition containing fish oil has numerous beneficial effects on important biological functions, including the modulation of the immune and inflammatory response. The use of fish oil in parenteral nutrition products may help to improve clinical outcomes and shorten ICU and hospital length of stay.

In the area of **enteral nutrition**, we are focusing our research and development activities on product concepts that support therapeutic compliance and thus the success of therapy. In particular, the flavor of enteral products is known to be a critical parameter in ensuring the acceptance of the products and compliance with the nutritional therapy.

For years, we have been working continuously to develop products with a wide variety of flavors to offer the users variations and thus provide them with the best possible support to complete the necessary nutritional therapy. With the launch of the Fresubin plant-based drink, we have expanded our range of plant-based products as a response to customers' demands and preference. Another focus of our work is on the development of products with an increased calorie and protein concentration. This way, we make it easier for the user to take in the necessary amount of nutrients in small volumes. In addition to global product developments, we are continuing to work on product developments for specific market requirements.

Medical devices are used for the administration of pharmaceuticals and include infusion and nutrition pumps, infusion management systems, anesthesia monitoring, as well as disposables, including infusion sets, extension lines, enteral nutrition tubes, and monitoring electrodes. A specific range of these products is designed for pediatric use. In the area of **medical devices**, we focus on developing new products as well as on further developing our existing portfolio. This industry in particular is characterized by technological innovations. Digitalization is a more crucial factor here than in any of our other product segments. Devices not only have to be continuously developed in terms of their application, but they also have to increasingly be embedded in the IT system landscape of hospitals, blood donation centers, and plasma centers. In the future, we want to benefit from this trend and are already focusing on the continuous development of our software solutions to increase efficiency and benefit for our customers.

As part of Fresenius Kabi's acquisition of Ivenix, a specialized infusion therapy company, Fresenius Kabi's research and development activities focus on further developing the infusion management systems (IMS) and their software, in particular regarding cybersecurity, workflow optimization, and connectivity with various electronic medical record (EMR) systems.

We also continued the development work on our new infusion management system Exelia in the reporting year. This system features a modern operating system and will enable new therapy and treatment procedures in the intensive care unit and operating room. Fresenius Kabi will continue to develop the Exelia system further to continuously meet the advancing demands in the area of application.

In the reporting year, we continued to develop the Vigilant Software Suite, a software solution for our Agilia family of infusion pumps in hospitals.

In research and development in the area of **transfusion technology**, we are working intensively on products for use in cell therapy. Our focus is on product developments for the automated washing and concentration of cell concentrates. These products are used in CAR T-cell[1] and similar cell therapies. In 2023, we worked on software enhancements for our cell therapy products LOVO[1] and CUE[1]. In the area of our plasma donation product Aurora Xi, we are working on a software solution and the associated clinical study to further increase the plasma yield and efficiency per donor.

In the area of extracorporeal photopheresis (ECP), we continue to focus on the introduction of the Amicus Blue system and the associated Phelix light box in Europe, as well as on the further development of an ECP application method, which only requires one vascular access. In this therapy method, certain blood cells outside the body are treated with ultraviolet light (phototherapy). This method is used to treat various immunological diseases, including to kill malignant immune cells (lymphocytes) outside the body.

Fresenius Kabi offers a broad range of **intravenously administered generic drugs** across a wide array of therapeutic categories: oncology drugs, anesthetics & analgesics, anti-infectives, and critical-care drugs. Fresenius Kabi provides the related devices for the administration of these products. The portfolio is geared towards the treatment of and care for chronically and critically ill patients. Fresenius Kabi has a global network of production centers. Fresenius Kabi manufactures finished medicines in its own plants and, at some sites, also produces active pharmaceutical ingredients (API). Fresenius Kabi's investments aim, among other things, to continuously modernize and automate the production processes at its plants.

In the area of **generic IV drugs**, we are continuously working on the extension of our product portfolio. For example, in the reporting year, we launched the drug Zinc Sulfate for which one of the stock-keeping units was granted CGT (Competitive Generic Therapy) designation. Furthermore, we launched the cardiovascular drug Vasopressin in single dose vials. In Europe, we brought Sugammadex (reversal agent for neuromuscular block) onto the market on day one after patent expiry.

[1] For more information, see the glossary on page 374.

In addition, we are working on the continuous improvement of IV drugs already on the market. For example, we are developing IV drugs with new formulations and dosage forms, as well as improved primary packaging. In 2023, we had more than 100 active generic drug projects. Our research & development activities focus on complex formulations, such as an emulsion solution that has already been confirmed as a first-to-file abbreviated new drug application (ANDA) submission in the United States, as well as peptide formulations that can be applied with an autoinjector, among others. In addition, we are constantly working on product improvements that bring additional benefits to both medical personnel and patients. For example, we develop ready-to-use products that are especially convenient and safe and help to prevent application errors in day-to-day medical care. These include ready-to-use solutions in our freeflex infusion bags, the cost-effective KabiPac infusion bottle, and pre-filled syringes. Drugs in pre-filled syringes are easier and safer to use than traditional applications. In the reporting year, we launched Diazepam and Fentanyl in pre-filled syringes in the United States. In Europe, we launched, among others, Ondansetron, an antiemenic drug, as a ready-to-use solution in KabiPac.

To improve drug safety, Fresenius Kabi is implementing a global program to introduce data matrix barcodes on our generic drugs. This initiative is intended to prevent errors in the manual entry of drug information in data management systems, e.g., of hospitals.

Within **infusion solutions**, Fresenius Kabi offers products for fluid and blood volume replacement. Moreover, Fresenius Kabi's product portfolio includes a broad range of infusion technologies as well as disposables for the delivery of medication for all pharmaceuticals administered via the vein.

Fresenius Kabi provides a wide range of infusion therapy products, including the following: basic infusion solutions, which consist primarily of salts (electrolytes), carbohydrates, and water. They are infused when the body water content or electrolyte balance is impaired, as well as in acute need of energy supply and a lack of salt or specific minerals. They also serve as carrier solutions for intravenously administered drugs. In addition, Fresenius Kabi offers a comprehensive range of products in infusion bags and bottles, such as freeflex PVC-free infusion bags and KabiPac plastic bottles.

Furthermore, Fresenius Kabi manufactures blood volume substitution solutions that include hydroxyethyl starch derived from waxy maize. Artificial blood volume replacement products (colloids) are often used to treat patients suffering from hemodynamic instability due to acute blood losses, e.g., resulting from an accident or during surgery.

Fresenius Kabi also provides medical-technical equipment and disposables, such as cannulas, tubes, and pumps for administering infusion solutions.

In the area of **infusion solutions**, as in past years, we have focused our development activities on improving and developing new container technologies to improve the daily work routine and safety of healthcare professionals. Our portfolio extension to the U.S. market is advancing, as we are in the last stages of preparing the introduction of our product offering for infusion solutions, which was specifically designed for this key market.

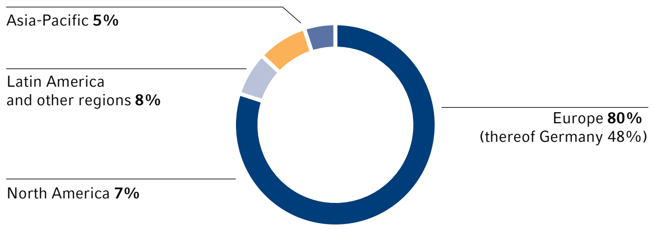
EMPLOYEES[1]

The knowledge, experience, expertise, and commitment of our employees are critical to our success. For this reason, Fresenius values a culture of **diversity**. The interplay of a wide range of views, opinions, cultural backgrounds, experiences, and values enables us to successfully exploit our potential as a global company.

The **number of employees** increased slightly and amounted to 193,865 at the end of 2023. **Personnel expenses** for the Fresenius Group were €9,930 million in 2023 (2022: €9,439 million), equivalent to 45% of revenue (2022: 44%). Personnel expenses per employee, based on the average number of employees, were €52 thousand (2022: €50 thousand) and €53 thousand in constant currency.

In Germany, Fresenius companies have signed tariff agreements with IG BCE, Marburger Bund, and ver.di (labor union for services). There were no significant structural changes to compensation or employment agreements in 2023.

EMPLOYEES BY REGION



2023: 193,865

NUMBER OF EMPLOYEES

	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Change 2023/2022	% of total as of Dec. 31, 2023
Fresenius Kabi	43,269	42,063	41,397	3%	22%
Fresenius Helios	129,439	125,700	123,484	3%	67%
Fresenius Vamed	20,265	20,184	19,721	0%	10%
Corporate/Other	892	929	1,225	-4%	1%
Total	**193,865**	**188,876**	**185,827**	**3%**	**100%**

PERSONNEL EXPENDITURE

€ in millions	2023	2022	2021
Fresenius Kabi	2,226	2,196	1,907
Fresenius Helios	6,535	6,120	5,707
Fresenius Vamed	1,029	938	866
Corporate/Others	140	185	168
Total	**9,930**	**9,439**	**8,648**

[1] The previous year's figures were adjusted due to the application of IFRS 5 to the deconsolidated activities of Fresenius Medical Care.

HUMAN RESOURCES MANAGEMENT

We are constantly adapting our human resources tools to meet new requirements arising, among other things, from demographics, the transformation to a service economy, the shortage of skilled workers, and employees' desire for a better work-life balance. For example, we offer flexible working hours and have created a modern hybrid working environment.

Further information can be found in our separate Group Non-financial Report on pages 146 ff.

EMPLOYEE RECRUITMENT AND PERSONNEL DEVELOPMENT

In order to meet our need for highly qualified employees in the long term and attract new employees, we rely on targeted HR marketing activities. For example, we cooperate with universities for a variety of formats, have our own HR channels on the most important social media platforms for our target groups, and have launched an ambassador program for all Fresenius employees (Fresenius Ambassadors).

In addition, we try to retain our employees in the long term by offering attractive development opportunities and making internal development opportunities transparently available to all employees through an attractive, cross-divisional internal job exchange (stayFresenius).

The development and implementation of concepts and measures for recruiting and promoting staff will be aligned with the market requirements of the respective segments and will be more standardized in the future. A cross-divisional approach is being pursued in order to ensure a more coherent and effective strategy. We select applicants solely on the basis of their qualifications and experience. We aim to ensure that all people with comparable aptitude have the same career opportunities at Fresenius, regardless of gender, age, origin, nationality, religion, disability, sexual identity and orientation, or other characteristics.

The proportion of female employees in the Fresenius Group was 68% as of December 31, 2023 (Dec. 31, 2022: 68%). The proportion of females in services or care is traditionally higher than in the area of production. This is reflected in the proportion of female employees in our business segments: our business segment Fresenius Helios has, with 75%, the highest proportion of female employees within the Group. The number of female participants in the Group-wide Long Term Incentive Plan (Long-Term Incentive Plan 2023 – LTIP) is a good indication of the share of women in management positions. According to this, the ratio of women among these 501 top executives was 27% as at December 31, 2023 (Dec. 31, 2022: 28% of 522 top executives).

You can visit our multiple-award-winning careers portal at www.career.fresenius.com. Further information on employment management can be found in our separate Group Non-financial Report on pages 146 ff.

CHANGES TO THE SUPERVISORY BOARD

With the registration of the legal form change of Fresenius Medical Care AG, Stefanie Balling left the Supervisory Board of Fresenius SE & Co. KGaA as of November 30, 2023. She was succeeded by Holger Michel, who had already been appointed at the constituent meeting of the European Works Council of Fresenius SE & Co. KGaA on April 29, 2021, as a personal substitute member for Ms. Balling, and thus succeeded her without election.

CHANGES TO THE MANAGEMENT BOARD

Dr. Michael Moser has been a member of the Fresenius Management Board since July 1, 2023, responsible for Legal, Compliance, Risk Management, ESG, and for the Fresenius Vamed business segment. Since December 1, 2023, he has also been responsible for Human Resources, which he took over from Dr. Sebastian Biedenkopf.

Dr. Sebastian Biedenkopf stepped down from the Fresenius Management Board upon expiry of his Management Board appointment on November 30, 2023. Dr. Ernst Wastler, previously responsible for Fresenius Vamed, stepped down as Chairman of the VAMED Management Board and thus also from the Fresenius Management Board upon reaching retirement age on July 18, 2023.

On September 8, 2023, Fresenius announced that the Supervisory Board of Fresenius Management SE had appointed Robert Möller as a member of the Management Board with immediate effect. At the same time, Robert Möller took over as Chairman of the Management Board of Helios Health GmbH. He succeeded Dr. Francesco De Meo, who has left the company.

Following the successful deconsolidation of Fresenius Medical Care, Helen Giza left the Management Board on November 30, 2023.

The #FutureFresenius strategy, with its realignment of the business segments into Operating and Investment Companies, is thus also reflected in the composition of the Fresenius Management Board. Therefore, the investment companies are no longer represented by a separate member of the Management Board.

The CVs of the members of the Supervisory Board and the Management Board can be found on our website at https://www.fresenius.com/Corporate-Management.

PROCUREMENT

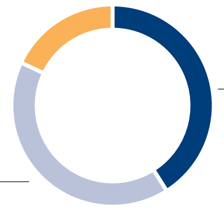
In 2023, the cost of raw materials and supplies and of purchased components and services was €6,583 million (2022: €6,066 million). An efficient value chain is important for our profitability. In an environment characterized by ongoing cost-containment pressure from health insurers, as well as price pressure, security and quality of supply play an important role. Within each business segment of the Fresenius Group, procurement processes are coordinated centrally, enabling us to bundle similar requirements, negotiate global framework agreements, constantly monitor market and price trends, and ensure the safety and quality of materials.

Further information on supply chain at Fresenius can be found in our Opportunities and Risk Report on page 96. and in our separate Group Non-financial Report on pages 183. of our Annual Report.

COST OF MATERIALS AND SUPPLIES AND PURCHASED COMPONENTS

€ in millions	2023	2022
Cost of raw materials and supplies	5,149	4,568
Cost of purchased components and services	1,434	1,498
Total	**6,583**	**6,066**

COST OF MATERIAL BY BUSINESS SEGMENT [1]



QUALITY MANAGEMENT

The quality of our products, services, and therapies is the basis for optimal medical care.

All processes are subject to the highest quality and safety standards, for the benefit of the patients and to protect our employees. Our quality management has the following three main objectives:

- to identify value-enhancing processes oriented toward efficiency and the needs of our customers
- to monitor and manage these processes on the basis of performance indicators
- to improve procedures

Further information on quality management at Fresenius can be found in our Opportunities and Risk Report on page 95 as well as our separate Group Non-financial Report on page 119 of our Annual Report.

RESPONSIBILITY, ENVIRONMENTAL MANAGEMENT, SUSTAINABILITY

We orient our activities within the Fresenius Group to long-term goals, and thus ensure that our work is aligned to the needs of patients and employees, as well as shareholders and business partners, in a sustainable manner. Our **responsibility as a healthcare Group** goes beyond our business operations. It is our mission to constantly improve our performance in the areas of environmental protection, occupational health and technical safety, and product responsibility and logistics, and to comply with legal requirements.

Further information on our sustainability management can be found in our separate Group Non-financial Report on pages 103 of our Annual Report.

[1] Before consolidation

ECONOMIC REPORT

MACROECONOMIC CONDITIONS[1]

Global economic growth was moderate in 2023. Thanks to strong private consumption and resilient labor markets, it reached 3.3% according to current estimates. Global economic activity was supported by emerging markets, including China, and, among the industrialized countries, by the United States in particular. The latest data provides mixed signals for the major economies. While real GDP growth in the third quarter of 2023 increased in both China and the United States, it remained unchanged in other industrialized countries due to continued high inflation and its impact on economic activity and consumption.

While consumer behavior continued to normalize after the pandemic, global trade growth in 2023 remained comparatively weak at 1.1% according to current estimates, but already showed signs of improvement in the latter part of the year. The overall weak trade was due to less trade-friendly growth in the global economy, with consumption accounting for a larger share of domestic demand and emerging markets making a greater contribution. In addition, trade growth in the reporting year was also slowed by the recovery in the consumption of services as a result of the complete lifting of COVID-19 restrictions.

Global inflation, measured on the basis of the global consumer price index (CPI), continued to fall over the course of the year. This development was supported by lower energy and food prices – while core inflation remained high. In the member states of the Organization for Economic Co-operation and Development (OECD), CPI inflation fell to 5.6% in October 2023.

Global financing conditions initially fluctuated in 2023, but ultimately showed a slight improvement in the industrialized countries after inflation remained slightly below expectations in several economies. In addition, some central banks had recently become more cautious with regard to the question of whether further interest rate hikes were necessary.

HEALTHCARE INDUSTRY

The healthcare sector is one of the world's largest industries and we are convinced that it demonstrates excellent growth opportunities.

The main **growth factors** are:

- rising medical needs deriving from aging populations,
- the growing number of chronically ill and multimorbid patients,
- stronger demand for innovative products and therapies,
- advances in medical technology,
- the growing health consciousness, which increases the demand for healthcare services and facilities, and
- the increasing demand for digital health services for patients.

In the **emerging countries**, additional drivers are:

- expanding availability and correspondingly greater demand for basic healthcare, and
- increasing national incomes and hence higher spending on healthcare.

[1] European Central Bank, 2023

Overall, OECD countries[1] spent an average of 9.2% of their GDP on healthcare services in 2022 (2021: 9.7%). The decline in the share compared to 2021 reflects lower spending to combat the COVID-19 pandemic on the one hand and the impact of rising inflation on the other, which reduces the value of healthcare spending. Despite these factors, the average share of healthcare expenditure in national income in OECD countries was still significantly higher in 2022 than before the pandemic (2019: 8.8%).

The United States recorded the highest expenditure per capita with an estimated US$12,555 in 2022 (2021: US$12,197). Based on current estimates, Germany ranks third in the OECD country comparison with US$8,011 in 2022 (2021: US$7,518). On average, the OECD countries financed 76% of their healthcare expenditure from public funds in 2022. In Germany, this share was 87% in 2022 according to current OECD estimates (2021: 86%).

Average **life expectancy** has risen in most OECD countries in recent decades. In 2021, it averaged 80.3 years (2020: 80.6 years). The reasons for this are better living conditions, more intensive healthcare, and advances in medical care.

In order to limit the constantly rising **expenditure in the healthcare system**, cost bearers are increasingly reviewing care structures to identify potential savings. However, rationalization alone cannot compensate for the rise in costs. For this reason, market-based incentives for cost- and quality-conscious action in the healthcare sector should also be created. In this way, treatment costs can be reduced by improving the overall quality of care.

As a result, prevention programs are becoming just as important as innovative remuneration models that are linked to the quality of treatment. The digitalization of the healthcare system in particular can also contribute to improved patient care and greater cost efficiency.

HEALTHCARE SPENDING AS % OF GDP

in %	2021	2010	2000	1990	1980	1970
USA	16.6	16.3	12.5	11.2	8.2	6.2
France	12.1	11.2	9.6	8.0	6.8	5.2
Germany	12.7	11.1	9.9	8.0	8.1	5.7
Switzerland	11.3	9.9	9.1	7.6	6.4	4.8
Spain	10.4	9.1	6.8	6.1	5.0	3.1
China	5.7	4.4	-	-	-	-

Source: OECD health data; the available data refers to the year 2022 or the most recent available values from the previous year.

Our most important **markets** developed as follows:

[1] The following key figures and explanations are based on OECD health data and corresponding OECD publications; the available data refer to the year 2022 or the latest available figures from the previous year.

THE MARKET FOR BIOPHARMACEUTICALS, CLINICAL NUTRITION, MEDTECH, GENERIC IV DRUGS, AND IV FLUIDS[1]

The market for **biopharmaceuticals** from the therapeutic areas of oncology and autoimmune diseases – consisting of originator products and biosimilars – grew by approximately 6% to around €193 billion, of which Biosimilars market is €18 billion with a growth rate of 8% versus prior year. The acquisition of a majority stake in mAbxience significantly strengthens Fresenius Kabi in this growth market, in which the company participates through biosimilars and contract development and manufacturing of biopharmaceuticals. The market for biopharmaceuticals is a fast-growing and innovative segment, which will gain even more relevance for the care of patients going forward. Competitors in the biosimilars market for biopharmaceuticals include Sandoz, Biocon, Coherus, Alvotech, and Teva.

In 2023, the global **clinical nutrition market** reached a size of approximately €11 billion. Within Europe, the market experienced growth of around 4%, while emerging market regions exhibited even higher growth rates. Latin America[2] saw a 14% increase in the clinical nutrition market, and Southeast Asia similarly demonstrated robust growth at approximately 10%. Despite these positive trends, there remains substantial additional global growth potential, as nutrition therapies are underutilized in patient care, despite established medical and economic benefits proven by studies. Clinical nutrition administration, particularly in cases of health- or age-related nutritional deficiencies, has the potential to reduce hospital costs through shorter stays. Fresenius Kabi, as a prominent player in enteral nutrition and the leading provider of parenteral nutrition, aims to capitalize on this growth potential. The company plans to introduce its clinical nutrition offerings in countries where it currently lacks a comprehensive range. By expanding its product portfolio and leveraging new distribution channels, Fresenius Kabi is poised to enhance its global presence.

Competitors in the global parenteral nutrition market include Baxter and B. Braun. In the enteral nutrition market, Fresenius Kabi competes with Abbott, Nestlé, and Danone, among others.

The **MedTech Infusion and Nutrition Systems** (INS) product portfolio of Fresenius Kabi is broad and composed of product groups such as infusion and nutrition pumps and their dedicated disposables, extended by IT-based solutions focusing on application safety, user workflows, increased therapy efficiency and interoperability with hospital systems, non-dedicated disposables, anesthesia monitoring devices, and dedicated sensors. The market for devices and related dedicated disposables is estimated to be around €5 billion with a growth rate of 4%. There is a significant further market for non-dedicated disposables. The MedTech INS product range will be developed regionally and thus be available in more countries, particularly in the United States with the acquisition of Ivenix. In the MedTech INS segment, Fresenius Kabi ranks among the leading suppliers worldwide. Competitors in the market for medical technology products include Baxter, B. Braun, Becton Dickinson, and ICU Medical.

The market for **MedTech Transfusion Medicine and Cell Therapies** (TCT) grew by around 4% to about €4 billion. Fresenius Kabi is the leading company in the market for blood collections, which has recovered slightly compared to the previous year. Increased demand for plasma-derived therapies and autotransfusion treatments has resulted in attractive market growth; Fresenius Kabi holds top-three positions in both markets. Due to newly approved treatments, the cell and gene therapies segment is the fastest-growing market within TCT. With the continued success of Lovo, now used in two of the six FDA-approved CAR-T therapies and in one of all the remaining approved cell therapies (not specific to CAR-T) in the United States, our cell therapies business grew compared to the previous year. Competitors in the transfusion technology market include Terumo, Haemonetics, and Macopharma.

In 2023, the global market for **generic IV drugs and IV fluids** was around €50 billion[3]. With significant regional differences, the market generated low- to mid-single digit growth. Fresenius Kabi was able to enter additional segments of the global addressable market due to the expansion of our product portfolio in the areas of complex formulations, differentiated generics, and prefilled syringes, among others. Fresenius Kabi's competitors in the market for generic IV drugs include Pfizer, Sanofi, Sandoz, Viatris, and Hikma. Competitors in the market for infusion therapies include B. Braun and Baxter.

[1] Market data is based on company research and refers to the markets relevant for Fresenius Kabi. This is subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market, among other things.
[2] Due to hyperinflation in Argentina, market growth is presented excluding Argentina.
[3] As in the previous year, the market definition also includes revenue of off-patent products.

THE HOSPITAL MARKET[1]

The **market volume for acute hospitals** in Germany in 2022, measured in terms of total gross costs, amounted to around €128 billion[2]. Of this, around 61% was attributable to personnel costs and 38% to material costs, which increased by around 6% and 4% respectively.

Based on the number of admissions, Helios Germany is the leading company in the German market for acute hospitals with a market share of around 6%[3]. The Helios clinics mainly compete with individual hospitals or local and regional clinic associations. Private competitors include Asklepios Kliniken, Sana Kliniken, and Rhön-Klinikum.

The number of **inpatient treatment** cases in German hospitals rose again in 2022 for the first time since the start of the COVID-19 pandemic. In total, 16.8 million cases were treated. Nevertheless, the figure was around 13% below the pre-pandemic year 2019.

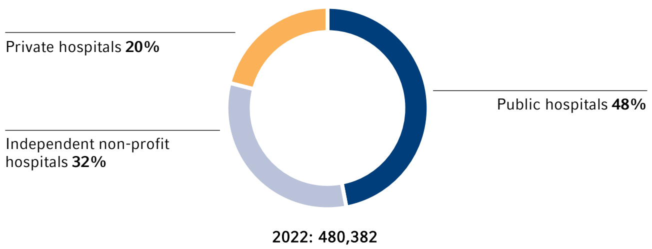
The increase in the **remuneration of hospital services** in the German flat rate per case billing system (DRG system) is based on what is known as the change value ("Veränderungswert"). It is calculated on an annual basis. For 2023, the change value was 4.32% (2022: 2.32%).

The flat rates per case are used to determine the reimbursement of inpatients. The related nursing staff costs per case at the bedside have been carved out from the flat rates since 2020. The nursing staff costs are reimbursed in full based on the actual costs incurred by the **care budget** which is individually negotiated separately by the contractual partners as part of the overall budget negotiations.

Compared to the previous year, the **economic situation** of German hospitals has deteriorated. 54% of German hospitals posted losses in 2022 (2021: 43%). The proportion of hospitals with an annual surplus was only 35% (2021: 44%). The main reason for the deteriorating economic situation is the inflation-related general cost increases.

To provide **financial support**, hospitals in Germany were supplied with compensation and reimbursement amounts from the liquidity reserve of the healthcare fund for inflation-related additional costs in 2023. To determine the amount of the reimbursement, hospitals report the direct costs for the purchase of natural gas and electricity to the hospital planning authorities. For comparison, the energy discounts for the month of March 2022 are used. The financial support, which also extends to 2024, amounts to a total of €1.5 billion in hospital-specific reimbursement amounts and €4.5 billion in flat-rate compensation payments based on the number of beds (indirect costs).

HOSPITAL BEDS BY OPERATOR



KEY FIGURES FOR INPATIENT CARE IN GERMANY

	2021	2020	2019	2010	2000	Change 2022/2021
Hospitals	1,893	1,887	1,903	2,064	2,242	0%
Beds	480,382	483,606	487,783	502,749	559,651	–1%
Average length of stay (days)	7.2	7.2	7.2	7.9	9.7	0%
Number of admissions (millions)	16.80	16.74	16.80	18.03	17.26	0%
Average costs per admission in €[1]	6,796	6,530	6,232	3,804	-	4%

[1] Values adjusted for miscoding in the equalization fund (Section 17a KHG)
Source: German Federal Statistical Office, 2022 data

[1] In each case, the most recent market data available refers to the year 2022 as no more recent data has been published: German Federal Statistical Office, 2022 data; German Hospital Institute (DKI) 2023, Krankenhaus Barometer 2023
[2] The market is defined by total costs of the German acute care hospitals (gross), less academic research and teaching.
[3] Measured by Helios Germanys' number of acute care admissions in 2022 in relation to total admissions numbers in Germany in 2022 (German Federal Statistical Office, 2022 data)

In addition to the often difficult economic and financial situation, there is an enormous **need for investment**. The German Hospital Institute (DKI) estimates that the annual investment requirements of German hospitals amount to about €7 billion.

The central topic in the German hospital sector in 2023 was the planned **hospital structure reform**. The aim of the reform is to fundamentally reshape the hospital landscape in Germany. The current system of purely volume-based remuneration via flat rates per case is to be changed. The plan is to limit remuneration based on flat rates per case to 40%. In future, an average of 60% of the remuneration is to be distributed independently of performance via what are known as maintenance flat rates (including the care budget).

The maintenance funding is to be linked to performance groups that are allocated to the individual hospitals by the federal states and which require compliance with defined criteria. Among other things, this is intended to ensure that complex treatments may only be carried out in hospitals that have the appropriate personnel and technical equipment. Depending on the performance group and with that, its relevance, hospitals will receive financial resources. The criteria for allocation have not yet been determined.

The changeover to the maintenance flat rates of 60% on average is expected to take place gradually over several years. The hospitals argue that the concept in its current form still only deals with operating costs, but not with the adequate financing of investment costs.

In July 2023, the federal and state governments agreed on a key points paper for the hospital reform. At the end of 2023, the Federal Ministry of Health presented a working draft for a law. The working draft is currently being examined by the participating federal states. The planned law is expected to come into force in the first quarter of 2024 at the earliest. Further information on the hospital structure reform can be found in the Outlook section on page 82. In 2023, the **shortage of specialist staff** and problems filling vacancies in the nursing care sector continued to pose a challenge for inpatient hospital care in Germany.

In 2023, the **nursing staff minimum levels** for nursing-sensitive wards were extended to include the areas of ear, nose, and throat medicine, urology, as well as rheumatology.

For the first time in 2023, **day treatments without overnight stays in the hospital** could be billed using flat rates per case. This is intended to reduce night shifts, particularly in nursing, in order to create additional capacity for nursing staff on the day shift.

In Spain, **the private hospital market** had a volume of around €20 billion in 2022[1].

With a sales share of around 12%, Helios Spain is the leading company in the private hospital market. Its competitors are a large number of privately run individual hospitals or smaller chains, including HM Hospitales, Hospiten, Vithas, Ribera Salud, Hospitales Sanitas, and HLA.

Of the approximately 800 hospitals in Spain, around two thirds of hospital beds are in public hospitals[2]. In an OECD comparison, Spain has around 3.0 beds per 1,000 inhabitants, which is well below the OECD average of 5.0 beds per 1,000 inhabitants.

Public healthcare facilities in Spain are largely tax-financed and are generally open to the population without further charges or co-payment obligations. In addition, the Spanish government promotes the private healthcare sector through tax reliefs for private health insurance purchased by employers, among other things.

After peaking in 2022, inflation in Spain decreased again in 2023. In particular, energy prices, which are also relevant for the hospital sector, stabilized at a significantly lower level in 2023.

A challenge in some regions of the country continued to be the **shortage of skilled workers**, particularly in the care sector, although the situation has improved significantly compared to during the waves of COVID-19. In addition, a certain shortage of doctors is emerging in some specialist areas due to the steadily increasing demand for healthcare services.

In addition to inflation-related cost increases, the shortage of specialists and changes in the regulatory environment, digitalization is another challenge for the hospital sector in Germany and Spain. At the same time, it offers enormous opportunities, for example by standardizing and automating processes to a greater extent. New technologies offer the possibility of tapping into efficiency potential while maintaining at least the same, and often even higher, quality and reducing costs. It is estimated that in Germany alone, around 12%[3] of total expenditure on healthcare and patient care can be saved through digitalization.

[1] Market data based on company research and refers to the addressable market of Quirónsalud. Market definition includes both inpatient and outpatient healthcare services. It includes neither public-private partnership (PPP) nor occupational risk prevention centers (ORP). The market definition may differ from the definition in other contexts (e.g., regulatory definitions).
[2] Healthcare in Spain (masainternational.de)
[3] Digitalization in German hospitals McKinsey & Company, Healthcare September 2018

The global **market for fertility services** was worth about €14.2 billion in 2022. The market is growing sustainably due to demographic and health trends as well as changing lifestyles. Significant scientific advances have led to higher success rates and lower burdens for patients. The global market for reproductive medicine is highly fragmented.

THE MARKET FOR PROJECTS AND SERVICES FOR HOSPITALS AND OTHER HEALTHCARE FACILITIES

The general conditions for hospital planning and construction projects were again challenging in 2023 and continued to be characterized by supply bottlenecks, extraordinary cost increases, especially with regard to energy prices, and higher interest costs.

Fresenius Vamed meets these challenges through long-standing project partnerships, as well as its high level of expertise and experience in the fields of medical technology and operational and organizational planning. The service business also faced challenges in 2023 in terms of inflation-related cost increases and higher energy costs. Capacity restrictions, infection-related absences, and lower demand for rehabilitation services due to postponed elective surgeries played a slightly smaller role in 2023 than in the year before. Demand for reliable management of medical technology and high-end healthcare services remains robust.

The market for projects and services for hospitals and other healthcare facilities is very fragmented. Therefore, an overall market size cannot be determined. The markets are country-specific and depending, to a large extent, on factors such as public healthcare policies, government regulation, and levels of privatization, as well as demographics and economic and political conditions. In markets with established healthcare systems and mounting cost pressure, the challenge for healthcare facilities is to increase their efficiency. Here, demand is especially high for sustainable planning and energy-efficient construction, optimized hospital processes, and the outsourcing of medical-technical support services to external specialists. This enables hospitals to concentrate on their core competency – treating patients.

In addition to offering services for healthcare facilities worldwide, Fresenius Vamed itself is active as a leading post-acute care provider in Central Europe, especially in Germany, Austria, Switzerland, and the Czech Republic. In emerging markets, the focus is on building and developing healthcare infrastructure and improving the level of healthcare.

Fresenius Vamed is a global company with no direct competitors covering a comparably comprehensive portfolio of projects, services, and total operational management over the entire life cycle of healthcare facilities. As a result, Fresenius Vamed has a unique selling proposition of its own. Depending on the business segment, the company competes with international companies and consortia, as well as with local providers.

OVERALL BUSINESS DEVELOPMENT

THE MANAGEMENT BOARD'S ASSESSMENT OF THE EFFECT OF GENERAL ECONOMIC DEVELOPMENTS AND THOSE IN THE HEALTHCARE SECTOR FOR FRESENIUS AS WELL AS BUSINESS RESULTS AND SIGNIFICANT FACTORS AFFECTING OPERATING PERFORMANCE

In 2023, the difficult macroeconomic environment had a negative impact on business development. This included increased uncertainties, inflation-related cost increases, staff shortages, and increased energy costs. In this difficult macroeconomic environment, the Fresenius Group was able to increase its revenue and earnings guidance over the course of the year.

For this reason, the Management Board believes that 2023 was a successful fiscal year for the Fresenius Group.

Fresenius Kabi achieved organic revenue growth of 7%. EBIT[1] increased by 6% (3% in constant currency) to €1,145 million (2022: €1,080 million).

The organic revenue growth of Fresenius Helios was 5%. EBIT[1] increased by 4% (4% in constant currency) to €1,232 million (2022: €1,185 million).

The organic revenue growth of Fresenius Vamed was 1%. EBIT[1] decreased to -€16 million (2022: €20 million).

Following the deconsolidation of Fresenius Medical Care, this business segment is accounted for using the equity method. The profit attributable to the shareholders of Fresenius SE & Co. KGaA is recognized in a separate line in the income statement: Result from the equity method. This amounted to -€12 million in the 2023 fiscal year and reflects the result since deconsolidation as of November 30, 2023. Net income from deconsolidated activities of Fresenius Medical Care in accordance with IFRS 5 (net income attributable to shareholders of Fresenius SE & Co. KGaA) amounted to € -947 million and reflects Fresenius Medical Care's share of net income until November 30, 2023. This included the effect from the valuation adjustments in accordance with IFRS 5 as part of the deconsolidation in the amount of -€1,115 million. For additional information on deconsolidation, please refer to page 59.

COMPARISON OF THE ACTUAL BUSINESS RESULTS WITH THE FORECASTS

The overall macroeconomic environment in 2023 was characterized by increased uncertainties, inflation-related cost increases, staff shortages, and higher energy costs. Despite this difficult macroeconomic environment, the Fresenius Group was able to increase its Group revenue and earnings[1] guidance over the course of the year.

The overview on page 58 shows how the outlook for the Group and the business segments developed in 2023.

Due to the deconsolidation of Fresenius Medical Care AG (FMC) in the course of the fiscal year, the comparison is made with the forecast for the Group excluding FMC.

Revenue increased organically by 6% in fiscal year 2023 and was thus at the upper end of the guidance adjusted in August 2023 (guidance for 2023: mid-single-digit percentage growth). The increase is driven by an ongoing strong performance of our Operating Companies.

EBIT[1] increased by 2% in constant currency and was therefore at the upper end of the guidance adjusted in October 2023 (guidance for 2023: broadly flat). The increase was driven by a strong performance at Fresenius Kabi and Fresenius Helios.

We invested €1,136 million in **property, plant and equipment** (2022: €1,182 million). At 5.1% of Group revenue, the investments in property, plant and equipment are below the prior-year level of 5.5%, but in line with the expectation (expectation for 2023: around 5%).

The **cash conversion rate (CCR)** was 1.0 and is therefore in line with expectations (expectation for 2023: below 1).

The **net financial debt/EBITDA** ratio was 3.76x[2] (December 31, 2022: 3.80x[2]) and thus in line with expectations. We had projected that the leverage ratio would be below 4.0x[2] by the end of 2023. This is still above our self-imposed target corridor of 3.0x to 3.5x.

Group **ROIC** was 5.2%[1] (2022: 5.6%[1]) and thus in line with expectations. We had projected a figure of around 5% for fiscal year 2023. The decrease in ROIC was mainly due to a higher tax rate.

The non-financial performance targets of the Fresenius Group cover the key sustainability topics of medical quality/patient satisfaction and employees and are anchored in the remuneration of the Management Board. The following actual figures for the 2023 fiscal year were determined as part of the assessment of target achievement for the short-term variable remuneration of the Management Board (STI) of Fresenius SE & Co. KGaA.

In the area of medical quality/patient satisfaction, Fresenius Kabi achieved an **Audit & Inspection Score** of 1.9 (target value: no more than 2.3), Fresenius Helios Germany achieved an **Inpatient Quality Indicator (G-IQI) Score** of 88.7 % (target value: at least 88.0%), Fresenius Helios Spain an **Inpatient Quality Indicator (E-IGI) Score** of 76.7% (target value: at least 55.0 %) and Fresenius Vamed a **patient satisfaction rating** of 1.56 (target value: at least 1.65). As a result, all divisions met their respective targets for the 2023 financial year.

In the area of employees, the **Employee Engagement Index (EEI)** of the Fresenius Group (including Fresenius Medical Care) was 4.24 in the 2023 financial year (target value: 4.33).

[1] Before special items
[2] Both net debt and EBITDA calculated at LTM average exchange rates; pro forma closed acquisitions/divestitures; before special items; including leasing liabilities; including Fresenius Medical Care dividend

For a detailed overview of special items please see the reconciliation tables on pages 64–67.

ACHIEVED GROUP TARGETS 2023

	Guidance 2023, published February 2023	Guidance adjustment/ update, published August 2023	Guidance adjustment/ update, published October 2023	Achieved in 2023
Group[1]				
Revenue (growth, organic)	Low-to-mid-single-digit percentage growth	Mid-single-digit percentage growth	Confirmed	6%
EBIT incl. FMC[2] (growth, in constant currency)	Broadly flat to high-single-digit decline	With adoption of IFRS 5 outlook is provided ex FMC[3]		
EBIT ex FMC (growth, in constant currency)	Broadly flat to mid-single-digit decline	Confirmed	Broadly flat	2%
Operating Companies				
Fresenius Kabi[1]				
Revenue (growth, organic)	Low-to-mid-single-digit percentage growth	Mid-single-digit percentage growth[4]	Confirmed	7%
EBIT margin	Around 1 percentage point below the structural margin band of 14–17%	Around 14% (structural margin band of 14–17%)[4]	Confirmed	14.3%
Fresenius Helios[1]				
Revenue (growth, organic)	Mid-single-digit percentage growth	Confirmed	Confirmed	5%
EBIT margin	Within the structural margin band of 9–11%	Confirmed	Confirmed	10.0%
Investment Companies				
Fresenius Medical Care[1,2]				
Revenue (growth, in constant currency)	Low-to-mid-single-digit percentage growth	With adoption of IFRS 5 outlook is provided ex FMC[3]		n/a
EBIT (growth, in constant currency)	Flat to high-single-digit percentage decline	With adoption of IFRS 5 outlook is provided ex FMC[3]		n/a
Fresenius Vamed[1]				
Revenue (growth, organic)	Low-to-mid-single-digit percentage growth	Confirmed	Confirmed	1%
EBIT	Clearly below the structural margin band of 4–6%	Confirmed	Confirmed	−0.7%

[1] Before special items
[2] In 2022, Fresenius Medical Care’s operating result was positively impacted by financial support from the U.S. government in the amount of €277 million (not adjusted for currency effects). For 2023, however, the company does not expect any further funding. In order to ensure the comparability of the earnings outlook for 2023, the previous year’s basis is adjusted accordingly.
[3] The development of FMC will be reflected in the group income statement below EBIT.
[4] The outlook for Fresenius Kabi was raised on May 25, 2023 at the Capital Markets Day.

For a detailed overview of special items please see the reconciliation tables on pages 64–67.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

In the 2023 fiscal year, Fresenius deconsolidated the Fresenius Medical Care business segment by changing the legal form of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) into a stock corporation ("Aktiengesellschaft"). On July 14, 2023, an Extraordinary General Meeting of Fresenius Medical Care AG & Co. KGaA approved the proposal of conversion of the legal form into a German stock corporation. Upon registration with the commercial register on November 30, 2023, the conversion of the legal form became effective.

For the consolidated financial statements as of December 31, 2023, as well as for the subsequent reporting periods, the specific accounting standards apply as follows.

Following the approval of the legal form conversion by the Extraordinary General Meeting of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care was classified in accordance with IFRS 5 from July 14, 2023. Since the change in legal form was entered in the commercial register on November 30, 2023, the investment in Fresenius Medical Care has been accounted for at equity in accordance with IAS 28.

The relevant IFRS required valuation of Fresenius Medical Care at fair value. If this value, which mainly corresponds to Fresenius Medical Care's market capitalization and the market value of the non-controlling interests, is below the book value of Fresenius Medical Care's consolidated equity, the Fresenius Group must recognize a non-cash-effective impairment, which is included as a special item.

As part of the IFRS 5 remeasurements until November 30, 2023, a non-cash special item of €2,217 million was recognized in the consolidated financial statements of the Fresenius Group, of which €647 million was attributable to the shareholders of Fresenius SE & Co. KGaA and €1,570 million to the non-controlling interests of the Fresenius Group.

The expenses are reported as part of the net income from Fresenius Medical Care deconsolidated operations under IFRS 5.

In addition, as part of the deconsolidation as at November 30, 2023, a deconsolidation loss of €467 million was recognized, which mainly resulted from the reclassification of currency translation differences from other comprehensive income to consolidated net income and other technical consolidation effects. The expenses are also reported as part of net income from deconsolidated Fresenius Medical Care operations under IFRS 5.

The effects of deconsolidation are not taxable.

IAS 28 requires a full purchase price allocation from the date on which the investment in Fresenius Medical Care is recognized as an associated company. The underlying purchase price is the fair value at the time of registration with the commercial register. The carrying amount of the investment is the proportionate share (November 30, 2023: 32%) of the fair value of the identifiable net assets, including the attributable goodwill.

Upon completion of the deconsolidation, the consolidated net income of Fresenius Medical Care attributable to the Fresenius Group in accordance with its investment (32%) and the corresponding share of depreciation and amortization from the purchase price allocation are reported in the consolidated income statement as Income from the Fresenius Medical Care investment accounted for using the equity method.

Upon completion of the deconsolidation, Fresenius Medical Care is shown in the consolidated balance sheet in accordance with the current share of the Fresenius Group (32%) in the line Fresenius Medical Care investment accounted for using the equity method and adjusted on an ongoing basis for any changes in the equity of Fresenius Medical Care AG.

In accordance with IFRS 5, the prior year figures in the consolidated statement of income and the consolidated statement of cash flows have been adjusted.

Further information on the deconsolidation of Fresenius Medical Care and the accounting of the investment in Fresenius Medical Care can be found in the consolidated financial statements on page 272 of this report.

RESULTS OF OPERATIONS

Revenue

Group revenue increased by 4% (6% in constant currency) to €22,299 million (2022: €21,532 million). The reported figures are negatively impacted by currency translation, in particular due to the weaker U.S. dollar, and the hyperinflation in Argentina. Organic growth amounted to 6%. Revenue of the operating companies increased by 4% (7% in constant currency) to €20,255 million (2022: €19,494 million).

REVENUE BY BUSINESS SEGMENT[1]

€ in millions	2023	2022	Growth	Currency translation effects	Constant currency growth	Organic growth	Acquisitions	Divestitures/ others	% of total revenue
Fresenius Kabi	8,009	7,850	2%	-7%	9%	7%	1%	1%	36%
Fresenius Helios	12,320	11,716	5%	0%	5%	5%	0%	0%	55%
Fresenius Vamed	2,356	2,359	0%	0%	0%	1%	1%	-2%	9%
Total	**22,299**	**21,532**	**4%**	**-2%**	**6%**	**6%**	**0%**	**0%**	**100%**

REVENUE BY REGION

€ in millions	2023	2022	Growth	Currency translation effects	Constant currency growth	Organic growth	Acquisitions	Divestitures/ others	% of total revenue
North America	2,737	2,656	3%	-3%	6%	6%	1%	-1%	12%
Europe	16,149	15,426	5%	0%	5%	5%	0%	0%	73%
Asia-Pacific	1,639	1,793	-9%	-6%	-3%	-3%	1%	-1%	7%
Latin America	1,418	1,308	8%	-25%	33%	25%	3%	5%	6%
Africa	356	349	2%	-4%	6%	5%	0%	1%	2%
Total	**22,299**	**21,532**	**4%**	**-2%**	**6%**	**6%**	**0%**	**0%**	**100%**

[1] The following description of revenue relates to the respective external revenue of the business segments. Consolidation effects and corporate entities are not taken into account. Therefore, aggregation to total Group revenue is not possible.

In detail, the revenue performance of the business segments was as follows:

- **Fresenius Kabi** increased revenue by 2% (9% in constant currency) to €8,009 million (2022: €7,850 million). Organic growth amounted to 7%. The business performance was driven by the good development in the growth vectors (MedTech, Nutrition, and Biopharma). Currency translation effects had a negative impact of 7%. They mainly resulted from the U.S. dollar and the hyperinflation in Argentina.

  Revenue in the **MedTech** business increased by 5% (in constant currency: 8%) to €1,510 million. Driven by positive development in most regions and in many product groups, organic growth was 8%.

  Revenue in the **Nutrition** business decreased by 3% (increased in constant currency: 9%) to €2,304 million. The strong organic growth of 8% was attributable to the good business performance in the USA and Latin America.

  Revenue in the **Biopharmaceuticals** business increased by 93% in the 2023 fiscal year (in constant currency: 125%) to €363 million (2022: €188 million). This was mainly due to successful product launches in Europe and the United States.

  Revenue in the **Pharma business** (IV Drugs & Fluids) remained roughly stable at €3,832 million (2022: €3,845 million). Adjusted for currency effects, revenue increased by 3%. Organic growth amounted to 3% driven by a positive development in many regions.

- **Fresenius Helios** increased revenue by 5% (5% in constant currency) to €12,320 million (2022: €11,716 million). Organic revenue growth amounted to 5%. Acquisitions and divestments had no impact on revenue growth in 2023.

  Helios Germany's revenue increased by 4% to €7,279 million (2022: €7,021 million). Organic growth was 4%, driven by increased case numbers and positive treatment mix effects. Acquisitions and divestments had no impact on revenue growth.

  Helios Spain's revenue increased by 7% (in constant currency: 8%) to €4,770 million (2022: €4,441 million). Organic growth was 8% and was driven by continued high demand for treatments. Furthermore, hospitals in Latin America showed pleasing development. Acquisitions and divestments had no impact on revenue growth.

  Helios Fertility, which was sold on January 31, 2024, increased revenue by 8% (in constant currency: 14%) to €269 million (2022: €250 million), in particular due to positive price and treatment mix effects. Organic growth was 15%.

- **Fresenius Vamed's** revenue remained broadly on the prior year's level at €2,356 million (2022: €2,359 million). Organic growth of continued operations was 1%.

  Revenue in the **services business** increased by 7% to €1,798 million (2022: €1,685 million), mainly due to the positive development in the service business, e.g. in European core markets. Organic growth was 7%.

  In the **project business,** revenue decreased by 17% to €558 million (2022: €674 million). The decline was mainly due to discontinued operations as part of the transformation of Fresenius Vamed and the associated adjustments in the project business. Organic growth was -18%.

  The unconditional **Order intake** in the project business was €336 million (2022: €1,241 million). The unconditional **order backlog** was €1,955 million (December 31, 2022: €3,689 million). The additional conditionally agreed order backlog amounted to €704 million.

  Fresenius Vamed is the only business segment within the Fresenius Group whose business is also significantly influenced by order intake and order backlog.

Earnings structure

In 2023, **Group net income[1] before special items** decreased by 13% (-14% in constant currency) to €1,505 million (2022: €1,729 million) due to the higher interest expenses and a higher tax rate. In 2023, **earnings per share[1] before special items** decreased by 13% (-15% in constant currency) to €2.67 (2022: €3.08) due to the higher interest expenses and a higher tax rate. The weighted average number of shares was 563.2 million.

Reported Group net income[1] decreased to -€594 million (2022: €1,372 million). The decrease compared to the previous year mainly resulted from valuation effects from the deconsolidation of Fresenius Medical Care in accordance with IFRS 5 in the amount of €1,115 million. These effects are not cash-effective. Furthermore, expenses in connection with the transformation of Fresenius Vamed, legacy portfolio adjustment, including in particular the sale of the Eugin Group and the termination of the activities of Curalie GmbH, as well as expenses for the cost and efficiency program had a negative impact on Group net income. **Reported earnings per share[1]** was -€1.05 (2022: €2.44).

Group EBITDA before special items increased by 3% (3% in constant currency) to €3,422 million (2022: €3,315 million). **Group EBITDA reported** was €2,621 million (2022: €2,969 million).

Group EBIT before special items increased by 3% (2% in constant currency) to €2,262 million (2022: €2,190 million). **Group EBIT reported** was €1,143 million (2022: €1,812 million). EBIT before special items of the Operating Companies increased by 5% (4% in constant currency) to €2,278 million (2022: €2,170 million).

[1] Net income attributable to the shareholders of Fresenius SE & Co. KGaA

For a detailed overview of special items please see the reconciliation tables on pages 64–67.

GROUP RETURN RATIOS

in %	2023	2022	2021	2020	2019
EBITDA margin[1]	15.3	15.4	16.8	16.5	17.7
EBIT margin[1]	10.1	10.2	11.7	11.4	13.0

[1] Before special items; the previous year's figures were adjusted due to the application of IFRS 5 to the deconsolidated activities of Fresenius Medical Care.

STATEMENT OF INCOME (SUMMARY)

€ in millions	2023	2022 restated	2022 previous	Growth (restated)
Revenue	**22,299**	**21,532**	**40,840**	**4%**
Cost of goods sold	-17,241	-16,129	-30,531	-7%
Gross profit	**5,058**	**5,403**	**10,309**	**-6%**
Selling, general, and administrative expenses	-3,155	-3,094	-6,176	-2%
Other operating income and expenses	-99	142	55	-170%
Research and development expenses	-661	-639	-867	-3%
Operating income (EBIT)	**1,143**	**1,812**	**3,321**	**-37%**
Income from the Fresenius Medical Care investment accounted for using the equity method	-12	n.a.	n.a.	n.a.
Interest result	-416	-215	-507	-93%
Income before income taxes	**715**	**1,597**	**2,814**	**-55%**
Income taxes	-477	-375	-697	-27%
Net income from continuing operations	**238**	**1,222**	**2,117**	**-81%**
Noncontrolling interests in continuing operations	-115	68	-745	--
Net income from continuing operations attributable to shareholders of Fresenius SE & Co. KGaA	**353**	**1,154**	**1,372**	**-69%**
Net income from deconsolidated Fresenius Medical Care operations under IFRS 5	-1,938	895	n.a.	n.a.
Noncontrolling interests in deconsolidated Fresenius Medical Care operations under IFRS 5	-991	677	n.a.	n.a.
Net income from deconsolidated Fresenius Medical Care operations under IFRS 5 attributable to shareholders of Fresenius SE & Co. KGaA	**-947**	**218**	**n.a.**	**n.a.**
	-			
Net income	-1,700	2,117	2,117	--
Noncontrolling interests in net income	-1,106	745	745	--
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**-594**	**1,372**	**1,372**	**--**
Earnings per share in € (basic and diluted)	**-1.05**	**2.44**	**2.44**	**--**
thereof based on net income from continuing operations	0.63	2.05	2.44	-69%
thereof based on net income from deconsolidated Fresenius Medical Care operations under IFRS 5	-1.68	0.39	n.a.	n.a.

The presentation of the business segments' earnings development is provided before special items. The special items are reported in the Corporate/Other segment. **EBIT development by business segment** was as follows:

- **Fresenius Kabi's** EBIT increased by 6% (3% in constant currency) to €1,145 million (2022[1]: €1,080 million). The EBIT margin was 14.3% (2022: 13.8%) and was thus within the structural EBIT margin band. The EBIT of the **growth vectors** grew by 15% (in constant currency: 6%) to €390 million (2022: €339 million). The EBIT margin was 9.3% (2022: 8.5%). This was mainly due to the excellent sales performance and the outstanding progress of the cost-cutting program.

  EBIT in the **Pharma** segment increased by 3% (in constant currency: 6%) to €792 million (2022: €769 million). The EBIT margin was 20.7% (2022: 20.0%). This was mainly due to the solid revenue growth and the outstanding progress of the cost-cutting program.
- The EBIT of **Fresenius Helios** increased by 4% (4% in constant currency) to €1,232 million (2022: €1,185 million). The EBIT margin was 10.0% (2022: 10.1%) and was thus within the structural EBIT margin range.

  The EBIT of **Helios Germany** increased by 1% to €630 million (2022: €623 million). The EBIT[1] margin was 8.7% (2022: 8.9%). The increase was mainly due to the good revenue performance as well as the progress in the cost-cutting program and government support to compensate for energy costs.

  The EBIT of **Helios Spain** increased by 4% (5% in constant currency) to €580 million (2022: €556 million). The increase in EBIT is attributable to the strong revenue growth and the cost savings program, which is progressing well. The EBIT margin was 12.2% (2022: 12.5%).

  The EBIT of **Helios Fertility** increased to €26 million (2022: €21 million). The EBIT margin was 9.7% (2022: 8.4%). The business unit has been sold as of January 31, 2024.
- **Fresenius Vamed's** EBIT has been back in positive territory since the third quarter of 2023 (on a quarterly basis). Overall, EBIT in the 2023 fiscal year fell to -€16 million (2022: €20 million). The EBIT margin was -0.7% (2022: 0.8%).

  As part of the comprehensive transformation process to increase profitability at Fresenius Vamed, negative special effects of €554 million were recognized in fiscal year 2023 – mainly for the discontinuation of business activities, impairment losses, and restructuring expenses. For additional information on the transformation at Fresenius Vamed see page 35.

Development of other major items in the statement of income

Group gross profit decreased by 6% (-1% in constant currency) to €5,058 million (2022: €5,403 million). The gross margin decreased to 22.7% (2022: 25.1%). This was mainly due to the transformation of Fresenius Vamed, legacy portfolio adjustments, expenses associated with the Fresenius cost and efficiency program and an inflation-related increase in the cost of revenue. The cost of revenue increased by 7% to €17,241 million (2022: €16,129 million). Cost of revenue as a percentage of Group revenue increased to 77.3% (2022: 74.9%).

Selling, general, and administrative expenses consisted primarily of personnel costs, marketing and distribution costs, as well as depreciation and amortization. These expenses, excluding other operating income and expenses, increased by 10% to €3,254 million (2022: €2,952 million), mainly due to the rise in personnel costs.

R&D expenses increased by 3% to €661 million (2022: €639 million). The increase resulted from higher expenses at Fresenius Kabi.

Depreciation and amortization was €1,160 million[1] (2022: €1,125 million[1]). The ratio as a percentage of revenue was 5.2%[1] (2022: 5.2%[1]). Depreciation and amortization reported was €1,478 million (2022: €1,157 million).

Group personnel costs increased to €9.930 million (2022: €9.439 million). The personnel cost ratio was 44.5% (2022: 43.8%).

[1] Before special items

For a detailed overview of special items please see the reconciliation tables on pages 64–67.

Income from the Fresenius Medical Care investment accounted for using the equity method was -€12 million in fiscal year 2023. The result represents the development of Fresenius Medical Care since the deconsolidation as of November 30, 2023.

The Group financial result before special items was -€418 million (2022: -€241 million), mainly driven by refinancing activities in an environment of increasing interest rates. The **Group financial result reported** was -€416 million (2022: -€215 million).

The **Group tax rate before special items** was 28.3% (2022: 22.4%). The **Group tax rate reported** was 66.7% (2022: 23.8%). The main reasons for the increase compared to the previous year were the negative result of Fresenius Vamed, for which no deferred tax assets could be recognized, closing of tax audit procedures as well as valuation adjustments of a deferred tax asset in Germany.

Noncontrolling interests before special items were -€60 million (2022: -€78 million).

Net income from deconsolidated Fresenius Medical Care operations under IFRS 5 attributable to shareholders of Fresenius SE & Co. KGaA before special items was €243 million (2022: €295 million). **Net income from deconsolidated Fresenius Medical Care operations under IFRS 5 attributable to shareholders of Fresenius SE & Co. KGaA reported** was -€947 million (2022: €218 million).The result mainly reflects the valuation adjustments in accordance with IFRS 5 as part of the deconsolidation of Fresenius Medical Care.

RECONCILIATION FRESENIUS GROUP

To present the underlying operational business performance and in order to compare the results with the scope of the guidance provided for fiscal year 2023, the respective key figures are presented before special items.

Consolidated results for FY/23 as well as for FY/22 include special items. These concern: revaluations of biosimilars contingent purchase price liabilities, expenses associated with the Fresenius cost and efficiency program, impacts related to the war in Ukraine, transaction costs for mAbxience and Ivenix, hyperinflation in Türkiye, retroactive duties, costs in relation to the change of legal form of Fresenius Medical Care, the transformation of Fresenius Vamed, legacy portfolio adjustments, including in particular the sale of the Eugin Group and the termination of the activities of Curalie GmbH, effects from the valuation of the investment in Fresenius Medical Care in accordance with IFRS 5, as well as the recognition and amortization from purchase price allocation (PPA) due to the application of the equity method to the Fresenius Medical Care investment. The special items shown within the reconciliation tables are reported in the Corporate/Other segment.

[1] Before special items

For a detailed overview of special items please see the reconciliation tables on pages 64–67.

Reconciliation Fresenius Group

€ in millions	2023	2022	Growth rate	Growth rate in constant currency
Revenue reported	**22,299**	**21,532**	**4%**	**6%**
EBIT reported (after special items)	**1,143**	**1,812**	**-37%**	**-38%**
Revaluations of biosimilars contingent purchase price liabilities	-29	23		
Expenses associated with the Fresenius cost and efficiency program	221	262		
Impacts related to the war in Ukraine	-	37		
Transaction costs of mAbxience, Ivenix	36	40		
Hyperinflation in Türkiye	-	7		
Retroactive duties	-	9		
Legal form conversion costs Fresenius Medical Care	17	-		
Legacy portfolio adjustments	320	-		
Vamed transformation	554	-		
EBIT (before special items)	**2,262**	**2,190**	**3%**	**2%**
Net interest reported (after special items)	**-416**	**-215**	**-93%**	**-99%**
Revaluations of biosimilars contingent purchase price liabilities	-5	-26		
Legacy portfolio adjustments	3	-		
Net interest (before special items)	**-418**	**-241**	**-73%**	**-78%**
Net income reported (after special items)[1]	**-594**	**1,372**	**-143%**	**-152%**
Revaluations of biosimilars contingent purchase price liabilities	-24	-2		
Expenses associated with the Fresenius cost and efficiency program	205	260		
Impacts related to the war in Ukraine	-	43		
Transaction costs of mAbxience, Ivenix	34	27		
Hyperinflation in Türkiye	-	9		
Retroactive duties	-	8		
Remeasurement of Humacyte investment	-3	24		
Net gain related to InterWell Health	-	-12		
Legal form conversion costs Fresenius Medical Care	26	-		
Legacy portfolio adjustments	315	-		
Vamed transformation	426	-		
IFRS 5 Valuation	1,115	-		
Initial recognition and amortization of PPA equity method Fresenius Medical Care	5	-		
Net income (before special items)[1]	**1,505**	**1,729**	**-13%**	**-14%**

[1] Net income attributable to Fresenius SE & Co. KGaA

Reconciliation business segments

FRESENIUS KABI

€ in millions	2023	2022	Growth rate	Growth rate in constant currency
Revenue reported	**8,009**	**7,850**	**2%**	**9%**
Revaluations of biosimilars contingent purchase price liabilities	-29	23		
Expenses associated with the Fresenius cost and efficiency program	164	195		
Impacts related to the war in Ukraine	-	15		
Transaction costs of mAbxience, Ivenix	36	40		
Hyperinflation in Türkiye	-	7		
Legacy portfolio adjustments	8	-		
EBIT (before special items)	**1,145**	**1,080**	**6%**	**3%**

FRESENIUS HELIOS

€ in millions	2023	2022	Growth rate	Growth rate in constant currency
Revenue reported	**12,320**	**11,716**	**5%**	**5%**
Expenses associated with the Fresenius cost and efficiency program	1	-		
Legacy portfolio adjustments	294	-		
EBIT (before special items)	**1,232**	**1,185**	**4%**	**4%**

FRESENIUS VAMED

€ in millions	2023	2022	Growth rate	Growth rate in constant currency
Revenue reported	**2,356**	**2,359**	**0%**	**0%**
Expenses associated with the Fresenius cost and efficiency program	1	4		
Impacts related to the war in Ukraine	-	22		
Vamed transformation	554	-		
EBIT (before special items)	**-16**	**20**	**-180%**	**-185%**

CORPORATE/OTHER

€ in millions	2023	2022	Growth rate	Growth rate in constant currency
Expenses associated with the Fresenius cost and efficiency program	55	63		
Retroactive duties	-	9		
Legal form conversion costs Fresenius Medical Care	17	-		
Legacy portfolio adjustments	18	-		
EBIT (before special items)	**-99**	**-95**	**-4%**	**-1%**

FINANCIAL POSITION

Financial management policies and goals

The financing strategy of the Fresenius Group has the following main objectives:

- Ensuring financial flexibility
- Maintaining our investment grade rating
- Limiting refinancing risks
- Optimizing our cost of capital

Ensuring financial flexibility is key to the financing strategy of the Fresenius Group. Our investment grade rating provides us with good access to the financial and capital markets. We also remain financially flexible by maintaining adequate liquidity headroom.

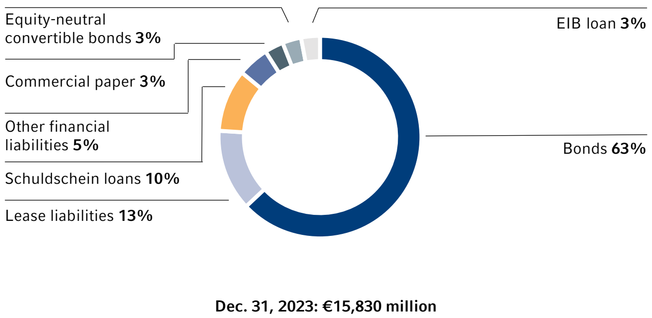
Our refinancing risks are limited due to a balanced maturity profile that is characterized by a broad range of maturities with a high proportion of mid- and long-term debt up to 2033. In the selection of **financing instruments**, we take into account criteria such as market capacity, investor diversification, funding flexibility, cost of capital, and the existing **maturity profile**. We also take into account the currencies in which our returns and cash flows are generated.

Our main mid- and long-term financing instruments are bonds, as shown in the adjacent chart. Fresenius SE & Co. KGaA has a Debt Issuance Program, under which bonds of up to €15 billion can be issued in different currencies and maturities. Other important long-term financing instruments include Schuldschein Loans and bank loans. Fresenius pursues a centralized financing strategy. The business segments Fresenius Kabi, Fresenius Helios, and Fresenius Vamed are financed primarily through Fresenius SE & Co. KGaA in order to avoid structural subordination. Currency derivatives are used at Group level to hedge intercompany loans in foreign currencies. For short-term financing needs, Fresenius SE & Co. KGaA maintains bilateral credit lines and commercial paper program. Under the commercial paper programs, short-term notes of up to €1.5 billion can be issued.

Moreover, lease liabilities (according to IFRS 16) as well as accounts receivable programs are part of our short- and mid-term financing. The €2 billion syndicated ESG-linked credit facility of Fresenius SE & Co. KGaA signed in July 2021 serves as a backup line.

Another key objective of the Fresenius Group's financing strategy is to optimize the **cost of capital** by employing an adequate mix of equity and debt. Due to the Company's diversification within the healthcare sector and the strong market positions of the business segments in global, growing, and non-cyclical markets, we are able to generate predictable and sustainable cash flows. These allow for a reasonable proportion of debt. Measures to strengthen the equity base may also be considered in exceptional cases to support long-term growth.

FINANCING MIX OF THE FRESENIUS GROUP[1]



[1] As of December 31, 2023. Major financing instruments excluding interest liabilities. Interest liabilities can be found in "Other Financial Liabilities".

Overall, there were no significant changes in our financing strategy in 2023. Against the backdrop of the volatile capital market environment, however, upcoming maturities were refinanced conservatively and well in advance. For example, with the €850 million ESG-linked Schuldschein Loan in May and the €500 million bond in October, we already refinanced maturities in the first quarter of 2024. In addition, an inaugural Swiss franc bond in the amount of CHF 275 million was issued in October to further diversify our financing mix. The average maturity of our major financing instruments (excluding leasing) as of December 31, 2023 was 3.6 years and the average cost of interest was 2.9%.

Financing

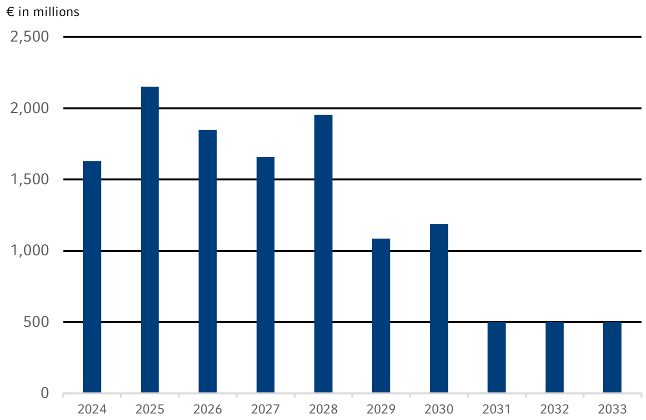
Fresenius meets its financing needs through a combination of operating cash flows generated in the business segments and short-, mid-, and long-term debt. Important financing instruments include bonds, Schuldschein Loans, bank loans, convertible bonds, commercial paper programs, and accounts receivable programs. In addition, our financing mix includes lease liabilities in accordance with IFRS 16. In 2022, the proceeds of the financing activities were mainly used for general corporate purposes, including the refinancing of existing financial liabilities.

In 2023, two bonds were issued under the Debt Issuance Program of Fresenius SE & Co. KGaA.. The syndicated credit facility was undrawn as of December 31, 2023. As of December 31, 2023, €470 million of Fresenius SE & Co. KGaA's commercial paper program was utilized.

To ensure short-term liquidity, Fresenius can also conclude bilateral credit lines with banks that can be drawn at any time.

Detailed information on the Fresenius Group's financing can be found on pages 314 ff. of the Notes. Further information on financing measures in 2024 is included in the Outlook section on page 85.

MATURITY PROFILE OF THE FRESENIUS GROUP FINANCING FACILITIES[1, 2]



1 As of December 31, 2023, and based on utilization of major financing instruments, excl. Commercial Paper and other cash management lines
2 €700 million Bond 2017/2024 , €246 million Schuldschein Loan 2017/2024 and €500 million Equity-neutral Convertible Bond 2017/2024 repaid at maturity.

FINANCIAL POSITION – FIVE-YEAR OVERVIEW[1]

€ in millions	**2023**	2022	2021	2020	2019
Cash conversion rate	1.0	0.9	0.9	0.8	0.5
Investments in property, plant and equipment, net	1,107	1,089	1,188	1,330	1,320
Cash flow before acquisitions and dividends	1,024	942	1,401	986	376
as % of sales	4.6%	4.4%	7.0%	5.3%	2.1%

[1] Prior-year figures were adjusted due to the application of IFRS 5 to the deconsolidated activities of Fresenius Medical Care.

Corporate rating

The credit quality of Fresenius is assessed and regularly reviewed by the leading rating agencies Moody's, Standard & Poor's, and Fitch. Fresenius is rated investment grade by all three rating agencies. In February, Standard & Poor's changed the outlook from stable to negative. The rating agency Fitch increased the outlook from negative to stable in August 2023. Other than that, there were no rating changes in 2023.

RATING OF FRESENIUS SE & CO. KGAA

	Dec. 31, 2023	Dec. 31, 2022
Standard & Poor's		
Corporate Credit Rating	**BBB**	BBB
Outlook	**negative**	stable
Moody's		
Corporate Credit Rating	**Baa3**	Baa3
Outlook	**stable**	stable
Fitch		
Corporate Credit Rating	**BBB-**	BBB-
Outlook	**stable**	negative

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

Fresenius is not involved in any off-balance-sheet transactions that are likely to have a significant impact on its financial position, results of operations, liquidity, investments, assets and liabilities, or capitalization at present or in the future.

Liquidity analysis

The main sources of liquidity are cash provided by operating activities and cash used in financing activities, i.e. short-, mid- and long-term borrowings. Cash flows from operating activities are influenced by the profitability of Fresenius' business and by working capital, in particular receivables. Cash inflows from financing activities are generated through the use of various short-term financing instruments. To this end, we issue commercial paper and draw on bilateral bank credit lines. Short-term liquidity requirements can also be covered by accounts receivable programs. Mid- and long-term financing is mainly provided by bonds, Schuldschein Loans, bilateral credit lines, and leasing liabilities. Fresenius has access to the €2 billion syndicated revolving credit facility as additional liquidity headroom. Fresenius is confident that the existing credit facilities, inflows from further debt financings, and cash inflows from operating activities and other short-term financing sources will be sufficient to cover the Group's foreseeable liquidity needs.

Dividend

For 2022, a dividend of €0.92 per share was paid (2021: €0.92 per share). This resulted in a total payout of €518 million (2021: €514 million, thereof €147 million in shares as part of the scrip dividend).

Due to legal restrictions resulting from the utilization of state compensation and reimbursement payments for increased energy costs provided for in the Hospital Financing Act ("Krankenhausfinanzierungsgesetz"), it will not be proposed to the 2024 Annual General Meeting to distribute a dividend for the 2023 fiscal year. Irrespective of the legally required suspension of dividend payments for the 2023 fiscal year, Fresenius is maintaining its dividend policy for the future.

Cash flow analysis

Operating cash flow (continuing operations) increased by 5% to €2,131 million (2022: €2,031 million). Operating cash flow (continuing operations) in the 2023 fiscal year was mainly driven by the good development at Fresenius Kabi and Fresenius Helios. This was mainly due to working capital improvements, which were driven, among other things, by improved receivable collection. The cash flow margin was 9.6% (2022: 9.4%).

Capital expenditures (net) amounted to -€1,107 million (2022: -€1,089 million). As a result, the **cash flow before acquisitions and dividends (continuing operations)** was €1,024 million (2022: €942 million).

The net cash outflow for acquisitions amounted to €233 million. Acquisition expenses mainly related to already-planned milestone payments in connection with the acquisitions of Ivenix Inc., and the biosimilars business of Merck KGaA, both at Fresenius Kabi. Fresenius Helios and Fresenius Vamed did not make any acquisitions in 2023.

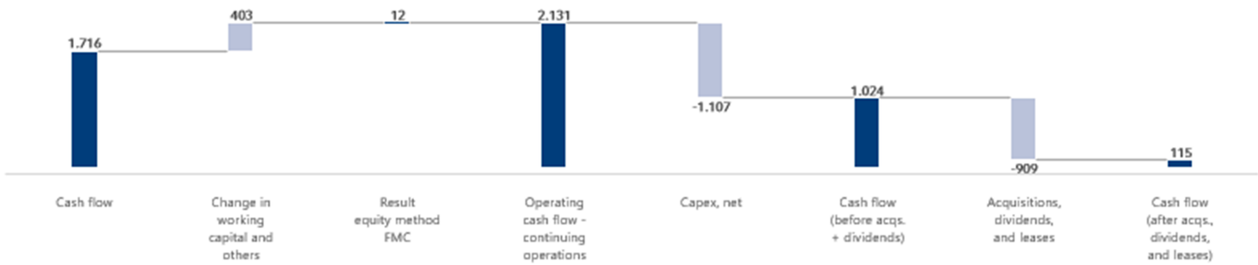
Dividends of the Group amounted to €444 million (2022: €276 million). The dividend amount is calculated as follows: in total, there was a dividend payment of €518 million to the shareholders of Fresenius SE & Co. KGaA and dividends paid to third parties of €32 million. These payments were partially offset by the dividend of €106 million that Fresenius SE & Co. KGaA received as a shareholder of Fresenius Medical Care.

Free cash flow after acquisitions and dividends (continuing operations) was €347 million (2022: -€117 million).

Payments from lease liabilities resulted in a cash outflow of €232 million (2022: -€200 million).

As a result, the **free cash flow after acquisitions, dividends and leases (continuing operations)** amounted to €115 million (2022: -€317 million).

CASH FLOW IN € MILLIONS



CASH FLOW STATEMENT (SUMMARY)

€ in millions	2023	2022 restated	2022 previous	Growth	Margin 2023	Margin 2022
Net income	238	1,222	2,117	-81%		
Depreciation and amortization	1,478	1,157	2,973	28%		
Loss from the FMC investment accounted for using the equity method	12	-		--		
Change in working capital and others	403	-348	-892	--		
Operating cash flow - continuing operations	**2,131**	**2,031**	**4,198**	**5%**	**9.6%**	**9.4%**
Capital expenditure, net	-1,107	-1,089	-1,777	2%		
Cash flow before acquisitions and dividends - continuing operations	**1,024**	**942**	**2,421**	**9%**	**4.6%**	**4.4%**
Cash used for acquisitions, net	-233	-783	-830	-70%		
Dividends received from Fresenius Medical Care	106	127		-17%		
Dividends paid	-550	-403	-890	36%		
Free Cash Flow after acquisitions and dividends - continuing operations	347	-117		--		
Payments from lease liabilities	-232	-200	-975	16%		
Free cash flow after acquisitions, dividends, and leases - continuing operations	**115**	**-317**	**-274**	**136%**		
Cash provided by/used for financing activities	972	377	261	158%		
Effect of exchange rates on change in cash and cash equivalents	-43	-2	-2	--		
Net change in cash and cash equivalents	**1,044**	**57**	**-15**	**--**		

Cash provided by financing activities was €972 million, (2022: €377 million), mainly due to the early refinancing of financial liabilities maturing in the 2024 financial year.

Cash and cash equivalents (net), as a result, increased by €1,044 million (December 31, 2022: €57 million) to €2,562 million as of December 31, 2023. They were negatively influenced by currency translation effects of -€43 million (2022: -€2 million).

The **cash conversion rate (CCR),** which reflects the ratio of adjusted free cash flow to EBIT before special items, improved to 1.0 in the 2023 fiscal year (2022: 0.9).

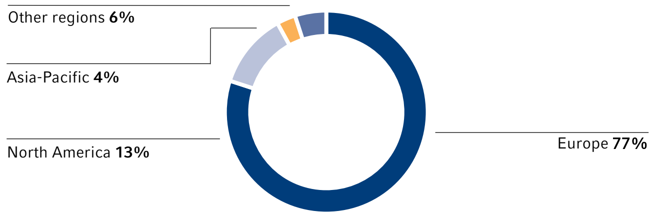
Working capital decreased by 3% to €4,478 million (2022 restated: €4,616 million; 2022 previous: €9,645).

Investments and acquisitions

In 2023, the Fresenius Group spent €1,346 million (2022: €2,015 million) for investments and acquisitions. **Investments in property, plant and equipment** decreased to €1,136 million (2022: €1,182 million) or 5.1% of revenue (2022: 5.5%). This was below the depreciation level[1] of €1,160 million. A total of €210 million was invested in **acquisitions** (2022: €833 million). Of the total capital expenditure in 2023, 84% was invested in property, plant and equipment and 16% was spent on acquisitions.

Acquisition expenses mainly related to already-planned milestone payments in connection with the acquisitions of Ivenix Inc., and the biosimilars business of Merck KGaA, both at Fresenius Kabi. Fresenius Helios and Fresenius Vamed did not make any acquisitions in 2023.

INVESTMENTS BY REGION

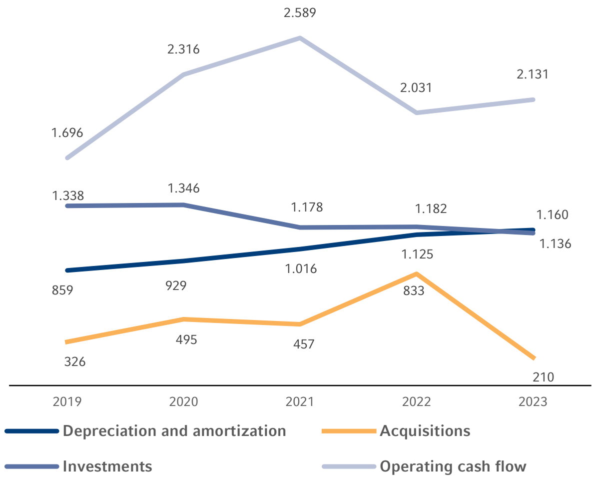


2023: €1,136 million

INVESTMENTS AND ACQUISITIONS

€ in millions	2023	2022	Change
Acquisitions	210	833	-75%
Investment in property, plant and equipment	1,136	1,182	-4%
thereof maintenance	49%	57%	
thereof expansion	51%	43%	
Investment in property, plant and equipment as % of revenue	5.1%	5.5%	
Total investments and acquisitions	**1,346**	**2,015**	**-33%**

INVESTMENTS, ACQUISITIONS, OPERATING CASH FLOW, DEPRECIATION AND AMORTIZATION IN € MILLIONS – FIVE-YEAR OVERVIEW[1]



INVESTMENTS/ACQUISITIONS BY BUSINESS SEGMENT

€ in millions	2023	2022	Thereof property, plant and equipment	Thereof acquisitions	Change	% of total
Fresenius Kabi	658	1,243	451	207	-47%	49%
Fresenius Helios	573	642	573	0	-11%	42%
Fresenius Vamed	89	96	87	2	-7%	7%
Corporate/Other	26	34	25	1	-24%	2%
Total	**1,346**	**2,015**	**1,136**	**210**	**-33%**	**100%**

[1] Before special items

For a detailed overview of special items please see the reconciliation tables on pages 64–67.

The main **investments in property, plant and equipment** were as follows:

- Optimization and expansion of production facilities for Fresenius Kabi.
- New building and modernization of hospitals at Fresenius Helios. The most significant individual projects were, among other locations, hospitals in Wiesbaden, Duisburg, Wuppertal, and Niederberg, as well as investments in IT infrastructure.

Investment program at Fresenius Kabi
Fresenius Kabi has a global network of production centers. We manufacture our finished medicines in our own plants and, at some sites, also produce active pharmaceutical ingredients. Our investments aim, among other things, is to continuously modernize and automate as well as to increase the competitiveness of the plants at a consistently high level of quality.

In the United States, Fresenius Kabi continued its extensive investment program at the manufacturing sites. In 2023, we achieved major milestones in qualifying and validation of the installed equipment and are expecting first regulatory approvals over the course of 2024, bringing the latest technologies for the production of pharmaceutical products online.

Due to the demand for enteral nutrition products in China, we are expanding our production capacity there. At completion we will have invested around €100 million (including investments from prior years). In the reporting year, we continued work on a new production building on our campus in Wuxi. From 2024 onwards, we will be producing enteral nutrition products there that have the status of Food for Special Medical Purposes. Fresenius Kabi will also be expanding its research and development activities for enteral nutrition at the Wuxi site.

In the Netherlands, we are converting our site in Emmer-Compascuum into a production facility for enteral nutrition products and will invest a total of around €160 million in this manufacturing site. The production build-up and capacity expansion are running on track and will be finalized during 2024.

In Austria, we are continuously expanding our production and logistics site in Graz. In the manufacturing plant, the mobile preparatory area has been enlarged, freeze-drying (lyophilization) expanded, and new filling systems implemented. The plant manufactures sterile drugs such as intravenously administered drugs and large-volume products for parenteral nutrition; the site also specializes in complex process requirements and innovative technologies. In the last years we spent €110 million on our core business, and we are further investing €30 million in the vertical integration of our Biopharma business in Graz over the next years.

In France, we continued with the modernization of our plant in Louviers. We are finalizing a new building comprising an area of 3,300 square meters for the production of freeflex infusion bags there. This also allows us to further optimize the European production network as a whole. In total, €35 million was invested in the modernization.

In Germany, a new KabiClear production line is being installed at our Friedberg plant to meet the increasing demand in the infusion bottles business in Europe. A total of €40 million is expected to be invested in the course of this project.

Our Haina plant in the Dominican Republic is the central manufacturing facility for disposable products in the field of apheresis and cell therapy. Driven by the high market demand for plasma and cell therapy products, we have gradually expanded the plant in recent years. In the plasma collection business, in addition to disposable products for our Aurora plasmapheresis system, the disposable products of the successor system, Aurora Xi, are also produced in Haina. Aurora Xi disposable capacity expansion is still ongoing. Production of Comtec sets, for our therapeutic apheresis system, was started in March 2023 after relocation. We are now also working on relocating production of Ivenix sets to this plant.

In order to continue to meet the growing market demand for disposable products, we intend to expand our manufacturing plant in the coming years with highly automated production facilities and clean room capacities. In total, we expect to invest more than US$80 million in the Haina plant going forward.

Divestments

As announced, Fresenius continued to focus and prioritize its core business areas in the 2023 fiscal year as part of its active portfolio management. The following portfolio measures were agreed as part of this:

- Sale of the majority stake in a holding company of the Clínica Ricardo Palma hospital in Lima, Peru, and the associated exit from the Peruvian hospital business
- Sale of the Eugin Group to the global fertility medicine group IVI RMA to further focus Fresenius Helios on its core business; closed on January 31, 2024
- Transfer of the Fresenius Kabi plant in Halden (Norway) to HP Halden Pharma AS, a company of the Prange Group, as part of the Vision 2026 strategy, which aims, among other things, to reduce complexity and optimize capacity utilization in the global production network
- Termination of the activities of Curalie GmbH, a provider of healthcare apps belonging to Fresenius Helios, and sale of the Curalie subsidiaries meditec and ibs

ASSETS AND LIABILITIES

Asset and liability structure

The decline in the actual values compared to the previous year is mainly due to the application of IFRS 5 and the equity method in accordance with IAS 28 for Fresenius Medical Care, which was previously fully consolidated.

The Group's **total assets** decreased by 41% (-40% in constant currency) to €45,284 million (Dec. 31, 2022: €76,400 million). The decrease is mainly due to the deconsolidation of Fresenius Medical Care (FMC). Inflation had no significant impact on the assets of Fresenius in 2023.

Current assets decreased by 32% (-30% in constant currency) to €12,520 million (Dec. 31, 2022: €18,279 million). Within current assets, trade accounts receivable and other receivables decreased by 49% to €3,673 million (Dec. 31, 2022: €7,161 million). At 61 days, average days revenue outstanding was above the previous year's level (60 days).

Inventories decreased by 48% to €2,517 million (Dec. 31, 2022: €4,833 million). The scope of inventory in 2023 was 62 days (Dec. 31, 2022: 68 days). The ratio of inventories to total assets decreased to 5.6% (Dec. 31, 2022: 6.3%).

Non-current assets decreased by 44% (-43% in constant currency) to €32,764 million (Dec. 31, 2022: €58,121 million). The goodwill and intangible assets in the amount of €17,620 million (Dec. 31, 2022: €35,828 million) has proven sustainable. The addition to the goodwill from acquisitions was €3 million in fiscal year 2023.

BALANCE SHEET OVERVIEW

€ in millions	**Dec. 31, 2023**	Dec. 31, 2022
ASSETS		
Current assets	**12,520**	**18,279**
thereof trade accounts receivable	3,673	7,161
thereof inventories	2,517	4,833
thereof cash and cash equivalents	2,562	2,749
thereof other current assets	3,213	3,536
Assets held for sale	555	-
Non-current assets	**32,764**	**58,121**
thereof property, plant and equipment	8,964	12,919
thereof goodwill and other intangible assets	17,620	35,828
thereof right-of-use assets	1,818	5,922
Fresenius Medical Care investment accounted for using the equity method	3,500	-
Total assets	**45,284**	**76,400**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities	**25,633**	**44,182**
thereof trade accounts payable	1,488	2,164
thereof short-term accruals and other short-term liabilities	4,920	8,242
thereof debt	15,830	27,763
thereof lease liabilities	*1,998*	*6,592*
thereof liabilities directly associated with the assets held for sale	230	-
Noncontrolling interests	652	11,803
Total Fresenius SE & Co. KGaA shareholders' equity	18,999	20,415
Total shareholders' equity	**19,651**	**32,218**
Total liabilities and shareholders' equity	**45,284**	**76,400**

ASSETS AND LIABILITIES – FIVE-YEAR OVERVIEW

€ in millions	**2023**	2022	2021	2020	2019
Total assets	45,284	76,400	71,962	66,646	67,006
Shareholders' equity[1]	19,651	32,218	29,288	26,023	26,580
as % of total assets[1]	43%	42%	41%	39%	40%
Shareholders' equity[1]/non-current assets, in %	60%	55%	54%	51%	51%
Debt	15,830	27,763	27,155	25,913	27,258
as % of total assets	35%	36%	38%	39%	41%

[1] Including noncontrolling interests

Shareholders' equity decreased by 39% (-37% in constant currency) to €19,651 million (Dec. 31, 2022: €32,218 million). Group net income attributable to Fresenius SE & Co. KGaA decreased shareholders' equity by €594 million. The **equity ratio** improved to 43.4% (Dec. 31, 2022: 42.2%).

The liabilities and equity side of the balance sheet shows a solid financing structure. Total shareholders' equity, including noncontrolling interests, covers 60% of non-current assets (Dec. 31, 2022: 55%). Shareholders' equity, noncontrolling interests, and long-term liabilities in total cover all non-current assets and inventories.

Long-term liabilities increased by 47% (-47% in constant currency) to €16,303 million (Dec. 31, 2021: €30,524 million). **Short-term liabilities** decreased by 32% (-31% in constant currency) to €9,330 million (Dec. 31, 2022: €13,658 million).

The Group has neither provisions nor accruals that are of major significance as individual items. Other provisions and accruals result mainly from provisions for self-insurance programs, for personnel expenses, for warranties and claims, and for litigation and other legal risks.

Group debt increased by 8% to €15,830 million (Dec. 31, 2022: €27,763 million). Its relative weight in the balance sheet was 35% (Dec. 31, 2022: 36%). Approximately 3% of the Group's debt is denominated in U.S. dollars. Liabilities due in less than one year were €2,581 million (Dec. 31, 2022: €3.036 million), while liabilities due in more than one year were €13.249 million (Dec. 31, 2022: €24,727 million).

Group **net debt** decreased by 0% (-1% in constant currency) to €13,268 million (Dec. 31, 2022 restated: €13,307 million; Dec. 31, 2022 previous: €25,014 million).

The net debt to equity ratio including noncontrolling interests (gearing) is 68% (Dec. 31, 2022 reported: 78%). The **return on equity after taxes**[1] (equity attributable to shareholders of Fresenius SE & Co. KGaA) was 7.9% (Dec. 31, 2022: 8.5%). The return on total assets after taxes and before noncontrolling interests[1] was 3.2% (2022: 3.7%).

Working capital[2] amounted to €4,478 million (2022 restated: €4,616 million; 2022 previous: €9,645 million). This corresponds to 20% of sales (2022: 21%).

Group ROIC was 5.2%[3] (2022: 5.6%[3]). Within the position invested capital, goodwill of €15.1 billion had a significant effect on the calculation of ROIC.

It is important to take into account that approximately 75% of the goodwill is attributable to the strategically significant acquisitions of

- HELIOS Kliniken in 2006,
- APP Pharmaceuticals in 2008,
- Hospitals of Rhön-Klinikum AG in 2014,
- Quirónsalud and the biosimilars business in 2017, and
- Ivenix and mAbxience in 2022.

Those have significantly strengthened the competitive position of the Fresenius Group.

The WACC (weighted average cost of capital) of the business segments was 5.74% (2022: 5.65%).

[1] Before special items
[2] Trade receivables and inventories less trade payables and advance payments received
[3] Before special items; pro forma acquisitions divestitures

For a detailed overview of special items and adjustments please see the reconciliation tables on pages 64–67.

FIVE-YEAR OVERVIEW FINANCING KEY FIGURES[1,2]

	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Debt/EBITDA	4.5	4.2	4.0	4.4	4.1
Net debt/EBITDA[3]	3.8	3.8	3.6	4.1	3.9
EBITDA/financial result	8.2	13.8	15.0	10.6	11.2

[1] Before special items; The previous year's figures were adjusted due to the application of IFRS 5 to the deconsolidated activities of Fresenius Medical Care.
[2] For pro forma acquisitions, the missing pro forma EBITDA for the full 12 months is included. For divestments, the EBITDA contribution of the last 12 months is deducted.
[3] At LTM average exchange rates for both net debt and EBITDA

ROIC BY BUSINESS SEGMENTS

	ROIC	
in %	**2023**	2022
Fresenius Kabi[1,2]	7.3	7.8
Fresenius Helios[1,2]	5.4	5.4
Fresenius Vamed[2]	-1.2	1.1
Group[1,2]	**5.2**	**5.6**

[1] Pro forma acquisitions (includes adjustments for acquisitions in the respective reporting period with a purchase price above a certain level); The previous year's figures were adjusted due to the application of IFRS 5 to the deconsolidated activities of Fresenius Medical Care.
[2] Before special items

Currency and interest risk contracts

The nominal value of the Foreign exchange contracts and currency swaps was €2,405 million as of December 31, 2023. These contracts had a fair value of €27 million.

OVERALL ASSESSMENT OF THE BUSINESS SITUATION

Fresenius expects general cost inflation to continue at a slightly lower level in the 2024 fiscal year and the current geopolitical tensions to persist. Fresenius also expects interest rates to remain at a similar level to 2023.

Irrespective of this, the Management Board considers the business outlook for the Group to be positive and expects a successful fiscal year 2024.

OUTLOOK

This Group Management Report contains forward-looking statements, including statements on future revenue, expenses, and investments, as well as potential changes in the healthcare sector, our competitive environment, and our financial situation. These statements were made on the basis of the expectations and assessments of the Management Board regarding events that could affect the Company in the future, and on the basis of our mid-term planning. Such forward-looking statements are subject, as a matter of course, to risks, uncertainties, assumptions, and other factors, so that the actual results, including the financial position and profitability of Fresenius, could differ materially – positively or negatively – from those expressly or implicitly assumed or described in these statements. For further information, please see our Opportunities and Risk Report on pages 87 ff.

GENERAL AND MID-TERM OUTLOOK

Despite the challenges posed by the macroeconomic environment, the Management Board continues to assess the business outlook of the Fresenius Group as positive at the time of preparing the Group Management Report. We continue to see steadily growing demand for our products, services, and therapies worldwide.

We are continuously striving to optimize our costs, adjust our capacities, and improve our product mix, as well as to expand our products and services business. This includes plans for cost-efficient production and a further-optimized procurement process. In addition, we can use digital technologies to accelerate central administrative processes and make them more efficient. For more information, see Cost efficiency program section on page 85.

Fresenius recognizes very good opportunities to meet the growing demand for healthcare resulting from the aging population with its increasing need for comprehensive care and from technological progress worldwide. Fresenius expects that access to healthcare in developing and emerging countries will continue to improve and that efficient healthcare systems with appropriate reimbursement structures will develop over time. We will continuously review and optimize our activities and growth options in the global regions and look for opportunities to introduce further products from our portfolio in attractive markets that enable profitable growth.

The mid-term business outlook for Fresenius' **Operating Companies** is determined by the following factors:

- **Fresenius Kabi** is focusing on three growth areas: broadening the biopharmaceuticals business, expanding the clinical nutrition business, and expanding the MedTech business. In the field of biopharmaceuticals, Fresenius Kabi specializes in the development of products for the treatment of autoimmune diseases and for use in oncology, and has a pipeline of molecules in various stages of development. The acquisition of a majority stake in mAbxience in 2022, which will enable a fully integrated vertical biopharma business, strengthens Fresenius Kabi's presence in the high-growth biopharmaceuticals market. We expect these measures to boost the company's earnings in the coming years. The clinical nutrition portfolio has grown successfully in recent years and will be further expanded, making the product offering more accessible from a geographical perspective. The MedTech portfolio was strengthened by the acquisition of Ivenix and its advanced infusion system. Fresenius Kabi continues to expand its MedTech product offering to keep pace with modern software and connectivity requirements. To strengthen the resilience of its high-volume IV drug business, Fresenius Kabi is developing generic drug formulations that are available at the time of market launch, i.e. immediately after the patents of the originator drugs expire.

In addition, Fresenius Kabi is developing new formulations of already off-patent IV drugs, as well as ready-to-use products that are particularly user-friendly and safe, such as prefilled syringes and ready-to-use solutions in our freeflex infusion bags. Fresenius Kabi aims to further expand its product portfolio in selected countries where the company does not yet have a comprehensive offering, depending on the respective local market conditions.

- **Fresenius Helios** operates almost-nationwide hospital networks in Germany and Spain and provides outpatient care at various facilities. Patient care is to be further improved through the exchange of knowledge and experience (best practice) between Helios Germany and Helios Spain. The increasing number of privately insured patients opens up growth opportunities for Helios Spain, with a very deliberate and targeted allocation of capital for future expansion and hospital construction. Furthermore, the close integration of Helios Spain's corporate health management facilities with its own hospitals offers additional growth opportunities. In addition to innovative therapies, digitalization creates potential to further expand our market position. Helios Germany and Helios Spain are developing innovative business areas such as digital offerings.
- **Fresenius Vamed** is advancing its restructuring program. In addition, the expansion of high-quality services such as the management of medical-technical products, sterile supply, operational technology, and IT development is driven forward. Fresenius Vamed expects both its project and services business to grow again, respectively: further, due to the need for life-cycle and PPP projects (public-private partnership). Furthermore, Fresenius Vamed plans to further strengthen its leading position as a post-acute care provider in Central Europe.

HEALTHCARE SECTOR AND MARKETS

The healthcare sector is considered to be widely independent of economic cycles. The demand, especially for lifesaving and life-sustaining products and services, is expected to increase regardless of the macroeconomic challenges, given that they are medically needed and the population is aging. Moreover, medical advances and the large number of diseases that are still difficult to cure – or are incurable – are expected to remain growth drivers.

In the emerging countries, the availability of basic healthcare and the demand for high-quality medical treatment are increasing. As per-capita income increases, individuals increasingly have to cope with the illnesses associated with lifestyle diseases.

On the other hand, experts estimate that further financial constraints in the public sector could result in more pricing pressure and a slowdown in revenue for companies in the healthcare industry. Some countries are experiencing significant financing problems in the healthcare sector due to the strained public finance situation. Especially in the industrialized countries, increased pressure to encourage saving can be expected as healthcare costs constitute a large portion of the budget.

It will be increasingly important for companies in the healthcare sector to increase patient benefit, to improve treatment quality, and to offer preventive therapies. In addition, especially those products and therapies that are not only medically but also economically advantageous will be of increasing importance.

THE MARKET FOR BIOPHARMACEUTICALS, CLINICAL NUTRITION, MEDTECH, GENERIC IV DRUGS, AND IV FLUIDS[1]

It is forecasted that the market for **biopharmaceuticals** from the therapeutic areas of oncology and autoimmune diseases will experience high-single-digit percentage growth in the upcoming years, whereby the biosimilars segment is clearly in the double-digit range. Today, more than one in three new drug approvals is a biopharmaceutical and significant growth of this global market, especially biosimilars, is expected in the next few years and decades.

Going forward, we anticipate mid-single-digit growth in the clinical nutrition market. This outlook is underpinned by the growing awareness of the importance of early clinical nutrition, as emphasized in the latest guidelines. Moreover, the increasing adaption of mandatory screening for malnutrition[2] is contributing to the positive growth prospects. We see further potential in addressing the substantial number of malnourished individuals who still lack access to nutrition therapies. Notably, emerging regions such as Latin America and Africa are expected to play a significant role in this growth story, with projections indicating mid- to high-single-digit growth rates in these areas.

The **MedTech Infusion and Nutrition System** (INS) market should experience growth in the mid-single-digit range going forward, mainly driven by infusion management systems. In many countries, we continue to see strong demand in the infusion technology segment, with more nationally resilient positions after COVID-19. In addition, the infusion pumps already placed in recent years will increase the demand for dedicated infusion sets.

In the **MedTech Transfusion Medicine and Cell Therapies** (TCT) market, we expect to see mid-single-digit growth in the near future. This growth will be driven primarily by the worldwide demand for plasma-derived intravenously administered products. In cell and gene therapy, we expect extraordinary growth as these therapies are approved for first- and second-line treatments. In the blood center business, we expect continued slight market growth, driven by increased platelet apheresis use in developing markets.

Going forward, the markets for **generic IV drugs and IV fluids** are expected to grow in the low-to-mid-single-digit range, with significant regional differences. The demand for generic IV drugs is likely to grow because of their significantly lower price in comparison to the price of originator drugs. The growth dynamic will continue to be driven by improvement in healthcare infrastructure and access to care in the emerging markets, originator drugs going off-patent, and by volume increase in original off-patent products that are offered at steady prices due to a unique selling proposition. A factor working in the opposite direction is the price pressure on off-patent brands and generic drugs as regulators seek to keep healthcare budgets under control, and it is expected that the competitive pressure in the market will further increase.

[1] Market data refers to Fresenius Kabi’s addressable markets. Those are subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market, among other things. Percentage increase based on market value (price × volume).
[2] Sources: New ESPEN guideline on clinical nutrition and hydration in geriatrics. Clin Nutr. 2022 41:958-989; by Volkert D, Beck AM, Cederholm T, Cruz-Jentoft A, Goisser S, Hooper L, et al.; latest implemented e.g., in Portugal: “National Policy for effective screening implementation”; Directorate General of Health DGS

THE HOSPITAL MARKET[1]

Due to the increasing provision of treatments in the outpatient setting, in particular, as well as the growing acceptance and use of digital healthcare services, we assume that the number of inpatient hospital treatments in Germany will rather continue to remain on a constant level or to have limited growth potential in the future.

According to calculations, the **potential for outpatient treatment** in German hospitals is around 20% of inpatient cases (excluding births)[2]. Increasing outpatient treatment is desirable, not least for reasons of the shortage of specialist staff. This requires, in particular, the creation of financial incentives that contribute to a shift of cases to the outpatient sector. The first steps have been taken with the hybrid DRGs, which were introduced on January 1, 2024. In future, hybrid DRGs are to be extended to other service areas.

In addition, a stronger **cross-sectoral integration** of inpatient and outpatient medicine should ensure high-quality hospital care close to home, which goes hand in hand with the reduction of duplicate structures and specialization. Helios is well positioned in terms of cross-sector medicine in Germany with its broad range of inpatient and outpatient services.

The increase in the **remuneration of hospital services** in Germany is determined, among other things, by what is known as the change value. It amounts to 5.13% for 2024. The hospital financing system also provides for various surcharges and discounts for acute hospitals.

Due to the overall delay in negotiations on the budgets (including the nursing care budgets) of hospitals in Germany, the federal government has introduced legislative initiatives to improve the liquidity of hospitals. Among other things, liquidity compensations outstanding related to the **nursing care budgets** up to and including 2024 can also be agreed as part of current agreement. The aim is to accelerate payment and thus improve the liquidity situation of hospitals, which is continues to be challenging for many hospitals in Germany due to the COVID-related decline in case numbers and thus lower proceeds.

Future **expectations** for the year 2024 are negative for German hospitals: according to the Hospital Barometer 2023 of the German Hospital Institute (DKI), 71% of hospitals expect their economic situation to deteriorate. Only 4% of hospitals still expect an improvement. Helios expects to continue to grow profitably in Germany in 2024. Since its founding, the company has focused on good organization, cost efficiency, and measurable, high medical quality as well as transparency of medical results.

To provide financial support for **inflation-related additional costs** and increased energy costs, hospitals in Germany will be supplied with compensation and reimbursement amounts from the liquidity reserve of the healthcare fund for the last time by the end of April 2024.

For 2024, the obligatory minimum nursing staff levels have been extended to include the specialist department of neurosurgery. Obligatory minimum nursing staff levels will be introduced for other hospital departments in the future.

Starting in 2025, a new instrument for measuring nursing staff, referred to as the **nursing staff model PPR 2.0**, is to be gradually introduced. For this purpose, all hospitals will have to classify each patient daily into a nursing classification starting in 2024. The nursing classification then results in a calculated requirement for nursing staff for each clinic. From 2025, the Federal Ministry of Health (BMG) will be able to specify the percentage of this requirement that must be implemented in practice. If this normative requirement is not met in practice, financial sanctions may be imposed.

Digitalization in hospitals in Germany is to be driven forward by the Hospital Futures Act. For example, nationwide standards will be introduced to enable greater networking in the healthcare sector and further improve patient care. From January 1, 2025, a deduction of up to 2% of the bill for each full and partial inpatient case is to be deducted if a hospital does not provide all the digital services listed in the Hospital Structure Fund Ordinance.

In January 2023, the health ministers of the German states discussed a concept for comprehensive **hospital structure reform**. In July 2023, the federal and state governments agreed on a key points paper for hospital reform. At the end of 2023, the Federal Ministry of Health presented a working draft for a law. The proposed draft is currently being reviewed by the states involved. The planned law is expected to come into force in the first quarter of 2024 at the earliest. The aim is to fundamentally restructure the hospital landscape in Germany. The current system of purely volume-based remuneration via flat rates per case is to be changed. In future, 60% of the remuneration is to be distributed independently of performance via what is known as maintenance flat rates and linked to specific performance groups. The changeover to maintenance flat rates is to take place gradually over several years.

The financial impact of the reform on the Helios clinics cannot be estimated at present, as significant details are not known, particularly regarding the planned allocation of performance groups and the criteria of the maintenance financing.

In principle, however, Helios Germany considers itself to be well positioned for the upcoming reform as it has been strategically focusing on structural changes, new forms of care, and regional healthcare networks (clusters) for many years. Helios expects the hospital structure reform to be rather beneficial than detrimental to the company.

[1] Sources: Company research; German Hospital Institute (DKI), Krankenhaus Barometer 2023
[2] Care Compass BARMER Institute for Health Systems Research (bifg, 2023a)

Details on the **hospital structure reform** can be found on page 35 of the Group Management Report.

The government is currently planning to revise the regulations on emergency care. However, there is currently no concrete legislative procedure.

According to our expectations, we anticipate that the **private hospital market in Spain** in 2024 will continue to grow in the mid-single-digit percentage range in terms of revenue. The continuing increase in the number of privately insured patients should also open up opportunities for private operators in the future.

Relevant indicators, for example nationwide healthcare spending and bed density, indicate the further market development potential in the Spanish healthcare system compared with other EU countries. This also provides opportunities for the establishment of new hospitals. Investments are being made both by the public sector and by private hospital operators.[1]

In addition, the highly fragmented Spanish private hospital market offers further consolidation potential.
We expect the trend towards digitalization in the healthcare sector to become even more important. Increasingly, the degree of **digitalization** will be central to the future viability of a hospital. Networks and the use of digital solutions are opening up new opportunities to make processes more efficient and safer and thus to break new ground in patient care. Digitalization will be a core element in maintaining competitiveness and being able to react to upcoming changes in an agile way.

THE MARKET FOR PROJECTS AND SERVICES FOR HOSPITALS AND OTHER HEALTHCARE FACILITIES

For fiscal year 2024, depending on geopolitical developments, Fresenius Vamed expects growing demand worldwide for projects and services for hospitals and other healthcare facilities.

In the Central European markets with **established healthcare systems**, we expect solid growth and a continued rise in demand. This is due to demographic developments and an increasing need for investment and modernization in public healthcare facilities that has in part become apparent as a result of the COVID-19 pandemic. Demand is particularly strong for services, i.e., the maintenance and repair of medical and hospital technology, facility management, technical or overall operational management, and the optimization of infrastructural processes – especially within the framework of public-private partnership models. Additional growth opportunities arise from the fact that public institutions are increasingly outsourcing non-medical services to private service providers due to increasing efficiency pressure. In addition, a sustainable expansion of the range of post-acute services in Europe is expected.

In the **emerging markets**, we anticipate an overall dynamic demand development. Growth in markets such as Africa, Latin America, and southeast Asia will initially be driven by the demand for efficient, needs-oriented medical care. In China and the Middle East, growth will be driven by the development of infrastructure and the creation of new care services, as well as research and training facilities.

Further opportunities arise from the progress of **digitalization**. It is important to systematically exploit the opportunities it offers, for example in the establishment and operation of what are known as virtual hospitals and the consistent further development of telemedical treatment procedures. These can make a decisive contribution to making state-of-the-art technology and medical expertise available at adequate cost. This goes hand in hand with networking between healthcare systems at different levels of development in order to facilitate access to high-quality healthcare services for broad sections of the population.

[1] Foreign Trade Center Madrid, The Spanish Economy – Austrian Chamber of Commerce 2022

GROUP REVENUE AND EARNINGS

Fresenius expects general cost inflation to continue at a slightly lower level in the 2024 fiscal year and the current geopolitical tensions to persist. Fresenius also expects interest rates to remain at a similar level to 2023.

Irrespective of this, the Management Board considers the business outlook for the Group to be positive and expects a successful fiscal year 2024.

Fresenius will continue to closely monitor the potential impact of increased volatility and reduced visibility on its business and balance sheet.

All of these assumptions are subject to considerable uncertainty.

GROUP FINANCIAL TARGETS 2024

	Targets 2024	Base 2023[2]
Revenue growth (organic)	3–6%	€21,776 m
EBIT growth [1,2] (in constant currency)	4–8%	€2,220 m

[1] Before special items
[2] Base 2023 adjusted

REVENUE AND EARNINGS BY BUSINESS SEGMENT

In 2024, we expect revenue and earnings development in our business segments as shown in the table below:

FINANCIAL TARGETS BY BUSINESS SEGMENT 2024

Operating Companies	Targets 2024	Base 2023[2]
Fresenius Kabi		
Revenue growth (organic)	Mid-single-digit percentage growth	€8,009 m
EBIT margin[1]	Around 15% (structural margin band: 14–17%)	€1,145 m
Fresenius Helios		
Revenue growth (organic)	Low-to-mid-single-digit percentage growth	€11,952 m
EBIT margin[1]	Within the structural margin band of 9–11%	€1,190 m

Investment Company	Targets 2024	Base 2023[2]
Fresenius Vamed		
Revenue growth (organic[3])	Mid -single-digit percentage growth	€2,201 m
EBIT margin[1]	1–2 percentage points below the structural margin band of 4–6%	-€16 m

[1] Before special items
[2] Base 2023 adjusted
[3] Calculated for continued business

BASE FOR GUIDANCE 2024

	Achieved 2023	Portfolio adjustment Fresenius Helios	Discontinued business Fresenius Vamed[2]	Base Guidance 2024
Group				
Revenue	€22,299 million	-€368 million	-€155 million	€21,776 million
EBIT[1]	€2,262 million	-€42 million	€0 million	€2,220 million
Operating Companies				
Fresenius Kabi				
Revenue	€8,009 million			€8,009 million
EBIT[1]	€1,145 million			€1,145 million
Fresenius Helios				
Revenue	€12,320 million	-€368 million		€11,952 million
EBIT[1]	€1,232 million	-€42 million		€1,190 million
Investment Company				
Fresenius Vamed				
Revenue	€2,356 million		-€155 million	€2,201 million
EBIT[1]	-€16 million		€0 million	-€16 million
Corporate				
Revenue	-€386 million			-€386 million
EBIT[1]	-€99 million			-€99 million

[1] Before special items
[2] Existing projects in respective countries will continue for a certain time period

EXPENSES

For fiscal year 2024, we expect selling, general, and administrative expenses (before special items) as a percentage of consolidated net revenue to remain broadly stable compared to 2023 (2023: 11.8%).

TAX RATE

For fiscal year 2024, we expect a tax rate between 25% and 26% (2023: 28.3%).

COST AND EFFICIENCY PROGRAM

Structural productivity improvements are expected to offset market headwinds and to create financial flexibility for future growth investments in the coming years.

We have increased the original target of saving around €350 million (excluding Fresenius Medical Care) annually in structural costs at EBIT level from 2025. We now plan to save around €400 million (excluding Fresenius Medical Care) in sustainable costs at EBIT level from 2025.

The cost savings program includes programs in all business segments and in the Corporate Center, which are managed and controlled centrally by the Group. The most important elements are process optimization, the reduction of sales, administration and procurement costs as well as digitalization measures.

The Group-wide cost and efficiency program is making excellent progress. In the 2023 fiscal year, we increased the annual savings achieved since the start of the program to around €280 million (excluding Fresenius Medical Care). This significantly exceeded the original target of €200 million for 2023. One-time costs incurred as part of the program amounted to around €221 million (excluding Fresenius Medical Care) in the 2023 fiscal year.

For 2024, Fresenius expects to increase the annual cost savings under the cost and efficiency program to €330 to 350 million.

To achieve the targeted cost savings, additional one-time costs of around €80 to 100 million are expected at EBIT level for the period 2024 to 2025. The one-off costs will continue to be classified as special items in line with previous practice.

LIQUIDITY AND CAPITAL MANAGEMENT

For fiscal year 2024, we expect a cash conversion rate of around 1.0.

In addition, undrawn credit lines under syndicated or bilateral credit facilities from banks provide us with sufficient financial headroom.

Financing activities in 2024 are largely geared to refinancing existing financial liabilities maturing in 2024 and 2025.

We expect interest rates in fiscal year 2024 to be on a similar level to 2023 , resulting in interest expense of €420 million to €440 million, depending on financing activities.

Without further acquisitions and divestments, Fresenius expects the net debt/EBITDA[1] ratio at the end of 2024 to be within the self-imposed target corridor of 3.0× to 3.5× (December 31, 2023: 3.76×).

There are no significant changes in the financing strategy planned for 2024.

INVESTMENTS

In 2024, we expect to invest about 5% of revenue in property, plant and equipment. About 54% of the capital expenditure planned will be invested at Fresenius Helios and about 39% at Fresenius Kabi.

Fresenius Helios will primarily invest in measures at the individual hospital locations in Germany and in new hospital buildings and expansions in Spain.

Fresenius Kabi will mainly invest in expansion and maintenance in 2024. This includes, in particular, the expansion of production facilities and in-licensing projects for biosimilar molecules.

Fresenius Vamed will mainly invest in its post-acute facilities. With a share of around 80%, Europe is the regional focus of investment in the planning period. Around 12% of the investments are planned for North America and around 8% for Asia-Pacific, Latin America, and Africa. About 33% of total funds will be invested in Germany.

For 2024, we expect return on invested capital to improve and to be within a range of 5.4 to 6.0% (2023: 5.2%).

CAPITAL STRUCTURE

For fiscal year 2024, we expect the equity ratio to increase about 5 percentage points compared to fiscal year 2023 (2023: 43%). Furthermore, we expect that financial liabilities in relation to total assets will slightly decrease in fiscal year 2023 (2023: 35%).

DIVIDEND

With the Fresenius Financial Framework, Fresenius aims to generate attractive and predictable dividend yields. In line with its progressive dividend policy, the Company aims to increase the dividend in line with earnings per share growth (before special items, in constant currency), but at least maintain the dividend at the prior-year's level. Due to legal restrictions as a result of the use of government compensation and reimbursement payments for increased energy costs provided for in the Hospital Financing Act, however, Fresenius will not propose to the 2024 Annual General Meeting to distribute a dividend for the 2023 fiscal year. Irrespective of the legally required suspension of dividend payments for the 2023 fiscal year, Fresenius will maintain its dividend policy in the future.

NON-FINANCIAL TARGETS

As of fiscal year 2023, the qualitative measurement of fiscal years 2021 and 2022 will be replaced by quantitative ESG KPIs in the short-term variable Management Board remuneration (Short-term Incentive – STI). The KPIs cover the key sustainability topics of medical quality/patient satisfaction and employees.

The topic of employees is measured with the key figure of the Employee Engagement Index (EEI) for the Fresenius Group. Fresenius is aiming for an EEI of 4.33 (achieved 2023: 4.13 ex FMC; 4.24 incl. FMC) for fiscal year 2024 (corresponds to 100% target achievement).

The Medical Quality/Patient Satisfaction topic is composed of equally weighted key figures that are defined at the business segment level. The indicators are based on the respective relevance for the business model.

Fresenius Kabi aims for an Audit & Inspection Score of at most 2.3 (achieved 2023: 1.9; 100% target achievement).

Helios Germany aims to achieve an Inpatient Quality Indicator (G-IQI) score of at least 88% (achieved 2023: 88.7%; 100% target achievement), and Helios Spain aims to achieve a score of at least 55% (achieved 2023: 76.7%; 100% target achievement).

Fresenius Vamed aims to achieve a patient satisfaction score of at least 1.57 (achieved 2023: 1.56; 100% target achievement) in fiscal year 2024.

[1] Both net debt and EBITDA calculated at LTM average exchange rates; pro forma closed acquisitions/divestitures; before special items; including leasing liabilities; including Fresenius Medical Care dividend

OPPORTUNITIES AND RISK REPORT

We will continue to take advantage of the wide-ranging opportunities for sustainable growth and expansion that the health care market offers to the Fresenius Group.

At the same time, the Fresenius Group is exposed to a number of risks when undertaking these activities due to the complexity and the dynamics of its business. These risks are inevitable consequences of entrepreneurial activity, because opportunities can only be exploited when there is a willingness to take risks.

As a provider of products and services for the, to a large extent, severely and chronically ill, we are relatively independent of economic cycles. The diversification into three business segments, which operate in different segments of the health care market, and the global footprint further minimize the Group's risk profile. Our many years of experience, as well as our regularly leading market position, serve as a solid basis for achieving a realistic assessment of opportunities and risks.

OPPORTUNITIES MANAGEMENT

Managing opportunities is an ongoing, integral part of corporate activity. To be successful over the long term, we consolidate and improve on what we have already achieved and create new opportunities. The Fresenius Group and its business segments are organized and managed in a way that enables us to identify and analyze trends, requirements, and opportunities in our often fragmented markets, and to focus our actions accordingly. We maintain regular contact and dialog with research groups and scientific institutions to explore new prospects, and keep a close watch on markets and competitors in order to identify opportunities. Within the Group, opportunities and synergies can be exploited through continuous communication involving the exchange of information and know-how between the business segments. As part of our strategic and operational budgeting process, we identify and analyze short-, medium-, and long-term opportunities and risks. Opportunities can also be assessed systematically in our risk management process. We discuss opportunities in the **Outlook** section starting on page 79 ff.

KEY CHARACTERISTICS OF THE FRESENIUS RISK MANAGEMENT SYSTEM AND ENTIRE INTERNAL CONTROL SYSTEM

Risk management is a continuous process. The aim of risk management is to identify potential risks as early as possible in order to assess their impact on business and, if necessary, to take appropriate mitigating measures. The ability to identify, assess, and manage risks that put the achievement of our business goals at risk is an important element of solid corporate governance. The Fresenius risk management- (RMS) and internal control system (ICS) is therefore closely linked to its corporate strategy. It explicitly takes into account all types of risk, including non-financial risks associated with our business activities or our business relationships, products, and services. In this context, sustainability-related risks are also taken into account in accordance with the GCGC.

We consider short-, medium-, and long-term risks. For example, we consider a period of 10 years and beyond when analyzing product development, investment and acquisition decisions.

Due to the constantly changing external and internal requirements and environment, our risk management and internal control system is being continuously developed. In the past fiscal year, for example, the risk management and internal control systems were linked even more closely. The completeness and validity of the risk information within our risk management approach was also strengthened by analyzing our risk-bearing capacity and our aggregated risk position.

The adequacy and effectiveness of our risk management and internal control system is audited by Internal Audit. The findings from these audits are used to continuously advance our risk management and internal control system.

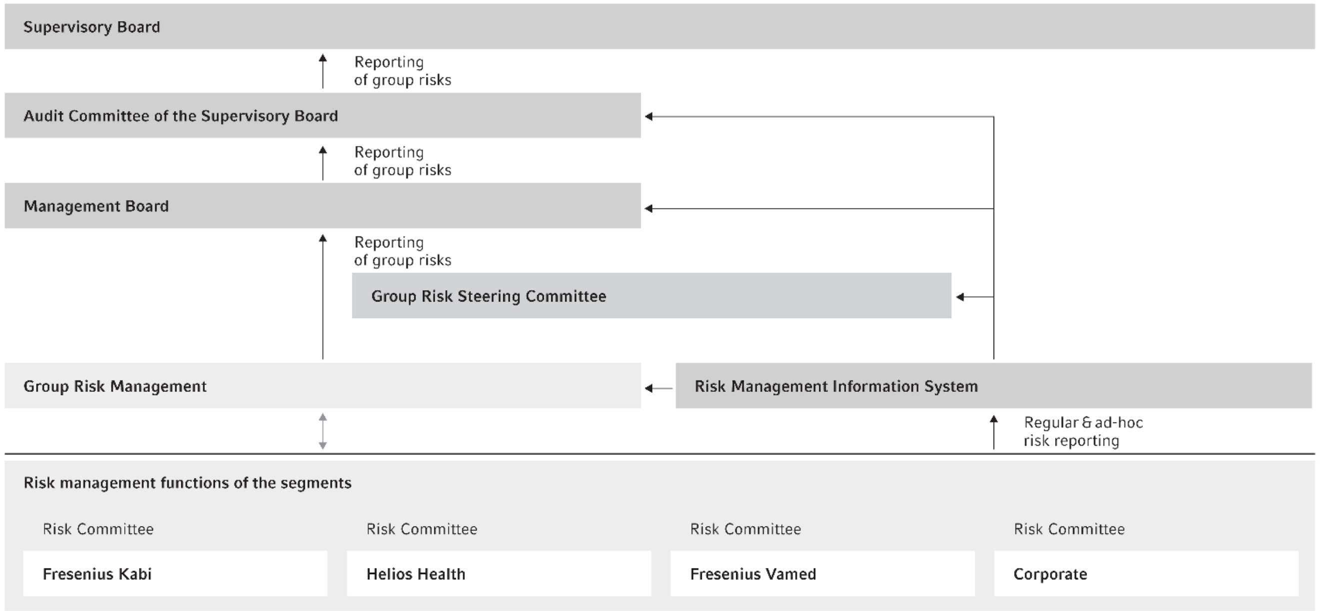
The structure of the Fresenius risk management and internal control system is based on the internationally recognized framework for corporate risk management, the "Enterprise Risk Management – Integrated Framework" from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the "Three Lines of Defense" model of the Institute of Internal Auditors (IAA). The "Three Lines of Defense" model distinguishes between three essential roles within the risk management and internal control system as well as within the general governance system: While the "First Line of Defense" acts as a direct, active participant in the risk management and internal control process, the "Second Line of Defense" at entity, segment, and Group level and the "Third Line of Defense" in the form of the Internal Audit function each represent an independent monitoring and quality assurance function in the Fresenius Group's governance system. The "Second Line of Defense" also sets guidelines and minimum requirements for the Group. On the basis of these guidelines, Group-wide standards are established and documented for the risk management and internal control system.

In addition, the core principles of the risk culture and of the risk strategy are defined and integrated into the business processes.

The organization and responsibilities of the risk management process and process control are defined as follows:

- The business segments and their operational business units are responsible for identifying, assessing, and managing risks.
- The managers of each organizational unit are required to report any relevant changes in the risk profile to the Management Board without delay.
- A dedicated Risk Management and ICS function at Group level defines standards valid for the entire Group and supports and monitors risk management and internal control system structures and processes. Specialized sub-departments have been set up within this Group function.
- The Group function is supplemented by risk management functions at segment or entity level. The tasks and responsibilities between the different organizational levels are clearly defined and documented.
- A Risk Steering Committee chaired by the Member of the Management Board for Risk Management is an advisory body that discusses internal and external developments regarding the risk management and internal control system. In addition, the Risk Steering Committee advises on significant risks and prepares decision proposals for the Fresenius Management Board. The Management Board of the Fresenius Group has the overall responsibility for effective risk management and regularly discusses the current risk situation. Within the Fresenius Group Management Board, the Member of the Management Board for Risk Management is responsible for the risk management and internal control system, as well as their organization.
- The Supervisory Board's Audit Committee monitors the effectiveness of the risk management and internal control system.

ORGANIZATION OF THE RISK MANAGEMENT PROCESS



The risk situation is evaluated regularly and compared with specified requirements using standardized processes. If relevant changes to the risk profile or new risks arise between the regular reporting cycles, these are recorded and evaluated as part of the ad hoc reporting process. Should negative trends arise, we can then take countermeasures at an early stage.

In addition to risk reporting, regular financial reporting to management is an important tool for managing and controlling risks. Detailed monthly and quarterly reports are used to identify and analyze deviations of actual versus planned business development.

In addition, the risk management and internal control system includes organizational processes and safeguards, as well as internal controls and audits incorporated in our business processes, which help us to identify significant risks at an early stage and to counteract them.

RISK ASSESSMENT AND RISK-BEARING CAPACITY

Fresenius uses standardized processes to assess risks. These include both quantitative and qualitative valuation methods. The assessment of a risk takes into account its likelihood of occurrence, its potential impact on our assets, liabilities, financial position and financial performance, and the time horizon. Fresenius assesses the potential impact on the results of operations consistently on the basis of the key figure EBIT. The risks are presented taking into account already initiated and implemented mitigating measures (net assessment of risks). Risks are evaluated for a period of 12 months in order to assess the impact of the risk situation on the one-year forecast for the Fresenius Group. In addition, potential risks with an impact on the medium- and long-term company goals are analyzed and estimated.

Fresenius categorizes the likelihood of occurrence of a risk as follows:

Probability	Classification
Almost certain	> 90%
Likely	> 50 to ≤ 90%
Possible	> 10 to ≤ 50%
Unlikely	≤ 10%

The following overview shows how the potential impact on assets, liabilities, financial position and financial performance is classified:

Potential impact	Classification
Severe	Significant negative impact
Major	Considerable negative impact
Medium	Moderate negative impact
Low	Low negative impact

As part of this process, the potential impact on our assets, liabilities, financial position and financial performance is usually assessed on a three-point basis, namely the impact in the best-case, the realistic, and the worst-case scenario.

The risk matrix on page 91 shows the significant risks that could lead to deviations from the expected business performance within the one-year forecast period.

On the basis of the quantitative risk assessment, the overall risk position is determined at Group level by means of a Monte-Carlo Simulation. This involves taking correlations and dependencies between risks into account. The calculated overall risk position is compared to the Group's risk-bearing capacity. The risk-bearing capacity represents the maximum acceptable level of risks beyond which the continued existence of the Fresenius Group could be at risk. Fresenius determines its risk-bearing capacity on the basis of selected key balance sheet figures, such as the liquidity reserve, and rating-related key figures of the Group, such as the leverage ratio. The overall risk position is fully covered by the risk-bearing capacity of the Fresenius Group.

COMPLIANCE MANAGEMENT SYSTEM AS PART OF THE RISK MANAGEMENT SYSTEM

In all business segments and at Fresenius SE & Co. KGaA, we have set up dedicated risk-oriented compliance management systems. These are based on three pillars: prevention, detection and response. Our compliance measures are primarily aimed at using preventive measures to avoid compliance violations. Key preventive measures include comprehensive risk identification and risk assessment, appropriate and comprehensive policies and processes, regular training, and ongoing consultation. We also carry out internal controls to identify possible compliance violations and ensure that we act in accordance with the rules. For additional information about our Compliance Management System we refer to page 169 ff.

INTERNAL CONTROL SYSTEM AS PART OF THE RISK MANAGEMENT SYSTEM[1]

The internal control system is an important part of Fresenius' risk management. In addition to internal controls with regard to the financial reporting, it includes control objectives for further critical processes, such as quality management and patient safety, cybersecurity and data protection, and sustainability. Fresenius has documented relevant critical control objectives in a Group-wide framework, integrating the various management systems into the internal control system in a holistic manner.
Overall responsibility for our ICS and RMS lies with the Management Board. The Group Risk Management & ICS organization supports the Management Board in designing and maintaining adequate and effective internal control and RMS activities by coordinating, monitoring and reporting these processes. Findings from this functional monitoring of the risk management and internal control system are addressed by appropriate measures.

At the end of each fiscal year, the Management Board performs an evaluation of the adequacy and effectiveness of the ICS and RMS. This evaluation is based on:

- Quarterly reporting in Management Board meetings about the company-wide risk and opportunity situation and the results of the internal control process,
- The review of certification processes by relevant Group Functions and the management of affiliated companies,
- Annual assessment by the Group Risk Management & ICS organization about the adequacy and effectiveness of our ICS or RMS

[1] unaudited

Based on this, the Management Board has no indication that our ICS or RMS in their respective entirety have not been adequate or effective as of December 31, 2023.

Nevertheless, there are inherent limitations on the effectiveness of any risk management and control system. For example, no management system – even if deemed to be adequate and effective – can guarantee that all risks that will occur will be identified in advance or that any process violations will be ruled out under all circumstances.

Prior to the preparation of the management report, the Audit Committee of the Supervisory Board engages with the assessment of the appropriateness and effectiveness of the RMS and ICS by the Management Board. The evaluation process and the results of the evaluation are explained to the Audit Committee by the Management Board and its questions are discussed with the Management Board.

Internal Financial Reporting Controls

Fresenius employs numerous measures and internal controls to ensure that accounting processes are reliable and that financial reporting is correct, including the preparation of annual financial statements, consolidated financial statements, and management reports in compliance with applicable regulations and principles. Our **four-tier reporting process** especially promotes intensive discussion and ensures control of the financial results. At each reporting level, i.e.,

- the local entity,
- the region,
- the business segment, and
- the Group

financial data and key figures are reported, discussed, and compared with the prior-year figures, budget, and latest forecast on a monthly basis.

In addition, all parameters, assumptions, and estimates that are of relevance for the externally reported Group and segment results are discussed intensively with the department responsible for preparing the Group’s consolidated financial statements. These matters are also reviewed and discussed quarterly by the Supervisory Board’s Audit Committee.

Control mechanisms, such as automated and manual reconciliation processes, are further precautions put in place to ensure that financial reporting is reliable and that transactions are correctly accounted for. All consolidated entities report according to Group-wide standards, which are determined at the head office. These are regularly adjusted to allow for changes made to the **accounting regulations**. The consolidation proposals are supported by the IT system. In this context, internal Group balances, among other things, are reconciled in a comprehensive manner. To prevent abuse, we take care to maintain a strict separation of functions.

Monitoring and assessments carried out by management also help to ensure that risks with a direct impact on financial reporting are identified and that controls are in place to minimize them. Moreover, changes in accounting principles are closely monitored and employees involved in financial reporting are instructed regularly and comprehensively. External experts and specialists are engaged if necessary. The Treasury, Tax, Controlling, and Legal departments are involved in supporting the preparation of the financial statements. Finally, the information provided is verified once more by the department responsible for preparing the consolidated financial statements.

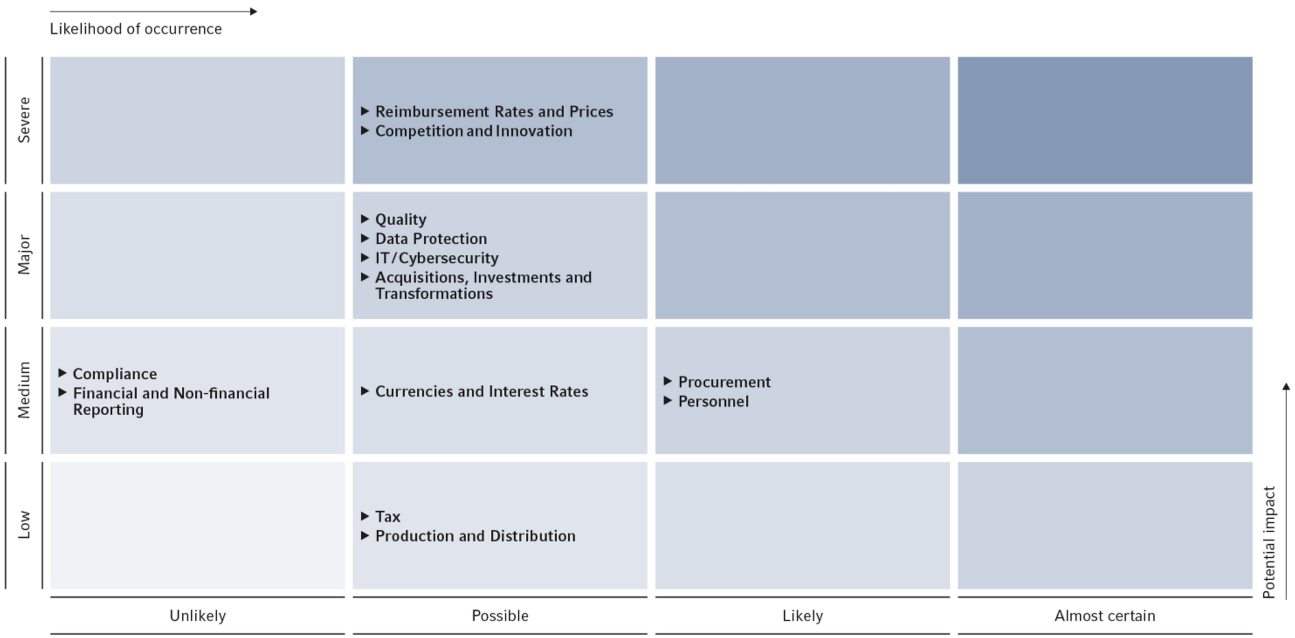
ASSESSMENT OF THE OVERALL RISK SITUATION

The established risk management and internal control system is fundamental for assessing the overall risk position of the Fresenius Group. Potential risks for Fresenius include factors beyond our direct control. These also include the macroeconomic development, which we constantly monitor. They also include factors immediately within our control, such as operating risks, which we anticipate at as early a stage as possible and to which we react with appropriate mitigating measures, as required.

In synopsis, there are currently no recognizable risks that appear to present a long-term and significant threat to the Fresenius Group’s assets, liabilities, financial position and financial performance. The overall risk position is fully covered by the Fresenius Group's risk-bearing capacity.

We have created organizational structures that provide all the conditions needed to rapidly alert us to possible risk situations and enable us to take suitable mitigating measures.

RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD



RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD

The chart besides shows the significant risks that could lead to deviations from the expected business performance within the one-year forecast period. Changes compared to the previous year are also due to the deconsolidation of Fresenius Medical Care and are composed as follows:

Based on our quantitative analysis, risks relating to acquisitions, investments and transformations, financial and non-financial reporting as well as production and distribution have been newly included. In addition, the potential impacts of risks with regard to quality, competition and innovation has been increased.

Potential impacts of Compliance related risks increased, while at the same time the likelihood of occurrence decreased. While the likelihood of occurrence of risks in the areas of procurement and personnel has increased, the likelihood of occurrence of risks in the areas of currencies and interest rates has decreased.

RISK AREAS

OVERALL ECONOMIC RISK AND RISKS RESULTING FROM GLOBAL ECONOMIC CONDITIONS

Currently, there are still considerable uncertainties, in particular due to a possible further deterioration in the global macroeconomic outlook. The inflationary environment – which is also attributed to the Ukraine war– continues to pose the risk of significantly rising energy, material supply and transportation costs. However, this risk has decreased, mainly due to the inclusion of expected additional costs in corporate planning and an easing of the situation on individual procurement markets, particularly the one for energy.

With deconsolidation of Fresenius Medical Care, Fresenius Group's assets in Russia and Ukraine amounted to less than 1% of its total assets as of December 31, 2023. Therefore, the direct impact of the Ukraine war on Fresenius’ remaining business is limited.

Nevertheless, the Ukraine war is still accompanied by a very distinctive threat situation for cyber security, especially with regards to critical infrastructure, such as healthcare facilities, in countries that support Ukraine. Therefore, the risk of cybersecurity attacks on our systems and data is still increased. In general, Fresenius is affected to a minor extent by economic fluctuations. We expect demand for our life-saving and life-sustaining products and services to continue to grow.

In addition, Fresenius aims to achieve a balanced distribution of business in the major regions of the world and between established and emerging markets. The risk situation of our business segments depends in particular on the development of the markets relevant to them. We therefore also carefully monitor and assess country-specific political, legal and financial conditions, particularly in the current macroeconomic environment. This applies, for example, to our receivables portfolios in countries that are experiencing budgetary problems due to their indebtedness or countries that are exposed to hyperinflation.

Overall, the aforementioned factors could have a negative impact on our assets, liabilities, financial position and financial performance.

Despite the aforementioned effects, from today’s perspective the global economic development does not pose a risk for the going concern of the Fresenius Group.

RISKS IN THE HEALTH CARE SECTOR

Risks related to changes in the health care sector are of major importance to the Fresenius Group. The main risks are the financing of health care systems and the corresponding reimbursement systems, as well as the development of new products and therapies.

Financing of health care systems - reimbursement rates and prices

In our largely regulated business environment, changes in legislation, including those relating to reimbursement, can have a drastic impact on our business success.

National insurance systems are financed very differently. For example, healthcare systems in Europe and the British Commonwealth countries are generally based on one of two funding models: the system with a mandatory employer and employee contribution, and the predominantly tax-funded system.

In the Asia-Pacific region, universal health care ("UHC") is at various stages of implementation, so reimbursement mechanisms can vary significantly from country to country (and even from province to province and city to city). In Latin America, health care systems are funded by public or private payers, or a combination of both.

In the hospital market in Germany, the current system of purely volume-dependent remuneration via flat rates per case is to be converted into a mixed remuneration system. The plan is to limit remuneration based on flat rates per case to 40%. In future, an average of 60% of the remuneration is to be distributed independently of performance via so-called retention flat rates (including the care budget). These retention costs are intended to cover the fixed costs associated with the provision of structures in the hospital care area. The clinics are largely occupied by statutory health insurance funds and pension insurance providers. The continued existence of contracts with these institutions therefore influences the success of Helios Germany. We keep a close eye on legislative activities and planning and work together with the state healthcare organizations. To a considerable extent, occupancy in the hospitals is provided by statutory health insurance funds and pension insurance institutions. The continuation of contracts with these institutions therefore influences the success of Helios Germany. We keep a close eye on legislative activities and planning and work together with the state healthcare organizations.

As part of the Nursing Personnel Strengthening Act (PpSG), nursing costs were removed from case rates (DRG) from 2020 and the costs of patient-centered care were reimbursed in full by the health insurance funds via separate care budgets. As early as 2021, each additional or increased bedside care position was fully refinanced by payers, and the care budget's inclusion criteria were changed.

As negotiations with the payers on the care budgets have largely not yet been concluded, this gives rise to a potential risk to the assets, liabilities, financial position and financial performance.

The allocation of nursing staff to the care budget has been adjusted to the current definitions of nursing specialist and nursing assistant or other professions in the Nursing Staff Lower Limits Ordinance (PpUGV).

From 2025, the nursing budget for bedside care will only fund nursing staff who have 1-3 years of training.

Nursing assistants with less than one year of training or further training will no longer be financed via the nursing budget from 2025. Funding will then once again be provided on a fixed-rate basis as part of DRG remuneration.

In contrast, from 2025, all midwives and maternity nurses will also be financed within the framework of the nursing budget in the amount of the actual costs.

Furthermore, hospitals can individually agree a surcharge of up to 4% for implementing measures that reduce the burden on nursing care. The hospital must both describe the reduction in nursing care per measure and calculate the expected savings. This usually involves digital and technical measures that reduce or support nursing measures.

In the German market, Helios Germany is observing a general trend towards outpatient treatment, which could lead to lower case number growth for inpatient treatments. To take account of this trend, Helios Germany is expanding outpatient services in a separate division. A decline in case numbers could have an adverse effect on our business and operating profit. Close monitoring of developments in both the inpatient and outpatient areas makes it possible to act accordingly.

Our private hospital chain Quirónsalud in Spain operates hospitals, among other things, via **PPP (Public-Private Partnership)** contracts. These are part of the public healthcare system in Spain. The company has thus been assigned responsibility for certain areas of healthcare for Spanish citizens with statutory health insurance. In return, Quirónsalud receives remuneration in the form of a per capita flat rate or a fee for the respective service provided.

The payment for the services of our private hospitals in Spain and Latin America is largely based on fixed-term contracts with private insurance companies. A deterioration in conditions, the loss of a contract or the insolvency of a payer can have a significant impact on our assets, liabilities, financial position and financial performance of our clinics.

Savings in the reimbursement of health care services may also have a negative impact on the sales prices of Fresenius Kabi's products. Due to the high share of the US market in Fresenius Kabi’s turnover, changes in the government reimbursement system can have a significant impact on our business.

Changes in legislation, reimbursement practices and health care programs could affect the scope of reimbursement for services, the scope of insurance coverage and the product business. This could have a material adverse effect on our assets, liabilities, financial position and financial performance. Overall, we aim to counteract such potential regulatory risks via benefit enhancements and cost reductions.

Competition and Innovation

We face numerous competitors in our health care services business, some of which may possess substantial financial, marketing or research and development resources. Competition from new and existing competitors and especially new competitive developments and innovations in technology, pharmaceuticals and care delivery models could materially adversely affect the future pricing and sale of our products and services.

Growing competition, among other things induced by the recovery of some notable competitors, in particular in the U.S. market for generic IV drugs after halts to production, may continue to materially affect the pricing and sale of our products and services. In addition, the introduction of generic or patented drugs by competitors may have an impact on the revenue and operational results of our products.

Generally, the health care sector is characterized by pricing pressure (including from tenders), competition, and efforts to contain costs. These factors could result in lower revenue and adversely affect our assets, liabilities, financial position and financial performance.

In the United States, almost all Fresenius Kabi injectable pharmaceutical products are sold to customers through arrangements with group purchasing organizations (GPOs) and distributors. The GPOs also have purchasing agreements with other manufacturers, and the bidding process for products is highly competitive.

If Fresenius Kabi is not successful in maintaining its existing contracts or if new contracts are concluded on less favorable terms, this could have an adverse effect on our assets, liabilities, financial position and financial performance.

Similar developments with regard to price pressure in the tender business and increasing competition and price reductions are affecting our business in all major markets in Asia. Further expansion of National Volume based

Procurement (NVBP) and Provincial Volume based Procurement (PVBP) is expected with one or two rounds annually. Based on the directive from the Chinese State Council, drug price reduction will continue to be one of the major measures to further contain health care costs in a market in which volumes are steadily growing.

In addition, in mid-2023, ministries and commissions across China implemented a one-year focus on eliminating corruption in the healthcare sector. This leads to uncertainty in the sector, particularly among the medical profession which is currently resulting in a sharp decline in sales in the healthcare sector. This mainly affects products that are not listed in NVBPs or PVBPs.

This development could have a negative impact on our assets, liabilities, financial position and financial performance in the future if Fresenius Kabi is not successful in offsetting these declines in sales, for example through cost savings and efficiency gains in the sales organization and in production.

To ensure our permanent competitiveness, we work closely together with physicians and scientists. Important technological and pharmaceutical innovations are intended to be quickly identified and further developed, if necessary, also by adapting our business strategy. Moreover, we secure our competitiveness by ongoing analyzes of our market environment as well as the regulatory framework. The market activity, especially our competitors’ products and newly launched dialysis-related products are thoroughly monitored. The cooperation between the various technical, medical and academic institutions within our company also ensures our competitiveness.

The **introduction of new products and services** or the development of superior technologies by competitors could make our products and services less competitive or even superfluous and thus have a material adverse effect on their sales, the prices of the products and the scope of the services. This also applies to the introduction of generic or patented drugs by competitors, which could have an impact on sales and earnings. Cooperation with doctors and scientists enables us to take up on and promote important technological innovations.

This means that we are always informed about the latest developments in alternative treatment methods so that we can evaluate our corporate strategy and adapt it if necessary.

OPERATING RISKS

Our operational business around the world is exposed to a number of **risks** and extensive **government regulation**, which include, among others:

- The quality, safety, and efficacy of medical and pharmaceutical products, supplies, and therapies;
- The operation and licensing of hospitals, other health care facilities, manufacturing facilities, and laboratories;
- The planning, construction, equipping, and management of pharmaceutical and medical-technological production facilities;
- The planning, construction, equipping and management of health care facilities;
- Permits from public authorities and monitoring of clinical and non-clinical research and development activities;
- Product approvals and regulatory approvals for new products and product modifications;
- Audits and reviews by enforcement authorities of compliance with applicable pharmaceutical legislation;
- Compliance with due diligence obligations, warranty obligations, and product liability regulations;
- The accurate reporting of and billing for reimbursements by government and private insurers;
- Discounting reimbursable pharmaceutical and medical device products and reporting drug prices to government agencies;
- The labeling and designation of pharmaceutical products and their marketing;
- Attracting qualified personnel;
- Compensation of medical personnel and financial arrangements with physicians and establishments that arrange patient referrals;
- Access to collection, publication, use, and security of health-related information and other protected data;
- Limitation of our ability to make acquisitions or certain investments and the conditions for transactions of this nature.

If Fresenius fails to comply with laws or regulations, this may give rise to a number of consequences, including monetary penalties, increased compliance costs, exclusion from governmental reimbursement programs, or a complete or partial curtailment of our authorization to conduct business, any of which could have a material adverse effect on our business reputation, assets, liabilities, financial position and financial performance. Significant risks of operations for the Fresenius Group are described in the following sections.

Production and distribution as well as quality of products and services

Compliance with **product specifications and manufacturing regulations** is ensured by our quality management systems, which are structured in accordance with the internationally recognized **quality standards ISO 9001** and **ISO 13485** and take into account relevant international and national regulations. We implement them by means of internal standards such as quality and work procedure manuals. Regular internal and external audits are carried out at the Group's production sites and distribution companies to check compliance. This covers all requirements and regulations, from management and administration to production and clinical services, right through to patient satisfaction. Our production facilities comply with the Good Manufacturing Practice (GMP) requirements of the markets they supply. Our facilities are audited by local public health authorities such as the U.S. Food and Drug Administration (FDA) or the European Medicines Agency (EMA) and other authorities. If an authority identifies any deficiencies, Fresenius will immediately take comprehensive and appropriate rectifying measures.

Non-compliance with the requirements of these authorities in our production facilities or at our suppliers could lead to regulatory actions, such as warning letters, product recalls, production interruptions, monetary sanctions, or delays in new product approvals. Any of these regulatory actions could adversely affect our business reputation and our ability to generate revenue and result in significant expenses.

With its early warning system, Fresenius evaluates any quality-related information from various risk areas to identify risks at an early stage and take corrective and preventive actions. For this purpose, Fresenius Kabi uses global safety officers, databases in which complaints and side effects are logged, internal and external audits, and key performance indicators used for internal control purposes and the optimization of quality processes. In this way, safety profiles of the products can be created and evaluated worldwide.

Product recalls, for example, 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 thoroughly. Corrective action may be taken to avoid the circumstances that led to the recall occurring again in the future.

In addition, changes made to requirements and regulations by regulatory authorities, such as those affecting our production processes, can lead to lower production volumes during any transitional period or jeopardize production.

Production could also be adversely affected by events such as natural disasters, infrastructure disruptions, regulatory rulings, supply disruptions, such as of raw materials, or technical failures. To minimize these risks, stocks are built up, for example to bridge any gaps in the event of short-term problems.

Potential risks arising from the start-up of new production sites or the introduction of new technologies are countered through careful planning, regular analysis, and continual progress reviews.

Providing medical services in our hospitals and rehabilitation clinics is generally subject to inherent risks. For example, disruptions to processes, also due to causes such as natural disasters or technical failures, involve risks for patients and the clinic. In addition, there are operational risks, for example regarding hygiene. We counteract these risks with strict operating procedures, continual personnel training, and patient-oriented work procedures. At Fresenius Helios, for example, a structured hygiene management system is in place to ensure that infections within the hospital are avoided and their spread prevented as quickly as possible. Furthermore, we are constantly striving to improve the standard of patient treatment through our quality management systems.

Further information about our quality management processes can be found in the separate Group Non-financial Report from page 118.

Procurement

In the procurement sector, potential risks arise mainly from price increases, dependencies on individual suppliers or the lack of availability of raw materials and goods, for example due to interrupted supply chains, as we saw in the wake of the Ukraine war and the current threat to various supply routes. We counter these risks by appropriately selecting and working together with our suppliers, through long-term framework agreements in certain purchasing segments, and by bundling volumes within the Group.

We counter the risk of poor-quality purchased raw materials, semi-finished products, and components mainly by requiring our suppliers to meet strict quality standards. This includes a structured qualification process, which comprises audits, document and advance sample inspections, as well as regular quality controls of deliveries. We only purchase high-quality products with proven safety and suitability from qualified suppliers that conform to our specifications and standards.

Evaluating our risks and our management measures, we also take into account new regulatory requirements and legal conditions, such as the Act on Corporate Due Diligence Obligations in Supply Chains, which became effective in Germany in 2023.

Further information about our supply chains and our approach to the protection of human rights can be found in the separate Group Non-financial Report from page 179 ff.

Personnel

Fresenius addresses **potential shortages of qualified personnel** through appropriate employer branding measures, as well as recruitment, upskilling, and retention of qualified staff.

In order to increase the awareness and attractiveness of the Fresenius Group, our employer branding relies on a mix of different formats. The centerpiece is the multi-award-winning Group careers page with job advertisements and video, image and text information about the Fresenius Group. In addition, we are represented on all relevant social media channels and selected online career portals with profiles and our own career content.

As provider in the healthcare sector, we want to be an attractive employer for young people and their start in professional life.

To reach the student target group, we implement specific university marketing activities. These include, for example, specialized lectures at universities by Fresenius employees, print and online ads and event formats at our target universities. Furthermore, we offer young academic talent the opportunity to gain initial practical experience and to establish contacts within our company in the context of internships and working student positions before or during their studies or in the context of their final papers.

To promote internal career development and keep internal job opportunities as transparent as possible the global, internal job portal "stayFresenius" is available.

To ensure a sustainable supply of qualified staff, we offer, for example, targeted programs for young academic talent with subsequent retention programs, as well as comprehensive apprenticeships for students who just graduated high school.

With more than 6,600 apprentices and dual students, Fresenius is one of the biggest training companies in Germany. Fresenius offers 37 apprenticeships and 31 study programs throughout Germany. The number of our apprenticeships and study program offerings was further expanded nationwide.

We provide information about our apprenticeship and study program offerings on our career website, as well as at our respective training locations through various marketing activities and vocational orientation offers (such as the career guidance app Aivy, vocational information days, and the Night of Apprenticeship).

Depending on the customer and market structure, our business segments place very different demands on concepts and measures for personnel development. We strengthen employee loyalty to our company by offering our employees attractive development opportunities and fringe benefits and variable compensation and working-time models. In addition, we promote international and interdisciplinary cooperation.

By using target-group-specific measures, Fresenius addresses the overall shortage of specialized hospital personnel. We thereby aim to recruit qualified and dedicated personnel, thus ensuring our high standard of treatment quality.

Since January 1, 2019, the German hospital market has also been subject to the Ordinance on the Minimum Requirements for Nursing Personnel in Hospitals (PpUGV).

This ordinance stipulates minimum staffing levels for nursing personnel in certain areas of the hospital. Further statutory regulations on minimum personnel levels in additional hospital departments with beds may further intensify competition for qualified nursing staff. Helios Germany is therefore working intensively on additional measures to make it particularly attractive as an employer for nursing staff. These include the compatibility of family and career (e.g., through childcare facilities at hospital sites or the option of part-time work), attractive further and advanced training opportunities, occupational health management, and career opportunities.

The Spanish hospital market is also in parts experiencing a shortage of qualified nursing staff. Quirónsalud is undertaking various measures to recruit and retain employees. This includes personnel marketing measures, personnel development programmes, market-driven remuneration and other measures to attract and retain qualified medical professionals.

Further information about our measures for recruiting, developing, and retaining qualified personnel can be found in our separate Group Non-financial Report from page 146.

Risk associated with research and development and product approval

The **development of new products and therapies** always carries the risk that the ultimate goal might not be achieved, or it might take longer than planned. This is particularly true for our biosimilar products from Fresenius Kabi. The development of biosimilar products entails additional risks, such as significant development costs and the still-developing regulatory and approval processes. Regulatory approval of new products requires comprehensive, cost-intensive preclinical and clinical studies.

Furthermore, there is a risk that regulatory authorities either do not grant, or delay, product approval, or withdraw an existing approval. In addition, adverse effects of our products that may be discovered after regulatory approval or registration may lead to a partial or complete withdrawal from the market, due either to legal or regulatory actions or our voluntary decision to stop marketing a product.

For example, following feedback from the European Medicines Agency (EMA), risk mitigation measures for HES products from Fresenius Kabi (controlled dispensing of hydroxyethyl starch (HES) medicines to accredited hospitals, training and letters to health care professionals and warnings on packaging) were initiated in 2019. Based on the results of a study investigating the routine use of HES in accredited clinics, the EMA had advocated a suspension of the marketing authorization of HES-containing solutions, against which Fresenius Kabi has lodged an appeal. However, the EU countries were allowed to decide for themselves whether to implement the suspension of marketing authorization immediately or to make use of an 18-month transitional period. Follow-up studies as well as similar measures could also be taken by authorities in non-EU member states. Two regulatory studies have been conducted to evaluate the long-term safety and efficacy of our HES products in surgical and severely injured (trauma) patients. The respective study results have been submitted to the Federal Institute for Drugs and Medical Devices (BfArM), which has confirmed that the requirements for lifting the suspension of the market authorization have been met. The products may be authorized again in Germany.

The Fresenius Group spreads its risk widely by conducting development activities in various product segments. We also counteract risks from research and development projects by regularly analyzing and assessing development trends and examining the progress of research projects. Furthermore, we strictly comply with the legal regulations for clinical and chemical-pharmaceutical research and development.

With IV drugs, it is also crucial that new products are continually brought to the market in a timely manner. Therefore, we monitor the development of new products on the basis of detailed project plans and focus on achieving specific milestones. In this way, we can take countermeasures if defined targets are called into question.

Fresenius Kabi is exposed to typical patent-related risks. These include insufficient protection by patents of the technologies and products we develop, which could enable competitors to copy our products without having to bear comparable development costs.

FINANCIAL RISKS

Currency and interest rate risks

Our global orientation gives rise to a variety of **foreign currency risks**. In addition, the financing of our business activities may give rise to **interest rate risks** which may also affect the value of our assets, in particular goodwill.

In order to limit these risks, we use, among other things, derivative financial instruments. We restrict ourselves to marketable instruments traded over the counter and use them exclusively to hedge underlying transactions, not for trading or speculative purposes. Transactions are conducted within limits approved by the Board of Management, which are set depending on the counterparty's rating. For further information on the management of foreign currency risk and interest rate risk, please refer to the Notes to the Consolidated Financial Statements on page 341.

Our **foreign currency management** is based on a policy approved by the Board of Management. It defines the objectives, organization and sequence of the risk management processes. In particular, it defines who is responsible for identifying foreign currency risks, entering into hedging transactions and regular risk management reporting. The responsibilities correspond to the decision-making structures in the Group's other business processes. Decisions on the use of derivative financial instruments in **interest rate management** are generally made in close consultation with the Board of Management. With a few exceptions due to foreign exchange regulations, transactions with derivative financial instruments are carried out under the control of the Group Treasury of the Fresenius Group. They are subject to strict internal supervision. This ensures that the Management Board is always fully informed about all material risks and about existing hedging transactions.

In general, Fresenius is highly hedged against foreign currency and interest rate risks: Of the Group's financial liabilities as of December 31, 2023, approximately 83% were protected against an increase in interest rates by fixed-rate financing or interest rate hedges. Thus, around 17% were subject to interest rate risk. A sensitivity analysis shows: If the reference interest rates relevant for Fresenius increase by 0.5 percentage points, this will affect the Group's net income by about 0.65%.

As a global group, Fresenius is subject to **foreign currency translation effects**. In view of the strong U.S. business, the relationship between the U.S. dollar and the Euro plays a special role. Foreign currency exchange risks are not hedged. A sensitivity analysis shows that a change in the US dollar to the Euro of 1 cent would have an annual effect of around €20 million on Group sales, around €4 million on EBIT and around €3 million on the consolidated result.

As a globally operating company, we have production capacities in all major foreign currency regions. In the service businesses, our sales and cost base match to a high degree. **Transaction risks** in foreign currencies are quantified and managed using a cash flow-at-risk model. This analysis is based on the foreign currency cash flows that are reasonably likely to occur in the next twelve months, less any hedging that has been performed. As of December 31, 2023, the Fresenius Group's cash flow at risk was €25 million, i.e., with a probability of 95%, a potential loss from foreign currency cash flows in the next twelve months will not exceed €25 million.

Further information on financial risks can be found in the Annex to the consolidated financial statements on pages 340 ff.

Financial and non-financial reporting

As a stock-listed company, Fresenius has the obligation to publish regular (quarterly) financial reports in accordance with current IFRS regulations. There is a risk that Fresenius does not comply with current IFRS regulations and/or that our reports do not represent true and fair financial reporting due to accounting errors.

In addition, Fresenius is exposed to risks due to non-financial reporting requirements. From 2024, the guidelines on sustainability reporting for companies and the corresponding, comprehensive European standards on sustainability reporting will become binding for Fresenius.

Taxes and duties

As a global corporation, Fresenius is subject to numerous tax laws and regulations. Risks arising therefrom are identified and evaluated on an ongoing basis. Any changes in tax regulations or adjustments resulting from tax audits and additional duties, import levies, and trade barriers could lead to higher taxes and duties.

In 2023, the Minimum Tax Act (MindStG) was passed in Germany, which serves to implement the Council Directive (EU) 2022/25234 to ensure global minimum taxation based on the OECD Pillar Two Model. Comparable laws have been passed in many other countries in which Fresenius conducts business activities. Based on current analyses, the Fresenius Group estimates that the Pillar Two regulations may only have a minor impact on a small number of foreign subsidiaries. Accordingly, the Fresenius Group assumes that the application of the current Pillar Two rules will not have a substantial impact on the consolidated tax rate of the Fresenius Group in the financial years from 1 January 2024 onwards.

OTHER RISKS

Data protection

Fresenius' business activities are also subject to data protection regulatory requirements. This includes compliance with the General Data Protection Regulation (GDPR) as well as compliance with other country-specific data protection regulations. Breaches of these regulations or of the GDPR can result in substantial fines, damage to reputation, and loss of trust.

The core element of data protection is the secure and lawful processing of personal data in accordance with these regulatory requirements. In addition to patient data, this also includes the personal data of employees as well as that of contractual partners and further persons.

Risk areas include compliance with data protection principles, information obligations, data subjects' rights, risk analysis regulations, and the documentation of data processing activities, as well as ensuring secure data processing, including the establishment of an appropriate level of data protection in national and international data transfers.

To comply with legal requirements, Fresenius has implemented comprehensive data protection management systems, which provide the appropriate technical and organizational measures and controls for the protection of personal data. Fresenius SE & Co. KGaA and all business segments maintain data protection organizations in accordance with their organizational and business structures. This includes especially independent data protection officers reporting to the respective company's management.

Consequently, the business segments have implemented processes and standards also based on their organizational and business structures that provide internal guidelines for processing personal data in a secure and appropriate manner. Resulting from increasing internationalization, the dependence of data protection and IT security / cybersecurity is considered within the data protection organization by ensuring aligned and effective collaboration between the respective departments.

In addition, the individual data protection management systems also include appropriate control measures in order to adequately check compliance with regulatory and internal requirements.

Further information about our data protection organizations and data protection management systems can be found in the Group Non-financial Report on page 176.

Information technology and cybersecurity risks

Digital information is a cornerstone and enabler for our global business as one of the leading healthcare groups. Ongoing digitization and digital transformation offer great opportunities for healthcare - with innovative technological and therapeutic approaches that improve patients' treatment paths. Fresenius is continuously digitizing its processes, opening up new markets with digital product solutions, and taking into account that digitization is associated with cyber risks that can affect confidentiality, integrity, or availability.

We continuously strive to strengthen our resilience to cyberattacks and reduce our cyber risks to avert harm to our patients, customers and the company. To this end, we conduct regular risk analyses along our value chains, assess the cyber threat landscape and its implications for our infrastructures, critical systems and data in order to derive adequate risk mitigation measures.

The overarching cyber risks that affect the Fresenius Group holistically include the theft and disclosure of personal and patient data, as well as trade secrets, attacks and associated failures of our IT infrastructures and applications, e.g. through malware, or the targeted manipulation of data. In addition, cyber risks exist in connection with the business activities of our respective business units: In the product business, these relate to the disruption of production and logistics processes and the theft of intellectual property. In our healthcare facilities, cyber risks relate to patients, their patient data and the medical products or devices used. The unavailability of IT systems in critical situations or the compromise of medical devices could negatively affect patient safety and treatment effectiveness.

The loss of sensitive data or non-compliance with data protection laws, regulations and standards could damage our competitive position, our reputation and the company as a whole. Furthermore, Fresenius or one of its Group companies could be subject to substantial fines in the event of a data protection breach. To comply with all legal requirements, we have implemented comprehensive data protection management systems that provide for the appropriate technical and organizational measures and controls to protect personal data.

Our stakeholders have great confidence in the cyber security of our products and services. To minimize cyber risks, we have implemented security architectures and concepts that include preventive, detective and reactive measures. We can detect cyber threats at an early stage through monitoring mechanisms in our networks as well as on our end devices, such as desktops, servers, and mobile devices, among others. The security of applications that process sensitive patient or personal data is regularly checked by so-called penetration tests and red-teaming exercises that simulate targeted attacks. Critical systems, such as central communication systems or clinical information systems, are subject to special protection concepts that can, for example, offset the failure of a system. Further information on our cyber security strategy, organization and measures can be found in our separate non-financial Group report on pages 142 ff.

Risks from acquisitions, investments and transformations

The acquisition and integration of companies carries risks that can adversely affect the assets, liabilities, financial position and financial performance of Fresenius. Acquisition processes often include closing conditions, including but not limited to antitrust clearance, fulfillment of assurances and warranties, and adherence to laws and regulations. Non-compliance with such closing conditions by either party to an acquisition could lead to litigation between the parties or with others and thus claims against Fresenius.

Following an acquisition, the acquired company's structure must be integrated while clarifying legal questions and contractual obligations. Marketing, patient services, and logistics must also be unified. During the integration phase, there is the risk that key managers will leave the company and that both the course of ongoing business processes and relationships with customers and employees will be harmed. In addition, change-of-control clauses may be claimed. The integration process may prove more difficult or require more time and resources than expected. Risks can arise from the operations of the newly acquired company that Fresenius regarded as insignificant or was unaware of. An acquisition may also prove to be less beneficial than initially expected. **Future acquisitions** may be a strain on the finances and management of our business. Moreover, as a consequence of an acquisition, Fresenius may become directly or indirectly liable towards third parties, or claims against third parties may turn out to be non-assertable.

We counter risks from acquisitions by means of structured, detailed due diligence prior to deciding to go ahead with the acquisition and by means of detailed integration plans, as well as with a dedicated integration and project management process afterward so that countermeasures can be initiated in good time if there are deviations from the expected development.

Furthermore, internal restructuring and transformation processes, such as currently at Fresenius Vamed, pose risks that can have a financial impact on the Fresenius Group. These processes are therefore very carefully monitored by appropriate project teams in order to avoid the occurrence of largely unplanned costs as far as possible.

The deconsolidation of Fresenius Medical Care and the associated investment character of the holding gives rise to a dividend risk for the Fresenius Group. This risk may arise from a deviation from the dividend payment planned in the financial planning. Therefore, we monitor market developments closely and adjust potential fluctuations in our financial planning accordingly.

Compliance Risks

Fresenius is subject to comprehensive government regulation and control in nearly all countries. In addition, Fresenius must comply with general rules of law, which differ from country to country. There could be far-reaching legal repercussions or reputation damage should Fresenius fail to comply with these laws or regulations.

We must comply in particular with rules and regulations that monitor the safety and effectiveness of our medical products and services. Corruption is a core risk area across all business segments. Antitrust law, data protection, money laundering, sanctions, and the upholding of human rights are further significant risk areas. It is therefore of particular importance to us that our **compliance programs and guidelines** are strictly adhered to. Through compliance, we aim to meet our own expectations and those of our partners, and to orient our business activities to generally accepted standards and local laws and regulations.

At Fresenius, risk-oriented **compliance management systems** are implemented in each business segment. These systems take into account the markets in which the respective business segment operates and are tailored to the specific requirements of the business segment. Furthermore, we at Fresenius assess compliance risks using a standardized methodology.

Our compliance programs set binding rules of conduct for our employees. We believe that we have taken adequate measures to ensure that national and international rules are observed and complied with. Nevertheless, even when a comprehensive compliance program is in place, individual cases of misconduct by individual employees or contractual partners cannot be ruled out, which could cause damage to the Company.

Further information about our compliance management systems can be found in the Group Non-financial Report on page 169 ff.

Additional risks

Additionally, the following risk areas appear for Fresenius and could have an adverse effect on our business and thus on our assets, liabilities, financial position and financial performance:

- Increased debt and deteriorating liquidity could, among other things, impede the company's ability to pay dividends, arrange refinancing of financial liabilities, or implement the corporate strategy;
- Non-compliance with human rights and related reputational risks;
- risks arising in connection with litigation or official proceedings;

More detailed information about non-financial risks can be found in the Group Non-financial Report from page 106 ff.

INSURANCE

In its risk management, Fresenius uses the option to transfer certain risks to external insurers. Fresenius Versicherungsvermittlungs-GmbH is the Fresenius Group's insurance department, which is organized as a captive insurance broker, and ensures appropriate insurance cover for large parts of the Group. Other sub-groups ensure adequate insurance coverage through their own departments. The aim is to protect the Company's employees and assets against possible hazards within the risk management process by procuring insurance coverage that is appropriate to the risks. To this end, we purchase adequate coverage, taking into account the cost-benefit ratio. For example, Fresenius has all-risk insurance against property damage and loss of earnings due to, for example, fire, storms, water, earthquakes, and other natural hazards, product liability insurance, insurance for volunteers and patients in clinical trials, hospital liability insurance, environmental liability insurance and environmental damage insurance, and directors' and officers' insurance.

SEPARATE GROUP NON-FINANCIAL REPORT

3

SEPARATE GROUP NON-FINANCIAL REPORT.

Our innovations enable us to offer products and services that provide high-quality and affordable therapies to critically and chronically ill patients. We make a difference with our international expertise and interdisciplinary collaboration, which help us to optimize these offers.

STRATEGY AND MANAGEMENT

OUR RESPONSIBILITY

As a healthcare Group with more than 190,000 employees, Fresenius plays an important role in society. For more than 100 years, our motivation has been to preserve life, promote health, and improve the quality of life for people who are ill.

We aim to provide innovative products and services, and work proactively to enable a growing number of people to have access to high-quality, affordable healthcare. Our common goal is to improve healthcare quality and efficiency. The well-being of patients is always our top priority. It is our point of reference for all our business decisions.

For Fresenius, economic success is not an end in itself, but a means of continuously investing in medical progress and thus creating added value for society.

THE BUSINESS MODEL

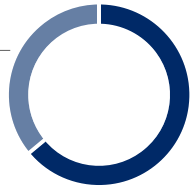
Fresenius is a global healthcare Group and one of the leading companies in its respective markets. The Fresenius Group comprises three independently operating, fully consolidated business segments, managed by Fresenius SE & Co. KGaA as the operationally active Group holding company: **Fresenius Kabi** specializes in products for the treatment and care of critically and chronically ill patients. **Fresenius Helios** is Europe's leading private healthcare provider. The company includes Helios Germany and Helios Spain, the largest hospital operators in their respective home markets, as well as the Eugin Group, which was sold on January 31, 2024. **Fresenius Vamed** delivers projects and services to hospitals and other healthcare facilities internationally and is a leading post-acute provider in Central Europe. The **Corporate / Other** segment comprises the holding functions of Fresenius SE & Co. KGaA and Fresenius Digital Technology GmbH, which provides information technology services.

The Group Management Report starting on page 26 contains additional information on the Group's business model and ownership structure, in particular on legal and economic factors as well as key sales markets and competitive positions.

HEALTHCARE MARKETS

The business activities of the Fresenius Group are divided into the **market segments healthcare products** (Fresenius Kabi) and **healthcare services** (Fresenius Helios and Fresenius Vamed). The majority of revenue (around 64%) is attributable to the area of healthcare services in the context of patient care in the healthcare facilities of Fresenius Helios and Fresenius Vamed. In the area of healthcare products, Fresenius Kabi offers innovative solutions for critically and chronically ill patients.

GROUP REVENUE SPLIT 2023



Material topics are presented as Group approaches. Further, the material topics are presented by market segment, if their specific business activities require this. Information on the Fresenius Helios business segment includes all operating and administrative units of the business segment, unless otherwise stated. This allows us to emphasize country-specific market conditions.

REVENUE BY MARKET SEGMENT 2023

in %	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Share of Group revenue	36	55	9
Thereof healthcare services	0	100	100
Thereof healthcare products	100	0	0

In February 2023, Fresenius announced its intention to work towards a change in the legal form of Fresenius Medical Care AG & Co. KGaA to a stock corporation and to deconsolidate the business segment in this way. On July 14, 2023, an Extraordinary General Meeting of Fresenius Medical Care AG & Co. KGaA approved the change of legal form to a stock corporation. Since the financial statement for the third quarter of 2023, Fresenius Medical Care has therefore no longer been included in the reporting on the operating activities. On November 30, 2023, the change of legal form of Fresenius Medical Care to a stock corporation became effective.

Further details can be found on pages 272 ff. in the Notes to the Consolidated financial statements. Further changes in the scope of consolidation of Fresenius SE & Co. KGaA's scope of consolidation in the fiscal year 2023 are explained in the Group Management Report in the section Investment and acquisitions on pages 73 ff. and in the section Acquisitions, divestments and investments starting on page 292 of the Notes to the Consolidated Financial Statements.

With the announcement of the change in legal form in February 2023, steps were also taken to structurally implement the separation of the business segment of the Group. However, due to the stock exchange listing of both Fresenius and Fresenius Medical Care, both companies were already subject to strict requirements before the change of legal form, particularly in the area of compliance, and were highly independent.

To improve transparency for our stakeholders, both the historical ESG (Environmental, Social, and Governance) reporting data and the figures for 2023 within this report have been adjusted for the corresponding data from Fresenius Medical Care. Furthermore, the change of legal form and deconsolidation have not changed the material topics for ESG reporting. The management approaches to these material topics are also not affected, as Fresenius Medical Care pursued its own governance approach in each case even before the change of legal form. Where Group approaches are described, they relate to the operating units of the business segments Fresenius Kabi, Fresenius Helios, and Fresenius Vamed, and the corporate functions of Fresenius SE & Co. KGaA.

Fresenius Medical Care publishes an Annual Report as well as a separate Non-financial Group Report. Further information can be found on the company's website: www.freseniusmedicalcare.com.

GUIDELINES AND REGULATIONS

The Fresenius Group's business activities are subject to a wide range of regulatory requirements. These are supplemented, for example, by internal guidelines, management manuals, and process documentation. For units that are subject to external certification, the catalog of requirements resulting from the respective certifications, e.g., ISO (International Organization for Standardization), JCI (Joint Commission International), or GMP (Good Manufacturing Practice), is applied accordingly. The internal processes and related documentation are continuously reviewed by the relevant specialist functions to determine whether an update to the internal guidelines is required due to changes in regulatory requirements or adjustments to the certification criteria. Where references to specific regulations are useful for a better understanding of the material topics, process, and reporting structures, these are listed in the Group Non-financial Report. A comprehensive list of all relevant regulations is not provided. The implementation and monitoring of compliance with relevant legal requirements and internal guidelines is within responsibility of the respective specialist functions.

Our **ethical values** go beyond legal requirements. For us, this means acting not only in accordance with the law, but also in accordance with applicable industry codes and our values. We are also guided by the following internationally recognized principles:

- Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights (UNGPs)
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- German Corporate Governance Code

Key figures relevant to management and compensation

At Group level and at business segment level, various key performance indicators (KPIs) are used for the internal management and control of our key non-financial topics. If they are part of the remuneration of the Management Board, they are additionally explained in the Compensation Report on pages 222 ff. The Non-financial Report is audited with limited assurance, as explained in the independent practicioner's report starting on page 201. Non-financial KPIs which are part of the remuneration of the Management Board, are additionally audited with reasonable assurance and are marked separately by footnote. In the Group Non-financial Report, additional key figures are reported that serve better understanding of the management approaches, control, or evaluation of the key non-financial topics. A comprehensive presentation of all internally recorded key figures is not intended.

OUR VALUE CHAIN

Fresenius has subsidiaries in more than 60 countries, maintains an international distribution network and operates more than 50 production sites. In the Fresenius Group, all purchasing processes are managed by central coordination offices in the business segments. Competence teams pool requirements, conclude framework agreements, and constantly monitor current market and price developments. They also coordinate global procurement for individual production sites or healthcare facilities and initiate quality and safety checks on raw materials and procured goods.

In an environment characterized by ongoing cost-cutting efforts on the part of healthcare payers and price pressure in the revenue markets, security and quality of supply play an important role. We are therefore constantly optimizing our purchasing processes, standardizing procurement materials, tapping into new purchasing sources, and negotiating the best possible price agreements. In doing so, it is important to maintain a high degree of flexibility and to meet our strict quality and safety standards. A broad supplier portfolio reduces potential procurement or raw material bottlenecks in both the product and service business. Further information on this can be found in the Group Management Report from page 26 onwards.

SUSTAINABILITY RISKS AND CONTROLS

The identification and assessment of potential sustainability risks (non-financial risks) initially takes place at both Group level and in the three business segments as part of the risk management system. Sustainability risks are covered by the Fresenius Group's existing risk catalogs and risk reporting.

As part of our risk management and the internal control cycle, key issues are regularly reviewed as described in the relevant sections of the Non-financial Report of the Fresenius Group. External partners, regulators, and internal audit experts conduct audits at least every two years, or more frequently. As explained in the Fresenius Group Opportunities and Risk Report on pages 87 ff., there were no deviations from the Group's ethical standards in 2023. Information on audits can also be found in the respective chapters of this report.

As part of a Group-wide project to implement the requirements of the Corporate Sustainability Reporting Directive[1] (CSRD), an analysis was also conducted in the 2023 reporting year to determine whether there are any further potential sustainability risks for material topics. Further information on this can be found in the Our materiality analysis section on page 109.

Overall, taking into account **risk-mitigating measures** (net risk assessment), we have not identified any material non-financial risks during the reporting period that are related to our business activities, business relationships, products, or services and that are very likely to have or will have a serious negative impact on the aforementioned non-financial aspects, or our business activities. The Group Management Report contains further information on opportunities and risks as well as a detailed presentation of the risk management and internal control system from page 87 onwards.

In addition to identifying potential risks, the responsible functions are also tasked with designing internal processes to ensure that business operations can be quickly resumed or, at best, not disrupted in the event of an incident. At Group level, the **Corporate Business Continuity** function is responsible for corporate security, corporate crisis management, and travel security worldwide. Due to the international nature of the Group and the wide range of security-related tasks, those responsible deal with issues relating to the continuation or resumption of business operations during or after crisis situations and also provide support in an operational context where necessary. Further information on business continuity is provided in the relevant chapters, if necessary.

INTERNAL CONTROLS

The internal control system is an important component of Fresenius' risk management. It covers all critical processes, such as financial reporting, quality and patient safety management, cybersecurity, data protection, and sustainability management. Fresenius has documented the corresponding key control objectives in a Group-wide framework, thus bringing together the various management systems in the internal control system in a holistic manner. Fresenius ensures the security and reliability of its processes with a large number of internal control measures, as well as their structured monitoring. Furthermore, the monitoring and evaluation by management help to ensure that process inherent risks are identified and that controls are in place to minimize these risks.

INTERNAL AUDIT

The regular internal and external controls, analyses and quality audits by the responsible specialist functions, topic-specific management systems or external audit bodies are supplemented by the audit activities of the Internal Audit Group function. Its activities focus on increasing and protecting the corporate value of the Fresenius Group and

[1] The CSRD is an EU directive on sustainability reporting that requires companies within its scope to disclose their strategy, objectives, and measures on material sustainability issues in a comprehensive and detailed manner. It will replace the Non-Financial Reporting Directive (NFRD) in future and will come into force gradually from the 2024 fiscal year onwards.

improving Fresenius' business activities. To this end, Internal Audit conducts independent, objective audits to enhance the appropriateness and effectiveness of risk management, control and governance processes at all levels of the Group. Aspects such as ESG, cybersecurity and compliance are also taken into account in a risk-oriented manner.

In 2023, 36 audit engagements with different focus points and organizational topics were carried out. The audit results were analyzed by the responsible specialist functions and incorporated into the continuous improvement of existing measures.

If business segments conduct their own internal audits they review material topics, which is not under the control of the Group Internal Audit function. This encompasses, for example, audits of quality management provisions in the area of production.

OUR SUSTAINABILITY GOALS AND PROGRAMS

Advancing patient care is key to our daily work. It inspires us in how we understand our social responsibility, and how to act responsibly. We want to make a difference in healthcare and thus drive changes for the benefit of people, especially our patients.

At the level of Fresenius SE & Co. KGaA and the three business segments, we therefore pursue specific sustainability goals, set ambitions, and implement corresponding sustainability projects. Progress is regularly reviewed and evaluated. From this, we determine the extent to which the targets can be further developed and optimized. Further details on the respective targets are explained in the following chapters.

In May 2023, the Fresenius Annual General Meeting approved the adjustment of the compensation system for the members of the Management Board of Fresenius Management SE. As part of the short-term variable compensation (short-term incentive – STI) with an assessment period of one year, ESG targets will continue to be included with a weighting of 15%. The focus here is on the areas of **medical quality / patient satisfaction** and **employees**. Medical quality / patient satisfaction is measured for the three business segments on the basis of different key figures. Further information on this can be found in the Patient and product safety section starting on page 118.

In the area of employees, employee satisfaction is measured on the basis of the Employee Engagement Index (EEI) for the Group. Further information on the EEI can be found in the Employees chapter starting on page 146.

ESG criteria account for 25% of the target achievement for the long-term variable remuneration of the Management Board (long-term incentive – LTI) with an assessment period of four years. ESG target achievement in the LTI is measured on the basis of **CO_2 reduction**. The target corridor is aligned with Fresenius' long-term goals of reducing its own direct (Scope 1) and indirect (Scope 2; market-based) CO_2 emissions (calculated as CO_2 equivalents) by 50% in total by 2030 (base year 2020) and achieving climate neutrality by 2040. Further information on our climate target can be found in the Environment chapter on pages 190 ff.

In the reporting year, not all ESG targets for the members of the Management Board were achieved. A detailed presentation can be found in the Compensation Report in the 2023 Annual Report from page 222 onwards. The ESG methodology for determining target achievement is published on the Fresenius SE & Co. KGaA website.

OUR SUSTAINABILITY ORGANIZATION

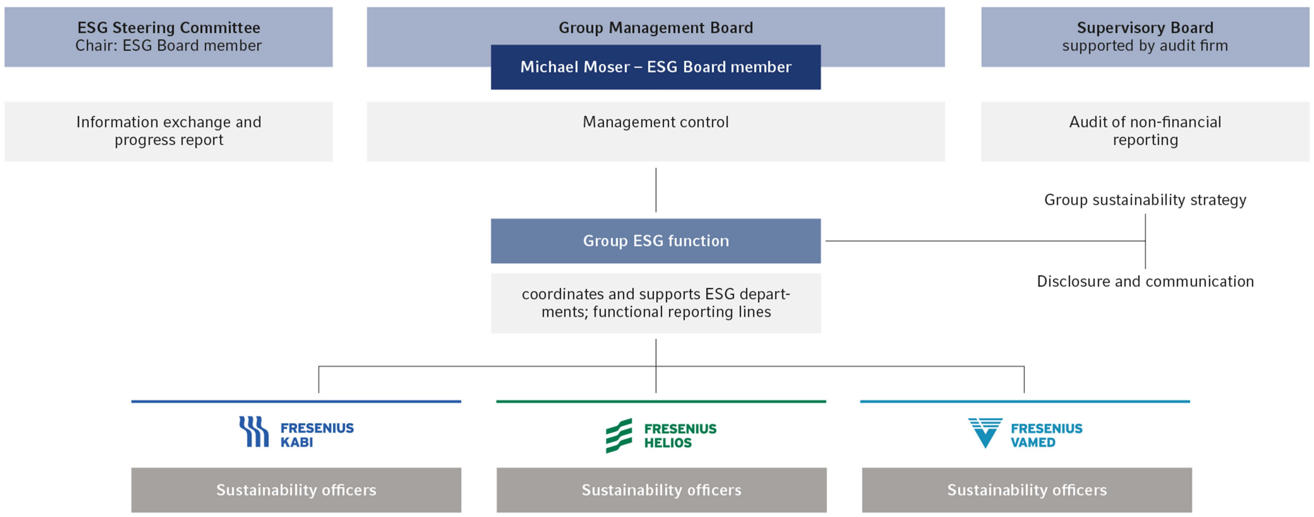
Fresenius Management SE is the general partner of Fresenius SE & Co. KGaA. At Fresenius, sustainability was within the responsibility of the Chairman of the Management Board of Fresenius Management SE until June 30, 2023. The Group Management Board was informed about sustainability issues by the Investor Relations & Sustainability department at least monthly. Due to the increasing importance of sustainability, the organizational anchoring has been adjusted as of July 1, 2023. The Group Management Board member responsible for Legal, Compliance, Risk Management, ESG, Human Resources and for the business segment Fresenius Vamed (subsequently ESG Board member) has overall responsibility for sustainability. The topic of sustainability has been separated from the Investor Relations & Sustainability Group function and the Group ESG function has been established.

The **Group ESG** function acts as a competence center within the Fresenius Group. The function monitors regulatory developments, identifies key issues, and defines priorities and opportunities for the implementation of the ESG strategy. It supports Group-wide implementation and reviews progress as part of the annual reporting. Throughout the year, it aligns repeatedly with all Group functions and the ESG officers in the business segments to consider the respective business models and ensure the feasibility of measures. The Group ESG function is also responsible for internal and external stakeholder communication and, together with the Group Controlling function, for non-financial reporting.

The **ESG Steering Committee**, which was newly created at the end of 2023, consists of the ESG Board member (Chair), the Group ESG function, defined functions at Group level, and the ESG officers of the business segments. The committee will meet quarterly in the future starting in 2024 and will be tasked with providing information on current developments, deciding on appropriate measures to improve ESG performance, and monitoring the progress of implementation. The measures proposed by the ESG Steering Committee are submitted to the Fresenius Group Management Board for approval by the ESG Board member.

The Management Board and the Supervisory Board review the progress and results of sustainability management, which are then published in the separate Group Non-financial Report. The Supervisory Board is supported in this process by the audit performed by the external auditors. The key figures that form part of the remuneration

FRESENIUS GROUP SUSTAINABILITY ORGANIZATION[1]



components of the Executive Board are audited with reasonable assurance. The other key figures in the Group Non-financial Report and the report itself are subject to a limited assurance review. The Audit Committee of the Supervisory Board has special responsibility for reviewing the Group Non-financial Report. The Supervisory Board as a whole is also responsible for monitoring Fresenius' sustainability performance. Changes in the committees are presented in the 2023 Annual Report in the corporate governance statement on pages 205 ff. and in the overview of the boards on pages 370 ff.

The departments and functions of Fresenius SE & Co. KGaA support the business segments in the development of guidelines and management concepts for the respective sustainability issues. The business segments have also each defined departments and persons responsible – often in the form of sustainability officers who coordinate all sustainability issues within the business segment.

Other committees at segment level are explained in the respective sections on governance structures in this report where applicable.

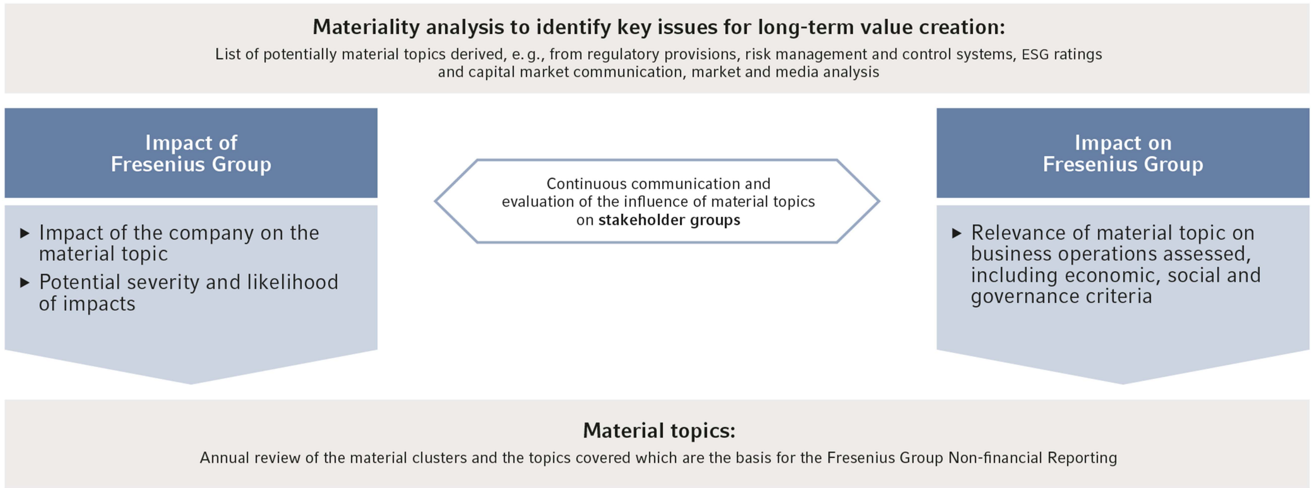
[1] The overall structure shown in the graphic is valid as of January 1, 2024.

OUR MATERIALITY ANALYSIS

Since 2017, we have been identifying the material topics for the Fresenius Group in a comprehensive materiality analysis. This is carried out every two to three years, depending on possible changes in the corporate structure and operating business performance. In addition, we review the material topics annually to ensure that they are up to date. Material 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 business activities on non-financial aspects.

We conducted our last comprehensive materiality analysis in the 2020 reporting year. A review was carried out in the reporting year. Based on the results of this review and the strategic changes initiated in the reporting year throughout the Group, the following changes have been made to the reporting: innovation and digital transformation are presented in separate chapters in order to highlight the strategic importance of both key topics and the respective governance approaches. The section on tax compliance has also been included in the reporting, and the chapters on human rights and supply chain have been summarized in the human rights chapter. However, these measures have not changed the fundamental process of identifying material topics. Rather, they confirm the effectiveness and improved transparency of the reporting.

MATERIALITY REVIEW



Material issues also include environmental issues, among others. We also take into account the results of our communication with our stakeholders, as described in the following section.

In the reporting year, a **Group-wide project** was initiated to implement the requirements of the **CSRD**, with the aim of preparing the basis for non-financial reporting from 2024. Among other things, the project included a new materiality analysis based on the principle of double materiality to identify the material topics for the Fresenius Group.

We will apply the results of the analysis to our non-financial reporting from the 2024 fiscal year. Based on the double materiality analysis, a gap analysis was conducted to identify the areas in which additional data and information must be collected in the future in order to fully meet the requirements of the CSRD. The projects required for data collection were launched in the reporting year. All relevant Group functions as well as departments at the business segment level are involved in the implementation.

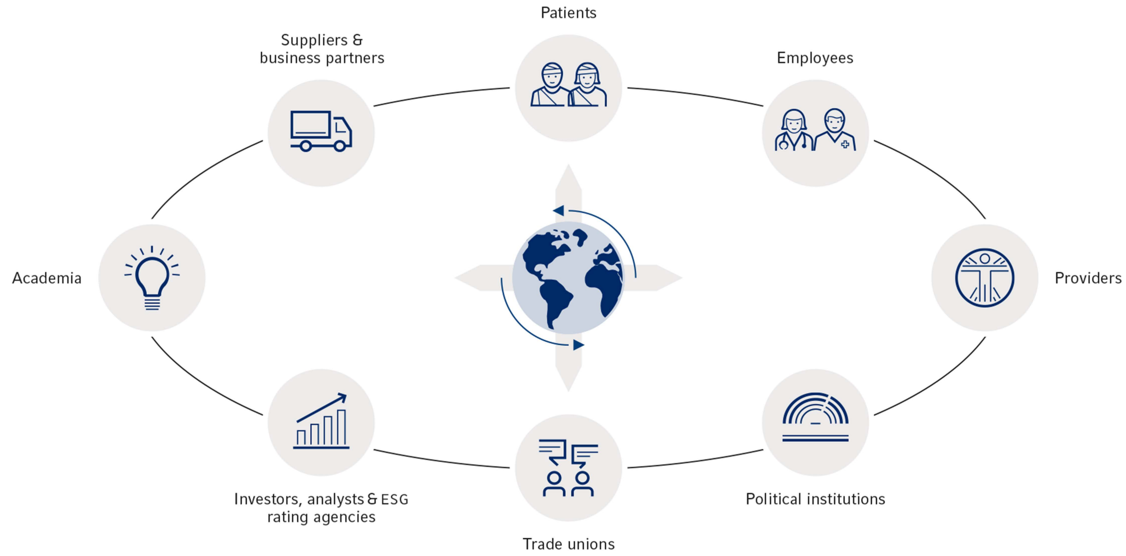
STAKEHOLDERS AND PARTNERSHIPS

Fresenius is involved in a diverse network of stakeholder groups. We gain valuable insights from this exchange, which we use to continuously develop the management of material topics as well as our reporting procedures. Our main stakeholders are presented in the graph aside. Our exchange with political institutions and external organizations is focused on the fields of healthcare and patient care.

In addition to these stakeholders, other third parties, such as patients' families and professional groups related to our products and services, may also be important stakeholders in certain circumstances. To improve the readability of this report, we have refrained from listing all relevant stakeholder groups for individual topics and have used the term third parties as a collective term where appropriate.

Fresenius has signed the World Economic Forum's **Zero Health Gaps Pledge** ahead of the 2024 World Economic Forum in Davos. This commitment to promoting equal opportunities in healthcare is part of the Global Health Equity Network (GHEN), which brings together key players from the public and private sectors to advance a shared vision of equitable healthcare in line with the UN Sustainable Development Goals (SDGs). In early 2024, more than 80 companies have signed the world's first voluntary commitment of this kind. By signing the pledge, Fresenius commits to acting responsibly and working together for equal opportunities in healthcare.

STAKEHOLDERS & PARTNERSHIPS



STAKEHOLDER DIALOG IN ALL AREAS

We communicate with our stakeholders through various channels: Fresenius' corporate functions focus on those that are relevant to the Group as a whole. The business segments are in active contact with patients, customers, and regulatory authorities, among others. In particular, Fresenius SE & Co. KGaA is in constant contact with investors and analysts due to its stock market listing and clarifies information requests. Further information can be found on pages 22 ff.

We plan to expand our stakeholder outreach. For the reporting year, we again took into account the requirements of rating agencies and regulatory requirements. The specialist and corporate functions contributed the views of their respective stakeholders.

We submit information on emissions and water to the international non-profit organization CDP (Carbon Disclosure Project). At the request of some stakeholders, we also report ESG information in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) reporting standard as well as an overview of material information and indicators in accordance with the requirements of the U.S. reporting standard SASB (Sustainability Accounting Standards Board). This additional information is not part of the Group Non-financial Report and its business audit, but is made available on the website with a time delay, latest in the second quarter of the following year.

Transparency in the healthcare sector

In the healthcare sector, transparency with regard to business conduct, patient information, and the quality of care is of great importance. Further information can be found in the Patient and product safety section starting on page 118.

Fresenius Group companies must comply with sector-specific laws and our ethical principles, which, for example, regulate the handling of payments to healthcare professionals and organizations, determine the disclosure of data from clinical or patient studies, or require transparency in pricing and reimbursement procedures for pharmaceutical products.

We undertake to comply with the codes and principles associated with membership of various associations. In addition, we disclose all benefits to healthcare professionals in the companies of the Fresenius Group in accordance with the disclosure requirements that apply to us.

OUR WORK IN ASSOCIATIONS AND INITIATIVES

Our employees contribute their expertise to national and international bodies, committees, and associations. In some cases, this is accompanied by industry agreements or commitments. The following initiatives and memberships are currently of particular strategic importance for the business segments:

- BAH – German Medicines Manufacturers Association, Member: Fresenius SE & Co. KGaA
- BVMed – Business Association of the Medical Technology Industry – Member: Fresenius SE & Co. KGaA, represented on the Board by Fresenius Kabi; voluntary commitment to comply with the Code of Conduct
- DAI – Deutsches Aktieninstitut – Member: Fresenius SE & Co. KGaA
- DIN – German Institute for Standardization – Member: Fresenius Kabi
- DIRK – German Investor Relations Association – Member: Fresenius SE & Co. KGaA
- ENHA – The European Nutrition for Health Alliance – Member: Fresenius Kabi
- IQM – Initiative Qualitätsmedizin – Founding and board member: Helios Germany; active management of expert committees; voluntary commitment to quality principles
- Medicine for Europe – Member: Fresenius Kabi; Commitment to the Code of Conduct
- MedTech Europe – Member: Fresenius SE & Co. KGaA; voluntary commitment to comply with the Code of Conduct
- Pro Generika – Member: Fresenius Kabi
- VCI – German Chemical Industry Association – Member: Fresenius SE & Co. KGaA

Further information about Fresenius memberships can be found on our website.

EU TAXONOMY

In the reporting year 2022, we reported on the EU Taxonomy eligibility and, for the first time, on the EU Taxonomy alignment of our economic activities for the environmental objectives of climate change mitigation and adaptation.

For the fiscal year 2023, mandatory reporting is extended to the EU Taxonomy eligibility of the economic activities of the four remaining environmental objectives, namely sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems as well as the new activities that have been added to the environmental objectives climate change mitigation and climate change adaptation. The assessment of EU Taxonomy alignment of those activities will be mandatory as of the reporting year 2024.

The EU Taxonomy reporting is conducted in accordance with the mandatory disclosures required by the EU Taxonomy Regulation (EU) 2020/852 of June 18, 2020 and the supplementing delegated acts.

In the reporting year 2023, the deconsolidation of Fresenius Medical Care impacts the EU Taxonomy reporting. In accordance with the FAQ (Commission Notice C/2023/305) published in the Official Journal of the European Union on October 20, 2023, revenue of Fresenius Medical Care is not included in the revenue KPIs, as revenue from discontinued operations must be presented separately from continuing operations (IFRS 5.33) and is therefore not included in the revenue line item as required by IAS 1.82(a). From the FAQ and its reference to IFRS 5.33, it can be implied that Opex from Fresenius Medical Care is also not part of the Opex KPIs as Opex from discontinued operations must also be presented separately. In contrast, investments of Fresenius Medical Care are part of the Capex KPIs for the period from January 1, 2023 to June 30, 2023. Capex are therefore presented in line with the financial details. Further information can be found in the Notes on pages 272 ff.

We again compared the descriptions of economic activities from Annex I (climate change mitigation) and Annex II (climate change adaptation) to the Climate Delegated Act with our products and services, investment expenditures and expenses. Additionally, we assessed whether our business activities correspond to the new economic activities listed in Annex I (sustainable use and protection of water and marine resources), Annex II (transition to a circular economy), Annex III (pollution prevention and control) and Annex IV (protection and restoration of biodiversity and ecosystems) to the Environmental Delegated Act. For this purpose, further information on the revenue, Capex, and Opex KPIs has been discussed, collected and consolidated at business segment level and their divisions in a multi-stage process. The determination of the EU Taxonomy KPIs was based on our financial reporting system to ensure a complete and unambiguous reconciliation to the corresponding items in the annual financial statements and to avoid double counting.

This process confirmed that, as in the previous years, we can focus on analysing the requirements relating to the environmental objective climate change mitigation. Analysis has confirmed that none of the activities is considered an enabling activity under climate change adaptation, as only specific investments for so-called adapted activities are relevant, which have not been made in the reporting period. Further, due to the reasons mentioned before, the activities are treated as non-eligible under climate change adaptation because no such specific Capex has been incurred and turnover cannot be shown under climate change adaptation for adapted activities. Furthermore, economic activities from the new environmental objectives must only be assessed regarding their EU Taxonomy alignment as of the reporting year 2024.

In contrast to previous years, parts of our core business activities performed by Fresenius Kabi are now covered by the EU Taxonomy due to the extension of environmental objectives to be applied to date. This is reflected in the increased EU Taxonomy-eligible revenue share. However, as a global healthcare Group with products and services for dialysis, hospital and outpatient care, some of our core business activities are still not covered by the environmental objectives.

Our EU Taxonomy-eligible investments cover assets and processes that are directly related to EU Taxonomy-eligible revenue activities as well as the purchase of output of from EU Taxonomy-eligible activities such as existing and new building infrastructure. For our Opex, EU Taxonomy-eligible shares solely relate to assets and processes associated with EU Taxonomy-eligible revenue activities at Fresenius Kabi (especially research and development (R & D) expenses).

RELEVANT ECONOMIC ACTIVITIES

Economic activity	Environmental objective	Annex	Delegated Act
1.1 Manufacture of active pharmaceutical ingredients	Pollution prevention and control	Annex III	Environment
1.2 Manufacture of medicinal products	Pollution prevention and control	Annex III	Environment
1.2 Manufacture of electrical and electronic equipment	Transition to a circular economy	Annex II	Environment
3.1 Construction of new buildings	Transition to a circular economy	Annex II	Environment
3.2 Renovation of existing buildings	Transition to a circular economy	Annex II	Environment
7.1 Construction of new buildings	Climate change mitigation	Annex I	Climate
7.2 Renovation of existing buildings	Climate change mitigation	Annex I	Climate
7.7 Acquisition and ownership of buildings	Climate change mitigation	Annex I	Climate

In addition, we again assessed our EU Taxonomy-eligible economic activities for the environmental objective of climate change mitigation regarding their compliance with the alignment criteria, consisting of technical screening criteria for a substantial contribution to one of the environmental objectives and the avoidance of significant harm to the other environmental objectives, as well as the minimum safeguards. For this purpose, current construction projects of the business segments were analysed with the relevant technical experts to determine the applicability and level of compliance with the EU Taxonomy requirements. Substantial contribution criteria for building activities under the environmental objective of climate change mitigation focus on energy efficiency. Some of these criteria exceed current legal requirements substantially and are also not adjusted to the healthcare sector and the operational requirements for hospitals and healthcare facilities.

Compliance with the EU Taxonomy criteria would therefore be partly contradictory to adherence with the hygiene and quality standards applicable to Fresenius. As a result, even the most energy-efficient hospitals and healthcare facilities do not currently meet the criteria of substantial contribution and Do No Significant Harm (DNSH) (e.g., primary energy demand lower than that of nearly zero-energy buildings, thresholds for water flow rates of water appliances, etc.). As in the reporting year 2022 and 2023, our analyses thus showed that the substantial contribution and DNSH criteria cannot yet be implemented or substantiated at the current time in the economic activities applicable to us, namely new construction of buildings, renovation of buildings and acquisition of buildings.

In the future, we will continue to review and implement the EU Taxonomy alignment criteria in our construction projects, where feasible. EU Taxonomy alignment for the new economic activities of the Environmental Delegated Act must be initially reported for the fiscal year 2024.

Compliance with the minimum safeguards is assessed for all activities by using a Group-wide approach. The criteria for minimum safeguards are applied on the basis of the Final Report on Minimum Safeguards of the Platform on Sustainable Finance from October 2022. Key topics are human and labour rights, bribery and corruption, fair competition, and taxation. Information on these topics can be found in the Group Non-financial Report and in the Notes on pages 179 ff., 169 ff. and 278 f.

For the detailed tables in accordance with the EU Taxonomy Regulation, please refer to the Further key figures chapter on page 194.

EU TAXONOMY KPIS 2023[1]

in %	Taxonomy-aligned	Taxonomy-eligible but not aligned	Taxonomy non-eligible
Revenue	0.0	26.1	73.9
CCM 7.1 / CE 3.1 Construction of new buildings		1.8	
CCM 7.2 / CE 3.2 Renovation of existing buildings		0.0	
PPC 1.1 Manufacture of active pharmaceutical ingredients (API) or active substances		0.7	
PPC 1.2 Manufacture of medicinal products		22.8	
CE 1.2 Manufacture of electrical and electronic equipment		0.8	
Capex	0.0	44.3	55.7
CCM 7.2 / CE 3.2 Renovation of existing buildings		9.6	
CCM 7.7 Acquisition and ownership of buildings		20.8	
PPC 1.1 Manufacture of active pharmaceutical ingredients (API) or active substances		0.3	
PPC 1.2 Manufacture of medicinal products		10.3	
CE 1.2 Manufacture of electrical and electronic equipment		3.3	
Opex	0.0	52.2	47.8
PPC 1.1 Manufacture of active pharmaceutical ingredients (API) or active substances		2.3	
PPC 1.2 Manufacture of medicinal products		45.8	
CE 1.2 Manufacture of electrical and electronic equipment		4.2	

[1] CE: transition to a circular economy, CCM: climate change mitigation, PPC: pollution prevention and control

REVENUE

Total revenue in fiscal year 2023 forms the denominator of the revenue KPIs and can be taken from the consolidated Group's income statement prepared in accordance with IAS 1. The EU Taxonomy-eligible revenue in 2023 (26.1%)

relates to external revenue generated by Fresenius Kabi with the manufacture of medicinal products, manufacture of active pharmaceutical ingredients and medical electronic equipment as well as Fresenius Vamed in the project business with healthcare facilities (according to IFRS 15). Of the Group's total amount €5,822 million, the majority of €5,088 million are related to the economic activity manufacture of medicinal products (1.2 pollution prevention and control) performed by Fresenius Kabi. In addition, €147 million are associated with the manufacture of active pharmaceutical ingredients (1.1 pollution prevention and control) and €170 million with the manufacture of electrical and electronic equipment (1.2 transition to a circular economy). At Fresenius Vamed, €411 million are related to the economic activity construction of new buildings (7.1 climate change mitigation) and the remaining part to renovation of buildings (7.2 climate change mitigation). For the reporting year 2023, no further EU Taxonomy-eligible economic activities are relevant for Fresenius. The EU Taxonomy-eligible economic activities of Annex I to the Climate Delegated Act do not currently meet the substantial contribution criteria and are therefore not EU Taxonomy-aligned. For the mentioned EU Taxonomy-eligible economic activities of the Environmental Delegated Act, the assessment of EU Taxonomy-alignment is not necessary in fiscal year 2023.

CAPEX

The amounts used to calculate the Capex KPI (denominator) are based on the capital expenditures reported in the consolidated financial statements resulting from additions in the fiscal year to property, plant, and equipment (IAS 16) and intangible assets (IAS 38) excluding goodwill. In addition, the EU Taxonomy KPI takes into account right-of-use assets (IFRS 16). That also includes the additions from business combinations. This information can be found in the Notes on pages 305, 307, and 329.

For the identification of the EU Taxonomy-eligible share (numerator), the Capex projects of the business segments were examined in more detail on the basis of this definition. This was done by allocating the value-based components to the relevant economic activities. In accordance with the Capex definitions of the EU Taxonomy Regulation, we determined production-related Capex directly allocable to an EU Taxonomy-eligible revenue activity as well as Capex associated with the purchase of products and services from an EU Taxonomy-eligible economic activity as applicable. Production-related EU Taxonomy-eligible Capex relate in particular to the manufacture of medicinal (1.2 pollution prevention and control) as well as active pharmaceutical ingredients (1.1 pollution prevention and control) and electrical and electronic equipment (1.2 transition to a circular economy). Capex associated with the purchase of products and services from a EU Taxonomy-eligible economic activity relate essentially to the renovation of buildings (7.2 climate change mitigation) and the construction of new buildings, as well as for leasing projects, the acquisition of buildings (7.7 climate change mitigation).

In accordance with the FAQ (Commission Notice C/2023/267) published in the Official Journal of the European Union on October 20, 2023, Capex in the construction of new buildings for own use can be covered under the economic activity construction of new buildings (7.1 climate change mitigation) or under the economic activity acquisition and ownership of buildings (7.7 climate change mitigation). As of the reporting year 2023, investments in the construction of new buildings for own use are reported under economic activity acquisition and ownership of buildings (7.7 climate change mitigation) instead of construction of new buildings (7.1 climate change mitigation). This change to an economic activity whose alignment criteria better reflect Fresenius' hospital business in particular creates the prerequisite for possible future EU Taxonomy alignment.

The EU Taxonomy-eligible Capex share 2023 (44.3%) essentially relates to investments of all business segments in new construction and renovation of buildings, such as clinics or production facilities. In 2022, the share was 36.7%. The increase in the reporting year is mainly due to the additional EU Taxonomy-eligible economic activities of the manufacture of medicinal products and active pharmaceutical ingredients as well as the manufacture of electrical and electronic equipment at Fresenius Kabi for which associated Capex now also qualify as EU Taxonomy-eligible.

Of the total amount €843 million in 2023, €196 million are related to the economic activity manufacture of medicinal products (1.2 pollution prevention and control), €5 million are associated with the manufacture of active pharmaceutical ingredients (1.1 pollution prevention and control) and €63 million with the manufacture of electrical and electronic equipment (1.2 transition to a circular economy). For Capex associated with the purchase of products and services from an EU Taxonomy-eligible economic activity, €183 million relate to the renovation of buildings (7.2 climate change mitigation), consisting entirely of additions to buildings and additions to assets under construction. Furthermore, €396 million relate to the construction and acquisition of buildings (7.7 climate change mitigation), also consisting of additions to buildings and additions to assets under construction in the amount of €193 million and additionally of right-of-use assets (IFRS 16) in the amount of €203 million. Of the total EU Taxonomy-eligible Capex share €0 million resulted from business combinations. For the reporting year 2023, no further EU Taxonomy-eligible economic activities are relevant for Fresenius. The EU Taxonomy-eligible economic activities of Annex I to the Climate Delegated Act do not currently meet the alignment criteria and are therefore not EU Taxonomy-aligned. For the mentioned EU Taxonomy-eligible economic activities of the Environmental Delegated Act, the assessment of EU Taxonomy-alignment is not necessary in fiscal year 2023.

OPEX

The amounts used to calculate the Opex KPI (denominator) are based on the direct costs of research and development reported in the consolidated financial statements (Notes, page 298) and the costs of short-term leases (Notes, page 329). In addition, the cost of maintenance and repair including repair materials, were queried from the local management reporting systems for all business segments.

For the identification of EU Taxonomy-eligible shares (numerators), the above line items were matched with the descriptions of the economic activities. After analysing the Opex definitions of the EU Taxonomy Regulation, we determined the portion of operating expenses related to assets and processes associated with EU Taxonomy-eligible revenue as well as the portion of operating expenses related to the purchase of products and services from an EU Taxonomy-eligible economic activity to be applicable. As part of the analysis, we identified that material EU Taxonomy-eligible Opex components relate in particular to non-capitalized R&D costs as well as costs of short-term leases and costs of maintenance and repair which are directly attributable to EU Taxonomy-eligible revenue. The main expenditures for the maintenance of our building infrastructure, however, are capitalized and are thus reflected in the EU Taxonomy-eligible Capex share.

Of the total Opex amount €641 million in 2023, €562 million are related to the economic activity manufacture of medicinal products (1.2 pollution prevention and control), while €28 million are associated with the manufacture of active pharmaceutical ingredients (1.1 pollution prevention and control) and €52 million with the manufacture of electrical and electronic equipment (1.2 transition to a circular economy). For the mentioned EU Taxonomy-eligible economic activities of the Environmental Delegated Act, the assessment of EU Taxonomy-alignment is not necessary in fiscal year 2023.

FOSSIL GAS RELATED ACTIVITIES

Fresenius Kabi and Fresenius Helios operate gas turbines, and combined heat and power plants to generate electricity, heat, and steam from fossil fuels for own use. Fresenius' activities in the area of the operation of combined heat, cool and power generation facilities using fossil gaseous fuels are not material. Fresenius does not carry out any other nuclear and fossil gas related activities.

WELL-BEING OF THE PATIENT

Rising life expectancy and the growing global population make access to high-quality medical care increasingly important. Fresenius is committed to providing access to high-quality and affordable therapies to as many people as possible worldwide. We believe equal opportunity in healthcare is a moral obligation and an economic benefit to society.

Reporting in this chapter encompasses two categories that we deem essential:

- Access to healthcare and medicine
- Patient and product safety

ACCESS TO HEALTHCARE AND MEDICINE

Every year, we assume responsibility for the well-being of millions of patients. We offer lifesaving products and therapies. In their development, we consider different social and regulatory requirements and adapt them to different healthcare systems. This enables us to meet the growing global demand for innovative, high-quality and affordable therapies. Numerous research projects and studies are carried out in our business segments. In this way, we investigate and develop new treatment standards, improve current standards, e. g., by studying side effects by biological sex or age group, and facilitate best practice exchange between our healthcare professionals. Further, in our hospitals in Spain and Germany, various approval studies for pharmaceuticals are conducted. We report on our clinical study management in the Innovation chapter from page 132 onwards.

Our range of products and services includes the services of a comprehensive network of hospitals, post-acute care solutions – such as rehabilitation – and high-quality drugs and medical products. We also embrace digitalization and develop advanced therapies, and measures designed to expand primary care in emerging and developed countries.

OUR GOALS AND AMBITIONS

Our products are often used to treat people with serious or chronic diseases. Our task is to ensure the **safety** and **quality** of our products and services and to meet the highest safety and quality standards for all processes and therapies. In 2023, we treated nearly 26 million patients at our hospitals, of which more than 23 million were outpatients and more than 2 million were inpatients. We achieved our quality targets. Further details can be found on page 118 in the Patient and product safety section.

We want to simplify access to healthcare and medicine through, for example, digital processes and applications. In this way, we aim to reduce long waiting times for appointments in our facilities. Fresenius Helios in Spain, for example, is pursuing the ambition of providing 70% of patients with an initial consultation within seven days. In the reporting year, we surpassed this goal with a rate of 78%. In addition, more patients are to be treated in less time in future. In order to achieve this, Helios Spain places diagnostic examinations before medical consultations whenever possible. Further details can be found on page 137 in the Digital transformation chapter.

All people should be able to benefit from our healthcare services – and not experience any disadvantage due to a lack of financial resources or their geographical location. The goal of our healthcare services market segment is therefore to improve access to medical care, for example, by expanding the medical infrastructure and collaborating with organizations and initiatives.

OUR APPROACH

Fresenius' long-term goal is to further develop its position as one of the leading international providers of healthcare products and services. In recent years, we have expanded our company along our value chain – increasing the global availability of our products and services. The #FutureFresenius transformation was launched in February 2023 with the aim of positioning the company with a clear focus for future growth.

With our comprehensive range of products, which also includes generics and biosimilars, we provide access to modern, high-quality, and affordable therapies for patients. Generics and biosimilars are cost-effective alternatives to originator drugs. They help to lower the price of treatments and thus reduce the burden on healthcare systems. To promote accessibility and affordability of healthcare products in a resilient way, we support various programs and work together with other companies in industry associations.

As many people as possible worldwide should have the chance to participate in this progress. We therefore want to help make access to health services more equitable worldwide and support the development of stable health systems. This means we want to make treatment and health education available to everyone who needs them, irrespective of age, income, race or ethnicity, or education. This ambition is particularly reflected in our commitment to society. In January 2024, Fresenius signed the **Zero Health Gaps Pledge** to promote equal opportunities in healthcare. Further information can be found in the chapter Strategy and management on page 110.

Among others, we cooperate with international organizations such as Médecins Sans Frontières (Doctors without Borders). A collaboration with Friedensdorf International, for example, makes it possible for Helios Germany to treat children from crisis regions free of charge in its clinics. In 2023, more than 40 children benefited from this engagement in our German hospitals and received either inpatient or outpatient treatment.

Ensuring the availability of our products and access to our services is an important concern for us, including beyond crisis areas: avoiding bottlenecks in the supply of important medications is also a priority. This also includes our own facilities.

Integrated healthcare concepts

In recent years, healthcare providers, regulatory authorities, and insurance companies around the world have been working to improve treatment outcomes for patients while simultaneously reducing healthcare costs. This benefits- and results-oriented concept is known as value-based healthcare.

This scientific approach confirms our long-standing strategy: systematic establishment of regional care clusters and interdisciplinary knowledge sharing among experts, from which all hospitals in our network can benefit. Patients should benefit from the focus on technological advances, innovative treatment options, and our investments in high-level healthcare infrastructure and technical equipment. With this approach, we want to help to tackle the increasing cost pressure for insurers and relieve the burden on healthcare systems.

We firmly believe that combining healthcare facilities, known as **cluster formation**, can prove beneficial both for the quality of healthcare and when it comes to the potential for reducing costs. In the hospital sector, one of the ways we are pursuing this approach is through our choice of acquisitions in recent years. The aim with these choices is to link together the special care offerings of the individual hospitals, and to jointly improve quality, e.g., in oncology care or stroke treatment, through cluster conferences. This type of networking makes it possible to offer expensive and labor-intensive treatments within a hospital cluster without having to provide them at every location.

Helios Germany, for example, supports certain projects that involve deploying multidisciplinary teams following surgical interventions in order to help speed up and improve patients' recovery. One focus is on rapid mobilization after operations. This includes, for example, the Ortho-Campus model, in which surgery and rehabilitation are brought closer together. Further examples include Helios Germany's Enhanced Recovery After Surgery (ERAS) initiatives and the certification of endoprosthetic centers in accordance with the ENDO-Klinik standards.

Another consequence of demographic change is the shortage of skilled workers. The ageing of society requires extensive, longer-lasting medical care for the population. This poses major challenges for the limited resources on the market for medical professionals.

In order to counter the specific effects on healthcare, Helios Spain is pursuing the goal of significantly optimizing care processes. For example, the structured medical information already obtained with the help of digitalized processes is to be linked to a newly generated healthcare model. This should give doctors more capacity to provide valuable care to an increasing number of patients. Further details can be found on pages 137 ff. in the Digital transformation chapter.

PATIENT SUPPORT IN CRISIS AND EMERGENCY SITUATIONS

As a healthcare Group, we have to be crisis-proof in all areas and respond flexibly to unforeseeable challenges: it is our task to provide patients with unrestricted access to our services and seamless care even under difficult conditions. To ensure this, we have established high-performance and resilient emergency systems and programs in our business segments.

Crisis situations are unforeseen events that may have an impact on the company or society, for example. In the healthcare products market segment, we have a **crisis team for emergency situations** that is summoned immediately after an event that could lead to a crisis. The crisis team comprises members of the Fresenius Kabi Management Board, key staff units, and other relevant functions of the business segment. It coordinates the activities to maintain business operations and monitors the measures specifically defined and initiated to deal with a crisis. Members of the crisis team and representatives of the business units are also responsible for coordinating product donations if these are requested by affected countries, e.g., in the event of a natural disaster or war.

Fresenius Kabi has a long-standing partnership with action medeor e. V. This non-governmental organization transports our product donations to crisis areas and delivers them on-site. In the reporting year, one truck with vital medical supplies drove to Syria to support the medical treatment and care for patients after the earthquake in February 2023.

In the healthcare services market segment, there are legal requirements for how care is to be organized in the event of an emergency. Accordingly, we have dedicated emergency plans to respond immediately to incidents that might be critical for patients. They encompass, among other aspects, evacuation plans, emergency systems in case of interruption of power or water supply, and plans to respond to impacts on local infrastructure, e.g., due to flooding. Emergency power generators ensure that operations or vital therapies, such as artificial respiration, can continue even in the event of a power failure.

PATIENT AND PRODUCT SAFETY

The safety of our patients is our priority, and it plays a central role in our management approaches. Patient safety and the unrestricted operation of healthcare facilities can be at risk from various factors. For example, disruptions in the process flow, such as natural disasters or technical failure, pose a risk to patients and the healthcare facilities. In addition, there are operational risks, for example potential hygiene deficiencies, that could jeopardize product safety and the health of patients. We counter these risks through structured processes, training, and quality management systems, among other things, and work to continuously improve patient and product safety. Transparent information for the public is also part of our safety and quality commitment. The potential consequences that non-financial risks can have for Fresenius are described in our Opportunities and Risk Report on page 87 onwards.

In the following, we explain our approach to patient and product safety. In addition, this section covers specific information from the market segments healthcare products (Fresenius Kabi) and healthcare services (Fresenius Helios and Fresenius Vamed).

OUR GOALS AND AMBITIONS

The application of the highest possible quality and safety standards, the effectiveness of products and service offerings, and adherence to regulatory assessment and compliance requirements are essential prerequisites to support our ambition: to secure long-term corporate success and enable the care of patients. To achieve this, we set ourselves specific targets in the business segments.

These targets are part of the short-term variable compensation of the Management Board. Further information can be found in this chapter as well as in the Compensation Report in the Annual Report 2023, pages 222 ff.

OUR APPROACH

At Fresenius, our aspiration is to provide patients with the best possible care. Therefore, we offer medical treatments and products that meet our strict requirements for quality and safety. It is essential for the safety and well-being of our patients that we appropriately label our products, describe our services in a transparent manner, and provide all relevant information to patients or their relatives in our healthcare facilities. For healthcare professionals, relevant information on pharmaceutical products or medical equipment is provided through dedicated communication channels, for example websites, and trained experts from our business segments. Training also encompasses acting with integrity and responsibility with third parties, if required for an individual function or an area of responsibility.

Organization and responsibilities

Within the Group Management Board, the Board member responsible for Legal, Compliance, Risk Management, ESG, Human Resources and for the business segment Fresenius Vamed steers strategic Group-wide provisions within his responsibilities. The Chief Executive Officers (CEOs) of the business segments are responsible for operational management. The responsibility for patient and product safety or quality management and quality assurance, respectively, is regulated by the respective Management Board committees or managements, e.g., via a business allocation plan. The business allocation plan of the Group Management Board does not provide for a separate department for this purpose. As part of **risk reporting**, the Group Management Board is informed quarterly. The effectiveness of the quality management systems is discussed, if risks were identified or incidents occurred that could have a significant impact on the operating business, the reputation, or the value chain of the Group and its business segments. The Audit Committee of the Supervisory Board is informed about developments on a half-year basis, the Supervisory Board on an annual basis. For further information, please refer to the Opportunities and Risk Report on page 87 onwards and to the Compliance section on page 169 onwards.

In the business segments, employees must ensure that the applicable quality and safety regulations are always applied in their areas of responsibility. The employees in the production facilities, outpatient centers, and hospitals have a special obligation to exercise due care. The organizational structures and controls are adapted to the requirements of the individual business segments.

In the area of quality management, we monitor, manage, and improve processes with the support of performance indicators. Our quality management systems meet and are based on various standards or are adapted to them, because the requirements differ for healthcare facilities and for the development, production, and distribution of pharmaceuticals or even medical-technical products. We use different applications, such as externally provided IT systems or self-developed applications, to support our quality management systems.

PATIENT AND PRODUCT SAFETY GOALS

	Timeframe	Status 2023[1]	Further information
Audit & Inspection Score: 2.3 or better	2023	1.9	Pages 122 f.
Quality Indicator Achievement Rate:	2023		Page 126 f.
G-IQI (Germany, German Inpatient Quality Indicators): 88%		G-IQI: 88.7%	
E-IQI (Spain, España Inpatient Quality Indicators): 55%		E-IQI: 76.7%	
Patient Satisfaction: 1.65 or better	2023	1.56	Page 131

[1] The KPIs as part of the short-term variable remuneration (STI) of the Management Board are audited with reasonable assurance, as explained on pages 201 ff. in the independent practitioner´s report.

Training courses for our employees, which are an essential part of guaranteeing the safety of our patients, interacting respectfully with them, and the safety of our products, are an important component of our quality management systems. Further information on employee training can be found in the Employees chapter under Employee development on page 150 onwards.

Product developments or their improvements are explained in the Research and development section of the Group Management Report on pages 42 ff. and the Innovation chapter starting on page 132.

Guidelines and regulations

We comply with the applicable laws within quality management. Internationally applicable frameworks are particularly important for **product quality** at our production sites and distribution centers and subsequently also for **product safety**. We assess the effectiveness of our management systems based on key performance indicators (KPIs) which are explained on pages 121 ff.

In our clinics and healthcare facilities, we apply internationally recognized standards from the hospital sector and local regulatory requirements and laws for the outpatient and inpatient care of patients, e.g., the Fifth Book of the Social Code (SGB V) in Germany, which regulates basic requirements for quality assurance. We measure the **quality of patient care**, **patient safety** and, **patient satisfaction** with various indicators. In addition, **hygiene provisions** in our healthcare facilities are monitored based on specific parameters.

Depending on the business area and market, we are subject to further specific regulatory requirements and standards. This includes legislation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), the Restriction of Hazardous Substances (RoHS), and the Medical Device Regulation (MDR), among other standards. In addition, we have to adhere to regulations that specify products used in patient treatments, e.g., product safety provisions with regard to hazardous materials in single-use products in hospitals.

In addition, the business segments follow their own guidelines, which contain concrete instructions for specific processes. Responsible marketing, advertising, and sales in our product segments are controlled via internal guidelines and external regulatory provisions applicable to healthcare companies. For our healthcare services business, ethical marketing regulation applies based on regulatory provisions regarding reimbursement schemes by healthcare authorities and insurance providers. These provisions are also incorporated into our compliance guidelines in our business segments. Information on this is provided in the Compliance section on pages 169 ff. and our Opportunities and Risk Report on pages 87 ff.

Our commitment to patients' health and well-being is reviewed and certified by external partners or regulatory bodies. We are continuously expanding the number of sites certified to ISO 9001 standard, applicable internationally acknowledged care or hospital standards, or quality standards provided for centers of expertise for certain areas of treatment. All new hospitals are subject to this certification process in the year following their opening or takeover. In Spain, 94% of hospitals were certified according to ISO 9001 in the reporting year. Further clinics have also implemented reporting in accordance with this standard.

Not all locations have the same scope of certifications, as the coverage at business segment level depends on the standards or specifications to be applied. However, at the very least they adhere to internal quality standards, which consider the applicable regulatory provisions. In addition to the standards of the International Organization for Standardization (ISO), we use the following quality principles or standards, among others:

- the methodology of the Initiative for Quality Medicine (IQM), the model of the European Foundation for Quality Management (EFQM), the standards of the Joint Commission International (JCI), and the Spanish Association for Standardisation UNE, for **healthcare facilities**, and
- Good Manufacturing Practice (GMP), current Good Manufacturing Practice (cGMP), Good Distribution Practice (GDP), Guideline on Good Pharmacovigilance Practices (GVP), MDR, the Code of Federal Regulations (CFR) of the U.S. Food and Drug Administration (FDA), and
- the ISO 13485 quality management standard for medical devices in our **production business**.

CERTIFICATION OVERVIEW

Certification or standard, in %	Coverage[1]
External standards	99
Thereof ISO 9001 / ISO 13485	97
Thereof IQM (healthcare services, Germany)	100
Regulatory requirements (e.g., national law)	100
Internal standards or policies	100

[1] Coverage applies to entities already certified or for which a certification is planned, depending on the applicability of standards or policies. The certification issuance from the individual certification companies may extend into the following year.

GOALS OF FRESENIUS KABI

	Timeframe	Status	Further information
Benefit-risk ratio surveillance of our products: Compliance rates of 100% based on quality-related reporting: Individual Case Safety Reports Reporting of periodic safety reports Transmission of vigilance data	Ongoing	Goals for 2023 partially achieved	Page 123

The Fresenius Group quality management approach is controlled by internal specialists or dedicated functions within the business segments. Relevant data is reviewed regularly, in some cases daily. If deviations occur, our specialists initiate root cause analyses or **peer reviews**; they evaluate deviations and, if necessary, determine corrective or preventive actions. Regular internal **audits and self-inspections** – at least annually – as well as **external reviews and audits**, support data verification and management approaches, for certified and non-certified entities. In this way, we ensure that patient health activities comply with internal guidelines and regulatory provisions. The overarching ambition is to enhance the efficiency and coverage of our quality management systems and, ultimately, the credibility of the procedures and systems in place.

HEALTHCARE PRODUCTS MARKET SEGMENT: FRESENIUS KABI

Goals and ambitions

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 their continuous improvement. To ensure this, the company has established an integrated quality management system, a monitoring and reporting system, and product risk management.

Organization and responsibilities

Since December 2023, the central function Quality Management reports directly to the member of the extended leadership team of Fresenius Kabi (Executive Leadership Team – ELT), which is responsible for the function Technical Operations & Quality. This function defines overarching standards and requirements for the business segment's quality management. Further quality assurance functions are defined throughout the business segment to ensure adherence and compliance with the business-segment-wide standards and requirements.

Guidelines and regulations

Fresenius Kabi's quality management system is organized in accordance with the ISO 9001 standard and is binding for all organizations of the business segment. Compliance with the standard is reviewed by TÜV SÜD in annual audits at a global level and covers 123 Fresenius Kabi organizations through a matrix certification; one further organization holds a local ISO 9001 certificate. In addition, numerous manufacturing plants have supplementary certifications, such as ISO 13485 for medical devices, a food safety management system according to ISO 22000, or GMP in general for pharmaceuticals.

QUALITY STANDARDS FRESENIUS KABI

Quality standard	ISO 9001	ISO 13485	GMP/ cGMP
Number of certified entities	124	26	46
Number of certified entities, in %[1]	98	100	100

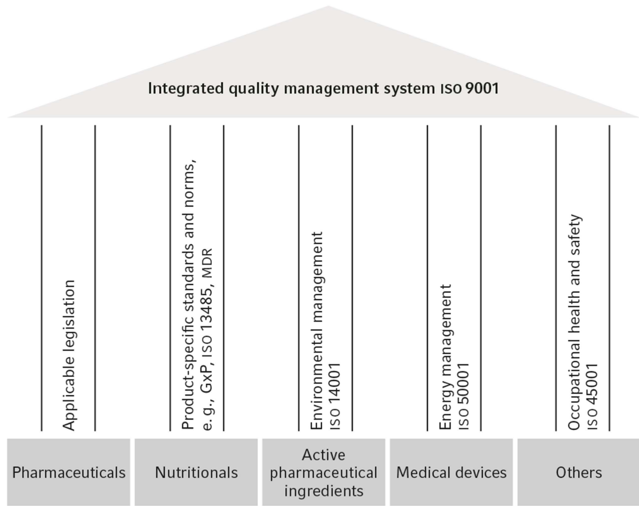
[1] Coverage target 100% of relevant entities, variation due to organizational changes, e.g., opening, closing of locations; % coverage subject based on entities for which the standard is of relevance.

Fresenius Kabi regularly conducts internal quality audits to ensure the effectiveness of the quality management system and compliance with internal and external standards and requirements. Suppliers are subject to a qualification process based on the relevance of the delivered material or service. Also, the supplier's qualification and their recertification are audited every three to five years. Inspections by regulatory authorities and audits by independent organizations are performed along the value chain at Fresenius Kabi. Fresenius Kabi promptly takes steps to deal with any weaknesses or deficiencies discovered during inspections.

In 2023, Fresenius Kabi performed 58 **internal audits**. The **external audits and inspections** in the reporting year amounted to 111 (2022: 87), of which 22 were regarding GMP by the FDA, the Australian Therapeutic Goods Administration (TGA), Health Canada, and European pharmaceutical authorities, and 15 were regarding the Quality Management System audits from TÜV SÜD (notified body for ISO 9001).

Based on the respective deviations, an **audit and inspection score** is calculated by Fresenius Kabi. 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 these inspections and audits. Critical observations or deviations, if any, or certification status withdrawal are weighted with a defined multiplier. The score shows the average number of major deviations identified during the inspections and audits considered.

INTEGRATED QUALITY MANAGEMENT FRESENIUS KABI



The **audit and inspection score**[1] was 1.9[2] in 2023 (2022: 2.3). Observations have been and will continue to be addressed by corrective and preventive actions (CAPAs) and effectiveness checks have been and will continue to be defined. The observations neither impacted the GMP certification nor the ISO 9001 certificate.

In 2023, no events with a material adverse impact were recorded that conflict with our aforementioned quality management goals.

AUDITS AND INSPECTIONS

	2023	2022	2021
Audit and inspection score[1]	1.9[2]	2.3	1.9
Internal audits	58	45	58
External audits and inspections	111	87	94

Monitoring and reporting systems

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 products and assesses their successful implementation based on specific indicators. The companies vigilance activities are designed to ensure the safety of its products: in this way, the company can identify any changes in the benefit-risk ratio of its products at an early stage and react in a timely manner. Fresenius Kabi's Corporate Safety Officers are responsible for the global vigilance system. These functions help to ensure that the company can respond quickly to safety-relevant events. Fresenius Kabi promptly informs its customers and the public about matters or measures concerning product and patient safety; this may be done directly or through appropriate public channels, if applicable.

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 the respective information to experts for review.

Fresenius Kabi collects and assesses reports about individual **side effects** and reports them to health authorities worldwide in accordance with regulatory requirements. The business segment aims to submit all safety reports in accordance with the applicable regulations and therefore strives to report 100% of the Individual Case Safety Reports (ICSRs) to the authorities in time.

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 all periodic safety reports worldwide to authorities in due time. In 2023, the benefit-risk ratio of all pharmaceutical products remained unchanged.

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 for the PSMF. The goal is to receive timely data from all marketing and sales units worldwide.

COMPLIANCE RATES QUALITY

in %	2023	2022
Side effects: Individual Case Safety Reports reported in time (globally)	99.9	99.3
Benefit-risk ratio: in-time transmission of periodic safety reports (globally)	99.1	100
Internal in time transmission of vigilance data	100	100

[1] The calculation of the audit and inspection indicator takes into account all audits and inspections carried out in the reporting year for which information on deviations is available by the end of January of the following year.
[2] The KPI as part of the short-term variable remuneration (STI) of the Management Board is audited with reasonable assurance, as explained in the independent practitioner´s report starting on page 201.

In addition to the timely evaluation and reporting of single side effects to authorities, cumulative evaluations on side effects are carried out to guarantee the safety of the products (signal detection). These include important events, e. g., reports about side effects with a fatal outcome, to evaluate if new information is available about a known side effect profile or a new side effect of a product leading to a changed benefit-risk profile. No such information became known for the business segment's products in the reporting year.

In the reporting year 2023, Fresenius Kabi accomplished very good compliance ratios for the quality-related reporting. In cases where targets were not achieved, measures were internally initiated to ensure that a timely submission of reports will be conducted in future.

Product risk management

Globally responsible safety officers react promptly when Fresenius Kabi becomes aware of potential quality-related issues. They initiate and coordinate necessary actions worldwide, such as product recalls. With its **early-warning system**, Fresenius Kabi evaluates any quality-related information from various risk areas to identify risks early 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 evaluates the safety profile of its products at a global level.

We ensure through internal procedures that we can react promptly and adequately, if new adverse drug reactions are identified for one of Fresenius Kabi's products. These new side effects are communicated to healthcare professionals via a specified format called a Dear Health Care Professional Letter in a timely manner. We thus help to ensure that patients are treated with products that meet our safety standards. In the reporting year, the benefit-risk ratio of no product changed due to new side effects.

COMMUNICATION OF NEW SIDE EFFECTS

	2023	2022
Number of communications to healthcare professionals regarding new adverse reactions to a product	**1**	1

Labeling and product information

Fresenius Kabi's products are classified, e. g., as pharmaceuticals, nutritional products, active pharmaceutical ingredients, or medical devices, based on global or national regulations and standards. The marketing of these products is subject to various laws and regulations to ensure complete and fact-based product information. Fresenius Kabi has a global policy and global standard operating procedures for its product information to ensure that it is in accordance with applicable laws and regulations and that the product information for correct use is clear, accurate, and not misleading.

The products of Fresenius Kabi are also subject to certain **labeling requirements**. The labeling of the products is checked regularly as part of the regulations and vigilance activities – e. g., compliance with laws relating to side effects of medicinal products – and updated if necessary. For example, product labeling is updated if competent authorities, e. g., the Pharmacovigilance Risk Assessment Committee (PRAC) of the European Medicines Agency (EMA), publish relevant information. The dedicated function at Fresenius Kabi uses an electronic management system for product labeling to manage the information necessary for labeling or printed packaging material and to ensure its correctness. The requirements of the European Falsified Medicines Directive or the U.S. Drug Supply Chain Security Act (DSCSA) lead the way in this context. Fresenius Kabi takes into account their specifications and has introduced appropriate processes for serialization, testing, and traceability for the relevant products. Further information on transparency in healthcare can be found in the Strategy and management chapter on page 111.

HEALTHCARE SERVICES MARKET SEGMENT: FRESENIUS HELIOS

Goals and ambitions

In our healthcare facilities, we focus on targets that consider quality of treatment and care, as well as patient satisfaction.

Besides quality of treatment, we also measure and control KPIs related to patient safety. Helios Germany has anchored the implementation of measures derived from liability cases in a focus target on patient safety for hospital management as well as chief physicians. This aims to promote the processing of patient-safety-related incidents and the development of preventive measures.

Helios sets company goals to measure the **quality of treatment** in its hospitals, using the España Inpatient Quality Indicator (E-IQI) methodology in Spain and the G-IQI methodology in Germany. These indicators are collected as metrics and are a quantitative measure that can be used to assess and evaluate medical quality. Each inpatient hospital treatment (inpatient case) is evaluated by making use of comparative measurements, with the benchmark being the German national average as calculated by the Federal Statistical Office or comparable national benchmarks in Spain. The target is in each case to be better than the national average for the respective indication. Further quality targets in our hospitals in Spain relate to **patient satisfaction** and are measured via the Net Promoter Score (NPS), among other methods.

In the reporting year 2022, Helios Spain updated its patient safety strategy for the period 2023 to 2026, which is fundamental to various objectives and their improvement. It was expanded from seven to eight strategic line topics. It thus covers the most important fields of action of Fresenius Helios in Spain and Latin America to ensure that high-quality care is provided in the hospitals and that patient safety is guaranteed. New targets are: patient safety and digitalization, qualification and safety of specialists, as well as patient safety in specific health processes (pregnancy, birth, and postpartum period; time-dependent pathologies; fragile patients). The objectives add strategic relevance to the measures and processes already established for all the hospitals we manage in Spain.

Organization and responsibilities

The business segment Fresenius Helios is managed by the holding company Helios Health. Due to the different national regulatory frameworks and standards as well as differences in the business models, the responsibility for patient and product safety lies with the management of the individual divisions. The structure of the management approaches of the divisions is regulated within the respective managements, for example via a business allocation plan.

The task of the **quality management steering committee** in Germany is to coordinate the central steering processes of medical quality management and patient safety measures on a quarterly basis. Also on a quarterly basis, the medical management committees of the hospitals evaluate all reportable key figures together with the medical consultants. Reporting meetings are subsequently held with the steering committee on those facilities which report deviations such as suspicious quality indicators or reported cases relating to patient safety, in order to determine measures that still need to be implemented during the course of the year. These range from peer reviews at the hospital level, for example, to location-wide quality management measures at the corporate level, if necessary.

The leading physicians in their respective fields come together to form the total of 30 Helios **specialist groups**. They ensure that the knowledge of their medical specialty is anchored in all hospitals and represent this internally and externally. They also advise and decide on the introduction of standard processes, the selection of medical products, sensible innovations, and on campaigns. Furthermore, they discuss results from clinical trials and derive possible changes in treatment approaches from them.

The **Chief Medical Officer** (CMO) function at Helios Spain is responsible for the coordination of patient care and safety, as well as research. The function is supported by the Corporate Operations department, whose focus is on improving therapies and other healthcare offerings, as well as developing and marketing digital applications in the outpatient sector.

The CMO is also responsible for defining annual targets in the area of quality, as well as patient safety and satisfaction. These targets are included in the contracts both for directly employed doctors as well as contract doctors. As part of the annual performance evaluation, the responsible managers at Helios Spain assess whether and how the targets have been achieved.

Furthermore, the Corporate Risk Unit in Spain has been created to improve risk management within the Spanish clinic group. Measures are implemented and monitored by the **Corporate Patient Safety Committee**. It is responsible for implementing the central strategy for patient safety, which is supported by the aforementioned targets.

The medical departments of Helios Germany and Helios Spain exchange ideas and information on specific topics. For example, the German hospitals benefit from Helios Spain's very close networking of outpatient and inpatient care, and can take advantage of this experience.

The CMO of Helios Health also coordinates synergy projects between the divisions in this area, as well as in the fields of medical quality and research.

Guidelines and regulations

In Germany, we had been engaged in the development of a quality management system in recent years with the aim of creating transparency regarding the quality of treatment results in the clinics and making them comparable. In 2008, Helios clinics joined forces with 14 other hospital operators to form the Initiative Qualitätsmedizin (IQM – Initiative for Quality Medicine). IQM is now the largest voluntary quality initiative in the German healthcare system.

Helios Germany applies the IQM management system and the related G-IQI in all German clinics. Newly acquired entities are integrated into this management system from the start of the acquisition. Further certifications encompass acknowledgment as centers of medical expertise, e. g., for oncology, diabetes, endoprosthetics, or other areas.

All hospitals and centers of **Helios Spain** are certified according to the ISO 9001 standard. They are also certified according to the Spanish Association for Standardization UNE, (e. g., for surveillance, prevention, and control of infections as well as for patient safety) or according to other standards recognized in the hospital sector (e. g., according to JCI and the EFQM model).

QUALITY STANDARDS FRESENIUS HELIOS

	ISO 9001	IQM
Number of certified entities	49	86
Number of certified entities, in %[1]	94	100

[1] % coverage based on entities for which the standard is of relevance. ISO 9001 applies to Spain only. IQM applies to Germany only.

Moreover, Helios Spain received the Gold Seal of the Joint Commission International Enterprise in 2022. This makes the company the first private hospital group in the world and the first operator of healthcare facilities in Europe to receive this award. In October 2023, Helios Spain's certification was presented as best practice at the JCI Global Leadership Summit.

Treatment quality

The quality management system at Helios Germany is based on administrative data (routine data) from patient treatments. The hospitals document each treatment step for later billing with the health insurance companies. This routine data shows whether the healing process took longer than expected, and whether complications or even a death occurred. It also indicates whether a treatment took a normal course or if mistakes were made. Mistakes are then reviewed in peer reviews, for more information, please refer to page 127. In addition, patients can access the publicly available information how often certain treatments are performed, among other things. This gives them important information on the doctors' experience and routine and helps them to make their own decisions about their treatment.

Each clinic and each department receives a monthly report on the results of medical treatment quality. In this way, key quality parameters can continuously be monitored and, if necessary, countermeasures can be taken at an early stage. This data illustrates how the hospitals perform compared to the national average, to other Helios hospitals, or to IQM member hospitals.

NUMBER OF PATIENTS

in millions	2023	2022	2021
Germany	5.5	5.5	5.4
Thereof inpatient	1.2	1.1	1.0
Thereof outpatient	4.3	4.4	4.4
Spain	20.3	19.4	17.1
Thereof inpatient	1.2	1.1	1.0
Thereof outpatient	19.1	18.3	16.1

In 2023, the number of patients in Germany remained at the previous year's level. In Spain, the number increased by around 5% in the outpatient sector and by more than 5% in the inpatient sector.

Considering the individual G-IQI results of the clinics in Germany, 88.7%[1] of the targets were achieved (2022: 87.0%). Around 21% of the clinics achieved a rate of 100%, a further 40% achieved a rate of 90% or betterIn Spain, 23 targets were achieved.In Spain, a target rate of 55.1% was achieved, based on the 45 total targets set.

HELIOS QUALITY INDICATORS

	2023	2022	2021
Germany, G-IQI targets	**2,099**	2,223	2,228
Thereof achieved	**1,862**	1,933	1,935
Targets achieved, in %	**88.7**[1]	87.0	86.8
Spain, E-IQI targets	**45**[3]	45	45
Thereof achieved	**23**	26[2]	28[2]
Targets achieved, in %	**76.7**[1,3]	60.0[2]	62.2[2]

Peer reviews

Fresenius Helios analyzes the cases – including treatments and medical routines – in hospitals that fail to meet individual quality targets, in order to identify and implement improvements. Particularly important are the specific audit procedures in the medical and nursing sectors, and the peer reviews – expert discussions of cases. In Germany, trained physicians from the hospitals of Helios Germany and from the IQM network in particular cooperate in the peer review, and question statistical abnormalities. Their insights are translated into concrete recommendations for action in the hospital with the aim of increasing patient safety.

PEER REVIEWS

	2023	2022	2021
Germany	**22**	9	7
Spain	**1**	4	4

Patient safety and reporting systems

Fresenius Helios uses a reporting and learning system for critical events and near-misses of patients in all hospitals in Germany and Spain (Critical Incident Reporting System – CIRS). This is anonymous, can be used in all areas of a hospital site, and primarily serves the preventive protection of both patients and employees. Based on the information collected via the reporting system, potential errors in processes and workflows can be identified. Measures for improvement can be derived accordingly. In addition, one clinic at a time is subject to a safety inspection every quarter. In this way, risks relevant for the overall division are identified and can be avoided.

PATIENT SAFETY REPORTS

	2023	2022	2021
CIRS reports	**12,442**	12,066	9,055
Thereof Germany	**955**	767	547
Thereof Spain[1]	**11,487**	11,299	8,508

[1] All types of incidents are recorded via the Helios Spain reporting system, i. e., both risks and near misses as well as sentinel events.

Furthermore, a dedicated system is used to regularly measure patient safety at its hospitals. Fresenius Helios also has an obligation to report certain incidents of harm, which are categorized using **Patient Safety Indicators (PSI)**. These include both internationally established and Helios' own patient safety indicators. Examples of such reporting cases are mix-ups during an operation or unintentionally left foreign objects.

An important part of Fresenius Helios **error management** is the recording of allegations of treatment errors, justified or unjustified. These allegations include, to varying degrees, all specialties and all stages of treatment, from patient information, diagnostics, surgery, and therapy to aftercare. In our hospitals, we actively encourage reporting incidents, including dangerous or unsafe conditions and near misses, as a way of promoting patient safety. Helios Spain uses an online reporting system for all types of incidents, from near misses to sentinel events. Based on the definition from JCI, these are serious patient safety events that result in death, permanent harm, or severe temporary harm. The system is accessible for all healthcare professionals and hospital employees. The reported events are analyzed at least quarterly by each hospital Patient Safety Commission. Trends and causes are identified in order to

[1] The KPIs as part of the short-term variable remuneration (STI) of the Management Board are audited with reasonable assurance, as explained on pages 201 ff. in the independent practitioner's report.
[2] Not audited.
[3] The calculation of the success rate for the compensation is based on 30 of the overall 45 targets.

implement the necessary improvements. This analysis is also recorded in the reporting system, and feedback is provided to the notifier. In 2023, a total of 11,487 incidents[1] were reported (2022: 11,299). In addition, there were 17 of what are known as never events in the reporting year, which have a negative impact on the corporate goal of zero never events. These are easily preventable adverse events that can lead to particularly serious harm to patients. They include patient and lateral mix-ups, or foreign bodies left in the body after operations.

Clinical alerts are also an important tool used by the Medical Directorate of Helios Spain to prevent patient safety incidents. These are designed to inform hospitals of important information related to adverse events and the implementation of timely interventions. In 2023, four clinical alerts were sent to hospitals.

In Spain, we also worked intensively on the implementation of measures resulting from liability cases and reported incidents where there was room for improvement from a clinical practice and safety perspective. The aim is to promote the introduction of preventive measures in all hospitals in order to avoid the recurrence of such incidents. In this context, the Medical Directorate of Helios Spain organized sevenmeetings on patient safety and risk management in 2023 to share experiences. There is also a Corporate Medical Claims Committee that meets quarterly to analyze high-impact claims together with the medical directors of the hospitals involved.

Hygiene management in hospitals

Hygiene management focuses on close monitoring of infections and pathogens, regular hygiene training for hospital staff, for example on correct hand disinfection, monitoring antibiotic consumption, and training physicians as **antibiotic stewardship (ABS) specialists**. The implementation of and compliance with hospital hygiene measures in the clinics is accompanied and monitored by our specially trained staff – e. g., hygiene specialist nurses, hospital hygienists, and hygiene officers.

Training

Helios Germany has three simulation and emergency facilities in Erfurt, Krefeld, and Hildesheim. Among other things, surgical procedures or crisis scenarios in the operating room are trained there. In addition, such training courses take place in the clinics directly. In the fields of emergency medicine, anesthesia, intensive care medicine, and obstetrics, decisions on the content and number of participants in the mandatory training courses are based on resolutions of the respective specialist groups.

In Spain, training is provided on patient safety, quality management, and on topics that are essential in hospital routine. In 2023, various patient safety and risk management sessions were conducted in the hospital network of Helios Spain, over 1,500 people were trained. Furthermore, Helios Spain offers several online training courses on patient safety. They are mandatory for new employees and for those whose work is directly related to care. The exchange of knowledge amongthe hospital network should be promoted through interhospital clinical training and meetings, which cover the field of gynecology and obstetrics.

Patient information

Fresenius Helios provides information within its hospitals to its patients and their relatives about the patient admission process, if needed, with the help of the treatment contract, as well as special information documents and privacy statements. The therapeutic objective is discussed during admission and discharge discussions with the treating physicians. Throughout a hospital stay, nurses are an important point of contact and mediator for patients, their relatives, and medical staff.

Fresenius Helios communicates general focus topics via an online magazine, social media, its website, and in its communication campaigns for interested parties. In addition, information events on specific medical topics are held in all hospitals (known as patient academies). Further details on transparency in healthcare can be found in the Strategy and management chapter on page 111.

[1] Data excluding public hospitals in Spain, which are legally required to report to the respective district authority.

Patient satisfaction measurement and grievance processes

The business segment uses the Helios Service Monitor to measure the satisfaction of inpatients in its German hospital locations once a week. Employees on-site conduct short interviews on care and service. The anonymized results can currently be viewed individually by each clinic in a daily, weekly, or monthly cycle. The respective management of the hospital and other authorized persons receive the monthly survey results to obtain a general picture of satisfaction and to be able to identify areas of criticism. In addition, Helios Germany publishes the results of patient surveys, further data on medical treatment quality, and hygiene figures on its corporate website www.helios-gesundheit.de, see the menu item "Qualität bei Helios" (German language only).

SERVICE MONITOR GERMANY

	2023	2022[1]	2021[1]
Number of patients surveyed	**719,025**	739,660	713,382
Share of all patients treated, in %	**64**	70	70
Satisfaction, in %	**96**	96	96

[1] Not audited.

Typical points of criticism relate, for example, to food supply and cleaning, but also to issues such as communication between individual professional groups or departments. Statistically conspicuous results are examined by local management and measures are taken if necessary.

In Spain, Fresenius Helios uses the NPS to get specific feedback from patients who have been treated as inpatients, outpatients, or in emergencies. 48 hours after a hospital stay, an email is sent to patients asking if they would recommend the hospital and its services. The results are analyzed centrally and at a hospital level by type of treatment and treatment area. The goal is to continuously improve the NPS results.

NET PROMOTER SCORE (NPS) SPAIN

	2023	2022	2021
Global NPS	**60.1**	56.3	49.9
Total reports	**818,485**	652,269	534,930

At the end of 2023, the growth of the NPS compared to the previous year was more than 5%, influenced by increases in the emergency departments.

HEALTHCARE SERVICES MARKET SEGMENT: FRESENIUS VAMED

In accordance with the Federal Association for Rehabilitation (Bundesarbeitsgemeinschaft für Rehabilitation e. V. – BAR) guidelines, Fresenius Vamed implements all relevant measures to increase patient safety at its post-acute care facilities – including patient surveys, complaint management, and regular internal audits of all segments. The company receives feedback on the quality of the structure, process, and outcomes from the insurers, e. g., as part of the quality assurance of the German pension insurance or the statutory health insurance providers. In all Fresenius Vamed healthcare facilities, patients receive relevant information material and patient training to ensure long-term treatment success. Reporting systems for complaints are also available in some healthcare facilities. In Fresenius Vamed's project business, the lead companies establish guidelines for all subsidiaries, which are reviewed in annual audits.

Goals and ambitions

Fresenius Vamed defines its quality goals annually with the aid of additional KPIs. The findings from complaint, case, and risk management are also incorporated. Target achievement, with special focus on the Patient Satisfaction KPI, is reviewed on a quarterly basis and is part of the short-term variable remuneration of the Group Management Board (short-term incentive – STI). A high satisfaction and recommendation rate is crucial to ensuring that patients return and new patients are acquired. Measuring patient satisfaction is also relevant for contracts with insurance providers.

Organization and responsibilities

Within the Management Board of Fresenius Vamed, the Management Board division responsible for the service business is responsible for patient and product safety.

In order to raise awareness of quality requirements among employees, Fresenius Vamed employs staff for quality and risk management. These employees report directly to management. Quality assurance officers carry out training courses, thus integrating all employees into the quality management systems of their facilities. The quality assurance officers can thus ensure that employees comply with their obligation to exercise due care. Fresenius Vamed informs its employees about its understanding of quality early in the initial training and introductory events. Guidelines are communicated in writing to the relevant divisions and departments and documented for them (e.g., via work instructions from the respective management).

The Vamed International Medical Board (IMB) ensures the exchange of information between Fresenius Vamed physicians from various countries. Within Fresenius Vamed, medical specialist groups and executive conferences coordinate on quality and safety.

Guidelines and regulations

Fresenius Vamed sets ethical standards through its mission statement as well as through its Code of Conduct, the Clinical Code of Conduct, and the Code of Conduct for Business Partners.

Fresenius Vamed's internal guidelines are based on regulatory requirements established throughout Europe, e.g., for rehabilitation. In care, Fresenius Vamed follows the renowned methodological concept of salutogenesis. In addition to the statutory requirements and the requirements of the insurers, Fresenius Vamed also adheres to international standards such as ISO and EFQM, expert standards, and medical guidelines. All internal guidelines are regularly reviewed and updated as necessary. Employees can obtain information on the guidelines via the intranet.

In addition, Fresenius Vamed has certified several healthcare facilities according to international standards such as JCI, ISO, or the German QMS-REHA (Qualitätsmanagementsystem der Deutschen Rentenversicherung Bund für Reha-Kliniken). The certifications form the basis for the continuous improvement of the processes at Fresenius Vamed.

In total, 100% of the entities of Fresenius Vamed are covered by an external quality standard, based on the various aforementioned applicable certifications and regulatory provisions.

QUALITY STANDARDS FRESENIUS VAMED

	ISO 9001	ISO 13485	JCI/Other
Number of certified entities	30	14	3
Number of certified entities, in %[1]	77	100	8

[1] % coverage based on entities for which the standard is of relevance.

To ensure adherence to quality standards, Fresenius Vamed performs regular internal audits as well as external recertifications. Quality management audits in accordance with ISO regulations are carried out once a year in the certified healthcare facilities as well as in other Fresenius Vamed facilities. Internal audits are carried out systematically and cover all business segments, and at a minimum, those topics that are required by the certified standards – e.g., all quality management processes. Besides ISO certifications, audits are also conducted by the external regulatory bodies, listed in the Patient and product safety section, under Guidelines and regulations on pages 120 f.

In addition, the findings on treatment quality are published, for example by Fresenius Vamed Germany on the website Qualitaetskliniken.de. This allows patients to find out about key quality parameters of the various clinics before they are admitted.

Hygiene management

Fresenius Vamed's hygiene standards in Germany are based on the recommendations of the Robert Koch Instute's Commission for Hospital Hygiene and Infection Prevention (KRINKO). These recommendations take into account all legal requirements for hygiene.

In the German facilities, the central Head of Hygiene coordinates the hygiene specialists and establishes overarching standards, together with the CMO. One of the most important hygiene measures is hand disinfection. Fresenius Vamed follows the guidelines of the World Health Organization (WHO) in this regard. Hygiene specialists, doctors, and nurses with special hygiene responsibilities implement hospital hygiene measures.

In Austria, the Federal Hospitals Act forms the basis for the management of hygiene plans, hygiene inspections, the use of hygiene specialists, and doctors with special hygiene responsibilities.

Measurement of patient satisfaction and grievance processes

Fresenius Vamed measures patient satisfaction in its healthcare facilities in a continuous and structured process. It is measured on a scale from 1 (very satisfied) to 5 (not satisfied). The evaluation is locally conducted on a weekly and a monthly basis, and consolidated on a quarterly basis. The company collects data, evaluates it internally, and implements appropriate measures, if necessary. Patient surveys are conducted either while the patient is in the clinic or after their rehabilitation. In this way, the facilities receive comprehensive feedback with regard to patient satisfaction.

In 2023, patient satisfaction was 1.56[1], which is well below the target of 1.65, which is an excellent result. The patients surveyed showed a high level of satisfaction. The overall ambition is to integrate the feedback process into the treatment plan as this provides patients with the opportunity to address feedback directly or raise questions, and thus improve the experience of patients in our healthcare facilities.

[1] The KPI as part of the short-term variable remuneration (STI) of the Management Board is audited with reasonable assurance, as explained on pages 201 ff. in the independent practitioner´s report.

INNOVATION

The Fresenius Group sees innovations as a driver for aligning products and services with the changing needs of patients, for consistently improving them, and for continuously adapting them to the respective market conditions. The aim is to offer patients high-quality, safe, and innovative products on a global basis.

We pursue an integrated approach to innovation: it takes place along our value chain on key topics. Innovation leads to:

- Improved access to healthcare
- Modernization and digitalization in healthcare
- Improving treatment options through research, telemedicine, and artificial intelligence

In this way, we aim to strengthen our position with a focus on innovation in the healthcare sector, recognizing the importance of the services of our employees they provide to society.

We increasingly focus on the opportunities offered by digital solutions. Through innovative, safe, and user-friendly products and systems, we can further improve the quality and efficiency of treatments.

In the following section, we describe our **goals and ambitions** with regard to innovation and research and development (R&D). In addition, this report covers the following topics:

- Product innovations
- Digital healthcare structures
- Innovative treatment concepts

OUR GOALS AND AMBITIONS

We strive for innovations in our existing products and care services as well as the development of new therapeutic approaches in the healthcare services and healthcare products market segments. In this way, we give patients access to innovative treatments.

In our daily dealings with patients and healthcare professionals, we are confronted with questions that arise from the use of products and devices or therapies. Successful clinical studies are the basis of our products and services because they guarantee safety and effectiveness. They drive development and implementation of innovative technologies and treatment concepts and can help us to find solutions to many challenges in the healthcare sector, adding value for customers and patients. The success of an innovation in medicine is measured by whether it prevails over the existing standard of care.

The Fresenius Group focuses its activities on expanding its competencies and develop new business areas to offer solutions, including digital ones, to the ever-new challenges faced by the healthcare sector. Many of our stakeholders, especially our patients and our employees, are directly affected by the changes resulting from the advance of digitalization. For more information see the Digital transformation chapter from page 137 onwards. Our R&D activities are closely linked to digitalization and are an integral part of our growth strategy. Our aim here is to develop innovative therapies and integrated healthcare services. However, we do not conduct fundamental research. Further information on our strategy can be found on pages 31 ff. of the Group Management Report.

OUR APPROACH

To drive innovation at Fresenius and simultaneously take into account each specific market's situation, we take different approaches in our business segments – from independent R&D strategies to active innovation management, as described in the Research and development chapter of our Group Management Report on page 42 onwards. In this context, we also involve external partners such as research institutions and start-ups. One of our priorities is developing innovative products that meet stringent requirements regarding both quality and affordability. In doing so, we are responding to the growing global demand for high-quality yet cost-effective products and outcome-based services. In the care of critically ill patients, there is increasing demand to provide transparency on treatment quality. We will also face rising demand for effective therapies alongside intelligent applications and medical engineering devices. Our product innovations are described in more detail on pages 43 ff. of the Group Management Report 2023. Risks that derive from product innovations or of not conducting innovation, are described on pages 87 ff. in the Opportunities and Risk Report.

Our products and therapies are designed to help promote human health. Benefits and risks must be carefully evaluated. Whether in registration studies or in clinical research projects, the Fresenius Group strives to create opportunities to improve the quality of treatments, especially in the area of acute illnesses and chronic diseases.

All new or improved products and services are subject to internal quality requirements as well as external regulations and legal requirements. In the case of digital developments, we pay particular attention to the requirements of the European Union's General Data Protection Regulation (EU-GDPR); for more information see the Data protection section from page 176 onwards. We also observe European directives for the medical technology sector such as the EU Medical Devices Regulation (MDR). We address potential risks such as hacker attacks on sensitive data and systems by implementing comprehensive cybersecurity concepts, as described in the Cybersecurity chapter on page 142 onwards.

ORGANIZATION AND RESPONSIBILITIES

Within the Group Management Board, the chairperson is responsible for the Group's strategy. The Chief Executive Officers (CEOs) of the business segments are responsible for operational management. The segments' respective Management Board committees design their respective management approaches and manage responsibilities for innovation and R&D, e.g., via business allocation plans. Within the Group function Corporate Development, the Technology & Innovation division is responsible for the strategic framework in which innovation takes place globally. Corporate Development reports to the chairperson on a daily basis and informs the Group Management Board via various internal committees. Those responsible for Corporate Development and the responsible business segments' managers align if required or on specific topics. In the context of Management Board meetings, the entire Group Management Board is informed monthly about relevant developments from the business segments, or receives resolutions for approval.

Interdepartmental committees take responsibility for Group-wide innovation projects. The Innovation Council, for example, develops and steers a joint innovation roadmap on the topic of Connected Hospitals. Representatives of Fresenius Kabi, Fresenius Helios, and Group Technology & Innovation work on integrating new digital possibilities into medical treatment concepts, further optimizing patient care in the process.

PRODUCT INNOVATION

In the healthcare products market segment, we are continuously working on expanding our product portfolio, e.g., in the field of biopharmaceuticals, clinical nutrition, and MedTech, as well as IV (intravenous) generics. Innovation is defined as new substances, devices, software, containers, or services, to be introduced on the market, reformulations of existing substances for a new market, or the registration and launch of established products in new countries.

In 2023, an agreement was signed with Virginia Oncology Associates (VOA) to further develop the innovative Ivenix Infusion System. VOA is an oncology and hematology practice group with multiple locations across the United States with more than 35 years of experience. VOA is part of the U.S. Oncology Network, a network of more than 1,200 independent physicians and more than 500 cancer treatment centers in the United States. This collaboration looks to integrate the Ivenix Infusion System into VOA's Electronic Medical Record (EMR). In the field of oncology, there is high demand for reminder functions related to safety checks and standards of care at the treatment site. Nurses are supported in their daily routine, e.g., by means of the interactive medication library system. This way, treatment risks can be reduced.

In 2023, Fresenius Kabi launched Tyenne®, the first approved tocilizumab biosimilar in the European Union. It is available in Europe for both subcutaneous and intravenous administration and designed for the treatment of various inflammatory and immune diseases.

In its core business of generic IV drugs and IV fluids, Fresenius Kabi has entered additional segments of its global addressable market, expanding its product portfolio in areas such as complex formulations, differentiated generics, contrast agents, and prefilled syringes, among others.

Clinical studies in pharmaceutical approval processes

In the healthcare products market segment, approval processes require support from trials due to official regulations. Depending on the specific requirements, approvals can encompass patient studies or animal trials.

As a producer, Fresenius Kabi conducts clinical studies by commissioning qualified external contract research organizations (CROs), as well as university scientific institutions and physicians. For existing products, further studies are conducted regarding patient safety and to gain new medical-scientific insights or comparative clinical studies with other products available on the market. The clinical studies commissioned by Fresenius Kabi are always carried out in accordance with strict legal requirements, including guidelines from the International Council of Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH), Good Clinical Practice (GCP), requirements of relevant pharmaceutical regulatory authorities such as the U.S. Food and Drug Administration (FDA), the European Medicines Agency (EMA), as well as the Declaration of Helsinki, and the EU-GDPR. The primary goal is the protection of patients and the quality of the data obtained.

The Chief Medical Officer and the **Global Trial Committee**, an internal scientific expert committee, review, evaluate, and approve clinical trials before they begin. Responsibility for clinical study management is aligned with Fresenius Kabi's product groups and is anchored in the Management Board areas. Compliance with applicable regulations and guidelines prior to, during, and after clinical studies is ensured by a risk-based auditing program. Here, study participants' safety and the validity of study data are considered the most important criteria. No clinical trials are conducted without a positive vote by the responsible ethics committee and approval from the respective competent authority, where required.

Delegated CROs are audited by the Quality Assurance department to ensure that applicable regulations and standards are followed throughout the duration of the clinical studies; internal processes are also reviewed through audits. Each employee involved in clinical research receives regulatory training via online training courses to ensure a uniform understanding of GCP requirements. In addition, employees receive training on the procedures applicable to clinical studies at Fresenius Kabi.

When selecting study participants, Fresenius Kabi also takes diversity into account, e. g., with regard to the population group for which the product in question is intended. Fresenius Kabi does not conduct studies without a prior positive benefit-risk assessment. Furthermore, safety events occurring during a clinical study are constantly monitored and evaluated. Study participants are fully informed prior to the start of the study and are enrolled only with their consent. Internally, clinical studies are documented in a central database and the results are published in accordance with applicable regulations.

Fresenius Kabi's research and development activities are focused on biosimilars, clinical nutrition, and generic drugs that are already well-established in markets and consequently need no, less, or limited animal studies. These are conducted if required by national and international laws or regulations. Animal studies are only conducted according to respective animal welfare legislations. The business segment cooperates with professional non-clinical CROs or academic institutions that are accredited according to the standards of the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC) or a similar standard and follow the 3R principle (Reduce, Replace, Refine) regarding the use of laboratory animals. Moreover, non-clinical CROs are audited by the Fresenius Kabi Quality Assurance department and requalified every three to five years based on the underlying risk.

In 2023, Fresenius Kabi also underwent an inspection by the local regulatory authority. The focus was on a clinical study. In cases of non-compliances identified during these inspections, the business segment initiates or implements appropriate measures.

No critical events with a significant impact on the safety of study participants or compliance with the applicable requirements and standards became known at Fresenius Kabi in the reporting year.

In 2023, we started marketing of various new products, as explained on pages 43 ff. in the Group Management Report. If clinical studies were conducted for the approval of these products, those were designed according to the aforementioned criteria.

DIGITAL HEALTHCARE STRUCTURES

In our Spanish hospitals, the Casiopea project was launched in 2020 with the aim of implementing a system platform through which all processes can be digitally controlled centrally. A high level of digitalization has already been achieved in recent years, which is to be improved by further innovative applications. Potential additional training requirements will be assessed and implemented.

The overarching goals of Casiopea are:

- Standardize and digitize processes as comprehensively as possible
- Improve patient safety through digitally supported standard procedures
- Avoid those measures that do not add value to patients' well-being and can be replaced by digital alternatives
- Ensure comprehensive care for patients before and after hospitalization, supported by digital applications

Full project implementation is planned for the year 2024. Details of the digital processes already implemented can be found from page 139 onwards in the Digital transformation chapter.

Findings from the Casiopea project that can lead to an improvement in process quality for the German hospital sites are discussed. In the long term, findings can also contribute to the DigitalRadar. Further information can be found on page 139.

INNOVATIVE TREATMENT CONCEPTS

Innovative treatment concepts are key to our daily work in our clinics. The combination of clinical studies and knowledge gained through daily routines provides information on how established treatment schemes can be changed. These options are discussed with experts both from the medical departments and from care. We focus on oncology and cardiovascular diseases in our acute care hospitals, but health services research is also an important area. Improved treatment concepts can also result in lower mortality ratios, leading to better quality of treatment in our clinics.

We conduct clinical trials at many sites, partly in cooperation with CROs, for example, to determine how effective and safe medicines are and whether medical products are suitable for approval in accordance with internationally applicable ethical and scientific standards. In addition, clinical data is collected, analyzed, and published to evaluate new and already-approved technologies and treatments in everyday care. Based on a clear commitment to evidence-based medicine, the business segment encourages its employees to engage in scientific and technological research activities. The aim is for them to grow personally and use their insights to improve the well-being of patients.

Projects funded by public grants focus on the development of new forms of care and process plans (treatment pathways) for medical treatments. In cooperation with manufacturers, the focus is on testing new technologies in clinical application and thus assessing their benefit. Such clinical data on usage in day-to-day patient care is important for evaluating technologies and determining their market price (HTA – health technology assessment). Helios Germany also provides the Robert Koch Institute (RKI) with data on severe acute respiratory infections (ICOSARI) such as influenza virus and COVID-19 incidents.

The Helios Health Institute (HHI) is responsible for the central study audit. The HHI ensures that all regulatory requirements applicable to research activities, including contractual or data protection requirements, are met as part of the study review. This enables clinics to ensure that scientific, ethical, and legal requirements are met and that the project complies with applicable guidelines or quality standards. The respective **Group guideline on research** (Helios Konzernregelung Forschung) mandatorily provides that every research project, including all necessary documents, must be submitted to the HHI for review in order to protect its patients. With the final legal, regulatory and data protection assessment, a recommendation for the medical research project is made to the applicant and the management of Helios clinic.

HHI maintains a continuously developing quality management system, aiming for certification according to ISO 9001 in 2024, so that it can also operate externally as a CRO.

The **Helios Group regulation on research funding** further specifies the framework conditions within which Helios specifically promotes research projects that are conducted by its own employees and expected to have a high level of benefit for patients.

Departments or clinics have special certifications, e. g., as certified organ cancer centers or as oncology centers of the German Cancer Society. Certification is based, for example, on the quality of treatments or sufficient participation of patients in clinical trials. If an external sponsor selects a Helios clinic for a study, audits are conducted in accordance with the sponsor's respective guidelines. Likewise, individual Helios clinics are inspected according to the respective selection procedures for gaining a license as a specialized center of the state authorities.

Conducting clinical studies is subject to strict requirements. These include the internal **Group guideline on research** as well as numerous external guidelines, national regulatory requirements, the Declaration of Helsinki issued by the World Medical Association, and the requirements of GCP. For both medical and non-medical staff conducting central study reviews, regular GCP training organized by HHI is mandatory.

Monitoring is ensured by audits as well as inspections by state, higher, and regulatory authorities. In case of complaints, appropriate corrective actions are initiated by the respective clinic and reported to the inspecting authority. In 2023, no external inspections and audits took place at HHI.

A prerequisite for any study to begin is a vote or consultation from an **independent ethics committee** established under state law. In this sense, all clinical studies are reviewed by independent experts who are responsible for each respective German state (Bundesland) or the local state medical association (Landesärztekammer). For research projects of Helios physicians with university affiliation, the ethics committee of the university involved is responsible for the review of a study, depending on each state's regulations. In experimental studies, investigations can be carried out in the laboratory,for example using tissue samples or blood material; these studies are also reviewed by an ethics committee. All studies using sample material from patients must be evaluated by the ethics committee.

If patients are interested in participating in a clinical trial, they discuss all questions in advance with the responsible investigators. These discussions follow a guideline that includes study-specific, ethics-committee-approved patient information and a declaration of consent. External sponsors are responsible for preparing these documents themselves. Only after evaluation by the ethics committee, and in accordance with the Helios Group guideline on research,may investigators use the documents. The patients' consent is obtained in writing after sufficient reflection time and the patient information consultations are documented for the protection of patients. The data protection requirements must be complied with.

In 2023, a total of 1,873 studies were conducted or reviewed in Germany and Spain, the majority of which had the goal of improving therapies for patients. In Germany, 300 studies were initiated at 36 German sites, thereof 46 on the initiative of employees of Helios clinics. The focus was on oncology, hematology as well as cardiology.

CLINICAL STUDIES IN 2023 BY INITIATOR

Initiator	Number
Employees as initiators[1]	46
Participation in academically managed studies, publicly funded[2]	216
Participation in academically managed studies without financing	177
Participation in academically led or publicly funded studies with industry support, trial medication generally provided[3]	93
Industry-sponsored studies[4]	1,341
Total[5]	**1,873**

[1] Only Germany, data for Spain not reported separately.
[2] The majority of these studies are led by universities, mostly with public research funding.
[3] The majority of these studies are led by universities/professional societies, but are supported by drug/medical device manufacturers, which usually extends to the provision of the drugs/medical devices.
[4] The majority of these studies are supported by the pharmaceutical industry, less than 20% are medical device manufacturers.
[5] Total sum includes studies with employees as initiators at Helios Spain, which were counted in other categories.

In 2023, 36 hospitals in the division **Helios Spain** were involved in scientific projects in Spain, Colombia, and Peru. 79% of the more than 1,500 studies were industry-sponsored; around 6% of them were publicly funded. 11% were studies without additional funding. The most important area of research has been oncology, with approximately 55% of all clinical trials performed.

In 2023, we received a total of around €6 million in public funding (2022: around €9 million) for our clinical research activities in Spain, Colombia, and Peru.

DIGITAL TRANSFORMATION

Digitalization holds great promise in the areas of automation, big data and artificial intelligence (AI).The MedTech market is shifting towards a focus on connectivity and integration, moving beyond product-centric approaches. The tech paradigm shift is driven by advancements in technologies like AI, Internet of Medical Things (IoMT), and predictive analytics. The rise of new technologies is accompanied by the generation of a vast amount of real-time health data, leading to a paradigm shift in data. Health data combined with advanced analytics are key elements for the implementation of predictive, personalized, preventive, and participative medicine, an approach that will leave a mark on health delivery and significantly improve treatment outcomes.

OUR GOALS AND AMBITIONS

We aim to optimize and accelerate our internal processes with the help of digital processes and applications throughout the entire Group. Therefore, all business segments have defined digitalization ambitions for their respective markets:

- In the **healthcare products market segment**, we want to provide our customers with the best possible products and related services at all times in order to further improve the quality of medical care. Also, we aim to create value and efficiency in the daily use of products or services. Thanks to data-driven insights and digitalized processes, Fresenius Kabi can improve production, sales, and logistics, and thus patiente care.
- Increasing digitalization in the **healthcare services market segment** is streamlining processes and improving treatment cycles in our hospitals. This increases employee and patient satisfaction and also reduces costs.

The goals and ambitions we are explaining here aim not only at driving digitalization in the Group. They also help us to achieve the goals of other relevant topics, such as patient satisfaction and treatment results. Further information can be found in the Patient and product safety section starting on page 118.

DIGITAL TRANSFORMATION GOALS

	Timeframe	Status 2023	Further information
Helios Germany: Digitize all documents and services and offer them online:		In progress	Page 139
For patients	By 2024		
For employees	By 2025		
Helios Germany: Make material medical decisions that lead to medical treatment with digital assistance	By 2026	In progress	Page 139
Helios Spain: Increase the usage rate of the digital care management system and patient portal Casiopea to 80%	By 2024	In progress	Page 139
Fresenius Vamed: Further development of the digitalization of business activities through the implementation of digital applications	Ongoing	In progress	Pages 139 f.

OUR APPROACH

Our markets are changing rapidly. This is particularly true with regard to digital trends in healthcare, which have been further accelerated in response to the COVID-19 pandemic. We are seeing increasing demand for new digital services along the entire value chain. Patients increasingly want to receive remote diagnosis and healthcare services on demand. Data-driven decision-making is increasingly integrated into everyday clinical practice, and the proportion of digital components in medical devices is growing. The associated cybersecurity risks also highlight the need for standardized and resilient IT infrastructures.

ORGANIZATION AND RESPONSIBILITIES

Within the Group Management Board, the Chief Financial Officer (CFO) is responsible for Cybersecurity and the Fresenius Digital Technology segment. She oversees the IT transformation of the Fresenius Group. The Chief Executive Officers (CEOs) of the business segments are responsible for operational management. Digital transformation is the responsibility of the respective Management Boards, committees, or management functions of the business segments. They organize the management approaches and regulate the responsibilities within the Management Board, e.g., via a business allocation plan. The business allocation plan of the Group Management Board does not provide for a separate department for this purpose.

Special IT working groups are set up across the Group, consisting of executives from the business segments and the Group division Fresenius Digital Technology. They work on topics that directly contribute to the corporate goals. In this way, they jointly develop the global IT transformation for Fresenius. The IT working groups have replaced the global IT Board as of 2023. The development process of our further strategic IT orientation is steered by our subsidiary Fresenius Digital Technology and by the Chief Information Officer of the Fresenius Group.

As part of risk reporting, the Group Management Board is informed quarterly. The effectiveness of the various IT-based management systems is discussed if risks were identified or incidents occurred that could have a significant impact on the operating business, the reputation, or the value chain of the Group and its business segments. The Audit Committee of the Supervisory Board is informed about developments on a half-year basis. the Supervisory Board itself is informed on an annual basis. For further information, please refer to pages 87 ff. in the Opportunities and Risk Report. We further report on cybersecurity governance in the Cybersecurity chapter starting on page 142 and on data protection governance in the Data protection section on page 177.

Ethics in digitalization

Within the Fresenius Group, a working group for AI was established in 2023. In addition to the Group functions Cybersecurity and Risk & Integrity, representatives of the business segments also participate. It is led by the Corporate Development Group function.

The aim of the working group is to create a Group-wide framework for the use of AI and to develop corresponding guidelines. This also includes ensuring that the ethical standards and values of Fresenius are taken into account in the development and implementation of applications in which AI is used at Fresenius.

In the reporting year, we also published a guideline on the responsible use of AI on the intranet to sensitize employees to possible risks and to define key points to watch out for. Business segments also informed employees about this topic in written form.

GROUP-WIDE IT TRANSFORMATION

In recent years, the system infrastructure within the Fresenius Group has been characterized by a high degree of diversification, primarily due to the numerous acquisitions. The goal of the central IT function was therefore to reduce this degree of heterogeneity and fragmentation and optimize the IT structures. Fresenius continued this IT transformation in the reporting year. The main changes in 2023 include two major migration initiatives to the ISO/IEC 27001:2022-certified cloud: the most important SAP systems to SAP Rise cloud and non-SAP systems from our own data centers to the Azure cloud, the consolidation of the various service support teams into a global service desk, and the expansion of IT security.

By using cloud technologies, we are striving to improve performance and efficiency in the areas of finance, supply chain, production, human resources, sales, and customer engagement.

With these strategic steps, Fresenius laid the foundation for future innovation and growth ambitions. This not only improves scalability, but also enhances the security of IT systems and their application and drives the digitalization of global business processes. The migrated systems show improved performance in general and thus also support the maintenance of key processes. The Cloud migrationg was completed in 2023. The plan is to start implementing the SAP S4/HANA-strategy in the 2024 reporting year.

DIGITALIZATION STRATEGIES

The digitalization of processes in the **healthcare products market segment** is important in two respects: on the one hand, for the effective care for critically and chronically ill patients and, on the other hand, for compliance with regulatory requirements.

We are undergoing a digital transformation and rethinking our approaches to innovation, production, delivery, sales, and customer support. We are leveraging insights from generated data and digital processes. Our goal is to improve and streamline operations with digital capabilities that are both cohesive and efficient. We rely on business intelligence and analytics to optimize decision-making. Our strategy also includes creating new offerings through the introduction of innovative digital products and services.

We focus on using data from interactions with customers to understand and improve their experience with our services. The data helps us to improve customer communication through both digital and non-digital channels, helping to support the use of our products, and thereby patient safety. With this in mind, Fresenius Kabi launched several initiatives in 2023 to harmonize the IT and digital landscape.

In the **healthcare services market segment**, the expansion of digitalization is of central importance. On the one hand, to ensure the future viability of our own clinics and outpatient facilities, and on the other hand, to continuously improve the quality of healthcare and the service for patients.

Helios Germany has the ambition to become a digital pioneer in the German healthcare sector. To this end, the division has set itself gradual targets for the automation of processes by 2026. We measure the degree of digitalization in German **Helios clinics** using the **DigitalRadar Score** introduced by the legislator in Germany in 2021. 1,624 hospitals took part in the initial survey and the average DigitalRadar score was 33.3 out of a possible 100 points. The average DigitalRadar score in Helios facilities was 45.1 in the initial survey in 2021. For 2024, the survey will be updated and the improvement evaluated.

Helios Spain has also set corporate goals for all hospitals – including for digitalization. Each hospital implements these goals and assesses the extent to which they are achieved. The results are presented to the Helios Spain steering committee. To support this, Helios Spain has developed a new digitalization path for its hospitals consisting of four phases: 1. the introduction of new tools, 2. the digital transformation, 3. the transformation of the healthcare model, and 4. liquid healthcare. In each phase, Helios Spain measures several key performance indicators (KPIs) to define when a hospital is ready to pass to the next phase. The overarching goal is to expand the digital care management system and patient portal Casiopea. For further information, please refer to the Innovation chapter starting on page 134. By 2024, Helios Spain wants to make the following processes 80% digital:

- Arrangements for medical tests, appointments and surgeries (2023: 74.1%)
- Signing of consent forms (2023: 51.6%)
- Surgical checklists (2023: 66.0%)
- Independent entry of patients' medical histories (ongoing, no interim results)

Fresenius Vamed manages digitalization goals as part of its Vamed strategy. The implementation of this strategy and the continuous improvement of digital processes are company-wide objectives. In this way, the business segment aims to achieve digital excellence in the area of medical care to increase patient benefit and operational efficiency. Fresenius Vamed is also working on establishing a digital-first culture to create the environment and enablement for digital innovation. To this end, the business segment implemented a Digital Board in 2023. Interdisciplinary teams conduct digitalization workshops, for example, and work together with external partners on the further development of the digitalization strategy.

DIGITAL PROCESSES AND APPLICATIONS

We develop devices and applications in various medical fields to support ongoing digitalization, for example, in hospitals. These solutions not only have to be optimized in their core functions, but need to be embedded into the specific IT systems of healthcare facilities. To this end, we will continue to focus on increasing the share of software in medical technology and its application area.

Digital solutions are continuously being developed along the entire value chain to make internal work processes more efficient and simplify them. In various areas, such as compliance, supply chain, purchasing, and production, we are increasingly relying on intelligent automation and AI to improve business processes in administrative functions, e. g., by using chatbots, intelligent document processing, or recommendation and prediction applications. We have already implemented various solutions and identified potential savings that can be successively realized. Since September 2023, a chatbot has been supporting the global IT service desk, through which IT problems can be reported and, in some cases, resolved directly.

In the reporting year, we continued to work on developing overarching approaches to support the increasing automation of complex processes, for example in commercial areas such as sales and customer service processes. In production and quality management, Fresenius Kabi, for example, is using digital platforms to implement process control systems for industrial production plants, monitor equipment efficiency, and manage data and support workflows in laboratories. In this way, the business segment can also use the data to analyze and automate decision-making processes.

We also use digital solutions for what are known as **track-and-trace systems** for the traceability of products. These applications enable us to share information with customers, for example regarding the safety of products. They also support, for example, the monitoring of inventories in hospitals. For example, Fresenius Kabi uses radio frequency identification (RFID) technology, known as smart labels, for some of its drugs in the United States. The smart label enables hospitals to automatically manage their inventories.

In 2023, Fresenius Kabi launched the new digital application, PreparePlus, which supports customers in the parenteral, i. e., artificial, nutrition of patients. Pharmacists and pharmacy technicians use PreparePlus to prepare the physico-chemically stable formulations.

Following the acquisition of Ivenix Inc. in 2022, Fresenius Kabi now offers healthcare providers a broad portfolio of advanced infusion pumps and solutions to meet healthcare needs across the continuum of care. In 2023, Fresenius Kabi further expanded its offerings to meet increased customer demand in geographies such as the United States. At the same time, the business segment is improving clinical workflows by integrating its products into the digital hospital environment. In this way, Fresenius Kabi helps to reduce the risk of medication errors and improve patient safety.

The KetoApp, by contrast, supports patients with chronic kidney disease. Information on nutrition and the nutritional values of foods is intended to enable them to eat a varied diet appropriate to their disease. The application has now been rolled out in Chile, Colombia, Ecuador, Mexico, and Peru.

In order to further optimize the treatment of patients, Fresenius Vamed is working on digital assistance systems such as apps that support a healthy and independent life, as well as on digital rehabilitation services.

In the project business, Fresenius Vamed relies on what are known as building information modeling (BIM) systems for the planning and operation of healthcare facilities. These enable digital mapping and optimization of the entire life cycle – from planning, design, construction, and operation to maintenance – of a healthcare facility. AI can be used to optimize staff scheduling in clinics, for example.

Digital patient care

We develop digital applications as well as new IT and process strategies for medical professionals and patients with various objectives: they are intended to support the quality of treatment, improve care and the quality of life of patients, open up new areas of business, and ensure compliance with regulatory requirements. This is achieved, for example, through video conferences and chats in which patients can present their medical history, but also through protocols and automated tests for certain diagnoses. The result is digital patient care, known as the Digital Patient Journey. It requires the digitalization of a large number of interdependent processes, as well as digital applications such as the Helios patient portal and the electronic patient file (EPF).

Helios Spain has digitized various treatment processes as part of the Digital Patient Journey. These ensure that necessary laboratory examinations are initiated and appointments made for patients prior to a treatment consultation, depending on their individual health status. They follow established protocols. It is also ensured that the responsible physician receives all diagnoses and information prior to the consultation. The availability of real-time test results or existing patient data makes it possible for 30% of patients to be discharged directly after an initial consultation. In addition, they only spend around two hours in a clinic instead of an average of eight. Meetings, e. g., in the oncological and dermatological outpatient clinic, have also decreased significantly as a result of digitalization. Helios Spain aims to reduce overcrowding in emergency departments through a **Virtual Urgent Care Program**. Patients with low levels of suffering are cared for via video conference. In this way, both the clinical burden and the waiting times for those being treated are reduced, and the overall treatment time is reduced on average by 9 minutes.

Via our digital patient portals, our patients can access treatment documents such as findings, book appointments online, or attend video consultations around the clock and from home. The clinics benefit from central data storage and improved data transmission, as well as coordination between medical staff.

At the majority of workstations in the Helios clinics in Germany and Spain, an EPF with doctor's letters, findings, and complete clinical imaging, as well as nursing documentation and medication, is available. It contains all the essential information needed for the treatment of patients.

In about half of the Helios clinics, integrated software solutions already issue warnings of possible interactions with other drugs. This further increases patient safety. The expansion of the Germany-wide telematics infrastructure, ordered by the government, into which the EPF will be integrated in the future, will also lead to better quality of care.

CYBERSECURITY

As a leading healthcare Group, digital transformation forms an enabler of our worldwide business. This is because innovative technological and therapeutic approaches improve the treatment paths of our patients. Fresenius is continuously digitizing its processes and entering new markets with digital product solutions while always acknowledging the associated cyber risks.

OUR GOALS AND AMBITIONS

It is our ambition that both our patients as well as our customers can rely on the cybersecurity of our products and services. Our stakeholders have a high level of trust in the cybersecurity of our products and services. We permanently strive to meet their expectations by strengthening our resilience towards cyberattacks, reducing our cyber risks and thus preventing harm to our patients, customers, or the company.

To do this, we evaluate the ever-changing threat landscape, define minimum security standards for our cyber risk domains, and implement appropriate security measures in a risk-based and cost-effective manner. The Fresenius Group adopted a **cybersecurity strategy** to be implemented by 2025 that sets targets for the Group and the individual business segments. The main focus areas are reducing risks, increasing resilience to cyberattacks, standardizing the organization, processes, and technologies, and improving the Group-wide level of maturity.

OUR APPROACH

At the Fresenius Group, we pursue a holistic approach for the management of cybersecurity. To this end, we bring cybersecurity and business decision-makers in the Group together to execute a joint approach aligned with our strategic objectives. The core of our approach is to determine the right level of protection that balances the added value of cybersecurity with the needs of the business as well as the cost.

We derive our activities based on maturity assessments and cyber-risk analyses, which help us to prioritize the most relevant measures to buy-down risk and carefully track both the progress as well as the effectiveness of implemented measures through our **CARE program** (Cybersecurity Approach, Roadmap and Execution).

The Opportunities and Risk Report contains further information on cybersecurity and the impact on risk management at Fresenius in 2023 in the Risk areas section from page 99 onwards.

ORGANIZATION AND RESPONSIBILITIES

The Chief Financial Officer (CFO) of the Group Management Board oversees cybersecurity governance and receives direct reports – weekly and as needed – from the Group Head of Cybersecurity. The latter acts as the Group-wide Chief Information Security Officer (CISO), has overall responsibility for the governance of cybersecurity within the Fresenius Group, and leads the Group Cybersecurity Office (GCSO). In this role, he defines the Group-wide cybersecurity strategy and coordinates this strategy with the respective cybersecurity heads in order to ensure a consistent approach across all business segments. The Group Head of Cybersecurity reports quarterly to the Group Management Board and at least annually to the Supervisory Board.

The GCSO enables and governs cybersecurity across the Fresenius Group. It ensures that cybersecurity is considered and coordinated holistically from a Group perspective, defines the baseline, and monitors its compliance. In addition, it controls the execution of the measures to combat risk. Where necessary, the GCSO advises and supports the business segments in their activities.

Within the Group, overarching committees complement the existing organizational structure. The **Cybersecurity Board** meets on a monthly basis. It ensures the exchange of information on Group-wide cybersecurity, defines criteria for evaluating and monitoring the development of cybersecurity across the Group, and reviews the progress and results of cybersecurity measures and initiatives. The Cybersecurity Board monitors the adoption and implementation of the Group-wide cybersecurity policies. It ensures that the baseline requirements of the measures to combat risk are met.

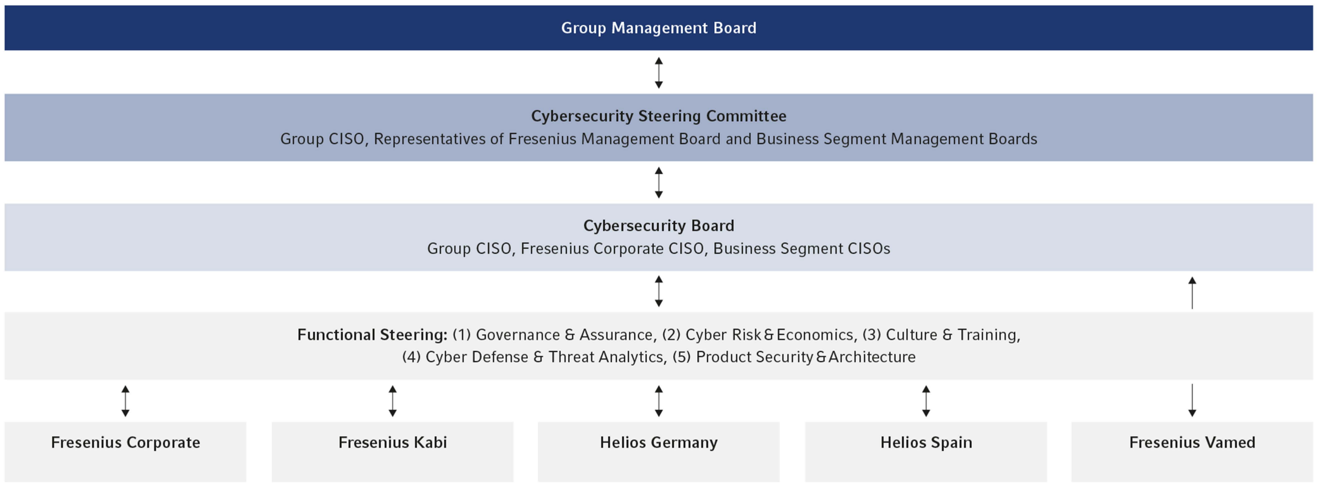
The responsible Management Board members of the business segments form the **Cybersecurity Steering Committee**, formerly CARE Steering Committee, which meets quarterly. The steering committee formally enacted the CARE Governance Charta to emphasize the strategic objectives, the scope, and the responsibilities of the CARE Program.

Accordingly, the Cybersecurity Steering Committee acts as a governance body and as an escalation and decision-making authority for various overarching measures. These include, for example, those for identifying and protecting critical, highly relevant information assets or those for optimizing the development of an appropriate cybersecurity structure.

At business segment level, cybersecurity insurance policies are in place where they were available on the insurance market and where they cover the risks appropriately. In the reporting year, cybersecurity insurance at Group level was evaluated again, but has not yet been taken out, as the transformation process #FutureFresenius is leading to structural changes in the Group. In addition, there are certifications such as ISO/IEC 27001 for our information security management system at Group and business segment level.

We regularly evaluate the strategic cybersecurity risks along the value chain. As part of these bi-annual assessments, we analyze the evolving cyber threat landscape to consider arising threats in order to derive our cybersecurity measures and effectively mitigate our risks.

CYBERSECURITY ORGANIZATIONAL STRUCTURE



As part of the Group-wide #FutureFresenius transformation, the Group Management Board decided to further develop the organizational structure of cybersecurity in line with the Group and cybersecurity strategy, starting in the fourth quarter of 2023. The focus here is on strengthening the cybersecurity functions in the business segments and at Group level, as well as on standardizing the process organization.

SECURITY CONCEPT

To manage Group-wide cybersecurity and associated risks, we have determined five risk domains. These are managed by the respective Risk Domain Managers. Facilitated by the GCSO, the Risk Domain Managers form Special Interest Groups (SIGs) that define tailored cybersecurity requirements and coordinate risk management activities based on applicable best practices. They exchange expertise and knowledge across all cybersecurity areas throughout the Group. Neither the security concept nor the risk domains have changed compared to 2022.

Our **Cybersecurity Policy Framework** consists of a set of policies, requirements, and procedures. It forms the foundation for cybersecurity in all business segments and Group functions. Within this framework, the protection requirements of confidentiality, integrity, and availability of digital information, technologies, and systems form the central objective of Fresenius' cybersecurity efforts along the risk domains. In 2023, the GCSO together with the business segments have defined additional cybersecurity requirements which were adopted in various areas, supplementing the existing framework.

We have initiated and rolled out effectiveness metrics in accordance with the designed cybersecurity metrics system in recent years. We use these key figures to determine whether security controls are operating as intended. This helps us understand cybersecurity risks and how well prepared or resilient we are against cyberattacks. Metrics are collected across all the Group's cybersecurity environments and are regularly reported to the Cybersecurity Board and Cybersecurity Steering Committee. In addition, they are visualized in a scorecard that allows cybersecurity management to steer Group-wide cybersecurity efforts. The scorecard is also shared with relevant stakeholders such as the Group Management Board and the Supervisory Boards to enhance transparency regarding the overall cyber-risk exposure and inform decision-making.

Our main objective is to prevent cyber risks from materializing. This is where our investments into the early detection of cyber threats are paying off. Recurring analyses and defense processes are automated in order to react even more efficiently. Every incident is thoroughly investigated in order to derive additional measures to improve our overall safety.

TRAINING

At Fresenius, we seek to imbed a human-centered risk model, combining this with our already-implemented **Cybersecurity Training & Awareness Program (CTAP)**. We aim to share knowledge about emerging trends immediately. To this end, we introduce different cybersecurity activities at Fresenius, as well as providing helpful tips on the secure use of devices, be that in the office or at home.

In addition to mandatory training on cybersecurity fundamentals, CTAP offers various courses, videos, and other learning content, for example via, the different digital CTAP learning platforms and intranets. For example, we regularly simulate phishing attacks to internalize the required behavior to be triggered if phishing is suspected. We calculate a personal risk score for all employees enrolled in these training courses, based on their behavior in phishing tests and the number of cybersecurity training sessions they have completed. All CTAP activities are tailored toward Fresenius' specific risks and are available in several languages. The success of the CTAP activities is measured using predefined success criteria (e. g., the target phishing simulation click rate).

We inform our employees through various channels about current cyber risks and new types of cyber threats. In doing so, we use the knowledge derived from daily phishing attempts, for example, which is analyzed and evaluated by the Cyber Emergency Response Team (CERT). With their help, we can design customized awareness content and roll out training campaigns.

In 2023, 73 new training modules were offered to about 179,000 employees. 25% of the training courses were mandatory. The training focus was on raising employee awareness of social engineering, phishing, new threats related to the use of mobile devices, acceptable use policy, and strengthening fundamental cybersecurity knowledge. On average, 6.7 simulated phishing attempts were sent to employees via email. Overall, 88% of employees were successful in detecting our phishing simulations. Continuous training on cybersecurity is also part of the variable compensation of all employees who participate in Fresenius' SHARE profit-sharing program. The program is explained in the Employees chapter on page 152.

REPORTING PATHS

If Fresenius employees suspect cyber threats, they can contact CERT@fresenius.com, CyberAware@fresenius.com, or any cybersecurity employee. To improve reporting efficiency, suspicious emails may be reported through the Phish Alert Button, which starts an automated analysis and involves the CERT, if required. Our CERT investigates possible threats and incidents in our IT, manufacturing, and health facility environments, as well as suspected violations. If a malicious phishing attempt is detected, the sender is blocked and the security protocols are adapted accordingly.

Overall, our **resilience metrics** indicate that we experienced only a few severe incidents during the reporting period. From a Group perspective, these did not have a material impact on our business operations.

CYBER INCIDENTS

	2023	2022	2021
Number of serious cyber incidents from a Group perspective	**0**	0	0
Number of patients affected as a result	-	-	-

We abstain from reporting any cybersecurity specifics externally to avoid targeted attacks on our infrastructure.

AUDITS AND MONITORING

The Internal Audit departments perform independent audits to improve the effectiveness of the risk management, control and governance processes at Fresenius SE & Co. KGaA and in the divisions of the business segments. This was also the case in 2023, taking into account risk-oriented measures in the area of cybersecurity, such as policies and procedures and their implementation. In 2023, Internal Audit conducted nine audits with a focus on information security.

If weaknesses are identified during the audits, the implementation of the corrective actions defined by management is monitored by Internal Audit as part of the quarterly reviews. For findings with a high potential for damage, the first review takes place after already two months.

EMPLOYEES

The commitment of our more than 190,000 employees worldwide forms the basis of our success. Their achievements, skills, and dedication help our business segments to hold leading positions in their respective markets.

We have identified the following topics as material for the Fresenius Group, on which we report on the following pages:

- Working conditions
- Recruitment
- Employee development
- Employee retention
- Dialog and feedback formats
- Employee participation

Employee figures can be found on pages 155 f. Furthermore, we report separately on the key topics of occupational health and safety, starting on page 157, and diversity and equal opportunities, starting on page 164. Occupational health and safety affects both employees and patients in our healthcare facilities. Diversity and equal opportunities have been identified as material to our company, and demonstrate their relevance in our Human Rights Statement and in the Human rights section starting on page 179.

OUR GOALS AND AMBITIONS

Fresenius SE & Co. KGaA and its business segments pursue segment-specific ambitions. We want to build on the position of our business segments which focus on innovation in the healthcare sector and take account of the importance of the services they provide for society. Our aim in doing so is to attract new employees who contribute to the company's success through their willingness to perform, their expertise, their experience, and their willingness to work together as a team. As a Group-wide goal, we have integrated the engagement of our employees as an indicator in the short-term variable compensation of the Management Board.

EMPLOYEES GOALS

	Timeframe	Status 2023	Further information
Employee Engagement Index: ≥ 4.33	2023	4.13[1]	Page 153

[1] The Employee Engagement Index is subject to an audit with reasonable assurance, as it is part of the short-term incentive (STI) of the Management Board compensation, as stated on pages 201 ff. of the independent practitioner´s report.

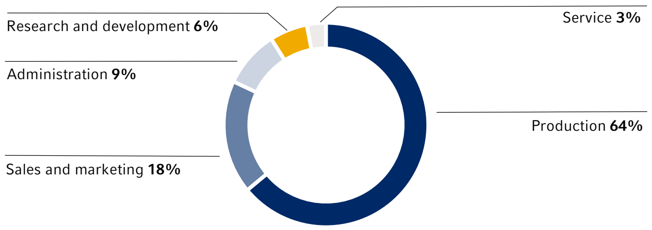
OUR APPROACH

We want to continue attracting, retaining, and integrating talents at Fresenius. To this end, we need to consolidate and build on our position as an attractive employer in a market environment characterized by a shortage of personnel. Employee-friendly working conditions, attractive benefits, and a dialog-oriented corporate culture all help us to achieve this.

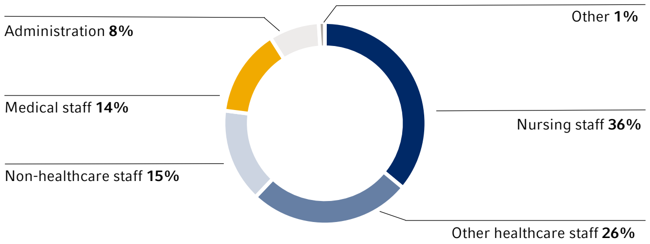
ORGANIZATION AND RESPONSIBILITIES

Within the Group Management Board, the Group Management Board member responsible for, Legal, Compliance, Risk Management, ESG, Human Resources and the business segment Fresenius Vamed (subsequently ESG Board member) is responsible for steering strategic Group-wide goals and projects in human resources (HR). The Chief Executive Officers (CEOs) of the business segments are responsible for the operating tasks of their business segment. The management boards of the business segments define the management approaches and regulate responsibility for HR topics, for example, via a business allocation plan. In the **Fresenius Group HR Steering Committee**, the HR managers or responsible functions of the business segments and of the Group function Corporate HR Management align on a monthly basis on HR topics and decide on Group-wide projects and initiatives. The ESG Board member participates in the meetings. As part of **risk reporting**, the Management Board of the Fresenius Group is informed quarterly. It discusses the effectiveness of measures in the area of HR, if risks were identified or incidents occurred, that could have a material adverse effect on the operating business, reputation, or the value chain of the Group and its business segments. In 2023, for example, this related to the shortage of personnel in the healthcare sector. The Audit Committee of the Supervisory Board is informed about developments on a half-year basis, the Supervisory Board on an annual basis. Further explanations can be found on pages 87 ff. in the Opportunities Risk Report and on pages 169 ff. in the Group Non-financial Report in the Compliance section.

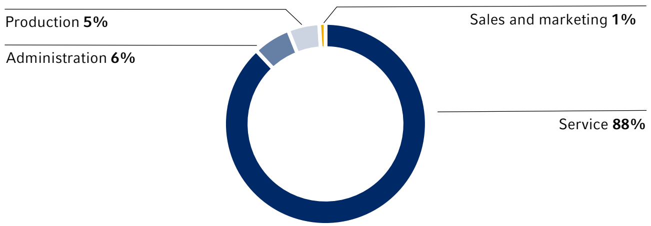
FRESENIUS KABI: EMPLOYEES BY FUNCTION



FRESENIUS HELIOS: EMPLOYEES BY FUNCTION



FRESENIUS VAMED: EMPLOYEES BY FUNCTION[1]



[1] The category service relates to nurses and other specialized personnel in healthcare.

We explain the interaction between the Management Board, the Supervisory Board, and the employee representatives, e. g., the European Works Council, in the Employee participation section starting on page 153.

Reporting systems

Violations of regulations with reference to employees can be reported via the complaint channels described in the Compliance section starting on page 170. Furthermore, there is the possibility of informing the local employee representative body (works council), as far as they are established. How this is done is explained in the Employee participation section from page 153 onwards.

In the reporting year, no violations of internal policies with reference to employees were reported via our reporting channels whose impact would have been material for the financial position or reputation of the company. For more information on opportunities and risks, please refer to the Opportunities and Risk Report on page 87 onwards.

GUIDELINES AND REGULATIONS

At Group level, the Code of Conduct forms the basis for day-to-day activities. Further segment-specific guidelines are derived from it. Within the Fresenius Group, there are a large number of guidelines that determine the working environment and the scope of activities of our employees. The respective content is the responsibility of the business segments and specialist areas. **Collective bargaining agreements** set further provisions regarding wage levels and further specifications for functions, as well as tariff groups. Apprentices, student trainees, and interns generally work on the basis of employment contracts, specified for their internship or apprenticeship. Our **Group Policy on Social and Labour Standards** is based on internationally recognized human and labour rights, namely the Universal Declaration of Human Rights and the two most important human rights instruments derived from it, the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR), as well as the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). The standards described in this guideline are our global social and labor law minimum standards. We expect our employees and managers in all business areas to fully comply with this guideline. Lower standards are not acceptable. If national laws or practices restrict or contradict the standards set out in this policy, we will nevertheless apply the policy to the extent permitted by local laws. Further information is provided in the Human rights section starting on page 179.

Within the Fresenius Group, applications are used to help us manage, evaluate, and control personnel data. We collect and analyze selected personnel data globally every quarter. The evaluations serve as information for various internal stakeholders, such as employee representatives. In this way, we create transparency with regard to the most important key figures. Furthermore, the key performance indicators (KPIs) in the HR Steering Committee enable joint decision-making, the derivation of measures where necessary, and an exchange of best practice examples in order to further develop HR management in our business segments.

WORKING CONDITIONS

Global working conditions are defined on the basis of guidelines and regulations at Group level, as already explained. Within the business segments, there are internal guidelines for employees covered by collective agreements and non-tariff employees with regard to working hours, jobs, and benefits. Occupational health and safety regulations apply to all persons in our healthcare facilities and operating sites, regardless of their employment relationship, but also to visitors and patients.

The **remuneration** is based on requirements set by law or, where applicable, specified by the salary structures negotiated with the respective trade unions. Remuneration is usually based on local market standards and should be fair and appropriate. The Group compensates employees on both permanent and temporary employment contracts according to specific rates that meet or exceed local industry conditions, but at least match local minimum wages. Any discrimination on the basis of gender or other criteria, as described in the Diversity and equal opportunities chapter starting on page 164, must be prevented. As an international healthcare Group, we create various incentives for employees, depending on the country and location. These include, for example, the chance to participate in the company's success via variable and performance-based compensation models. Benefits for full-time employees of the organization are also provided proportionally to part-time employees. In Germany, benefits can be based on joint agreements between employer and works councils. We describe our variable compensation models in detail on pages 348 ff. in the Notes.

Collective agreements

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 are affiliated. Where this is not the case, country-specific collective bargaining agreements can be negotiated with local trade unions or comparable social partners. Employees are informed by trade unions (collective bargaining partners) or employee representatives about tariff agreements, tariff negotiations, and their results. This is regulated differently in the individual countries.

General conditions for non-tariff employees are based on the provisions of the applicable collective agreement or local regulations. Further, depending on the function, additional agreements can be part of the employment contract. For executives, regulations are agreed in the employment contract. Salary transparency in the different countries is granted according to legal requirements and tariff contracts.

The Fresenius Helios hospitals in **Germany** are subject to a Helios Group collective agreement, the collective agreement for public service (TVöD), or company-specific collective agreements. At Helios Germany, there are regular compensation negotiations within the framework of collective agreements that generally take place every two years. The locations in Germany are subject to the regulations of the applicable working time legislation, which in some cases provides for opening clauses for supplementary tariff regulations. The Works Constitution Act, which grants the works councils co-determination rights and control, also has a regulatory effect. The framework with regard to working hours for the individual companies is regularly agreed by the respective company parties on-site. In Germany, the majority of workers are represented by the trade union ver.di.

Employees in our **Spanish** clinics are covered by legally binding tariff agreements. Further, the trade unions Comisiones Obreras, Unión General de Trabajadoras y Trabajadores (UGT) and the Sindicato de Enfermería (SATSE) care workers' union are predominantly represented in the works councils.

In 2023, 74% of our global employees were covered by a collective bargaining agreement. The reduction compared to the previous year is due to the extension to a global scope since 2023.

COLLECTIVE AGREEMENTS: APPLICATION RATE

in %	2023	2022[1]	2021[1]
Coverage by collective agreement globally	**74**	80	80
Europe	**84**	83	83
Outside Europe	**31**	34	15

[1] Coverage outside Europe excluding Fresenius Kabi. In 2021 also without Fresenius Vamed.

In 2023, for example, a new collective agreement in Germany was negotiated.

The collaboration with unions and works councils in various countries globally is explained on page 153 in the Employee participation section.

Flexible working models

The feasibility of **flexible or mobile working models** depends to a large extent on both operational requirements and local conditions. In recent years, part-time and flextime models, job sharing, and mobile working models, among other things, have been further developed or introduced for employees in administrative areas in particular.

Increasing **digitalization** of collaboration and work processes is supporting the implementation of more flexible working models. In order to acquire the necessary digital skills, employees receive training tailored to their needs. For more information on the digitalization of Fresenius' products and services, please refer to the Digital transformation chapter on pages 137 ff.

The respective applicable legal regulations on **parental leave** are applied throughout the Group. To promote the compatibility of work and family, mothers or fathers can use our flexible working models to re-enter the workforce or, for example, work part-time during parental leave.

At Fresenius Kabi in the United States, the extended paid family leave introduced in October 2022 was continued in the reporting year. Eligible employees may take up to eight weeks of paid leave for qualifying family reasons. Qualifying reasons include time away after the birth or adoption of a child, including a child placed for foster care, or for the care of an immediate family member with a serious health condition.

The Fresenius Group also supports employees during career changes. Intra-Group transfers, including across national borders, are made possible by the internal publication of vacancies in the business segments. This is intended to retain employees within the Group. This is partly complemented by transition programs for people entering retirement, e. g., long-term accounts or reconciliation of interests negotiations in the event of terminations. The respective programs and measures are based on local requirements. There are individual agreements with employees or collective measures.

RECRUITMENT

In order to meet our future demand for qualified specialists, we use a variety of different tools to recruit staff. We monitor our working environment and competitive surroundings closely to identify potential. Furthermore, we use digital personnel marketing, organize our own recruitment events, and present the company at career fairs. In recent years, we have significantly broadened our range of personnel marketing activities. We also want to be perceived as a reliable employer that values integrity. Further information is provided in the Compliance section on pages 169 ff.

Temporary workers are deployed in the business segments to compensate for short-term staff shortages, particularly in the area of care or in the event of temporary fluctuations in capacity utilization in production. Temporary workers are also partially hired for temporary replacements such as parental leave or long-term illness, or for interim support in projects.

In 2023, more than 2,700 people worked for us as temporary employees[1]. In relation to the total number of employees, the figure is around 4% (2022: more than 3,200 persons; 5%).

The search for employees focuses on the following fields of action: training of qualified personnel internally, advertising for skilled workers, and searching the international labor market. For example, Helios Germany participates in government-led campaigns to recruit personnel on the international labor market. In addition, employees who have qualified as nurses abroad are supported, for example with applications or in their searches for language schools in Germany. Many international nursing professionals have completed academic training at universities. This also applies to Spain, where prospective nurses complete their training at a university. These forms of vocational training are mainly aimed at complex medical activities and an often strongly cooperative collaboration in medical teams. The German vocational training system is a generalist training, which enables its participants to care for people of all ages. Specialization in care is possible during and after vocational training. Bringing together the strengths of the different training systems is a great advantage and offers an opportunity to advance the overall quality of medical care in the hospitals.

[1] Fresenius Helios and external consulting services excluded.

In Spain, nurses can specialize through a specific program after graduation – choosing between occupational health nursing, family and community health, obstetrics and gynecology, geriatrics, pediatrics, and mental health. Helios Spain has established partnerships with universities to provide classroom training there or in hospitals, in order to develop the professional skills of nursing staff and to raise its attractiveness for potential candidates. The company's own nursing schools complement the offering by expanding their training portfolio and adapting it to new market requirements.

It is also assumed that the vocational training situation in Germany and Austria may worsen in 2024. This supports our ambition to set the focus on training junior staff and specialists in the company's own training facilities.

In fiscal year 2023, the Fresenius Group continued to face strong competition for personnel in the healthcare markets. Particularly in the hospital sector, it became apparent that positioning as an attractive employer, good working conditions, and flexible working models are essential in order to be perceived as an interesting company. The staff shortages continued, but were minimized by our focus on in-house training and development of own employees, as explained in the following section Employee development. Human capital development programs will further support this progress.

As part of its business strategy Vision 2026, Fresenius Kabi is further developing its HR organization with the aim of becoming an Employer of Choice and enhancing its strategies for talent retention and development. Through the technological advancement of tools for global recruitment and strengthening employee orientation, the company is seeking to increase its attractiveness as an employer.

The **rate of new hires**[1, 2] in relation to the overall number of employees in each business segment is evidence of our efforts within recruitment. The length of service[1] within the Group can vary with acquisitions in the business segments. In 2023, the average was 8.8 years (2022: 8.8 years). Further information is provided in the section Employee retention on page 152.

NEW HIRES[2]

in %	2023	2022	2021
Fresenius Kabi	**17.0**	16.9	17.1
Fresenius Helios[1]	**19.3**	20.0	22.9
Fresenius Vamed	**22.0**	23.6	18.4
Corporate / Other	**16.0**	14.5	11.0

AVERAGE LENGTH OF SERVICE

in years	2023	2022	2021
Fresenius Kabi	**7.9**	7.9	7.9
Fresenius Helios[1]	**9.1**	9.2	9.3
Fresenius Vamed	**8.6**	8.5	7.8
Corporate / Other	**7.7**	7.8	7.8
Total	**8.8**	**8.8**	**8.8**

EMPLOYEE DEVELOPMENT

We offer our employees the opportunity to develop professionally in a dynamic international environment. To this end, we use different concepts and measures for personnel development – depending on their own customer and market structures. We constantly adapt our approaches to current trends and requirements. In addition to Group-wide mandatory training courses on the respective Codes of Conduct and on integrity, there are mandatory training courses on environmental management, occupational health and safety in the business segments, and, where appropriate, quality management. Digitalization is also playing an increasingly important role in the daily work done by our employees. Therefore, we integrate digital skills in alignment with the digitalization grade of the respective function. Segment-specific talent management and individual further training offerings for employees and managers are our other personnel development measures.

All employees who are directly involved in production, as well as employees who work in a supporting role (e. g., technical maintenance, IT) receive mandatory training in job-related good manufacturing, control, and distribution practice and in occupational health and safety and environmental protection.

[1] The data from Fresenius Helios includes all employees from its divisions, expect for the Eugin Group, which only covers the Spanish entities in 2022 and 2023.
[2] Calculated as the number of external hires in a business segment within the reporting period, relative to the number of employees in the business segment at year-end.

In 2023, every employee within the **healthcare products market segment** spent an average of almost 21 hours on quality management training. In addition to mandatory training, the KPI includes targeted training on communication and social skills for quality experts. The production area comprises the following employee groups: operation/manufacturing, quality control, quality assurance, maintenance/technical support and warehouse.

AVERAGE HOURS OF TRAINING

	2023	2022	2021
Production (training hours/average)	**20.6**	28.8	25.9
Number of employees included in the calculation (FTE)	**28,900**	23,800	23,700

In the **healthcare services market segment**, a total of 537 training sessions were held in Germany in 2023 in the fields of emergency medicine, anesthesia, intensive care medicine, obstetrics, and pediatrics at our own simulation and emergency facilities. More than 4,300 doctors and nurses were trained. In Switzerland, more than 1,100 professionals were trained by Fresenius Vamed in over 80 training sessions in fields such as emergency management, delirium therapy, care documentation, hygiene, resuscitation, gerontotraumatology, and depression.

In addition, all certified sites conduct occupational health and safety and environmental and energy management training. Further training supplements this and serves to support the introduction, further development, and improvement of the corresponding management systems and measures.

Especially in the nursing sector, the demand for skilled workers has continued to increase over the past few years. For this reason, Fresenius Helios plans to acquire a large proportion of the necessary nursing personnel through in-company training or training cooperations. In Germany, the business segment has 34 of its own training centers. At the Helios Academy, in the training centers, and in other country-specific training programs offered by Fresenius Helios, employees can learn, train, and further develop their expertise – in professional and personal skills.

In Spain, Fresenius Helios focuses on cooperations with universities and also operates university hospitals and training facilities itself. More than 5,000 students are trained annually by experts; they acquire practical skills during their undergraduate and postgraduate training. In its two nursing schools, Helios Spain covers classroom and hands-on training as well as vocational training; for example to qualify students as Imaging Technicians for Diagnosis and Nuclear Medicine and Technicians in Radiation Therapy and Dosimetry. The division also has eight university hospitals where the classroom-based content of a medical school is taught and more than 400 medical staff are fully trained each year.

TRAINEES AND TRAINING RATIO FOR GERMANY

	2023	2022	2021
Trainees[1]	**6,655**	6,159	6,109
Training programs	**37**	40	42
Dual degree programs	**31**	32	29
Training ratio	**7.19**	6.76	6.74

[1] Includes vocational training and university students.

For explanations of vocational training in Spain, see the Recruitment section on page 149 f.

Employees in Germany, Austria, Switzerland, and the Czech Republic 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 set up learning locations. The platforms enable documentation of participation in training measures and success checks, for example through final tests.

Leadership development

We offer two Group-wide programs to our executives. In the reporting year, we fundamentally revised the Maximizing Leadership Impact program, which is directed at upper management levels exclusively. A first execution of the program together with the Harvard Business School is planned for 2024. In conjunction with the University of St. Gallen, we target middle management with a leadership program that focuses on strategy implementation, change management, and collaboration. In the reporting year 2023, a total of 26 people participated in the St. Gallen program, of which 31% were women.

Additionally, the individual business segments offer their own development programs for their executives. The Corporate/Other segment and Fresenius Kabi, for example, offer management programs aimed at both new and advanced executives. In the reporting year, 55 executives took part, 30 of whom were women. In our clinics in Spain, 398 employees participated in executive training programs, of which 69% were women.

Succession planning

In 2023, structured, Group-wide succession planning was carried out for the first time. The focus was on a total of 92 key positions up to two levels below the Group Management Board. Members of the Group Management Board were not included in the succession planning. Both successors who can assume the corresponding role in a timely manner in the event of an emergency and potential successor candidates were named. The key positions will be revised in 2024 to reflect the Group's future portfolio.

In the reporting year 2023, there were changes in the Group Management Board as well as in the management boards of the business segments. In the process, around half of the positions were filled internally by executives.

EMPLOYEE RETENTION

Fresenius offers employees at corporate and business segment level a fair and appropriate basic compensation. This is defined, for example, on the basis of collective agreements or internal remuneration guidelines. In addition, we offer various benefit components, for example employee benefit programs, profit-sharing bonuses, pension plans, compensatory time accounts, and tariff-based future payments. Not all elements are implemented equally within the Fresenius Group, but can, however, be accompanied by local benefits depending on the market and employee requirements and regulatory provisions.

The focus of development is for the rewards to reflect the relative value of each job and support career progression in line with market trends and local requirements.

Due to the ongoing reorganization measures within the Group, the management approaches to employee retention focus on creating structures that support the long-term success of the company. After successful implementation of the planned measures within the framework of #FutureFresenius, further employee retention activities can be implemented as needed. In addition, Fresenius is working intensively on positioning and strengthening its employer brand.

In the reporting year, the new employee participation program Fresenius SHARE was introduced in Germany. It applies equally to all employees of the participating companies: The segment Corporate/Other, including Fresenius Digital Technology GmbH and Fresenius Versicherungsvermittlungs GmbH, as well as all German companies of the business segment Fresenius Kabi – regardless of whether collectively agreed or non-tariff employees, executives, or trainees and temporary staff. The program consists of two components: on the one hand, participants can annually purchase a share package with ordinary shares of Fresenius SE & Co. KGaA at a significant discount. Secondly, four targets have been set, upon achievement of which a certain amount will be issued in ordinary shares of Fresenius SE & Co. KGaA. In addition to increasing the Group's net income, the targets include the topics of cybersecurity (training and internal rating) and quality. The first shares will be issued in 2024, corresponding to the achievement of the targets in the 2023 fiscal year.

Our efforts in employee development and retention should also lead to improved employee KPIs in the long term. To achieve this, we will continue to invest in our employees. The average employee expense was €51.9 thousand in 2023, compared to €50.1 thousand in 2022.

In 2023, the proportion of employees who **voluntarily left**[1, 2] the company decreased to 10.4% (2022: 11.1%). This KPI was positively influenced by the transformation processes at Group and business segment level, the need for qualified personnel while the stressful labor conditions in the healthcare sector impacted the development in voluntary turnover.

VOLUNTARY TURNOVER[2]

in %	**2023**	2022	2021
Fresenius Kabi	**10.2**	11.4	11.3
Fresenius Helios[1]	**10.6**	11.1	10.1
Fresenius Vamed	**9.5**	10.7	9.3
Corporate/Other	**6.1**	14.2	3.5
Total	**10.4**	**11.1**	**10.1**

DIALOG AND FEEDBACK FORMATS

In recent years, we have established various **dialog formats** to strengthen communication between management and employees – both at Group level and in the individual business segments. This allows the Management Board to provide employees with information on important issues personally. In addition, we promote our feedback culture and the constructive exchange of ideas.

[1] The data from Fresenius Helios includes all employees from its divisions, expect for the Eugin Group, which only covers the Spanish entities in 2022 and 2023.
[2] Calculated as the number of employees who left the organization voluntarily in relation to the number of employees at the end of the year.

Employees at the level of the corporate functions as well as our global locations have the opportunity to provide feedback and engage openly and directly with the company. In 2022, we introduced an annual Group-wide employee survey for this purpose. In this way, we regularly collect feedback from our employees on their working environment in the business segments. We inquire about the strengths as well as about opportunities to improve. The aim is to obtain a picture of opinion and sentiment about working at Fresenius based on the survey results. The survey divides employee engagement into three aspects: would employees speak positively about Fresenius or its subsidiaries? Do employees intend to stay with Fresenius? And how motivated are employees to perform at Fresenius? In addition, the business segments can include their own questions, e. g., on teamwork, feedback culture, or appreciation.

In the reporting year, more than 80% of our employees were invited to participate in the annual survey. Those excluded from participation are, for example, in entities engaged in ongoing transformation processes. The participation rate was 44%[1]. Once the survey is completed, a Group-wide Engagement Index is created from the three globally collected Employee Engagement questions. The index is the weighted average of engagement scores derived from a business segment's entities included in the survey. The initial evaluation at the end of 2023 revealed an engagement index of 4.13[2] within the range of 1 (strongly disagree) to 6 (strongly agree). Thus, we did not achieve our target under the short-term variable Executive Board compensation – an engagement index of at least 4.33.

Based on the overall results of the employee survey, follow-up measures can be derived and implemented for each business segment to increase employee engagement. Fresenius Helios in Spain, for example, has set up committees for dialog between management and employee groups in order to incorporate their direct feedback into improvement measures. The Corporate / Other segment has used focus groups to gather new insights on the topic of recognition and feedback frommanagers. The employee survey and the assessment of the Employee Engagement Index are important tools for developing as an employer, attracting new talents, and retaining our employees in the long term. Employee engagement is also related to relevant HR KPIs such as absenteeism, turnover, productivity, and customer care.

Further information on compensation can be found on pages 222 ff. in the Compensation Report of the Annual Report 2023.

EMPLOYEE ENGAGEMENT INDEX

	2023	2022
Fresenius Kabi	4.7	4.4
Fresenius Helios	3.9	3.7
Fresenius Vamed	4.1	n.a.
Corporate / Other	4.0	3.7
Total[2]	**4.13**	**3.9**

To support dialog between management and employees, video messages from the CEO on relevant topics, for example, are published on the global intranet to encourage lively discussions. The other board members also communicate on new developments in their departments. In addition, digital formats and on-site meetings foster the exchange between the CEO and top executives. Various dialog formats are used within the Fresenius Group. We offer a standardized feedback discussion between supervisors and employees on performance, competencies, and development potential for the majority of ouremployees every year. It serves to strengthen the exchange on the individual development planning and promotion of the employees. In addition, it is intended to strengthen employee loyalty and reduce staff turnover. Furthermore, non-tariff employees agree their annual targets as part of the appraisal interview and carry out the associated assessment of the target achievement.

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. Open and ongoing dialog between management and employee representatives, as well as unions, is important to us.

[1] Share of engagement based on the eligible headcount as of June 30, 2023. In case of exceptions, these entities will be taken into account in future employee surveys.
[2] Audited with reasonable assurance, as stated on pages 201 ff. of the independent practitioner´s report. In 2022, audit performed with limited assurance.

At Group level, the ESG Board member is in exchange with the European Works Council (EWC) of Fresenius SE & Co. KGaA. At the regional or local level, the responsible specialist functions conduct the discussions with employee representatives as well as the trade unions.

Existing internal codes and guidelines include the commitment to respect international working and social standards. Fresenius SE & Co. KGaA respects freedom of association and recognizes the right to collective bargaining. Employees have the right to join or not to join a union in accordance with local laws. We do not tolerate discrimination based on trade union membership and act accordingly. We are committed to an open and solution-oriented dialog between employees and their representatives, and our management within the relevant legal and operational frameworks. For more information, see pages 179 ff. in the Human rights section.

Employees liaise with their supervisors in this regard, but they can also turn to their HR or compliance officers, as well as to the works council, their union representatives, or other employee representatives for assistance.

In European countries, workplace representation bodies are organized according to national law. The business segments have overall responsibility 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 to the challenges in the different locations. Further information is included in the business segment sections.

Fresenius has reached an agreement with the EWC, establishing a **structured dialog** with the global unions. On this basis, meetings are held once a year between representatives of the business segments, the employee representatives of the Supervisory Board, and representatives of the international trade union associations. In the reporting year, the meeting took place in November. The exchange was about activities relating to human rights due diligence and reorganization processes and their impacts on employees in the Group.

Dialog at European level

The EWC of Fresenius SE & Co. KGaA comprised 15 employee representatives from 9 countries as of December 31, 2023. These individuals come from the European Union (EU) and EEA (European Economic Area) member states in which Fresenius employs personnel. In total, the Fresenius Group employs 155,883 people in Europe, which corresponds to 80% of the total number of employees. Of the employees in Europe, Germany alone accounts for 60%.

The EWC represents all employees in the EU and the EEA. It is responsible for the participation of Fresenius employees in cross-border measures, insofar as these have a significant impact on the interests of Fresenius personnel and affect at least two countries within their area of responsibility, such as the relocation or closure of companies or collective redundancies. The management informs and consults with the EWC on the following topics, for example: the structure as well as the economic and financial situation of the Group, its anticipated growth, employment situation, investments, organizational changes, and the introduction of new work and production processes. The EWC meets once a year, while its executive committee convenes three times a year, partially in hybrid form. There were also two extraordinary meetings of the Executive Committee in the reporting year. The European trade union federations IndustriALL and the European Federation of Public Service Unions (EPSU) attend the meetings at the invitation of the EWC.

The focus topics of the EWC in the past fiscal year were projects in the Group's business segments for reorganization, e. g., measures in connection with the Vision 2026 strategy, the effects of the Fresenius Medical Care deconsolidation, the digital transformation, the Group-wide cost and efficiency program, and compliance matters relating to the Group's human rights declaration, sustainability, and corporate social responsibility (CSR). The EBR also discussed the global engagement survey as well as international projects, such as those in logistics or the supply chain.

At its annual meeting, the EWC entered into dialog with the Management Boards of Fresenius Kabi, Fresenius Vamed, and Fresenius Medical Care.

Regular training courses are held for the members of the EWC, for example in the reporting on the topic of corporate due diligence for human rights. Through company visits, the members of the EWC regularly gain an impression of the various locations and interact with employer and employee representatives. In the reporting year, the EWC visited a Helios clinic in Germany. The Executive Committee was on site at a Fresenius Kabi location in Portugal.

In 2021, the EWC elected six employee representatives to the Supervisory Board of Fresenius SE & Co. KGaA, including one representative of the trade unions. Due to the change in the legal form of Fresenius Medical Care, one employee representative left the Supervisory Board of Fresenius SE & Co. KGaA. Her successor from Fresenius Kabi was appointed to the Supervisory Board of Fresenius SE & Co. KGaA. For more information, please refer to page 208 in the Annual Report 2023.

EMPLOYEE FIGURES

At the end of the 2023 fiscal year, the Fresenius Group had 193,865 employees, which was above the previous year's level (December 31, 2022: 188,876). In terms of full-time equivalents (FTE), this represented a slight increase of 3%.

The regional distribution is as follows: about 50% of employees are employed in Germany, 32% in the rest of Europe, and 11% in Latin America.

The **average age**[1] of Group employees in the reporting year was 41.3 years (2022: 41.4 years). The majority (52%) 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 again reflects the demand for a high proportion of skilled and experienced employees in our business segments. The average age also corresponds to a stage in life marked by stability and professional growth. This circumstance encourages the development of internal talent and the professional career growth of people, as explained on pages 150 f.

[1] The data from Fresenius Helios includes all employees from its divisions, except for the Eugin Group, which only covers the Spanish entities in 2022 and 2023.

EMPLOYEES (HEADCOUNT) BY BUSINESS SEGMENT

	2023	2022	2021
Fresenius Kabi	43,269	42,063	41,397
Fresenius Helios	129,439	125,700	123,484
Fresenius Vamed	20,265	20,184	19,721
Corporate/Other	892	929	1,225
Total as of Dec. 31	**193,865**	**188,876**	**185,827**

EMPLOYEES (FTE) BY BUSINESS SEGMENT

	2023	2022	2021
Fresenius Kabi	41,381	40,286	39,579
Fresenius Helios[1]	108,208	104,509	101,652
Fresenius Vamed	16,430	16,182	15,730
Corporate/Other	815	831	1,141
Total (FTE) as of Dec. 31	**166,834**	**161,808**	**158,102**

[1] FTE: For Helios Kliniken Germany, the number of employees converted to the full collectively agreed working time on monthly average (Vollkräfte).

EMPLOYEES (HEADCOUNT) BY REGION

	2023	2022	2021
Europe	155,883	152,510	151,025
Therof Germany	93,095	91,093	90,655
Europe excl. Germany	62,788	61,417	60,370
North America	5,410[1]	11,306	10,508
Asia-Pacific	9,646	10,029	10,744
Latin America	21.762[1]	13,913	12,557
Africa	1,164	1,118	993
Total as of Dec. 31	**193,865**	**188,876**	**185,827**

[1] Regional distribution adjusted in business segment Fresenius Kabi based on reporting provisions. No impact on headcount.

EMPLOYEES (HEADCOUNT) IN THE BUSINESS SEGMENTS, BY REGION (2023)

	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/Other
Germany	3,503	78,038	10,664	890
Europe excl. Germany	12,326	41,004	9,456	2
North America	4,523[1]	887	0	0
Asia-Pacific	9,581	0	65	0
Latin America	12,255[1]	9,507	0	0
Africa	1,081	3	80	0
Total	**43,269**	**129,439**	**20,265**	**892**

[1] Regional distribution adjusted in business segment Fresenius Kabi based on reporting provisions. No impact on headcount.

AVERAGE AGE

	2023	2022	2021
Fresenius Kabi	39.5	39.5	39.2
Fresenius Helios[1]	41.5	41.6	41.5
Fresenius Vamed	44.3	44.1	44.3
Corporate/Other	39.0	38.9	39.7
Total	**41.3**	**41.4**	**41.3**

[1] The data from Fresenius Helios includes all employees from its divisions, except for the Eugin Group, which only covers the Spanish entities in 2022 and 2023.

AGE STRUCTURE

	2023			2022			2021		
Dec. 31, in %	**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 Kabi	23	59	18	22	59	19	21	60	19
Fresenius Helios[1]	21	51	28	20	52	28	20	52	28
Fresenius Vamed	16	47	37	16	47	37	16	47	37
Corporate/Other	28	49	23	28	48	24	25	51	24
Total	**21**	**52**	**27**	**20**	**53**	**27**	**20**	**53**	**27**

[1] The data from Fresenius Helios includes all employees from its divisions, except for the Eugin Group, which only covers the Spanish entities in 2022 and 2023.

OCCUPATIONAL HEALTH AND SAFETY

As a healthcare Group, we are responsible not only for the well-being of our patients, but also for the health and safety of our employees. We have implemented numerous Group-wide management systems and measures to protect employees from accidents and work-related illnesses. Creating a safe and healthy working environment is our priority, and prevention is our guiding principle: this is why we offer our employees comprehensive programs that aim to promote their health and prevent occupational diseases.

OUR GOALS AND AMBITIONS

We consider occupational health and safety (OHS) highly relevant. Our Group-wide ambition is to prevent all work-related accidents, both for direct employees and third parties, and to continuously improve workplace safety. In the healthcare products and healthcare services market segments, we manage our occupational health and safety measures in line with specific targets and ambitions, which are mainly defined at local level. We are guided by, for example, data collection on preventive occupational health and safety, which we are successively expanding.

OCCUPATIONAL HEALTH AND SAFETY GOALS

	Timeframe	Status 2023	Further information
Definition of a **Group-wide KPI (Lost Time Injury Frequency Rate - LTIFR)**, which will serve and be reported on as a long-term performance indicator.	Ongoing	Fresenius Kabi, Fresenius Vamed, and Fresenius Helios in Spain already use LTIFR as a performance indicator. Process at Fresenius Helios in Germany ongoing.	Page 159 Compensation Report page 222
Fresenius Kabi: LTIFR < 3.0	Ongoing	The target was achieved. In the reporting year, the rate was 2.8.	Page 159
Fresenius Kabi: Integration[1] of all **production sites** into the ISO 45001 **management system by the end of 2023.**	End of 2023	The goal was achieved. 100% of the production sites have been integrated. The next step will be certification at the sites integrated in 2023.	Page 160

[1] Implementation is concluded at all Fresenius Kabi production sites. The certification issuance from the individual certification companies may extend into 2024.

OUR APPROACH

Ensuring the health and safety of our employees is an essential part of our corporate responsibility. The Fresenius Code of Conduct states that we must take all necessary measures to protect our employees and to prevent work-related accidents. All business segments focus on preventive measures and promote employees' responsible conduct when it comes to occupational health and safety. Occupational safety concepts are adapted to the specific business models of each business segment. Our concepts focus on occupational health and safety within production, as well as occupational health management for employees in our healthcare facilities or administration.

We promote the health of our employees with various programs and offers. The return of employees to work after an illness is governed by the workplace reintegration management system. For more information, see page 162.

ORGANIZATION AND RESPONSIBILITIES

Occupational health and safety within the Fresenius Group is organized on a decentralized and country-specific level. Within the Group Management Board, the Chief Executive Officers (CEOs) of our business segments are responsible for operational management. Responsibility and management for occupational health and safety is regulated by the respective Management Boards of the business segments, their committees, or management functions and is embedded in the local organizations. They decide on the management approaches and responsibilities, e.g., via a business allocation plan. The business allocation plan of the Group Management Board does not provide for a separate department for this purpose.

Occupational safety specialists in the business segments advise and support on all issues relating to occupational health and safety. This includes, for example, determining the need for risk assessments as well as monitoring their preparation, implementation, and effectiveness. At local level, we work closely with responsible accident insurance providers and local authorities – always in the interests of our employees and temporary workers.

In addition, ISO 45001-certified sites as well as all clinics, subsidiaries and service companies of Fresenius Helios in Germany have an **occupational health and safety committee**. In addition, national requirements are to be applied, which may include the provision to establish health and safety committees. At their regular, e. g., quarterly meetings, these committees discuss identified risks and possible measures and review the effectiveness of the defined measures. At clinic locations in Germany and Spain, local employee representatives have introduced similar committees. At Fresenius Vamed, staff from temporary employment agencies can also participate in occupational health and safety committees or are informed about decisions.

In the **healthcare services market segment**, various committees monitor compliance with occupational health and safety regulations as part of their regular meetings. They also monitor potential incidents in the different divisions and countries.

We record and report data on occupational health and safety – such as health-related absences, occupational diseases, or accidents – for example on a monthly or quarterly basis, to identify deviations. If deviations occur, our specialists initiate root cause analyses and evaluations; corrective or preventive actions are implemented where necessary.

The risk reporting process ensures that the Group Management Board is informed about occupational health and safety, i. e., about risks or incidents that could have a significant impact on business operations, the reputation, or the value chain of the Group and its business segments.

Consolidation takes place at Group level as part of our annual non-financial reports. The Supervisory Board is informed at least annually about the results. Further information can be found on pages 87 ff. in the Opportunities and Risk Report and on page 169 ff. in the Compliance section.

Reporting and systems

We use notification systems or reporting processes for accidents at work to document and analyze all work-related accidents and incidents for our own employees and partly for temporary workers or other third parties working on our premises. Local management assesses these incident investigation reports. At Fresenius Kabi, global OHS management is responsible for these assessments. The goal is to decide whether technical improvements, additional working equipment, instructions, or further training are required to avoid reoccurrence in future and to improve occupational health and safety for employees. We also document first aid cases and unsafe situations, including near misses. These are taken into account in the occupational health and safety analysis.

Work-related fatal accidents

In accordance with legal requirements, all business segments document work-related fatal accidents in their respective internal risk management systems. They use locally defined reporting channels to inform the safety specialists directly responsible. Depending on process design and severity, regional or global OHS management functions may be notified as well. HR departments also immediately report serious and fatal accidents to the competent authorities and accident insurance organizations. Furthermore, as soon as work-related accidents with fatalities occur, we immediately review existing work processes and initiate a risk assessment.

In the reporting year 2023, no work-related fatalities occurred among employees in the Fresenius Group that were attributable to misconduct or inadequate occupational health and safety. In one case, there was an incident involving a third-party fatality. The official investigations have not yet been completed.

WORK-RELATED FATAL ACCIDENTS

	2023	2022	2021[1]
Own employees	0	0	5
Temporary workers[2]	0	0	0
Third-party fatality incidents at own sites[3]	1	0	2

[1] Data without the business segment Fresenius Vamed.
[2] Recording only in the business segment Fresenius Kabi.
[3] Only recorded in the business segments Fresenius Kabi and Helios Germany; incidents with official investigation.

Other work-related accidents and incidents
Work-related accidents are reported immediately in the respective systems as soon as they are known of. Central functions are subsequently informed about accidents. Furthermore, we collect Lost Time Injury Frequency Rate (LTIFR) data for internal reporting or are in the process of calculating this indicator at all Fresenius Helios locations in Germany.

In the **healthcare products market segment**, occupational accidents are categorized according to their severity and reported to the responsible central OHS function – and to other relevant functions depending on the severity of an incident. This is how, for example, work-related accidents that result in at least one day of absence are reported to the central OHS function within two working days; other, less severe accidents without or with less than one day of absence are reported on a quarterly basis. Accidents that lead to at least one calendar day absence from work are investigated, and the results are documented in bespoke reports. We calculate LTIFR[1] from data collected on occupational accidents and their severity and use it as an indicator to measure performance; the LTIFR decreased to 2.8 in 2023, due to a lower number of minor lost-time cases compared to the previous year In 2023, slip, trip, and fall accidents and cuts occurred most frequently. We also consider the lost time injury severity rate (LTISR)[2] in the analysis. Occupational health and safety reports are submitted to the Management Board and other relevant functions of Fresenius Kabi on a quarterly basis.

LTIFR AT BUSINESS SEGMENTS

LTIFR[1]	2023	2022
Fresenius Kabi	2.8	2.9
Helios Spain	14.6	16.2
Fresenius Vamed	12.5	16.7

In the **healthcare services market segment**, we have a Critical Incident Reporting System (CIRS) for critical incidents and near misses at all hospitals. Based on ISO 45001 and regulatory requirements, our hospitals are required to report work-related accidents and their causes, absences, illnesses and absenteeism, as well as other key performance indicators (KPIs), for example in an SAP system, and to transmit them to the social security authorities. Regular, i. e., at least semi-annual, time management reports that document absences and absenteeism and their development are recorded and evaluated locally in hospitals.

In 2023, Fresenius Helios introduced a comprehensive system for recording accidents at work and commuting accidents in Germany. For this purpose, a data tool for determining the LTIFR was implemented in all Helios clinics in Germany. At Fresenius Helios in Spain and Fresenius Vamed, the LTIFR is already being recorded. In the reporting year, the LTIFR decreased compared to the previous year. This is partly due to the reinforcement of OHS training and the improved follow-up processes following accidents.

In addition, on-site coordination serves the purpose of checking the effectiveness of risk assessments and of local management approaches to occupational safety and health protection. In the **healthcare services market segment**, occupational safety and hygiene specialists as well as occupational physicians monitor compliance with occupational medicine, occupational safety, and occupational health requirements and their management in accordance with public regulations. They cooperate continuously and across segments and develop improvement processes.

The most common types of injuries, accidents, and illnesses in the hospital sector were needlestick and cut injuries, musculoskeletal injuries such as contusions or fractures resulting from falls, and commuting accidents, as well as assaults by patients or relatives on our employees. Typical occupational illnesses in the post-acute area relate to the intervertebral discs, back, or shoulder.

To prevent injuries in the future, Fresenius Helios, for example, updated its central instructions on the prevention of needlestick injuries, radiation protection, and handling tuberculosis in the reporting year.

In the Fresenius Group, no violations of internal health and safety policies whose impact would have been material for the financial position or reputation of the company were reported via our reporting channel. Further information can be found in the Opportunities and Risk Report starting on page 87.

GUIDELINES AND REGULATIONS

In occupational health and safety, all sites are subject to the respective local laws and regulations. Compliance with these regulations is ensured at local level. In addition to legal requirements, internal guidelines and directives such as

[1] LTIFR: Number of work-related accidents resulting in at least one day of absence from work in relation to 1,000,000 working hours. In 2023, Fresenius Vamed adjusted the scope of reporting.
[2] LTISR: Number of days absent due to work-related accidents in relation to 1,000,000 working hours.

management manuals and standard operating procedures also play a significant role in occupational health and safety. The Group-wide Fresenius Code of Conduct is complemented by business segments' own guidelines governing occupational health and safety, such as the Clinical Code of Conduct for the areas of rehabilitation and nursing as well as for medical personnel in the healthcare services market segment.

The internal requirements are supplemented by corresponding internationally recognized standards for management systems such as ISO 45001 at some sites and other certifications in accordance with ISO or national standards, e.g., SwissReha. The overarching goal of the ISO 45001 management system is to continuously improve occupational health and safety management, to align it with internationally recognized methods, and to ensure the effectiveness of existing procedures and systems. To drive this forward, we are consistently expanding the number of entities certified with this standard. We have the ambition to create a uniform occupational health and safety management system in all areas of the company in order to optimize occupational health and safety in a standardized manner.

The management systems as well as applicable occupational health and safety regulations and instructions for employees of the Fresenius Group also apply to individuals with temporary employment contracts. This ensures that people performing work on a company site or in our buildings are protected to the necessary extent.

Our commitment in the market segments regarding OHS is supported, monitored, and certified by external partners or regulatory bodies.

MANAGEMENT SYSTEMS AND CERTIFICATIONS

in %	Coverage[1]
External standards (ISO 45001)	91
In the healthcare products market segment[2]	100
In the healthcare services market segment	89
Regulatory standards (e.g., local requirements)	100
Internal standards	100

[1] Coverage applies to entities already certified or for which a certification is planned, depending on the applicability of standards or policies. The certification issuance from the individual certification companies may extend into the following year.
[2] For ten entities, the certification process was finalized, the certificates were not submitted, yet.

Local managers review our approach to occupational health and safety e.g. once a year for continued suitability, appropriateness, and effectiveness, and to identify potential for improvement. Regular, in some cases annual, internal audits support the verification of data and management approaches for entities certified in accordance with ISO 45001 and for those without certification. In this way, we ensure compliance with internal guidelines and regulatory provisions. The management system of our production sites, for example, is audited and certified annually by TÜV Rheinland. If other external institutions conduct audits, these are coordinated with local management.

In 2023, we conducted more than 50 internal reviews to verify compliance with applicable requirements, consistently analyze existing procedures, validate processes, and effectively optimize occupational health and safety management.

The number of health and safety audits depends on the size of the individual sites and the range of activities carried out there. More than 30 certification audits were performed by external organizations.

RISK ASSESSMENTS

The OHS system includes processes for identifying hazards and deficiencies, assessing risks for potential incidents, and determining control, correction, or mitigation as well as prevention and improvement measures. These risk assessments are an important part of our occupational health and safety management.

Physical as well as mental or psychosocial **health and safety risks** are identified, analyzed, and evaluated at workplace level and reduced to an acceptable level through targeted measures, or even eliminated completely. The assessments include hazards that arise from work-related activities in the immediate vicinity of the workplace, as well as those that exist outside of the workplace but that may still affect workplace health and safety and health for employees. Risk assessments include all employees who perform or have access to routine and non-routine activities at workplaces. All current and planned workplaces, workflows, (OHS) processes, and tasks and their design are assessed – as are human factors such as individual behavior. The design of workplace infrastructure, equipment, and materials, whether provided by us or by third parties, is also included.

Corresponding risk assessments are carried out regularly – usually annually, but at least every three years – and in close consultation with the respective department heads and local experts responsible. In the production sector as well as in the hospital sector, employees are included in the risk assessment. Documentation is recorded in relevant safety and health protection documents. Key risk areas are identified via accident reports or employee input and undergo rigorous assessment. In addition, risk areas in clinics and in production are also examined preventively for potential hazards. Our assessments are implemented in accordance with applicable legal requirements for risk assessments as well as the requirements for ISO 45001 certification and the implementation of necessary controls. In Spain, for example, sexual violence is part of the risk assessments as required by Spanish regulations.

In addition, processes are in place for dealing with particularly vulnerable employees. These include pregnant women, women who have recently given birth or are breastfeeding, employees with recognized impairments or disabilities, minors, and employees who are particularly susceptible (temporarily or permanently) to the risks associated with their work due to personal or socio-occupational characteristics or their physical constitution. The purpose is to take special preventive and protective measures through the health monitoring service tailored to their positions or activities – for example, by adapting their workplace or transferring their activity to another one.

If an entity, be it in production or in clinical settings, uses **biological agents**, these substances are evaluated in accordance with applicable legal regulations. The corresponding internal risk assessment is recorded in a health and safety document and preventive measures are established before the respective process is initiated. In addition, hazardous materials inventories are maintained in the clinical area.

TRAINING

The Fresenius Group conducts regular occupational health and safety training to prevent incidents in its fields of operation. To prevent work-related injuries and occupational accidents, all new employees receive safety training at the very beginning of their employment, and standard training at least annually thereafter. For incident scenarios with high risks, training takes place more frequently. Helios Germany, for example, conducts quarterly drills on power failure scenarios, in different parts of the building each time.

Our standardized approach to occupational health and safety is complemented by training modules for specific workplace risks. In our clinics, employee health and safety training courses cover, besides general topics, specific areas such as hand hygiene, safely handling work equipment, and hazardous chemicals, as well as emergency prevention and response. Training provided at production sites focuses on, among other topics, safely handling work equipment and chemicals, and emergency prevention and response.

All business segments employ specialists or representatives for (occupational) safety. Vamed Technical Services, for example, runs a dedicated safety center. It is responsible for the safety-related operational support. In order to maintain and further develop their competence, all safety specialists are subject to an area-specific training program adapted to the respective needs of the organization. In addition, the manager of the safety center is certified as quality, safety, risk, and environmental manager and as lead auditor.

At Fresenius Kabi, the global OHS function checks not only compliance with applicable standards during internal audits, but also, for example, the training matrix and whether relevant training has been carried out. Any relevant deviations will be included into the local and global Corrective and Preventive Action (CAPA) list, to ensure any potential gaps are closed systematically. In 2023, all health and safety specialists of Fresenius Kabi were offered one global training session. Furthermore, all sessions are available at the global EHS and OHS Intranet page.

In the reporting year, Fresenius Helios in Spain evaluated its occupational health and safety training in the hospital. Based on this content review, Helios Spain updated its training on specific workplace risks to meet new regulations and make the courses more user-friendly. More than 30,000 training sessions were offered in which around 16,000 employees participated. The increase in the number of trainings in Spain is a requirement of the JCI accreditation. The segment is preparing the JCI accreditation of additional centers and also the reaccreditation in 2024.

WORKPLACE REINTEGRATION MANAGEMENT

Statutory workplace reintegration management programs are in place at Fresenius sites in Germany and Austria.

In **Germany**, employees who were unable to work for more than six weeks within a year (either one prolonged absence or multiple absences) are entitled to a reintegration procedure. In close cooperation with the person concerned, local site management coordinates with relevant employee representatives to assess the options for overcoming an employee's inability to work. They also assess which services or assistance can prevent future instances of extended health-related absences. The aim is to make workplace reintegration flexible and as needs-oriented as possible, thereby ensuring that employees can return to work long-term. In a first step, affected employees are informed in writing about their options as well as about the structure and participants of an initial return-to-work conversation. In this context, it is also important to transparently communicate the goals of workplace reintegration management as well as the type and scope of data collected and used for this purpose.

Potential further measures resulting from this initial conversation can also involve additional groups and individuals – as agreed upon with the person concerned.

In **Austria**, affected employees receive what is known as a reintegration allowance from responsible social insurance agencies. This allowance is granted for the duration of part-time employment and in addition to an employee's salary. As in the case of partial retirement, the allowance should compensate for a large share of financial losses.

In **Spain**, a medical examination of the employees concerned is carried out by the Risk Prevention Service after longer periods of sick leave involving extended hospitalization. This examination reassesses the returning employee's fitness for the workplace, which supports a quick return-to-work process. Furthermore, subsequent tailored measures to protect an employee's health and well-being can be coordinated and implemented. The services provided by each respective local occupational health management unit also support the reintegration measures, e. g., sports and health offers.

In the **United States**, we provide a Short-Term Disability program for sick leaves. Eligible employees are granted up to 25 weeks' leave of absence and receive between 60% and 100% of their normal wage. Upon their return, employees are retrained to facilitate their reintegration.

In the **Dominican Republic**, our internal medical unit provides physical and emotional support to employees on long-term sick leave when needed in accordance with legal requirements. If employees are able to return to work, we offer them a position with the lowest possible health risk considering business needs and personal qualifications. In addition, affected employees are supported by the internal medical unit and labor relations for a certain period of time.

PATIENT SAFETY

In addition to employee health and safety, patient and user safety at our facilities is also of great importance. For information on patient safety in the context of medical treatment, please refer to the Patient and product safety section on pages 118 ff. In the hospital sector, we have also implemented various measures to protect patients from hazardous situations outside of medical treatment. Such hazardous situations can be, for example, fires, power outages, or weather-related circumstances, such as ice on parking lots or hospital access ramps in winter. If such situations occur, appropriate emergency and fire protection plans are in place, for example to ensure the evacuation of patients. Hospital staff are prepared for such crisis situations through annual mandatory training. Business continuity plans for crisis situations complement existing safety measures.

PROMOTING HEALTH AND WELL-BEING

Complementing our comprehensive occupational health and safety measures, we have developed further voluntary country-specific offers that promote employee health, well-being, and healthy lifestyles. These offers are organized on a decentralized basis so that they can be tailored to the needs of our employees as precisely as possible. On the one hand, our offers are aimed at promoting and maintaining physical health and include, for example, vaccination programs and preventive medical check-ups by our company doctors. On the other hand, there are contacts, hotlines, and information focusing on mental health issues. In Germany and Spain, Fresenius provides courses on nutrition and physical activity, as well as on emotional management. In addition, employees and their families receive external and anonymous psychological counseling if needed.

DIVERSITY AND EQUAL OPPORTUNITIES

At Fresenius, we promote international and interdisciplinary cooperation as well as diversity and inclusion throughout the Group. The diversity of our markets and locations is also reflected in our workforce. In Germany, we have employees of more than 140 nationalities. We attach great importance to equal opportunities for all employees in the workplace as well as in the application, selection, and development procedures. In order to integrate equal opportunities into all processes and workflows and to overcome barriers or unconscious bias, the business segments develop diversity concepts that are adapted to the requirements of their respective business models and regions. With this approach, we want to provide a framework that enables our employees to integrate into a workplace that supports them in pursuing their individual professional ambitions.

DIVERSITY AND EQUAL OPPORTUNITIES GOALS

	Timeframe	Status 2023	Further information
Implementation of our diversity concept for the Group Management Board and Supervisory Board	Ongoing	Goal achieved	Page 167
Diversity targets for the first and second management levels below the Management Board	Until 2025	Ongoing; status 2023:	Page 167
30% share of women at the first management level		30.0%	
30% share of women at the second management level		24.1%	

OUR GOALS AND AMBITIONS

The Group Management Board welcomes the efforts within the business segments to further expand and make greater use of activities for more diversity and inclusion in future. It is our ambition to continuously develop our corporate culture and attract, promote, and retain talent. Different backgrounds, experiences, and perspectives can lead to better decision-making and outcomes and drive progress on all levels of an organization. In the business segments, we want to improve diversity management, e. g., with diversity training for employees and management. As part of the corporate culture, measures to strengthen diversity management are being developed and implemented. The promotion of women in management positions is also an important concern for us. We are developing new measures to this end.

By setting diversity targets and reporting on them transparently, we aim to drive forward diversity in our leadership positions. A clear goal also directs the focus to areas where action is needed. This enables us to implement effective diversity-related measures.

OUR APPROACH

At Fresenius, we support equal opportunities for all and consciously oppose discrimination of all kinds. No one may be discriminated against on the basis of skin color, ancestry, faith, political views, age, gender, ethnicity, nationality, cultural background, sexual orientation, physical condition, social background, appearance, or other personal characteristics. This extends equally to employees, business partners, and patients. Our dealings with each other are characterized by mutual respect: open, fair, and appreciative. We do not tolerate insults, humiliation, or harassment in our daily work, neither internally nor externally. Our managers have a special responsibility in this respect and act as role models. These values and our aspirations with regard to diversity are laid down in the Fresenius Code of Conduct, which is binding for all employees. This lays the foundation of our cooperation and corporate culture. Further information on our approach to equal opportunities is provided in the Human rights section on page 179 onwards, and on our diversity concept for the Group Management Board and the Supervisory Board in the Corporate Governance Declaration on pages 211 ff. Information about fair compensation can be found in the Employees chapter on page 148 onwards.

In 2023, the Group Management Board signed the German "Charta der Vielfalt" (Diversity Charter) for Fresenius. The healthcare Group is thus taking a strong stance for diversity and inclusion in its own company. The aim of the initiative is to advance the recognition, appreciation, and inclusion of diversity in the working world in Germany.

ORGANIZATION AND RESPONSIBILITIES

The Group Management Board member responsible for Legal, Compliance, Risk Management, ESG, Human Resources and the business segment Fresenius Vamed (subsequently ESG Board member) assumes responsibility for steering strategic Group-wide projects regarding diversity, equity, and inclusion (DEI). The Chief Executive Officers (CEOs) of the business segments are responsible for operational management. The management boards of the business segments define the management approaches and regulate responsibility for DEI topics, e. g., via a business allocation plan. In the Fresenius Group Human Resources (HR) Steering Committee, the HR managers or responsible functions of the business segments and of the Group function Corporate HR Management also align on HR topics, approve group-wide projects and initiatives and exchange information on diversity-related issues on a monthly basis. The ESG Board member participates in the meetings. As part of risk reporting, the Management Board of the Fresenius Group is informed quarterly. The effectiveness of DEI measures is discussed, if risks were identified or incidents occurred that could have a material adverse effect on the operating business, reputation, or the value chain of the Group and its business segments. The Audit Committee of the Supervisory Board is also informed of developments on a half-year basis, the Supervisory Board on an annual basis. Further information can be found in the Opportunities and Risk Report on pages 87 ff. and in the Group Non-financial Report in the Compliance section starting on page 169.

In order to be able to address existing and potential challenges in connection with diversity and equal opportunities on a context-specific basis, responsibilities at regional level have been defined. Either the HR functions, diversity and gender representatives, or, e. g., the medical director, are responsible for the implementation of approaches and country-specific regulations are. In the **Corporate/Other** segment, the Group function Corporate HR Management is responsible for topics related to DEI. Experts in various divisions develop training courses, communication material, and programs in discussion with other Group functions.

At Group level, data on diversity and inclusion is collected as needed, but at least annually, and communicated to internal stakeholders, e. g., employee representatives or the respective representatives of the severely disabled. In addition, the business segments have supplementary reporting processes, e. g., on a monthly or quarterly basis, to identify deviations from internal targets or objectives. If deviations occur, the responsible persons initiate a root cause analysis, evaluate the results, and, if necessary, implement corrective or preventive measures.

A key component of reporting is communication on the intranet and social media. These communication formats provide the Group Management Board with the opportunity to draw specific attention to initiatives in the area of DEI and to strengthen employee awareness of these issues. It is particularly important to include affected employee groups in this communication and to show them that we take their interests into account.

In addition, we also want to address potential new employees with our initiatives. For example, Fresenius Vamed's German sites are reaching out specifically to people with disabilities and chronic illnesses through the MyAbility job board with an employer profile.

Reporting systems and dealing with incidents of discrimination

Information about violations of the principles of the Fresenius Code of Conduct and other possible misconduct can be reported via various notification systems, e. g., online and in various languages – anonymously, if necessary, as described in the Compliance section on pages 170 f.

In addition, employees have the option of confiding in an ombudsperson in the event of conflicts or misconduct. At Helios Spain, incidents involving sexual and gender-based harassment can be recorded via a dedicated complaint protocol.

Within the Group, incidents involving discrimination are processed via the responsible function and, depending on the severity of the incident, escalated, e. g., to regional or central level. All information is carefully examined, and appropriate action taken in accordance with the results of the investigation. Sanctions such as actions under employment, civil, or criminal law can be imposed. After finishing the investigation, measures that prevent future misconduct, or at least make it more difficult, are implemented.

In 2023, 274 reports related to HR/workplace, including incidents of discrimination or sexual harassment were reported across the Group. The reports were documented, investigated, and evaluated in accordance with the applicable compliance regulations. We also take reports that are not substantiated by the investigation as an opportunity to review existing structures and, if necessary, adjust measures as a precaution. In 2023, this was not the case.

No violations of internal policies on diversity and equal rights were reported whose impacts would have been material for the financial position or reputation of the company. Further information on opportunities and risks can be found in the Opportunities and Risk Report starting on page 87 and in the Compliance section starting on page 169.

GUIDELINES AND REGULATIONS

At Group level, the business segments are subject to the requirements arising from internal guidelines, e.g., the Code of Conduct, or external requirements, e.g., collective agreements. Collective agreements and works agreements also stipulate that all employees covered by these agreements are entitled to defined benefits. Due to varying local legislation, these internal guidelines are important frameworks for enabling a tolerant and appreciative working environment. In this way, we ensure that local law is taken into account. In addition, as part of our business activities, we make sure that people can work for us or are supplied with our products without fear of discrimination.

In addition, all locations are subject to respective local regulations – in Germany, for example, the General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz), the Remuneration Transparency Act (Entgelttransparenzgesetz), and the Works Constitution Act (Betriebsverfassungsgesetz).Compliance with these regulations is ensured at local level.

In some locations, we are required by national law to establish equality plans to promote equal opportunities and wage transparency between men and women, and also guarantee non-discrimination in the workplace. In 2023, more than 70% of Helios Spain's employees were covered by equality plans.

DIVERSITY AMONG EMPLOYEES AND IN GOVERNANCE BODIES

In the reporting year, the proportion of female employees in the Fresenius Group was 68%. The proportion of females in services or care is traditionally higher than in the area of production. This is reflected in the proportion of female employees in our business segments: our business segment Fresenius Helios has the highest proportion of female employees within the Group, with around 75%.

We want to support employees in all phases of life and especially promote the compatibility of family and career – in the spirit of equity. That is why we offer them a variety of options for flexible working. The country- and location-specific offer depends on the applicable collective agreements and – if available – equality plans. Further information on flexible working models can be found in the Employees chapter starting on page 149.

GENDER BY BUSINESS SEGMENT

	2023				2022			
	Female	Male	Other[1]	Undisclosed	Female	Male	Other[1]	Undisclosed
Fresenius Kabi	22,450	20,810	9	0	21,489	20,574	0	0
Fresenius Helios	96,837	32,599	3	0	94,236	31,464	0	0
Fresenius Vamed	12,668	7,597	0	0	12,645	7,539	0	0
Corporate/Other	422	470	0	0	425	504	0	0
Group	**132,377**	**61,476**	**12**	**0**	**128,795**	**60,081**	**0**	**0**

[1] First structured survey of the Other category for the 2023 fiscal year.

At the end of the reporting year, the majority of our employees were employed in Europe. We illustrate the diversity of our employees based on nationalities. We do not collect employee data split by ethnicity. Following data is based on about 70%[1] of global employees. Our employees come from more than 150 different nations. Around 57% of them have German citizenship, followed by Spanish citizenship (2023: 27%) and Colombian citizenship (2023: 6%).

FIVE MOST FREQUENT NATIONALITIES[1]

Employees (Headcount)	2023	2022
German	80,369	79,905
Spanish	37,629	36,605
Colombian	8,191	7,489
Peruvian	1,474	1,451
Turkish	980	959

Fresenius aims to increase diversity on the Group Management Board and the Supervisory Board of Fresenius SE & Co. KGaA in terms of age, gender, education, professional background, and international experience. To achieve this, the **diversity concept for the Group Management Board and Supervisory Board** defines criteria to be implemented when nominating candidates. In addition, on page 216 of the Annual Report, we list the individual skills and competencies of the members of the Supervisory Board in a qualification and competency matrix, which also includes the implementation of the diversity concept. The diversity concept and its current application can be found on pages 211 ff. in the Annual Report 2023.

DIVERSITY IN THE SUPERVISORY BOARD

	2023	2022	2021
Nationalities	3	3	3
Number of women	4	5	5
Average age	61.6	60.7	60.7
Average term of office in years	5.8	5.3	6.0

DIVERSITY IN THE GROUP MANAGEMENT BOARD

	2023	2022	2021
Nationalities	2	3	5
Number of women	1	2	1
Average age	51.6	53.2	57.1
Average term of office in years	0.6	5.2	7.9

In addition, the Fresenius Group has developed diversity goals for the first and second management levels below the Group Management Board at the segment Corporate / Other in accordance with legal requirements: by 2025, the proportion of women there should be over 30%. In 2023, the proportion of women at the first management level was 30.0%, at the second management level 24.1%.

To further determine the proportion of women in management positions in the Fresenius Group, we evaluate the participants in the Group-wide variable compensation program (Long-Term Incentive Plan 2023 – LTIP). The LTIP is primarily aimed at management positions no more than two levels below the Executive Board.

SHARE OF WOMEN IN MANAGEMENT POSITIONS

	2023	2022
Managers	501	522
Share of women in management positions, in %	27	28

EMPLOYEES WITH DISABILITIES

The Fresenius Group also employs people with impairments, some of which are severe disabilities – such as people in wheelchairs or with mental disabilities, as well as those who survived cancer or, e.g., live with diabetes, rheumatism, or depression. Fresenius is committed to the **inclusion** of these people. We want to enable our employees to apply their knowledge and skills as fully as possible. In doing so, the respective local legal requirements must be implemented. As these differ significantly in some cases, management is decentralized and local.

In Germany, elections for representatives of the severely disabled are held every four years at Fresenius facilities where at least five severely disabled persons are employed on a more than temporary basis. All members of the company can stand for election to this office. We also have corresponding committees in our clinics in Spain.

Helios Germany concluded an overall inclusion agreement with the division's representative body for persons with severe disabilities. It strengthens the participation of (severely) disabled people and employees at risk of disability and promotes equal opportunities. Furthermore, it aims to prevent employees with (severe) disabilities from being discriminated against or socially excluded. In addition, two online training courses on the topics of severe disability law and the Corporate Inclusivity Agreement are available to senior executives of Fresenius Helios in Germany and Fresenius Vamed via the training catalog of the management academy. In 2023, around of 1,200 people completed one of these training courses.

[1] Excluding employees from Fresenius Kabi and Fresenius Vamed outside of Germany as well as few international administrative offices.

Helios Spain has dedicated recruiting, training, and inclusion protocols for disabled people. The segment thus complies with the legal requirement in Spain to employ at least 2% of people with disabilities relative to the total workforce. Exceptions are possible and must be explained by the companies concerned before being accepted by the competent authority. In addition, Helios Spain has signed an agreement from the representative foundation Fundación DKV Integralia to promote diversity in the division.

EMPLOYEES WITH DISABILITIES

	2023	2022	2021
Germany	**4,668**	4,614	5,051
Share of employees, in %	**5.1**	5.0	5.1
Europe without Germany[1]	**749**	600	480
Share of employees, in %	**1.5**	1.2	1.2
Total Europe	**5,417**	5,214	5,531
Share of employees, in %	**3.8**	3.7	4.0

[1] Until 2021, hospitals of Helios Spain; without Fresenius Kabi.

DIVERSITY LIVED IN THE WORKING ENVIRONMENT

At Fresenius, the international and interdisciplinary work environment leads to intercultural teams coming together to drive improvements in patient care, optimize internal processes, and convince potential applicants of our corporate culture. An international and intercultural composition of teams – especially in our corporate functions – can facilitate cooperation. In many central functions, for example, there are employees who are responsible for different regions and are expected to provide the best possible support across different segments internationally.

In order to sustainably promote tolerance and appreciation within these teams in the long term, it is not only necessary to have a corresponding culture that is exemplified by the management bodies; employees are also taught through training and continuing education programs. For example, in 2023, Fresenius Vamed implemented a course on intercultural cooperation at the Austrian sites as part of the leadership program and conducted DEI training on generation management in some areas. In addition, an online training course on anti-discrimination has been available in the business segment since November 2023. The employees of Helios Germany were also able to take advantage of an online learning program on diversity in 2023.

Our aim is to increase employees' awareness of diversity and equal opportunities. Showing appreciation for all people and offering equal opportunities is at the core of diversity and inclusion. However, current research shows that we make our decisions largely unconsciously. This can be helpful in some situations. But it is also possible that we overlook or misjudge something as a result. This is because people are influenced by cognitive bias, known as unconscious bias, when making decisions. This can lead to person-related decisions – such as performance appraisals – being disadvantageous for individual employees. To raise awareness of this, we offer online training on the topic of unconscious bias for employees and especially for managers in the Corporate/Other segment. Unconscious bias training was also carried out in individual areas of Fresenius Vamed. This gives our employees the opportunity to learn how to question decisions and recognize unconscious thought patterns, stereotypes, and prejudices.

EMPLOYEE NETWORKS

Within the Fresenius Group, various employee groups have been formed, such es employee impact groups or employee resource groups (ERGs) in the North America region. The Women's Initiative is committed to networking, mentoring, and supporting of women. The initiative was established in 2022, initially with a focus on Europe, and now has members worldwide, e. g., in Australia, Taiwan, and the United States. These networks are central for the DEI strategy and support the Group's aspiration to develop a work environment in which diversity and appreciation go hand in hand. This aim is also reflected in the Diversity Charter.

At Fresenius Kabi in the United States, there are currently five Employee Impact Groups (EIGs): Voices of African Descent, Women's Voice, Pride, Alliance of Asians and Pacific Islanders, and iHOLA! (Hispanic/Latin employees). Detailed information can be found on the Fresenius Kabi website.

In 2023, the segment Corporate/Other, Fresenius Digital Technology, and Fresenius Kabi again conducted a joint learning program on Leadership for Women – Boost your Self-Positioning. The 114 female participants were able to strengthen their self-positioning using various topic modules and network across divisions by means of peer group coaching.

COMPLIANCE AND INTEGRITY

Responsible and lawful behavior is embedded in our ethical principles and guidelines. It forms the basis of all activities at Fresenius. For our employees, this is the foundation of their daily activities. For our business partners and suppliers, it is the standard Fresenius sets for cooperation.

In the following sections, we report on how we anchor this in our day-to-day business:

- Compliance
- Data protection
- Human rights

Further information on changes in the reporting of material topics can be found on page 109 in the Strategy and management chapter.

COMPLIANCE

For Fresenius, compliance means doing the right thing. Our ethical values are based on more than just regulatory requirements. This means that we not only act in accordance with the law, but also according to applicable sector codices, our internal guidelines and values, and using internal controls to ensure that we adhere to the requirements. For our employees, this is the foundation of all our activities. In this way, we want to help ensure that everyone can rely on us as a partner of trust and integrity. Compliance should also ensure what is most important to us: the well-being of the patients we care for.

COMPLIANCE GOALS

	Timeframe	Status 2023	Further information
Reorganization of the existing Compliance organization with a functional reporting line	Internal timeline set	In progress	Pages 170 f.
Group-wide Human Rights organization with functional reporting	2023	Implemented	Pages 180 f.

Our risk-oriented compliance management system is aligned with the activity of our business segments. Our key ambition is to prevent corruption and bribery in our business environment. Beyond that, prohibiting violations of antitrust law, data protection regulations, trade restrictions, and anti-money-laundering laws, preventing the financing of terrorism, and protecting human rights are also key areas, which we address with dedicated compliance measures.

In addition, we aim to ensure that we can comply with all applicable sanctions and requirements for export controls, even in the event of short-term changes in legislation, such as those experienced in 2023. We have no evidence that Fresenius has not complied with applicable sanctions and export control requirements.

Key performance indicators (KPIs) and goals are being defined as part of our ongoing compliance monitoring process. Reporting is planned from the 2024 reporting year.

OUR GOALS AND AMBITIONS

Our aspiration is to integrate our comprehensive understanding of compliance into our daily business. The aim is to prevent violations, continuously improve our compliance management system, and to further evolve a living compliance culture, especially among our employees and the stakeholders we interact with. Exchange on best practices between our business segments plays a key role here. The business segments develop operational goals and measures on an annual basis to continuously strengthen the compliance management system.

OUR APPROACH

Integrity, responsibility, and reliability form the core of our understanding of compliance.

As stated in our Fresenius Code of Conduct, we are fully committed to adhering to statutory regulations, internal guidelines, and voluntary commitments, as well as acting in accordance with ethical standards. Violations are not to be tolerated. If a violation is detected, we perform an investigation, initiate the necessary remediation measures, and impose sanctions if applicable. In addition, incidents prompt us to sharpen our compliance programs and prevention mechanisms.

We set up a dedicated risk-oriented **compliance management system**. It is based on three pillars: prevention, detection, and response. Our compliance measures are primarily aimed at using preventive measures to avoid compliance violations.

At the first and second management level below the Group Management Board, as well as below the management of the business segments, responsible compliance officers can also be evaluated according to defined compliance targets. Targets are components of the individual variable remuneration. The performance discussions of employees in the area of compliance are also based on compliance criteria, among other things.

Organization and responsibilities

Responsibility for compliance within the Fresenius Group lies with the Group Management Board and has been assigned to the Board member responsible for Legal, Compliance, Risk Management, ESG, Human Resources and the business segment Fresenius Vamed (subsequently ESG Board member). The **Group Chief Compliance Officer** of the Fresenius Group has a direct reporting line to this Member of the Group Management Board.

Within the executive boards of the business segments or their management, the responsibility for compliance is regulated by business allocation plans. The business segments also established their own compliance organizations, which reflect the requirements of the business organization, regulatory requirements, and the associated internal controls. The Group function Risk & Integrity advises the corporate functions, sets minimum standards for the compliance management system Group-wide, and manages the Group-wide compliance reporting.

Risk Steering Committee

The Risk Steering Committee (RSC) – under the management of the ESG Board member – discusses internal and external developments regarding the risk management and internal control system as an advisory body. This includes, for example, developments relevant for the compliance management system. In addition, the RSC advises on significant risks and prepares decision proposals for the Group Management Board. The meetings of the RSC are scheduled regularly, at least once per quarter. The members of the RSC are managers with functional responsibility within Group functions and representatives of the business segments.

In addition to the updates in the RSC, the Group Chief Compliance Officer of Fresenius SE & Co. KGaA regularly provides the Group Management Board with comprehensive information on all Group-wide compliance initiatives and policies. The Supervisory Boards of Fresenius SE & Co. KGaA and Fresenius Management SE (FMSE) are informed about the progress of the compliance measures at least once a year, most recently in December 2023.

Functional reporting lines in the compliance organization

Since the beginning of 2023, all compliance representatives of the business segments have reported functionally to the Group Chief Compliance Officer of Fresenius SE & Co. KGaA. In 2023, we started to implement corresponding functional reporting lines in the business segments. Once the restructuring has been completed, all compliance officers will report to the respective Heads of Compliance of the business segments. The Group Chief Compliance Officer, the Chief Compliance Officers, or Heads of Compliance of each business segment and the Head of Group Reporting and Monitoring form the Group Compliance Management Team (GCMT). This management team meets on a monthly basis and sets the governance standards for compliance at Fresenius and supports the effective implementation of the compliance management system. The GCMT regularly examines the results of the compliance risk analysis, the compliance figures, the further development of the compliance management system and the results of monitoring measures.

The management teams of the business segments receive regular reports on compliance from their Chief Compliance Officers or Heads of Compliance.

Reporting paths

If Fresenius employees suspect misconduct, e. g., violations of laws, regulations, or internal guidelines, they can report the potential compliance incident to their supervisors or the responsible compliance officers. In addition, employees and third parties can report potential compliance incidents anonymously, where legally permitted, e. g., by telephone in more than 30 languages or online via whistleblower systems available in up to 8 languages and email addresses set up specifically for this purpose.

Incoming reports are treated confidentially as described in the respective guidelines to protect persons reporting. We take all potential compliance violations seriously. An initial assessment focuses on the plausibility and possible severity level of the potential violation. For this purpose, ombudsperson panels are also set up at Group level as well as in the business segments. The compliance departments or, depending on the severity of the cases, the ombudspanels, carry out preliminary assessments of reports received and initiate risk-appropriate investigations on a case-by-case basis. The severity of the compliance violation determines who is responsible for further investigation. If necessary, a dedicated team takes over the investigation, which may include internal experts, but can also comprise external support. Measures are implemented in a timely manner by the responsible management in close cooperation with the compliance officers. Depending on the type and severity of the misconduct, disciplinary sanctions or remedies under civil or criminal law may be imposed. After completion of the investigation, we use the results of internal reviews and reports to review our business processes. We implement corrective or improvement measures where necessary to prevent similar misconduct in the future.

Compliance cases are evaluated based on **the Group-wide policies** as well as on those of the business segments, which comply with the Group-wide policies. The Group Chief Compliance Officer informs the responsible board member immediately about compliance cases, which could lead to a potential high impact, based on an internal assessment. The Group Management Board also receives an annual overview of reported cases by category and business segment from the Group Chief Compliance Officer of Fresenius SE & Co. KGaA and is informed in detail about the investigations relevant to the Group.

In 2023, a total of 806 **compliance reports** (2022: 375) were received via the incident databases at Fresenius SE & Co. KGaA, and the business segments. They were recorded via various reporting paths.

We received the most complaints in the area of misuse of corporate assets and HR/Workplace, topics, which are part of this non-financial Group report. The increase in reports is, among others, due to the introduction of automated fraud prevention systems, and internal communication campaigns, which have proven to be efficient. Further information is provided on pages 165 f. in the Diversity chapter.

262 of the total reports received were not classified as relevant compliance reports following a detailed assessment by our responsible compliance teams. Such reports mainly concerned the areas of HR and patient satisfaction and were further processed by the relevant departments.

COMPLIANCE REPORTS

	2023	2022
Business Integrity	51	88
Data Protection	25	26
HR/Workplace	274	155
Misuse of company assets	225	35
Accounting/Reporting	3	8
Environment/Health/Safety	34	23
Human Rights	47	n.a.[1]
Other	147	40
Total	**806**	**375**

[1] This category was not reported as separate category in 2022.

Guidelines and regulations

The Fresenius Code of Conduct forms the framework for all rules applicable in the Fresenius Group. The Code of Conduct lays out the principles of conduct for all employees, including managers at all levels and members of the Group Management Board. The Code is aligned with recognized international regulations and was adopted by the Group Management Board. In addition, the business segments implemented their own Codes of Conduct, which are adapted to the individual characteristics of each business segment. The applicable Code of Conduct is part of the employment contracts and is available to all employees. Guidelines, organizational directives, and process descriptions supplement and further define the rules of the Codes of Conduct.

The design and implementation of our compliance management system is based on international regulations and guidelines, such as the ISO standards on the setup of compliance management systems and applicable audit standards of the Institute of Public Auditors in Germany, Incorporated Association IDW (PS 980). When implementing measures, we take into account the respective national or international legal frameworks. In addition, a law firm reviewed the design of the Corporate/Other's segments compliance management system and concluded that it is organizationally effectively anchored and programmatically appropriately designed.

In the reporting year 2023, a new guideline for handling compliance incidents has been applied in the Group. Standard operating procedures (SOPs) define the related documentation for the case management, such as templates for investigation plans and investigation reports. Furthermore, they are revised on an ad-hoc basis to take into account the requirements of recent legislation updates and to further improve the quality and consistency of case management work across the globe.

In addition, we revised the Fresenius Code of Conduct for Business Partners and incorporated human rights aspects and requirements from the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG).

Risk management

By using standardized methods, we regularly record, analyze, and evaluate compliance risks in the business segments and at Fresenius SE & Co. KGaA. As part of integrated risk reporting, defined core compliance risk subgroups are regularly reported and assessed, including, for example, bribery, corruption, and antitrust law. The compliance representatives exchange information on key findings from the respective risk assessments, which may result in additional compliance risk subgroups to reflect new risk areas or risk clusters.

The internal control system is an important part of Fresenius' risk management. In addition to internal controls regarding the financial reporting, it includes control objectives for further critical processes, such as quality management and patient safety, cybersecurity and data protection, and sustainability. Fresenius documented relevant critical control objectives in a Group-wide framework, integrating the various management systems into the internal control system in a holistic manner.

We adapted our Group-wide integrated risk management tool as well as our risk methodology to implement applicable regulatory requirements and to further improve the reporting quality of risks. Risk entries are validated by subject matter experts, i. e., the Compliance function, in order to ensure the consistency and quality of these entries. Risk mitigation plans will be tracked and monitored to ensure a steady mitigation effect.

Due to the constantly changing external and internal requirements and environment, our risk management and internal control system is being continuously developed. 27 out of 153 **control objectives** are currently related to compliance processes, in particular in the areas anti-corruption, trade compliance, anti-money-laundering, and anti-trust/competition compliance. In 2023, the internal control system was further expanded by the business segments, including structured training and communication measures.

In the reporting year, there were no incidents from the topics explained below that could have materially affected the reputation or financial position.

Audits and inspections

The Internal Audit departments conduct independent and risk-based audits to improve the effectiveness of compliance and anti-corruption. If weaknesses are identified, Internal Audit monitors the implementation of remediation actions taken by the respective management. In 2023, 11 internal audits with audit reference corruption were conducted at operating sites of the business segments. The audit engagement results were analyzed by the compliance organizations and incorporated into the continuous improvement of existing measures. Structural changes to the processes related to the compliance organizations were not required.

Dealing with stakeholders

Our Code of Conduct and the related guidelines for Fresenius Group employees also regulate our relations with business partners and suppliers. We expect them to comply with applicable laws and standards, as well as ethical standards of conduct, in daily business and specified this in our Fresenius Code of Conduct for Business Partners. Among other topics, the Codes explicitly prohibit corruption and bribery and oblige our partners to comply with relevant and applicable national and international anti-corruption laws. Business segments with significant exposure to interaction with healthcare professionals have specific rules for these interactions, as explained in the Transparency in the healthcare sector section on page 111 in the Strategy and management chapter. We inform our business partners about these requirements before entering a business relationship and perform a risk-based business partner due diligence. The Codes of Conduct of the Fresenius Group are publicly accessible. An overview of the most relevant stakeholder groups is provided on pages 110 f. in the Strategy and management chapter.

Fresenius' **government relations activity** is managed by a dedicated Political Affairs department. Our representative office in Berlin and an EU Relations Office in Brussels are available as contact points for politicians and the representatives. The primary task of the department is to advise policy makers on policy initiatives that require expertise in medicine and the healthcare industry. Any political activity by Fresenius' employees and representatives is governed by our Code of Conduct, as well as by the applicable legal standards regarding our relations with external partners and the public. Information on lobbying expenditures is published as required by law in the business segments and countries concerned.

Business partner and investment due diligence

All business segments and Fresenius SE & Co. KGaA conduct risk-based due diligence on business partners before entering into a business relationship. This also includes human rights aspects, as detailed on pages 181 f. The business partners to be screened are selected on a risk-based basis according to defined criteria. A risk profile of the partner is drawn up and targeted measures are initiated: accordingly, the compliance contract clauses are based on the partner's risk profile to prevent corrupt actions. We also reserve the right to terminate the contract in the event of misconduct. In 2023, we conducted various audits of business partners, of which 939 alone related to human rights risks. Further information can be found in the Human rights section on pages 181 f.

All business segments and Fresenius SE & Co. KGaA perform regular checks of all business partners against the applicable sanctioned party lists.

Whenever we decide on potential acquisitions and investments, we take compliance risks into account in due diligence measures, among other things via the Acquisition and Investment Council (AIC), which reviews planned acquisitions and investments in a defined process for the business segments and Fresenius SE & Co. KGaA. Every acquisition and investment proposal submitted to the Group Management Board must first be discussed, reviewed, and evaluated by the AIC. If necessary, we initiate safeguarding measures and include, for example, compliance declarations and guarantees in the contracts. Following an acquisition, we integrate the new company into our compliance management system as quickly as possible.

Dealing with conflicts of interest

We want to avoid potential conflicts of interest and assure patients of appropriate treatment options. In this context, integrity also means that our employees clearly separate private interest from that of the company. They make decisions for Fresenius based on objective criteria. Our employees are obliged to make potential conflicts of interest transparent to their supervisors as soon as they have identified the conflict and before the business action is taken. The affected employee and his or her supervisor have to discuss the exact circumstances. The supervisor will derive a risk analysis from these circumstances and initiate the appropriate measures.

Fresenius supports its employees in dealing responsibly with conflicts of interest by defining clear requirements and providing guidance, as well as answers to the most frequent questions, on the intranet. Training and regular updates of information complement the activities at the Group level and within the business segments. Our Compliance departments are also available as a contact partner for all related questions.

Our Guidelines for Dealing with Business Partners and Customers regulate the handling of donations. They state that Fresenius donates for scientific or charitable purposes and without expecting any consideration, on a voluntary basis only. Donations and other contributions to political organizations are provided in accordance with applicable legislation. Fresenius Helios prohibits unilateral monetary allocations and sponsorships from industry.

Financial transactions

Controls for cash transactions and banking transactions are part of our Internal Controls Framework and will be regularly tested and adjusted, if required. For more information, please refer to the Opportunities and Risk Report starting on page 87.

Money laundering

Fresenius has established appropriate measures to address money laundering risks. These measures include internal controls, such as the prohibition of certain cash payments, as well as risk analysis and review processes for relevant transactions. We report suspicious transactions to the authorities. The controls implemented are embedded in policies and appropriate training is provided.

Trade restrictions

To provide people worldwide with access to lifesaving medicine and medical equipment, Fresenius also supplies products to countries that are subject to trade restrictions. However, appropriate sanction mechanisms typically provide exemptions for such deliveries, and Fresenius expects that the scope of such exemptions will remain unchanged. It is particularly important to us to comply with all currently applicable legal provisions, e. g., with regard to sanctions or export controls. To this end, we introduced various measures, such as special IT system checks for deliveries that are subject to import or export restrictions. In our responsible central Group function and in our business segments, we have dedicated experts for trade compliance and a trade compliance program in place.

In order to be able to react appropriately to the rapidly changing sanctions situation, the Group Management Board implemented additional **monitoring and approval processes** to ensure that trade compliance approvals and the review of all involved business partners are mandatory for each delivery into a country subject to such sanction program. In addition, automated IT-based checks for each transaction at Fresenius Kabi are an integral part of the trade compliance program.

Training

Compliance training is a high priority for Fresenius. Our employees are offered training on compliance issues via various formats – such as in-house training, live webinars, and on-demand video training – covering basic topics such as our Code of Conduct and corporate guidelines. Depending on the employee group, more specific topics such as anti-corruption, antitrust law, anti-money-laundering, data protection, and information security are also included – especially for particularly high-risk areas.

Participation in essential basic training, such as on the Code of Conduct, is mandatory. Mandatory e-learnings will be distributed to all employees of the defined target group. Employees are prompted and reminded to participate in mandatory training courses. To promote a risk-conscious and value-oriented corporate culture, we train executives using a dialog-based approach.

To support the development of the Fresenius compliance program, **focus training topics** were set in 2023: the Group function Risk & Integrity developed and provided various training materials regarding the Code of Conduct, fraud, human rights, and internal control systems for all business segments.

In the reporting year 2023, the Group function Risk & Integrity rolled out three training modules on the topics of Business Integrity, Financial Compliance, and Finance Integrity across the Group for the first time.

Furthermore, all new employees of Fresenius SE & Co. KGaA who started work by December 1, 2023, have been assigned to mandatory training on the Code of Conduct.

Training is a key component of our compliance culture that is continuously developed further and is designed and implemented in a practical manner.

Tax compliance

As a global healthcare Group, we implement projects in more than 60 countries, distribute healthcare products and provide services to hospitals and healthcare facilities. Due to our business activities, we are subject to various local tax obligations.

In the countries in which we operate, we not only support the development of healthcare systems, but also create jobs that contribute to local tax revenue. This enables us to make a significant contribution to preserving the macroeconomic stability of national economies. At the same time, we want our business activities and the contributions we make to be accompanied by compensation for the demands on resources, infrastructure, services, labor, and administration.

Our approach

The basis for paying taxes are the business activities of Fresenius SE & Co. KGaA or one of our subsidiaries in a country. When choosing a location, other aspects such as the availability of qualified personnel, or political, economic, legal, and regulatory framework conditions play a role in addition to strategic business issues. In the course of an overall assessment, the possibility of minimizing currency risks as well as tax considerations can also influence the choice of location.

Adhering to all globally applicable tax obligations is the central principle of our understanding of compliance. This applies firstly to the Group's income taxes, which must be regularly explained as part of IFRS (International Financial

Reporting Standards- IFRS) financial reporting, and secondly to sales and wage taxes, which we pay in the various countries. Our goal is to fulfill all tax obligations seamlessly and punctually, and to always work within the legal framework. We refrain from implementing tax structures without business purpose or commercial reason.

Organization and responsibilities
The chief responsibility for the tax affairs of Fresenius lies with the Group Management Board. The functional responsibility for tax affairs is delegated by the Chief Financial Officer (CFO) to the management of the Corporate Tax department of Fresenius SE & Co. KGaA.

The Corporate Tax department is generally responsible for the tax affairs of Fresenius SE & Co. KGaA. In addition, it provides various services for the individual business segments and advises decision-makers in the departments at Group and subsidiary level on the fulfillment of their tax obligations. The department also actively proposes ways in which corporate structures and business transactions and processes can be implemented. This approach is intended to minimize risks and promote corporate objectives through forward-looking tax planning.

At the level of the business segments and their subsidiaries, the respective division or local CFOs are generally responsible for tax affairs. These are supported either by the local tax departments, external advisers, or the Corporate Tax department.

Information on ways to report suspected acts of non-compliance can be found in the Reporting paths section on page 170 onwards. We have published our Group Tax Policy on our website.

Tax transparency
Fresenius does not specifically settle in certain countries in order merely to generate tax benefits or create tax structures: the focus is always on the business activities of our companies. A few subsidiaries are located in countries known as tax havens. The Fresenius Group took over the majority of these companies as a result of acquisitions. The maintenance of these structures is always examined and evaluated in detail in the course of acquisitions.

Relations with tax authorities
The Fresenius Group maintains a cooperative, honest, and respectful relationship with the tax authorities and other public institutions. To achieve this, regional and cultural differences in the respective countries are always taken into account.

Control system
The Fresenius Group has internal control systems in place in order to meet its tax compliance objectives. Globally, these are subject to the requirements of our Group-wide Fresenius Code of Conduct and Group Internal Controls Framework. Based on this, the respective organizations have their own standards. In this way, we ensure that the Fresenius Group complies with the tax and reporting requirements in all legal systems in which it operates. At the same time, the tax processes are also subject to review by external auditors.

Risk management
In all business segments and at Group level, we implemented risk-management systems that also cover tax risks. These are constantly identified, systematically recorded and assessed, taking into account the probability of occurrence and the possible financial risk. The risks identified through this process are reported in the external financial reporting. Emphasis is placed on preventing any acts of non-compliance regarding taxes before they occur.

The Group Management Board is responsible for the Group's risk management system. Further details on the risk management system can be found in the Opportunities and Risk Report on page 87 onwards.

Transfer pricing
We aim to make our business operations as efficient as possible. We therefore bundle requirements, map central business structures where it makes strategic sense, and produce locally wherever possible to ensure that patients receive the care they need quickly. This global distribution of business activities also leads to transactions between the individual companies of the Fresenius Group worldwide. The pricing of these intercompany transactions is based on the internationally recognized arm's length principle and is in line with the OECD transfer pricing guidelines (Organization for Economic Cooperation and Development – OECD)

and the respective local transfer pricing rules. This ensures that profits are generated and taxed where value is created. In addition, we undertake to comply with the relevant transfer pricing documentation requirements in the countries in which the Fresenius Group units operate. We follow a three-tiered coordinated approach consisting of:

- master file (master documentation)
- local (country) file (country-specific, company-related documentation)
- Country-by-Country Report (country-specific report)

Cooperation with initiatives

We support initiatives such as the initiatives of the OECD regarding Base Erosion and Profit Shifting (BEPS) and Co-operative Compliance. Co-operative Compliance is an initiative to promote better tax compliance, whereby tax authorities and taxpayers benefit equally from more transparency.

DATA PROTECTION

Networked data and globalized corporate activities open up decisive opportunities for high-quality and future-proof patient care. At the same time, the highly digitalized work within the Fresenius Group requires particularly careful handling of personal data, especially sensitive medical data.

A Group-wide, holistic, and robust data protection concept is therefore of the utmost importance for the comprehensive protection of personal data. It is our task to ensure a secure IT infrastructure, clearly regulated data processing procedures, and comprehensive awareness of all employees in all organizations.

OUR GOALS AND AMBITIONS

It is our ambition to raise our employees' awareness of data-protection-compliant handling of personal data as much as possible through our data protection activities. They should be enabled to avoid data protection violations through extensive knowledge and careful handling of personal data and be able to identify any data protection violations immediately in order to take the necessary measures without delay. We report on data protection incidents on pages 170 f.

We are also supported in this by internal guidelines and documented processes, such as responding to requests from data subjects in a timely manner, reporting data breaches to the relevant authority within the specified timeframe, and providing appropriate documentation.

OUR APPROACH

As a healthcare provider, we bear responsibility in a sensitive environment on which the lives and health of many people depend. Accordingly, we know how to reconcile high quality standards with economical, efficient IT-supported processes in our regulated markets. In doing so, we are always aware of the sensitivity and increasing need for protection of the data and information we process.

The Fresenius Group and its operating entities process, e. g., personal and other data of

- our patients,
- our employees,
- customers,
- suppliers, and other business partners.

We are committed to respecting and protecting the rights and freedoms of all data subjects and personal data is processed only for purposes specified in each case, in accordance with legal requirements. We also require third parties with whom data is shared for specified purposes, e. g., for service provisioning, to comply with applicable data protection requirements. This is also verified by external audits, as explained on pages 106 f. in the Strategy and management chapter. Data protection is core to our operating business and embedded in our Fresenius Group Code of Conduct. To meet new requirements or to accommodate new technologies, we are constantly developing our data protection management systems and the accompanying data protection measures.

Organization and responsibilities

Within the Group Management Board the ESG Board member assumes responsibility for data protection. The Data Protection Officer[1] of Fresenius SE & Co. KGaA reports directly to this person.

The Management and Management Boards of the business segments are responsible for the implementation of data-protection-related governance systems in their business segment. The business segments have defined responsibility for data protection, e.g., via a business allocation plan.

In addition, data protection is a regular topic for the **Risk Steering Committee**, which includes the ESG Board member, among other members. The Data Protection Officers of the business segments act independently regarding the exercising of their tasks and report to their respective Management. Further information on the Risk Steering Committee can be found in the Compliance section starting on page 170.

Fresenius SE & Co. KGaA and all business segments maintain data protection organizations in line with their organizational and business structure, including the aforementioned independent Data Protection Officers. The data protection organizations support the management and specialist departments of the assigned companies in operational data protection issues and in complying with and adhering to the applicable data protection requirements in the respective countries. The respective Data Protection Officers are responsible for monitoring compliance with these requirements. They are the contact persons for national and international supervisory authorities and are supported internally by other specialists. Depending on the business segment, the data protection advisors and specialists are organized centrally, regionally, and/or locally. The data protection advisors have the task of advising the Business Process Owners (BPOs) and other employees on the Group in data protection matters and coordinating data protection activities. A BPO is a natural person in the company who is responsible for processes in which, among other things, data processing takes place.

Responsibility for operating data protection tasks lies with the respective expert functions, supported by processes of the data protection management system. In certain topics, our compliance management system provides additional support, e.g., risk analysis.

Regular alignment meetings of experts, not only from data protection, but also from other departments such as IT, in dedicated **committees** ensure that IT security, information security, and data protection topics are discussed. Based on the outcomes of these meetings, measures may be derived, or strategic decisions formulated and proposed to the respective management.

In addition, the data protection experts regularly exchange information on best practices and initiatives, including at Group Coordination Meetings and conferences, jours fixes, and in other formats.

Reporting systems

External parties and all employees of the Fresenius Group may raise concerns regarding data protection via the existing reporting systems or dedicated email addresses. We investigate and evaluate all reported indications of potential infringements as quickly as possible and, where necessary, question and adjust our corporate processes. When required, we report privacy breaches to the relevant authorities and inform those affected without undue delay and in accordance with legal requirements. The data protection organizations conduct their own investigations and document possible violations.

In 2023, no data breach was reported via the reporting channels that had a direct impact on the financial position or reputation of the company. A total of 25 reports were submitted in the reporting year, as explained on pages 170 f. in the Compliance section.

Audits and risk assessments took place at segment or local level, as described below. Findings of these audits are remediated on the respective level, if necessary. For further information on opportunities and risks, please refer to the Opportunities and Risk Report on page 87 onwards.

The Data Protection Officers prepare reports on the number, type, and processing status of data protection incidents and data subject inquiries, which are communicated in accordance with the organizational structure explained.

In the event of data protection breaches, additional protective measures or the adaptation of contractual clauses may be necessary to improve the protection of rights and freedoms, depending on the degree of severity identified.

[1] The term Data Protection Officer is used in the following chapter as a synonym for the various functions and designations for those responsible for data protection.

Guidelines and regulations

The realization of data protection is a joint task of all employees of the Fresenius Group. At the core of this is the joint commitment of all business segments and Fresenius SE & Co. KGaA to data protection, as specified in their Codes of Conduct. In the Fresenius Code of Conduct, we clearly commit ourselves to the careful handling of data and the right to informational self-determination. The privacy statements are publicly available, for example on the website of Fresenius SE & Co. KGaA.

We have also implemented mandatory internal policies for data protection and the handling of personal data, known as Binding Corporate Rules (BCR). In the reporting year, we rolled out the BCR as a new data protection guideline at the Corporate/Other segment and Fresenius Kabi. The BCR are complemented by further standard operating procedures and working instructions guidelines. These support the employees in implementing the BCR in their areas of responsibility.

To ensure compliance with data protection regulations, several functions in the Group perform regular checks with different focuses in all business segments. Internal Audit departments carry out independent audits to improve the effectiveness of risk management, control, and governance processes in all business segments. Aspects of data protection are also taken into account on a risk basis. The data-protection-related results of performed audits are analyzed by the respective Data Protection Officers and are incorporated into the continuous improvement of existing measures. Furthermore, Data Protection Officers, among others, perform regular specific data protection audits. We are also subject to external controls and, if necessary, use third parties to carry out audits of business partners who implement data processing activities for us.

In addition, data protection controls and data protection risk assessments are an integral part of various internal control frameworks in the business segments. Findings on potential improvements from data privacy audits, risk assessments, and reviews are used to continuously develop our data protection processes.

Risk assessment

We regularly assess risks related to data protection, IT security, and information security using standardized methods. 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, as early as possible in the implementation or adaptation process. In this context, the data protection officers support those responsible in preparing a data protection impact assessment if required. Among other things, this enables us to implement the data protection requirements through the use of appropriate technical and organizational measures in processing person-related data and to minimize potential risks. Regular reviews are conducted to ensure that they are up to date, e.g., with regard to technical developments. Further, it is the responsibility of the respective process owner to provide notification of relevant planned changes in data processing activities in order to subsequently enable a new data protection review to be carried out if necessary. For more information on IT security, please refer to the Cybersecurity chapter starting on pages 142 ff.

The regular internal and external controls, analyses and audits by the responsible data protection advisors, data protection management systems or external audit functions are supplemented by the audit activities of the Group Internal Audit function. In this juncture data protection measures such as guidelines and their implementation are also considered in a risk-oriented manner. In 2023, eight audits with the audit reference data protection were carried out. The results of the audits are analyzed by the data protection organisations and incorporated into the continuous improvement of existing measures.

Training

We train employees on current requirements and threats in connection with data protection and data security, using an extensive range of e-learning courses, face-to-face training, and other training measures. Therein, we differentiate between specialist functions and responsibilities, the scope of training, and between voluntary and mandatory training. We supplement general training with training measures for specific employee groups. In this way, we ensure that employees entrusted with processing data are informed about the current legal situation and the corresponding internal requirements. In principle, basic training on data protection is mandatory for all employees.

We inform new employees about the appropriate handling of sensitive data and oblige them to maintain confidentiality. Newly hired employees also receive online mandatory instruction in data protection within a defined period. When and how often evidence has to be provided regarding the instruction of employees in data protection is also determined. Within our Group, this ranges between eight weeks for initial training courses to at least every two years for update training courses thereafter.

Data subject rights

All business segments and Fresenius SE & Co. KGaA are committed to safeguarding the rights of data subjects by adequately informing them and by having established processes and tools in place to ensure that requests are answered sufficiently and in a timely manner. Fresenius informs data subjects – whether employees or external parties – about the processing, e. g., collecting and storing, of their data via privacy notices. We inform employees via internal communication channels of any amendments to the data protection information that affect them.

Our technical and organizational measures, including the implementation of corresponding applications, serve to safeguard the rights of data subjects in accordance with the European Union's General Data Protection Regulation (EU-GDPR). We provide data subjects with information in a concise, transparent, intelligible, and easily accessible way for them to find out what personal data about them we process. The requests can be evaluated and responded to at corporate or segment level in our Group, or both, or in the local language.

With these solutions, we aim to support data subjects in exercising their rights to access, rectification, restriction, objection, portability, and deletion of their personal data in a timely manner. We comply with such data subject requests or rights in compliance with legal requirements.

International data transfer

As a globally operating company, we assign high priority to ensuring an appropriate level of data protection in all international data transfers as defined by the EU-GDPR and all other international legal requirements relating to international data transfer. These include our BCR, accompanied by mandatory internal company policy and guidelines. BCR ensure the participating companies establish a uniform level of data protection aligned with the standards of the EU-GDPR and contribute to the lawful processing of personal data internationally within the companies. The latest developments in the area of international data transfer are closely monitored and taken into account in risk assessments and when concluding contracts. The internally published templates are subsequently adapted. When data is processed in another country by third parties, the contractor is subjected to a careful review. We take measures, such as additional safeguards like pseudonymization, to ensure compliance with privacy regulations and maintain an appropriate data protection level. The data protection departments are involved in any negotiation relating to data protection contracts.

HUMAN RIGHTS

As a global healthcare company, Fresenius views respect for human rights as an integral part of our responsibility. Human rights areas of particular concern to the Group include, for example, working conditions at our own sites and in the supply chain.

OUR GOALS AND AMBITIONS

Fresenius is committed to respecting human rights. Our Group-wide ambition is to regularly analyze human rights impacts, prevent violations, minimize risks, and take necessary remedial action in the event of violations – in our supply chain and in our own companies, as well as in connection with our products and services.

OUR APPROACH

Medical care for patients and the well-being of our more than 190,000 employees are among the most important engagement areas of our human rights due diligence. Our commitment to human rights extends beyond our own company operations and core business. In line with our human rights due diligence program (Human Rights Program), we take human rights aspects into account when selecting and cooperating with our suppliers and business partners, too. We expect them, among other requirements, to respect human rights in their value chain as well. We specify and communicate these expectations in our Code of Conduct for Business Partners. Further details on our Human Rights Program can be found on pages 181 ff.

We are constantly working on increasing the transparency of our supply chains. The knowledge gained by doing so helps us to ensure secure supplies while addressing human rights risks in the procurement of important raw materials and supplies.

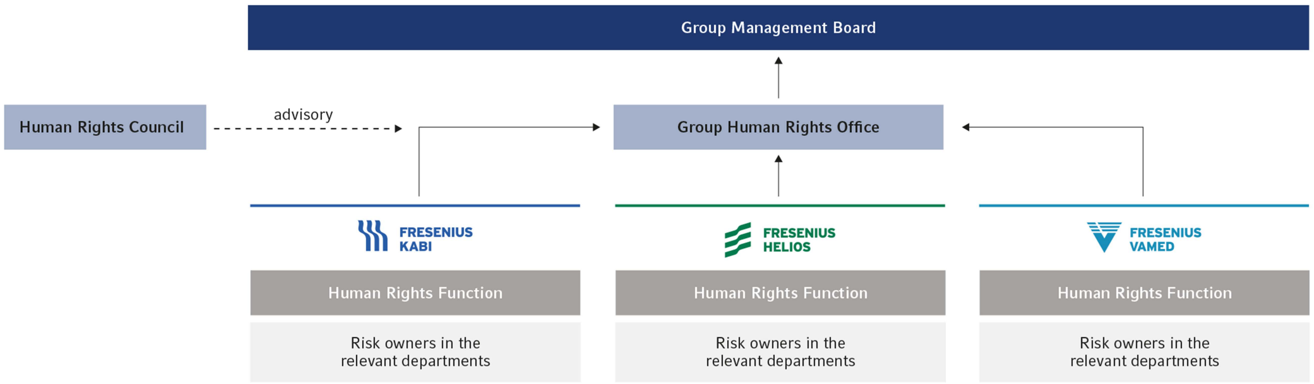
Organization and responsibilities

The Group Management Board oversees our Group-wide Human Rights Program. The Group function Risk & Integrity reports directly to the ESG Board member. Within this Group function, the **Group Human Rights Office** established in 2023 is responsible for the Group-wide human rights due diligence approach, such as the Human Rights Risk Assessment methodology. It supports the business segments in implementing requirements that serve to fullfil their human rights due diligence obligations.

Operational implementation is ensured through Group-wide governance and clear responsibilities within the business segments and at Group level:

- **Group Human Rights Office:**
  The Group Human Rights Office is responsible for the overall management of the Human Rights Program. It supports the business segments in the implementation and monitors the activities to implement their human rights due diligence obligations. The Group Human Rights Office consists of employees from the Risk & Integrity function of the Fresenius Group.

GROUP-WIDE HUMAN RIGHTS GOVERNANCE



- **Human Rights function in the business segments:**
  Each business segment has appointed a Human Rights function. This Human Rights function is responsible for the operational implementation of the Group-wide human rights strategy in its own business segment and in companies directly affected by the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG).
- **Risk owners:**
  We have defined risk owners for relevant specialist areas. As subject matter experts, the risk owners are responsible for appropriate risk management and the implementation of risk analyses in their area of responsibility – for example in Human Resources, Procurement, or Occupational Health and Safety.

The members of the Group Human Rights Office, besides the Human Rights functions, participate in the **Human Rights Council** with other persons from specialist departments of the business segments. It meets quarterly and is the advisory body to the Group Human Rights Office. The approximately 20 members of the Human Rights Council are active in various functions within the Group, including compliance, legal, sustainability, communication, and procurement, and thus cover the many perspectives of the topic. The participants discuss Group-wide initiatives and present new concepts and methods. The four meetings in the reporting year focused on the further implementation of the Human Rights Program, the development of support materials for carrying out risk analysis, measures in the business segments, and the presentation of a guidance document for dealing with human rights violations.

Reports on the **Human Rights Program** are submitted to the Group Management Board and other bodies at least once a year and on an ad hoc basis. In 2023, this included, e. g., the results of the risk analysis as well as reporting on the status of the implementation of the Human Rights Program.

For further information on possible risks relevant to human rights, please refer to the Opportunities and Risk Report on pages 87 ff., to the Group Non-financial Report on pages 169 ff. (Compliance section), or to the report submitted to the Federal Office for Economic Affairs and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle, BAFA) on the LkSG. The publication of the BAFA report is planned for the first half of 2024.

Guidelines and regulations

Our Human Rights Statement adopted by the Group Management Board is based on the United Nations Guiding Principles on Business and Human Rights (UNGP) and relevant internationally recognized human rights standards and frameworks, as set out in the Human Rights Statement.

It covers our fundamental principles on human rights as a commitment for the Fresenius Group. It includes, among other things, that we do not tolerate any use of force, threat of force, or other forms of coercion. We strictly prohibit the use, support, or toleration of exploitative, child, or forced labor. Discrimination must be prevented, equal opportunities promoted, and safe working conditions created. We position ourselves on various topics both with regard to Fresenius' employees and with regard to our suppliers.

A revised version of the Human Rights Statement was published in 2023 and reflects the requirements of the LkSG. We update it on the basis of the human rights focus topics that we identify, e. g. as part of the risk analysis. A revised Human Rights Declaration will be published in 2024.

Where applicable, topics such as the handling of conflict minerals, developing technologies, or ethical issues in research, development, and clinical studies are prepared and considered by the business segments or specialist areas concerned.

Before the EU Conflict Minerals Regulation came into force, we already addressed this relevant topic. We do not purchase conflict minerals directly. However, it cannot be completely ruled out that they have been processed in components and semifinished products that we purchase and further process or use in our products. In this case, the relevant Group and business segment Codes of Conduct for dealing with suppliers and other business partners apply. In the reporting year 2023, no violation of the applicable requirements was detected.

Our **Codes of Conduct for Business Partners and Suppliers** take into account the respective business models of the business segments. The Codes of Conduct are used in purchasing contracts and contracts with other business partners, e. g., distributors and sales representatives – as annexes or references. Explicit human rights and environmental clauses are also included in contracts on a risk basis.

Furthermore, in the reporting year 2023, a **Social & Labour Standards Policy** was adopted. This sets minimum social standards for the entire Group and specifies the content of our Code of Conduct. Further details can be found on page 147 in the Employees chapter.

Human Rights Program

Through our Human Rights Program, we establish preventive measures helping Fresenius to identify and address human rights risks in its business processes and include human rights risks in our Group-wide risk management. An important component of risk management, as explained on pages 89 f. in the Annual Report, are internal controls. Findings from the processes of the internal control system (ICS) will be incorporated into the regular review of our Human Rights Program for appropriateness and effectiveness.

Human rights risk management and assessment

The Fresenius Group has identified human rights areas and fields of action in all business segments that are particularly relevant to our value chains. In doing so, we consider various factors, including business models of the business segments, and current public debates and regulatory developments such as the LkSG. A Group-wide standard operating procedure (gSOP) defines a framework for human rights risk management. It describes the pillars of the Human Rights Program at Fresenius and contains explanations on responsibilities, the performance of risk analyses, the handling of human rights risks in our own business and the supply chain, the documentation of measures, and reporting.

Our Human Rights Risk Assessment methodology is integrated into our Group-wide risk management. We consider potential risks based on country-, industry- and business-segment-specific aspects. We assess them based on their potential impact and likelihood. This also takes into account what influence we as a company have on the probability of the risk occurring. Building on our assessment we define preventive and, if necessary, remedial measures. The responsible functions in the business segments are closely involved in carrying out risk analyses. In addition to the annual risk analysis, we also conduct event-related risk analyses.

In 2023, a total of 939 multi-step risk analyses were conducted on human rights risks within the Fresenius Group. Where necessary, we use the results to adjust processes.

We are continuously developing the processes of human rights risk assessment, e. g., by adapting it to regulatory requirements such as the LkSG or by optimizing internal department-specific processes. If we suspect human rights to be violated, we respond accordingly. In the reporting year, we established a Remediation Toolbox. This handout is intended to support our business segments in dealing with human rights violations.For more information on opportunities and risks, please refer to the Opportunities and Risk Report on page 87 onwards.

HUMAN RIGHTS RISK ASSESSMENTS CONDUCTED

	Number of human rights risk analyses	Number of prioritized human rights risks	Prioritized human rights risk areas
Own operations (including joint ventures where the company has management control)	81	7	Disregard for occupational health and safety and safety and work-related health hazards Disregard for freedom of association and the right to collective bargaining
Contractors and Tier-1 suppliers with a potentially high human rights risk	858	4	Disregard for freedom of association, and the right to collective bardgaining Environmental pollution

Complaint mechanisms and reporting channels

To make it as easy as possible for potentially affected people, we offer internal and external reporting systems. Employees of the Fresenius Group as well as external stakeholders – including those in the supply chain – can submit their information via existing reporting systems or use designated email addresses to draw attention to possible human rights and environmental violations, along with others.

In the reporting year, we received reports via the existing reporting channels, which we also examined for human rights aspects.

REPORTS RECEIVED

	2023
Human-rights-related reports received	47
Thereof substantiated	3

All information is processed by specially trained staff within a team of experts. Depending on the circumstances, it may be necessary for us to involve other specialist departments to clarify an incident. More information on our reporting channels and how we are dealing with potential compliance violations can be found in the Compliance section on page 170 onwards and in the Data protection section on page 177.

Human rights training

Human rights areas are addressed in different training sessions throughout the Fresenius Group. For example, mandatory training for employees on the respective Code of Conduct includes human rights aspects. Additionally, in 2023, 61 training sessions were held on the Human Rights Program, risk analysis, dealing with human rights violations, and human rights due diligence. In addition to the central contact persons for human rights activities in the business segments, these training sessions were also directed at other persons from specialist departments.

In addition, we developed a human rights training course in the reporting year 2023, which will be gradually rolled out globally from 2024.

Supplier evaluation

Transparency in our supply chains is important to us, for example, to identify and address human rights risks. Additional information on procurement activities can be found in the Group Management Report on page 50.

We expect our suppliers to comply with applicable laws as well as ethical standards of conduct in their day-to-day operations. We conduct risk-based business partner reviews before entering into new business relationships. If high risks are identified based on risk analysis results or the business partner due diligence, we contact the supplier and evaluate the situation in more detail using another questionnaire on a risk-based approach.

Based on the risk analyses results, we initiate preventive measures where necessary. Information on risk analysis and prioritized risks in the supply chain can be found on pages 181 f. in this section. If we become aware of a human rights violation in our supply chain, the goal is to take remedial action and avoid a future violation in our business operations.

In the Fresenius Group, we maintained business relationships with more than 58,000 suppliers in 2023. Currently we do not collect data on the proportion of spend with local suppliers at Group level.

ENVIRONMENT

As a healthcare Group, Fresenius feels a responsibility to protect the environment and use natural resources carefully, because only a healthy environment can be a home for healthy people. It is important to avoid possible negative effects on the environment and health. To this end, we identify and evaluate potential hazards and take the necessary measures to protect the environment. In our Group-wide materiality analysis, we identified the following topics for our internal environmental management strategy as particularly relevant to our core business:

- Water management
- Waste and recycling management
- Climate protection – energy and emissions

ENVIRONMENTAL MANAGEMENT

We aim to develop an integrated environmental approach for the Fresenius Group and foster a balanced view across all functions with regard to relevant environmental aspects. In its business operations, Fresenius is subject to numerous guidelines and regulatory requirements that must be applied and complied with at all times. We integrate national requirements into our internal guidelines, which are defined in ISO-based or ISO-oriented management systems.

We aim to analyze our impact on the material environmental aspects in both the manufacturing and services areas, as the risks of financial or reputational costs linked to environmental litigation are expected to increase. Also, reducing in-process material is essential for many industries affected by growing natural resource scarcity. Dedicated monitoring of natural resource consumption and waste-generating activities can lead to lower costs and, in some cases, new business opportunities. This is why we assess trends and adapt our activities if deemed essential to support the sustainable, long-term growth of our business.

The focus of the environmental management system in production is to improve environmental performance and prevent environmental incidents. Key opportunities arising from this include, e. g., reducing energy and water usage, as well as wastewater, waste, and emissions, in relation to production activities. We leverage these opportunities to optimize resource utilization and prevent overconsumption. Key figures are reported on pages 187 and 192 f. in this chapter.

The water withdrawal, energy consumption and related emissions reported in this section are subject to the following requirements, unless otherwise stated: New acquisitions are included in the reporting from the second year at the latest. Where divisional data is not available due to different reporting periods, it is extrapolated based on existing data. An adjustment will be made in the next report. Prior year figures have been reclassified to conform to the current year presentation. Due to rounding, numbers and percentages in this report may not add up to absolute figures. The figures for the Eugin Group of Fresenius Helios only include the Spanish sites in 2023 and 2022. The figures for Fresenius Vamed only include fully consolidated units that are operationally active, i.e. in the field of production or healthcare services.

OUR GOALS AND AMBITIONS

It is our ambition to further promote environmental action, awareness, and sensitivity throughout the entire organization. Our efforts are embedded in the environmental policies of business segments. At Group level, total Scope 1 and Scope 2 emissions are part of the long-term variable remuneration of the Management Board, as we explain starting on page 190 in this chapter.

ENVIRONMENTAL MANAGEMENT GOALS

	Timeframe	Status 2023	Further information
Implementation of an environmental management system according to ISO 14001 at all production sites.	Until 2026[1]	Coverage of production sites: 94%	Page 186

[1] Implementation will be concluded at all Fresenius Kabi production sites in 2026. The certification issuance from the individual certification companies may extend into the following year. Coverage applies to entities already certified or for which a certification is planned.

In order to continuously improve environmental performance, e.g., in waste, water, wastewater, and energy consumption, our ISO 14001 and 50001-certified organizations set themselves local targets in addition to Group-wide targets.

Fresenius Helios in Spain sets its own annual ambitions together with the segment functions involved. These are derived from the analysis of new regulatory requirements, the most important environmental aspects for the hospitals, the analysis of environmental risks, and the results of previous audits. The hospitals are informed of the ambitions and implement measures to achieve them; they also carry out quarterly inspections. In addition, Helios Spain's quality department checks compliance with the targets every six months. The results are reported annually to the management. In 2023, the focus was on the following six environmental aspects: consumption of electricity, natural gas, water, and paper, and recycling of cardboard and light packaging waste.

OUR APPROACH

As a healthcare Group, we have a special responsibility that requires all business segments to implement local, regional, or global management systems to take into account the respective business models and adapt processes accordingly. The common foundation of environmental management approaches in our business segments is the ISO 14001 standard. For further information on the energy management system according to ISO 50001, please refer to the Climate protection – energy and emissions section on page 191.

Organization and responsibilities

The Group Management Board member responsible for Legal, Compliance, Risk Management, ESG, Human Resources and the business segment Fresenius Vamed is responsible for steering strategic Group-wide targets, e.g., the Group-wide climate target. The Chief Executive Officers (CEOs) of the business segments are responsible for operational management. The management boards of the business segments define the management approaches and regulate responsibility for environmental topics, e.g., via a business allocation plan.

Since the requirements in our **healthcare products** and **healthcare services market segments** differ, environmental management is decentralized and organized according to the business model of the business segments. Each business segment has functions that monitor and control the respective environmental impacts. They analyze environmentally relevant vulnerabilities, develop suitable standard procedures, and implement appropriate measures. They also support their certified local entities in effective, directed environmental goal-setting, monitoring these goals as well as developing and implementing mandatory guidelines for all entities.

Relevant environmental data, e.g., on consumption, is reported regularly, e.g., quarterly, to the responsible central function for performance control. If significant deviations from previous performance occur, our specialists initiate a root cause analysis that is evaluated, and corrective or preventive actions are implemented where necessary.

As part of **risk reporting**, the Group Management Board is informed quarterly. The effectiveness of the environmental management systems is discussed if risks were identified or incidents occurred that could have a significant impact on the operating business, the reputation, or the value chain of the Group and its business segments. The Audit Committee of the Supervisory Board is informed about developments on a half-year basis, and the Supervisory Board as a whole is informed annually. For further information, please refer to the Opportunities and Risk Report starting on page 87 of the Annual Report, and the Compliance section from page 169 onwards.

Reporting systems

In the production area, a reporting process is implemented for environmental incidents such as violations of environmental regulations, pollution caused by uncontrolled spills, or complaints from third parties. Environmental incidents are recorded internally and categorized into five levels – depending on the impact of an environmental incident. Environmental incidents are reported to the global EHS (Environmental, Health, and Safety) function responsible for production, by local managers. Where necessary, environmental incidents are immediately reported to the relevant authorities. Environmental incidents are analyzed to determine the cause and to prevent future incidents.

In the hospital segment, there is a reporting process for incidents that require immediate communication to the local community, such as the release of hazardous substances or accidents in the areas of energy or water. In addition to rectifying an incident, internal and external communication takes place immediately, depending on the situation, followed by an investigation into the cause.

In the reporting year, no environmental incidents were reported via the reporting channels whose impact would have been material to the financial position or reputation of the company. Furthermore, no incidents were recorded in which the respective environment or the general public were directly harmed due to default. Further information on opportunities and risks can be found in the Opportunities and Risk Report on page 87 onwards.

In the reporting year 2023, local environmental incidents were documented in the internal reporting system. Where necessary, local authorities were informed of the incidents immediately after an incident became known of. Necessary measures were implemented to reduce the environmental impact of the respective incidents. We have also taken the environmental incidents at the affected sites as an opportunity to implement preventive measures, such as training courses, in order to avoid future incidents. No incident led to a severe impact on the environment, biodiversity, or the communities nearby.

Guidelines and regulations

In terms of environmental management, all locations are subject to the respective local regulations and laws. In addition, internal guidelines on environmental protection are implemented – e. g., specific regulations on how employees should handle hazardous substances or waste. Management manuals and standard operating procedures provide the framework for the local environmental and energy management system. These can include detailed checklists for evaluating environmental protection measures and forms for assessing environmental risks.

For the healthcare products market segment, we published a corresponding environmental policy in 2023. The guidelines include general principles on how to address and mitigate environmental risks, as well as how to prevent environmental incidents. We also expect careful and responsible handling of nature and its resources from our suppliers; this is set out in the Suppliers' Code of Conduct. In addition, we take sustainability criteria into account in decision-making processes for new projects, such as the development of products or capacity expansions.

Our environmental commitment is reviewed or certified by external partners and regulatory bodies. We are continuously expanding the number of sites certified according to ISO 14001. In this way, we want to ensure the effectiveness of existing procedures and systems. The overarching ambition is also to improve the efficiency of our management systems. In 2023, further entities were added on a Group level and the scope of entities for which the standard applies was extended.

CERTIFICATIONS AND STANDARDS[1]

in %	Coverage[2]
External standards: ISO 14001	55
Within the healthcare products market segment	94
Within the healthcare services market segment	42
Regulatory frameworks (e. g., local specifications)	100
Internal standards	100

[1] Scope applies to the entities for which environmental data is consolidated.
[2] Coverage applies to entities already certified or for which a certification is planned, depending on the applicability of standards or policies. The certification issuance from the individual certification companies may extend into the following year.

In 2023, no systematic non-compliances were detected during the global ISO 14001 internal audits and by TÜV Rheinland with regard to the certification of environmental management in accordance with ISO 14001.

Environmental protection includes protection of marine resources, especially with regard to product development. For example, in the healthcare products market segment, fish oil suppliers certified by the label Friends of the Sea are selected for SMOFlipid® and Omegaven® lipid emulsions for infusion.

Identification and management of environmental risks

Our production sites and our clinics in Germany and Spain must identify environmental protection measures associated with environmental aspects of their activities and services. This can relate to emissions into air, water, or soil, consumption of natural resources and raw materials, waste and wastewater, packaging, transport, or other local environmental impacts. Environmental impacts of organizations are evaluated and, where necessary, environmental protection measures are implemented and reviewed for effectiveness.

Furthermore, using our internal audits, we identify further improvement opportunities and develop appropriate measures with locally responsible managers to tap that potential. In addition, internal audits cover preparedness for emergencies including heavy weather events, floods, earthquakes, or hurricanes, depending on relevance or location. The frequency of global internal audits depends on audit observations from previous audits, environmental incidents, certification status, or the evaluation of the management review, and can vary between one and four years.

WATER MANAGEMENT

For decades, water consumption has been increasing worldwide and water shortages are occurring in more and more regions. We, too, need this resource at our production plants and in our healthcare facilities and want to handle it responsibly. We work with management systems and control systems globally to ensure that water quality meets internal and external regulatory requirements.

OUR GOALS AND AMBITIONS

It is our ambition that water in any area of our business can be used safely and not harm the health of our patients and employees, and that it is sufficiently available at all times. We further aim to avoid unnecessarily polluting the sources from which we obtain water or into which we discharge our wastewater.

OUR APPROACH

We use local management systems, process owners, and operating procedures to ensure that the respective local guidelines on water and wastewater are strictly adhered to. Water management measures consider a reduction in water and wastewater volumes, and monitor the quality and authorized withdrawal of water and discharge of wastewater.

Fresenius continuously reviews national and international regulations on water management. The internal principles, guidelines, and standard operating procedures – which contain instructions for the responsible handling of water, including the control of wastewater – are adapted to the applicable regulatory requirements. Our water management is closely linked to our hygiene management. Depending on the business unit, either environmental or hygiene experts ensure that internal guidelines and external regulations are adhered to.

Water usage and withdrawal

In **production**, water is used for sterilization and cooling processes, as a component in the production of medical products, and for hygiene procedures. The water used for our products, e. g., for infusion solutions such as sodium chloride, must meet stringent quality requirements to ensure product quality and patient safety.

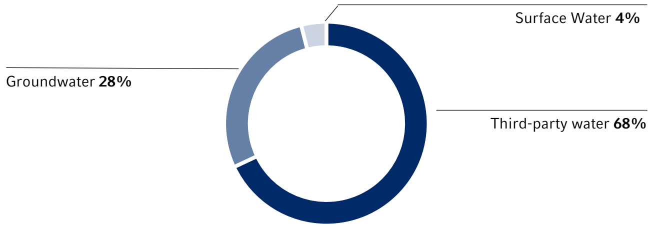
For our **healthcare facilities**, a sufficient supply of fresh water is central to patient well-being and hygiene. Most of the water withdrawal is from municipal water supplies. The largest freshwater users are rehabilitation clinics with therapy pools, e. g., in the orthopedics department, and facilities that sterilize used medical instruments.

ABSOLUTE WATER WITHDRAWAL

m³ in millions	2023	2022	2021
Healthcare products market segment	9.9	10.4	10.1
Healthcare services market segment	5.2	5.2	4.9
Total	**15.1**	**15.6**	**15.0**

In 2023, Fresenius withdrew a total of 15.1 million m³ of water (2022: 15.6 million m³). Over the last years, a relative reduction in water withdrawal was achieved, both in relation to sales and to full-time equivalents (FTE). In our healthcare facilities, water withdrawal depends on the number of patients treated in hospitals. The previous years were further impacted by an increased demand for sterilization and hygiene. Reduction in water withdrawal compared to last year is based on water saving measures.

WATER WITHDRAWAL BY SOURCE



RELATIVE WATER WITHDRAWAL

in m³	2023	2022	2021
Water withdrawal / €1 million sales	671	718	797
Water withdrawal / FTE	92.0	98.1	97.0

Measures to reduce water consumption

Some manufacturing sites are reusing water, e. g., by using condensate water from installed air handling units or in steam condensate recovery systems. In the reporting year, implementation of several projects to save water was started at the production sites. Wastewater treatment systems and recycling programs, for example, aim to minimize wastewater and use resources more sustainably. We have also optimized cleaning and sterilization processes at several locations. Positive effects on water consumption are expected in 2024.

Due to the material significance of fresh water use for compliance with hygiene measures and thus patient safety in our healthcare facilities, no significant reductions in water withdrawal are made. Due to internal requirements regarding drinking water quality, we do not reuse water or use gray water – i. e., treated water from showers or washbasins.

Water quality

We have implemented applicable risk management procedures in all facilities that come into action if impurities are detected or if the quality of water is not compliant with standards set – and established dedicated reporting lines. The local government is informed of any detected critical deviations from local drinking water provisions. In Germany, some of our clinics are designated as testing centers for local drinking water quality. In this way, we support not only the safety of our patients, but also that of the surrounding population and the municipalities that supply us with drinking water.

In the case of contaminated fresh water from the public network, our clinics have the option of connecting additional water treatment modules upstream of the hospital's own network in addition to its own treatment facilities. All hospitals have contingency plans in place in the event of supply bottlenecks to ensure healthcare for patients.

Water discharge

Water discharges are locally managed at the sites in accordance with applicable local regulations. In production, water discharge by quantity is regularly reported to global EHS in accordance with internal standards and guidelines. In addition, Fresenius Kabi has been a member of the Antimicrobial Resistance (AMR) Industry Alliance (AMRIA) since 2020 and has been actively involved in the association's governing bodies since 2021. The business segment is working on the introduction of the AMR Industry Alliance's Common Antibiotic Manufacturing Framework (CAMF). For further information, please refer to the Group Non-financial Report 2022 on page 208.

In 2022, AMRIA and BSI Standards Limited released the Antibiotic Manufacturing Standard, providing guidance to manufacturers on responsible antibiotic production. The goal of this standard is to minimize the risk of developing antibiotic resistance and reduce aquatic ecotoxicity in the environment resulting from the manufacturing of human antibiotics. The standard complements the already high production quality and safety management at our production sites. A pivotal component of the approach involves the use of a risk-based methodology to evaluate and control the waste streams generated during antibiotic manufacturing.

The implementation, which began in 2022, involved the introduction of a comprehensive quantification mass balance template by Fresenius Kabi. The template's function is to assist antibiotic manufacturing sites in determining antibiotic concentrations in manufacturing wastewater discharge and conducting gap analyses, with the overarching goal of aligning with the Predicted No-Effect Concentrations (PNEC) set forth by the AMRIA. PNEC represents the concentration level of a substance in the environment below which no adverse effects are expected.

Furthermore, a dedicated communication channel has been established to connect local sites with the global EHS team. This initiative fosters continuous alignment with the Antibiotic Manufacturing Standard, ensuring ongoing adherence and improvement in the future.

Identification and management of water risks

We analyze water availability using the World Resources Institute's Aqueduct Water Risk Atlas, which contains information on current and future water risks at specific locations. We have identified manufacturing sites that are in areas with extremely high or high risk of water scarcity. At these sites, efficient water management is especially important to ensure water availability for production and to prevent negative impact on the local water situation as far as possible.

Manufacturing plants are requested to conduct a climate risk assessment including water risks such as floods, droughts, or heavy rain and set up measures in case a risk is identified.

In the **hospital sector**, evaluation of water risks is carried out as part of Group risk management.

WASTE AND RECYCLING MANAGEMENT

Natural resources are becoming increasingly scarce all over the world. We can only operate sustainably if we use the raw materials available to us efficiently. This also includes the responsible handling of waste – because it contains valuable resources that can be returned to production. In the health sector, strict hygiene requirements apply to the materials used and to the safe disposal of hazardous waste. With clear internal guidelines and comprehensive controls, we ensure that these are complied with.

OUR GOALS AND AMBITIONS

Through systematic waste management, we aim to reduce our material consumption and minimize the amount of waste produced. To this end, Helios Spain, for example, is pursuing the ambition of increasing the recycling rate of packaging materials in the clinics by primarily using paper and lightweight packaging. The aim is to prevent metal, plastic, or brick packaging from ending up in the waste mix in order to promote the recycling of these materials.

OUR APPROACH

For Fresenius, as a healthcare Group, professional, safe waste disposal goes hand in hand with the requirements of hygiene and sterility in production processes and treatments in hospitals. Our approach extends from the selection of suitable disposal containers to cleaning and sterilization procedures and the occupational safety of our employees in the professional disposal of hazardous, e. g., infectious, waste. The waste must not pose a danger to our patients or the environment, either.

The handling of waste in the health sector is strictly regulated. All locations are subject to the respective local regulations and laws. In addition, internal requirements for waste management are included in our environmental standard operating procedures. As the business models of our business segments are different, Fresenius conducts waste management on a decentralized basis. Responsibility for that lies with the management of the production sites, local EHS managers, or dedicated waste managers. Individual risks are assessed independently and, where necessary, internal guidelines for dealing with waste are established. The responsible persons provide training to their employees and carry out checks to ensure that the standards contained therein are adhered to.

Where necessary, local training courses on waste management are conducted. Internal and external audits of our waste management systems and of the commissioned waste disposal companies can be conducted by the local organizations to ensure compliance with the applicable regulations.

Waste disposal

Responsibility for the disposal of waste in accordance with the applicable local regulations lies with local organizations and healthcare facilities. All sites are required to separate their waste according to local, national, and industry-specific regulations and to store the waste under consideration of measures to protect the environment, e. g., to avoid contamination. Non-recyclable waste is disposed of by composting or incineration or is sent to landfill.

In the **healthcare products market segment**, we record waste volumes generated at our production sites, logistics centers, compounding centers, and the further ISO 14001-certified organizations and categorize them by waste type and disposal method. Waste is mainly generated as a by-product of production processes or in the downstream value chain as packaging material of the product containers in hospitals, private households, or nursing homes. This includes both non-hazardous and hazardous waste, i. e., solvents, cytostatics, or antibiotics.

Plastic waste represents the largest portion of classified non-hazardous waste in production. Hazardous waste is, to a large extent, processed and reused for a different or similar purpose. To a large extent, the internally generated waste is recycled. Non-recyclable hazardous waste is mainly incinerated and a large part of it is led into energy recovery.

In the **healthcare services market segment**, we differentiate between (non-hazardous) hospital-specific waste and (potentially) hazardous waste. No special requirements are placed on the collection and disposal of the former from an infection prevention perspective. Together with wound and plaster dressings, underwear, disposable clothing, and diapers, for example, they make up the largest proportion of the total waste generated. Hazardous waste is specially disposed of by professionals.

Waste reduction and recycling

If the design of a product is under the control of an ISO 14001-certified organization, as part of the life cycle perspective, the design phase must take environmental aspects into account, for instance, sustainable, e. g., recycled components or packaging. The influence of the organization on pharmaceutical products can be limited due to the importance of patient safety and product quality requirements.

The **healthcare products market segment** takes environmental aspects into account during the development phase and is increasingly placing its strategic focus on more environmentally friendly products.

There are also various projects in our hospitals to improve the reduction, recycling, avoidance, and reuse of waste. In Germany, for example, reusable crockery can be borrowed free of charge from all Helios-owned canteens, double-sided printing has been introduced as standard and the use of recycled paper in printing devices in the administration. We were able to reduce food waste at 15 pilot locations in Spain in the reporting year by implementing efficiency measures.

CLIMATE PROTECTION – ENERGY AND EMISSIONS

Climate change and its effects are also impacting Fresenius: in healthcare facilities, we have to prepare for rising temperatures and the increase in severe weather events in order to continue to protect the health of patients in the best way possible.

Another current challenge is that energy is becoming more and more expensive, especially if it is obtained from dwindling fossil resources. Our production processes and the operation of healthcare facilities require a high level of energy input. Energy-efficiency measures can lead to short- and long-term cost savings. In addition, through the increased usage and generation of renewable energies, we also want to make an important contribution to climate protection.

OUR GOALS AND AMBITIONS

We survey our Scope 1 and Scope 2 emissions annually in order to identify emissions-intensive activities and derive reduction measures. For example, we are introducing new technologies with a lower environmental impact which can improve the energy efficiency of our processes and thus lead to lower greenhouse gas emissions. We are also working on recording our Scope 3 emissions so that we can also include emissions from the upstream and downstream supply chain in our climate goals.

CLIMATE PROTECTION GOALS

	Timeframe	Status 2023	Further information
Expansion of the coverage of energy management systems: Introduction of ISO 50001 at all production sites.	By 2026[1]	Coverage of manufacturing plants: 74%	Page 191
Group climate target: - Reduction of total Scope 1 and Scope 2 emissions by 50% in absolute terms (base year 2020) - Climate neutrality by 2040 - Assessment of Scope 3 emissions for inclusion in the targets as well	 By 2030 By 2040 Ongoing	Reduction of total Scope 1 and 2 emissions by about 22% in absolut terms. The assessment of Scope 3 emissions will be completed during the 2024 reporting year.	Page 193
Reduction of energy consumption of German Helios clinics by 20% (base year: 2021).	By 2023	Target not achieved.	Page 192
Fresenius Kabi: Reduction of emissions (Scope 1 and 2) at our production sites by a single digit percentage annually.	Annually	Goal achieved.	Page 192

[1] Implementation will be concluded at all Fresenius Kabi production sites in 2026. The certification issuance from the individual certification companies may extend into the following year. Coverage applies to entities already certified or for which a certification is planned.

OUR APPROACH

In energy management and climate protection, our aim is to go beyond the legal framework to identify ways of minimizing the impact on the climate and the environment and to implement these in our management approaches. In the reporting year, we focused primarily on the topics of energy saving, purchasing green electricity, and thus the corresponding reduction of respective CO_2 emissions.

Uninterrupted energy supply, see the following explanations, is a top priority for Fresenius in order to ensure patient safety and reliable production or care. Within this context, we implement energy-saving measures wherever possible.

Guidelines and regulations

The energy management system is geared to the requirements of our business models and is certified according to ISO 50001. We aim to expand the number of certified sites.

ENTITIES CERTIFIED ACCORDING TO ISO 50001[1]

ISO 50001, in %	Coverage[2]
Entities, total	82
Within the healthcare products market segment	74
Within the healthcare services market segment	84

[1] Scope applies to the entities for which environmental data is consolidated.
[2] Coverage applies to entities already certified or for which a certification is planned, depending on the applicability of standards or policies. The certification issuance from the individual certification companies may extend into the following year.

We review the effectiveness of our management systems through internal audits and carry out independent audits, as presented in the Environmental management section on pages 184 ff. These external certification audits are carried out using a multi-site model, for example. The model foresees the audit of a representative sample of sites.

In 2023, prescribed audits were carried out in the business segments. No systematic deviations were identified.

Uninterrupted power supply in healthcare facilities

In recent years, refrigeration technology, which serves to cool technical equipment and hospital rooms, has become more important for hospital operations than heat generation. In addition, more frequent severe weather events may pose a threat to the smooth healthcare services of hospitals.

In order to ensure an uninterrupted energy supply at all times, every hospital has a mains backup system: in the event of a power outage, this system guarantees a secure supply of electricity for the principal energy consumers in the clinics within a few seconds. To safeguard this protection, these emergency power systems are inspected and tested regularly – monthly in Germany and at least once a year in Spain. In addition, we increase the security of the energy supply through self-generated electricity – Helios Germany, for example, covers 25% of its total electricity consumption through self-generated electricity.

Energy consumption

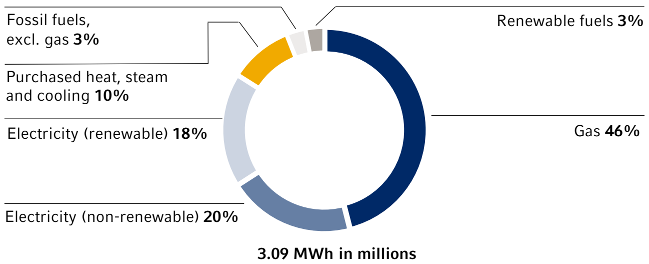
In 2023, Fresenius consumed a total of 3.09 million MWh of energy, a decrease of 3% compared to the previous year. In the reporting year, we again focused our activities on energy efficiency measures and increasing our renewable energy usage across the Fresenius Group. Our main energy sources remain gas and electricity.

ABSOLUTE ENERGY CONSUMPTION[1]

MWh in millions	2023	2022	2021
Fresenius Kabi	**1.76**	1.80	1.77
Fresenius Helios	**1.15**	1.19	1.26
Fresenius Vamed	**0.18**	0.19	0.19
Total	**3.09**	**3.18**	**3.22**

[1] Data of Fresenius Helios expanded in 2022 and 2023 to further entities.

GROUP ENERGY CONSUMPTION BY SOURCE



RELATIVE ENERGY CONSUMPTION

in MWh	2023	2022	2021
Energy consumption/ €1 million sales	**140**	149	163
Energy consumption/FTE	**19.6**	20.7	21.7

Expansion of renewable energies

We derive energy to 99.7% from external providers. This includes the purchase of renewable energy such as hydropower, solar, or wind power. We are exploring the use of renewable energies and already generate our own electricity at numerous production sites and clinics, e. g., via combined heat and power systems or solar panels.

In 2023, we purchased around 551,260 MWh of renewable electricity. We also use energy from photovoltaic and biomass plants or from thermal and electrical cogeneration and pellet boilers.

Fresenius Kabi, for the first time, purchased green electricity for seven production sites in 2023. We intend to achieve a 6% annual reduction in Scope 1 and Scope 2 emissions. We plan to continue theses activities for the following years. Fresenius Kabi also operates photovoltaic systems at six of its production sites, and two more were approved for operation in 2023. These will be completed in 2024.

Helios Spain commissioned three new photovoltaic systems on the roofs of hospitals in Málaga, Marbella and Toledo in 2023, bringing the total number to 23. Fresenius Helios switched to 100% certified green electricity in Germany in 2022. With these efforts, we increased the share of renewable electricity consumption across the Group from about 12% in 2022 to about 18% in 2023.

Increase in energy efficiency

To increase energy efficiency in buildings, the performance of relevant energy consumers is measured, compared with more energy-efficient systems, and finally a decision is made about retrofitting. In this way, efficient as well as economically sensible solutions are used – such as LED lamps or heating, ventilation, and air conditioning systems (HVAC). In the healthcare products market segment, we are gradually retrofitting the fans in a total of 21 HVACs at one of our production sites. In 2023, five systems were retrofitted. Fresenius further invests in new buildings and modernizations that meet the latest energy standards and legal requirements.

The air conditioning systems in our hospitals in Spain are responsible for a large proportion of the total energy consumption of Helios Spain. Since 2011, we have been working on automating the management of these devices and have implemented this mode of operation in ten hospitals already. For example, when outside temperatures drop, the systems adjust their output automatically. This allows us to better adapt to increasingly frequent, abrupt, and extreme temperature changes and save energy through more efficient use.

Greenhouse gas emissions

To achieve our Group-wide climate targets, we have established a group of experts who are working on the implementation of appropriate reduction measures across all business segments.

In the reporting year, Fresenius generated a total of 531[1] thousand t CO_2e (2022: 641 thousand t CO_2e). Our Scope 1 emissions account for 308 thousand t CO_2e and could be decreased by 2% compared to the previous year (2022: 315 thousand t CO_2e). This decrease was due to overall lower energy consumption this fiscal year, achieved partly as a result of our energy efficiency measures. Our Scope 2 emissions (market-based) of 223 thousand t CO_2e already reflect the emission reduction from the increased share of renewable electricity. Scope 2 emissions calculated according to the location-based approach amounted to 431 thousand tons of CO_2e.

In comparison to the 2020 base year, we reduced our total Scope 1 and 2 emissions by about 22% in absolut terms. This puts us on track to meet our Group climate target.

An overview of total emissions according to the location-based approach can be found on page 198 in the Further key figures chapter.

We have launched a project to reduce Scope 1 emissions at five production sites which will serve as pilot sites. The first step is to examine the technical conditions for reduction potential. Subsequently derived measures are expected for 2024.

GHG EMISSIONS SCOPE 1 AND 2 (MARKET-BASED APPROACH)[2]

t CO_2 equivalents in thou.	**2023[3]**	2022[3]	2021[3]	2020[3]
Fresenius Kabi	**324**	425	416	396
Scope 1	**168**	169	172	160
Scope 2	**155**	256	243	237
Fresenius Helios	**181**	189	305	253
Scope 1	**120**	126	132	125
Scope 2	**60**	63	173	128
Fresenius Vamed	**27**	27	44	32
Scope 1	**19**	20	21	19
Scope 2	**7**	7	22	13
Total	**531[1]**	641	764	681
Scope 1	**308**	315	326	305
Scope 2	**223**	326	438	377

RELATIVE GHG EMISSIONS SCOPE 1 AND 2[4]

t CO_2 equivalents	**2023**	2022	2021	2020
t CO_2 equivalents/ €1 million sales	**24**	30	39	37
t CO_2 equivalents/FTE	**3.4**	4.2	5.2	4.7

[1] The KPIs as part of the long-term variable remuneration (LTI) of the Management Board are audited with reasonable assurance, as explained on pages 201 ff. in the independent practitioner's report.
[2] The Scope 2 emissions are calculated in accordance with the Greenhouse Gas Protocol, following the market-based emission calculation approach for all business segments. Due to improved data availability, the total Scope 1 and Scope 2 values differ from the values published in 2022.
[3] The Scope 1 and 2 emissions from 2020 to 2023 were audited with limited assurance.
[4] The calculation is based on market-based emissions.

FURTHER KEY FIGURES

EU TAXONOMY

Proportion of **turnover** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

ECONOMIC ACTIVITIES	Codes	Absolute Turnover	Proportion of Turnover	Substantial contribution criteria: Climate change mitigation (CCM)	Substantial contribution criteria: Climate change adaptation (CCA)	Substantial contribution criteria: Water (WTR)	Substantial contribution criteria: Pollution (PPC)	Substantial contribution criteria: Circular Economy (CE)	Substantial contribution criteria: Biodiversity (BIO)	DNSH criteria („Does no significant harm"): Climate change mitigation (CCM)	DNSH criteria: Climate change adaptation (CCA)	DNSH criteria: Water (WTR)	DNSH criteria: Pollution (PPC)	DNSH criteria: Circular Economy (CE)	DNSH criteria: Biodiversity (BIO)	Minimum safeguards	Taxonomy-aligned (A.1.) or eligible (A.2.) proportion of Turnover year 2022	Category enabling activity	Category transitional activity
		€ in mio	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0.0**	**0.0**	**0.0**													**0.0**		
Of which enabling		0.0	0.0	0.0													0.0	E	
Of which transitional		0.0	0.0	0.0													0.0		T
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Construction of new buildings	CCM 7.1/ CE 3.1	411.4	1.8	EL	N/EL	N/EL	N/EL	EL	N/EL								1.9		
Renovation of existing buildings	CCM 7.2/ CE 3.2	5.3	0.0	EL	N/EL	N/EL	N/EL	EL	N/EL								0.1		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	147.3	0.7	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Manufacture of medicinal products	PPC 1.2	5,088.1	22.8	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	170.2	0.8	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**5,822.2**	**26.1**														**2.0**		
A. Turnover of Taxonomy-eligible activities (A.1.+A.2.)		**5,882.2**	**26.1**														**2.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B.)		16,477.1	73.9																
Total (A.+B.)		**22,299.3**	**100.0**																

Due to the deconsolidation of Fresenius Medical Care during the reporing year 2023, these comparative figures present the EU Taxonomy-eligible proportion of Revenue in the financial year 2022 excluding the Revenue of Fresenius Medical Care.

Proportion of **CapEx** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

ECONOMIC ACTIVITIES	Codes	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria: Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular Economy (CE)	Biodiversity (BIO)	DNSH criteria („Does no significant harm“): Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular Economy (CE)	Biodiversity (BIO)	Minimum safeguards	Taxonomy-aligned (A.1.) or eligible (A.2.) proportion of CapEx year 2022	Category enabling activity	Category transitional activity
		€ in mio	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0.0**	**0.0**	**0.0**													**0.0**		
Of which enabling		0.0	0.0	0.0													0.0	E	
Of which transitional		0.0	0.0	0.0													0.0		T
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Renovation of existing buildings	CCM 7.2/ CE 3.2	182.6	9.6	EL	N/EL	N/EL	N/EL	EL	N/EL								7.6		
Acquisition and ownership of buildings	CCM 7.7	395.9	20.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								29.1		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	5.0	0.3	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Manufacture of medicinal products	PPC 1.2	196.5	10.3	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	63.5	3.3	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**843.4**	**44.3**														**36.7**		
A. CapEx of Taxonomy-eligible activities (A.1.+A.2.)		**843.4**	**44.3**														**36.7**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B.)		1,058.7	55.7																
Total (A.+B.)		**1,902.1**	**100.0**																

Since as of reporting year 2023, EU Taxonomy-eligible CapEx in the construction of new buildings for own use is Taxonomy-eligible under actitvity CCM 7.7 instead of activity CCM 7.1, this restated comparative figure comprises the sum of the EU Taxonomy-eligible proportion of activities CCM 7.1 and CCM 7.7 of financial year 2022.

Proportion of **OpEx** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

ECONOMIC ACTIVITIES	Codes	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular Economy (CE)	Biodiversity (BIO)	DNSH criteria („Does no significant harm“): Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular Economy (CE)	Biodiversity (BIO)	Minimum safeguards	Taxonomy-aligned (A.1.) or eligible (A.2.) proportion of OpEx year 2022	Category enabling activity	Category transitional activity
		€ in mio	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0.0**	**0.0**	**0.0**													**0.0**		
Of which enabling		0.0	0.0	0.0													0.0	E	
Of which transitional		0.0	0.0	0.0													0.0		T
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	27.7	2.3	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Manufacture of medicinal products	PPC 1.2	561.7	45.8	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	51.7	4.2	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**641.0**	**52.2**																
A. OpEx of Taxonomy-eligible activities (A.1.+A.2.)		**641.0**	**52.2**														**0.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B.)		586.3	47.8																
Total (A.+B.)		**1,227.3**	**100.0**																

Due to the deconsolidation of Fresenius Medical Care during the reporing year 2023, these comparative figures present the EU Taxonomy-eligible proportion of OpEx in the financial year 2022 excluding the OpEx of Fresenius Medical Care.

Proportion of turnover/Total turnover

in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0	1.9
CCA	0.0	0.0
WTR	0.0	0.0
CE	0.0	0.8
PPC	0.0	23.5
BIO	0.0	0.0

Proportion of CapEx/Total CapEx

in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0	30.4
CCA	0.0	0.0
WTR	0.0	0.0
CE	0.0	3.3
PPC	0.0	10.6
BIO	0.0	0.0

Proportion of OpEx/Total OpEx

in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0	0.0
CCA	0.0	0.0
WTR	0.0	0.0
CE	0.0	4.2
PPC	0.0	48.0
BIO	0.0	0.0

ANNEX XII

Standard templates for the disclosure referred to in Article 8(6) and (7)

The information referred to in Article 8(6) and (7) shall be presented as follows, for each applicable key performance indicator (KPI).

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

ENVIRONMENT

GHG EMISSIONS SCOPE 1 AND 2 (LOCATION-BASED APPROACH)[1]

t CO_2 equivalents in thou.	2023[2]	2022[2]	2021[2]	2020[2]
Fresenius Kabi	**445**	441	443	421
Scope 1	**168**	169	172	160
Scope 2	**276**	272	271	261
Fresenius Helios	**258**	264	289	302
Scope 1	**120**	126	132	125
Scope 2	**138**	138	156	176
Fresenius Vamed	**36**	37	39	39
Scope 1	**19**	20	21	19
Scope 2	**17**	16	18	19
Total	**740**	742	771	761
Scope 1	**308**	315	326	305
Scope 2	**431**	427	445	456

[1] The Scope 2 emissions are calculated in accordance with the Greenhouse Gas Protocol, following the location-based emission calculation approach for all business segments. Due to improved data availability, the total Scope 1 and Scope 2 values differ from the values published in 2022.
[2] The Scope 1 and 2 emissions from 2020 to 2023 were audited with limited assurance.

REPORT PROFILE

We want to inform our stakeholders transparently about our sustainability activities through this report. The report meets the regulatory requirements for a separate Group Non-financial Report. It was prepared in accordance with Section 315c in connection with Sections 289c to 289e of the German Commercial Code (HGB). The EU taxonomy disclosures included were prepared in accordance with REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation). For the preparation of the Group Non-financial Report, we considered the Sustainability Code (Deutscher Nachhaltigkeitskodex) and the standards of the Global Reporting Initiative (GRI) as possible frameworks. Due to our global business activities, we decided to use the globally recognized GRI standards as a framework. In accordance with Section 289d HGB, Fresenius SE & Co. KGaA uses the GRI Standards for the structured description of management approaches based on Disclosure 3-3 in GRI 3: Material Topics 2021. Furthermore, this report contains a review of the materiality analysis we conducted in 2020 in accordance with the then-applicable standard GRI 102-46 (determination of report content and topic delimitation) from GRI 102: General Disclosures 2016 and the legal requirements. This materiality analysis did not include an impact assessment in accordance with Disclosure 3-1 in GRI 3: Material Topics 2021. Accordingly, the management approaches of our material topics (Disclosure 3-3 in GRI 3: Material Topics 2021) do not include a description of how we manage actual and potential positive and negative impacts. We will take this into account in the next materiality analysis, which will be conducted in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) for the 2024 Report, and derive appropriate measures for managing our impacts.

Further, we also report ESG (Environment, Social, Governance) information in accordance with the Sustainability Accounting Standards Board (SASB) Index and the Task Force on Climate-related Financial Disclosures (TCFD). These additional indices, outside of the Group Non-financial Report, include information provided in the audited Group Non-financial Report, but are neither part of the Group Non-financial Report nor subject of the audit.

REPORT FRAMEWORK

This separate Group Non-financial Report covers the fiscal year (calendar year) 2023 and relates to the Group including its business segments, i. e., all fully consolidated companies that are subject to the legal or actual control of Fresenius SE & Co. KGaA, Bad Homburg, Germany. The business segment Fresenius Medical Care changed legal form as of November 30, 2023, and thus deconsolidated. It is therefore not part of the separate Group Non-financial Report 2023. Explanations can be found on pages 103 ff. in The business model section in the Strategy and management chapter. The Notes to the consolidated financial statements in the Annual Report contain further information on the consolidated entities, see pages 274 ff. Deviations from this reporting framework are marked in the appropriate place. References to data or information outside of the Group Management Report or the Notes are considered further information and are not part of the separate Group Non-financial Report and its audit. Additional information that is included exclusively in the online version of the separate Group Non-financial Report was not part of the audit and is marked as unaudited information. Further information on the audit can be found in the External audit section on page 200. The report is published annually as a separate Group Non-financial Report and is part of the Annual Report. The last separate Group Non-financial Report was published in March 2023.

The separate Group Non-financial Report is available in German and English. In the event of deviations between the versions, the German version shall prevail.

DETERMINATION OF THE CONTENTS OF THE REPORT

We base our choice of report content on the GRI standards, the principles of materiality, and the requirements of our stakeholders, especially the capital market. In addition, the United Nations' Sustainable Development Goals (SDGs) serve as a framework for identifying and aligning our sustainability activities. In 2020, we conducted a comprehensive materiality analysis, see pages 110 f. of the Group Non-financial Report 2020 for more information. Experts from the business segments and relevant Group functions have reviewed and validated the results. In 2023, a review confirmed the identified materials topics as still valid. Based on the results of the review and the strategic changes initiated in the reporting year throughout the Group, some structural changes were made to the reporting. Further information can be found in the Our materiality analysis section on page 109. The content of this separate Group Non-financial Report was defined in accordance with Sections 289c (2) and (3) HGB for the principle of dual materiality. The Management Board has reviewed and approved this report. The content has also been examined by the Supervisory Board of Fresenius SE & Co. KGaA in accordance with Section 171 (1) of the German Stock Corporation Act (AktG). The Supervisory Board made use of the option pursuant to Section 111 (2) of the AktG to commission an external audit by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

EXTERNAL AUDIT

Auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft submitted the information in the separate Group Non-financial Report to an audit according to ISAE 3000 (Revised) to obtain limited assurance against the relevant legal requirements and issued an independent audit certificate. Certain disclosures in the separate Group Non-financial Report were audited with reasonable assurance. This applies to:

- Total Scope 1 and Scope 2 emissions (market-based)
- Employee Engagement Index (Fresenius Group, without particular companies)
- Audit and Inspection Score (Fresenius Kabi), Inpatient Quality Indicator (Fresenius Helios, without Latin America), Patient Satisfaction (Fresenius Vamed)

The independent practitioner's report can be found from page 201 onwards in the separate Group Non-financial Report.

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

To Fresenius SE & Co. KGaA, Bad Homburg

We have performed an assurance engagement on the separate non-financial group report of Fresenius SE & Co. KGaA, Bad Homburg, (hereinafter the "Company") for the period from 1 January 2023 to 31 December 2023 (hereinafter the "Separate Non-financial Group Report").

In accordance with our engagement, we have divided the level of assurance to be obtained by us and

- performed a reasonable assurance engagement on the Indicators presented in the Separate Non-financial Group Report and denoted by footnote as "(reasonable assurance)"
    - Total Scope 1 and Scope 2 (market-based approach) in thousand tonnes of CO_2 equivalents for 2023
    - Employee Engagement Index for 2023
    - Audit & Inspection Score (Kabi) for 2023
    - Quality Indicator Achievement Rates G-IQI and E-IQI (Helios) for 2023
    - Patient satisfaction (Vamed) for 2023

  (hereinafter the "Indicators") and
- performed a limited assurance engagement on all disclosures other than the Indicators in the Separate Non-financial Group Report.

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

RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

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

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

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

AUDIT FIRM'S INDEPENDENCE AND QUALITY MANAGEMENT

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

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for

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

audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a conclusion with reasonable assurance on the Indicators in the Separate Non-financial Group Report and a conclusion with limited assurance on all disclosures other than the Indicators in the Separate Non-financial Group Report based on the assurance procedures we have performed.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to

- obtain reasonable assurance about whether the Indicators presented in the Company's Separate Non-financial Group Report for the period from 1 January 2023 to 31 December 2023, other than the external sources of documentation or expert opinions mentioned in the Separate Non-Financial Group Report, have been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB, and
- obtain limited assurance about whether any matters have come to our attention that cause us to believe that all disclosures other than the Indicators in the Company's Separate Non-Financial Group Report for the period from 1 January 2023 to 31 December 2023, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Strategy and management - EU Taxonomy" of the Separate Non-financial Group Report.

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

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

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement.
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report.
- Identification of likely risks of material misstatement in the Separate Non-financial Group Report.
- Evaluation of the implementation of central management requirements, processes, and specifications regarding data collection through targeted sample testing at selected sites.
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report.
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report.
- Evaluation of the presentation of the Separate Non-financial Group Report.
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Separate Non-financial Group Report.
- Inquiries on the relevance of climate-risks and water stress.
- Evaluation of CO_2 compensation certificates exclusively with regard to their existence, but not with regard to their impact.

In the course of our reasonable assurance engagement part on the Indicators in the Company's Separate Non-financial Group Report, we have performed the following assurance procedures and other activities in addition to those described above:

- ► Inquiries of relevant personnel involved in the preparation of the Indicators regarding the preparation process, the internal control system relating to this process and disclosures in the Separate Non-financial Group Report.
- ► Evaluation of the internal control system in relation to the Indicators.
- ► Examination of processes for recording, controlling, analysing and aggregating selected data from various locations on a sample basis.

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

ASSURANCE OPINION

In our opinion, the Indicators in the Company's Separate Non-financial Group Report for the period from 1 January 2023 to 31 December 2023 have been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that all disclosures other than the Indicators in the Company's Separate Non-financial Group Report for the period from 1 January 2023 to 31 December 2023 are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Strategy and management - EU-Taxonomy" of the Separate Non-financial Group Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESTRICTION OF USE

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

Frankfurt am Main, 20 February 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

[Original German version was signed by:]

Nicolette Behncke	ppa. Felix Wandel
Wirtschaftsprüfer	Wirtschaftsprüfer
German public auditor	German public auditor

CORPORATE GOVERNANCE

4

CORPORATE GOVERNANCE DECLARATION.

The Supervisory Board and the Management Board are committed to responsible management that is focused on achieving a sustainable increase in the value of the Company. Long-term corporate strategies, solid financial management, strict adherence to legal and ethical business standards, and transparency in corporate communication are key factors.

In this Corporate Governance Declaration, the Supervisory Board of Fresenius SE & Co. KGaA and the Management Board of the general partner of Fresenius SE & Co. KGaA, Fresenius Management SE (Management Board), report on corporate management pursuant to Sections 289 f and 315 d of the German Commercial Code (HGB) and on the corporate governance of the Company pursuant to the German Corporate Governance Code (Corporate Governance Report). The Corporate Governance Declaration is published on our website, see www.fresenius.com/corporate-governance.

CORPORATE GOVERNANCE DECLARATION

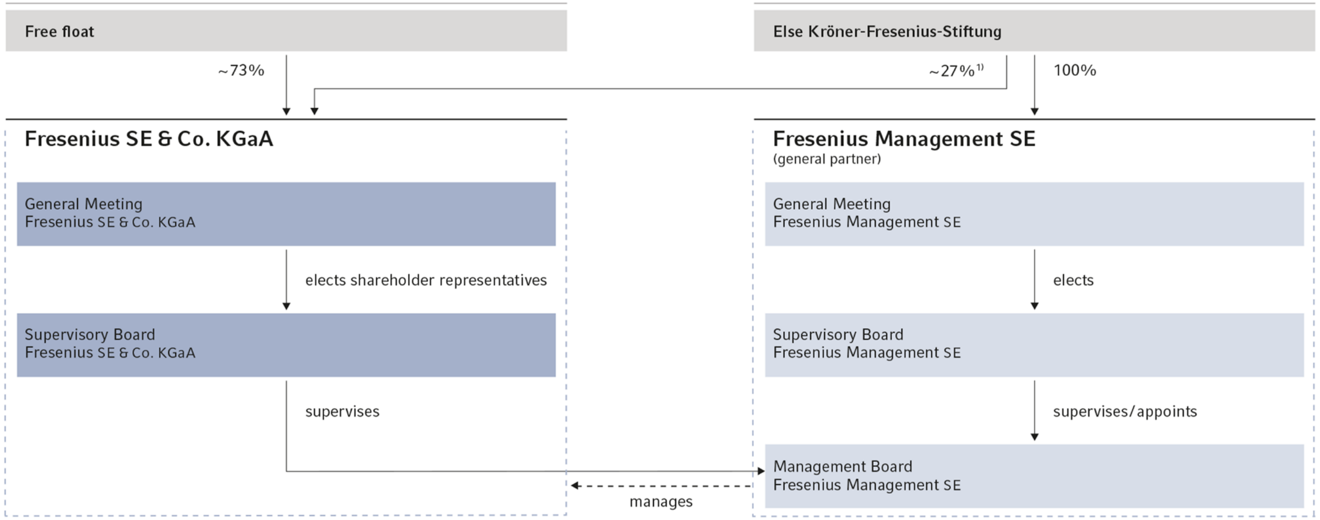
GROUP MANAGEMENT AND SUPERVISION STRUCTURE AND CORPORATE BODIES

GROUP MANAGEMENT AND SUPERVISION STRUCTURE

The Company has the legal structure of a KGaA (Kommanditgesellschaft auf Aktien — partnership limited by shares). The **Annual General Meeting,** the **Supervisory Board,** and the **general partner** Fresenius Management SE are the legal corporate bodies. There have been no changes in the Group management and the supervision structure in the reporting period. The chart on the following page provides an overview of the Group structure.

The articles of association of Fresenius SE & Co. KGaA, which, in addition to legal provisions, further define the responsibilities of the individual corporate bodies, can be downloaded from our website, see www.fresenius.com/corporate-governance.

CORPORATE STRUCTURE AT FRESENIUS SE & CO. KGAA



[1] For selected items no voting power, e.g., election of Supervisory Board of Fresenius SE & Co. KGaA, discharge of general partner and Supervisory Board of Fresenius SE & Co. KGaA, election of the auditor.

SHAREHOLDERS

The shareholders uphold their rights at the Annual General Meeting, where they exercise their **voting rights**. Every ordinary share of Fresenius SE & Co. KGaA confers one vote. None of the shares carry multiple or preferential voting rights.

We report on our financial market communications in the "Fresenius share" section on page 22 ff.

ANNUAL GENERAL MEETING

Our Annual General Meeting (AGM) was held on May 17, 2023, in Frankfurt/Main. Approximately 73% of the share capital was represented. After carefully considering all interests, Fresenius made use of the option created by the legislator to hold the Annual General Meeting in the 2023 fiscal year as a virtual Annual General Meeting in accordance with the new statutory provision in Section 118a (1) sentence 1 AktG. Around 97% of the valid votes cast by the shareholders were in favor of the proposal by the general partner and the Supervisory Board to maintain the dividend at the previous year's level of €0.92. A majority of over 89% of shareholders approved the compensation report for the 2022 fiscal year. A majority of over 93% also approved the revised compensation system for the members of the Management Board (2023+ compensation system). A majority of around 88% also approved an amendment to the Company's articles of association, authorizing the Management Board to provide for the Annual General Meeting to be held without the physical presence of shareholders or their proxies at the venue of the Annual General Meeting (virtual Annual General Meeting). This authorization applies to the holding of virtual Annual General Meetings for a period of two years following the entry of this provision of the articles of association in the commercial register. The entry in the commercial register was made in June 2023. In addition, a majority of over 94% voted in favor of a further amendment to the articles of association, as a result of which the Supervisory Board members may participate in virtual Annual General Meetings by means of video and sound transmission. The actions of the general partner and the Supervisory Board were approved for 2022 with majorities of around 94% and around 89%, respectively.

With regard to certain subject matters, exclusions exist for the general partner and its sole shareholder, the Else Kröner-Fresenius-Stiftung. These pertain, for example, to the appointment of the Supervisory Board of Fresenius SE & Co. KGaA, the approval of the actions of the general partner and the members of the Supervisory Board, and the selection of the auditor. This guarantees that the remaining shareholders retain the sole authority to decide on these matters, especially those that pertain to the supervision of management.

Documents and information on the Annual General Meeting, as well as the voting results, are available on our website at www.fresenius.com/annual-general-meeting.

MANAGEMENT BOARD AND SUPERVISORY BOARD PROCEDURES

The **responsibilities** are distributed as follows in Fresenius SE & Co. KGaA: Management is the responsibility of the general partner, represented by its Management Board. The Supervisory Board of Fresenius SE & Co. KGaA supervises the management of the Company's business by the general partner.

General partner – Management and Supervisory Boards

The general partner Fresenius Management SE, represented by its Management Board, manages Fresenius SE & Co. KGaA at its own responsibility and conducts its business. The Management Board formulates the Company's strategy, discusses it with the Supervisory Boards of Fresenius Management SE and Fresenius SE & Co. KGaA, and oversees its implementation. Its actions and decisions are aligned with the best interests of Fresenius SE & Co. KGaA. The Management Board is committed to increasing the value of the Company on a sustainable basis. The rules of procedure for the Management Board were established by the Supervisory Board of Fresenius Management SE. They define the activities within the board more specifically, especially with regard to the individual duties and responsibilities of the members, matters reserved for the full Management Board, and resolutions to be passed by the full Management Board.

Since the change of structure of Fresenius Medical Care from the legal structure of AG & Co. KGaA into the legal structure of a listed company on November 30, 2023 and the associated deconsolidation of Fresenius Medical Care, the Management Board of Fresenius Management SE consists of five members: the Chief Executive Officer, the Chief Financial Officer, the board member for the Legal, Compliance, Risk Management, ESG, Human Resources departments and for the Fresenius Vamed business segment, the board member for the Fresenius Kabi business segment and the board member for the Fresenius Helios business segment. This ensures that the full Management Board is kept constantly informed about important events, plans, developments, and measures within the business segments. The division of responsibilities stipulates that, in addition to coordinating the business segments and exercising shareholder rights at Fresenius Medical Care AG, the Chair of the Management Board monitors general business policy and investment policy. The Group-wide topic of sustainability is anchored in the Management Board for Legal, Compliance, Risk Management, ESG, Human Resources and for the Fresenius Vamed business segment. Further information on the topic of sustainability can be found in the Group Non-financial Report on page 103 ff.

In addition to Finance and Accounting and Group Controlling, the Board Member for Finance is also responsible for the Group's Internal Audit and Tax departments. It also coordinates measures in the areas of cybersecurity, IT and corporate real estate management.

As part of their activities, members of the Management Board also chair internal Group advisory bodies, such as the Risk Steering Committee. Further information on these bodies can be found on page 170 of our Group Non-financial Report.

The Management Board has not established any committees. The Management Board is listed on page 372 of the Annual Report.

Members of the Management Board are appointed for a maximum period of five years. In accordance with the recommendation of the Code, initial appointments are made for three years. Effective March 1, 2023, Mr. Pierluigi Antonelli was appointed Chairman of the Management Board of Fresenius Kabi AG and member of the Management Board of Fresenius Management SE. Dr. Michael Moser was appointed as a member of the Management Board of Fresenius Management SE with effect from July 1, 2023 and has been responsible for the Legal, Compliance, Risk Management and ESG departments since then. After Dr. Ernst Wastler resigned as CEO of VAMED AG and thus also from the Management Board of Fresenius Management SE on July 18, 2023, Dr. Michael Moser also assumed responsibility for the Fresenius Vamed business segment, without Dr. Moser becoming a member of the Management Board of VAMED AG. Dr. Michael Moser also assumed responsibility for Human Resources and Insurance on December 1, 2023. On September 8, 2023, Mr. Robert Möller was appointed as the Management Board member responsible for the Fresenius Helios business segment. He follows Dr. Francesco De Meo, who left the Company on September 8, 2023. In addition, Dr. Sebastian Biedenkopf left the Management Board of Fresenius Management SE at the end of November 30, 2023. With the change of structure of Fresenius Medical Care taking effect on November 30, 2023 and the associated deconsolidation of Fresenius Medical Care at Fresenius, Ms. Helen Giza also left the Management Board of Fresenius Management SE.

A fixed age limit applies to the Management Board of Fresenius Management SE: As a rule, newly appointed members of the Management Board should retire from the Management Board at the end of the calendar year after reaching the age of 65.

The **meetings of the Management Board** are convened and chaired by the Chairman of the Management Board as required, but at least once a month. If he is unable to attend, this task is the responsibility of the Chief Financial Officer; if he is also unable to attend, it is the responsibility of the oldest Board member present. The person chairing the meeting decides the order in which the items on the agenda are dealt with and the form in which the voting is conducted. The Management Board passes resolutions at meetings by a simple majority of the votes cast, outside of meetings by a simple majority of its members. This does not apply to matters in which mandatory legal provisions or the articles of association of Fresenius Management SE impose stricter requirements. The Chairman of the Management Board has the casting vote if a vote is tied. If the Chairman is incapacitated or absent, the motion is deemed rejected if a vote is tied. The rules of procedure for the Management Board also regulate verbal and written communication between the Management Board and the Supervisory Board of the general partner and between the general partner and the Supervisory Board of Fresenius AG SE & Co. KGaA. It also specifies cases in which the prior approval of the Supervisory Board of the general partner is required.

As a European company (SE – Societas Europaea), Fresenius Management SE has its own **Supervisory Board.** It has seven members. The Supervisory Board appoints the members of the Management Board of Fresenius Management SE and supervises and advises the Management Board by conducting the business. It regularly meets without the Management Board. It has adopted its own rules of procedure.

The Supervisory Board members of Fresenius Management SE can be found on page 373 of the Annual Report. The members of the Management Board are appointed by the Supervisory Board of Fresenius Management SE. This ensures long-term succession planning. This is based on discussions with members of the Management Board and impressions of managers who present at the meetings of the Supervisory Boards of Fresenius Management SE as well as Fresenius SE & Co. KGaA. This allows the Supervisory Board to form a picture of potential successors from within the Company.

Information on the compensation of the Management Board and Supervisory Board of Fresenius Management SE can be found here:

- Compensation system of the Management Board pursuant to Section 87a (1), (2) sentence 1 AktG at www.fresenius.com/corporate-governance
2023 compensation report, including the auditor’s remarks, pursuant to Section 162 AktG at www.fresenius.de/corporate-governance

The Supervisory Board of Fresenius SE & Co. KgaA

The Supervisory Board of Fresenius SE & Co. KGaA supervises the management of the Company’s business by the general partner Fresenius Management SE. It supervises business operations to ensure that corporate decisions of the Management Board are compliant, suitable, and financially sound. Taking into account the auditor's report, the Supervisory Board also reviews the annual financial statements and the consolidated financial statements. Another important part of the Supervisory Board’s activities is the work conducted within the committees formed in accordance with the requirements of the German Stock Corporation Act and the recommendations of the Code. The Management Board of the general partner Fresenius Management SE continuously informs the Supervisory Board of the corporate development, planning, and strategy.

The Supervisory Board of Fresenius SE & Co. KGaA consists of 12 members. The members of the Supervisory Board are listed on page 370 f. of this Annual Report. Half of its members are elected by the AGM. The proposals for the members of the Supervisory Board primarily take account of the knowledge, ability, and expert experience required to perform the tasks. The election proposals provided by the Supervisory Board reflect its designated objectives as well as its profile of expertise and skills. A Nomination Committee has been instituted for election proposals for the **shareholder representatives**. Its activities are aligned with the provisions of law and the Code. The European Works Council elects the **employee representatives** to the Supervisory Board of Fresenius SE & Co. KGaA. If an employee representative retires within their term of office, the substitute member will become a member of the Supervisory Board. With the change of structure of Fresenius Medical Care taking effect on November 30, 2023 and the associated deconsolidation of Fresenius Medical Care, employee representative Ms. Stefanie Balling left the Supervisory Board. Her successor is Mr. Holger Michel, who was elected in advance at the constituent meeting of the European Works Council as a personal substitute member.

For the Supervisory Board of Fresenius SE & Co. KGaA the law requires a quota of at least 30% women and 30% men. The statutory quotas were met in 2023.

A fixed age limit applies to Fresenius SE & Co. KGaA, under which, as a rule, the Supervisory Board of Fresenius SE & Co. KGaA should only include members who have not yet reached the age of 75 at the time of their election or appointment. The average age of the Supervisory Board as at December 31, 2023 was around 62 years.

The skills and experience of all Supervisory Board members help to ensure a balanced exchange within the Board. In 2023, the objectives for the composition and skills and expertise profile of the Board were met. Further information is provided on page 211 ff. of the Annual Report.

The Supervisory Board of Fresenius SE & Co. KGaA fulfills its tasks in accordance with the provisions of law, the articles of association of Fresenius SE & Co. KGaA, and its rules of procedure. The Chairman of the Supervisory Board is responsible for coordinating the activities of the Supervisory Board, chairing the **meetings,** and representing its interests externally. The Supervisory Board should convene once each calendar quarter, and must convene twice each calendar half-year. The meetings are convened and chaired by the Chairman or, if he is incapacitated, by a chairperson named by the Chairman. The person chairing the meeting decides the order in which the items on the agenda are dealt with and the form in which the voting is conducted. Unless other majorities are mandatory by law, the Supervisory Board passes its resolutions by a simple majority of the votes submitted in the voting. If a vote is tied, the Chairman has the casting vote or, if he does not take part in the voting, the matter is decided by the vote of the Deputy Chairman, who represents the shareholders. The shareholder representatives and the employee representatives within the Supervisory Board conduct separate preliminary meetings on a regular basis.

The **articles of association** of Fresenius SE & Co. KGaA and the rules of procedure of the Supervisory Board of Fresenius SE & Co. KGaA regulate the details with regard to the Supervisory Board's election, constitution, term of office, meetings and resolutions, and rights and duties. Both documents are published on our website, see www.fresenius.com/corporate-governance.

Information on the compensation of Fresenius SE & Co. KGaA is available here:

- Compensation system of the Supervisory Board of Fresenius SE & Co. KGaA including the compensation resolution pursuant to Section 113 (3) AktG at www.fresenius.com/corporate-governance
- 2023 compensation report, including the auditor's remarks, pursuant to Section 162 AktG at www.fresenius.de/corporate-governance

Independence and conflicts of interest

In the opinion of the Supervisory Board of Fresenius SE & Co. KGaA, all of its members are independent. The Supervisory Board shall include what it deems to be an appropriate number of **independent members** who do not have any business or personal relationship with the Company, its corporate bodies, a controlling shareholder, or a party related to the latter that may give grounds for a material and not merely temporary conflict of interest. This also applies to Dr. Michael Albrecht, who has been a member of the Supervisory Board for more than 12 years. His conduct in office demonstrates the necessary critical distance to properly advise and monitor the management by the general partner in every respect.

The general partner, acting through the Management Board, and the Supervisory Board of Fresenius SE & Co. KGaA have a duty to act in the best interests of the Company. In performing their activities, the members of the corporate bodies do not pursue personal interests or bestow unjustified benefits on others. Any sideline activities or transactions with the Company by members of the corporate bodies must be reported to, and approved by, the Supervisory Board. The Supervisory Board of Fresenius SE & Co. KGaA reports to the AGM on any **conflicts of interest** and how they are dealt with. There were no conflicts of interest involving members of the Supervisory Board in the past fiscal year.

Fresenius publishes information on related parties in the Annual Report on page 355 f.

Supervisory Board training and further education measures

The members of the Supervisory Board independently undertake necessary training and further education measures required to carry out their tasks. They keep themselves regularly informed, through internal and external sources, about the latest requirements with regard to their supervisory activities. The Supervisory Board at all times ensures that its members are suitably qualified, keep their professional knowledge up to date and further develop their judgment and expertise. They are supported appropriately by the Company in accordance with the Code. External experts as well as experts from Fresenius continuously provide information about important developments, for example about relevant new laws and precedents or changes in the IFRS accounting and auditing standards. In the 2023 fiscal year, the topics addressed included the hospital market in Spain and cybersecurity. In addition, new Supervisory Board members are offered individual onboarding.

The members of the Supervisory Board of Fresenius SE & Co. KGaA can be found on page 370 f. of the Annual Report. On page 14 ff. of the Annual Report, the Supervisory Board reports on the main focuses of its activities and those of its committees in 2023.

Supervisory Board efficiency evaluation/ self-assessment

The Supervisory Board of Fresenius SE & Co. KGaA regularly conducts an assessment, most recently in December 2022, of how effectively it as a whole and its committees fulfill their duties. The Supervisory Board of Fresenius SE & Co. KGaA intends to conduct another self-assessment in 2024.

The Supervisory Board conducts the assessment using a **company-specific questionnaire,** which covers the key aspects for a self-assessment, and discusses the anonymized evaluation of the responses in an open discussion in the plenary session. The most recent self-assessment showed that both the organization and the work of the Supervisory Board, including its committees, are considered to be efficient and the fulfillment of tasks effective.

Cooperation between the general partner and Supervisory Board of Fresenius SE & Co. KGaA

Good corporate governance requires **trusting and efficient cooperation** between the Management and the Supervisory Board. The Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA closely cooperate for the benefit of the Company. Open communication is essential. The common goal is to sustainably increase the company value in line with the corporate governance and compliance principles. The Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA coordinate with each other, especially with regard to the Company's strategic focus. As the monitoring body, the Supervisory Board of Fresenius SE & Co. KGaA also needs to be fully informed about operating performance and corporate planning, as well as the risk situation, risk management, and compliance. Again in the past fiscal year, the Management Board of the general partner provided this information in full and in compliance with its duties.

The representatives of the shareholders and of the employees may prepare the Supervisory Board meetings separately, and, if applicable, with members of the Management Board. Pre-meetings of the employee representatives as well as consultations of the shareholder representatives take place on a regular basis. The Supervisory Board meets regularly without the Management Board.

COMPOSITION AND PROCEDURES OF THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board of Fresenius SE & Co. KGaA has formed two **permanent committees** from among its members: the Audit Committee, consisting of five members, and the Nomination Committee, consisting of three members. The committee members were elected for the duration of their term as a member of the Supervisory Board of Fresenius SE & Co. KGaA. In accordance with the articles of association of Fresenius SE & Co. KGaA, only members of the Audit Committee receive additional compensation (Section 13 (4)). There is no Personnel Committee in the KGaA because the Supervisory Board of Fresenius SE & Co. KGaA is not responsible for appointing members of the Management Board of the general partner or for their employment contracts. Responsibility for these personnel matters lies with the Supervisory Board of the general partner.

The provisions for the Supervisory Board of Fresenius SE & Co. KGaA apply analogously to the committees. The committees hold meetings as required. The meetings are convened by the committee chairmen. They report during the following Supervisory Board meeting about the work of the respective committee. The rules of procedure for the committees are regulated in the rules of procedure of the Supervisory Board of Fresenius SE & Co. KGaA. For this reason, the committees do not have their own rules of procedure.

The members of the Supervisory Board's committees are listed on page 371 of the Annual Report.

Audit Committee

The Audit Committee's function is, among other things, to prepare the Supervisory Board's approval of the financial statements – and the consolidated financial statements – and the Supervisory Board's proposal to the AGM on the appointment of the auditor for the financial statements, and to make a preliminary review of the proposal on the allocation of distributable profits. It also reviews the quarterly reports before they are published and – following discussions with the Management Board – engages the auditor for the financial statements (and concludes the agreement on the auditor's fees), determines the main focuses of the audit, and defines the auditor's reporting duties in relation to the Supervisory Board of Fresenius SE & Co. KGaA. In addition, it must monitor the quality of the audit and review the effectiveness of the internal control system, the risk management system, the internal audit system and the compliance management system. The Audit Committee also must deal with regulatory changes, such as the reporting requirements resulting from implementation of the Corporate Sustainability Reporting Directive (CSRD) and from the EU Taxonomy Regulation.

The members of the Audit Committee are Ms. Susanne Zeidler (Chairwoman), Mr. Bernd Behlert, Ms. Grit Genster, Mr. Wolfgang Kirsch and Dr. Christoph Zindel. Mr. Bernd Behlert was elected as the successor to Mr. Konrad Kölbl with effect from February 17, 2023. Three members of the Audit Committee, Ms. Susanne Zeidler as Chairwoman of the Audit Committee, Mr. Wolfgang Kirsch and Dr. Christoph Zindel, have expertise in the field of accounting. This expertise includes special knowledge and experience in the application of accounting principles and internal control and risk management systems. Accounting also includes sustainability reporting. Three members of the Audit Committee, Ms. Susanne Zeidler as Chairwoman of the Audit Committee, Mr. Wolfgang Kirsch and Dr. Christoph Zindel, also have expertise in the field of auditing. This expertise includes special knowledge and experience in auditing, including auditing sustainability reporting. Further information on the expertise of the members of the Audit Committee in the areas of accounting and auditing can be found in the section "Implementation of the objectives and of the skills and expertise profile" on page 214 f. of the Annual Report.

The Audit Committee also dealt in detail with the approval of non-audit services by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main.

Nomination Committee

The Nomination Committee proposes suitable persons to the Supervisory Board for the nominations it makes to the AGM for the election of Supervisory Board members on the shareholders' side. The committee consists exclusively of persons representing the shareholders. In making its proposals, the Nomination Committee is guided by the requirements of the Code.

The members of the Nomination Committee are Mr. Wolfgang Kirsch (Chairman), Mr. Michael Diekmann and Ms. Susanne Zeidler.

Mediation Committee

Fresenius SE & Co. KGaA does not have a Mediation Committee because the provisions of the German Co-Determination Act that require such a committee do not apply to a partnership limited by shares.

Joint Committee

Pursuant to Sections 13a et seq. of the articles of association of Fresenius SE & Co. KGaA, the Supervisory Board of Fresenius SE & Co. KGaA has formed a Joint Committee together with the Supervisory Board of Fresenius Management SE. For some matters, which are defined in further detail in Section 13c (1) of the articles of association of Fresenius SE & Co. KGaA, the general partner requires the approval of the Joint Committee if 40% of the consolidated sales, the consolidated balance sheet total, and the consolidated profit are affected by the matter. These include, for example, the divestiture and acquisition of large investments and business units or the divestiture of large business units from the assets of Fresenius SE & Co. KGaA or a wholly owned company. The approval of the Joint Committee is also required for certain legal transactions between Fresenius SE & Co. KGaA or its affiliates and the Else Kröner-Fresenius-Stiftung.

The members of the Joint Committee are Mr. Michael Diekmann and Ms. Susanne Zeidler. The other members are Dr. Dieter Schenk (Chairman) and Mr. Wolfgang Kirsch, who were appointed by the general partner. The Joint Committee did not meet during the reporting year.

OBJECTIVES FOR THE COMPOSITION, PROFILE OF SKILLS AND EXPERTISE, AND DIVERSITY CONCEPT

The Supervisory Board of Fresenius SE & Co. KGaA has set specific targets for its composition. It has further developed these existing targets and adopted them together with a revised skills and expertise profile for the entire Board in December 2022. The status of implementation is disclosed in the form of a qualification matrix. The Supervisory Board has also adopted a diversity concept for itself and for the Management Board of Fresenius Management SE.

OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD AND PROFILE OF SKILLS AND EXPERTISE FOR THE ENTIRE BOARD

The Supervisory Board of Fresenius SE & Co. KGaA is to be composed in such a way that its members in entirety have the required knowledge, skills, and professional experiences for duly observing the tasks. Thereby, it is necessary to differentiate between the requirements for the individual Supervisory Board members and the requirements for the composition of the entire Board.

Requirements for the individual Supervisory Board members

The Supervisory Board members have to be professionally as well as personally qualified to advise and supervise the Management Board of a globally active health care Group.

Good corporate governance
Each Supervisory Board member is to have the knowledge of good corporate governance of a capital-market-oriented company required for duly observing its tasks. This includes knowledge of the main features of accounting, risk management, internal control mechanisms, and of compliance matters.

Sector experience and internationality
Each Supervisory Board member is to have general knowledge of the health care sector, as well as a basic understanding of the global activities of Fresenius.

Independence
A minimum of half of the Supervisory Board members and a minimum of the half of the shareholder representatives in the Supervisory Board are to be independent within the meaning of the German Corporate Governance Code. Independent in this meaning is someone who does not have a personal or business relationship with the Company, its governing bodies, a controlling shareholder, or a company affiliated with such that may cause a substantial and not merely temporary conflict of interest. The shareholder structure may be appropriately taken into account.

When assessing independence, in the view of the Supervisory Board, neither an appointment to the Management Board lapsed for more than two years nor the duration of the membership to the Supervisory Board exclude the classification as independent per se.

With regard to the employee representatives, the independence is not contested by the fact of representing employees nor by the employment relationship.

Individuals exercising an office in a body of a significant competitor of Fresenius or who hold, directly or indirectly, more than 3% of the voting capital in such are not to be a member of the Supervisory Board.

In cases where a Supervisory Board member is active for another company having business relationships with Fresenius, this activity is described in the section "Legal relationships with members of the corporate bodies" of the Annual Report.

Time availability and limit to the numbers of offices held
Each Supervisory Board member is to have sufficient time available for duly observing the office as Supervisory Board member and to comply with the limit to the offices held as recommended by the German Corporate Governance Code. Under the assumption of five meetings being held annually in the future, the expected time expenditure of new members amounts to approximately 15 to 30 days a year. This includes the preparation and follow-up of the Supervisory Board's meetings, the review of reports to the Supervisory Board, the participation in the Annual General Meeting, and regular training. Thereby, it is to be considered that the time expenditure also depends on the membership of one or several Supervisory Board committees.

Age limit and duration limit on the term of membership
A balance between experience and new ways of thinking is important for the activities of the Supervisory Board of Fresenius SE & Co. KGaA. For this reason, the Supervisory Board of Fresenius SE & Co. KGaA should have a balanced mix of experienced and new members. This not only allows different perspectives to be incorporated into the decision-making process, but also promotes a continuous transfer of knowledge. As a rule, the Supervisory Board of Fresenius SE & Co. KGaA should only include members who have not yet reached the age of 75 at the time of their election or appointment. In addition, a regular limit for the length of membership of the Supervisory Board set out in the rules of procedure must be observed.

Requirements for the entire Board

Sector experience
The Supervisory Board in its entirety needs to be familiar with the health care sector. An appropriate number of Supervisory Board members are to have in-depth knowledge and/or experience in the important sectors of the Company's operations:

- essential medicines, medical devices, and services for the critically and chronically ill
- operation of hospitals

The Supervisory Board is to include an appropriate number of members with management experience in the health care sector.

Financial knowledge
The Supervisory Board in its entirety needs to have financial knowledge, in particular in the fields of accounting, reporting, and auditing. At least one member must have expertise in the area of accounting and at least one other member must have expertise in the area of auditing. The Chair of the Audit Committee should be an expert in at least one of the two fields.

Knowledge of relevant legal issues as well as relevant regulatory and compliance matters
The Supervisory Board in its entirety is to be familiar with the relevant legal issues, as well as relevant regulatory and compliance matters.

Experience in the field of digitalization
The Supervisory Board in its entirety is to have the required understanding of the requirements of digitalization.

Internationality
Fresenius has subsidiaries in more than 60 countries. Therefore, the Supervisory Board in its entirety is to have knowledge and experience in the regions important for Fresenius. The Supervisory Board is to include an appropriate number of members with, due to their origin or business experience, a particular relation to the international markets relevant for Fresenius.

Management experience
The Supervisory Board is to include an appropriate number of members with experience in managing or supervising a medium-sized or large company.

Diversity and appropriate representation of women
The Supervisory Board is to rely on as different as possible expert knowledge, skills, and experiences. Therefore, diversity is to be appropriately considered for its composition, and when making election proposals, in the Company's interest, attention should be paid to ensuring that the candidates' profiles reasonably complement each other.

At least 30% of the Supervisory Board are women and at least 30% are men. In general, the participation of women is a joint responsibility of the shareholder and employee sides. For nominations, both the shareholder and employee sides will consider, to the extent possible – until equal representation is achieved – whether the proportion of women can be increased with qualified female candidates. Please note that the responsibility for electing employee representatives is with the European Works Council. Therefore, the Supervisory Board cannot provide a recommendation here.

DIVERSITY CONCEPT

A diversity concept applies for the Management Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA. The concept is outlined below. The objectives of the diversity concept, the way in which they are implemented, and the results achieved in the fiscal year are also explained.
Diversity enables us to look at matters from different perspectives and against the background of different experiences. Fresenius seeks diversity in the Management Board of Fresenius Management SE as well as in the Supervisory Board of Fresenius SE & Co. KGaA in terms of age, gender, education, professional background, and international experience.

Age

Finding a balance between expertise and novel approaches is important for the Management Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA. For this reason, both the Management Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA should have a balanced mix of experienced and new members. This not only allows different perspectives to be incorporated into the decision-making process, but also promotes a continuous transfer of knowledge.

Gender

Fresenius believes that a mix of women and men on both the Management Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA is desirable. At least 30% of the Supervisory Board are women and at least 30% are men. For nominations, both the shareholder and employee sides will consider, to the extent possible – until equal representation is achieved – whether the proportion of women can be increased with qualified female candidates. Please note that the responsibility for electing employee representatives is with the European Works Council. Therefore, the Supervisory Board cannot provide a recommendation here. Besides, qualification is the decisive criterion for filling board positions.

Professional background

Im Vorstand der Fresenius Management SE soll jeweils ein Mitglied über langjährige Erfahrungen auf den für das Unternehmen zentralen Arbeitsgebieten verfügen:

- lebensnotwendige Medikamente, Medizinprodukte und Dienstleistungen für kritisch und chronisch Kranke
- Betrieb von Krankenhäusern

In addition, one of the members shall have longstanding experience and expertise in finance and one in corporate governance, law, and compliance. This takes into account the special requirements of a capital-market-oriented company.

The Supervisory Board of Fresenius SE & Co. KGaA shall have a reasonable number of members experienced in the management or supervision of a medium-sized or large company. A reasonable number of Supervisory Board members should have leadership experience in the health care industry. At least one member must have expertise in the area of accounting and at least one other member must have expertise in the area of auditing.

International experience

Fresenius has subsidiaries in more than 60 countries. Against this background, the majority of the members of the Management Board of Fresenius Management SE are expected to have international experience in at least one of the markets relevant to Fresenius, based on their background, professional training or career.

An appropriate number of members of the Supervisory Board of Fresenius SE & Co. KGaA should also have a special connection to international markets relevant to Fresenius as a result of their origin or business experience.

Implementation of objectives

In the opinion of the Supervisory Board, it meets the objectives for its composition and fulfills both the skills and expertise profile and the diversity concept. The members of the Supervisory Board also fulfill the personal and professional requirements deemed necessary.

In particular, the Supervisory Board members as a whole are familiar with the sector in which the Company operates. In addition, the Supervisory Board has the knowledge, skills and experience essential to the Company, including in production and profitability, digitalization and transformation, innovation and strategy development as well as human resources and leadership. The Supervisory Board also has knowledge and experience in the Company's key business areas, including, in particular, medical products and services for critically and chronically ill patients, and the operation of hospitals.

The Supervisory Board's expertise in sustainability issues of importance to the Company puts it in a position to monitor significant sustainability issues, particularly with regard to environmental, social and governance (ESG) aspects, both in terms of corporate planning and strategic orientation.

The diverse composition of the Supervisory Board ensures appropriate consideration of diversity in line with the diversity concept. Numerous Supervisory Board members have international experience. Following the end of Ms. Stefanie Balling's term of office due to the change of structure of Fresenius Medical Care taking effect and her succession by Mr. Holger Michel on November 30, 2023, the Supervisory Board had four female members and eight male members in the 2023 fiscal year. This corresponds to a gender ratio of 33% to 67% of Supervisory Board members. Both the shareholder representatives and the employee representatives are made up of two women and four men.

In the opinion of the Supervisory Board, all Supervisory Board members are to be considered independent. The agreed age limit will be taken into account at the time of the Supervisory Board's nominations to the Annual General Meeting.

Three members of the Audit Committee, Ms. Susanne Zeidler as Chairwoman of the Audit Committee, Mr. Wolfgang Kirsch and Dr. Christoph Zindel, have expertise in the field of accounting. This expertise includes special knowledge and experience in the application of accounting principles and internal control and risk management systems. Accounting also includes sustainability reporting.

Ms. Susanne Zeidler has the necessary expertise in the areas of accounting and auditing due to her many years of experience as an auditor. She was able to deepen this expertise during her many years as a member of the management board and chief financial officer of a listed company.

Mr. Wolfgang Kirsch gained his expertise in the areas of accounting and auditing through his many years of work in the banking sector and his membership of the board of a financial institution, of which he was chairman.

Dr. Christoph Zindel has the necessary expertise in the areas of accounting and auditing due to his many years of management activities, including his membership of the management board of a listed company. As a member of the management board of a listed company with responsibility for sustainability, he also has expertise in sustainability reporting and the auditing thereof. Dr. Christoph Zindel was appointed by the Audit Committee of Fresenius SE & Co. KGaA as an ESG expert.

The status of implementation of the skills and expertise profile is disclosed in the form of the following qualification matrix, which includes the implementation of the diversity concept for the Supervisory Board:

The evaluation for the creation of the qualification matrix was based on an individual self-assessment of the

Supervisory Board members using standardized definitions and examples. If, in the opinion of the Supervisory Board, individual skills contained in the skills and expertise profile of the Supervisory Board are no longer available to a sufficient extent in the future, the Supervisory Board will take this into account when proposing candidates to the Annual General Meeting

		Wolfgang Kirsch	Prof. Dr. med. D. Michael Albrecht	Dr. Frank Appel	Stefanie Balling	Bernd Behlert	Michael Diekmann	Grit Genster	Dr. Heinrich Hiesinger	Konrad Kölbl	Frauke Lehmann	Prof. Dr. med. Iris Löw-Friedrich	Holger Michel	Oscar Romero de Paco	Dr. Dieter Schenk	Susanne Zeidler	Dr. Christoph Zindel
KGaA Duration of membership and function	**Member since**	2021	2011	–	2016	2018	2015	2020	–	2007	2016	2016	2023	2016	–	2022	2022
	Term until	2025	2025	–	2025	2025	2025	2025	–	2025	2025	2025	2025	2025	–	2025	2025
	Function	Chair	Member	–	Member until 30.11.2023**	Member	Deputy Chair	Deputy Chair	–	Member	Member	Member	Member since 30.11.2023	Member	–	Member	Member
FMSE Duration of membership and function	**Member since**	2021	–	2021	–	–	2015	–	2020	–	–	–	–	–	1998	2021	–
	Term until	2025	–	2025	–	–	2025	–	2025	–	–	–	–	–	2025	2025	–
	Function	Chair	–	Member	–	–	Member	–	Member	–	–	–	–	–	Deputy Chair	Member	–
Personal fit	**Independence***	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗	✓	✓
	No Overboarding*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓
Diversity	**Gender**	Male	Male	Male	Female	Male	Male	Female	Male	Male	Female	Female	Male	Male	Male	Female	Male
	Year of birth	1955	1949	1961	1968	1958	1954	1973	1960	1959	1963	1960	1969	1974	1952	1961	1961
	Nationality	German	German	German	German	German	German	German	German	Austrian	German	German	German	Spanish	German	German	German
	International experience	1-2 years	1-2 years	More than 6 years	None	None	More than 6 years	None	More than 6 years	None	None	3-5 years	None	3-5 years	1-2 years	None	3-5 years
	Professional background	Business graduate	Medical professional	Chemist, neuro-biologist	Commercial business	Engineering technician	Legal professional	Commercial business	Engineer	Skilled worker	Nurse	Medical professional	Specialist for Occupational Health Management	Skilled worker	Lawyer, tax consultant	Business graduate, auditor, tax consultant	Medical professional
Professional competence	**Change Management**	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
	Innovation	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✗	✓✓
	Leadership & management experience	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
	Quality	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✗	✓✓
	Increase profitability/ organic growth	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✗	✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓✓
	Strategy development and -implementation	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Healthcare Competence	**Sector experience (Healthcare)**	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓	✓✓	✓✓	✓✓	✗	✓✓	✓✓	✓✓
	Dialysis products & services	✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✗	✗	✓✓	✓✓	✓✓	✗	✓✓	✓✓	✓✓
	Hospital supplies & services	✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓	✓✓	✓✓	✓	✓✓	✗	✓✓	✓✓	✓✓
	Hospital projects & services	✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✗	✓✓	✓✓	✓✓
	Hospital operations	✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓	✗	✓✓	✗	✓✓	✗	✓✓	✓✓	✓✓
Finance expertise	**Financial expertise**	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✗	✓✓	✗	✓✓	✓✓	✓✓
	Financial expert (accounting) according to sec. 100 para. 5 Stock Cooperation Act (AktG)	✓✓	✗	✓✓	✗	✗	✓✓	✗	✓✓	✗	✗	✓	✗	✗	✓✓	✓✓	✓✓
	Financial expert (annual audit) according to sec. 100 para. 5 Stock Cooperation Act (AktG)	✓	✓	✓✓	✗	✗	✓✓	✗	✓✓	✗	✗	✗	✗	✗	✓✓	✓✓	✓
Functional competencies	**Digitalization**	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	✗	✓	✓✓	✓✓
	ESG & sustainability	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✗	✓✓	✓✓	✓✓
	Marketing	✓✓	✓✓	✓✓	✓	✓	✓✓	✓	✓	✗	✓	✓	✓✓	✗	✓✓	✗	✓✓
	M & A/Integration	✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✗	✓	✓✓	✓✓	✗	✓✓	✓✓	✓✓
	Human resources	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✗	✓✓	✓✓	✓✓
	Production	✗	✓✓	✓✓	✓✓	✓✓	✓	✓	✓✓	✗	✓	✓✓	✓✓	✗	✓✓	✗	✓✓
	Legal & Compliance, Corporate Governance	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	✗	✓✓	✓✓	✓✓
	Risk management	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	✗	✓✓	✓✓	✓✓
	Transformation	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	✗	✓✓	✗	✓✓
Committee membership	**Human Resources Committee (FMSE)**	Chair	–	–	–	–	✓	–	–	–	–	–	–	–	✓	–	–
	Nomination Committee (KGaA)	Chair	–	–	–	–	✓	–	–	–	–	–	–	–	–	✓	–
	Audit Committee (KGaA)	✓	–	–	–	–	–	✓	–	✓	–	–	–	–	–	Chair	✓
	Joint Committee (FMSE & KGaA)	✓	–	–	–	–	✓	–	–	–	–	–	–	–	Chair	✓	–

* In light of the German Corporate Governance Code **Left due to the registration of the legal form change of Fresenius Medical Care AG ✓✓ Special competence ✓General competence ✗ Not specified

RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

The general partner, represented by its Management Board, manages the Company's business with the due care and diligence of a prudent and conscientious company director in compliance with the provisions of the law, the articles of association, the rules of procedure for the Management Board, the resolutions passed by the full Management Board, and the Supervisory Board of the general partner. The basic rules of corporate conduct, partly extending beyond the requirements of law, are defined in the **Fresenius Code of Conduct**. It defines the framework of our rules and specifies the key principles for our conduct within the Company and in our relations with external partners and the public. We have published the Fresenius Code of Conduct on our website at www.fresenius.com/compliance. In addition, all Fresenius business segments have implemented their own Codes of Conduct. They cover the specifics of their businesses and reflect the values of the Fresenius Code of Conduct.

COMPLIANCE MANAGEMENT SYSTEMS

For Fresenius, compliance means doing the right thing. Because our core ethical values go beyond regulatory requirements, it means acting not only in accordance with the law, but also with applicable industry codes, internal policies, and our values. Compliance is part of our corporate culture and, consequently, our daily work.

Each of our business segments has appointed a **Chief Compliance Officer**, or a dedicated Compliance function, responsible for overseeing the development, implementation, and monitoring of the Compliance Management System (CMS) of the business segment. Furthermore, in line with the business structure and organization, the business segments have established compliance responsibilities at the respective organizational levels. The respective compliance organization supports management and employees in all compliance-related principles.

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

Essential **measures for prevention** include comprehensive risk recording and risk assessment, effective policies as well as adequate and effective procedures, regular training, and continuous advice. Through objective indicators, we try to detect potential compliance risks early on. To this end, we have implemented tools for early risk detection and internal control structures, e.g., for cash and bank transactions, and monitor these measures regularly in workshops and internal audits.

We take even potential misconduct seriously. This is why Fresenius employees who are aware of potential misconduct can contact their superior or the responsible compliance function or report a potential compliance case anonymously through 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 many languages.

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. Further information on compliance and the Compliance Management Systems can be found on pages 169 ff. of our Group Non-financial Report.

RISK MANAGEMENT AND CONTROL SYSTEM

In our view, responsible risk management is a crucial element of good corporate governance. Fresenius has a systematic risk management and control system that allows the Management Board to identify risks and market trends at an early stage and to react promptly to relevant changes in our risk profile. It consists of the following elements:

- internal control system,
- early warning system for risks,
- steering of financial, operational, and strategic risks,
- quality management systems,
- compliance management systems,
- reporting on legal risks, and
- risk assessment in investment and acquisition processes.

The well-being of our patients is important to us. Our risk management and control system, as well as efficiently designed processes, help to enhance the Company's performance. Our early risk detection system is reviewed as part of the annual audit of the financial statements. The auditor assesses whether the monitoring system set up by the Management Board is suitable for the early identification of risks that could jeopardize the Company's existence. The risk management and control systems are regularly reviewed by the Management Board and the Internal Audit department. The adequacy and effectiveness of our risk management and control system is the responsibility of the Management Board and is regularly audited by Internal Audit. Findings from these audits are incorporated into the

ongoing development of the risk management and control system, the effectiveness of which is also monitored by the Audit Committee of the Supervisory Board. Further information is available on page 16 f. of the Report of the Supervisory Board within the Annual Report 2023.
In line with the German Corporate Governance Code, our risk management and control system also covers the sustainability-related objectives anchored in our corporate strategy to the extent that this is not already required by law. This includes the processes and systems for recording and processing sustainability-related data. Further information (including the description of the main features of the overall internal control system and risk management system recommended by the Code and the statement on the appropriateness and effectiveness of these systems also recommended by the Code) can be found in the Group Management Report on pages 87 ff.
The Internal Audit department supports the Management Board as an independent function outside the Company's day-to-day operations. The department assesses internal processes from an objective viewpoint and with the necessary distance. Their goal is to create added value for Fresenius, and thus to help achieve organizational goals through improved internal controls, optimized business processes, and efficiency increases. Results from internal audits are analyzed both by the business segments and by the compliance organization to continuously improve preventive measures, for example to prevent corruption.

GERMAN CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The German Corporate Governance Code aims to provide more transparency for investors with regard to existing regulations covering the management and monitoring of companies. Our value-enhancing strategies, as well as the majority of the guidelines, recommendations, and suggestions for **responsible management** contained in the Code, have been basic components of our activities for many years. Extensive information on Corporate Governance can be found on our website at www.fresenius.com/corporate-governance.

The Management Board of the general partner of Fresenius SE & Co. KGaA, Fresenius Management SE, and the Supervisory Board of Fresenius SE & Co. KGaA issued the required **Declaration of Conformity** pursuant to Section 161 of the German Stock Corporation Act (AktG) in December 2023 and have made it available to shareholders on the website of the Company:

"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 previous Declaration of Conformity in December 2022 the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice (Bundesministerium der Justiz) in the official section of the Federal Gazette (Bundesanzeiger) (hereafter the Code) in the version of April 28, 2022 have been met and that the Code will also be met in the future.

Only the following recommendation of the Code has not been and will not be met as explained in the following:

- **Code recommendation C.5: protection against overboarding**
  Pursuant to Code recommendation C.5, a member of the Management Board of a listed company shall not be a member of more than two Supervisory Boards in listed non-group companies or hold comparable positions and shall not chair the Supervisory Board of a listed non-group company.
  Prof. Dr. med. Iris Löw-Friedrich is a member of the Supervisory Board of Fresenius SE & Co. KGaA and elected Chairwoman of the Supervisory Board of Evotec SE. She also serves on the Executive Committee of UCB S.A. as Chief Medical Officer and Executive Vice President Development and Medical Practices. Even if this Committee does not formally correspond to the Management Board of a Stock Corporation or SE, it is nevertheless comparable with such a Board, so that a deviation from Code recommendation C.5 is declared in this respect on a precautionary basis as of the change of the legal form taking effect.
  Prof. Dr. med. Iris Löw-Friedrich always had sufficient time to fulfill her mandate as a member of the Supervisory Board of Fresenius SE & Co. KGaA to the extent required. Prof. Dr. med. Löw-Friedrich plausibly demonstrated that this will continue to be the case in the future.
  Mr. Michael Sen is Chairman of the Management Board of Fresenius Management SE, the General Partner of Fresenius SE & Co. KGaA. He is also Chairman of the Supervisory Board of Fresenius Medical Care AG,

which is no longer part of the Fresenius Group when its change of legal form into a stock corporation becomes effective. Even though the Code recommendation C.5 refers to the appointment of the chairman of the supervisory board of the listed company outside the Group, a deviation from Code recommendation C.5 is declared as a precaution.

Mr. Sen has plausibly demonstrated to the Company that he has sufficient time available to perform his duties as Chairman of the Management Board of Fresenius Management SE and that he can perform his mandate with due care. This is in line with the fact that Mr. Sen was already Chairman of the Supervisory Board of Fresenius Medical Care Management AG, the General Partner of Fresenius Medical Care AG & Co. KGaA, and in this function he was also able to combine both offices without further ado. Due to this function, Mr. Sen is also very familiar with the Fresenius Medical Care Group and its circumstances.

Fresenius complies with all suggestions of the Code.

Bad Homburg v. d. H., December 2023

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

FURTHER INFORMATION ON CORPORATE GOVERNANCE

DIVERSITY

Throughout the Fresenius Group, we promote and live diversity and inclusion. We support equal opportunities and actively oppose discrimination of any kind. We have firmly anchored these values in our Code of Conduct.

We always aim to promote employees equally – and we are also committed to this principle when filling vacancies: at Fresenius, qualifications and experience are decisive for every personnel selection, be it recruitment or promotion. We want to ensure that we offer all employees the opportunity to participate in application, selection, and development processes – regardless of their origin, faith, political views, age, gender, ethnicity, skin color, nationality, cultural background, sexual orientation, physical condition, social background, appearance, or other personal characteristics.

The Management Board welcomes the company's efforts to further expand its diversity and inclusion activities in the future.

Fresenius will continue to consistently adhere to the principle of diversity and inclusion. We will also comply with all obligations arising from the Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector ("Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern in Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst"; FüPoG I) and the Act to Supplement and Amend the Regulations on Equal Participation of Women in Leadership Positions in the Private and Public Sector ("Gesetz zur Ergänzung und Änderung der Regelungen für die gleichberechtigte Teilhabe von Frauen an Führungs-positionen in der Privatwirtschaft und im öffentlichen Dienst"; FüPoG II):

For the Supervisory Board of Fresenius SE & Co. KGaA, the law requires a quota of at least 30% women and 30% men. These quotas were once again met in 2023.

The legally stipulated targets for the Management Board do not apply to Fresenius Management SE or to Fresenius SE & Co. KGaA. Due to its legal form, Fresenius SE & Co. KGaA does not have a Management Board. Fresenius Management SE is not listed on the stock exchange and is also not subject to codetermination.

Nevertheless, the Management Board has made the following determinations for the first two management levels below the Management Board in accordance with the aforementioned regulations:

For the proportion of women at the first management level, a target of 30.0% for the period ending December 31, 2025, was set by resolution of the Management Board with effect from January 1, 2021. The first management level includes all Senior Vice Presidents and Vice Presidents with an employment contract with Fresenius SE & Co. KGaA who report directly to a member of the Management Board. As of December 31, 2023, the proportion of women at this management level was 30.0%.For the proportion of women at the second management level, a target of 30.0% for the period ending December 31, 2025, was set by resolution of the Management Board with effect from January 1, 2021. The second management level comprises all Vice Presidents with an employment contract with Fresenius SE & Co. KGaA who report directly to a member of the first management level. As of December 31, 2023, the proportion of women at this management level was 24.1%.

From the Management Board's perspective, the group of managers participating in the Group-wide variable remuneration programs is even more representative for determining the proportion of women in management positions: the proportion of women among these top 501 managers was around 27% as of December 31, 2023 (December 31, 2022: 28%).

Further information on diversity, as well as personnel management and personnel development, is included in the Group Management Report on page 48 f. and in the Group Non-financial Report on pages 146 ff.

DISCLOSURES ON DIRECTORS' DEALINGS / MANAGERS' TRANSACTIONS AND SHAREHOLDINGS IN 2023

According to the provisions of Art. 19 Market Abuse Regu lation (MAR) regarding managers' transactions, persons discharging managerial responsibilities, as well as persons closely associated with them, shall notify the Company of transactions conducted on their own account relating to the shares or debt instruments of Fresenius SE & Co. KGaA or to derivatives or other financial instruments linked thereto. Managers' transactions in 2023 are disclosed on our website at www.fresenius.com/corporate-governance.

None of the Management or Supervisory Board members of the general partner or of the Supervisory Board of Fresenius SE & Co. KGaA directly or indirectly holds more than 1% of the shares issued by Fresenius or any related financial instruments.

The members of the Management and Supervisory Boards of Fresenius Management SE and the members of the Supervisory Board of Fresenius SE & Co. KGaA together hold around 0.07% of the shares of Fresenius SE & Co. KGaA outstanding as of December 31, 2023, in the form of shares or related financial instruments and stock options under the Fresenius SE & Co. KGaA stock option plans. Around 0.07% are held by members of the Management Board of Fresenius Management SE, around 0.01% by members of the Supervisory Board of Fresenius Management SE, and around 0.01% by members of the Supervisory Board of Fresenius SE & Co. KGaA. Due to the fact that some persons are members of both Supervisory Boards, the amount of shares or related financial instruments and stock options held by the Boards of Fresenius SE & Co. KGaA and Fresenius Management SE in total can be smaller than the cumulative holdings of the three Boards as reported herein.

There were no notifications that the shareholdings of members of the Management and Supervisory Boards had reached, exceeded, or fallen below the reporting thresholds stipulated in the German Securities Trading Act.

TRANSPARENCY AND COMMUNICATION

Fresenius adheres to all recommendations of the Code. Transparency is guaranteed by continuous communication with the public. In that way, we are able to validate and deepen the trust shown in us. Of particular importance to us is the equal treatment of all recipients. To ensure that all market participants receive the same information at the same time, we post all important publications on our website at www.fresenius.com. We report in detail on investor relations activities on page 23 f. of the Annual Report.

FINANCIAL ACCOUNTING AND REPORTING

Fresenius, as a publicly traded company based in a member country of the European Union, has to prepare and publish its consolidated financial statements, as required, in accordance with International Financial Reporting Standards (IFRS) pursuant to Section 315e of the German Commercial Code (HGB).

According to the Audit Regulation (EU) No. 537/2014 there is an obligation for regular external rotation of the auditor and the Group auditor. For Fresenius SE & Co. KGaA, such external rotation took place for fiscal year 2020. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was elected as auditor for the fiscal year 2023 by the Annual General Meeting 2023. The leading auditor Dr. Bernd Roese, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has been responsible for the audit of the consolidated financial statements since 2020.

COMPENSATION REPORT

1. INTRODUCTION

The compensation report summarizes the main elements of the compensation system for the members of the Management Board of Fresenius Management SE as the general partner of Fresenius SE & Co. KGaA, and has been prepared jointly by the Management Board and the Supervisory Board of the Company. The contents of the compensation report comply with the regulatory requirements of the German Stock Corporation Act (AktG) (Section 162 AktG) as well as with the recommendations and suggestions of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022. In addition to disclosing the amount and structure of the compensation, the compensation report sets out how the compensation components comply with the relevant compensation system and how the compensation promotes the long-term development of the Company. To ensure comprehensive transparency, the compensation report also contains additional disclosures and explanations that go considerably beyond the statutory requirements. Furthermore, the compensation report describes the main elements of Supervisory Board compensation and discloses their amount.

Fresenius SE & Co. KGaA has published the compensation report on its website (www.fresenius.com/corporate-governance). The compensation system of the Management Board and the compensation system of the Supervisory Board are also available on the Company's website (www.fresenius.com/corporate-governance).

Clear, comprehensible, and transparent reporting is of great importance to both the Management Board and the Supervisory Board of the Company. For this reason, Fresenius SE & Co. KGaA voluntarily commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft with a substantive audit of the disclosures in the compensation report, above and beyond the legally required formal review in accordance with Section 162 (3) AktG for the presence of the disclosures. The note regarding the audit is attached to the compensation report.

2. REVIEW OF FISCAL YEAR 2023 FROM A COMPENSATION PERSPECTIVE AND CHANGES WITHIN THE MANAGEMENT BOARD

The compensation report 2022 was submitted to the Annual General Meeting of Fresenius SE & Co. KGaA for consent on May 17, 2023, in accordance with Section 120a (4) AktG, and approved with 89.19% of the votes cast. The again very good voting result encourages the belief of the Management Board and the Supervisory Board that comprehensible and transparent reporting is in place. During fiscal year 2023, the Company implemented additional improvements to meet the expectations of investors and the public as well as established market practice even more closely.

Moreover, the revised Compensation System 2023+ for the members of the Management Board was submitted to the Annual General Meeting of Fresenius SE & Co. KGaA for approval in accordance with Section 120a (1) AktG and approved with 93.01% of the votes cast.

Apart from meeting regulatory requirements primarily by adapting the long-term variable compensation, the aim of the revision of the compensation system for the Management Board was to provide even more effective incentives to achieve the long-term and sustainable goals of the corporate strategy (for detailed explanations of the changes, see chapter 3.2).

The compensation of the Management Board is directly linked to its performance (pay for performance) and is considerably aligned with the Company's success through the high proportion of variable compensation. Furthermore, the Supervisory Board of Fresenius Management SE has for the first time, as part of the Compensation System 2023+, integrated sustainability targets, also known as ESG – Environmental, Social, Governance – into the long-term variable compensation of the Management Board.

To compensate for the inflation trend, the target compensation of the members of the Management Board was increased slightly in fiscal year 2023, however, the maximum compensation threshold remained unchanged.

With regard to the variable compensation for fiscal year 2023, it should be noted that the Company is subject to statutory restrictions under the "Energy Price Brake Acts", according to which members of the Management Board of Fresenius Management SE may not be awarded bonuses or other variable or comparable compensation components for fiscal year 2023. Details on these statutory restrictions and the effects on the compensation of the members of the Management Board of Fresenius Management SE are presented in chapters 3.4.2.1, Short-term incentive, and 3.4.2.2, Long-term incentive.

In fiscal year 2023, several changes within the Management Board of Fresenius Management SE took place. Following Mr. Michael Sen's appointment as Chairman of the Management Board of Fresenius Management SE as of October 1, 2022 and his continuation as Chairman of the Management Board of Fresenius Kabi AG on an interim basis, Mr. Pierluigi Antonelli was appointed Chairman of the Management Board of Fresenius Kabi AG and member of the Management Board of Fresenius Management SE for three years with effect from March 1, 2023.

Dr. Ernst Wastler stepped down as Chairman of the management board of VAMED AG and thus also from the Management Board of Fresenius Management SE upon reaching retirement age on July 18, 2023.

In addition, Dr. Francesco De Meo left the Management Board of Fresenius Management SE on September 8, 2023. Mr. Robert Möller joined the Management Board of Fresenius Management SE on this date and has since assumed responsibility for the business segment Fresenius Helios.

Moreover, Dr. Sebastian Biedenkopf left the Management Board of Fresenius Management SE at the end of November 30, 2023. Dr. Michael Moser, who was appointed to the Management Board of Fresenius Management SE for three years with effect from July 1, 2023, is responsible for Legal, Compliance, Risk Management, ESG, and Fresenius Vamed. With the withdrawal of Dr. Sebastian Biedenkopf, he also assumed responsibility for Human Resources (Labor Director).

In view of the deconsolidation of Fresenius Medical Care, Ms. Helen Giza, CEO of today's Fresenius Medical Care AG, also left the Management Board of Fresenius Management SE as of November 30, 2023. Ms. Helen Giza received her compensation for this period exclusively from Fresenius Medical Care Management AG. Bonuses and other variable or comparable compensation components that Ms. Helen Giza received from Fresenius Medical Care Management AG or (after the change of legal form of Fresenius Medical Care AG & Co. KGaA became effective) Fresenius Medical Care AG are not subject to the statutory restrictions under the "Energy Price Brake Acts".

3. COMPENSATION OF THE MANAGEMENT BOARD

3.1 COMPENSATION GOVERNANCE

The Supervisory Board of Fresenius Management SE is responsible for determining the compensation of each Management Board member as well as for determining, reviewing, and implementing the compensation system. The Supervisory Board of Fresenius Management SE is assisted in this task by its Human Resources Committee, which is also responsible for the tasks of a Compensation Committee. In the past fiscal year, the Human Resources Committee of Fresenius Management SE was composed of Mr. Wolfgang Kirsch, Dr. Dieter Schenk, and Mr. Michael Diekmann. The Human Resources Committee makes recommendations to the Supervisory Board of Fresenius Management SE, which are discussed and – where necessary – decided on by the Supervisory Board.

With regard to the requirements of the German Stock Corporation Act and the GCGC, the Supervisory Board of Fresenius Management SE regularly reviews the appropriateness and customary practice of the compensation of the members of the Management Board. In the course of determining the amount of the total target compensation, care is taken to ensure that the respective compensation is in an appropriate relationship to the duties and performance of the Management Board member as well as to the performance of the Company, that it supports the long-term and sustainable development of Fresenius SE & Co. KGaA, and that it does not exceed the usual compensation without special reasons. For this purpose, both external and internal comparative analyses are carried out. In addition, the total compensation contractually agreed with the individual members of the Management Board takes into account the interest of the Company in retaining the members of the Management Board at the Company or attracting new potential talents for the Management Board.

In order to assess the appropriateness of the compensation system and the individual compensation of the Management Board members, the Supervisory Board of Fresenius Management SE regularly conducts a review of the respective amount and structure of the compensation by means of a horizontal analysis (external comparative analysis). The respective amount of the total target compensation and the underlying compensation components contractually agreed with the individual Management Board members are compared with the compensation data of other DAX companies.

When determining the compensation system and the compensation of the Management Board members, the Supervisory Board of Fresenius Management SE additionally conducts a vertical review (internal comparative analysis) with respect to the compensation levels of the Company's employees. For this purpose, the ratios between the average compensation of the Management Board, the average compensation of the senior management of the Company, and that of the total workforce are determined. Senior management is defined as all employees who report to a Management Board member in a position of Vice President and above. When conducting the vertical review, the Supervisory Board of Fresenius Management SE also considers the development of the compensation levels over time. Most recently in fiscal year 2023, the Supervisory Board of Fresenius Management SE examined the customary practice and appropriateness of the compensation of the members of the Management Board. The support of an independent consultant was called in to review the customary practice.

In general, the Supervisory Board of Fresenius Management SE has the right to temporarily deviate from the compensation system if this is necessary in the interest of the

Company's long-term well-being. In the past fiscal year, the Supervisory Board of Fresenius Management SE did not make use of this right.

In addition, under the Compensation System 2023+ (as was already the case under the Compensation System 2021+), the Supervisory Board of Fresenius Management SE is not entitled to award special payments for outstanding performance to the Management Board members (also known as "Ermessenstantieme").

3.2 SIGNIFICANT CHANGES TO THE COMPENSATION SYSTEM 2023+

The Supervisory Board of Fresenius SE & Co. KGaA submitted a revised Compensation System 2023+ to the 2023 Annual General Meeting for consent. The new Compensation System 2023+ was approved with 93.01% of the votes cast. It is even more strongly aligned with the interests of shareholders and the long-term and sustainable development of Fresenius. The Compensation System 2023+ was generally applied to all members of the Management Board in fiscal year 2023. With the exception of the service agreements of the departing Management Board members Dr. Sebastian Biedenkopf, Dr. Francesco De Meo, and Dr. Ernst Wastler, all service agreements were adapted to the new compensation system. The compensation system of Fresenius Medical Care AG applies to Ms. Helen Giza, who was a member of the Management Board of Fresenius Management SE up to November 30, 2023.

The main changes to the Compensation System 2023+ compared to the Compensation System 2021+ are explained below:

The Compensation System 2023+ includes a new long-term incentive plan which focuses on the key financial and non-financial performance indicators of Fresenius and links the compensation of the Management Board even more closely to the corporate strategy. The LTIP 2023 also applies to members of the management of affiliated companies and selected executives of the Company and affiliated companies.

The performance targets for long-term variable compensation include total shareholder return (TSR) compared to competitors (relative TSR), return on invested capital (ROIC), and Fresenius' sustainability targets.

The relative TSR fulfills investor-specific expectations regarding the inclusion of a performance measurement compared to relevant competitors, is in line with both national and international market practice, and is an important indicator of Fresenius' long-term capital market performance.

ROIC is a strategically relevant internal performance target and describes the return on invested capital. It expresses the long-term financing capability and value generation of Fresenius. To ensure genuine value generation, it is necessary that at least the cost of capital (weighted average cost of capital (WACC)) is generated.

Sustainability is an essential and integral part of the corporate strategy. The consideration of key environmental, social, and governance targets (ESG targets) is in line with investor-specific and social requirements, the majority market practice among DAX companies, and promotes the long-term and sustainable development of Fresenius. As part of the long-term variable compensation, a significant reduction in CO_2 emissions has been set as an ESG target for the grant 2023 – in line with the externally communicated target of becoming climate-neutral by 2040. For future grants, other ESG targets (e.g., from the areas of employees and customers) that are also relevant for Fresenius, strategy-derived, ambitious and comprehensibly measurable, and are integrated into corporate strategy can be selected instead of or in addition to the ESG target of "CO_2 reduction".

In addition, the other components of the compensation system were reviewed and adjusted slightly. ESG targets will continue to be used for the short-term variable compensation. The initial focus will be on the areas of customer and employee satisfaction. Moreover, as already provided for in the Compensation System 2021+, the target achievement cap for the three performance criteria in the short-term variable compensation is set at 150% from fiscal year 2023. This means that the payout for short-term variable compensation will be capped at 150% of the target amount.

Furthermore, the share ownership guidelines were adjusted to a standard market level, meaning that the Chairman of the Management Board must now invest 200% and the other members of the Management Board must continue to invest 100% of their annual gross base salary in shares.

Finally, the Compensation System 2023+ provides for members of the Management Board appointed for the first time after the 2023 Annual General Meeting a pension substitute in cash for self-provision instead of the pension commitment previously provided for in the Compensation System 2021+.

3.3 OVERVIEW OF THE COMPENSATION SYSTEM

Principles of the compensation system

The Compensation System 2023+ for the members of the Management Board makes a significant contribution to promoting the business strategy and the long-term, sustainable development of Fresenius SE & Co. KGaA. It provides effective incentives for the achievement of the strategic goals as well as for the long-term value creation of the Company, taking into account the interests of patients, shareholders, employees, and other stakeholders. The Compensation System 2023+ is based on the following principles:

Link to strategy	The Compensation System 2023+ for the Management Board members promotes the execution of Fresenius's global strategy. In particular, the long-term and sustainable development of Fresenius is taken into account.
Alignment with shareholders' interests	With the aim of achieving cost-effective and profitable growth and taking into account total shareholder return, the Compensation System 2023+ is aligned with shareholders' interests. Feedback from many investors has been considered in the design of the system and the link to the development of Company value has been enforced.
Simple structure	The Compensation System 2023+ is comprehensible and not complex.
Long-term orientation	The compensation components and the long-term-oriented compensation structure promote long-term and sustainable value creation.
Rewarding financial performance and sustainability	The performance targets reflect the Company's strategy and enforce the Company's commitment to environmental, social, and governance (ESG) aspects.
Cooperation across business segments	Performance targets at Group as well as on business segment level are defined for the Management Board members. By measuring performance at the Group level, close cooperation across the Company's business segments is promoted.
Good corporate governance	The Compensation System 2023+ is designed to comply with the recommendations set out in the German Corporate Governance Code in the version dated April 28, 2022.
Current market best practice	The Compensation System 2023+ is based on current market best practice.
Alignment with performance	The Compensation System 2023+ is significantly aligned to the Company's success due to its high proportion of variable compensation.

The following illustration shows the compensation components and the further design elements of the Compensation System 2023+, which are described in more detail below:

COMPENSATION SYSTEM 2023+

Fixed components

Base salary

+

Fringe benefits

+

Pension substitute/ Pension commitment

Variable components

Short-term variable compensation
Financial performance targets:
- 65% Net income[1] (before special items)
- 20% Revenue[2]

Non-financial performance targets:
- 15% ESG[3]

Cap of target achievement:
150%

Cap of payout:
150% of target amount

Long-term variable compensation
Financial performance targets:
- 50% Relative TSR[4]
- 25% ROIC

Non-financial performance targets:
- 25% ESG[3]

Cap of target achievement:
250%

Cap of payout:
250% of grant value

Maximum Compensation

Maximum Compensation for each member of the Management Board depending on their function

Further design elements

Share ownership guidelines

Malus and clawback

Severance payment cap

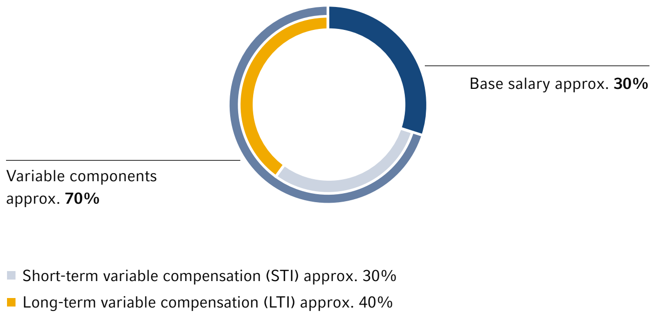
[1] Net income of the Group or the Group and business segments
[2] Revenue of the Group or the Group and business segments
[3] Environmental, Social, Governance
[4] Total Shareholder Return

To promote the sustainable and long-term development of the Company, the variable compensation components in the Compensation System 2023+ are awarded predominately on a long-term basis. Accordingly, the grant value of the Long-Term Incentive always exceeds the target amount of the Short-Term Incentive for each fiscal year.

Under the Long-Term Incentive, performance is measured over a period of four years. The compensation under the Long-Term Incentive is available to Management Board members after a period of at least four years.

The general compensation structure of the target direct compensation (sum of base salary p.a., target Short-Term Incentive (STI) amount p.a., and grant value under the Long-Term Incentive (LTI) p.a.) for a full fiscal year consists of approximately 30% each of the base salary and the Short-Term Incentive as well as approximately 40% of the Long-Term Incentive.

GENERAL COMPENSATION STRUCTURE



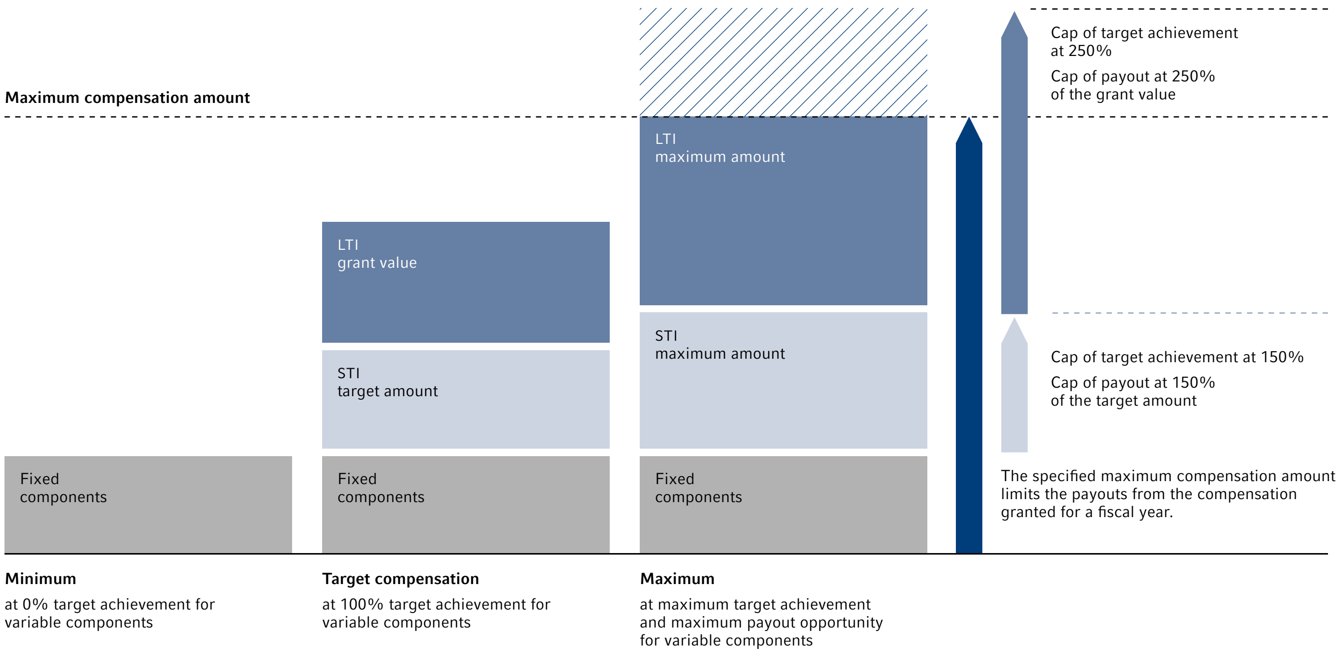
Consequently, approximately 70% of the target direct compensation comprises performance-related variable compensation components. The approximately 40% share of the Long-Term Incentive (approximately 57% of the variable components) reflects the long-term orientation of the compensation structure.

Maximum compensation

Like the Compensation System 2021+, the Compensation System 2023+ provides for an overall annual maximum compensation amount (Maximum Compensation) for each Management Board member. These Maximum Compensation amounts limit the payouts to a Management Board member from the compensation contractually agreed for a fiscal year, irrespective of the dates of the payouts. The Maximum Compensation comprises base salary (payment in the fiscal year), the Short-Term Incentive (payment in the following fiscal year), and the Long-Term Incentive (payment according to plan conditions in later fiscal years), as well as all other fringe benefits and compensation (payment in the fiscal year). The pension substitute and the pension commitment that is part of the fixed compensation components are also included in the calculation of the Maximum Compensation with the amount of the service cost incurred in the fiscal year. The Maximum Compensation amount for Management Board members can be below the sum of the potentially achievable payouts from the individual compensation components contractually agreed for a fiscal year. If the calculated payout for a Management Board member is higher than the respective Maximum Compensation, the amounts accruing under the Long-Term Incentive are reduced accordingly until the Maximum Compensation is no longer exceeded.

The Maximum Compensation in the Compensation System 2023+ remains unchanged at €10 million for the Chairman of the Management Board and €6.5 million for all other Management Board members. Compliance with the Maximum Compensation is reviewed annually. Compliance with the Maximum Compensation can only be finally determined once all contractually agreed compensation components of the Compensation System 2021+ for a fiscal year have been paid out. Thus, the Supervisory Board of Fresenius Management SE will review the final payout amount against the background of the Maximum Compensation 2021 for the first time in 2025 after the end of the first measurement period for the long-term variable compensation under the Compensation System 2021+.

MAXIMUM COMPENSATION



3.4 COMPENSATION COMPONENTS IN DETAIL

3.4.1 FIXED COMPONENTS

Base salary

The base salary, which is usually agreed upon for a full year, is paid in accordance with the local payroll customs applicable to the respective member of the Management Board.

Fringe benefits

Fringe benefits are awarded based on the individual service agreements and can fundamentally include: the private use of company cars, special payments such as housing, rent, and relocation payments, costs for the operation of security alarm systems, and contributions to pension insurance as well as to accident, health, and nursing care insurance, other insurance policies, and tax equalization compensation due to different tax rates in Germany and, as the case may be, the country in which the Management Board member is personally taxable. Fringe benefits can be of one-time or recurring nature.

In order to attract qualified candidates for the Management Board, the Supervisory Board of Fresenius Management SE may complement the compensation of first-time Management Board members in an appropriate and market-compliant manner with an entry bonus (sign-on bonus), e.g., to compensate for forfeited compensation from previous employment or service agreements. In fiscal year 2023, the Supervisory Board made use of this right to compensate Dr. Michael Moser for forfeited compensation from his previous employment agreement. The Supervisory Board of Fresenius Management SE may also award reimbursements for fees, charges, and other costs in connection with or related to a change in the regular place of work of Management Board members.

Fresenius SE & Co. KGaA furthermore undertook to indemnify the Management Board members, to the legally permitted extent, against any claims that may be asserted against them in the course of their service for the Company and its affiliated Group companies to the extent that such claims exceed their liability under German law. To cover such obligations, the Company took out Directors' & Officers' liability insurance, the deductible complying with the requirements of the Stock Corporation Act. The indemnification covers the period during which the respective member of the Management Board holds office as well as any claims in this regard after termination of the service on the Management Board.

Pension substitute / Pension commitments

Management Board members appointed to the Management Board for the first time after the 2023 Annual General Meeting will receive a pension substitute in cash amounting to 40% of their respective base salary.

Management Board members who were first appointed to the Management Board between January 1, 2020 and the 2023 Annual General Meeting were promised a pension commitment within the framework of a defined contribution plan.

Management Board members who were first appointed to the Management Board before January 1, 2020 were promised a contractual pension commitment in the form of a defined benefit scheme that provides for pension benefits and surviving dependents' benefits.

The pension commitments are described in detail in chapter 3.7.2.

3.4.2 VARIABLE COMPONENTS

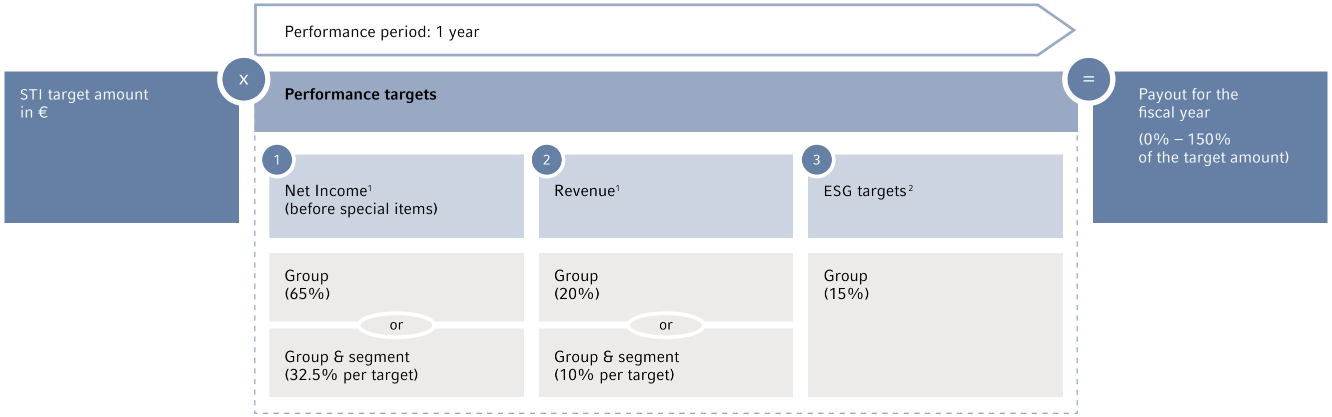
3.4.2.1 SHORT-TERM INCENTIVE

Overview

Under the Compensation System 2023+, the Management Board members are entitled to receive a Short-Term Incentive, which may result in a cash payment. The Short-Term Incentive for the Management Board members reflects the success of the Company in the relevant fiscal year. The Short-Term Incentive is linked to the achievement of financial and non-financial performance targets, balancing growth, profitability, and sustainability aspects.

The respective target amount for the Short-Term Incentive (i.e., the amount paid out if the target is reached to 100%) is as a percentage of the respective base salary of a Management Board member individually agreed upon. In case of appointments to the Management Board during a fiscal year, the respective target amount will be prorated.

SHORT-TERM VARIABLE COMPENSATION



Management Board members with Group responsibility:	Chief Executive Officer, Chief Financial Officer and Legal, Compliance, Risk Management, ESG, Human Resources and Fresenius Vamed
Management Board members with business segment responsibility:	Management Board members with responsibility for the business segments Fresenius Helios and Fresenius Kabi

[1] For Management Board members with business segment responsibility, the key financial figures are measured equally at Group and on business segment level.
[2] The degree of fulfillment within each of the four business segments is weighted at 25% each; overall target achievement is identical for all Management Board members.

Target	Weight	Background and link to strategy
Net income (before special items)	65%	Group or business segment net income serves as a primary steering parameter for profitability. To enable a better comparison of operating performance over several periods, the net income figures are adjusted for special items where necessary.
Revenue	20%	As part of the growth strategy, the development of revenue at Group and business segment level, especially organic revenue growth, is of central importance.
ESG targets	15%	The ESG targets reflect the Company's commitment and strategy with regard to environmental, social, and governance aspects. The ESG targets are designed to achieve significantly improved ESG performance with reported and audited metrics that reflect Fresenius' strategy.

Performance targets

The Short-Term Incentive is measured based on the achievement of three performance targets: 65% relates to Group or business segment net income (before special items), 20% to Group or business segment revenue, and 15% to the achievement of sustainability criteria (ESG targets).

The financial performance targets reflect the key performance indicators of the Company and support the Company's strategy of achieving sustainable and profitable growth. The non-financial performance targets underline the Company's commitment to implementing its global sustainability strategy. Sustainable actions are an integral part of the corporate strategy and ensure the future viability from a social and economic perspective.

Adjustment of the performance targets

The financial figures underlying the financial performance targets can be adjusted for certain effects, in particular effects from significant acquisitions, divestments, restructuring measures, and changes in accounting principles. In addition, the Supervisory Board of Fresenius Management SE can also adjust for one-time material special items for which the Management Board is not responsible, which have not been budgeted for, and which are therefore not included in the calculation of the target values. In this way, the Supervisory Board ensures both comparability and that the calculation of variable compensation is based on actual Management Board performance rather than on external effects.

In fiscal year 2023, the Supervisory Board of Fresenius Management SE adjusted net income for the following special items:

€ in millions	Fresenius Group	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Net income, reported (including special items)	-594	608	463	-626
Adjustments:				
IFRS 5 valuation	1,115	–	0	–
Expenses associated with the Fresenius cost and efficiency program	205	123	1	1
Revaluations of biosimilars contingent purchase price liabilities	-24	-24	–	–
Transaction costs mAbxience, Ivenix	34	34	–	–
Legacy portfolio adjustments	315	7	250	–
Legal form conversion costs Fresenius Medical Care	26	–	–	–
Vamed transformation	426	–	–	554
Remeasurement Humacyte investment	-3	–	–	–
Initial recognition and amortization of PPA equity method Fresenius Medical Care	5	–	–	–
Currency conversion (at budget rates)	2	-5	1	-1
Net income, adjusted	**1,507**	**743**	**715**	**-72**

Revenue was adjusted by the Supervisory Board of Fresenius Management SE for currency effects in fiscal year 2023:

€ in millions	Fresenius Group	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Revenue, reported (including special items)	41,650[1]	8,009	12,321	2,356
Adjustments:				
Currency conversion (at budget rates)	1,573	419	24	-9
Revenue, adjusted	**43,223**	**8,428**	**12,345**	**2,347**

[1] Pro forma incl. Fresenius Medical Care

Levels of performance measurement

In order to further enhance cooperation across the business segments and at the same time incentivize the Management Board members with respect to their individual responsibilities, some performance targets are measured at Group level, others at business segment level. For Management Board members who are responsible for a business segment (Mr. Pierluigi Antonelli, Dr. Francesco De Meo, and Mr. Robert Möller, respectively, and Dr. Ernst Wastler), half of the net income and half of revenue are based on the corresponding key financial figures of the Group and the respective business segment. For Management Board members with Group responsibilities (Mr. Michael Sen, Dr. Sebastian Biedenkopf, and Dr. Michael Moser, respectively, and Ms. Sara Hennicken), net income and revenue refer to the corresponding key financial figures of the Group. By measuring the financial performance targets at Group as well as on a business segment level, the financial success of both the individual business segments and the Group is reflected.

The achievement of sustainability targets is measured at Group level to ensure close cooperation across the Company's business segments in the field of sustainability. The non-financial performance targets relate to ESG focus topics such as quality, employees, innovation, compliance, and environment. Each year, one or more ESG targets are defined, which in turn are applied to one or more of the focus topics. The overall ESG target achievement is identical for all Management Board members.

Short-term variable compensation for fiscal year 2023

No payment in accordance with the statutory restrictions of the "Energy Price Brake Acts"

Due to the government financing and support received by the Fresenius Group, the Company is subject to restrictions under the "Energy Price Brake Acts", according to which the members of the Management Board of Fresenius Management SE may not be awarded any variable compensation components for fiscal year 2023 specifically.

The relevant statutory restrictions result from the Natural Gas Heat Price Brake Act (EWPBG) and the Electricity Price Brake Act (StromPBG; together with the EWPBG, the "Energy Price Brake Acts") and apply to companies that have received benefits in accordance with the "Energy Price Brake Acts" and / or the Hospital Financing Act (KHG). In accordance with the statutory provisions, companies that receive corresponding benefits in excess of €50 million may not award members of the Company's management or members of the Company's supervisory bodies under company law any bonuses, other variable or comparable compensation components for the 2023 calendar year (Section 29a (4) sentence 1 EWPBG, Section 37a (4) sentence 1 StromPBG).

As various companies of the Fresenius Group have received financing and support payments in accordance with the relevant statutory provisions that exceed the threshold amount of €50 million in total, the Company is subject to the statutory restrictions and may not award the members of the Management Board any variable compensation components for fiscal year 2023. Consequently, the short-term variable compensation for fiscal year 2023 will not be paid out to the members of the Management Board (see chapter 3.4.2.2 for the effects on long-term variable compensation).

Nevertheless, for purely informational purposes, the performance targets set by the Supervisory Board for the short-term variable compensation for fiscal year 2023 and whether and to what extent these were achieved are presented below.

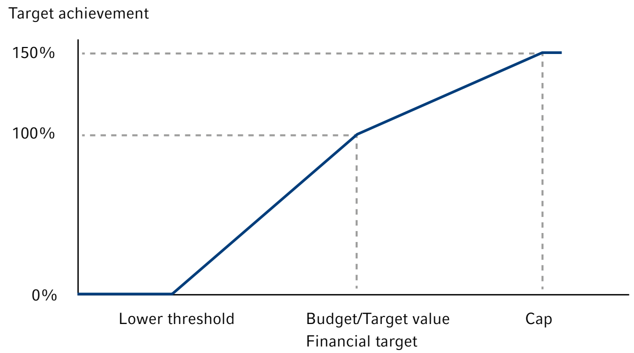
Financial performance targets

At the beginning of fiscal year 2023, the Supervisory Board of Fresenius Management SE set concrete target values for the financial performance targets, taking into account the market and competitive environment, the budget, and the strategic growth targets.

After the end of the past fiscal year, the Supervisory Board of Fresenius Management SE determined whether and to what extent the financial performance targets had been achieved.

These were based on the following target achievement curve:

TARGET ACHIEVEMENT CURVE FOR FINANCIAL TARGETS



The target achievement is deemed to be 0% if the lower threshold is not reached. If the cap is exceeded, the target is deemed to have been reached by 150% (cap). If the achieved financial indicators are between the respective values for target achievement of 0% and 100% or 100% and 150%, the target achievement is determined by linear interpolation. For the financial performance targets, the Supervisory Board of Fresenius Management SE set the following lower and upper thresholds as well as target values at Group and business segment level for fiscal year 2023. At the end of fiscal year 2023, the targets were achieved as follows:

STI 2023 TARGET ACHIEVEMENT
FINANCIAL PERFORMANCE TARGETS

	Lower threshold € in millions	Target value € in millions	Upper threshold € in millions	Actual value € in millions	**Target achievement in %**
Net income (before special items)					
Fresenius Group	1,278	1,598	1,918	1,507	71.50%
Fresenius Kabi	542	677	812	743	124.33%
Fresenius Helios	592	740	888	715	83.38%
Fresenius Vamed	56	70	84	-72	0.00%
Revenue					
Fresenius Group	38,912	43,235	47,559	43,223[1]	99.75%
Fresenius Kabi	7,468	8,298	9,128	8,428	107.85%
Fresenius Helios	11,090	12,322	13,554	12,345	100.93%
Fresenius Vamed	2,514	2,793	3,072	2,347	0.00%

[1] Pro forma incl. Fresenius Medical Care

Non-financial performance targets

For fiscal year 2023, the Supervisory Board of Fresenius Management SE set two equally weighted ESG targets out of the five ESG focus topics quality, employees, innovation, compliance, and environment. In fiscal year 2023, the focus was placed on the areas of employees and quality. The ESG targets are relevant, derived from strategy, and integrated into corporate management.

For the area of employees, the ESG target of employee survey was selected. The Employee Engagement Index on Group level is used as the indicator for this. The ESG target patient satisfaction/medical quality, which is made up of four equally weighted targets that are defined at business segment level, was selected for the area of quality.

The overall ESG target achievement is limited to 150% and is identical for all members of the Management Board.

Non-financial performance targets for fiscal year 2023

Based on the corporate sustainability strategy, the Supervisory Board specified the following two equally weighted ESG targets for fiscal year 2023:

ESG TARGETS

Employee survey	▶ Measurement of employee satisfaction by means of the Fresenius SE & Co. KGaA Employee Engagement Index ▶ The Employee Engagement Index describes how positively employees identify with their employer, how committed they feel, and how dedicated they are to their work.
Patient satisfaction/medical quality	▶ The ESG target is made up of four equally weighted targets that are defined at business segment level. ▶ Net Promoter Score, Audit & Inspection Score, Inpatient Quality Indicator and patient satisfaction are used as targets.

The following target values were set for fiscal year 2023 and the overall target achievement for the non-financial performance targets was as follows:

STI 2023 TARGET ACHIEVEMENT

NON-FINANCIAL PERFORMANCE TARGETS INCL. FRESENIUS MEDICAL CARE

	Target value	Actual value	Target achievement in %
1. Area Employees			
Employee Engagement Index (EEI)			
Fresenius SE & Co. KGaA incl. Fresenius Medical Care	4.33	4.24	93.18%
Overall target achievement area of Employees incl. Fresenius Medical Care	**4.33**	**4.24**	**93.18%**
2. Area Quality			
Patient Satisfaction/Medical Quality			
Fresenius Medical Care (Net Promoter Score)	70	72	150.00%
Fresenius Kabi (Audit & Inspection Score)	2.3	1.9	111.11%
Fresenius Helios (Inpatient Quality Indicator)	DE: 88/ES: 55	DE: 88.7/ES: 76.7	129.38%
Fresenius Vamed (Patient Satisfaction)	1.65	1.56	150.00%
Overall target achievement area of Patient Satisfaction/ Medical Quality incl. Fresenius Medical Care			**135.12%**
Weighted overall target achievement (50% weighting each) incl. Fresenius Medical Care			**114.15%**

Overall target achievement for fiscal year 2023

The degree of the overall target achievement is determined by the weighted arithmetic mean of the respective achievement of each financial and non-financial target. Multiplying the degree of respective overall target achievement by the target amounts of the Short-Term Incentive results in the final Short-Term Incentive amount.

When determining the degree of target achievement, the Supervisory Board of Fresenius Management SE may – in accordance with the corresponding recommendation of the GCGC in the version dated April 28, 2022 – take into account that certain extraordinary economic, tax, or comparable effects are not related to the performance of the respective member of the Management Board.

In principle, the final amount of the short-term variable compensation is paid out in cash to the respective member of the Management Board following approval by the Supervisory Board, whereby the amount paid out is limited to 150% of the respective target amount. As described above, the short-term variable compensation for fiscal year 2023 will not be paid out to the members of the Management Board due to the statutory restrictions of the "Energy Price Brake Acts".

The following target amounts were set for the financial and non-financial performance targets for the Management Board members in office as at December 31, 2023 for fiscal year 2023, as well as the following target achievements and resulting amounts, which, however, will not be paid out to the Management Board members due to the statutory restrictions of the "Energy Price Brake Acts":

STI 2023 OVERALL TARGET ACHIEVEMENT

	Target amount	Net income (before special items)		Revenue		ESG targets		Weighted overall target achievement	Amount (is not paid out)[1]
	€ in thousands	Weighting in %	Target achievement in %	Weighting in %	Target achievement in %	Weighting in %	Target achievement in %	in %	€ in thousands
Michael Sen	1,680	65% Group	71.50%	20% Group	99.75%	15%	114.15%	83.55%	1,404
Sara Hennicken	630	65% Group	71.50%	20% Group	99.75%	15%	114.15%	83.55%	526
Dr. Michael Moser (since July 1, 2023)	315	65% Group	71.50%	20% Group	99.75%	15%	114.15%	83.55%	263
Pierluigi Antonelli (since March 1, 2023)	744	32.5% Group	71.50%	10% Group	99.75%	15%	114.15%	101.53%	755
		32.5% Kabi	124.33%	10% Kabi	107.85%				
Robert Möller (since September 8, 2023)	247	32.5% Group	71.50%	10% Group	99.75%	15%	114.15%	87.53%	216
		32.5% Helios	83.38%	10% Helios	100.93%				

[1] Due to the statutory restrictions of the "Energy Price Brake Acts", the amounts resulting from the respective target achievement are not paid out to the Management Board members.

3.4.2.2 LONG-TERM INCENTIVE

Statutory restrictions of the "Energy Price Brake Acts"

As explained in detail in chapter 3.4.2.1, the Company is subject to statutory restrictions due to the government financing and support received by the Fresenius Group, according to which the members of the Management Board of Fresenius Management SE may not be awarded any variable compensation components for fiscal year 2023, among other things. The long-term variable compensation of the members of the Management Board has also been affected.

Details are described at the end of this chapter.

Allocation for fiscal year 2023

Overview

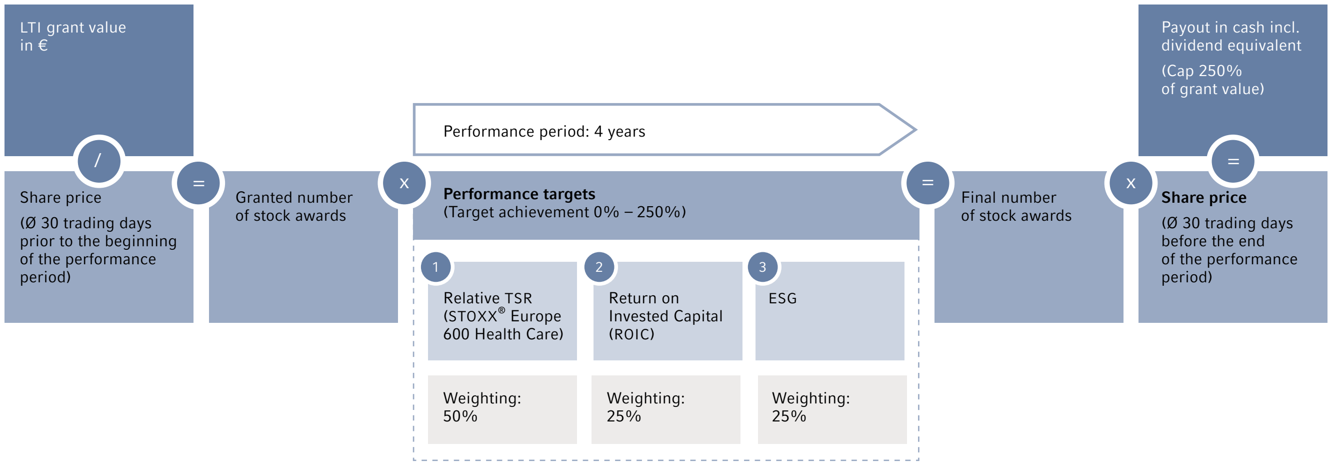
Under the Compensation System 2023+, the Management Board members are entitled to receive long-term variable compensation in the form of stock awards with a measurement period of four years (LTIP 2023). Stock awards are virtual cash-settled payment instruments not backed by equity. A payout depends on the achievement of three performance targets, on the development of the share price of the Company, and on the amount of dividends paid during the performance period.

Grant values

The grant value of the Long-Term Incentive for each Management Board member is defined by the Supervisory Board of Fresenius Management SE. It corresponds to a percentage of the base salary, as stipulated in the individual service agreement.

In order to determine the number of stock awards to be allocated to the respective Management Board member, the respective grant value is divided by the value per stock award in accordance with IFRS 2 and considering the average share price of the Company over a period of 30 stock exchange trading days prior to the start of the respective performance period. The final number of stock awards depends on the achievement of predefined targets, which are set by the Supervisory Board of Fresenius Management SE prior to the beginning of the respective performance period.

LONG-TERM VARIABLE COMPENSATION



For fiscal year 2023, the allocations under the LTIP 2023 are as follows:

LTIP 2023 – GRANT 2023

	Grant value € in thousands	Share price (average 30 trading days before start of the performance period) in €	Granted number of stock awards	Maximum number of possible stock awards (250% target achievement)	Maximum possible payout amount (250% grant value) € in thousands
Michael Sen	2,903	25.98	111,750	279,375	7,258
Pierluigi Antonelli (since March 1, 2023)	1,116	25.98	42,942	107,355	2,790
Sara Hennicken	840	25.98	32,333	80,833	2,100
Robert Möller (since September 8, 2023)	263	25.98	10,104	25,260	658
Dr. Michael Moser (since July 1, 2023)	420	25.98	16,167	40,418	1,050

Performance targets

The Long-Term Incentive is measured on the basis of the achievement of three differently weighted performance targets: relative TSR, ROIC, and ESG targets. These performance targets have been chosen as they reflect the Company's strategic priorities of increasing profitability, long-term sustainable growth, and the development of the Company's value. At the same time, they include a relative comparison with competitors and thus ensure that the interests of shareholders are adequately taken into account.

The performance targets under the Long-Term Incentive are among the most important key figures of the Company and support the implementation of the Company's long-term strategy. In order to ensure that all decision makers pursue uniform goals, the Long-Term Incentive for the Management Board and senior management is determined according to uniform targets and a uniform system.

Target	Weight	Background and link to strategy
Relative TSR	50%	Relative TSR as a performance target sets incentives to outperform the peer companies and, above all, takes into account the long-term development of Company value and the requirements of our shareholders.
ROIC	25%	ROIC is a strategically relevant internal performance target and describes the return on invested capital. It expresses the long-term financing capability and value generation of Fresenius.
ESG	25%	Sustainability is an essential and integral part of the corporate strategy. The consideration of ESG also takes account of investor- and company-specific requirements.

The underlying financial figures of the ROIC performance target are adjusted for effects defined in advance, such as the effects of certain acquisitions and divestments and changes in IFRS accounting standards, to ensure comparability of these financial figures with respect to the operational performance. As part of the ESG targets, the reduction of CO_2 emissions is initially set as an ESG target for the grant 2023 – in line with the externally communicated target of becoming climate-neutral by 2040. For future grants, the Supervisory Board of Fresenius Management SE may set another ESG target or several other ESG targets (e.g., from the areas of employees and customers) instead of or in addition to the ESG target CO_2 reduction if it is convinced that this or these are better or equally suitable as a performance indicator to promote the long-term and sustainable development of the Company. The ESG target or ESG targets must be relevant to the Company, strategy-derived, ambitious, comprehensibly measurable, and integrated into corporate strategy.

Performance target setting and determination of target achievement

Prior to the beginning of the respective performance period of an allocation, the Supervisory Board of Fresenius Management SE defines target values for each performance target that lead to a target achievement of 0% (lower threshold), 100% (target value), and 250% (cap). Target achievement in intermediate value ranges is determined by linear interpolation, unless the Supervisory Board has determined otherwise. In setting the target values, the Supervisory Board of Fresenius Management SE considers the medium-term planning, strategic growth targets, and the market, as well as the competitive environment.

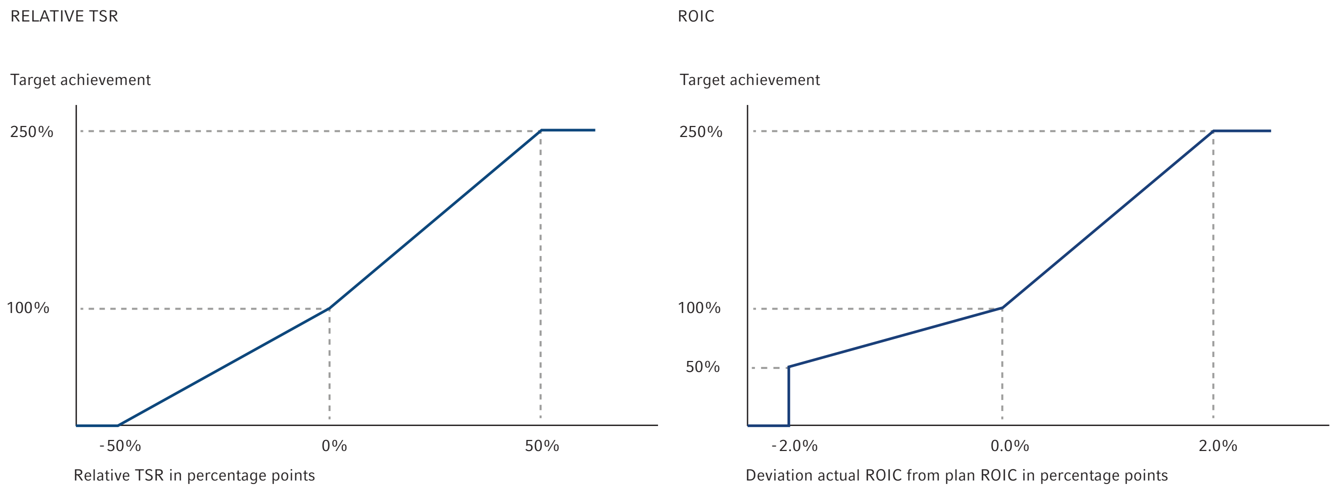
For the Relative TSR performance target, 100% target achievement is given if the TSR of the Fresenius share corresponds exactly to the TSR of the STOXX® Europe 600 Health Care index in the respective fiscal year of the performance period. If the TSR of the Fresenius share falls below the TSR of the STOXX® Europe 600 Health Care index by 50 percentage points or more in the respective fiscal year of the performance period, the target achievement is 0%. If the TSR of the Fresenius share exceeds the TSR of the STOXX® Europe 600 Health Care index by 50 percentage points or more in the respective fiscal year of the performance period, the target achievement is 250%. Exceeding the TSR by more than 50 percentage points does not lead to a further increase in target achievement.

For the ROIC performance target, 100% target achievement is given if the actual ROIC corresponds to the planned ROIC for the respective fiscal year of the performance period. If the actual ROIC falls below the planned ROIC for the respective fiscal year of the performance period by 2 percentage points, the target achievement is 50%. If ROIC falls below the target by more than 2 percentage points, the target achievement is 0%. If the actual ROIC exceeds the planned ROIC of the respective fiscal year of the performance period by 2 percentage points or more, the target achievement is 250%. Exceeding the ROIC target by more than 2 percentage points does not lead to a further increase in target achievement.

In the event that the actual ROIC for the respective fiscal year of the performance period falls below the weighted average cost of capital (WACC), the target achievement for the ROIC performance target is always 0% for the relevant fiscal year, in deviation from the calculations described above.

The target achievement curves for the two financial performance targets are as follows:

TARGET ACHIEVEMENT CURVES FOR FINANCIAL TARGETS

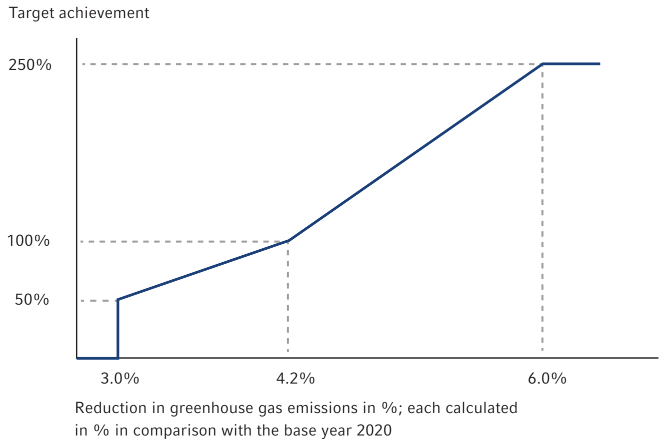


For the CO_2 reduction performance target initially set as an ESG target for the grant 2023, 100% target achievement is given if the actual reduction in CO_2 emissions in t CO_2 equivalents achieved in the respective fiscal year of the performance period compared to the respective previous year (actual CO_2 reduction) corresponds to a reduction in CO_2 emissions in the amount of the percentage of CO_2 emissions set by the Supervisory Board in the relevant base year determined by the Supervisory Board (planned CO_2 reduction). The base year for the grant 2023 is 2020. In addition to the planned CO_2 reduction, the Supervisory Board sets values that lead to a target achievement of 50% and 250%. If the actual CO_2 reduction is less than the value of the CO_2 emissions of the base year set for the target achievement of 50%, the target achievement is 0%.

An actual CO_2 reduction of more than the value of the CO_2 emissions of the base year defined for the target achievement of 250% does not lead to a further increase in target achievement. If, according to this system, a target achievement of 0% was determined in a performance period for at least one fiscal year of the performance period with regard to the CO_2 reduction ESG target , the target achievement for this ESG target can alternatively be determined uniformly for all fiscal years of the performance period on the basis of the average annual actual CO_2 reduction compared to the average annual planned CO_2 reduction for the entire performance period. In such a case, the target achievement for the fiscal years of this performance period corresponds uniformly to 25% of the total target achievement calculated in this way.

The target achievement curve for the CO_2 reduction ESG target initially set for the grant 2023 is as follows:

TARGET ACHIEVEMENT CURVE
FOR THE NON-FINANCIAL TARGETS
REDUCTION IN CO_2 EMISSIONS



At the end of the respective performance period, the Supervisory Board of Fresenius Management SE determines the overall target achievement for the granted Long-Term Incentive. For this purpose, the extent to which the three performance targets have been achieved is determined and included with their respective weighting in the determination of the overall target achievement.

The final number of stock awards is determined for each Management Board member on the basis of the overall target achievement and can increase or decrease over the performance period compared to the number at the time of the grant. A total loss or (at the most) 2.5 times the granted stock awards if 250% target achievement is reached (cap) are possible.

After the final determination of the overall target achievement, the final number of stock awards is multiplied by the average price of the Company’s shares over the last 30 stock exchange trading days prior to the end of the respective performance period. This amount plus the sum of the dividends per share paid during the performance period by Fresenius SE & Co. KGaA corresponds to the payout amount. The payout is limited to 250% of the respective grant value. Payment is also conditional on the absence of a compliance violation and the continuation of the service or employment relationship.

In determining the overall target achievement, the Supervisory Board of Fresenius Management SE may – following the corresponding recommendation of the GCGC in the version dated April 28, 2022 – determine that certain extraordinary economic, tax, or other effects are to be disregarded in full or in part in accordance with the plan conditions. In this case, the Supervisory Board of Fresenius Management SE can correct the calculated overall target achievement accordingly, i.e., increase or decrease it. This also applies in the event that capital measures (e.g., capital increase, spin-off, or stock split) are conducted.

Grants under the LTIP 2018

Until the end of fiscal year 2022, performance shares with a measurement period of four years were allocated as a component with a long-term incentive effect as part of the LTIP 2018 of Fresenius SE & Co. KGaA. Performance shares are virtual cash-settled payment instruments not backed by equity. A payout depends on the achievement of the two equally weighted performance targets adjusted Group net income growth and relative TSR and on the development of the share price of the Company.

The performance target of adjusted net income growth is deemed to have been achieved to 100% if this is at least 8% p.a. on average over the four-year measurement period. If the growth rate is 5% p.a. or less, the target achievement is 0%. If the growth rate is between 5% p.a. and 8% p.a., the degree of target achievement is between 0% and 100%, and if the growth rate is between 8% p.a. and 20% p.a., the degree of target achievement is between 100% and 200%. Intermediate values are calculated by linear interpolation.

The adjusted net income growth is calculated at constant exchange rates. The underlying financial figures of the financial performance targets are adjusted for effects defined in advance, such as the effects of certain acquisitions and divestments and changes in IFRS accounting standards, to ensure comparability of these financial figures with respect to the operational performance.

For the relative TSR target, 100% target achievement is reached if the total shareholder return of Fresenius SE & Co. KGaA compared to the total shareholder return of the other companies in the STOXX® Europe 600 Health Care Index is at the median of the peer companies over the four-year measurement period, i.e., exactly in the middle (50th percentile) of the ranking. If the rank is equal to or below the 25th percentile, the degree of target achievement is 0%. If the rank is between the 25th and the 50th percentile, the degree of target achievement is between 0% and 100%, and if the rank is between the 50th and the 75th percentile, the degree of target achievement is between 100% and 200%. Intermediate values are also calculated by linear interpolation here.

At the end of the respective measurement period, the Supervisory Board of Fresenius Management SE determines the overall target achievement for the granted Long-Term Incentive. For this purpose, the extent to which the two performance targets have been achieved is determined and included with equal weighting in the determination of the overall target achievement.

The final number of performance shares is determined for each Management Board member on the basis of the overall target achievement and can increase or decrease over the measurement period compared to the number at the time of the grant. A total loss as well as (at the most) doubling of the granted performance shares if 200% target achievement is reached (cap) is possible. After the final determination of the overall target achievement, the final number of performance shares is multiplied by the average price of the Company's shares over the last 60 stock exchange trading days prior to the end of the respective measurement period (four years after the date of the respective grant) plus the sum of the dividends per share paid in the meantime by Fresenius SE & Co. KGaA, in order to calculate the corresponding amount for the payment from the final performance shares. The payout is limited to 250% of the respective grant value.

Payment is also conditional on the absence of a compliance violation and the continuation of the service or employment relationship.

Overall target achievement of the LTIP 2018 for fiscal years 2019 to 2022 (grant 2019)

In fiscal year 2022, the measurement period of the grant 2019 ended in accordance with the LTIP 2018.

The average growth of adjusted Group net income for fiscal year 2022 and the previous three years was -9.9%. Therefore, a target achievement of 0% was derived. For the relative TSR, the percentile rank at the end of the four-year measurement period was 14. Hence, the target achievement was 0% for the relative TSR, too. As a result, no payment was made from the grant 2019 in fiscal year 2023.

Overall target achievement of the LTIP 2018 for fiscal years 2020 to 2023 (grant 2020)

The measurement period of the grant 2020 ended in fiscal year 2023.

The average growth of adjusted Group net income for fiscal year 2023 and the previous three years was -11.8%. Therefore, a target achievement of 0% was derived. For the relative TSR, the percentile rank at the end of the four-year measurement period was 15. Hence, the target achievement was 0% for the relative TSR, too. As a result, no payment will be made from the grant 2020 in fiscal year 2024.

The following tables show the target and actual value as well as the target achievement for the grants 2019 and 2020 for the two performance targets of growth rate of adjusted Group net income and relative TSR based on the STOXX® Europe 600 Health Care index:

LTIP 2018– GRANT 2019

TARGET ACHIEVEMENT

	Lower threshold	Target value	Upper threshold	Actual value	**Target achievement (in %)**
Average growth of adjusted Group net income (in %)	5%	8%	20%	-9.9%	0%
Relative total shareholder return (percentile ranking)	25.	50.	75.	14.	0%

LTIP 2018– GRANT 2020

TARGET ACHIEVEMENT

	Lower threshold	Target value	Upper threshold	Actual value	**Target achievement (in %)**
Average growth of adjusted Group net income (in %)	5%	8%	20%	-11.8%	0%
Relative total shareholder return (percentile ranking)	25.	50.	75.	15.	0%

Grants under the LTIP 2013

Until the end of fiscal year 2017, benefits under the LTIP 2013 of Fresenius SE & Co. KGaA were allocated as a component with long-term incentive effect. The benefits consisted on the one hand of share-based compensation with cash settlement (phantom stocks) and on the other hand of stock options on the basis of the Stock Option Plan 2013 of Fresenius SE & Co. KGaA. Based on the LTIP 2013, both members of the Management Board and other executives were allocated stock options and phantom stocks. In fiscal year 2023, existing stock options under the LTIP 2013 could still be exercised. Payouts from phantom stocks were made for the last time in fiscal year 2022. Stock options may still be exercised in the future.

Exercise of the stock options allocated under LTIP 2013 of Fresenius SE & Co. KGaA is subject to several conditions, such as expiry of a four-year waiting period, observance of blackout periods, achievement of the specified performance target, and continuance of the service or employment relationship. The vested stock options can be exercised within a period of four years.

The respective performance target has been reached if the adjusted consolidated net income of the Company (net income attributable to the shareholders of the Company) has increased by a minimum of 8% per year in comparison to the previous year within the waiting period, after adjustment for foreign currency effects. The performance target has also been achieved if the average annual growth rate of the adjusted consolidated net income of the Company during the four-year waiting period is at least 8%, adjusted for foreign currency effects. If, with respect to one or more of the four reference periods within the waiting period, neither the adjusted consolidated net income of the Company has increased by a minimum of 8% per year in comparison to the previous year, after adjustment for foreign currency effects, nor is the average annual growth rate of the adjusted consolidated net income of the Company during the four-year waiting period at least 8%, adjusted for foreign currency effects, the respective granted stock options are forfeited on a pro rata basis according to the proportion of the performance target that has not been achieved within the waiting period, i.e., by one fourth, by two fourths, by three fourths, or completely. If a member of the Management Board leaves the Company, the stock options are forfeited as a matter of principle.

Development and status of the LTIP grants

The following table gives an overview of the outstanding grants under the LTIP 2018 in fiscal year 2023:

	Grant date	Vesting date	Grant date fair value € in thousands	Granted number of performance shares	Overall target achievement (if final)	Number of performance shares as of December 31, 2023
Current members of the Management Board						
Michael Sen						
Grant 2021 (LTIP 2018)	Sept. 13, 2021	Sept. 13, 2025	1,058	23,633	n.a.	23,633
Grant 2022 (LTIP 2018)	Sept. 12, 2022	Sept. 12, 2026	1,794	68,203	n.a.	68,203
Total				**91,836**		**91,836**
Sara Hennicken						
Grant 2022 (LTIP 2018)	Sept. 12, 2022	Sept. 12, 2026	267	10,139	n.a.	10,139
Total				**10,139**		**10,139**

The following table gives an overview of the outstanding grants under the LTIP 2023 in fiscal year 2023:

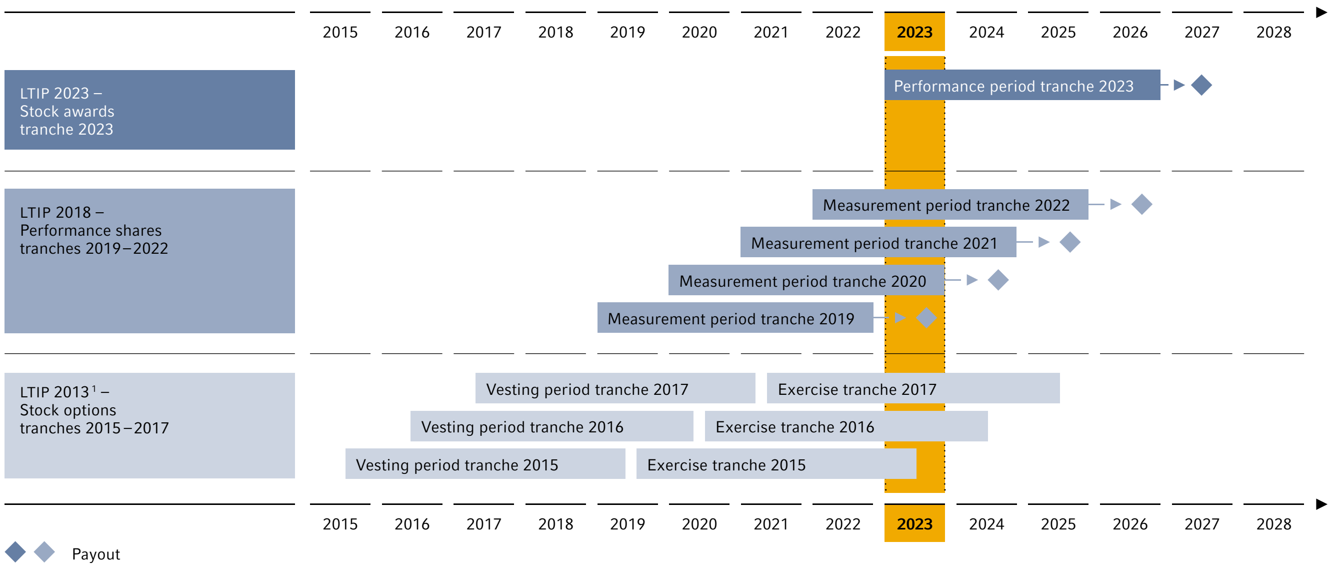
	Grant date	Vesting date	Grant date fair value € in thousands	Granted number of stock awards	Overall target achievement (if final)	Number of stock awards as of December 31, 2023
Current members of the Management Board						
Michael Sen						
Grant 2023 (LTIP 2023)	Jan. 1, 2023	Dec. 31, 2026	2,903	111,750	n.a.	111,750
Total				**111,750**		**111,750**
Pierluigi Antonelli (since March 1, 2023)						
Grant 2023 (LTIP 2023)	March 1, 2023	Dec. 31, 2026	1,116	42,942	n.a.	42,942
Total				**42,942**		**42,942**
Sara Hennicken						
Grant 2023 (LTIP 2023)	Jan. 1, 2023	Dec. 31, 2026	840	32,333	n.a.	32,333
Total				**32,333**		**32,333**
Robert Möller (since September 8, 2023)						
Grant 2023 (LTIP 2023)	Oct. 1, 2023	Dec. 31, 2026	263	10,104	n.a.	10,104
Total				**10,104**		**10,104**
Dr. Michael Moser (since July 1, 2023)						
Grant 2023 (LTIP 2023)	Jul. 1, 2023	Dec. 31, 2026	420	16,167	n.a.	16,167
Total				**16,167**		**16,167**

The following table shows the development and the status in 2023 of the stock options allocated in the past:

	Former members of the Management Board			
	Dr. Francesco De Meo	Dr. Ernst Wastler	Stephan Sturm	**Total/ arithmetic mean**
Options outstanding on January 1, 2023				
Number	151,875	129,375	180,000	461,250
Average exercise price in €	64.60	65.29	66.32	65.46
Options exercised during the fiscal year				
Number	–	–	–	–
Average exercise price in €				
Average stock price in €				
Options forfeited during the fiscal year				
Number	151,875	45,000	45,000	241,875
Average exercise price in €	64.60	60.64	60.64	60.64
Options outstanding on December 31, 2023				
Number	–	84,375	135,000	219,375
Average exercise price in €		67.77	68.21	68.04
Average remaining life in years		0.8	0.8	0.8
Range of exercise prices in €		66.02 to 74.77	66.02 to 74.77	66.02 to 74.77
Exercisable options on December 31, 2023				
Number		84,375	135,000	219,375
Average exercise price in €		67.77	68.21	68.04

The following graph provides an overview of the different allocations (annual grants) under the Long-Term Incentive plans described above and their respective time profiles:

TIME PROFILE OF ALLOCATED LTIP TRANCHES



[1] The LTIP 2013 was allocated partly in stock options and partly in phantom stocks. The chart shows the tranches 2015 to 2017 of the LTIP 2013 in relation to the share allocated in stock options. All tranches of the LTIP 2013 have completed the vesting period since July 2021. The exercise periods of the individual tranches end after four years in each case.

Effects of the statutory restrictions of the "Energy Price Brake Acts" on long-term variable compensation

As explained in detail in chapter 3.4.2.1, the Company is subject to statutory restrictions due to the government financing and support received by the Fresenius Group, according to which the members of the Management Board of Fresenius Management SE may not be awarded any variable compensation components for fiscal year 2023, among other things. The long-term variable compensation of the members of the Management Board has also been affected, in that the tranche 2023 – i.e., the part relating to the year 2023 – must be disregarded in the future payment of the grants under the LTIP 2018 and the LTIP 2023, the respective measurement period of which also includes fiscal year 2023. This therefore affects the annual tranche 2023 of the grants 2020 to 2022 under the LTIP 2018 and the grant 2023 under the LTIP 2023. As the overall target achievement for the grant 2020, as described above, is 0% and the grant 2020 will therefore not be paid out at all, the statutory restrictions do not have any impact. The Company will report on the specific effects of the statutory restrictions with regard to the grants 2021 to 2023 in its future compensation reports.

3.5 SHARE OWNERSHIP GUIDELINES

In addition to the Long-Term Incentive, the Compensation System 2023+ provides for share ownership guidelines (SOG) in order to further strengthen the long-term alignment with the interests of shareholders and to promote the sustainable development of the Group. They consider international market practice and the expectations of our shareholders.

Under these guidelines, the Management Board members are obliged to invest an amount equal to a percentage rate of the gross amount of an annual base salary in shares of Fresenius SE & Co. KGaA. The Chief Executive Officer has to invest 200% (until fiscal year 2022 100% according to the Compensation System 2021+) of the base salary in shares. For ordinary Management Board members, the amount of obligation is unchanged at 100% of the base salary. The Management Board members are obliged to hold these shares permanently until two years after resignation from the Management Board. For a Management Board member, the investment in shares of the Company shall be built up cumulatively from the second full year of service onwards at the latest, each year with one quarter of the gross amount of an annual base salary. The share ownership guideline must be met in full at the latest after the fifth year as a Management Board member. The share ownership guidelines continue to apply if the first appointment to the Management Board is for three years and the Management Board member is not reappointed thereafter. Shares already voluntarily acquired by a member of the Management Board before or since the beginning of the (first) contractual term as a member of the Management Board of Fresenius Management SE or its legal predecessor will be taken into account for the fulfillment of the SOG target.

Management Board members can sell their shares at the earliest after the end of the mandatory retention period of two years after resignation from the Management Board.

The following table shows the status of compliance with the share ownership guidelines as of December 31, 2023:

SHARE OWNERSHIP GUIDELINES[1]

	Required		**Status quo**		End of acquisition phase including subsequent purchase obligation
	in % of the gross amount of the annual base salary	€ in thousands	**€ in thousands**	**in % of the SOG target**	
Michael Sen[2]	200%	3,360	852.08	25.36%	April 11, 2028
Sara Hennicken	100%	630	49.84	7.91%	August 31, 2028
Dr. Michael Moser (since July 1, 2023)	100%	630	602.53	95.64%	June 30, 2029

[1] Increases in base salary lead to subsequent purchase obligations and extend the acquisition phase by one year for the amount of subsequent purchase obligation
[2] Increase of share ownership obligation of the Chief Executive Officer from 100% to 200% of the gross amount starting fiscal year 2023

For the Management Board members Mr. Pierluigi Antonelli, Ms. Sara Hennicken, Mr. Robert Möller, and Dr. Michael Moser, the acquisition phases for the share ownership guidelines do not begin until their second full year of service on the Management Board. Ms. Sara Hennicken and Dr. Michael Moser already voluntarily purchased shares in fiscal year 2023 that are taken into account with respect to their share ownership obligation. In the context of his exit from the Management Board on July 18, 2023, the SOG target for Dr. Ernst Wastler was reduced pro rata temporis to €542 thousand. In the context of his exit from the Management Board on September 8, 2023, the SOG target for Dr. Francesco De Meo was reduced to €672 thousand.

In the context of his exit from the Management Board on November 30, 2023, the SOG target for Dr. Sebastian Biedenkopf was reduced pro rata temporis to €254 thousand.

3.6 MALUS/CLAWBACK

Under the Compensation System 2023+, the Supervisory Board of Fresenius Management SE is entitled to withhold (malus) or reclaim (clawback) variable compensation components in the event of material violations of internal Company guidelines, statutory and contractual obligations, and in the event of incorrect consolidated financial statements, taking into account the particularities of the individual case.

Material violations include non-compliance with material provisions of the internal Code of Conduct, grossly negligent or unethical conduct, and significant violations of the duties of care as defined by Section 93 AktG. In the event of incorrect consolidated financial statements, it is possible to reclaim variable compensation that has already been paid out if, after payment, it emerges that the audited and approved consolidated financial statements on which the calculation of the amount to be paid out was based were incorrect and, on the basis of corrected consolidated financial statements, a lower or no payment amount of variable compensation would have been owed. The obligation of the Management Board member to pay damages to the Company pursuant to Section 93 (2) AktG remains unaffected by these provisions.

In the past fiscal year, the Supervisory Board of Fresenius Management SE did not withhold or reclaim variable compensation components.

3.7 COMPENSATION-RELATED TRANSACTIONS

3.7.1 BENEFITS FROM THIRD PARTIES

In the past fiscal year, no benefits were awarded or assured to any member of the Management Board by a third party with regard to their activities as a member of the Management Board. The Chief Executive Officer of Fresenius Medical Care AG received her compensation exclusively from Fresenius Medical Care Management AG or, after the change of legal form of Fresenius Medical Care AG & Co. KGaA into a stock corporation became effective on November 30, 2023, from Fresenius Medical Care AG in accordance with the compensation system applicable to the members of the Management Board of Fresenius Medical Care Management AG or Fresenius Medical Care AG.

Any compensation awarded to Management Board members for Supervisory Board mandates in subsidiaries of the Fresenius Group is offset against the Management Board member’s compensation. If the Supervisory Board of Fresenius Management SE resolves to deduct any compensation, in full or in part, awarded to Management Board members for any activity in Supervisory Boards outside the Fresenius Group from the compensation of the Management Board member concerned, this will be made transparent.

3.7.2 COMMITMENTS IN THE EVENT OF TERMINATION

Company pension scheme

Defined benefit pension commitments

Management Board members appointed to the Management Board prior to January 1, 2020, were awarded a contractual pension commitment in the form of a defined benefit scheme. Under this defined benefit scheme, pension commitments provide for pension and survivor benefits (“Hinterbliebenenversorgung“) as of the time of conclusively ending active work or in case of occupational disability or incapacity to work (“Beruf- oder Erwerbsunfähigkeit“). The amount of these benefits is calculated by reference to the amount of the contractually agreed pensionable income of the Management Board member. Until the start of their pension, this is adjusted annually based on the development of the consumer price index (as of January 1, 2022, for the first time). The pension amount is calculated as 30% of the contractually agreed pensionable income and increases by 1.5 percentage points for each full year of service as a Management Board member, up to a maximum of 45%.

There is an individual contractual defined benefit pension commitment for the Management Board member Dr. Francesco De Meo, who left the Company in fiscal year 2023, based on his service agreement with the general partner of Fresenius SE & Co. KGaA.

Defined contribution pension commitments
Management Board members who were first appointed to the Management Board between January 1, 2020 and the 2023 Annual General Meeting were awarded a pension commitment within the framework of a defined contribution plan. This is promised at the beginning of the service agreement, with a waiting period of the first three years regarding the granting of benefits. Under such a defined contribution plan, the respective Management Board member receives an annual contribution amounting to 40% of the base salary, which determines the future capital amount. After reaching the retirement age under the defined contribution plan, payments can be made either as a one-off payment or optionally in 10 annual installments. An annuity or pension payment is not provided. The defined contribution plan may provide for survivors' benefits ("Hinterbliebenenversorgung") and benefits after the occurrence of a full or partial reduction in earning capacity ("Erwerbsminderung"). The implementation of the defined contribution plan is carried out in the form of external financing as a defined contribution plan with a reinsurance policy. This provides for covering the risks of death and occupational disability as early as from the start of service and not just starting from non-forfeiture (after the expiry of three years since the start of service).

Mr. Michael Sen, Mr. Pierluigi Antonelli, and Ms. Sara Hennicken have received a pension commitment in the form of a defined contribution pension commitment.

The 2023 insurance contributions and the obligations as of December 31, 2023 are as follows:

DEFINED CONTRIBUTION PENSION COMMITMENTS

€ in thousands	Insurance contribution 2023	**Present value as of December 31, 2023**
Michael Sen	672	1,368
Pierluigi Antonelli (since March 1, 2023)	298	256
Sara Hennicken	252	233
Total	**1,222**	**1,857**

Pension substitute
Management Board members appointed to the Management Board for the first time after the 2023 Annual General Meeting receive a pension substitute in cash for self-provision in the amount of 40% of the respective base salary (see 3.4.1 Fixed components). Accordingly, Mr. Robert Möller and Dr. Michael Moser receive a pension substitute.

Severance regulations
The service agreements of the Management Board members are limited to a maximum of five years in accordance with Section 84 (1) AktG and provide for a severance payment cap. Accordingly, payments to a Management Board member in the event of early termination of a Management Board appointment, including fringe benefits, are limited to two years of compensation, but not exceeding the compensation for the remaining term of the service agreement. If the Company terminates the service agreement for cause on grounds attributable to the relevant Management Board member according to Section 626 of the German Civil Code (BGB), no severance payment will be due. In accordance with the Compensation System 2023+, which applies to all active members of the Management Board as at December 31, 2023, the compensation (base salary, short-term variable compensation, and fringe benefits, excluding long-term variable compensation and expenses for the pension commitment or pension substitute) for the past fiscal year and the expected compensation (base salary, short-term variable compensation, and fringe benefits, excluding long-term variable compensation and expenses for the pension commitment or pension substitute) for the fiscal year in which the service agreement ends are used to calculate the severance payment cap. For the calculation of the severance payment cap in accordance with the Compensation System 2021+, which was applied to the Management Board members who left the Company in fiscal year 2023, the total compensation within the meaning of Section 285 No. 9 lit. a HGB of the past fiscal year and the expected total compensation for the fiscal year in which the termination occurs are used.

Post-contractual non-competition clause

A post-contractual non-competition clause has been agreed with all Management Board members for a period of up to two years. If such a post-contractual non-competition clause becomes applicable, the Management Board members may receive compensation for each year of the non-competition clause amounting to up to half of the amount arising from the sum of the base salary, the target amount of the Short-Term Incentive, and the last grant value of the Long-Term Incentive. Any payments under a post-contractual non-competition clause are to be offset against any severance payments and benefits under the Company pension scheme. For the Chief Executive Officer of Fresenius Medical Care AG, who was a member of the Management Board of Fresenius Management SE until November 30, 2023, the compensation amount is half of the annual base salary.

Change of control

The service agreements of the Management Board members do not contain any provisions in the event of a change of control.

Continued payments in the event of illness

All members of the Management Board have individual contractual commitments for the continuation of their compensation in the event of sickness for a maximum period of 12 months, provided that, after 6 months of sickness-related absence, any insurance benefits that may be paid are to be deducted from such continued compensation. In the event of death of a member of the Management Board, the surviving dependents will receive 3 monthly payments after the month in which the death occurred, at most, however, until the expiry of the respective service agreement.

Other agreements

In order to attract qualified candidates for the Management Board, the Supervisory Board of Fresenius Management SE may complement the compensation of first-time Management Board members in an appropriate and market-compliant manner with an entry bonus (sign-on bonus), e.g., to compensate for forfeited compensation from previous employment or service agreements. In fiscal year 2023, the Supervisory Board made use of this right to compensate Dr. Michael Moser for forfeited compensation from his previous employment agreement. Dr. Michael Moser received a sign-on bonus in the amount of €417 thousand, which he invested in shares of Fresenius SE & Co. KGaA in fiscal year 2023.

Commitments for Management Board members terminating their appointment in fiscal year 2023

As part of his exit, Dr. Ernst Wastler was paid a severance payment amounting to a gross annual salary (within the meaning of Section 23 of the Austrian Salaried Employees Act) of €872 thousand on the basis of contractual agreements with VAMED AG, Vienna. In addition, a severance payment of €1,599 thousand was made to Dr. Ernst Wastler and an amount of €350 thousand was paid by VAMED AG, Vienna, to compensate for vacation days not taken. In addition, a post-contractual non-competition clause was agreed with Dr. Ernst Wastler for a period of six months, and compensation of €63 thousand per month for the duration of the non-competition clause.

Dr. Francesco De Meo was paid a severance payment of €5,500 thousand following his exit on September 8, 2023. Dr. Francesco De Meo is not subject to a post-contractual non-competition clause.

3.8 INDIVIDUALIZED DISCLOSURE OF MANAGEMENT BOARD COMPENSATION FOR FISCAL YEARS 2023 AND 2022

In the following tables, the total target compensation of the members of the current Management Board set for fiscal years 2023 and 2022 is individually disclosed. For the short- and long-term variable compensation, the target or allocation value will be disclosed on the assumption of 100% target achievement.

To compensate for the inflation trend, the target compensation of members of the Management Board was increased by 5% in fiscal year 2023.

TARGET COMPENSATION

	Michael Sen[1] Chairman of the Management Board (since October 1, 2022) Board member since April 12, 2021		Pierluigi Antonelli CEO Fresenius Kabi Board member since March 1, 2023		Sara Hennicken Chief Financial Officer Board member since September 1, 2022	
€ in thousands	**2023**	2022	**2023**	2022	**2023**	2022
Base salary	1,680	1,188	744	–	630	200
Fringe benefits	57	59	68	–	34	39
Pension substitute	–	–	–	–	–	–
Sum fixed compensation	**1,737**	**1,247**	**812**	**–**	**664**	**239**
Short-term variable compensation	**1,680**	**1,188**	**744**	**–**	**630**	**200**
STI 2022	–	1,188	–	–	–	200
STI 2023[2]	1,680	–	744	–	630	–
Long-term variable compensation	**2,903**	**1,794**	**1,116**	**–**	**840**	**267**
Performance shares (LTIP 2018)						
Grant 2022[3]	–	1,794	–	–	–	267
Stock Awards (LTIP 2023)						
Grant 2023[3]	2,903	–	1,116	–	840	–
Sum variable compensation	**4,583**	**2,982**	**1,860**	**–**	**1,470**	**467**
Sum fixed and variable compensation	**6,320**	**4,229**	**2,672**	**–**	**2,134**	**706**
Service cost	672	475	298	–	252	80
Total target compensation	**6,992**	**4,704**	**2,970**	**–**	**2,386**	**786**

[1] Due to his appointment as Chairman of the Management Board during fiscal year 2022, there is no comparability of Mr. Michael Sen's compensation between fiscal years 2022 and 2023.
[2] As explained in chapter 3.4.2.1, the STI 2023 will not be paid out in accordance with the statutory restrictions of the "Energy Price Brake Acts".
[3] As explained in chapter 3.4.2.2, the annual tranche 2023 must be disregarded for the payment of the grant 2022 and the grant 2023 in accordance with the statutory restrictions of the "Energy Price Brake Acts".

TARGET COMPENSATION

	Robert Möller		Dr. Michael Moser	
	CEO Fresenius Helios		Management Board member, responsible for Legal, Compliance, Risk Management, ESG, Human Resources, and Fresenius Vamed	
	Board member since September 8, 2023		Board member since July 1, 2023	
€ in thousands	**2023**	2022	**2023**	2022
Base salary	247	–	315	–
Fringe benefits	6	–	444[3]	–
Pension substitute	99	–	126	–
Sum fixed compensation	**352**	**–**	**885**	**–**
Short-term variable compensation	**247**	**–**	**315**	**–**
STI 2022	–	–	–	–
STI 2023[1]	247	–	315	–
Long-term variable compensation	**263**	**–**	**420**	**–**
Performance shares (LTIP 2018)				
Grant 2022[2]	–	–	–	–
Stock Awards (LTIP 2023)				
Grant 2023[2]	263	–	420	–
Sum variable compensation	**510**	**–**	**735**	**–**
Sum fixed and variable compensation	**862**	**–**	**1,620**	**–**
Service cost	–	–	–	–
Total target compensation	**862**	**–**	**1,620**	**–**

[1] As explained in chapter 3.4.2.1, the STI 2023 will not be paid out in accordance with the statutory restrictions of the "Energy Price Brake Acts".
[2] As explained in chapter 3.4.2.2, the annual tranche 2023 must be disregarded for the payment of the grant 2022 and the grant 2023 in accordance with the statutory restrictions of the "Energy Price Brake Acts".
[3] Including sign-on bonus in the amount of €417 thousand

In addition to the target compensation, the compensation awarded and due in the fiscal year is disclosed and explained in accordance with the requirements of Section 162 AktG. For fiscal year 2023, the short- and long-term variable compensation is reported in such a way that the respective performance has been completed or the vesting period has been fully completed by the end of fiscal year 2023 and the vesting conditions are met. This enables a comprehensive presentation of the connection between the business results of fiscal year 2023 and the resulting compensation.

Thus, the compensation awarded and due in fiscal year 2023 comprises the base salary, fringe benefits, and the pension substitute paid in fiscal year 2023. The variable compensation is the short-term variable compensation for fiscal year 2023 (payment in fiscal year 2024) and the long-term variable compensation the vesting conditions of which have been met in fiscal year 2023.

Full vesting from the long term incentive plan commitments will each not take place until the year after the end of the measurement period. However, it should be noted that due to the statutory restrictions of the "Energy Price Brake Acts" described above, the short-term variable compensation for fiscal year 2023 will not be paid out, nor will the annual tranche 2023 be taken into account for the long-term variable compensation. In addition, the pension expenses (current service cost) for the pension commitments incurred in fiscal year 2023 are disclosed.

The method of disclosure described above was applied analogously for fiscal year 2022.

COMPENSATION AWARDED AND DUE

	Michael Sen[1] Chairman of the Management Board (since October 1, 2022) Board member since April 12, 2021				Pierluigi Antonelli CEO Fresenius Kabi Board member since March 1, 2023			
	2023		2022		**2023**		2022	
	€ in thousands	**in %**	€ in thousands	in %	**€ in thousands**	**in %**	€ in thousands	in %
Base salary	1,680		1,188		744		–	
Fringe benefits	57		59		68		–	
Pension substitute	–		–		–		–	
Sum fixed compensation	**1,737**	**100%**	**1,247**	**60%**	**812**	**100%**	**–**	
Short-term variable compensation[2]	–		841		–		–	
Long-term variable compensation	**–**		**–**		**–**		**–**	
Performance shares (LTIP 2018)								
Grant 2018	–		–		–		–	
Grant 2019	–		–		–		–	
Sum variable compensation	**–**	**0%**	**841**	**40%**	**–**	**0%**	**–**	
Sum in accordance with Section 162 (1) sentence 2 no. 1 AktG	**1,737**		**2,088**		**812**		**–**	
Service cost	672		475		298		–	
Sum including service cost	**2,409**		**2,563**		**1,110**		**–**	

[1] Due to his appointment as Chairman of the Management Board during fiscal year 2022, there is no comparability of Mr. Michael Sen's compensation between fiscal years 2022 and 2023.
[2] As explained in chapter 3.4.2.1, the short-term incentive for fiscal year 2023 will not be paid out in accordance with the statutory restrictions of the "Energy Price Brake Acts".

	Sara Hennicken Chief Financial Officer Board member since September 1, 2022				Robert Möller CEO Fresenius Helios Board member since September 8, 2023			
	2023		2022		**2023**		2022	
	€ in thousands	**in %**	€ in thousands	in %	**€ in thousands**	**in %**	€ in thousands	in %
Base salary	630		200		247		–	
Fringe benefits	34		39		6		–	
Pension substitute	–		–		99		–	
Sum fixed compensation	**664**	**100%**	**239**	**69%**	**352**	**100%**	**–**	
Short-term variable compensation[1]	–		108		–		–	
Long-term variable compensation	**–**		**–**		**–**		**–**	
Performance shares (LTIP 2018)								
Grant 2018	–		–		–		–	
Grant 2019	–		–		–		–	
Sum variable compensation	**–**	**0%**	**108**	**31%**	**–**	**0%**	**–**	
Sum in accordance with Section 162 (1) sentence 2 no. 1 AktG	**664**		**347**		**352**		**–**	
Service cost	252		80		–		–	
Sum including service cost	**916**		**427**		**352**		**–**	

[1] As explained in chapter 3.4.2.1, the short-term incentive for fiscal year 2023 will not be paid out in accordance with the statutory restrictions of the "Energy Price Brake Acts".

COMPENSATION AWARDED AND DUE

	Dr. Michael Moser Management Board member, responsible for Legal, Compliance, Risk Management, ESG, Human Resources, and Fresenius Vamed Board member since July 1, 2023			
	2023		2022	
	€ in thousands	**in %**	€ in thousands	in %
Base salary	315		–	
Fringe benefits[2]	444		–	
Pension substitute	126		–	
Sum fixed compensation	**885**	**100%**	**–**	
Short-term variable compensation[1]	–		–	
Long-term variable compensation	**–**		**–**	
Performance shares (LTIP 2018)				
Grant 2018	–		–	
Grant 2019	–		–	
Sum variable compensation	**–**	**0%**	**–**	
Sum in accordance with Section 162 (1) sentence 2 no. 1 AktG	**885**		**–**	
Service cost	–		–	
Sum including service cost	**885**		**–**	

[1] As explained in chapter 3.4.2.1, the short-term incentive for fiscal year 2023 will not be paid out in accordance with the statutory restrictions of the "Energy Price Brake Acts".
[2] Including sign-on bonus in the amount of €417 thousand

3.9 COMPENSATION OF FORMER MANAGEMENT BOARD MEMBERS

In addition to the severance payment explained in chapter 3.7.2, Dr. Francesco De Meo, who left the Company in fiscal year 2023, was awarded a fixed base salary of €723 thousand pro rata temporis for the period from January 1, 2023 to the end of his service contract on September 8, 2023. Dr. Francesco De Meo is not entitled to payment of short-term variable compensation or a grant under the Fresenius Management SE long-term incentive plans for fiscal year 2023. The grants made to Dr. Francesco De Meo under the applicable long-term incentive plan and any performance shares and stock options granted expired without replacement upon his exit in fiscal year 2023. Until September 8, 2023, Dr. Francesco De Meo received fringe benefits in the total amount of €23 thousand. Taking into account the severance payment explained in chapter 3.7.2, Commitments in the event of termination, a total of €6,246 thousand was awarded to Dr. Francesco De Meo for fiscal year 2023, of which 100% as fixed compensation and 0% as variable compensation. Dr. Francesco De Meo has acquired a vested entitlement to a company pension under a defined benefit plan of Fresenius Management SE. This entitles Dr. Francesco De Meo to a company pension of €205 thousand p.a. from the age of 63. In fiscal year 2023, €262 thousand was expensed or accrued for Dr. Francesco De Meo. As at December 31, 2023, the resulting pension obligations for Dr. Francesco De Meo amounted to €4,024 thousand.

In addition to the amounts explained in chapter 3.7.2., Dr. Ernst Wastler, who left the Company in fiscal year 2023, was awarded a fixed base salary of €567 thousand. Until July 18, 2023, Dr. Ernst Wastler received fringe benefits in the total amount of €40 thousand. A total of €3,678 thousand was awarded to Dr. Ernst Wastler in fiscal year 2023, taking into account the severance payment, vacation pay, and compensation for the post-contractual non-competition agreement explained in chapter 3.7.2, Commitments in the event of termination, of which 100% is fixed compensation and 0% is variable compensation. Moreover, Dr. Ernst Wastler was allocated stock awards under the LTIP 2023 in the equivalent amount of €758 thousand.

Dr. Ernst Wastler was awarded a defined benefit pension commitment by VAMED AG, Vienna. As at December 31, 2023, the resulting pension obligations for Dr. Ernst Wastler amounted to €6,170 thousand. As Dr. Ernst Wastler was paid a severance payment in the amount of one year's gross salary upon his exit on the basis of contractual agreements with VAMED AG, Vienna, payment of the pension will not begin until 12 months have elapsed, i.e. from September 2024.

Dr. Sebastian Biedenkopf, who left the Company in fiscal year 2023, was awarded a fixed base salary of €550 thousand for the period from January 1, 2023 until the end of his service agreement on November 30, 2023. Until November 30, 2023, Dr. Sebastian Biedenkopf received fringe benefits in the total amount of €39 thousand. A total of €589 thousand was awarded to Dr. Sebastian Biedenkopf in fiscal year 2023, of which 100% as fixed compensation and 0% as variable compensation. Insurance contributions of €220 thousand were made for Dr. Sebastian Biedenkopf in fiscal year 2023 as part of a defined contribution plan. As at December 31, 2023, the present value was €439 thousand.

Ms. Rachel Empey left the Management Board of Fresenius Management SE on August 31, 2022. As part of her post-contractual non-competition clause for a period of 12 months, Ms. Rachel Empey received a payment of €125 thousand per month until August 31, 2023. A total of €1,000 thousand was awarded to Ms. Rachel Empey in fiscal year 2023 as fixed compensation.

For Ms. Helen Giza, the Chief Executive Officer of Fresenius Medical Care AG, who was also a member of the Management Board of Fresenius Management SE until November 30, 2023, the compensation system for the members of the Management Board of Fresenius Medical Care Management AG and (after the change of legal form of Fresenius Medical Care AG became effective) the compensation system for the members of the Management Board of Fresenius Medical Care SE applied in fiscal year 2023. Ms. Helen Giza received compensation including service cost of €4,929 thousand from Fresenius Medical Care Management AG and Fresenius Medical Care AG, respectively, in fiscal year 2023, of which 11/12 is attributable to the period prior to the deconsolidation of Fresenius Medical Care.

Mr. Rice Powell resigned as Chairman of the Management Board of Fresenius Medical Care Management AG on September 30, 2022, and also resigned from the Management Board of Fresenius Management SE on September 30, 2022. He remained a member of the Management Board of Fresenius Medical Care Management AG until the end of fiscal year 2022. In fiscal year 2023, a total of €2,574 thousand was awarded to Mr. Rice Powell by Fresenius Medical Care.

Furthermore, in fiscal year 2023, €1,240 thousand was paid to four former members of the Management Board who retired before 2014, mainly as part of pension commitments.

For 12 former members of the Management Board, there is a pension obligation in accordance with IAS 19 in the amount of €50,078 thousand in fiscal year 2023.

4. COMPENSATION OF THE SUPERVISORY BOARD

4.1 COMPENSATION GOVERNANCE

The Supervisory Board of the Company advises and supervises the business activities conducted by the Management Board of the general partner and performs the other duties assigned to it by law and by the articles of association. It is involved in strategy and planning as well as in all matters of fundamental importance for the Company. In view of these responsible duties, the members of the Supervisory Board of the Company receive appropriate compensation that also takes sufficient account of the time demands of the position of the Supervisory Board member. In addition, Supervisory Board compensation that is also in line with the market environment ensures that the Company will continue to attract qualified candidates to its Supervisory Board in the future. In this way, the fair compensation of the members of the Supervisory Board contributes to promoting the business strategy and long-term development of Fresenius SE & Co. KGaA.

This aspiration is met through the compensation for the members of the Supervisory Board governed in Section 13 of the articles of association of Fresenius SE & Co. KGaA. Furthermore, the compensation is in line with the suggestions of the GCGC in the version dated April 28, 2022.

The compensation of the members of the Supervisory Board was proposed for resolution to the Annual General Meeting of the Company on May 21, 2021 with a corresponding amendment in Section 13 of the articles of association and approved with an approval rate of 98.86%. The compensation system has been effective since January 1, 2021.

4.2 COMPENSATION SYSTEM

The members of the Supervisory Board of the Company are remunerated on the basis of Section 13 of the articles of association. A resolution on the compensation of the members of the Supervisory Board is passed by the Annual General Meeting at least every four years on the basis of a proposal by the general partner and the Supervisory Board. The members of the Supervisory Board of the Company receive fixed compensation, fringe benefits (consisting of refunds of expenses and insurance cover), and, if they perform any duties on the Audit Committee of the Supervisory Board of the Company, compensation for their duties on this committee. The relative share of fixed compensation is always 100%.

As fixed compensation, each member of the Supervisory Board of the Company shall receive an amount of €180 thousand annually for each full fiscal year, payable after the end of the fiscal year. The Chairman of the Supervisory Board of the Company shall receive two and a half times, and his deputies one and a half times, the compensation of a Supervisory Board member.

For membership in the Audit Committee of the Supervisory Board of the Company, a member shall receive additional compensation of €40 thousand for each full fiscal year, while the Chairperson of the Audit Committee shall receive twice this amount.

If a fiscal year does not encompass a full calendar year, or if a member of the Supervisory Board of the Company is a member of the Supervisory Board for only a portion of the fiscal year, the compensation shall be paid on a pro rata temporis basis. This shall apply accordingly to membership of the Audit Committee of the Supervisory Board of the Company.

The members of the Supervisory Board of the Company shall be refunded expenses incurred when exercising their functions. Fresenius SE & Co. KGaA shall provide members of its Supervisory Board with insurance cover to an appropriate extent for exercising Supervisory Board activities. As for the Management Board, Fresenius SE & Co. KGaA has also taken out Directors' & Officers' liability insurance for the Supervisory Board of Fresenius Management SE and the Supervisory Board of the Company. This insurance covers the legal defense costs of a member of a representative body in the event of a claim and, if applicable, any damages to be paid within the scope of the existing coverage sums.

If a member of the Supervisory Board of the Company is at the same time a member of the Supervisory Board of the general partner, Fresenius Management SE, and receives compensation for their services on the Supervisory Board of Fresenius Management SE, the compensation for their activities as a member of the Supervisory Board of the Company shall be reduced by half. The same applies with regard to the additional part of the compensation for the Chairman of the Supervisory Board of the Company, provided he is simultaneously the Chairman of the Supervisory Board of Fresenius Management SE; this applies accordingly to his deputies to the extent they are simultaneously deputies of the Chairman of the Supervisory Board of Fresenius Management SE. If a deputy of the Chairman of the Supervisory Board of the Company is at the same time the Chairman of the Supervisory Board of Fresenius Management SE, they shall not receive any additional compensation for their service as Deputy Chairman of the Supervisory Board of the Company. According to Section 7 of the articles of association of Fresenius SE & Co. KGaA, the compensation of the Supervisory Board of Fresenius Management SE will be charged to Fresenius SE & Co. KGaA.

Fresenius Management SE, with the consent of its Supervisory Board, entered into a consultancy agreement with Dr. Gerd Krick on July 17, 2021, with a term of three years, to ensure that the comprehensive knowledge and experience of Dr. Gerd Krick regarding the Fresenius Group is still available after his retirement from the Supervisory Board of the Company and from the Supervisory Board of Fresenius Management SE on May 21, 2021. For his consulting activities, Dr. Gerd Krick receives an annual fee in the amount of €200 thousand plus any applicable value added tax. Under the terms of the consulting agreement, Dr. Gerd Krick has agreed to a comprehensive non-competition clause.

4.3 INDIVIDUALIZED DISCLOSURE OF SUPERVISORY BOARD COMPENSATION FOR FISCAL YEARS 2023 AND 2022

The amount of compensation awarded and due for the fulfilment of service in fiscal years 2023 and 2022, including compensation for committee services for the members of the Supervisory Board of the Company and Fresenius Management SE (excluding expenses and reimbursements) is as follows:

COMPENSATION OF THE SUPERVISORY BOARD

	Fixed compensation				Compensation for committee services				Total compensation	
	Fresenius SE & Co. KGaA		Fresenius Management SE		Fresenius SE & Co. KGaA		Fresenius Management SE			
€ in thousands	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Wolfgang Kirsch	225	225	255	255	40	40	40	40	560	560
Michael Diekmann	180	180	120	120	–	–	20	20	320	320
Grit Genster	270	270	–	–	40	40	–	–	310	310
Dr. Dieter Schenk	–	–	300	300	–	–	20	20	320	320
Prof. Dr. med. D. Michael Albrecht	180	180	–	–	–	–	–	–	180	180
Dr. Frank Appel	–	–	210	210	–	–	–	–	210	210
Stefanie Balling (up to November 30, 2023)	165	180	–	–	–	–	–	–	165	180
Bernd Behlert	180	180	–	–	35	–	–	–	215	180
Dr. Heinrich Hiesinger	–	–	210	210	–	–	–	–	210	210
Konrad Kölbl	180	180	–	–	5	40	–	–	185	220
Frauke Lehmann	180	180	–	–	–	–	–	–	180	180
Prof. Dr. med. Iris Löw-Friedrich	180	180	–	–	–	–	–	–	180	180
Holger Michel (since November 30, 2023)	16	–	–	–	–	–	–	–	16	–
Klaus-Peter Müller (up to May 13, 2022)	–	66	–	–	–	29	–	–	–	95
Oscar Romero De Paco	180	180	–	–	–	–	–	–	180	180
Hauke Stars (up to January 31, 2022)	–	15	–	–	–	3	–	–	–	18
Susanne Zeidler	90	80	120	130	80	60	–	–	290	270
Dr. Christoph Zindel (since May 13, 2022)	180	114	–	–	40	25	–	–	220	139
Total	**2,206**	**2,210**	**1,215**	**1,225**	**240**	**237**	**80**	**80**	**3,741**	**3,752**

5. COMPARATIVE PRESENTATION OF THE COMPENSATION DEVELOPMENT OF THE MANAGEMENT BOARD MEMBERS AND THE SUPERVISORY BOARD MEMBERS IN RELATION TO THE COMPENSATION OF THE OVERALL WORKFORCE AND TO THE EARNINGS DEVELOPMENT OF THE COMPANY

The development of the compensation awarded and due to the members of the Management Board and both Supervisory Boards according to Section 162 AktG, the earnings development of the Company, and the development of the average compensation of the workforce will be presented in the following comparative table for the five-year period 2019 to 2023.

For the comparative presentation of the earnings development of the Company, Group revenue and Group net income (before special items) will be shown, which are key performance indicators for the steering of the Group and the variable compensation of the Management Board. In addition, according to the regulatory requirements, net income of Fresenius SE & Co. KGaA pursuant to HGB will be presented.

It should be noted that the compensation data refers to the compensation awarded and due pursuant to Section 162 AktG. This refers to payments made from the Long-Term Incentive to compensation components allocated in previous fiscal years. Therefore, a meaningful comparison of the compensation awarded in the fiscal year and the earnings development of the Company in the same fiscal year is only possible to a limited extent.

The comparative presentation of the development of the compensation of the workforce includes all employees of the Fresenius Group on a full-time equivalent (FTE) basis.

ANNUAL COMPARISON OF COMPENSATION AWARDED AND DUE

		2023	2022	2021	2020	2019
Revenue	€ in millions	22,299	40,840	37,520	36,277	35,409
	Annual change in %	n.a.	+9%	+3%	+2%	+6%
Group net income[1]	€ in millions	1,505	1,729	1,867	1,796	1,879
	Annual change in %	-13%	-7%	+4%	-4%	0%
Net income of Fresenius SE & Co. KGaA pursuant to HGB	€ in millions	-308	401	503	603	580
	Annual change in %	-177%	-20%	-17%	+4%	+19%
Average employee compensation[2]	€ in thousands	49	50	45	45	45
	Annual change in %	-2%	+11%	0%	0%	+2%
Current members of the Management Board						
Michael Sen	€ in thousands	1,737	2,088	1,572	–	–
(Management Board member since April 12, 2021)	Annual change in %	-17%	+33%	n.a.	n.a.	n.a.
Pierluigi Antonelli	€ in thousands	812	–	–	–	–
(Management Board member since March 1, 2023	Annual change in %	n.a.	n.a.	n.a.	n.a.	n.a.
Sara Hennicken	€ in thousands	664	347	–	–	–
(Management Board member since September 1, 2022)	Annual change in %	+91%	n.a.	n.a.	n.a.	n.a.
Robert Möller	€ in thousands	352	–	–	–	–
(Management Board member since September 8, 2023)	Annual change in %	n.a.	n.a.	n.a.	n.a.	n.a.
Dr. Michael Moser	€ in thousands	885	–	–	–	–
(Management Board member since July 1, 2023)	Annual change in %	n.a.	n.a.	n.a.	n.a.	n.a.
Former members of the Management Board						
Helen Giza	€ in thousands	4,304	173	–	–	–
(Management Board member up to November 30, 2023)	Annual change in %	+2,388%	n.a.	n.a.	n.a.	n.a.
Dr. Sebastian Biedenkopf	€ in thousands	639	1,000	1,277	54	–
(Management Board member up to November 30, 2023)	Annual change in %	-36%	-22%	+2,265%	n.a.	n.a.
Dr. Francesco De Meo	€ in thousands	6,334	2,026	2,491	2,565	2,719
(Management Board member up to September 8, 2023)	Annual change in %	+213%	-19%	-3%	-6%	-10%
Dr. Ernst Wastler	€ in thousands	3,678	1,270	2,324	2,027	2,212
(Management Board member up to July 18, 2023)	Annual change in %	+190%	-45%	+15%	-8%	-11%
Rice Powell	€ in thousands	2,574	4,658	5,424	7,642	4,060
(Management Board member up to September 30, 2022)	Annual change in %	-45%	-14%	-29%	+88%	-1%
Rachel Empey	€ in thousands	1,000	1,418	1,783	1,699	1,610
(Management Board member up to August 31, 2022)	Annual change in %	-29%	-20%	+5%	+6%	-2%

[1] Before special items
[2] Average of wages and salaries of all Group employees on FTE basis

ANNUAL COMPARISON OF COMPENSATION AWARDED AND DUE

		2023	2022	2021	2020	2019
Current members of the Supervisory Boards						
Wolfgang Kirsch	€ in thousands	560	560	426	150	–
(Supervisory Board member since January 1, 2020)	Annual change in %	0%	+31%	+184%	n.a.	n.a.
Michael Diekmann	€ in thousands	320	320	320	235	315
(Supervisory Board member since May 20, 2015)	Annual change in %	0%	0%	+36%	-25%	-16%
Grit Genster	€ in thousands	310	310	310	159	–
(Supervisory Board member since May 1, 2020)	Annual change in %	0%	0%	+95%	n.a.	n.a.
Dr. Dieter Schenk	€ in thousands	320	320	320	235	325
(Supervisory Board member since March 11, 2010)	Annual change in %	0%	0%	+36%	-28%	-16%
Prof. Dr. med. D. Michael Albrecht	€ in thousands	180	180	180	150	240
(Supervisory Board member since January 28, 2011)	Annual change in %	0%	0%	+20%	-38%	-20%
Dr. Frank Appel	€ in thousands	210	210	129	–	–
(Supervisory Board member since May 21, 2021)	Annual change in %	0%	+63%	n.a.	n.a.	n.a.
Bernd Behlert	€ in thousands	215	180	180	150	240
(Supervisory Board member since September 1, 2018)	Annual change in %	+19%	0%	+20%	-38%	+140%
Dr. Heinrich Hiesinger	€ in thousands	210	210	210	75	–
(Supervisory Board member since July 1, 2020)	Annual change in %	0%	0%	+180%	n.a.	n.a.
Konrad Kölbl	€ in thousands	185	220	220	170	260
(Supervisory Board member since July 16, 2007)	Annual change in %	-16%	0%	+29%	-35%	-19%
Frauke Lehmann	€ in thousands	180	180	180	150	240
(Supervisory Board member since May 13, 2016)	Annual change in %	0%	0%	+20%	-38%	-20%
Prof. Dr. med. Iris Löw-Friedrich	€ in thousands	180	180	180	150	240
(Supervisory Board member since May 13, 2016)	Annual change in %	0%	0%	+20%	-38%	-20%
Holger Michel	€ in thousands	16	–	–	–	–
(Supervisory Board member since November 30, 2023)	Annual change in %	n.a.	n.a.	n.a.	n.a.	n.a.
Oscar Romero de Paco	€ in thousands	180	180	180	150	240
(Supervisory Board member since May 13, 2016)	Annual change in %	0%	0%	+20%	-38%	-20%
Susanne Zeidler	€ in thousands	290	270	129	–	–
(Supervisory Board member since May 21, 2021)	Annual change in %	+7%	+109%	n.a.	n.a.	n.a.
Dr. Christoph Zindel	€ in thousands	220	139	–	–	–
(Supervisory Board member since May 13, 2022)	Annual change in %	+58%	n.a.	n.a.	n.a.	n.a.
Former members of the Supervisory Boards						
Dr. Gerd Krick	€ in thousands	200	200	219	490	580
(Supervisory Board member since May 28, 2003 up to May 21, 2021)	Annual change in %	0%	-9%	-55%	-16%	-9%
Stefanie Balling	€ in thousands	165	180	180	150	240
(Supervisory Board member since May 13, 2016 up to November 30, 2023)	Annual change in %	-8%	0%	+20%	-38%	-20%

AUDITOR'S REPORT

TO FRESENIUS SE & CO. KGAA, BAD HOMBURG V.D.H.

We have audited the remuneration report of Fresenius SE & Co. KGaA, Bad Homburg v.d. Höhe, for the financial year from January 1 to December 31, 2023, including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The executive directors and the supervisory board of Fresenius SE & Co. KGaA are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDIT OPINION

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2023, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

REFERENCE TO AN OTHER MATTER – FORMAL AUDIT OF THE REMUNERATION REPORT ACCORDING TO § 162 AKTG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

RESTRICTION ON USE

We issue this auditor’s report on the basis of the engagement agreed with Fresenius SE & Co. KGaA. The audit has been performed only for purposes of the company and the auditor‘s report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor’s report is only towards the company in accordance with this engagement. The auditor’s report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Frankfurt am Main, February 20, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft
(Original German Version signed by:)

Dr. Ulrich Störk	Dr. Bernd Roese
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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CONSOLIDATED FINANCIAL STATEMENTS

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FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME

€ in millions	Note	2023	2022 restated[1]	2022 previous
Revenue	4	22,299	21,532	40,840
Costs of revenue		-17,241	-16,129	-30,531
Gross profit		**5,058**	**5,403**	**10,309**
Selling expenses		-750	-746	-2,323
General and administrative expenses	8	-2,405	-2,348	-3,853
Other operating income	9	402	353	529
Other operating expenses	9	-501	-211	-474
Research and development expenses	7	-661	-639	-867
Operating income (EBIT)		**1,143**	**1,812**	**3,321**
Income from the Fresenius Medical Care investment accounted for using the equity method	21	-12	n.a.	n.a.
Interest income	10	118	130	187
Interest expenses	10	-534	-345	-694
Income before income taxes		**715**	**1,597**	**2,814**
Income taxes	11	-477	-375	-697
Net income from continuing operations		**238**	**1,222**	**2,117**
Noncontrolling interests in continuing operations	12	-115	68	745
Net income from continuing operations attributable to shareholders of Fresenius SE & Co. KGaA		**353**	**1,154**	**1,372**
Net income from deconsolidated Fresenius Medical Care operations under IFRS 5		-1,938	895	n.a.
Noncontrolling interests in deconsolidated Fresenius Medical Care operations under IFRS 5		-991	677	n.a.
Net income from deconsolidated Fresenius Medical Care operations under IFRS 5 attributable to shareholders of Fresenius SE & Co. KGaA		**-947**	**218**	**n.a.**
Net income		-1,700	2,117	2,117
Noncontrolling interests in net income		-1,106	745	745
Net income attributable to shareholders of Fresenius SE & Co. KGaA		**-594**	**1,372**	**1,372**
Earnings per share in € (basic and diluted)	14	**-1.05**	**2.44**	**2.44**
thereof based on net income from continuing operations		0.63	2.05	2.44
thereof based on net income from deconsolidated Fresenius Medical Care operations under IFRS 5		-1.68	0.39	n.a.

[1] Prior-year figures have been adjusted due to the application of IFRS 5 to the deconsolidated operations of Fresenius Medical Care.

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Note	2023	2022
Net income		**-1,700**	**2,117**
Other comprehensive income (loss)			
Positions which will be reclassified into net income in subsequent years			
Foreign currency translation	30, 33	-231	1,143
Cash flow hedges	30, 33	-11	23
FVOCI debt instruments	30, 33	24	-45
Equity method investees – share of OCI	30	-24	–
Income taxes on positions which will be reclassified	30	0	6
Positions which will not be reclassified into net income in subsequent years			
Actuarial gains on defined benefit pension plans	27, 30	137	640
FVOCI equity investments	30, 33	4	9
Equity method investees – share of OCI	30	-19	24
Income taxes on positions which will not be reclassified	30	-39	-184
Other comprehensive income (loss), net		**-159**	**1,616**
Total comprehensive income (loss)		**-1,859**	**3,733**
Comprehensive income (loss) attributable to noncontrolling interests		**-915**	**1,486**
Comprehensive income (loss) attributable to shareholders of Fresenius SE & Co. KGaA		**-944**	**2,247**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

as of December 31, € in millions	Note	**2023**	2022
Cash and cash equivalents	15	2,562	2,749
Trade accounts and other receivables, less allowances for expected credit losses	16	3,673	7,161
Inventories	17	2,517	4,833
Other current assets	18	3,213	3,536
Assets held for sale		555	–
I. Total current assets		**12,520**	**18,279**
Property, plant and equipment	19	8,964	12,919
Right-of-use assets	32	1,818	5,922
Goodwill	20	15,089	31,490
Other intangible assets	20	2,531	4,338
Fresenius Medical Care investment accounted for using the equity method	21	3,500	n.a.
Other non-current assets	18	502	2,621
Deferred taxes	11	360	831
II. Total non-current assets		**32,764**	**58,121**
Total assets		**45,284**	**76,400**

LIABILITIES AND SHAREHOLDERS' EQUITY

as of December 31, € in millions	Note	**2023**	2022
Trade accounts payable		1,488	2,164
Short-term provisions and other short-term liabilities	22, 23	4,920	8,242
Short-term debt	24	569	867
Current portion of long-term debt	24	492	669
Current portion of lease liabilities	32	206	851
Current portion of bonds	25	815	649
Current portion of convertible bonds	26	499	–
Short-term liabilities for income taxes		111	216
Liabilities directly associated with the assets held for sale		230	–
A. Total short-term liabilities		**9,330**	**13,658**
Long-term debt, less current portion	24	2,216	2,166
Lease liabilities, less current portion	32	1,792	5,741
Bonds, less current portion	25	9,241	16,329
Convertible bonds	26	–	491
Long-term provisions and other long-term liabilities	22, 23	1,578	2,802
Pension liabilities	27	666	1,099
Long-term liabilities for income taxes		279	242
Deferred taxes	11	531	1,654
B. Total long-term liabilities		**16,303**	**30,524**
I. Total liabilities		**25,633**	**44,182**
A. Noncontrolling interests	28	**652**	**11,803**
Subscribed capital	29	563	563
Capital reserve	29	4,326	4,323
Other reserves	29	14,092	15,122
Accumulated other comprehensive income	30	18	407
B. Total Fresenius SE & Co. KGaA shareholders' equity		**18,999**	**20,415**
II. Total shareholders' equity		**19,651**	**32,218**
Total liabilities and shareholders' equity		**45,284**	**76,400**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions	Note	2023	2022 restated[1]	2022 previous
Operating activities				
Operating activities – continuing operations				
Net income		238	1,222	2,117
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities				
Depreciation and amortization	18, 19, 20, 32	1,478	1,157	2,973
Change in deferred taxes	11	-17	-74	-115
Gain on sale of fixed assets and of investments and divestitures	2	-19	-17	-116
Loss from the Fresenius Medical Care investment accounted for using the equity method		12	n.a.	n.a.
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of				
Trade accounts and other receivables	16	-264	162	85
Inventories	17	-170	-268	-472
Other current and non-current assets	18	-224	-610	-360
Accounts receivable from/payable to related parties		6	-25	-4
Trade accounts payable, provisions and other short-term and long-term liabilities	22, 23	986	525	140
Liabilities for income taxes		105	-41	-50
Net cash provided by operating activities – continuing operations		**2,131**	**2,031**	**4,198**
Net cash provided by operating activities – deconsolidated Fresenius Medical Care operations under IFRS 5		**2,325**	**2,167**	**n.a.**
Net cash provided by operating activities		**4,456**	**4,198**	**4,198**
Investing activities				
Investing activities – continuing operations				
Purchases of property, plant and equipment and capitalized development costs	19	-1,134	-1,193	-1,917
Proceeds from sales of property, plant and equipment		27	104	140
Acquisitions and investments and purchases of intangible assets	2, 35	-234	-812	-977
Proceeds from sale of investments and divestitures	2	1	29	147
Cash and cash equivalents disposed of from the deconsolidation of Fresenius Medical Care		-1,303	n.a.	n.a.
Net cash used in investing activities – continuing operations		**-2,643**	**-1,872**	**-2,607**
Net cash used in investing activities – deconsolidated Fresenius Medical Care operations under IFRS 5		**-544**	**-735**	**n.a.**
Net cash used in investing activities		**-3,187**	**-2,607**	**-2,607**

[1] Prior-year figures have been adjusted due to the application of IFRS 5 to the deconsolidated operations of Fresenius Medical Care.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions	Note	2023	2022 restated[1]	2022 previous
Financing activities				
Financing activities – continuing operations				
Proceeds from short-term debt	24	433	222	698
Repayments of short-term debt	24	-75	-1,594	-2,655
Proceeds from long-term debt	24	1,336	411	654
Repayments of long-term debt	24	-1,040	-515	-633
Repayments of lease liabilities	32	-232	-200	-975
Proceeds from the issuance of bonds	25	790	2,300	3,044
Repayments of liabilities from bonds	25	-450	-285	-912
Proceeds from the Accounts Receivable Facility of Fresenius Medical Care		–	–	95
Proceeds from the exercise of stock options	37	–	–	20
Dividends received from Fresenius Medical Care		106	127	n.a.
Dividends paid		-550	-403	-890
Change in noncontrolling interests, net	28	-24	-50	-50
Net cash provided by / used in financing activities – continuing operations		**294**	**13**	**-1,604**
Net cash used in financing activities – deconsolidated Fresenius Medical Care operations under IFRS 5		**-1,671**	**-1,617**	**n.a.**
Net cash used in financing activities		**-1,377**	**-1,604**	**-1,604**
Effect of exchange rate changes on cash and cash equivalents		**-43**	**-2**	**-2**
Net decrease in cash and cash equivalents		**-151**	**-15**	**-15**
Cash and cash equivalents at the beginning of the reporting period	15	**2,749**	**2,764**	**2,764**
less cash and cash equivalents at the end of the reporting period shown under "assets held for sale"		36	n.a.	n.a.
Cash and cash equivalents at the end of the reporting period	15	**2,562**	**2,749**	**2,749**
thereof cash and cash equivalents from deconsolidated Fresenius Medical Care operations		n.a.	1,274	n.a.

[1] Prior-year figures have been adjusted due to the application of IFRS 5 to the deconsolidated operations of Fresenius Medical Care.

ADDITIONAL INFORMATION ON PAYMENTS
THAT ARE INCLUDED IN NET CASH PROVIDED BY OPERATING ACTIVITIES

January 1 to December 31, € in millions	Note	2023	2022 restated[1]	2022 previous
Received interest		96	85	137
Paid interest		-403	-261	-610
Income taxes paid		-356	-515	-850

[1] Prior-year figures have been adjusted due to the application of IFRS 5 to the deconsolidated operations of Fresenius Medical Care.

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Subscribed Capital			Reserves	
	Note	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2021		**558,502**	**558,502**	**558**	**4,026**	**14,860**
Proceeds from the exercise of stock options	37	–	–	–	6	
Dividends paid	29					-367
Scrip dividend	29	4,735	4,735	5	142	-147
Transactions with noncontrolling interests without loss of control	28				149	
Noncontrolling interests due to changes in consolidation group	2, 28				–	
Put option liabilities	23, 33					-618
Reclassification of cumulative gains/losses of equity investments	33					22
Comprehensive income (loss)						
Net income						1,372
Other comprehensive income (loss)						
Cash flow hedges	30, 33					
Change of FVOCI equity investments	30, 33					
Foreign currency translation	30, 33					
Actuarial gains on defined benefit pension plans	27, 30					
Fair value changes						
Comprehensive income (loss)						1,372
As of December 31, 2022		**563,237**	**563,237**	**563**	**4,323**	**15,122**
Dividends paid	29					-518
Transactions with noncontrolling interests without loss of control	28				4	
Noncontrolling interests due to changes in consolidation group	2, 28				–	
Other changes in equity from the Fresenius Medical Care investment accounted for using the equity method	21				-1	5
Put option liabilities	23, 33					38
Reclassification of cumulative gains/losses of equity investments and defined benefit pension plans	27, 33					39
Comprehensive income (loss)						
Net income						-594
Other comprehensive income (loss)						
Cash flow hedges	30, 33					
Change of FVOCI equity investments	30, 33					
Foreign currency translation	30, 33					
Actuarial gains/losses on defined benefit pension plans	27, 30					
Debt instruments	30, 33					
Equity method investees - share of OCI	21, 30					
Comprehensive income (loss)						-594
As of December 31, 2023		**563,237**	**563,237**	**563**	**4,326**	**14,092**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Accumulated other comprehensive income (loss)							
	Foreign currency translation € in millions	Cash flow hedges € in millions	Pensions € in millions	Equity investments € in millions	Fair value changes € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interests € in millions	Total shareholders' equity € in millions
As of December 31, 2021	**54**	**-66**	**-411**	**-42**	**19**	**18,998**	**10,290**	**29,288**
Proceeds from the exercise of stock options						6	14	20
Dividends paid						-367	-614	-981
Scrip dividend						–	–	–
Transactions with noncontrolling interests without loss of control						149	380	529
Noncontrolling interests due to changes in consolidation group						–	559	559
Put option liabilities						-618	-312	-930
Reclassification of cumulative gains/losses of equity investments				-22		–	–	–
Comprehensive income (loss)								
Net income						1,372	745	2,117
Other comprehensive income (loss)								
Cash flow hedges		11				11	7	18
Change of FVOCI equity investments				6		6	2	8
Foreign currency translation	559	-1	-4	0	1	555	591	1,146
Actuarial gains on defined benefit pension plans			306			306	152	458
Fair value changes					-3	-3	-11	-14
Comprehensive income (loss)	559	10	302	6	-2	2,247	1,486	3,733
As of December 31, 2022	**613**	**-56**	**-109**	**-58**	**17**	**20,415**	**11,803**	**32,218**
Dividends paid						-518	-503	-1,021
Transactions with noncontrolling interests without loss of control						4	1	5
Noncontrolling interests due to changes in consolidation group						–	-9,750	-9,750
Other changes in equity from the Fresenius Medical Care investment accounted for using the equity method						4	0	4
Put option liabilities						38	16	54
Reclassification of cumulative gains/losses of equity investments and defined benefit pension plans			-42	3		–	–	–
Comprehensive income (loss)								
Net income						-594	-1,106	-1,700
Other comprehensive income (loss)								
Cash flow hedges		-9				-9	1	-8
Change of FVOCI equity investments				1		1	3	4
Foreign currency translation	-300	0	0	–	0	-300	69	-231
Actuarial gains/losses on defined benefit pension plans			-5			-5	104	99
Debt instruments					6	6	14	20
Equity method investees - share of OCI					-43	-43	–	-43
Comprehensive income (loss)	-300	-9	-5	1	-37	-944	-915	-1,859
As of December 31, 2023	**313**	**-65**	**-156**	**-54**	**-20**	**18,999**	**652**	**19,651**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING

BY BUSINESS SEGMENT

	Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
€ in millions	**2023** [1]	2022 [1]	Growth	**2023** [1]	2022 [1]	Growth	**2023** [1]	2022 [1]	Growth	**2023** [2]	2022 [2]	Growth	**2023**	2022	Growth
Revenue	8,009	7,850	2%	12,320	11,716	5%	2,356	2,359	0%	-386	-393	2%	22,299	21,532	4%
thereof contribution to consolidated revenue	7,961	7,801	2%	12,295	11,691	5%	2,043	2,039	0%	0	1	-100%	22,299	21,532	4%
thereof intercompany revenue	48	49	-2%	25	25	0%	313	320	-2%	-386	-394	2%	–	–	
contribution to consolidated revenue	36%	36%		55%	54%		9%	9%		0%	0%		100%	100%	
EBITDA	1,634	1,576	4%	1,755	1,690	4%	99	118	-16%	-867	-415	-109%	2,621	2,969	-12%
Depreciation and amortization	489	496	-1%	523	505	4%	115	98	17%	351	58	--	1,478	1,157	28%
EBIT	1,145	1,080	6%	1,232	1,185	4%	-16	20	-180%	-1,218	-473	-158%	1,143	1,812	-37%
Net interest	-128	-59	-117%	-244	-182	-34%	-47	-13	--	3	39	-92%	-416	-215	-93%
Income taxes	-215	-185	-16%	-252	-220	-15%	-7	0		-3	30	-110%	-477	-375	-27%
Net income from deconsolidated Fresenius Medical Care operations under IFRS 5 attributable to shareholders of Fresenius SE & Co. KGaA	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		-947	218		-947	218	
Income from the Fresenius Medical Care investment accounted for using the equity method	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		-12	n.a.		-12	n.a.	
Net income attributable to shareholders of Fresenius SE & Co. KGaA	748	780	-4%	714	766	-7%	-71	1	--	-1,985	-175	--	-594	1,372	-143%
Operating cash flow	1,015	841	21%	1,244	1,367	-9%	20	-44	145%	-148	-133	-11%	2,131	2,031	5%
Cash flow before acquisitions and dividends	572	323	77%	691	813	-15%	-67	-25	-168%	-172	-169	-2%	1,024	942	9%

[1] Before special items
[2] After special items

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING

BY BUSINESS SEGMENT

	Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
€ in millions	**2023** [1]	2022 [1]	Growth	**2023** [1]	2022 [1]	Growth	**2023** [1]	2022 [1]	Growth	**2023** [2]	2022 [2]	Growth	**2023**	2022	Growth
Assets excl. Fresenius Medical Care	16,007	16,730	-4%	23,068	21,337	8%	2,751	2,887	-5%	-42	-218	81%	41,784	40,736	3%
Fresenius Medical Care investment accounted for using the equity method	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		3,500	n.a.		3,500	n.a.	
Debt	3,684	4,195	-12%	8,214	7,811	5%	1,390	885	57%	2,542	1,817	40%	15,830	14,708	8%
Other operating liabilities	3,711	3,842	-3%	4,071	3,424	19%	1,176	994	18%	314	399	-21%	9,272	8,659	7%
Capital expenditure, gross	451	509	-11%	573	560	2%	87	79	10%	25	34	-26%	1,136	1,182	-4%
Acquisitions, gross/investments	207	734	-72%	0	82	-100%	2	17	-88%	1	0		210	833	-75%
Research and development expenses	604	629	-4%	3	3	0%	–	–		54	7	--	661	639	3%
Employees (per capita on balance sheet date)	43,269	42,063	3%	129,439	125,700	3%	20,265	20,184	0%	892	929	-4%	193,865	188,876	3%
Key figures															
EBITDA margin	20.4%	20.1%		14.2%	14.4%		4.2%	5.0%					15.3%[1]	15.4%[1]	
EBIT margin	14.3%	13.8%		10.0%	10.1%		-0.7%	0.8%					10.1%[1]	10.2%[1]	
Depreciation and amortization in % of revenue	6.1%	6.3%		4.2%	4.3%		4.9%	4.2%					5.2%[1]	5.2%[1]	
Operating cash flow in % of revenue	12.7%	10.7%		10.1%	11.7%		0.8%	-1.9%					9.6%	9.4%	
ROIC	7.3%	7.8%		5.4%	5.4%		-1.2%	1.1%					5.2%[3]	5.6%[3]	

[1] Before special items
[2] After special items
[3] The underlying pro forma EBIT does not include special items.

The consolidated segment reporting by business segment is an integral part of the notes.

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global healthcare group and offers system-critical products and services for leading therapies for care of critically and chronically ill patients. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., Germany, the activities are organized amongst the following legally independent business segments in fiscal year 2023:

- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

From July 14, 2023 to November 30, 2023, Fresenius Medical Care was accounted for as business segment to be deconsolidated in accordance with IFRS 5. Since November 30, 2023, the investment is accounted for using the equity method in accordance with IAS 28.

As of January 1, 2023, the business segments are differentiated between operating companies (Fresenius Kabi and Fresenius Helios) and investment companies (Fresenius Medical Care and Fresenius Vamed).

Furthermore, as of January 1, 2023, Fresenius Kabi implemented a new global operating model. Thereafter, Fresenius Kabi has reorganized the business into four operating divisions: Biopharma, MedTech, Nutrition and Pharma (IV Drugs & Fluids).

Fresenius Kabi specializes in products for the therapy and care of critically and chronically ill patients. The portfolio includes biopharmaceuticals, clinical nutrition, MedTech products, intravenously administered generic drugs (generic IV drugs), and IV fluids.

Fresenius Helios is Europe's leading private healthcare service provider. The company includes Helios Germany, Helios Spain, and the Eugin group, which was sold on January 31, 2024. At the end of 2023, Helios Germany operated 86 hospitals, around 230 medical care centers, 27 occupational health centers and 6 prevention centers. Helios Spain operated 51 hospitals, around 100 outpatient health centers, and around 300 facilities for occupational health management at the end of 2023. It is also active in Latin America with 7 hospitals and as a provider of medical diagnostics.

Fresenius Vamed manages projects and provides services for hospitals and other healthcare facilities on an international level. The range of services covers the entire value chain: from development, planning and turnkey construction to maintenance, technical management, total operational management and high-end services.

Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2023. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in Helios Kliniken GmbH and Helios Healthcare Spain S.L. (Quirónsalud), 100% in Helios Fertility Spain S.L.U. and Helios Healthcare USA, Inc. (Eugin group), which were both sold on January 31, 2024, as well as a 77% stake in VAMED Aktiengesellschaft. In addition, Fresenius SE & Co. KGaA consolidates companies with corporate holding functions regarding real estate, financing and insurance, as well as in Fresenius Digital Technology GmbH which provides intercompany services in the field of information technology.

Furthermore, at the end of fiscal year 2023, Fresenius SE & Co. KGaA owned 32% of the subscribed capital of the associated company Fresenius Medical Care AG which offers services and products for patients with chronic kidney failure.

The reporting currency and functional currency of the Fresenius Group is the euro. In order to improve the clarity of presentation, amounts are generally presented in million euros. Amounts less than €1 million, after rounding, are marked with "0".

Deconsolidation of Fresenius Medical Care

Fresenius announced in February 2023 its intention to initiate plans towards a conversion of the legal form of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) into a German stock corporation (Aktiengesellschaft – AG) and thereupon to deconsolidate the business segment Fresenius Medical Care in accordance with the relevant International Financial Reporting Standards (IFRS). On July 14, 2023, the Extraordinary General Meeting of FMC-AG & Co. KGaA approved the proposal of conversion of the legal form into a German stock corporation. After registration with the commercial register on November 30, 2023, the conversion of the legal form became effective. Since November 30, 2023, Fresenius Medical Care Management AG (prospective Fresenius Vermögensverwaltung AG), a wholly owned subsidiary of Fresenius SE & Co. KGaA, has no longer been the general partner of FMC-AG & Co. KGaA. Consequently, Fresenius SE & Co. KGaA no longer has rights or the ability to direct the relevant activities that significantly affect the earnings of Fresenius Medical Care AG. Therefore, as of November 30, 2023, Fresenius Medical Care AG has no longer been fully consolidated in the consolidated financial statements of the Fresenius Group, but accounted for using the equity method.

For the consolidated financial statements as of December 31, 2023, the specific accounting standards apply as follows.

In the first step, as a result of the approval of the conversion of legal form, Fresenius Medical Care has been classified since July 14, 2023 in accordance with IFRS 5 as a separate line item (operations to be deconsolidated) in the Fresenius Group’s consolidated statement of income, the consolidated statement of financial position and the consolidated statement of cash flows. After registration with the commercial register (second step), the investment in Fresenius Medical Care was deconsolidated and subsequently accounted for at equity in accordance with IAS 28. The relevant IFRS required valuation of Fresenius Medical Care at fair value. If this value, which mainly corresponds to Fresenius Medical Care's market capitalization and to the fair value of the noncontrolling interests, is below the book value of Fresenius Medical Care's consolidated equity, the Fresenius Group must recognize a non-cash effective impairment, which is included as a special item. As of July 14, 2023, the market capitalization of Fresenius Medical Care was €13.7 billion based on a share price of 46.78 € and thus above the consolidated shareholders' equity of FMC-AG & Co. KGaA of €13.5 billion as of June 30, 2023.

Therefore, the first step with the initial recognition during the third quarter of 2023 did not result in any expenses. As part of the IFRS 5 subsequent remeasurement as of November 30, 2023, the fair value and consolidated shareholders’ equity were again compared. At the respective reporting date, the market capitalization of Fresenius Medical Care (derived from the share price of Fresenius Medical Care in the amount of €37.63) and the fair value of the noncontrolling interests of Fresenius Medical Care (derived from a level 3 fair value valuation) in the total amount of €12.9 billion were below the consolidated shareholders' equity of Fresenius Medical Care in the amount of €15.1 billion. As a result, a non-cash special item of €2.2 billion was recognized in the consolidated financial statements of the Fresenius Group, of which €0.6 billion was attributable to the shareholders of Fresenius SE & Co. KGaA and €1.6 billion to the noncontrolling interests of the Fresenius Group. The expenses are reported as part of the net income from deconsolidated Fresenius Medical Care operations under IFRS 5.

In addition, as part of the deconsolidation (second step) as at November 30, 2023, a deconsolidation loss of €0.5 billion was recognized, which mainly resulted from the reclassification of currency translation differences from other comprehensive income to consolidated net income and other consolidation effects. The expenses are also reported as part of net income from deconsolidated Fresenius Medical Care operations under IFRS 5. The effects of deconsolidation are not taxable. In accordance with IFRS 5, the prior year figures in the consolidated statement of income and the consolidated statement of cash flows have been adjusted.

The application of IFRS 5 at the Fresenius Group level does not have any impact on the consolidated financial statements of Fresenius Medical Care, because the recoverability of net assets in the consolidated financial statements of Fresenius Medical Care is measured in accordance with IAS 36, which, in contrast to IFRS 5, is determined by the higher of the value in use and the fair value less costs of disposal (which mainly corresponds to the market capitalization).

Transformation Fresenius Vamed

As a result of the continuing negative earnings development at Fresenius Vamed, Fresenius comprehensively analyzed the business model, governance, and all processes of Fresenius Vamed and initiated a comprehensive transformation of the company's organization. At the same time, a far-reaching restructuring program was initiated with the clear objective of increasing the company's profitability.

As part of the transformation, Fresenius Vamed has realigned its project business, particularly in Germany. Moreover, the company has initiated the withdrawal from non-core activities in main non-European markets in the service business. This will lead to a redimensioning of activities and thus to a significantly lower risk profile.

As a result of this transformation, Fresenius Vamed remeasured the affected business activities in fiscal year 2023 and recognized special items of €554 million. These are attributable in particular to impairments of contract assets, receivables and inventories as well as of loans and investments and to restructuring expenses as well as the recognition of corresponding provisions. These special items are largely non-cash items.

II. BASIS OF PRESENTATION

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union (EU), fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and applying Section 315e of the German Commercial Code (HGB). The consolidated financial statements of Fresenius SE & Co. KGaA at December 31, 2023 have been prepared and are published in accordance with the Standards and interpretations in effect on the reporting date, and endorsed in the EU, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC).

In order to improve the clarity of presentation, various items are aggregated in the consolidated statement of financial position and in the consolidated statement of income. These items are shown separately in the notes to provide useful information to the readers of the consolidated financial statements.

Moreover, the notes include information required by HGB according to Section 315e (1) HGB. The consolidated financial statements include a management report according to Section 315e HGB in conjunction with Section 315 HGB.

The consolidated statement of financial position contains all information required to be disclosed by International Accounting Standard (IAS) 1, Presentation of Financial Statements, and is classified on the basis of the liquidity of assets and liabilities. The consolidated statement of income is classified using the cost-of-sales accounting format.

The general partner of Fresenius SE & Co. KGaA is Fresenius Management SE. Fresenius Management SE prepares its own consolidated financial statements. The Else Kröner-Fresenius-Stiftung is the sole shareholder of Fresenius Management SE. The shareholder representatives elect in the Annual General Meeting of Fresenius Management SE its Supervisory Board.

At February 20, 2024, the Management Board of Fresenius Management SE authorized the consolidated financial statements for issue and passed it to the Supervisory Board of Fresenius SE & Co. KGaA. The Supervisory Board has to review and approve the consolidated financial statements.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

The consolidated financial statements have been prepared using uniform accounting methods. Acquisitions of companies are accounted for applying the purchase method. Capital consolidation is performed at the date of acquisition. Initially, all identifiable assets and liabilities of subsidiaries as well as the noncontrolling interests are recognized at their fair values. The costs and acquired noncontrolling interests are then compared and offset against the fair value of the assets acquired and liabilities assumed. Any remaining balance is recognized as goodwill and is tested at least once a year for impairment.

All intercompany revenues, expenses, income, receivables and payables as well as other intercompany financial obligations and contingent liabilities are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other Group entities are also eliminated. Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interests are the portion of equity of Group entities not attributable, directly or indirectly, to Fresenius SE & Co. KGaA and are recognized at fair value at the date of first consolidation using the full goodwill method. Profits and losses attributable to the noncontrolling interests are separately disclosed in the consolidated statement of income.

The Fresenius Group writes put options on certain noncontrolling interests. Some of the put options relate to mAbxience where put options were granted to noncontrolling shareholders. When the put options are exercised they provide for settlement in cash. The Fresenius Group records the put options as a financial liability in the item long-term provisions and other long-term liabilities as well as short-term provisions and other short-term liabilities at present value of the exercise price of the option at the date of the consolidated financial statements. The Fresenius Group, in line with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, paragraph 10, applies the present access method. According to the present access method, noncontrolling interests are recorded in equity when the risks and rewards of ownership reside with the noncontrolling interests holders. The initial recognition of the put option liability, as well as valuation differences, are recorded in equity with no impact to the consolidated statement of income.

b) Composition of the Group

Besides Fresenius SE & Co. KGaA, the consolidated financial statements include all material subsidiaries according to IFRS 10, which Fresenius SE & Co. KGaA can control. Fresenius SE & Co. KGaA controls an entity if it has power over the entity. That is, Fresenius SE & Co. KGaA has existing rights that give Fresenius SE & Co. KGaA the current ability to direct the relevant activities, which are the activities that significantly affect the entity's return. In addition, Fresenius SE & Co. KGaA is exposed to, or has rights to, variable returns from the involvement with the entity and Fresenius SE & Co. KGaA has the ability to use its power over the entity to affect the amount of Fresenius SE & Co. KGaA's return.

Associated companies are accounted for using the equity method. Generally, entities in which Fresenius SE & Co. KGaA, directly or indirectly, holds more than 20% and less than 50% of the voting rights and can exercise a significant influence over their financial and operating policies are considered associates. As a result of the conversion of the investment company Fresenius Medical Care AG & Co. KGaA into a German stock corporation (Aktiengesellschaft – AG) on November 30, 2023, the business segment Fresenius Medical Care has been deconsolidated and subsequently accounted for at equity in accordance with IAS 28. The equity result is reported as a separate line in the consolidated statement of income below operating income (EBIT). All other associated companies are immaterial for the Fresenius Group. The results of these companies are recognized as other operating income or other operating expenses. Investments that are not classified as associated companies are recorded at fair value.

The consolidated financial statements of 2023 included, in addition to Fresenius SE & Co. KGaA, 585 (2022: 2,940) consolidated companies and 33 (2022: 113) companies were accounted for under the equity method. 2,346 companies that were fully consolidated in 2022 belong to the Fresenius Medical Care Group and are no longer consolidated due to deconsolidation. In 2023, there were no further material changes in the scope of consolidated entities, except for those mentioned in note 2, Acquisitions, divestitures and investments.

The complete list of the investments of Fresenius SE & Co. KGaA, registered office in 61352 Bad Homburg v. d. H., Else-Kröner-Straße 1, Germany, registered in the Commercial Register of the local court in Bad Homburg v. d. H. under B11852, will be submitted to the Federal Gazette and the companies register as well as published on the website of Fresenius SE & Co. KGaA (www.fresenius.com/financial-reports-and-presentations).

For fiscal year 2023, the following consolidated German subsidiaries of the Fresenius Group will apply the exemption provided in Sections 264 (3) and 264b, respectively, of the German Commercial Code (HGB):

Name of the company	Registered office
Corporate	
Fresenius Digital Technology GmbH	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg 2 KG	Bad Homburg v. d. H.
Fresenius ProServe GmbH	Bad Homburg v. d. H.
ProServe Krankenhaus Beteiligungs-gesellschaft mbH & Co. KG	München
Fresenius Kabi	
Fresenius HemoCare GmbH	Bad Homburg v. d. H.
Fresenius Kabi AG	Bad Homburg v. d. H.
Fresenius Kabi Deutschland GmbH	Bad Homburg v. d. H.
Fresenius Kabi Logistik GmbH	Friedberg
Fresenius Kabi MedTech Services GmbH	Alzenau
medi1one medical gmbh	Waiblingen

Name of the company	Registered office
Fresenius Helios	
Gesundheitsmanagement Elbe-Fläming GmbH	Burg
Helios Agnes-Karll Krankenhaus GmbH	Bad Schwartau
Helios AMAGS GmbH	Berlin
Helios Aukamm-Klinik Wiesbaden GmbH	Wiesbaden
Helios Bördeklinik GmbH	Oschersleben
Helios Catering Süd GmbH	Erfurt
Helios ENDO-Klinik Hamburg GmbH	Hamburg
Helios Fachklinik Schleswig GmbH	Schleswig
Helios Fachklinik Vogelsang-Gommern GmbH	Gommern
Helios Fachkliniken Hildburghausen GmbH	Hildburghausen
Helios Frankenwaldklinik Kronach GmbH	Kronach
Helios Hanseklinikum Stralsund GmbH	Stralsund
Helios Health GmbH	Berlin
Helios IT Service GmbH	Berlin
Helios Klinik Blankenhain GmbH	Blankenhain
Helios Klinik Bleicherode GmbH	Bleicherode
Helios Klinik für Herzchirurgie Karlsruhe GmbH	Karlsruhe
Helios Klinik Herzberg/Osterode GmbH	Herzberg am Harz
Helios Klinik Jerichower Land GmbH	Burg
Helios Klinik Leezen GmbH	Leezen
Helios Klinik Leisnig GmbH	Leisnig
Helios Klinik Lengerich GmbH	Lengerich
Helios Klinik Köthen GmbH	Köthen (Anhalt)
Helios Klinik Rottweil GmbH	Rottweil
Helios Klinik Schkeuditz GmbH	Schkeuditz
Helios Klinik Schleswig GmbH	Schleswig
Helios Klinik Wesermarsch GmbH	Nordenham
Helios Klinik Wipperfürth GmbH	Wipperfürth
Helios Klinik Zerbst/Anhalt GmbH	Zerbst
Helios Kliniken GmbH	Berlin
Helios Kliniken Breisgau Hochschwarzwald GmbH	Müllheim
Helios Kliniken Mansfeld-Südharz GmbH	Sangerhausen

Name of the company	Registered office
Fresenius Helios	
Helios Kliniken Mittelweser GmbH	Nienburg/Weser
Helios Kliniken Taunus GmbH	Bad Schwalbach
Helios Klinikum Aue GmbH	Aue
Helios Klinikum Bad Saarow GmbH	Bad Saarow
Helios Klinikum Berlin-Buch GmbH	Berlin
Helios Klinikum Erfurt GmbH	Erfurt
Helios Klinikum Gifhorn GmbH	Gifhorn
Helios Klinikum Gotha GmbH	Gotha
Helios Klinikum Hildesheim GmbH	Hildesheim
Helios Klinikum Meiningen GmbH	Meiningen
Helios Klinikum Pirna GmbH	Pirna
Helios Klinikum Schwelm GmbH	Schwelm
Helios Klinikum Siegburg GmbH	Siegburg
Helios Klinikum Uelzen GmbH	Uelzen
Helios Klinikum Wuppertal GmbH	Wuppertal
Helios Mariahilf Klinik Hamburg GmbH	Hamburg
Helios Park-Klinikum Leipzig GmbH	Leipzig
Helios Privatkliniken GmbH	Bad Homburg v. d. H.
Helios Reinigung GmbH	Berlin
Helios Reinigung Ost GmbH	Berlin
Helios Reinigung West GmbH	Wuppertal
Helios Spital Überlingen GmbH	Überlingen
Helios St. Elisabeth Klinik Oberhausen GmbH	Oberhausen
Helios St. Elisabeth-Krankenhaus Bad Kissingen GmbH	Bad Kissingen
Helios St. Marienberg Klinik Helmstedt GmbH	Helmstedt
Helios Versorgungszentren GmbH	Berlin
Helios Vogtland-Klinikum Plauen GmbH	Plauen
Helios Weißeritztal-Kliniken GmbH	Freital
Herzzentrum Leipzig GmbH	Leipzig
Kliniken Miltenberg-Erlenbach GmbH	Erlenbach
Medizinisches Versorgungszentrum am Helios Klinikum Bad Saarow GmbH	Bad Saarow
MIA Mitteldeutsches Institut für Arbeits-medizin GmbH	Leipzig
MVZ Campus Gifhorn GmbH	Gifhorn
Poliklinik am Helios Klinikum Buch GmbH	Berlin

c) Classifications

The prior year figures have been adjusted in the consolidated statement of income, the consolidated statement of cash flows and in the corresponding notes due to the application of IFRS 5 for Fresenius Medical Care's deconsolidated operations. The disclosure of other prior year information on receivables and payables in connection with non-consolidated companies has been adjusted in the consolidated statement of financial position to conform with the disclosure in the current year.

In the consolidated statement of income for fiscal year 2022, €416 million was reclassified from selling, general and administrative expenses to costs of revenue due to a voluntary change in presentation as result of an analysis for an increased transparency at Fresenius Medical Care.

d) Hyperinflationary accounting

Fresenius Group's subsidiaries operating in Argentina and Türkiye apply IAS 29, Financial Reporting in Hyperinflationary Economies, due to inflation in those countries. For fiscal year 2023, the application of IAS 29 resulted in an effect on net income from continuing operations attributable to shareholders of Fresenius SE & Co. KGaA of -€26 million (2022:-€26 million) included in other operating expenses. The ongoing re-translation effects of hyperinflationary accounting and its impact on comparative amounts are recorded in other comprehensive income (loss) within the consolidated financial statements.

e) Revenue recognition policy

Revenue is recognized in accordance with IFRS 15, Revenue from Contracts with Customers.

Revenue from services and products is billed according to the usual contract arrangements with customers, patients and related third parties. For services performed for patients, the transaction price is estimated based on either Fresenius Group's standard rates, rates determined under reimbursement arrangements or by government regulations. These arrangements are generally with third party payors, such as German health insurance funds or commercial insurers. Amounts billed are recorded net of contractually agreed upon discounts or rebates to reflect the estimated amounts to be received from these payors. Estimates are determined on the basis of historical experience.

If the collection of the billed amount or a portion of the billed amount for services performed for patients is considered to be uncertain, the Fresenius Group concludes that the consideration is variable (implicit price concession) and recognizes the difference between the invoiced amounts and the amounts that are considered recoverable as reduction from revenue. Implicit price concessions are generally deductible amounts from patients with healthcare insurance coverage.

Revenue from services is recognized on the date the service is performed. At this point of time, the payor is obliged to pay for the services performed.

Revenue from product sales is recognized when the customer obtains control of the product, either after possession is transferred or upon installation and provision of the necessary technical instructions or at another point in time that better defines transfer of control.

Fresenius Vamed has performance obligations from long-term production contracts that are satisfied over time. Revenue is recognized according to progress towards completion. This progress towards completion of the performance obligation is measured based on the costs incurred in relation to expected total costs of fulfilling the contract, contractually defined milestones or performance completed to date whichever better reflects the progress towards completion of the performance obligation.

IFRS 15 does not apply to lease contracts. Revenue from leasing components is determined according to IFRS 16.

Revenue is reported net of sales tax.

f) Government grants

The Fresenius Group primarily receives governmental funding for hospitals in Germany to finance buildings and medical equipment. Public sector grants are not recognized until there is reasonable assurance that the respective conditions are met and the grants will be received. Initially, the grant related to assets is recorded as a liability and as soon as the asset is acquired, the grant is offset against the acquisition costs. Grants related to income are recognized in the period in which the related expenses are recorded. Depending on the nature of the respective type of grant, they are reported either under other operating income or as a reduction of the reimbursed expenses. For information regarding government compensation payments and reimbursements as well as COVID-19 related government grants, please see note 13, Government grants and impacts of the COVID-19 pandemic.

g) Research and development expenses

Research is the independent and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research results and occurs before the start of the commercial production or use. The research and development phase of pharmaceutical products normally ends with the regulatory approval by the relevant authorities on the market of the particular country. Generally, a new pharmaceutical product is primarily approved in an established market, such as Europe, the United States, China and Japan.

Research expenses are expensed as incurred. Development expenses that meet all the criteria for the recognition of an intangible asset are capitalized (see note 1. III. n, Intangible assets with finite useful lives).

h) Impairment

The Fresenius Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets as well as other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the asset's recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use. The fair value less cost of disposal of an asset is estimated as its net realizable value. The value in use is the present value of future cash flows expected to be derived from the relevant asset. If it is not possible to estimate the future cash flows from the individual assets, impairment is tested on the basis of corresponding cash generating units.

Impairment losses, except impairment losses recognized on goodwill, are reversed if there are indications that the reasons for impairment no longer exist or there has been a change in the estimates used to determine the asset's recoverable amount. This reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized before.

i) Capitalized interest

The Fresenius Group includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For fiscal years 2023 and 2022, interest of €35 thousand and €2 million, respectively, based on an average interest rate of 2.10% and 4.20%, respectively, was recognized as a component of the cost of assets.

j) Income taxes

Current taxes are calculated based on the earnings of the fiscal year and in accordance with local tax rules of the respective tax jurisdictions. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on certain consolidation adjustments which affect net income attributable to shareholders of Fresenius SE & Co. KGaA. Deferred tax assets also include claims for tax reductions which arise from the probable expected use of existing tax losses carryforwards. The recognition of deferred tax assets from net operating losses and their utilization is based on the budget planning of the Fresenius Group and implemented tax strategies.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

A change in tax rate for the calculation of deferred tax assets and liabilities is recognized in the period the new laws are enacted or substantively enacted. The effects of the adjustment are generally recognized in the income statement. The effects of the adjustment are recognized in equity, if the temporary differences are related to items directly recognized in equity.

The realizability of the carrying amount of a deferred tax asset is reviewed at each date of the statement of financial position. In assessing the realizability of deferred tax assets, the Management considers to which extent it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax loss carryforwards become deductible. The Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Deferred tax liabilities on taxable temporary differences arising from investments in subsidiaries, branches and associates and interests in joint arrangements are not recognized if the Fresenius Group can determine the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent it is probable that sufficient taxable income will be available for the utilization of parts or of the entire deferred tax asset.

The Fresenius Group recognizes assets and liabilities for uncertain tax treatments to the extent it is probable the tax will be recovered or that the tax will be payable, respectively. In North America and Germany, interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37. All other jurisdictions account for interest and penalties related to income taxes in accordance with local tax rules of the respective tax jurisdiction either under IAS 37 or as income tax expense under IAS 12.

The Fresenius Group is subject to ongoing and future tax audits in various countries. Different interpretations of tax laws, particularly due to the Fresenius Group's international activities, may lead to potential additional tax payments or tax refunds for prior years. To consider income tax liabilities or income tax receivables, Management's estimates are based on experiences with previous tax audits and local tax rules of the respective tax jurisdiction and the interpretation of such. Differences between actual results and Management's estimates or future changes in these estimates may have an impact on future tax payments or tax refunds. Estimates are revised in the period in which there is sufficient evidence to revise the assumptions.

k) Earnings per share

Basic earnings per share are computed by dividing net income attributable to shareholders of Fresenius SE & Co. KGaA by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on ordinary shares that would have been outstanding during the fiscal year. The equity-settled awards granted under Fresenius' stock option plans can result in a dilutive effect.

l) Inventories

Inventories are comprised of all assets which are held for sale in the ordinary course of business (finished goods), in the process of production for such sale (work in process) or consumed in the production process or in the rendering of services (raw materials and purchased components).

Inventories are measured at the lower of acquisition and manufacturing cost (determined by using the average or first-in, first-out method) or net realizable value. Manufacturing costs are comprised of direct costs, production and material overhead, including depreciation charges.

m) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Repairs and maintenance costs are recognized in profit and loss as incurred. The costs for the replacement of components or the general overhaul of property, plant and equipment are recognized, if it is probable that future economic benefits will flow to the Fresenius Group and these costs can be measured reliably. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years for buildings and improvements (with a weighted average life of 20 years) and 2 to 15 years for machinery and equipment (with a weighted average life of 13 years).

n) Intangible assets with finite useful lives

Intangible assets with finite useful lives, such as patents, product and distribution rights, customer relationships, technology as well as licenses to manufacture, distribute and sell pharmaceutical drugs are recognized and reported apart from goodwill and are amortized using the straight-line method over their respective useful lives to their residual values and reviewed for impairment (see note 1. III. h, Impairment). The useful lives of patents, product and distribution rights range from 5 to 20 years, the average useful life is 13 years. The useful lives of customer relationships vary from 10 to 30 years, the average useful life is 18 years. Technology is amortized over a finite useful live of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over the contractual license period. All other intangible assets are amortized over their individual estimated useful lives between 3 and 15 years.

Losses in value are recorded as an impairment and are reversed if there are indications that the reasons for impairment no longer exist and there has been a change in the estimates used to determine the asset's recoverable amount. This reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized before.

Development costs are capitalized as manufacturing costs when the recognition criteria are met.

Fresenius Kabi capitalizes development costs as soon as the registration of a new product is very likely. This mainly applies if a product is already approved on an established market. Costs are amortized on a straight-line basis over the expected useful lives. In 2023 and 2022, impairments were recorded (see note 7, Research and development expenses).

o) Goodwill and other intangible assets with indefinite useful lives

The Fresenius Group identified intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Group.

Generally, adjustments made to the fair value of identifiable assets and liabilities subsequent to the final purchase price allocation are recognized immediately in the consolidated statement of income.

Goodwill and intangible assets with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test).

To perform the annual impairment test of goodwill, the Fresenius Group identified several groups of cash generating units (hereinafter referred to as CGU or CGUs) and determined the carrying amount of each CGU by assigning the assets and liabilities, including corporate assets, the existing goodwill and intangible assets, to those CGUs. A CGU is usually defined one level below the segment level based on regions or the nature of the business activity.

Four CGUs were identified in the segment Fresenius Kabi (Biopharma, MedTech, Nutrition and Pharma (IV Drugs & Fluids)). According to the organizational structure, the segment Fresenius Helios consists of two CGUs, Germany and Spain. The previous CGU Fertility was divested on January 31, 2024 and is classified as an asset held for sale in the consolidated statement of financial position in accordance with IFRS 5. The segment Fresenius Vamed consists of two CGUs (Project business and Service business). At least once a year, in the fourth quarter, the Fresenius Group compares the value in use of each CGU to the CGU's carrying amount. The recoverable amount as its value in use of a CGU is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the CGU. In case that the value in use of the CGU is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the CGU goodwill.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Fresenius Group compares the recoverable amounts of the smallest identifiable group of assets that generate largely independent cash inflows with their carrying amounts. An intangible asset's fair value is determined using a discounted cash flow approach or other methods, if appropriate.

The annual impairment assessments have not resulted in any indications of impairment in 2023 and 2022.

p) Investments accounted for using the equity method

Initial recognition using the equity method is generally at cost. In the case of investments that are deconsolidated due to loss of control and subsequently accounted for using the equity method, the fair value of the investment corresponds to the acquisition cost. At initial recognition of the investment in Fresenius Medical Care at equity, a notional purchase price allocation was undertaken identifying and valuing the fair value of the assets and liabilities included in the carrying amount of the equity investment. In subsequent periods, the value of the investment is adjusted by the share in the profit or loss of the investment, including the fair values identified which form the basis for additional depreciation, amortization of the purchase price allocation and other proportionate changes in equity.

q) Leases

A lease is defined as a contract that conveys the right to use an underlying asset for a period of time in exchange for consideration.

The Fresenius Group decided not to apply the guidance within IFRS 16 to leases with a total maximum term of twelve months (short-term leases) and leases for underlying assets of low value. These leases are exempt from balance sheet recognition and lease payments will be recognized as expenses over the lease term.

IFRS 16 is not applied to leases of intangible assets.

Lease liabilities

Lease liabilities are recognized at the present value of the following payments:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments, that are linked to an index or interest rate,
- expected payments under residual value guarantees,
- the exercise price of purchase options, where exercise is reasonably certain,
- lease payments in optional renewal periods, where exercise of extension options is reasonably certain, and
- penalty payments for the termination of a lease, if the lease term reflects the exercise of the respective termination option.

IFRS 16 requires the Fresenius Group to make judgments that affect the valuation of lease liabilities as well as right-of-use assets, including the determination of which contracts are within the scope of IFRS 16, identifying the contract lease term and determining the incremental borrowing rate.

With the "reasonably certain" assessments, the Fresenius Group determines if and which future costs based on extension and/or termination options have to be included in the lease liabilities. During these assessments, the Fresenius

Group considers all relevant facts and circumstances that create an economic incentive for the Fresenius Group to exercise, or not to exercise, an option, including any expected changes in facts and circumstances (e.g., contract-, object-, entity- or market-specific factors) from the commencement date until the exercise date of the option. Additionally, the Fresenius Group's historical practice regarding the period over which it has typically used particular types of assets, and its economic reasons for doing so, is also relevant. Unrecognized extension options are shown as potential future cash outflows (see note 32, Leases).

Lease payments are discounted using the implicit interest rate underlying the lease if this rate can be readily determined. Otherwise, the incremental borrowing rate of the lessee is used as the discount rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Furthermore, lease liabilities may be remeasured due to lease modifications or reassessments of the lease.

The incremental borrowing rate is determined when the Fresenius Group initiates a lease contract or changes an existing lease. The interest rate is calculated based on the following components: available interest rate sampling points, group risk margins, shadow rating (credit risk) margins, country risk margins, handling margins and other risk margins.

For lease contracts that include both lease and non-lease components that are not separable from lease components, no allocation is performed. Each lease component and any associated non-lease components are accounted for as a single lease. If the lease contracts include the lease and non-lease costs separately, the lease contract costs are divided into lease and non-lease components.

Right-of-use assets

Right-of-use assets are stated at cost, which comprises:

- lease liability amount,
- initial direct costs incurred when entering into the lease,
- (lease) payments before commencement date of the respective lease, and
- an estimate of costs to dismantle and remove the underlying asset,
- less any lease incentives received.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. Where a lease agreement includes a transfer of ownership at the end of the lease term or the exercise of a purchase option is deemed reasonably certain, right-of-use assets are depreciated over the useful life of the underlying asset using the straight-line method. In addition, right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements.

Right-of-use assets from lease contracts are classified in accordance with the Fresenius Group's classification of property plant and equipment:

- Right-of-use assets: land
- Right-of-use assets: buildings and improvements
- Right-of-use assets: machinery and equipment

In addition to the right-of-use asset categories above, advanced payments on right-of-use assets are presented separately. Right-of-use assets from lease contracts and lease liabilities are presented separately from property, plant and equipment and other financial debt in the consolidated statement of financial position.

r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases and sales of financial assets are recognized or derecognized on the trading date. Furthermore, the Fresenius Group does not make use of the fair value option, which allows financial liabilities to be classified at fair value through profit or loss upon initial recognition. The Fresenius Group elects to represent changes in the fair value of selected equity investments that are not held for trading in other comprehensive income (loss).

Financial instruments are allocated to categories following the analysis of the business model and cash flow characteristics as required by IFRS 9, Financial Instruments.

The following categories are relevant for the Fresenius Group: financial assets and liabilities measured at amortized cost, financial assets and liabilities measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive income (loss). The reconciliation of the categories to the positions in the consolidated statement of financial position is shown in tabular form in note 33, Financial instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term investments with maturities of up to three months. Short-term investments are highly liquid and readily convertible into known amounts of cash. The risk of changes in value is insignificant.

Trade accounts and other receivables

Trade accounts and other receivables are stated at their nominal value less lifetime expected credit losses.

Impairments

According to IFRS 9, impairments are recognized on the basis of expected credit losses (expected credit loss model). The Fresenius Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables as well as for investments in debt instruments measured at fair value through other comprehensive income.

The Fresenius Group recognizes loss allowances for expected credit losses (allowance for doubtful accounts) mainly for trade accounts receivable and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instrument.

For trade accounts receivable, the Fresenius Group uses the simplified method which requires recognizing lifetime expected credit losses.

Expected credit losses on cash and cash equivalents are measured according to the general method based on IFRS 9. A significant increase in credit risk will be assessed based on available qualitative as well as quantitative information. Based on external credit ratings of the counterparties, the Fresenius Group considers that its cash and cash equivalents have a low credit risk.

The Fresenius Group does not expect any material credit losses from financial instruments that are measured according to the general approach.

The allowances are estimates comprised of customer and financial asset specific evaluations regarding payment history, current financial stability, and applicable future economic conditions.

Financial assets whose expected credit loss is not assessed individually are allocated to geographical regions. The impairment is generally assessed on the basis of regional macroeconomic indicators such as credit default swaps or scoring models.

Due to the number of transactions and geographical regions that the Fresenius Group operates in, the Fresenius Group's policy of determining when an individual expected credit loss is required considers the appropriate individual local facts and circumstances that apply to an account. While payment and collection practices vary significantly between countries and even agencies within one country, government payors usually represent low to moderate credit risks. It is the Fresenius Group's policy to determine when receivables should be classified as bad debt on a local basis taking into account local payment practices and local collection experience.

In case of objective evidence of a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to be credit impaired. This is generally the case after more than 360 days overdue, at the latest.

When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

For further information regarding impairments, please see note 1. IV. c, Allowances for expected credit losses.

Put option liabilities
The Fresenius Group, as option writer of existing put options, can be obligated to purchase noncontrolling interests held by third parties. If these put options were exercised, the Fresenius Group would be required to purchase all or part of the third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. Put option liabilities are recognized at the present value of the exercise price of the option. The exercise price of the option is generally based on fair value and, in certain limited instances, might contain a fixed floor price.

Put options in the Fresenius Group mainly relate to the Fresenius Kabi segment The exercise price of the put options of Fresenius Kabi is based on the fair value of mAbxience. Common discounted cash flow valuation models are used to approximate this fair value. The estimated fair values of the put options can also fluctuate and the discounted cash flows as well as the implicit multiple of earnings and/or revenue at which these obligations may ultimately be settled could vary significantly from Fresenius Group's current estimates depending on market conditions. For the purpose of analyzing the impact of changes in unobservable inputs on the fair value measurement of put option liabilities, please see note 33, Financial instruments.

Derivative financial instruments
Derivative financial instruments, in the form of a cross currency swap and foreign currency forward contracts, are recognized at fair value as assets or liabilities in the consolidated statement of financial position. The effective portion of changes in fair value of cash flow hedges is recognized in accumulated other comprehensive income (loss) in shareholders' equity until the secured underlying transaction is realized (see note 33, Financial instruments). Based on the spot rate changes of hedged items and hedging instruments, the ineffective portion of cash flow hedges is recognized in current earnings. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in earnings.

Derivatives embedded in host contracts with a financial liability as host contract are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

s) Liabilities
At the date of the statement of financial position, liabilities are generally stated at amortized cost, with the exception of contingent considerations resulting from a business combination, put option liabilities as well as derivative financial liabilities.

t) Legal contingencies
In the ordinary course of Fresenius Group's operations, the Fresenius Group is party to litigation and arbitration and is subject to investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that accrual of a loss is appropriate.

u) Provisions
Accruals for other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the amount can be reliably estimated.

Provisions for warranties and complaints are estimated based on historical experience.

Non-current provisions with a remaining period of more than one year are discounted to the present value of the expenditures expected to settle the obligation.

v) Pension liabilities and similar obligations

Pension obligations for post-employment benefits are measured in accordance with IAS 19, Employee Benefits, using the projected unit credit method, taking into account future salary and trends for pension increase.

The Fresenius Group uses December 31 as the measurement date when measuring the deficit or surplus of all plans.

Net interest costs are calculated by multiplying the pension liability at the beginning of the year with the discount rate utilized in determining the benefit obligation. The pension liability results from the benefit obligation less the fair value of plan assets.

Remeasurements include actuarial gains and losses resulting from the evaluation of the defined benefit obligation as well as from the difference between actual return on plan assets and the expected return on plan assets at the beginning of the year used to calculate the net interest costs. In the event of a surplus for a defined benefit pension plan, remeasurements can also contain the effect from Asset Ceiling, as far as this effect is not included in net interest costs.

Remeasurements are recognized in accumulated other comprehensive income (loss) completely. It is not allowed to reclassify the remeasurements in subsequent periods. Components of net periodic benefit cost are recognized in profit and loss of the period.

w) Debt issuance costs

Debt issuance costs related to a recognized debt liability are presented in the consolidated statement of financial position as a direct deduction from the carrying amount of that debt liability. Debt issuance costs related to undrawn credit facilities are presented in other assets. These costs are amortized over the term of the related obligation or credit facility.

x) Share-based compensation plans

The Fresenius Group measures its share-based compensation plans in accordance with IFRS 2, Share-based Payments.

The measurement date fair value of cash-settled performance shares and stock awards granted to members of the Management Board and executive employees of the Fresenius Group is calculated using the Monte Carlo simulation. The corresponding liability based on the measurement date fair value is accrued over the vesting period of the performance share and stock award plans.

y) Foreign currency translation

The reporting and functional currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries that use a functional currency other than the euro are translated at year-end exchange rates, while income and expense are translated at annual average exchange rates of the fiscal year. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss). In addition, the translation adjustments of certain intercompany borrowings, which are of a long-term nature, are also reported in accumulated other comprehensive income (loss). Transactions in foreign currencies recorded by subsidiaries are accounted for at the prevailing spot rate on the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognized in profit and loss. Financial instruments denominated in a foreign currency are revalued at the spot rate as of the date of the consolidated statement of financial position. On the disposal of a foreign operation, all of the foreign currency translation differences accumulated in respect of that disposed operation are reclassified to the consolidated statement of income. On a partial disposal of a subsidiary that includes a foreign operation that does not result in the loss of control over the subsidiary, the proportionate share of accumulated foreign currency translation differences is re-attributed to noncontrolling interests.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate		Average exchange rate	
	December 31, 2023	December 31, 2022	**2023**	2022
U.S. dollar per €	1.105	1.067	1.081	1.053
Chinese renminbi per €	7.851	7.358	7.660	7.079
Colombian peso per €	4,272.670	5,181.810	4,675.913	4,474.208
Pound sterling per €	0.869	0.887	0.870	0.853
Brazilian real per €	5.362	5.639	5.401	5.440
Swiss franc per €	0.926	0.985	0.972	1.005
Canadian dollar per €	1.464	1.444	1.459	1.369

z) Fair value hierarchy

The three-tier fair value hierarchy as defined in IFRS 13, Fair Value Measurement, classifies financial assets and liabilities recognized at fair value based on the inputs used in estimating the fair value. Level 1 is defined as observable inputs, such as quoted prices in active markets. Level 2 is in application of recognized financial mathematical models defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring the company to develop its own assumptions. The three-tier fair value hierarchy is used in note 33, Financial instruments and in note 21, Interests in associates.

aa) Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Estimates and judgmental assumptions are required in particular for the positions trade accounts receivable, deferred tax assets and pension liabilities as well as put option liabilities, contingent payments outstanding for acquisitions, equity investments and when examining the recoverability of goodwill.

bb) Non-current assets held for sale, discontinued and deconsolidated operations

A non-current asset or disposal group held for sale is measured at the lower of its carrying amount or its fair value less cost to sell, and amortization/depreciation is ceased.

Assets classified as held for sale and the related liabilities are presented separately in a line within the current portion of the consolidated statement of financial position. If the disposal group is classified as a discontinued operation, the Fresenius Group also presents the results separately in the consolidated statement of income and in the consolidated statement of cash flows and prior year figures are adjusted.

The Fresenius Group reports a component of an entity that has been disposed of or is classified as held for sale and comprises at least one major line of business or geographical area of operations as a discontinued operation.

The deconsolidation of the business segment Fresenius Medical Care as of November 30, 2023 was accounted for in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. Fresenius Medical Care was recognized as a discontinued operation by the Fresenius Group from July 14, 2023 to November 30, 2023. At July 14, 2023, the General Meeting of Fresenius Medical Care AG & Co. KGaA approved the conversion of the legal form into a German stock corporation and the deconsolidation within one year was considered highly probable. On November 30, 2023, the conversion of the legal form was registered with the commercial register and Fresenius Medical Care was deconsolidated at that date.

The Fresenius Group reports the results of Fresenius Medical Care up to November 30, 2023 separately in the consolidated statement of income and in the consolidated statement of cash flows and the prior year figures have been adjusted.

Since November 30, 2023, Fresenius Medical Care has been an associated company and is accounted for according to IAS 28 using the equity method.

cc) Receivables management

The entities of the Fresenius Group perform ongoing evaluations of the financial situation of their customers and generally do not require a collateral from the customers for the supply of products and provision of services.

dd) Recent pronouncements, applied

The Fresenius Group has prepared its consolidated financial statements at and for the year ended December 31, 2023 in conformity with IFRS, as adopted by the EU, that must be applied for fiscal years beginning on January 1, 2023.

In fiscal year 2023, the following new standards relevant for Fresenius Group's business were applied for the first time:

IAS 12

In May 2023, the IASB issued **Amendments to IAS 12, Income Taxes**. The amendments temporarily exempt companies from accounting for deferred taxes arising from the implementation of the Organisation for Economic Co-operation and Development's (OECD) international tax reform, known as Pillar Two model. The Pillar Two model aims at taxing large multinational companies with a rate of at least 15%. Moreover, the amendments prescribe targeted disclosures. Disclosures are required for fiscal years beginning on or after January 1, 2023.

In Germany, the Minimum Tax Act (MindStG) was passed in 2023, which serves to implement Council Directive (EU) 2022/25234 to ensure global minimum taxation based on the OECD Pillar Two model. The Fresenius Group applies the exemption of the IASB Amendments to IAS 12, Income Taxes, in fiscal year 2023 and does not recognize deferred taxes in connection with temporary differences from the Pillar Two model. Based on the current status of the Fresenius Group's analyses regarding the possible effects of the Pillar Two rules on the companies of the Fresenius Group, the Fresenius Group identified only a small number of possible impacts relating to foreign subsidiaries. In addition, these subsidiaries only report an immaterial amount of income that could be subject to minimum taxation. Accordingly, the Fresenius Group assumes that the application of the Pillar Two rules will not have a material impact on the consolidated tax rate of the Fresenius Group in the fiscal years from January 1, 2024 onwards.

IFRS 17

In May 2017, the IASB issued **IFRS 17, Insurance Contracts.** In June 2020 and December 2021, further amendments were published. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts, there was a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The adoption of IFRS 17 did not have a material impact on the consolidated financial statements of the Fresenius Group.

All other mandatory new IFRS standards and interpretations had no material impact on the consolidated financial statements of the Fresenius Group.

ee) Recent pronouncements, not yet applied

The International Accounting Standards Board (IASB) issued the following new standard relevant for the Fresenius Group and mandatory for fiscal years commencing on or after January 1, 2024:

IAS 1

In January 2020, the IASB issued **Amendments to IAS 1, Classification of Liabilities as Current and Non-current**. The amendments clarify under which circumstances debt and other liabilities with an uncertain settlement date should be classified as current or non-current. Among others, the amendments state that liabilities shall be classified depending on rights that exist at the end of the reporting period and define under which conditions liabilities might be settled by cash, other economic resources or equity. On July 15, 2020, and October 31, 2022, the IASB deferred the effective date. The amendments to IAS 1 are now effective for fiscal years beginning on or after January 1, 2024. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact of the amendments to IAS 1 on the consolidated financial statements.

In the Fresenius Group's view, there are no other IFRS standards or interpretations not yet effective that would be expected to have a material impact on the consolidated financial statements.

ff) Impacts of the macroeconomic environment on accounting

There are still considerable uncertainties, in particular due to a possible further deterioration in the global macroeconomic outlook. The macroeconomic inflationary environment – which is also attributed to the Ukraine war – continues to pose the risk of significantly rising energy, supply and transportation costs. However, this risk has decreased, mainly due to an easing of the situation on individual procurement markets, particularly the one for energy. With the deconsolidation of Fresenius Medical Care, Fresenius Group's assets in Russia and Ukraine amounted to less than 1% of its total assets as of December 31, 2023. Therefore, the direct impact of the Ukraine war on the Fresenius Group's remaining business is limited.

gg) Impacts of climate change on accounting

The Fresenius Group continually analyzes potential sustainability risks in the areas of climate change and water scarcity. In both areas, the Fresenius Group has not identified any significant risks for its business model. Therefore, the Fresenius Group does not currently expect any material impact of sustainability risks on the accounting.

IV. CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of goodwill and other non-amortizable intangible assets with indefinite useful lives represents a considerable part of the total assets of the Fresenius Group. At December 31, 2023 and December 31, 2022, the carrying amount of these was €15,103 million and €31,799 million (€15,754 million excluding Fresenius Medical Care), respectively. This represented 33% and 42%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount may not be recoverable.

To determine possible impairments of these assets, the recoverable amount as its value in use of the cash generating units (CGUs) is compared to their carrying amount and the fair value less cost of disposal. The value in use of each CGU is determined using estimated future cash flows for the unit discounted by a weighted average cost of capital (WACC) specific to that CGU. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every CGU its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle.

As the market capitalization as of December 31, 2023 was below the Group's equity, the key parameters of the impairment test were reviewed. This review did not result in any impairment as of December 31, 2023.

The following table shows the key assumptions of value in use calculations:

	Average revenue growth in ten year projection period (in %)		Average EBIT growth in ten year projection period (in %)		Residual value growth (in %)		After-tax WACC (in %)		Carrying amount of goodwill (€ in millions)	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Fresenius Kabi										
Pharma (IV Drugs & Fluids)	low single-digit	n.a.	low to mid single-digit	n.a.	2.00	n.a.	8,38	n.a.	2,385	n.a.
Biopharma	low double-digit	n.a.	low to mid double-digit	n.a.	2.00	n.a.	9,18	n.a.	1,738	n.a.
Nutrition	mid single-digit	n.a.	high single-digit	n.a.	2.00	n.a.	9,13	n.a.	1,598	n.a.
MedTech	mid single-digit	n.a.	low double-digit	n.a.	2.00	n.a.	8,5	n.a.	628	n.a.
North America	n.a.	mid to high single-digit	n.a.	low double-digit	n.a.	2.00	n.a.	5.95	n.a.	4,944
Europe	n.a.	low single-digit	n.a.	low double-digit	n.a.	2.00	n.a.	6.27	n.a.	617
Asia-Pacific	n.a.	mid single-digit	n.a.	mid single-digit	n.a.	2.00	n.a.	6.03	n.a.	525
Latin America	n.a.	mid to high single-digit	n.a.	low double-digit	n.a.	2.00	n.a.	7.31 – 10.46	n.a.	175
Fresenius Helios										
Germany	low single-digit	low single-digit	low single-digit	mid single-digit	1.00	1.00	5.74	5.65	4,875	4,872
Spain	low single-digit	low single-digit	low single-digit	low single-digit	1.50	1.50	6.38	6.27	3,733	3,767
Fresenius Vamed										
Project business	mid to high single-digit	high single-digit	high single-digit	low double-digit	1.00	1.00	5.87	5.78	18	18
Service business	low single-digit	mid single-digit	low to mid single digit	low single-digit	1.00	1.00	5.87	5.78	296	295

The discount factor is determined by the WACC of the respective CGU. The WACC in the business segments Fresenius Helios and Fresenius Vamed consisted of a basic rate of 5.74% for 2023. This basic rate is then adjusted by a country-specific risk premium for each CGU. The WACC for the CGUs of the business segment Fresenius Kabi was based on a peer group analysis.

If the value in use of the CGU is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the CGU's goodwill.

The Fresenius Group did not record any impairment losses related to goodwill in fiscal years 2023 and 2022 after having compared each CGU's value in use to its carrying amount. An increase of the WACC (after tax) by 0.5 percentage points would not have resulted in the recognition of an impairment loss in 2023.

In connection with the implementation of the new global operating model at Fresenius Kabi, the Fresenius Group reallocated goodwill to the four new operating divisions, which were also identified as CGUs. The impact of these reallocations on the recoverability of goodwill was assessed. Goodwill was reallocated using the relative fair value allocation method on the basis of the value in use calculation. The goodwill of the companies acquired in 2022, Ivenix and mAbxience, was allocated directly to the respective CGU. As of January 1, 2023, there was no indication of impairment in the new operating divisions. The goodwill of Fresenius Kabi as of January 1, 2023 amounted to €6,276 million, of which €2,374 million was attributable to the Pharma division, €1,687 million to the Biopharma division, €1,591 million to the Nutrition division and €624 million to the MedTech division.

A prolonged downturn in the healthcare industry with lower than expected increases in reimbursement rates and prices and / or higher than expected costs for providing healthcare services and for procuring and selling health care products would adversely affect the estimated future cash flows of certain countries or segments. Furthermore, changes in the macroeconomic environment could affect the discount rate. A possible consequence could be a material and adverse effect on Fresenius Group's future operating results due to additional impairments on goodwill and intangible assets with indefinite useful lives.

The following table shows the changes in the key assumptions for each business segment for the respective CGU with the lowest sensitivity with regard to the WACC that would result in the recoverable amount for the mentioned CGUs being equal to the carrying amount:

SENSITIVITY ANALYSIS

Change in percentage points	After-tax WACC	Revenue growth in each projection year	EBIT growth in each projection year
Fresenius Kabi			
CGU MedTech	-3.02	-5	-7
Fresenius Helios			
CGU Spain	-1.22	-5	-3
Fresenius Vamed			
CGU Service business	-1.81	-4	-7

As of October 1, 2023, the recoverable amount of the CGUs Fresenius Kabi MedTech and Fresenius Helios Spain exceeded the carrying amount by €1,293 million and €2,178 million, respectively, while the recoverable amount of the CGU Fresenius Vamed Service business exceeded the carrying amount by €573 million.

In fiscal year 2022, the recoverable amount of the CGUs Fresenius Kabi Europe and Fresenius Helios Spain exceeded the carrying amount by €1,122 million and €2,386 million, respectively.

b) Legal contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material adverse effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 31, Commitments and contingencies.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a provision for legal matters, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that a provision for a loss is appropriate.

c) Allowances for expected credit losses

Trade accounts receivable are a significant asset and the allowances for expected credit losses are a significant estimate made by the local Management. Trade accounts receivable were €3,673 million and €7,161 million in 2023 and 2022, respectively, net of allowance.

The major debtors or debtor groups of trade accounts receivable were statutory health insurers in Germany with 16% as well as the public health authority of the region of

Madrid with 25%, at December 31, 2023. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowances for expected credit losses were €348 million and €473 million as of December 31, 2023 and December 31, 2022, respectively. A valuation allowance is calculated if specific circumstances indicate that amounts will not be collectible. When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate review by the local management, a receivable deemed to be uncollectible is considered a bad debt and written off.

Deterioration in the aging of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for expected credit losses. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €210 million and €833 million in 2023 and 2022, respectively. In 2023, of this amount, €234 million was paid in cash including €24 million in subsequent purchase price payments already recognized as liabilities.

Fresenius Kabi

In 2023, Fresenius Kabi spent €207 million on acquisitions, mainly for milestone payments relating to the acquisition of Merck KGaA's biosimilars business which were already recognized as liabilities as part of the acquisition.

In 2022, Fresenius Kabi spent €734 million on acquisitions, mainly for the acquisition of a stake of 55% of mAbxience Holding S.L. and for the acquisition of 100% of the shares of Ivenix, Inc.

Acquisition mAbxience

On August 1, 2022, Fresenius Kabi closed the acquisition of a stake of 55% of mAbxience Holding S.L. (mAbxience), a leading international biopharmaceutical company, focused on the rapidly growing market for the development and manufacturing of biological drugs (biopharmaceuticals). The company has been consolidated since August 1, 2022, and has contributed €59 million to revenue in fiscal year 2022.

The consideration transferred in the amount of €511 million is a combination of €499 million upfront payment, which was paid in cash upon closing, and performance-based payments expected for future years with a current fair value of €12 million. These are strictly tied to the achievement of development and operating targets and could be in the low three-digit million euro range in total. The transaction was accounted for as a business combination.

The following table summarizes the final fair values of assets acquired and liabilities assumed. During 2023, the acquisition accounting was reviewed and finalized. Adjustments in the amount of €61 million were mainly attributable to the fair value of the IPR & D portfolio recognized as intangible assets, as well as offsetting deferred tax effects of €15 million. Adjustments, net of related income tax effects, were recorded to goodwill and intangible assets.

€ in millions	
Assets acquired and liabilities assumed	
Cash and cash equivalents	6
Trade accounts and other receivables	24
Inventories	89
Other current assets	26
Property, plant and equipment	68
Intangible assets and other assets	352
Goodwill	510
Trade accounts payable, short-term provisions and other short-term liabilities	-41
Other liabilities	-105
Noncontrolling interests	-418
Transferred consideration	**511**

The goodwill in the amount of €510 million resulting from the acquisition is not deductible for tax purposes. Until December 31, 2022, the goodwill was allocated to the relevant four cash generating units of Fresenius Kabi according to the regional distribution of the acquired business. Since January 1, 2023, it has been allocated to the Biopharma cash generating unit in accordance with the applicable new reporting structure.

Acquisition Ivenix

On May 3, 2022, Fresenius Kabi completed the acquisition of 100% of the shares of Ivenix, Inc. (Ivenix), a specialized infusion therapy company. The cash purchase price amounts to US$240 million (€228 million). In addition, milestone payments with a current fair value in the low three-digit million euro range were recognized. These are strictly linked to the achievement of commercial and operating targets and could increase by a low three-digit million euro amount.

The transaction was accounted for as a business combination.

Based on the final purchase price allocation, goodwill of US$199 million (€188 million) which is not deductible for tax purposes and an intangible asset of US$180 million (€171 million) were recorded in the initial statement of financial position.

Fresenius Helios

In 2023, Fresenius Helios did not incur any acquisition expenses.

In 2022, Fresenius Helios spent €82 million on acquisitions, mainly for the purchase of an oncology clinic and an ophthalmology care center in Colombia as well as the acquisition of a clinic in Spain.

Fresenius Vamed

In 2023, Fresenius Vamed spent €2 million on acquisitions.

In 2022, Fresenius Vamed spent €17 million on acquisitions, mainly for the purchase of two rehabilitation clinics in Germany and one in the United Kingdom.

Disposal groups

During 2023, Fresenius SE & Co. KGaA resolved plans for the following disposals:

On November 14, 2023, the Fresenius Group signed an agreement to transfer its plant in Halden, Norway, to HP Halden Pharma AS, a company of the Prange Group. The Prange Group, together with its affiliate Adragos Pharma, will take over the manufacturing facility with equipment as well as employees and will continue to manufacture Fresenius Kabi's products. The transaction is expected to be completed in the first quarter of 2024. For the agreed disposal, an impairment loss of €20 million was recognized in connection with the classification as an asset held for sale, which is included in costs of revenue in the consolidated statement of income and classified as a special item. The carrying amounts of the assets in the disposal group for the planned sale of the plant are recognized at fair value less costs to sell.

On November 8, 2023, the Fresenius Group signed an agreement to sell the Eugin group to the global fertility group IVI RMA (a KKR portfolio company) and GED Capital. Following the receipt of the regulatory approvals, the transaction was completed on January 31, 2024. The sale only comprises the Eugin group. Fresenius Helios' well-established legacy business of fertility treatments in selected hospitals and outpatient centers of Quirónsalud and Helios Germany will remain with Fresenius Helios and continue to offer fertility treatments. The sales price is composed of a fixed cash payment and possible further performance-related payments. For the disposal of the Eugin group, an impairment loss of €231 million was recognized in connection with the classification as an asset held for sale, which is included in other operating expenses in the consolidated statement of income and classified as a special item. The carrying amounts of the assets in the disposal group for the sale of the Eugin group are recognized at fair value less costs to sell.

On October 31, 2023, the Fresenius Group signed an agreement to sell its 70 percent stake in IDCQ CRP, a co-holding entity of the hospital Clínica Ricardo Palma in Lima, Peru. The stake is acquired by entities of the Verme family which already hold a stake in the hospital, together with other local investors. Subject to antitrust review, the transaction is expected to be completed in the first quarter of 2024. The planned disposal of the hospital in Peru did not result in an impairment loss and the assets are recognized at their carrying amount.

As of December 31, 2023, the following assets and liabilities were classified as held for sale, which mainly relate to the Eugin group:

€ in millions	2023
Current assets	134
Non-current assets	421
Assets held for sale	**555**
Short-term liabilities	84
Long-term liabilities	146
Liabilities held for sale	**230**

As of December 31, 2023, the cumulative currency translation gains and losses recognized in other comprehensive income (loss) in connection with the disposal groups amounted to -€7 million.

Deconsolidation of Fresenius Medical Care

On July 14, 2023, the Extraordinary General Meeting of Fresenius Medical Care AG & Co. KGaA approved the proposal of conversion of the legal form into a German stock corporation and thereupon Fresenius Medical Care was classified in fiscal year 2023 as a separate item (operations to be deconsolidated and deconsolidated operations, respectively) in the Fresenius Group's consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows. After registration with the commercial register on November 30, 2023, the investment in Fresenius Medical Care was deconsolidated and subsequently accounted for using the equity method in accordance with IAS 28 (see note 1. III. bb, Non-current assets held for sale, discontinued and deconsolidated operations).

Net income from deconsolidated Fresenius Medical Care's operations (including special items) was comprised of the following:

€ in millions	2023
Revenue	18,033
Expenses	-16,967
Income before income taxes	**1,066**
Income taxes	-320
Net income	746
Loss due to revaluation of operations to be deconsolidated at fair value less costs of deconsolidation according to IFRS 5 (booked against goodwill)	-2,775
Other valuation adjustments according to IFRS 5 (mainly suspension of regular depreciation and amortization)	558
Loss due to deconsolidation according to IFRS 10	-467
Net income from deconsolidated Fresenius Medical Care operations	**-1,938**

For a more appropriate presentation of the financial effects, eliminations of intercompany transactions with Fresenius Medical Care have been allocated to Fresenius Medical Care operations to be deconsolidated, taking into account future supply and service relationships. A corresponding allocation is made in the consolidated statement of cash flows.

The carrying amounts of the main groups of assets and liabilities of Fresenius Medical Care disposed of at the time of disposal on November 30, 2023 were as follows:

€ in millions	2023
Cash and cash equivalents	1,303
Other current assets	7,635
Non-current assets	25,859
Assets disposed of	**34,797**
Short-term liabilities	6,473
Long-term liabilities	13,170
Liabilities disposed of	**19,643**

IMPACTS ON FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In fiscal year 2023, the Fresenius Group made acquisitions in an amount of €210 million, which were mainly attributable to subsequent purchase price payments. These acquisitions did not impact the development of revenue and earnings.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

The prior year figures have been adjusted in the notes on the consolidated statement of income due to the application of IFRS 5 and the equity method according to IAS 28 for Fresenius Medical Care operations, which were previously consolidated.

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for 2023 in the amount of -€594 million includes special items which impacted the consolidated statement of income as shown in the table below. The earnings before special items are an alternative performance indicator, as special items are not defined in IFRS. The effects of selected items on earnings are presented as special items in order to increase the transparency of the Group's earnings quality. Such special items mainly result from transformation and restructuring costs, impairment losses from certain valuations, expenses in connection with acquisitions, the result of disposals, expenses from the purchase price allocation (PPA) in connection with the accounting of the investment in Fresenius Medical Care under the equity method and other expenses and income outside of ordinary operating activities. The amounts shown correspond to the effects on earnings recognized in accordance with IFRS.

€ in millions	EBIT	Interest expenses	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2023, before special items	**2,262**	**-418**	**1,505**
Vamed transformation	-554	–	-426
Expenses associated with the Fresenius cost and efficiency program	-221	–	-171
Legacy portfolio adjustments	-320	-3	-271
Legal form conversion costs Fresenius Medical Care	-17	–	-19
Transaction costs mAbxience, Ivenix	-36	–	-34
Revaluations of biosimilars contingent purchase price liabilities	29	5	24
Special items from continuing operations	**-1,119**	**2**	**-897**
IFRS 5 valuation	–	–	-1,115
Initial recognition and amortization of PPA equity method Fresenius Medical Care	–	–	-5
Legacy portfolio adjustments	–	–	-44
Expenses associated with the FME 25 program	–	–	-34
Legal form conversion costs Fresenius Medical Care	–	–	-7
Remeasurement Humacyte investment	–	–	3
Special items from Fresenius Medical Care operations	**–**	**–**	**-1,202**
Earnings 2023 according to IFRS	**1,143**	**-416**	**-594**

Net income attributable to shareholders of Fresenius SE & Co. KGaA for 2022 in the amount of €1,372 million included special items which had the following impact on the consolidated statement of income:

€ in millions	EBIT	Interest expenses	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2022, before special items	**2,190**	**-241**	**1,729**
Expenses associated with the Fresenius cost and efficiency program	-262	–	-212
Impacts related to the war in Ukraine	-37	–	-28
Transaction costs mAbxience, Ivenix	-40	–	-27
Retroactive duties	-9	–	-8
Hyperinflation Türkiye	-7	–	-7
Revaluations of biosimilars contingent purchase price liabilities	-23	26	2
Special items from continuing operations	**-378**	**26**	**-280**
Expenses associated with the FME 25 program	–	–	-48
Remeasurement Humacyte investment	–	–	-24
Impacts related to the war in Ukraine	–	–	-15
Hyperinflation Türkiye	–	–	-2
Net gain related to InterWell Health	–	–	12
Special items from Fresenius Medical Care operations	**–**	**–**	**-77**
Earnings 2022 according to IFRS	**1,812**	**-215**	**1,372**

4. REVENUE

Revenue by activity was as follows:

	2023				
€ in millions	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate	**Fresenius Group**
Revenue from contracts with customers	7,956	12,245	2,043	0	22,244
thereof revenue from services	104	12,241	1,510	0	13,855
thereof revenue from products and related services	7,847	–	–	–	7,847
thereof revenue from long-term production contracts	–	–	533	–	533
thereof further revenue from contracts with customers	5	4	–	–	9
Other revenue	5	50	–	–	55
Revenue	**7,961**	**12,295**	**2,043**	**0**	**22,299**

	2022				
€ in millions	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate	**Fresenius Group**
Revenue from contracts with customers	7,795	11,678	2,035	2	21,510
thereof revenue from services	85	11,666	1,404	2	13,157
thereof revenue from products and related services	7,700	–	–	–	7,700
thereof revenue from long-term production contracts	–	–	631	–	631
thereof further revenue from contracts with customers	10	12	–	–	22
Other revenue	6	12	4	–	22
Revenue	**7,801**	**11,690**	**2,039**	**2**	**21,532**

Other revenue includes revenue from insurance and lease contracts.

At December 31, 2023, revenue recognized that was included in the contract liabilities balance at the beginning of the period was €74 million (2022: €492 million).

As of December 31, 2023 and 2022, respectively, the Fresenius Group had performance obligations that are unsatisfied or partially unsatisfied and that are expected to be satisfied and recorded in revenue in the following years.

December 31, 2023, € in millions	2024	2025	2026	2027	2028	thereafter	**Total**
Transaction price of the unsatisfied or partially unsatisfied performance obligations	795	586	200	569	282	212	**2,644**

December 31, 2022, € in millions	2023	2024	2025	2026	2027	thereafter	**Total**
Transaction price of the unsatisfied or partially unsatisfied performance obligations	1,156	985	825	969	162	221	**4,318**

A revenue analysis by business segment is shown in the consolidated segment reporting.

5. COST OF MATERIALS

Cost of materials included in costs of revenue was comprised of cost of raw materials, supplies and purchased components and cost of purchased services:

€ in millions	2023	2022
Cost of raw materials, supplies and purchased components	5,149	4,568
Cost of purchased services	1,434	1,498
Cost of materials	**6,583**	**6,066**

6. PERSONNEL EXPENSES

Costs of revenue, selling expenses, general and administrative expenses and research and development expenses included personnel expenses of €9,930 million and €9,439 million in 2023 and 2022, respectively.

Personnel expenses were comprised of the following:

€ in millions	2023	2022
Wages and salaries	8,144	7,715
Social security contributions, cost of retirement pensions and social assistance	1,786	1,724
thereof retirement pensions	233	240
Personnel expenses	**9,930**	**9,439**

Within cost of retirement pensions the employer's contributions to the statutory pension insurance scheme in Germany are included.

Fresenius Group's annual average number of employees by function is shown below:

	2023	2022
Production	28,122	26,862
Service	133,840	131,196
Administration	18,758	19,040
Sales and marketing	8,441	8,771
Research and development	2,568	2,515
Total employees (per capita)	**191,729**	**188,384**

7. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €661 million (2022: €639 million) included expenditures for and non-capitalizable development costs as well as regular depreciation and amortization expenses relating to capitalized development costs of €36 million (2022: €21 million). Furthermore, in 2023, research and development expenses included impairments of €53 million (2022: €25 million Fresenius Kabi). These related to R&D projects of Fresenius Kabi that were not pursued further and to impairments of the discontinued operations of Fresenius Helios in connection with the legacy portfolio adjustments. The expenses for the further development of the biopharma business included in the research and development expenses amounted to €220 million (2022: €164 million).

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to €2,405 million (2022: €2,348 million) and were related to expenditures for administrative functions not attributable to research and development, production or selling. The increase was mainly due to expenses associated with the cost and efficiency program and legacy portfolio adjustments.

9. OTHER OPERATING INCOME AND EXPENSES

Other operating income of €402 million (2022: €353 million) mainly included income from the reversal of provisions and other income from Fresenius Digital Technology GmbH in 2023. In 2022, income from the release of provisions, other income from Fresenius Digital Technology GmbH and gains on sale and leaseback transactions were included in this position. Other operating expenses of €501 million (2022: €211 million) mainly included an impairment on the disposal group Eugin in 2023 and other expenses from Fresenius Digital Technology GmbH and foreign exchange losses in 2022.

10. NET INTEREST

Net interest of -€416 million (2022: -€215 million) included interest expenses of €534 million (2022: €345 million) and interest income of €118 million (2022: €130 million). The main portion of the interest expenses resulted from Fresenius Group's financial liabilities, which are recognized at amortized cost (see note 33, Financial instruments), from interest expenses in connection with additional interest accruals on tax items and from outstanding contingent purchase price payments. Moreover, €61 million related to lease liabilities. The main portion of interest income resulted from interest income on receivables and from discounting effects.

11. TAXES

INCOME TAXES

Income before income taxes was attributable to the geographic regions:

€ in millions	2023	2022
Germany	56	293
International	659	1,304
Total	**715**	**1,597**

Income tax expenses (benefits) for 2023 and 2022 consisted of the following:

€ in millions	Current taxes	Deferred taxes	**Income taxes**
2023			
Germany	**111**	**59**	**170**
International	**381**	**-74**	**307**
Total	**492**	**-15**	**477**
2022			
Germany	83	55	138
International	373	-136	237
Total	456	-81	375

A reconciliation between the expected and actual income tax expense is shown in the following table. The expected corporate income tax expense is computed by applying the German corporation tax rate (including the solidarity surcharge) and the effective trade tax rate on income before income taxes. The respective combined tax rate was 30.8% and 30.7% for fiscal years 2023 and 2022, respectively.

€ in millions	2023	2022
Computed "expected" income tax expense	220	491
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	189	17
Tax rate differential	-175	-185
Tax rate changes	-16	0
Tax-free income	-26	22
Taxes for prior years	82	10
Noncontrolling interests	0	0
Other	203	20
Income tax	**477**	**375**
Effective tax rate	**66.7%**	**23.5%**

The item "Other" mainly includes effects from non-capitalized tax losses for 2023 and write-downs on capitalized loss carryforwards.

DEFERRED TAXES

The tax effects of the temporary differences and losses carried forward from prior years that gave rise to deferred tax assets and liabilities at December 31 are presented below:

€ in millions	2023	2022
Deferred tax assets		
Accounts receivable	67	76
Inventories	130	170
Other current assets	84	154
Other non-current assets	136	209
Lease liabilities	413	1,308
Provisions and other liabilities	297	482
Benefit obligations	73	167
Losses carried forward from prior years	132	247
Deferred tax assets	**1,332**	**2,813**
Deferred tax liabilities		
Accounts receivable	2	30
Inventories	5	8
Other current assets	67	252
Other non-current assets	890	2,026
Right-of-use assets	387	1,184
Provisions and other liabilities	152	136
Deferred tax liabilities	**1,503**	**3,636**
Net deferred tax assets/liabilities	**-171**	**-823**

In the consolidated statement of financial position, the net amounts of deferred tax assets and liabilities are included as follows:

€ in millions	2023	2022
Deferred tax assets	360	831
Deferred tax liabilities	531	1,654
Net deferred tax assets/liabilities	**-171**	**-823**

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense/benefit. This is due to deferred taxes that are booked directly to equity, the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro and the acquisition and disposal of entities as part of ordinary activities.

The total amount of temporary differences in connection with investments in subsidiaries, branches and associates as well as interests in joint ventures for which no deferred tax liabilities were recognized amounted to €150 million as of December 31, 2023.

NET OPERATING LOSSES

The expiration of net operating losses as of December 31, 2023 is as follows:

for the fiscal years	€ in millions
2024	28
2025	32
2026	45
2027	27
2028	110
2029	85
2030	93
2031	0
2032	1
2033 and thereafter	10
Total	**431**

The expiration of net operating losses as of December 31, 2022 was as follows:

for the fiscal years	€ in millions
2023	47
2024	48
2025	64
2026	107
2027	122
2028	103
2029	135
2030	3
2031	3
2032 and thereafter	139
Total	**771**

The total remaining operating losses of €1,644 million (2022: €1,950 million) can mainly be carried forward for an unlimited period. The total amount of the existing operating losses as of December 31, 2023 includes an amount of €1,429 million (2022: €1,676 million) that will probably not be realizable. For these operating losses, deferred tax assets were not recognized.

Based upon the level of historical taxable income and projections for future taxable income, the Management of the Fresenius Group believes it is more likely than not that the Fresenius Group will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2023.

12. NONCONTROLLING INTERESTS

As of December 31, noncontrolling interests in net income in the Fresenius Group were as follows:

€ in millions	2023	2022
Noncontrolling interests in Fresenius Vamed	-144	-4
Noncontrolling interests in the business segments		
Fresenius Kabi	52	50
Fresenius Helios	-24	17
Fresenius Vamed	1	5
Total noncontrolling interests	**-115**	**68**

In 2023, the negative results of the noncontrolling interests of Fresenius Vamed resulted from the transformation expenses. The negative results of Fresenius Helios arose from the impairment for the Eugin group recognized in accordance with IFRS 5.

13. GOVERNMENT GRANTS AND IMPACTS OF THE COVID-19 PANDEMIC

In fiscal year 2023, the German clinics of the Fresenius Group received government compensation payments and reimbursements in the amount of €304 million to compensate for increased energy prices and costs indirectly caused by the increase in energy prices. Approximately two thirds of the payments were recognized on a pro rata basis in the consolidated statement of income and offset against the higher energy costs recognized in the costs of revenue.

The German clinics of the Fresenius Group did not receive reimbursements and grants to compensate for COVID-19 related financial charges in fiscal year 2023 (2022: €227 million, thereof €200 million recorded in revenue and €27 million as grants in other operating income).

14. EARNINGS PER SHARE

The following table shows the earnings per share:

	2023	2022
Numerators, € in millions		
Net income from continuing operations attributable to shareholders of Fresenius SE & Co. KGaA	353	1,154
Net income from deconsolidated Fresenius Medical Care operations attributable to shareholders of Fresenius SE & Co. KGaA	-947	218
Net income attributable to shareholders of Fresenius SE & Co. KGaA	-594	1,372
Denominators in number of shares		
Weighted average number of ordinary shares outstanding	563,237,277	561,264,305
Earnings per share from continuing operations in €	**0.63**	**2.05**
Earnings per share from deconsolidated Fresenius Medical Care operations in €	-1.68	0.39
Total earnings per share in €	**-1.05**	**2.44**

In 2023 and 2022, there were no dilutive effects from stock options issued on earnings per share.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The decrease in actual figures compared to previous year's figures is mainly due to the application of IFRS 5 and the equity method in accordance with IAS 28 for Fresenius Medical Care, which was previously consolidated.

15. CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents were as follows:

€ in millions	2023	2022
Cash	2,487	2,175
Time deposits and securities (with a maturity of up to 90 days)	75	574
Total cash and cash equivalents	**2,562**	**2,749**

As of December 31, 2023 and December 31, 2022, earmarked funds of €273 million and €180 million, respectively, were included in cash and cash equivalents.

The Fresenius Group operates a multi-currency notional cash pooling management system. In this cash pooling management system amounts in euro and other currencies are offset without being transferred to a specific cash pool account. The system is used for an efficient utilization of funds within the Fresenius Group. The Fresenius Group met the conditions to offset balances within this cash pool for reporting purposes. At December 31, 2023, €9 million (December 31, 2022: €102 million) of the cash balances and the equivalent amount of the overdraft balances were offset. Before this offset, cash and cash equivalents as of December 31, 2023, were €2,571 million (December 31, 2022: €2,851 million) and short-term debt was €578 million (December 31, 2022: €969 million.

16. TRADE ACCOUNTS AND OTHER RECEIVABLES

As of December 31, trade accounts and other receivables were as follows:

€ in millions	2023	2022
Trade accounts and other receivables	4,021	7,634
less allowances for expected credit losses	348	473
Trade accounts and other receivables, net	**3,673**	**7,161**

Within trade accounts and other receivables (before allowances) as of December 31, 2023, €4,019 million (December 31, 2022: €7,430 million) relate to revenue from contracts with customers as defined by IFRS 15. This amount includes €347 million (December 31, 2022: €471 million) of allowances for expected credit losses. Further trade accounts and other receivables, net, relate to other revenue.

All trade accounts and other receivables are due within one year. Trade accounts and other receivables with a term of more than one year in the amount of €43 million (2022: €99 million) are included in other non-current assets.

The following table shows the development of the allowances for expected credit losses during the fiscal year:

€ in millions	2023	2022
Allowances for expected credit losses at the beginning of the year	**473**	**456**
Change in valuation allowances as recorded in the consolidated statement of income	100	65
Write-offs and recoveries of amounts previously written-off	1	-46
Foreign currency translation	5	-2
Reclassifications to "Assets related to Fresenius Medical Care to be deconsolidated under IFRS 5"	-211	n.a.
Reclassifications to „Assets held for sale"	-20	0
Allowances for expected credit losses at the end of the year	**348**	**473**

The valuation allowances as recorded in the consolidated statement of income in fiscal year 2023 are mainly attributable to revaluations as a result of the Vamed transformation. Further allowances for expected credit losses are included in other current and non-current assets (see note 18, Other current and non-current assets). As of December 31, 2023, the Fresenius Group had total allowances for expected credit losses of €501 million (2022: €575 million).

The following table shows the credit risk rating grades of trade accounts receivable and their allowances for expected credit losses:

€ in millions	December 31, 2023			December 31, 2022		
	Total	**thereof overdue[1]**	**thereof credit impaired[2]**	Total	thereof overdue[1]	thereof credit impaired[2]
Trade accounts and other receivables	4,021	1,598	411	7,634	2,903	755
less allowances for expected credit losses	348	300	286	473	409	357
Trade accounts and other receivables, net	**3,673**	**1,298**	**125**	**7,161**	**2,494**	**398**

[1] Receivables are classified as overdue from the first day of exceeding the contractually agreed payment term.
[2] In case of objective evidence of a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to be credit impaired. This is generally the case after more than 360 days overdue, at the latest.

17. INVENTORIES

As of December 31, inventories consisted of the following:

€ in millions	**2023**	2022
Raw materials and purchased components	898	1,200
Work in process	279	467
Finished goods	1,472	3,309
less reserves	132	143
Inventories, net	**2,517**	**4,833**

In 2023 and 2022, there were no reversals of write-downs.

The companies of the Fresenius Group are obliged to purchase approximately €522 million of raw materials and purchased components under fixed terms, of which €362 million was committed at December 31, 2023 for 2024. The terms of these agreements run one to three years.

18. OTHER CURRENT AND NON-CURRENT ASSETS

As of December 31, other current and non-current assets were comprised of the following according to the categorization of the financial instruments:

€ in millions	2023		2022	
		thereof short-term		thereof short-term
Contract assets	353	353	444	444
Accounts receivable resulting from German hospital law	343	325	140	127
Tax receivables	316	298	593	568
Prepaid expenses	87	58	142	106
Advance payments	77	77	317	306
At equity investments	21	–	793	–
Prepaid rent and insurance	10	10	54	54
Other assets	644	588	911	765
Other non-financial assets, net	**1,851**	**1,709**	**3,394**	**2,370**
Compensation receivable resulting from German hospital law	1,360	1,360	1,179	772
Deposits	60	9	120	26
Derivative financial instruments	42	33	59	41
Long-term loans	41	18	108	52
Equity investments	35	–	224	0
Debt instruments	–	–	445	170
Leasing receivables	0	–	129	–
Receivable for supplier rebates	0	0	24	24
Other assets	326	84	475	81
Other financial assets, net	**1,864**	**1,504**	**2,763**	**1,166**
Other assets, net	**3,715**	**3,213**	**6,157**	**3,536**
Allowances	153	20	102	53
Other assets, gross	**3,868**	**3,233**	**6,259**	**3,589**

The accounts receivable resulting from German hospital law contain approved but not yet received earmarked subsidies of the Fresenius Helios operations. The approval is evidenced in a letter written by the granting authorities that Fresenius Helios has already received. The increase in accounts receivable resulting from German hospital law mainly results from the reclassification of funds for investment promotion from the Hospital Future Fund (Krankenhauszukunftsfonds) from other assets in 2023.

The compensation receivable resulting from German hospital law mainly relates to income equalization claims for hospital services. The increase in compensation receivable in 2023 is mainly due to delayed budget negotiations with providers.

Contract assets mainly related to long-term production contracts for which revenue is recognized over time. The decrease in fiscal year 2023 is mainly caused by revaluations due to the Vamed transformation. In addition, allowances for expected credit losses of €4 million (2022: €5 million) had to be recognized as of December 31, 2023.

19. PROPERTY, PLANT AND EQUIPMENT

As of December 31, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of January 1, 2023	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	Reclassifications to "Assets related to Fresenius Medical Care to be deconsolidated under IFRS 5"	Reclassifications to „Assets held for sale"	As of December 31, 2023
Land	891	-1	–	3	7	14	-68	-14	804
Buildings and improvements	10,233	-83	-4	106	539	17	-4,382	-80	6,312
Machinery and equipment	11,703	-132	-32	468	368	128	-6,266	-92	5,889
Construction in progress	2,445	-40	–	624	-759	11	-353	-3	1,903
Property, plant and equipment	**25,272**	**-256**	**-36**	**1,201**	**155**	**170**	**-11,069**	**-189**	**14,908**

DEPRECIATION

€ in millions	As of January 1, 2023	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	Reclassifications to "Assets related to Fresenius Medical Care to be deconsolidated under IFRS 5"	Reclassifications to „Assets held for sale"	As of December 31, 2023
Land	19	-3	–	0	4	1	-1	0	18
Buildings and improvements	4,832	-4	-24	345	9	19	-2,889	-47	2,203
Machinery and equipment	7,501	-81	-29	666	-12	44	-4,257	-27	3,717
Construction in progress	1	0	–	5	–	0	0	0	6
Property, plant and equipment	**12,353**	**-88**	**-53**	**1,016**	**1**	**64**	**-7,147**	**-74**	**5,944**

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of January 1, 2022	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	As of December 31, 2022
Land	905	-4	1	2	2	15	891
Buildings and improvements	9,615	188	-3	113	545	225	10,233
Machinery and equipment	11,019	233	18	612	142	321	11,703
Construction in progress	2,172	54	6	881	-643	25	2,445
Property, plant and equipment	**23,711**	**471**	**22**	**1,608**	**46**	**586**	**25,272**

DEPRECIATION

€ in millions	As of January 1, 2022	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2022**
Land	21	0	-3	2	0	1	19
Buildings and improvements	4,311	119	-28	517	77	164	4,832
Machinery and equipment	6,808	132	-19	930	-76	274	7,501
Construction in progress	2	0	0	0	-1	0	1
Property, plant and equipment	**11,142**	**251**	**-50**	**1,449**	**0**	**439**	**12,353**

CARRYING AMOUNTS

€ in millions	**December 31, 2023**	December 31, 2022
Land	786	872
Buildings and improvements	4,109	5,401
Machinery and equipment	2,172	4,202
Construction in progress	1,897	2,444
Property, plant and equipment	**8,964**	**12,919**

Depreciation and impairments on property, plant and equipment for fiscal years 2023 and 2022 amounted to €1,016 million and €1,449 million, respectively and included impairments of €53 million (2022: €53 million). Costs of revenue, selling expenses, general and administrative expenses and research and development expenses comprise depreciation expense and impairments of €617 million (2022: €613 million (restated for Fresenius Medical Care)) depending upon the use of the asset.

LEASING

Machinery and equipment as of December 31, 2023 and 2022 included medical devices which Fresenius Kabi, and in 2022 Fresenius Kabi and Fresenius Medical Care, leased to hospitals, patients and physicians under operating leases in an amount of €165 million and €965 million, respectively.

For information on the development of the right-of-use assets, see note 32, Leases.

20. GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, the acquisition cost and accumulated amortization of intangible assets consisted of the following:

ACQUISITION COST

€ in millions	As of January 1, 2023	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	Reclassifications to "Assets related to Fresenius Medical Care to be deconsolidated under IFRS 5"	Reclassifications to "Assets held for sale"	**As of December 31, 2023**
Goodwill	31,685	-477	-43	1	-1	6	-15,624	-422	15,113
Customer relationships	777	-5	0	–	–	–	-73	–	699
Tradenames with finite useful lives	695	-1	–	0	–	–	-10	–	684
Capitalized development costs	1,371	-23	-2	41	-19	6	-118	-1	1,243
Patents, product and distribution rights	684	-20	0	0	0	3	-131	0	530
Software	1,832	-11	-2	135	64	95	-926	-15	982
Technology	1,147	-24	0	0	–	0	-675	–	448
Tradenames with indefinite useful lives	308	-5	–	–	–	–	-248	-41	14
Non-compete agreements	355	-7	0	–	–	1	-347	–	–
Management contracts	3	–	–	–	–	–	-3	–	–
Other	442	-7	-3	19	3	10	-265	-6	173
Goodwill and other intangible assets	**39,299**	**-580**	**-50**	**196**	**47**	**121**	**-18,420**	**-485**	**19,886**

AMORTIZATION

€ in millions	As of January 1, 2023	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	Reclassifications to "Assets related to Fresenius Medical Care to be deconsolidated under IFRS 5"	Reclassifications to "Assets held for sale"	**As of December 31, 2023**
Goodwill	195	–	–	24	–	–	-195	–	24
Customer relationships	290	-3	0	37	–	–	-25	–	299
Tradenames with finite useful lives	252	0	–	41	–	–	-9	–	284
Capitalized development costs	362	-9	0	94	0	3	-48	–	396
Patents, product and distribution rights	500	-15	0	48	–	3	-125	0	405
Software	836	-5	-2	156	4	34	-420	-1	534
Technology	469	-9	–	59	–	–	-284	–	235
Tradenames with indefinite useful lives	–	–	–	–	–	–	–	–	–
Non-compete agreements	330	-6	–	4	0	1	-327	–	–
Management contracts	2	–	–	–	–	–	-2	–	–
Other	235	-3	-3	19	0	2	-157	0	89
Goodwill and other intangible assets	**3,471**	**-50**	**-5**	**482**	**4**	**43**	**-1,592**	**-1**	**2,266**

ACQUISITION COST

€ in millions	As of January 1, 2022	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2022**
Goodwill	29,138	975	1,479	96	–	3	31,685
Customer relationships	765	7	5	0	–	–	777
Tradenames with finite useful lives	693	2	–	–	0	–	695
Capitalized development costs	1,020	26	338	39	-44	8	1,371
Patents, product and distribution rights	666	35	0	5	5	27	684
Software	1,550	33	32	241	76	100	1,832
Technology	1,015	53	173	0	–	94	1,147
Tradenames with indefinite useful lives	277	18	13	0	–	–	308
Non-compete agreements	344	19	0	0	1	9	355
Management contracts	3	0	–	–	–	–	3
Other	396	7	4	58	-15	8	442
Goodwill and other intangible assets	**35,867**	**1,175**	**2,044**	**439**	**23**	**249**	**39,299**

AMORTIZATION

€ in millions	As of January 1, 2022	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2022**
Goodwill	195	–	–	–	–	–	195
Customer relationships	247	4	–	39	–	–	290
Tradenames with finite useful lives	210	1	–	41	–	0	252
Capitalized development costs	312	11	-10	56	0	7	362
Patents, product and distribution rights	458	22	0	44	0	24	500
Software	687	14	-1	235	-1	98	836
Technology	455	21	–	87	0	94	469
Tradenames with indefinite useful lives	1	–	-1	–	–	–	–
Non-compete agreements	311	18	0	9	1	9	330
Management contracts	2	0	–	–	–	–	2
Other	215	5	0	25	-1	9	235
Goodwill and other intangible assets	**3,093**	**96**	**-12**	**536**	**-1**	**241**	**3,471**

CARRYING AMOUNTS

€ in millions	**December 31, 2023**	December 31, 2022
Goodwill	15,089	31,490
Customer relationships	400	487
Tradenames with finite useful lives	400	443
Capitalized development costs	847	1,009
Patents, product and distribution rights	125	184
Software	448	996
Technology	213	678
Tradenames with indefinite useful lives	14	308
Non-compete agreements	–	25
Management contracts	0	1
Other	84	207
Goodwill and other intangible assets	**17,620**	**35,828**

Amortization and impairments on intangible assets amounted to €482 million and €536 million in fiscal years 2023 and 2022, respectively, and include impairments in an amount of €104 million (2022: €99 million). Costs of revenue, selling expenses, general and administrative expenses and research and development expenses comprise depreciation expense and impairments of €377 million (2022: €308 million (restated for Fresenius Medical Care)) depending upon the use of the asset.

The split of intangible assets into amortizable and non-amortizable intangible assets is shown in the following tables:

AMORTIZABLE INTANGIBLE ASSETS

	December 31, 2023			December 31, 2022		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Customer relationships	699	299	400	777	290	487
Tradenames	684	284	400	695	252	443
Capitalized development costs	1,243	396	847	1,371	362	1,009
Patents, product and distribution rights	530	405	125	684	500	184
Software	982	534	448	1,832	836	996
Technology	448	235	213	1,147	469	678
Non-compete agreements	–	–	–	355	330	25
Other	173	89	84	442	235	207
Total	**4,759**	**2,242**	**2,517**	**7,303**	**3,274**	**4,029**

Fresenius Kabi capitalized development costs in an amount of €847 million at December 31, 2023 (December 31, 2022: €983 million). The amortization was recorded on a straight-line basis over a useful life of 5 to 10 years and amounted to €34 million for fiscal year 2023 (2022: €20 million). Furthermore, in 2023, research and development expenses included impairments of €33 million (2022: €25 million) (see note 7, Research and development expenses). These are included in the preceding amortization tables in the column additions.

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	December 31, 2023			December 31, 2022		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Goodwill	15,113	24	15,089	31,685	195	31,490
Tradenames	14	–	14	308	–	308
Management contracts	–	–	–	3	2	1
Total	**15,127**	**24**	**15,103**	**31,996**	**197**	**31,799**

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Kabi	Fresenius Helios	Fresenius Medical Care	Fresenius Vamed	Corporate	**Fresenius Group**
Carrying amount as of January 1, 2022	**5,373**	**8,903**	**14,361**	**300**	**6**	**28,943**
Additions	699	167	702	14	–	1,582
Disposals	–	-3	-7	–	–	-10
Impairment loss	–	–	–	–	–	–
Foreign currency translation	235	6	735	-1	–	975
Carrying amount as of December 31, 2022	**6,307**	**9,073**	**15,791**	**313**	**6**	**31,490**
Additions	–	2	3	1	0	6
Disposals	–	-6	-48	–	–	-54
Impairment loss	–	-22	-2	–	–	-24
Reclassifications	–	–	–	-1	–	-1
Foreign currency translation	-158	1	-321	1	0	-477
Reclassifications to "Assets related to Fresenius Medical Care to be deconsolidated under IFRS 5"	n.a.	n.a.	-15,423	n.a.	-6	-15,429
Reclassifications to "Assets held for sale"	n.a.	-422	n.a.	n.a.	n.a.	-422
Carrying amount as of December 31, 2023	**6,149**	**8,626**	**–**	**314**	**0**	**15,089**

Apart from the deconsolidation of Fresenius Medical Care, foreign currency translation differences were the main reason for the decrease in goodwill.

The Fresenius Group did not record any impairment losses related to goodwill in the fiscal years 2022 and 2023 after having compared each CGU's value in use to its carrying amount. However, impairments in an amount of €22 million were recognized in connection with legal portfolio adjustments.

As of December 31, 2023 and December 31, 2022, the carrying amounts of the other non-amortizable intangible assets were €14 million for Fresenius Kabi and €41 million for Fresenius Helios as of December 31, 2022.

21. INTERESTS IN ASSOCIATES

Fresenius SE & Co. KGaA owned 32% of the subscribed capital of Fresenius Medical Care AG at the end of fiscal year 2023 and accounts for this investment according to the equity method.

Fresenius Medical Care offers services and products for patients with chronic kidney failure. Dialyzers and dialysis machines are among the most important product lines. In addition, Fresenius Medical Care offers dialysis-related services. This associate is being held as an investment company.

The carrying amount of the investment was €3,500 million at December 31, 2023 (2022: n.a.), while the fair value based on the quoted market price of €37.96 per share was €3,564 million.

The following table contains summarized financial information of Fresenius Medical Care AG. The statement of financial position values include fair value adjustments, the amortization of which is shown in the reconciliation table.

€ in millions	2023
Current assets	9,063
Non-current assets	23,725
Short-term liabilities	6,099
Long-term liabilities	14,110
Net assets	**12,579**
Net assets of shareholders of Fresenius Medical Care AG	10,879
Net assets of noncontrolling interests	1,700
Revenue	19,454
Net income	732
Other comprehensive income (loss), net	-575
Total comprehensive income (loss)	**157**

€ in millions	2023
Carrying amount of investment under the equity method at initial recognition December 1	**3,552**
Proportionate net income attributable to the shareholders of Fresenius Medical Care AG	-7
Proportionate other comprehensive income attributable to the shareholders of Fresenius Medical Care AG	-36
Proportionate other changes in equity	-4
Amortization of the effects of the purchase price allocation through profit or loss	-5
Carrying amount of investment under the equity method at December 31	**3,500**

Further investments in equity method investees are not material to the Fresenius Group.

22. PROVISIONS

As of December 31, provisions consisted of the following:

€ in millions	2023	2023 thereof short-term	2022	2022 thereof short-term
Provisions for claims with deductibles[1]	212	21	457	144
Personnel expenses	229	159	364	279
Warranties and complaints	235	233	281	277
Litigation and other legal risks	42	22	122	102
Interest payable related to income taxes	49	–	35	–
Other provisions	555	364	534	300
Provisions	**1,322**	**799**	**1,793**	**1,102**

[1] In 2022 including self insurance program of Fresenius Medical Care

The following table shows the development of provisions in the fiscal year:

€ in millions	As of January 1, 2023	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Utilized	Reversed	Reclassifications to "Liabilities related to Fresenius Medical Care to be deconsolidated under IFRS 5"	Reclassifications to „Liabilities directly associated with the assets held for sale“	**As of December 31, 2023**
Provisions for claims with deductible	457	-4	–	397	–	-365	-17	-256	–	212
Personnel expenses	364	-8	-1	162	19	-109	-37	-160	-1	229
Warranties and complaints	281	-1	–	120	1	-112	-38	-16	–	235
Litigation and other legal risks	122	-3	-1	23	2	-7	-7	-87	–	42
Interest payable related to income taxes	35	0	–	23	–	0	-5	-4	–	49
Other provisions	534	-2	-2	342	-22	-153	-75	-67	0	555
Total	**1,793**	**-18**	**-4**	**1,067**	**–**	**-746**	**-179**	**-590**	**-1**	**1,322**

Provisions for personnel expenses mainly refer to share-based and other compensation plans, severance payments, inflationary compensation payments and jubilee payments.

For details regarding litigation and other legal risks, please see note 31, Commitments and contingencies.

23. OTHER LIABILITIES

As of December 31, other liabilities consisted of the following according to the categorization of the financial instruments:

€ in millions	2023	2023 thereof short-term	2022	2022 thereof short-term
Personnel liabilities	895	878	1,664	1,536
Accounts payable resulting from German hospital law	502	497	397	397
Tax liabilities	247	214	333	298
Contract liabilities	224	200	186	162
Deferred income	88	72	120	97
All other liabilities	750	616	1,151	957
Other non-financial liabilities	**2,706**	**2,477**	**3,851**	**3,447**
Invoices outstanding	922	922	1,217	1,217
Put option liabilities	522	14	2,005	688
Accrued contingent payments outstanding for acquisitions	397	85	633	249
Bonuses and discounts	272	272	330	330
Compensation payable resulting from German hospital law	212	212	179	179
Debtors with credit balances	31	31	750	750
Legal matters, advisory and audit fees	27	27	58	58
Commissions	21	21	33	33
Derivative financial instruments	15	15	30	29
Interest liabilities	–	–	160	160
All other liabilities	51	45	5	0
Other financial liabilities	**2,470**	**1,644**	**5,400**	**3,693**
Other liabilities	**5,176**	**4,121**	**9,251**	**7,140**

Personnel liabilities mainly include liabilities for wages and salaries and social security liabilities.

The accounts payable resulting from German hospital law contain earmarked subsidies received but not yet spent appropriately by Fresenius Helios. The amount not yet spent appropriately is classified as liability.

The Fresenius Group, as option writer of existing put options, has potential obligations to purchase noncontrolling interests held by third parties in certain of its consolidated subsidiaries. If these put options were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the present value of the redemption amount based on the fair value at the time of exercise.

The accrued contingent payments outstanding for acquisitions include €237 million at December 31, 2023 (2022: €424 million) for the acquisition of the biosimilars business as well as €104 million (2022: €123 million) for the acquisition of the Ivenix business and €38 million (2022: €12 million) for the acquisition of the mAbxience business.

24. DEBT

SHORT-TERM DEBT

As of December 31, short-term debt consisted of the following:

€ in millions	Book value 2023	2022
Fresenius SE & Co. KGaA Commercial Paper	470	80
Fresenius Medical Care AG & Co. KGaA Commercial Paper	n.a.	497
Other short-term debt	99	290
Short-term debt	**569**	**867**

Other short-term debt mainly consists of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks. The average interest rates on the borrowings at December 31, 2023 and 2022 were 1.08% and 4.20%, respectively.

LONG-TERM DEBT

As of December 31, long-term debt net of debt issuance costs consisted of the following:

€ in millions	Book value 2023	2022
Schuldschein Loans	1,622	1,592
Loan from the European Investment Bank	400	400
Accounts Receivable Facility of Fresenius Medical Care	n.a.	94
Other	666	749
Interest liabilities	20	–
Subtotal	**2,708**	**2,835**
less current portion	492	669
Long-term debt, less current portion	**2,216**	**2,166**

Schuldschein Loans

As of December 31, Schuldschein Loans of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate fixed / variable	2023	2022
Fresenius SE & Co. KGaA 2017/2024	€175 million	Jan. 31, 2023	variable	–	175
Fresenius SE & Co. KGaA 2019/2023	€264 million	March 23, 2023	variable	–	264
Fresenius SE & Co. KGaA 2019/2023	€114 million	Sept. 25, 2023	0.55%	–	114
Fresenius SE & Co. KGaA 2017/2024	€246 million	Jan. 31, 2024	1.40%	246	246
Fresenius SE & Co. KGaA 2023/2026	€309 million	May 29, 2026	4.40%/variable	309	–
Fresenius SE & Co. KGaA 2019/2026	€238 million	Sept. 23, 2026	0.85%/variable	238	238
Fresenius SE & Co. KGaA 2017/2027	€207 million	Jan. 29, 2027	1.96%/variable	206	206
Fresenius SE & Co. KGaA 2023/2028	€405 million	May 30, 2028	4.62%/variable	404	–
Fresenius SE & Co. KGaA 2019/2029	€84 million	Sept. 24, 2029	1.10%	84	84
Fresenius SE & Co. KGaA 2023/2030	€136 million	May 31, 2030	4.77%/variable	135	–
Fresenius US Finance II, Inc. 2016/2023	US$43 million	March 10, 2023	3.12%	–	40
Fresenius Medical Care AG & Co. KGaA 2022/2027	€25 million	Feb. 14, 2027	variable	n.a.	25
Fresenius Medical Care AG & Co. KGaA 2022/2029	€200 million	Feb. 14, 2029	variable	n.a.	200
Schuldschein Loans				**1,622**	**1,592**
Interest liabilities				20	–

On May 30, 2023, Fresenius SE & Co. KGaA issued €850 million of sustainability-linked Schuldschein Loans in six tranches with fixed and variable interest rates with maturities of three, five and seven years. The proceeds were used for general corporate purposes including refinancing of existing financial liabilities. The margin is linked to the achievement of sustainability targets in the areas of treatment quality and product safety.

The variable tranche of €175 million of Fresenius SE & Co. KGaA's Schuldschein Loans in the total amount of €421 million originally due on January 31, 2024 was repaid prior to maturity on January 31, 2023.

The variable tranche of €264 million of Fresenius SE & Co. KGaA's Schuldschein Loans in the total amount of €378 million originally due on September 25, 2023 was also repaid prior to maturity on March 23, 2023.

As of December 31, 2023, the fixed tranche of €246 million of Fresenius SE & Co. KGaA's Schuldschein Loans which was due on January 31, 2024 is shown as current portion of long-term debt in the consolidated statement of financial position.

Loan from the European Investment Bank

On January 31, 2022, Fresenius SE & Co. KGaA drew a loan from the European Investment Bank in the amount of €400 million with variable interest rates which is due on December 15, 2025.

CREDIT LINES AND OTHER SOURCES OF LIQUIDITY

The syndicated credit facility of Fresenius SE & Co. KGaA in the amount of €2.0 billion which was entered into in July 2021 serves as backup line. As an expression of the company’s commitment to integrating sustainability into all aspects of its business, a sustainability component has been embedded in the credit line. In June 2023, the syndicated credit facility was extended by a further year until July 1, 2028. It was undrawn as of December 31, 2023. In addition, further bilateral facilities are available to the Fresenius Group which have not been utilized, or have only been utilized in part, as of the reporting date.

At December 31, 2023, the available borrowing capacity resulting from unutilized credit facilities was approximately €3.1 billion. Thereof, €2.0 billion related to the syndicated credit facility and approximately €1.1 billion to bilateral facilities with commercial banks

In addition, Fresenius SE & Co. KGaA has a commercial paper program in the amount of €1,500 million under which short-term notes can be issued. As of December 31, 2023, the commercial paper program of Fresenius SE & Co. KGaA was utilized in the amount of €470 million.

25. BONDS

Fresenius SE & Co. KGaA maintains a debt issuance program which enables the company to issue bonds up to a total volume of €15 billion in various currencies and maturities. In the previous fiscal year, the proceeds of the financing activities were mainly used for general corporate purposes, including refinancing of existing financial liabilities. As of December 31, bonds of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	2023	2022
Fresenius Finance Ireland PLC 2017/2024	€700 million	Jan. 30, 2024	1.50%	700	699
Fresenius Finance Ireland PLC 2021/2025	€500 million	Oct. 1, 2025	0.00%	498	498
Fresenius Finance Ireland PLC 2017/2027	€700 million	Feb. 1, 2027	2.125%	697	696
Fresenius Finance Ireland PLC 2021/2028	€500 million	Oct. 1, 2028	0.50%	498	497
Fresenius Finance Ireland PLC 2021/2031	€500 million	Oct. 1, 2031	0.875%	496	495
Fresenius Finance Ireland PLC 2017/2032	€500 million	Jan. 30, 2032	3.00%	496	496
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%	–	450
Fresenius SE & Co. KGaA 2019/2025	€500 million	Feb. 15, 2025	1.875%	499	498
Fresenius SE & Co. KGaA 2022/2025	€750 million	May 24, 2025	1.875%	749	747
Fresenius SE & Co. KGaA 2022/2026	€500 million	May 28, 2026	4.25%	498	496
Fresenius SE & Co. KGaA 2020/2026	€500 million	Sep. 28, 2026	0.375%	497	497
Fresenius SE & Co. KGaA 2020/2027	€750 million	Oct. 8, 2027	1.625%	745	743
Fresenius SE & Co. KGaA 2020/2028	€750 million	Jan. 15, 2028	0.75%	746	746
Fresenius SE & Co. KGaA 2023/2028	CHF275 million	Oct. 18, 2028	2.96%	295	–
Fresenius SE & Co. KGaA 2019/2029	€500 million	Feb. 15, 2029	2.875%	497	496
Fresenius SE & Co. KGaA 2022/2029	€500 million	Nov. 28, 2029	5.00%	496	495
Fresenius SE & Co. KGaA 2022/2030	€550 million	May 24, 2030	2.875%	543	542
Fresenius SE & Co. KGaA 2023/2030	€500 million	Oct. 5, 2030	5.125%	494	–
Fresenius SE & Co. KGaA 2020/2033	€500 million	Jan. 28, 2033	1.125%	497	497
Fresenius Medical Care AG & Co. KGaA 2019/2023	€650 million	Nov. 29, 2023	0.25%	n.a.	649
Fresenius Medical Care AG & Co. KGaA 2018/2025	€500 million	July 11, 2025	1.50%	n.a.	499
Fresenius Medical Care AG & Co. KGaA 2020/2026	€500 million	May 29, 2026	1.00%	n.a.	497
Fresenius Medical Care AG & Co. KGaA 2019/2026	€600 million	Nov. 30, 2026	0.625%	n.a.	596
Fresenius Medical Care AG & Co. KGaA 2022/2027	€750 million	Sep. 20, 2027	3.875%	n.a.	745
Fresenius Medical Care AG & Co. KGaA 2019/2029	€500 million	Nov. 29, 2029	1.25%	n.a.	498
Fresenius Medical Care AG & Co. KGaA 2020/2030	€750 million	May 29, 2030	1.50%	n.a.	747
Fresenius Medical Care US Finance II, Inc. 2014/2024	US$400 million	Oct. 15, 2024	4.75%	n.a.	374
Fresenius Medical Care US Finance III, Inc. 2019/2029	US$500 million	June 15, 2029	3.75%	n.a.	462
Fresenius Medical Care US Finance III, Inc. 2020/2031	US$1,000 million	Feb. 16, 2031	2.375%	n.a.	930
Fresenius Medical Care US Finance III, Inc. 2021/2026	US$850 million	Dec. 1, 2026	1.875%	n.a.	791
Fresenius Medical Care US Finance III, Inc. 2021/2031	US$650 million	Dec. 1, 2031	3.00%	n.a.	602
Bonds				**9,941**	**16,978**
Interest liabilities				115	–

On October 18, 2023, Fresenius SE & Co. KGaA placed a bond of CHF275 million with a five year maturity.

On October 5, 2023, Fresenius SE & Co. KGaA placed a bond of €500 million with a seven year maturity.

On December 4, 2023, Fresenius SE & Co. KGaA repaid the bond in the amount of €450 million, which was originally due on February 1, 2024 prior to maturity.

As of December 31, 2023, the bond issued by Fresenius Finance Ireland PLC in the amount of €700 million, which was due on January 30, 2024, is shown as current portion of bonds in the consolidated statement of financial position.

On November 28, 2022, Fresenius SE & Co. KGaA placed bonds with an aggregate volume of €1,000 million. The bonds consist of two tranches with maturities of three and a half and seven years.

On May 24, 2022, Fresenius SE & Co. KGaA placed bonds with an aggregate volume of €1,300 million. The bonds consist of two tranches with maturities of three and eight years.

All bonds of Fresenius Finance Ireland PLC are guaranteed by Fresenius SE & Co. KGaA. Some of the bonds issued may be redeemed prior to their maturity at the option of the issuers at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

The holders of Fresenius bonds have the right to request that the issuers repurchase the bonds at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective bonds.

26. CONVERTIBLE BONDS

As of December 31, the convertible bonds of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Coupon	Current conversion price	Book value € in millions 2023	2022
Fresenius SE & Co. KGaA 2017/2024	€500 million	Jan. 31, 2024	0.000%	€103.0631	499	491
Convertible bonds					**499**	**491**

The convertible bonds were repaid at par on January 31, 2024. In November 2023, the conversion rights of the convertible bonds expired. The stock options on treasury shares which Fresenius SE & Co. KGaA purchased in 2017 to protect against risks from conversion rights also expired in November 2023.

As of December 31, 2023, the convertible bonds are shown as current portion of convertible bonds in the consolidated statement of financial position.

27. PENSIONS AND SIMILAR OBLIGATIONS

GENERAL

The Fresenius Group recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Fresenius Group. Fresenius Group's pension plans are structured in accordance with the differing legal, economic and fiscal circumstances in each country. The Fresenius Group currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions. For the members of the Management Board of Fresenius Management SE, both defined benefit plans as well as defined contribution plans exist. In their basic features, these are similar to the obligations for the employees.

Upon retirement under defined benefit plans, the Fresenius Group is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Fresenius Group's major funded defined benefit plans are in Switzerland, the United Kingdom, South Korea, Belgium and Austria. Major unfunded defined benefit plans exist in Germany and France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under Fresenius Group's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefit obligations and the return on plan assets for that year. A company's pension liability is impacted by these actuarial gains or losses.

Related to defined benefit plans, the Fresenius Group is exposed to certain risks. Besides general actuarial risks, e.g. the longevity risk and the interest rate risk, the Fresenius Group is exposed to market risk as well as to investment risk.

In the case of Fresenius Group's funded plans, the defined benefit obligation is offset against the fair value of plan assets (deficit or surplus). A pension liability is recognized in the consolidated statement of financial position if the defined benefit obligation exceeds the fair value of plan assets. An asset is recognized and reported under other assets in the consolidated statement of financial position if the fair value of plan assets exceeds the defined benefit obligation and if the Fresenius Group has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Fresenius Group pays defined contributions to an independent third party as directed by the employee during the employee's service life which satisfies all obligations of the Fresenius Group to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Fresenius Group paid contributions upon leaving the Fresenius Group.

DEFINED BENEFIT PENSION PLANS

At December 31, 2023, the defined benefit obligation (DBO) of the Fresenius Group of €924 million (2022: €1,558 million) included €241 million (2022: €473 million) funded by plan assets and €683 million (2022: €1,085 million) covered by pension liabilities.

Furthermore, the pension liability of the prior year contained benefit obligations offered by other subsidiaries of Fresenius Medical Care in an amount of €45 million.

The current portion of the pension liability in an amount of €18 million (2022: €31 million) is recognized in the consolidated statement of financial position within short-term provisions and other short-term liabilities. The non-current portion of €666 million (2022: €1,099 million) is recorded as pension liability. The decrease of the discount rate from 4.3% to 3.6% led to an increase of the long-term pension liabilities of €82 million, which was offset by the deconsolidation of Fresenius Medical Care and the classification of the Eugin group as disposal group. Therefore, in total, the long-term pension liabilities decreased by €433 million. The discount rate was applied for the German "Versorgungsordnung der Fresenius-Unternehmen", which accounts for the substantial portion of the pension liabilities at approximately 75% as of December 31, 2023 and 2022, respectively.

The major part of pension liabilities relates to Germany. At December 31, 2023, 86% of the pension liabilities were recognized in Germany and 12% predominantly in the rest of Europe and North America. 42% of the beneficiaries were located in Germany, 33% in North America and the remainder throughout the rest of Europe and other continents.

75% of the pension liabilities in an amount of €683 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 2016 (Pension Plan 2016) and to commitments to the Management Board. The Pension Plan 2016 applied for most of the German entities of the Fresenius Group for entries up until December 31, 2019 except Fresenius Helios and Fresenius Vamed. For new entrants from January 1, 2020 onwards, a new defined contribution plan applies for these entities. The remaining pension liabilities relate to individual plans from Fresenius Helios entities in Germany and non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the benefit obligations of the German entities of the Fresenius Group are unfunded. The German Pension Plan 2016 does not have a separate pension asset.

Fresenius Group's benefit obligations relating to fully or partly funded pension plans were €237 million. Benefit obligations relating to unfunded pension plans were €687 million.

The following table shows the changes in benefit obligations, the changes in plan assets, the deficit or surplus of the pension plans and the pension liability. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from Fresenius Group's funded benefit plans.

The net pension liability has developed as follows:

€ in millions	2023	2022
Benefit obligations at the beginning of the year	**1,558**	**2,240**
Changes in entities consolidated	–	-1
Foreign currency translation	1	29
Service cost	59	92
Past service cost	-2	4
Settlements	0	-3
Net interest cost	66	37
Contributions by plan participants	6	6
Transfer of plan participants	13	-7
Remeasurements	53	-769
Actuarial losses (gains) arising from changes in financial assumptions	35	-775
Actuarial losses (gains) arising from changes in demographic assumptions	1	-4
Actuarial losses (gains) arising from experience adjustments	17	10
Benefits paid	-78	-70
Reclassifications to "Liabilities related to Fresenius Medical Care to be deconsolidated under IFRS 5"	-751	n.a.
Reclassifications to „Liabilities directly associated with the assets held for sale"	-1	n.a.
Benefit obligations at the end of the year	**924**	**1,558**
thereof vested	734	1,301

€ in millions	2023	2022
Fair value of plan assets at the beginning of the year	**473**	**583**
Foreign currency translation	2	26
Actual return (cost) on plan assets	32	-117
Interest income from plan assets	19	12
Actuarial gains (losses) arising from experience adjustments	13	-129
Contributions by the employer	23	20
Contributions by plan participants	6	6
Settlements	0	-3
Transfer of plan participants	10	5
Gains from divestitures	–	0
Benefits paid	-49	-47
Reclassifications to "Liabilities related to Fresenius Medical Care to be deconsolidated under IFRS 5"	-256	n.a.
Reclassifications to „Liabilities directly associated with the assets held for sale"	–	n.a.
Fair value of plan assets at the end of the year	**241**	**473**
Net funded position as of December 31	**683**	**1,085**
Benefit plans offered by other subsidiaries	–	45
Net pension liability as of December 31	**683**	**1,130**

As of December 31, 2023, no pension liabilities (December 31, 2022: €9 million) are included for the members of the Management Board of Fresenius Management SE.

The plan assets are neither invested in the Fresenius Group nor in related parties of the Fresenius Group.

As of December 31, 2023, and December 31, 2022, the fair value of plan assets relating to individual pension plans exceeded the corresponding benefit obligations by a minor total amount. Furthermore, for the years 2023 and 2022, there were no effects from asset ceiling.

The discount rates for all plans are based upon yields of portfolios of highly rated debt instruments with maturities that mirror the plan's benefit obligation. Fresenius Group's discount rate is the weighted average of these plans based upon their benefit obligations.

The following weighted average assumptions were utilized in determining benefit obligations as of December 31:

in %	2023	2022
Discount rate	3.52	4.38
Rate of compensation increase	2.39	2.91
Rate of pension increase	1.46	1.80

The inflation trend was taken into account in the rate of pension increase.

Mainly changes in the discount factor, as well as inflation and mortality assumptions used for the actuarial computation resulted in actuarial losses in 2023 which increased the fair value of the defined benefit obligation. The actuarial losses of Fresenius Medical Care were reclassified to retained earnings as part of the deconsolidation in the amount of €57 million.

Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability as of December 31, 2023 as follows:

Development of pension liability € in millions	0.5 pp increase	0.5 pp decrease
Discount rate	-54	56
Rate of compensation increase	10	-12
Rate of pension increase	36	-34

An increase of the mortality rate of 10% would reduce the pension liability by €24 million, while a decrease of 10% would increase the pension liability by €13 million as of December 31, 2023.

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2023. The calculations were performed isolated for each significant actuarial parameter, in order to show the effect on the fair value of the pension liability separately.

Further explanatory notes

Defined benefit pension plans' net periodic benefit costs of €53 million (2022: €68 million) were comprised of the following components:

€ in millions	2023	2022
Service cost	28	55
Net interest cost	25	13
Net periodic benefit cost	**53**	**68**

Net periodic benefit cost is allocated as personnel expense within costs of revenue, selling expenses, general and administrative expenses as well as research and development expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2023	2022
Discount rate	4.73	2.33
Rate of compensation increase	2.57	2.46
Rate of pension increase	1.82	1.71

The following table shows the expected benefit payments for the next 10 years:

for the fiscal years	€ in millions
2024	38
2025	39
2026	39
2027	39
2028	43
2029 to 2033	229
Total expected benefit payments	**427**

At December 31, 2023 (excluding Fresenius Medical Care) and at December 31, 2022 (including Fresenius Medical Care), the weighted average duration of the defined benefit obligation was 11 and 14 years, respectively.

The fair values of plan assets by categories were as follows:

	December 31, 2023				December 31, 2022			
€ in millions	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Categories of plan assets								
Equity investments	69	–	–	69	64	65	–	129
Index funds[1]	32	–	–	32	35	65	–	100
Other equity investments[2]	37	–	–	37	29	–	–	29
Fixed income investments	77	1	–	78	81	176	6	263
Government securities	7	–	–	7	11	0	–	11
Corporate bonds[3]	36	–	–	36	41	170	–	211
Other fixed income investments[4]	34	1	–	35	29	6	6	41
Other[5]	79	15	–	94	69	12	–	81
Total	**225**	**16**	**–**	**241**	**214**	**253**	**6**	**473**

1 This category is mainly comprised of funds that track the following indices: MSCI USA, MSCI Small Cap, MSCI EMU, MSCI EMU Small Cap, MSCI Japan und MSCI Far East ex Japan.
2 This category mainly comprises diversified equity portfolios (including Swiss equities, global hedged equities, global equities and emerging market equities).
3 This category primarily represents investment grade bonds and high-yield bonds.
4 This category is mainly comprised of obligations in Swiss francs and other foreign currencies, most of which are managed passively.
5 This category mainly includes cash, money market funds and mortgages.

The methods and inputs used to measure the fair value of plan assets are as follows:

Index funds are valued based on market quotes.

Other equity investments are valued at their market prices as of the date of the statement of financial position.

Government bonds are valued based on both market prices (Level 1) and market quotes (Level 2).

Corporate bonds and other bonds are valued based on market quotes as of the date of the statement of financial position.

Cash is stated at nominal value which equals the fair value.

Money market funds are valued at their market prices.

DEFINED CONTRIBUTION PLANS

Fresenius Group's total expense under defined contribution plans for 2023 was €152 million (2022: €148 million). Of this amount, €116 million related to contributions by the Fresenius Group to several public supplementary pension funds for employees of Fresenius Helios. This includes €27 million for contributions related to financing the deficit of past service costs.

In accordance with applicable collective bargaining agreements, the Fresenius Group pays contributions for a given number of employees of Fresenius Helios to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds (together referred to as ZVK ÖD) to complement statutory retirement pensions. Given that employees from multiple participating entities are insured by these ZVK ÖDs, these plans are considered Multi-Employer plans.

ZVK ÖDs are defined benefit plans according to IAS 19 since employees are entitled to the statutory benefits regardless of the amounts contributed. The plan assets of the fund necessary to evaluate and calculate the funded status of the Group cannot be obtained from the supplementary pension funds and therefore due to the missing information about future payment obligations, the calculation of a pension liability in accordance with IAS 19 is not possible. Therefore, the obligation is accounted for as defined contribution plan in accordance with IAS 19.34a. The contributions are collected as part of a pay-as-you-go system and are based upon applying a fixed rate to given parts of the employees' gross remuneration.

Paid contributions are accounted for as personnel expenses within costs of revenue, selling expenses as well as general and administrative expenses and amounted to €116 million in 2023 (2022: €114 million). Thereof, €67 million (2022: €66 million) were payments to Rheinische Zusatzversorgungskasse, to Versorgungsanstalt des Bundes und der Länder and to Zusatzversorgungskasse Baden-Württemberg (supplementary pension funds). The Group expects to contribute in 2023 €126 million (including payments relating to past service costs).

28. NONCONTROLLING INTERESTS

As of December 31, noncontrolling interests in the Fresenius Group were as follows:

€ in millions	2023	2022
Noncontrolling interests in Fresenius Medical Care AG & Co. KGaA	n.a.	9,489
Noncontrolling interests in VAMED Aktiengesellschaft	-76	76
Noncontrolling interests in the business segments		
Fresenius Medical Care	n.a.	1,460
Fresenius Kabi	588	602
Fresenius Helios	120	155
Fresenius Vamed	20	21
Total noncontrolling interests	**652**	**11,803**

Accumulated other comprehensive income (loss) allocated to noncontrolling interests mainly relates to currency effects from the translation of financial statements denominated in foreign currencies. For changes in noncontrolling interests, please see the consolidated statement of changes in equity.

29. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Development of subscribed capital

As of January 1, 2023, the subscribed capital of Fresenius SE & Co. KGaA consisted of 563,237,277 bearer ordinary shares.

During fiscal year 2023, no stock options were exercised. Consequently, as of December 31, 2023, the subscribed capital of Fresenius SE & Co. KGaA still consisted of 563,237,277 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

On June 9, 2022, Fresenius SE & Co. KGaA successfully completed a capital increase in kind with subscription rights in return for the contribution of dividend entitlements as part of the share dividend. In connection with the capital increase, 4,735,134 new bearer ordinary shares were issued and the subscribed capital was increased by €4,735,134 to €563,237,277.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 13, 2022, the previous Authorized Capital I was revoked and a new Authorized Capital I (2022) was approved.

Accordingly, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 12, 2027, to increase Fresenius SE & Co. KGaA 's share capital (subscribed capital) by a total amount of up to €125,000,000 through a single or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I (2022)). The number of shares must increase in the same proportion as the subscribed capital. In principle, shareholders must be granted a subscription right. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e.g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, in case of a capital increase against cash contributions, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization. In the case of a subscription in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company.

The authorizations granted concerning the exclusion of subscription rights can be used by Fresenius Management SE only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization.

The changes to the Authorized Capital I became effective upon registration with the commercial register on July 5, 2022.

CONDITIONAL CAPITAL

In order to fulfill the subscription right under the current stock option plan 2013 of Fresenius SE & Co. KGaA, Conditional Capital IV exists (see note 37, Share-based compensation plans). Another Conditional Capital III exists for the authorization to issue option bearer bonds and/or convertible bonds.

This authorization from May 18, 2018 was revoked by resolution of the Annual General Meeting of Fresenius SE & Co. KGaA on May 13, 2022 and replaced by an identical new Conditional Capital III with a five-year term.

Accordingly, the general partner is authorized, with the approval of the Supervisory Board, until May 12, 2027, to issue option bearer bonds and/or convertible bearer bonds, once or several times, for a total nominal amount of up to €2.5 billion. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA is increased conditionally by up to €48,971,202 through issuing of up to 48,971,202 new bearer ordinary shares. The conditional capital increase shall only be implemented to the extent that the holders of cash issued convertible bonds or of cash issued warrants from option bonds exercise their conversion or option rights and as long as no other forms of settlement are used. The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

The new Conditional Capital III became effective upon registration with the commercial register on July 5, 2022.

The Conditional Capital did not change in 2023. It was composed as follows as of December 31, 2023:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003 (expired)	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008 (expired)	3,452,937
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	22,824,857
Total Conditional Capital as of December 31, 2023	**79,984,079**

CAPITAL RESERVES

Capital reserves are comprised of the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital) as well as changes relating to transactions with noncontrolling interests without loss of control.

In the first half of 2022, the capital reserves increased by €142 million in connection with the capital increase of the subscribed capital. The accrued expenses in an amount of €0.8 million were charged against the capital reserves.

OTHER RESERVES

Other reserves are comprised of earnings generated by Group entities in prior years to the extent that they have not been distributed.

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

As the Fresenius Group makes use of the governmental compensation and reimbursement payments provided for in the relief package to compensate for additional costs caused by the increase in energy prices, the Management Board of Fresenius Management SE will not propose to the Annual General Meeting 2024 of Fresenius SE & Co. KGaA to distribute a dividend for fiscal year 2023.

In May 2023, a dividend of €0.92 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid afterwards. The total dividend payment was €518 million. Thereby, the Else Kröner-Fresenius-Stiftung was paid the dividend which it is entitled to as a shareholder in the ordinary share capital of Fresenius SE & Co. KGaA.

In 2022, the shareholders had the opportunity to exchange a portion of the dividend (Dividend Option Portion) for Fresenius SE & Co. KGaA shares. In June 2022, €147 million in dividend entitlements for new shares were distributed from authorized capital and therefore not substituted for cash. The remaining portion of the dividend in the amount of €367 million was paid in cash in June 2022. Thereby, the Else Kröner-Fresenius-Stiftung was paid the dividend which it is entitled to as a shareholder in the ordinary share capital of Fresenius SE & Co. KGaA in both, pro rata, shares and in cash.

30. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is comprised of all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in the components of other comprehensive income (loss) in 2023 and 2022 were as follows:

€ in millions	Amount before taxes	Tax effect	Amount after taxes
Positions which will be reclassified into net income in subsequent years			
Cash flow hedges	23	-5	18
Change in unrealized gains/losses	18	-3	15
Realized gains/losses due to reclassifications	5	-2	3
FVOCI debt instruments	-45	8	-37
Foreign currency translation	1,143	3	1,146
Positions which will not be reclassified into net income in subsequent years			
FVOCI equity investments	9	-1	8
Equity method investees - share of OCI	24	-1	23
Actuarial gains/losses on defined benefit pension plans	640	-182	458
Total changes 2022	**1,794**	**-178**	**1,616**
Positions which will be reclassified into net income in subsequent years			
Cash flow hedges	-11	3	-8
Change in unrealized gains/losses	-3	1	-2
Realized gains/losses due to reclassifications	-8	2	-6
FVOCI debt instruments	24	-4	20
Equity method investees - share of OCI	-24	–	-24
Foreign currency translation	-231	1	-230
Positions which will not be reclassified into net income in subsequent years			
FVOCI equity investments	4	-1	3
Equity method investees - share of OCI	-19	–	-19
Actuarial gains/losses on defined benefit pension plans	137	-38	99
Total changes 2023	**-120**	**-39**	**-159**

OTHER NOTES

31. COMMITMENTS AND CONTINGENCIES

As of December 31, 2023, future investment commitments existed in respect to acquired hospitals, which are projected to amount up to €7 million which relate to the year 2024.

As of December 31, 2022, future investment commitments existed in respect to acquired hospitals, which are projected to amount up to €54 million until 2024. Thereof €27 million relate to the year 2023.

In addition to the contractual obligations mentioned above, there are other purchase obligations for services and materials that are used in the normal course of business.

LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing healthcare services and products. The Fresenius Group records its litigation reserves for certain legal proceedings and regulatory matters to the extent that the Fresenius Group determines an unfavorable outcome is probable and the amount of loss can be reasonably estimated. For the other matters, the Fresenius Group believes that the loss is not probable and/or the loss or range of possible losses cannot be reasonably estimated at this time.

The outcome of litigation and other legal matters is often difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

General risks

From time to time, the Fresenius Group is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Fresenius Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other healthcare providers and suppliers, conducts its operations under intense government regulation and scrutiny. For example, the Fresenius Group must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, hospitals and other healthcare facilities, and environmental and occupational health and safety. In case of non-compliance, the Fresenius Group could be subject to significant adverse regulatory actions by the competent supervisory authorities. These regulatory actions could include warning letters or other enforcement notices from health authorities which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices, these health authorities could take additional actions, primarily product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of the Fresenius Group's products and/or criminal prosecution.

By virtue of this regulatory environment, the Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to the Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

The Fresenius Group operates many facilities and handles the personal data of its patients and beneficiaries throughout many parts of the world, and engages with other business associates to help it carry out its healthcare activities. In such a widespread, global system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies and its business associates. Accordingly, it cannot be ruled out that the Fresenius Group or its business associates may experience breaches of data protection and data security regulations when there has been impermissible use, access, or disclosure of unsecured personal data or when the Fresenius Group or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or a data breach that results in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries. On those occasions, the Fresenius Group must comply with applicable breach notification requirements.

The Fresenius Group relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of its employees. On occasion, the Fresenius Group may identify instances where employees or other agents recklessly or inadvertently contravene internal policies or violate legal regulations. Such conduct by employees can lead to liability on the part of the Fresenius Group or its subsidiaries.

Physicians, hospitals and other participants in the healthcare industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Fresenius Group has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Fresenius Group maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Fresenius Group or one of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Fresenius Group's reputation and business.

The Fresenius Group has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Fresenius Group has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Fresenius Group or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Fresenius Group's reputation and business.

32. LEASES

The Fresenius Group leases land, buildings and improvements, machinery and equipment, as well as IT- and office equipment under various lease agreements.

LEASES IN THE CONSOLIDATED STATEMENT OF INCOME

The following table shows the effects from lease agreements on the consolidated statements of income for 2023 and 2022:

€ in millions	2023	2022
Depreciation on right-of-use assets	238	226
Impairments on right-of-use assets	1	5
Expenses relating to short-term leases	28	30
Expenses relating to leases of low-value assets	29	26
Expenses relating to variable lease payments	19	15
Losses/gains arising from sale and leaseback transactions	–	-32
Other expenses/income from lease agreements	1	4
Interest expenses on lease liabilities	61	52

LEASES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, the acquisition costs and the accumulated depreciation of right-of-use assets consisted of the following:

ACQUISITION COSTS

€ in millions	As of January 1, 2023	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	Reclassifications to "Assets related to Fresenius Medical Care to be deconsolidated under IFRS 5"	Reclassifications to "Assets held for sale"	As of December 31, 2023
Right-of-use assets: Land	135	0	0	3	0	4	-38	0	96
Right-of-use assets: Buildings and improvements	8,670	-128	-18	459	-13	148	-6,407	-89	2,326
Right-of-use assets: Machinery and equipment	566	-7	0	90	-22	63	-314	0	250
Right-of-use assets: Advanced Payments	–	–	–	–	–	–	–	–	–
Right-of-use assets	**9,371**	**-135**	**-18**	**552**	**-35**	**215**	**-6,759**	**-89**	**2,672**

In fiscal year 2023, reclassifications were mainly made to property, plant and equipment as the Fresenius Group purchased previously leased buildings and equipment from the landlords.

DEPRECIATION

€ in millions	As of January 1, 2023	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	Reclassifications to "Assets related to Fresenius Medical Care to be deconsolidated under IFRS 5"	Reclassifications to "Assets held for sale"	**As of December 31, 2023**
Right-of-use assets: Land	32	0	0	7	0	2	-16	0	21
Right-of-use assets: Buildings and improvements	3,034	-53	-10	512	-17	91	-2,666	-20	689
Right-of-use assets: Machinery and equipment	383	-5	0	75	-6	54	-249	0	144
Right-of-use assets: Advanced Payments	–	–	–	–	–	–	–	–	–
Right-of-use assets	**3,449**	**-58**	**-10**	**594**	**-23**	**147**	**-2,931**	**-20**	**854**

ACQUISITION COSTS

€ in millions	As of January 1, 2022	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2022**
Right-of-use assets: Land	128	1	–	10	0	4	135
Right-of-use assets: Buildings and improvements	7,829	273	-9	706	-1	128	8,670
Right-of-use assets: Machinery and equipment	603	22	2	86	-44	103	566
Right-of-use assets: Advanced Payments	–	–	–	–	–	–	–
Right-of-use assets	**8,560**	**296**	**-7**	**802**	**-45**	**235**	**9,371**

In fiscal year 2022, reclassifications were mainly made to property, plant and equipment as the Fresenius Group purchased previously leased buildings and equipment from the landlords.

DEPRECIATION

€ in millions	As of January 1, 2022	Foreign currency translation	Changes in consolidation	Additions	Reclassifications	Disposals	**As of December 31, 2022**
Right-of-use assets: Land	25	0	–	9	0	2	32
Right-of-use assets: Buildings and improvements	2,162	74	-8	863	9	66	3,034
Right-of-use assets: Machinery and equipment	359	14	-1	111	-3	97	383
Right-of-use assets: Advanced Payments	–	–	–	–	–	–	–
Right-of-use assets	**2,546**	**88**	**-9**	**983**	**6**	**165**	**3,449**

CARRYING AMOUNTS

€ in millions	December 31, 2023	December 31, 2022
Right-of-use assets: Land	75	103
Right-of-use assets: Buildings and improvements	1,637	5,636
Right-of-use assets: Machinery and equipment	106	183
Right-of-use assets: Advanced Payments	–	–
Right-of-use assets	**1,818**	**5,922**

Depreciation expense and impairments on right-of-use assets amounted to €594 million for the year ended December 31, 2023 (2022: €983 million) and include impairments in an amount of €12 million (2022: €32 million). Costs of revenue, selling, general and administrative and research and development expenses comprise depreciation expense and impairments of €239 million (2022: €231 million (restated for Fresenius Medical Care)) depending upon the area in which the asset is used.

As of December 31, 2023, lease liabilities comprised a current portion of €206 million (2022: €851 million) and a non-current portion of €1,792 million (2022: €5,741 million). In 2023, approximately 59% of the lease liabilities related to Fresenius Helios, approximately 25% to Fresenius Vamed and approximately 16% to Fresenius Kabi.

LEASES IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Total cash outflows from leases were €343 million for the year ended December 31, 2023 (2022: €325 million).

In the consolidated statement of cash flows, the interest component of recognized leases is shown in net cash provided by/used in operating activities, the amortization component is shown in net cash provided by/used in financing activities.

The following potential future cash outflows were not reflected in the measurement of the lease liabilities:

€ in millions	2023	2022
Potential cash outflows from:		
extension options	440	466
purchase options	249	268
leases that the Fresenius Group entered into as a lessee that have not yet begun	23	31
residual value guarantees	186	136
variable lease payments	53	62
penalty payments from the exercise of termination options	7	8

Potential future cash outflows resulting from the exercise of options were not reflected in the measurement of the lease liabilities if the exercise of the respective option was not considered reasonably certain.

The major part of the potential future cash outflows resulting from extension options relates to real estate lease agreements, primarily for rehabilitation clinics of Fresenius Vamed in Switzerland. Individual lease agreements include multiple extension options. The Fresenius Group uses extension options to obtain a high degree of flexibility in performing its business. These extension options held are exercisable solely by the Fresenius Group.

33. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments

As of December 31, the carrying amounts of financial instruments by item of the statement of financial position and structured according to categories were as follows:

	December 31, 2023							
					Relating to no category			
€ in millions	Carrying amount	Amortized cost	Fair value through profit and loss[1]	Fair value through other comprehensive income[2]	Derivatives designated as cash flow hedging instruments at fair value	Put option liabilities measured at fair value	Valuation according to IFRS 16 for leasing receivables and liabilities	Valuation of continuing involvement
Financial assets								
Cash and cash equivalents	2,562	2,512	50					
Trade accounts and other receivables, less allowances for expected credit losses	3,673	3,471	173	1			1	27
Other financial assets[3]	1,864	1,763	71	16	14			
Financial assets	**8,099**	**7,746**	**294**	**17**	**14**	**–**	**1**	**27**
Financial liabilities								
Trade accounts payable	1,488	1,488						
Short-term debt	569	569						
Long-term debt	2,708	2,708						
Lease liabilities	1,998						1,998	
Bonds	10,056	10,056						
Convertible bonds	499	499						
Other financial liabilities[4]	2,470	1,491	406		6	522		45
Financial liabilities	**19,788**	**16,811**	**406**	**–**	**6**	**522**	**1,998**	**45**

[1] All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.
[2] The option to measure equity instruments at fair value through other comprehensive income has been exercised. The option has been used for €16 million other investments (included in other financial assets).
[3] Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.
[4] Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.

In fiscal year 2023, reclassifications between the categories were immaterial.

	December 31, 2022						
					Relating to no category		
€ in millions	Carrying amount	Amortized cost	Fair value through profit and loss[1]	Fair value through other comprehensive income[2]	Derivatives designated as cash flow hedging instruments at fair value	Put option liabilities measured at fair value	Valuation according to IFRS 16 for leasing receivables and liabilities
Financial assets							
Cash and cash equivalents	2,749	2,398	351				
Trade accounts and other receivables, less allowances for expected credit losses	7,161	6,801	268	3			89
Other financial assets[3]	2,763	1,907	279	427	21		129
Financial assets	**12,673**	**11,106**	**898**	**430**	**21**	**–**	**218**
Financial liabilities							
Trade accounts payable	2,164	2,164					
Short-term debt	867	867					
Long-term debt	2,835	2,835					
Lease liabilities	6,592						6,592
Bonds	16,978	16,978					
Convertible bonds	491	491					
Other financial liabilities[4]	5,400	2,732	652		11	2,005	
Financial liabilities	**35,327**	**26,067**	**652**	**–**	**11**	**2,005**	**6,592**

[1] All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.
[2] The option to measure equity instruments at fair value through other comprehensive income has been exercised. The option has been used for €88 million (included in other financial assets).
[3] Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.
[4] Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.

In fiscal year 2022, no reclassifications between the categories occurred.

Fair value of financial instruments

The following table shows the carrying amounts and the fair value hierarchy levels as of December 31:

€ in millions	December 31, 2023				December 31, 2022			
		Fair value				Fair value		
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents[1]	50	50			351	351		
Trade accounts and other receivables, less allowances for expected credit losses[1]	175		175		271		271	
Other financial assets[1]								
Debt instruments	–	–			445	445		
Equity investments	35		27	8	224	36	103	85
Derivatives designated as cash flow hedging instruments	14		14		21		21	
Derivatives not designated as hedging instruments	28		28		37		37	
Other financial assets	24			24	–			–
Financial liabilities								
Long-term debt	2,708		2,683		2,835		2,770	
Bonds	10,056	9,591			16,978	14,872		
Convertible bonds	499	498			491	481		
Other financial liabilities[1]								
Put option liabilities	522			522	2,005			2,005
Accrued contingent payments outstanding for acquisitions	397			397	633			633
Derivatives designated as cash flow hedging instruments	6		6		11		11	
Derivatives not designated as hedging instruments	9		9		19		19	

[1] Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of the fair value due to the relatively short period of maturity of these instruments.

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents include short-term financial investments that are measured at fair value through profit and loss. The fair value of these assets, which are quoted in an active market, is based on price quotations at the date of the consolidated financial statements (Level 1).

Trade accounts receivable from factoring contracts are measured on the basis of observable market information (Level 2).

The majority of debt instruments included in other financial assets in 2022 are bonds that are quoted in an active market and therefore measured at fair value (Level 1) which is based on price quotations at the date of the consolidated financial statements.

Equity investments are not held for trading. At initial recognition, the Fresenius Group elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic investments in other comprehensive income (loss). All equity investments for which changes in fair value are recorded in other comprehensive income (loss) relate to purchases of publicly traded shares or percentage ownership of companies in the health sciences or adjacent fields and are made up of individually non-significant investments. At December 31, 2023, the Fresenius Group held 57 non-listed equity investments (December 31, 2022: 70) with a fair value of €16 million (December 31, 2022: €88 million). In 2023, the Fresenius Group recognized dividends of €1 million (2022: €4 million) from these equity investments.

During 2023, due to the deconsolidation of Fresenius Medical Care, gains of €3 million were reclassified from other comprehensive income to retained earnings.

During 2022, gains of €67 million were reclassified from other comprehensive income to retained earnings, primarily due to the disposal of an investment measured at fair value through other comprehensive income and the subsequent reclassification of the related net gain to retained earnings by Vifor Fresenius Medical Renal Pharma Ltd. (Fresenius Medical Care's equity method investee) as well as a disposal of an investment. Of this amount, €22 million was attributable to the shareholders of Fresenius SE & Co. KGaA.

The fair values of equity investments are based on observable market information (Level 2). In addition, other equity investments and other financial assets are classified as Level 3 of the fair value hierarchy. A discounted cash flow model is used for the valuation of these equity investments. The valuation models used to determine the fair value of rental deposit payments that are dependent on the proceeds from realization take into account the present value of the payments made, which are discounted using a risk-adjusted discount rate.

The fair values of major long-term financial instruments are calculated on the basis of market information. Liabilities for which market quotes are available are measured with the market quotes at the reporting date (Level 1). The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used (Level 2).

The valuation of the put option liabilities is determined using significant unobservable inputs (Level 3). The method for calculating the fair value is described in note 1. III. r, Financial instruments. For the purpose of analyzing the impact of changes in unobservable inputs on the fair value measurement of put option liabilities, the Fresenius Group assumes an increase on earnings of 10% compared to the actual estimation as of the balance sheet date. The corresponding increase in fair value of €50 million is then compared to the total liabilities and the shareholder's equity of the Fresenius Group. This analysis shows that an increase of 10% in the relevant earnings would have an effect of less than 1% on the total liabilities and on the shareholder's equity of the Fresenius Group. At December 31, 2023, 93% of the put option liabilities related to Fresenius Kabi (December 31, 2022: 23% (before deconsolidation of Fresenius Medical Care)).

Contingent payments outstanding for acquisitions are recognized at their fair value. The estimation of the individual fair values is based on the key inputs of the arrangement that determine the future contingent payment as well as the Fresenius Group's expectation of these factors (Level 3). The Fresenius Group assesses the likelihood and timing of achieving the relevant objectives. The underlying assumptions are reviewed regularly.

The following table shows the changes of the fair values of financial instruments classified as Level 3 in fiscal years 2023 and 2022:

€ in millions	Equity investments and other financial assets	Accrued contingent payments outstanding for acquisitions	Put option liabilities
As of January 1, 2022	**93**	**528**	**1,044**
Additions	3	162	1,112
Disposals	–	-54	-7
Gain/loss recognized in profit or loss	-14	-4	1
Gain/loss recognized in equity	–	0	-175
Currency effects and other changes	3	1	30
As of December 31, 2022	**85**	**633**	**2,005**
Additions	29	30	25
Disposals	–	-196	-36
Gain/loss recognized in profit or loss	-35	-29	0
Gain/loss recognized in equity	–	–	9
Currency effects and other changes	0	-4	-27
Reclassifications to "Assets/Liabilities related to Fresenius Medical Care to be deconsolidated under IFRS 5"	-47	-36	-1,409
Reclassifications to „Liabilities directly associated with the assets held for sale"	–	-1	-45
As of December 31, 2023	**32**	**397**	**522**

The existing derivatives are valued as follows: To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of the cross currency swap, the contracted future cash flows are also compared with the expected future cash flows based on the market data prevailing on the measurement date. The corresponding results are then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Fresenius Group monitors and analyzes the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

Derivatives not designated as hedging instruments comprise derivatives embedded in convertible bonds and call options which have been purchased to hedge the convertible bonds. The fair value of the embedded derivatives is calculated using the difference between the market value of the particular convertible bonds and the market value of an adequate straight bond discounted with the market interest rates as of the reporting date. The fair value of the call options is calculated from price quotations.

For the calculation of the fair value of derivative financial instruments, the Fresenius Group uses market quoted input parameters. Therefore, these are classified as Level 2 in accordance with the defined fair value hierarchy levels.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Transfers of financial assets

In 2022, the Fresenius Group entered into two factoring agreements for the sale of receivables from the provision of health care services with a volume of €440 million. In 2023, the Fresenius Group entered into two new tranches with a volume of €257 million under the existing agreements.

The assessment of the risks arising from the receivables sold is based on the credit risk (default risk) and the risk of late payment (late payment risk). The credit risk is transferred in full to the buyers. The late payment risk remains fully with the Fresenius Group. Substantially all of the risks and rewards associated with the receivables sold have neither been transferred nor retained (allocation of significant risks and rewards between the Fresenius Group and the buyers).

The Fresenius Group continues to account for the receivables transferred at the amount of its continuing involvement, i.e. the maximum amount for which it remains liable for the late payment risk inherent in the receivables sold, and recognizes a corresponding associated liability reported as liabilities to credit institutions. The carrying amount of the continuing involvement from the receivables sold as of the reporting date is €27 million. The carrying amount of the associated liability is €45 million and the fair value of the associated liability expensed is €18 million. The Fresenius Group continues to perform collection (servicing) for the transferred receivables without being remunerated for this service. Since existing structures within the Fresenius Group are used for this service and the expense attributable to the program is immaterial, no separate servicing liability was recognized.

In addition, the Fresenius Group has other programs for the sale of trade accounts receivable and receivables from the provision of health care services under which substantially all risks and rewards are transferred to the buyers of the receivables.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2023		December 31, 2022	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Foreign exchange contracts (current)	5	6	20	11
Foreign exchange contracts (non-current)	9	–	1	–
Derivatives in cash flow hedging relationships	**14**	**6**	**21**	**11**
Foreign exchange contracts (current)	28	9	20	18
Foreign exchange contracts (non-current)	0	0	17	1
Derivatives embedded in the convertible bonds	–	–	–	0
Call options to secure the convertible bonds	–	–	0	–
Derivatives not designated as hedging instruments	**28**	**9**	**37**	**19**

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

The current portion of derivatives indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term provisions and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term provisions and other long-term liabilities, respectively. The derivatives embedded in the convertible bonds and the call options to secure the convertible bonds are recognized in other current and non-current liabilities / assets in the consolidated statement of financial position.

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment. These master netting agreements do not provide a basis for offsetting the fair values of derivative financial instruments in the consolidated statement of financial position as the offsetting criteria under International Financial Reporting Standards are not satisfied.

At December 31, 2023 and December 31, 2022, the Fresenius Group had €39 million and €50 million of derivative financial assets subject to netting arrangements and €14 million and €28 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €32 million and €37 million as well as net liabilities of €7 million and €15 million at December 31, 2023 and December 31, 2022, respectively.

Effects of financial instruments recorded in the consolidated statement of income

In 2023, the net gains and losses from financial instruments consisted of allowances for expected credit losses (including recoveries) in an amount of €57 million (2022: €22 million) and expenses from foreign currency transactions of €59 million (2022: €53 million). In 2023, interest income of €118 million resulted mainly from interest income on receivables and from discounting effects. In 2022, interest income of €130 million resulted mainly from interest income related to the release of interest accruals on tax positions, from discounting effects as well as from accrued contingent payments outstanding for acquisitions. In 2023, interest expense of €534 million resulted mainly from Fresenius Group's financial liabilities, which are recognized at amortized cost, from interest expenses in connection with the addition of interest accruals on tax positions and from accrued contingent payments outstanding for acquisitions. Moreover, €61 million related to lease liabilities. Interest expense of €345 million in 2022 resulted mainly from Fresenius Group's financial liabilities, which are recognized at amortized cost. Moreover, €52 million related to lease liabilities.

During 2023, the Fresenius Group recognized net losses of €35 million (2022: net gains of €5 million) from changes in the fair value of equity investments, debt instruments and other financial assets that are measured at fair value through profit and loss within other operating income and expenses and net interest. Income of €29 million (2022: none) resulted from the valuation of accrued contingent payments outstanding for acquisitions. In 2023, income of €29 million (2022: €24 million) resulted from operating leases.

Income and expense from financial instruments recorded in other comprehensive income (loss) related to derivatives in cash flow hedging relationships and to equity investments and debt instruments measured at fair value through other comprehensive income.

The changes of cash flow hedges in accumulated other comprehensive income (loss) before tax for the years 2023 and 2022 are as follows:

EFFECT OF DERIVATIVES ON THE ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	2023				
	Cash Flow Hedge Reserve		Costs of Hedging Reserve		
€ in millions	Changes of the unrealized gains/losses in other comprehensive income (loss)	Reclassifications from other comprehensive income (loss)[1]	Changes of the unrealized gains/losses in other comprehensive income (loss)	Reclassifications from other comprehensive income (loss)[1]	Affected line item in the consolidated statement of income/consolidated statement of financial position
Foreign exchange contracts	-1	-10	-2	2	
thereof		–		0	Revenue
		0		–	Costs of revenue
		0		0	General and administrative expenses
		-17		2	Other operating income/expenses
		–		0	Interest income/expenses
		7		–	Net income from deconsolidated Fresenius Medical Care operations
Derivatives in cash flow hedging relationships	**-1**	**-10**	**-2**	**2**	

	2022				
	Cash Flow Hedge Reserve		Costs of Hedging Reserve		
€ in millions	Changes of the unrealized gains/losses in other comprehensive income (loss)	Reclassifications from other comprehensive income (loss)[1]	Changes of the unrealized gains/losses in other comprehensive income (loss)	Reclassifications from other comprehensive income (loss)[1]	Affected line item in the consolidated statement of income/consolidated statement of financial position
Interest rate contracts	–	2	n.a.	n.a.	Interest income/expense
Foreign exchange contracts	20	4	-2	-1	
thereof		3		0	Revenue
		-2		2	Costs of revenue
		0		0	General and administrative expenses
		4		2	Other operating income/expenses
		–		-5	Interest income/expenses
		-1		0	Inventories
Derivatives in cash flow hedging relationships	**20**	**6**	**-2**	**-1**	

[1] In the consolidated statement of income, no gains or losses from ineffectiveness and only immaterial gains/losses from a hedged underlying transaction, that is no longer expected to occur, are recognized. Gains are shown with a negative sign and losses with a positive sign.

The Fresenius Group solely designates the spot element of the foreign exchange forward contracts as hedging instrument in cash flow hedges. Changes of the fair value of derivative financial instruments that are designated as cash flow hedges are recorded and accumulated within other comprehensive income (loss).

The effective portion of changes in fair value of the spot element of the hedging instruments is accumulated in a cash flow hedge reserve within other comprehensive income (loss). The forward points of the foreign exchange forward contract is accounted for as costs of hedging reserve within other comprehensive income (loss).

For all cash flow hedges, except for foreign currency risk associated with forecasted purchases of non-financial assets, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged forecasted cash flows affect profit or loss. For cash flow hedges of foreign currency risk associated with forecasted purchases of non-financial assets, the amounts accumulated in the cash flow hedge reserve are instead included directly in the initial cost of the asset when it is recognized. The same approach applies to the amounts accumulated in the costs of hedging reserve.

EFFECT OF DERIVATIVES ON THE CONSOLIDATED STATEMENT OF INCOME

€ in millions	Gain or loss recognized in the consolidated statement of income 2023	2022	Affected line item in the consolidated statement of income
Interest rate contracts	–	0	Interest income/expense
Foreign exchange contracts	16	-20	Other operating income/expense
Foreign exchange contracts	-4	15	Interest income/expense
Derivatives embedded in the convertible bonds	0	0	Interest income/expense
Call options to secure the convertible bonds	0	0	Interest income/expense
Derivatives not designated as hedging instruments	**12**	**-5**	

In 2023, gains (2022: losses) from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses (2022: gains) from the underlying transactions in the corresponding amount.

MARKET RISK

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues bonds and commercial papers and enters into long-term credit agreements and Schuldschein Loans with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with financial institutions within the limits approved by the Management Board, which are set depending on the counterparty's rating. The counterparties generally have an investment grade rating. Derivative financial instruments are not entered into for trading purposes.

The Fresenius Group makes sure that hedge accounting relationships are aligned with its Group risk management objectives and strategy and that a qualitative and forward-looking approach is used for assessing hedge effectiveness.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and implemented.

The Fresenius Group makes sure there is an economic relationship between the hedged item and the hedging instrument and ensures reasonable hedge ratios of the designated hedged items with interest and currency risks. This is achieved by matching to a large extent the critical terms of the interest and foreign exchange derivatives with the critical terms of the underlying exposures. Therefore, the earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period. In principle, sources of inefficiency are risk of credit default and time lags of underlying exposures.

Foreign exchange risk management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist. These mainly relate to transactions denominated in foreign currencies, such as purchases and sales, projects and services as well as intragroup sales of products to other Fresenius Group entities in different currency areas. Therefore, the subsidiaries are affected by changes of foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group applies appropriate financial instruments.

In connection with the issuance of the CHF bond and the resulting cash-effective foreign exchange risks, the foreign exchange risks were hedged by concluding a cross currency swap simultaneously. As of December 31, 2023, the notional volume of the cross currency swap was CHF275 million (€297 million), its fair value amounted to €8 million with a remaining term to maturity of 58 months.

For loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts. The Fresenius Group solely designates the spot element of the foreign exchange forward contract as hedging instrument in cash flow hedges and uses a hedge ratio for designated risks of 1 : 1. The fair value of foreign exchange contracts designated as cash flow hedges used to hedge operating transaction risks was -€1 million (December 31, 2022: €18 million) and in relation with loans in foreign currencies €1 million (December 31, 2022: -€7 million).

As of December 31, 2023, the notional amounts of foreign exchange contracts totaled €2,121 million (December 31, 2022: €4,420 million). Thereof €2,080 million (December 31, 2022: €4,120 million) were due in less than 12 months. As of December 31, 2023, the Fresenius Group was party to foreign exchange contracts with a maximum remaining term to maturity of 58 months. The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following 12 months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations, using the values of the last 50 exchange rates with an interval of 21 trading days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year.

The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i. e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. As of December 31, 2023, the Fresenius Group's cash flow at risk amounted to €25 million based on a net exposure of €752 million. This means, with a probability of 95%, a potential loss in relation to the forecasted foreign exchange cash flows of the next 12 months will be not higher than €25 million.

The following table shows the average hedging rates and nominal amounts of foreign exchange contracts for material currency pairs at December 31, 2023.

	Nominal amount in € millions	Average hedging rate
Euro/Swedish krona	935	10.9466
Euro/U.S. dollar	801	1.0998
Euro/Chinese renminbi	254	7.6722

Interest rate risk management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

As of December 31, 2023, the Fresenius Group had not entered into any interest rate derivatives.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to shareholders of Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of approximately 1.1% on the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA and an effect of less than 0.1% on Fresenius SE & Co. KGaA shareholders' equity.

CREDIT RISK

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty will fail to meet its obligations as the counterparties are highly rated financial institutions (generally investment grade).

The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €34 million (December 31, 2022: €58 million) for foreign exchange derivatives. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an aging analysis of trade accounts receivable. For details on trade accounts receivable and on the allowances for expected credit losses, please see note 16, Trade accounts and other receivables.

LIQUIDITY RISK

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term and long-term borrowings are sufficient to meet the company's foreseeable demand for liquidity (see note 24, Debt).

The following table shows the future undiscounted contractual cash flows (including interests) resulting from recognized financial liabilities and derivative financial instruments:

€ in millions	2023 up to 1 year	2023 1 to 3 years	2023 3 to 5 years	2023 more than 5 years	2022 up to 1 year	2022 1 to 3 years	2022 3 to 5 years	2022 more than 5 years
Non-derivative financial instruments								
Long-term debt (including Accounts Receivable Facility)[1]	579	1,497	702	246	731	1,018	995	520
Short-term debt	575	–	–	–	889	–	–	–
Lease liabilities	233	408	327	1,210	1,045	1,866	1,487	3,449
Bonds	912	3,129	3,266	3,773	997	4,411	5,587	8,118
Convertible bonds	500	–	–	–	–	500	–	–
Trade accounts payable	1,488	–	–	–	2,163	–	–	–
Other financial liabilities	1,499	5	1	0	2,733	4	1	0
Contingent payments outstanding for acquisitions	88	92	171	94	254	114	111	216
Put option liabilities	14	484	18	11	688	710	598	68
Total non-derivative financial instruments	**5,888**	**5,615**	**4,485**	**5,334**	**9,500**	**8,623**	**8,779**	**12,371**
Derivative financial instruments								
Derivatives designated as cash flow hedging instruments								
Inflow	-287	-17	-315	–	-497	–	–	–
Outflow	299	27	312	–	507	–	–	–
Net derivatives designated as cash flow hedging instruments	**12**	**10**	**-3**	**–**	**10**	**–**	**–**	**–**
Derivatives not designated as hedging instruments								
Inflow	-613	-12	–	–	-1,398	-37	–	–
Outflow	622	14	–	–	1,419	35	–	–
Net derivatives not designated as hedging instruments	**9**	**2**	**–**	**–**	**21**	**-2**	**–**	**–**
Total derivative financial instruments	**21**	**12**	**-3**	**–**	**31**	**-2**	**–**	**–**
Total non-derivative and derivative financial instruments	**5,909**	**5,627**	**4,482**	**5,334**	**9,531**	**8,621**	**8,779**	**12,371**

[1] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2023.

34. INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. Capital management includes both equity and debt. Principal objectives of Fresenius Group's capital management are to ensure financial flexibility, to limit refinancing risks and to optimize the weighted average cost of capital. Further, it is sought to achieve a balanced mix of equity and debt.

Due to the company's diversification within the health care sector and the strong market positions of the business segments in global, growing and non-cyclical markets, predictable and sustainable cash flows are generated. They allow a reasonable proportion of debt. Moreover, Fresenius Group's customers are generally of high credit quality.

Measures to strengthen the equity base may also be considered in exceptional cases to ensure long-term growth.

Shareholders' equity and debt have developed as follows:

SHAREHOLDERS' EQUITY

€ in millions	December 31, 2023	December 31, 2022
Shareholders' equity	19,651	32,218
Total assets	45,284	76,400
Equity ratio	43.4%	42.2%

Fresenius SE & Co. KGaA is not subject to any capital requirements provided for in its articles of association. Fresenius SE & Co. KGaA has obligations to issue shares out of the Conditional Capital relating to the exercise of stock options on the basis of the existing 2013 Stock Option Plan (see note 37, Share-based compensation plans).

DEBT

€ in millions	December 31, 2023	December 31, 2022
Debt	15,830	27,763
Total assets	45,284	76,400
Debt ratio	35.0%	36.3%

Assuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a broad spread of maturities, a wide range of financing instruments, the investment grade credit rating and a high degree of diversification of investors and banks. Fresenius Group's maturity profile displays a broad spread of maturities with a high proportion of medium- and long-term financing. In the choice of financing instruments, market capacity, investor diversification, capital cost, flexibility and the existing maturity profile are taken into account.

The leverage ratio on the basis of net debt/EBITDA is a key financial figure for the Fresenius Group. As of December 31, 2023, the leverage ratio, calculated on the basis of year-end exchange rates, before special items was 3.76 (December 31, 2022: 3.80).

Fresenius Group's financing strategy is reflected in its investment grade credit ratings. The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

RATING OF FRESENIUS SE & CO. KGAA

	December 31, 2023	December 31, 2022
Standard & Poor's		
Corporate Credit Rating	BBB	BBB
Outlook	negative	stable
Moody's		
Corporate Credit Rating	Baa3	Baa3
Outlook	stable	stable
Fitch		
Corporate Credit Rating	BBB -	BBB -
Outlook	stable	negative

On August 25, 2023, Fitch revised the outlook from negative to stable. The Corporate Credit Rating was affirmed at BBB-.

On February 27, 2023, Moody's affirmed the Baa3 Corporate Credit Rating and the stable outlook.

On February 24, 2023, Standard & Poor's confirmed Fresenius SE & Co. KGaA's BBB Corporate Credit Rating, the outlook was changed from stable to negative.

On November 15, 2022, Fitch confirmed Fresenius SE & Co. KGaA's BBB- Corporate Credit Rating, the outlook was changed from stable to negative.

35. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash funds reported in the consolidated statement of cash flows and in the consolidated statement of financial position are comprised of cash on hand, checks, securities and cash at bank which are readily convertible within three months and are subject to insignificant risk of changes in value.

In 2023, Fresenius Helios has used subsidies for investments in property, plant and equipment in the amount of €46 million (2022: €59 million), that were offset in the consolidated statement of cash flows in the item purchases of property, plant and equipment.

Cash paid for acquisitions consisted of the following:

€ in millions	2023	2022
Assets acquired	210	1,643
Liabilities assumed	–	-244
Noncontrolling interests	–	-418
Debt assumed	24	-153
Cash paid	**234**	**828**
Cash acquired	–	-16
Total cash paid for acquisitions and investments and purchases of intangible assets	**234**	**812**

As part of the deconsolidation of Fresenius Medical Care, cash and cash equivalents in an amount of €1,303 million were derecognized.

Proceeds from the sale of subsidiaries were €1 million in 2023 (2022: €29 million.)

The following table shows a reconciliation of debt to cash flow from financing activities in 2023 and 2022:

			Non-cash changes								
€ in millions	January 1, 2023	Cash flow	Assumed as part of acquisitions	Foreign currency translation	Amortization of debt issuance costs	New lease contracts	Interest liabilities	Other[1]	Reclassifications to "Liabilities related to Fresenius Medical Care to be deconsolidated under IFRS 5"	Reclassifications to "Liabilities directly associated with the assets held for sale"	**December 31, 2023**
Short-term debt	867	568	0	-7	–	–	28	15	-902	–	569
Long-term debt, less Accounts Receivable Facility of Fresenius Medical Care	2,835	89	-40	-17	56	–	116	49	-372	-8	2,708
Lease liabilities	6,592	-602	-12	-84	–	553	–	-65	-4,312	-72	1,998
Bonds	16,978	118	–	-51	-52	–	250	203	-7,390	–	10,056
Convertible bonds	491	–	–	–	8	–	–	–	–	–	499

[1] Under the effective interest method, non-cash changes result from the compounding interest on lease liabilities in the amount of €61 million.

			Non-cash changes					
€ in millions	January 1, 2022	Cash flow	Assumed as part of acquisitions	Foreign currency translation	Amortization of debt issuance costs	New lease contracts	Other[1]	**December 31, 2022**
Short-term debt	2,849	-1,957	-1	-2	–	–	-22	867
Long-term debt, less Accounts Receivable Facility of Fresenius Medical Care	2,600	22	21	55	-27	–	164	2,835
Lease liabilities	6,590	-975	2	236	–	802	-63	6,592
Bonds	14,634	2,132	–	195	28	–	-11	16,978
Convertible bonds	482	–	–	–	9	–	–	491

[1] Under the effective interest method, non-cash changes result from the compounding interest on lease liabilities in the amount of €52 million.

Interest payments are included in the consolidated statement of cash flows under net cash provided by operating activities. In fiscal year 2023, cash payments related to interest amounted to €383 million (2022: €259 million).

Accrued interest on debt and bonds has been recognized in the consolidated statement of financial position as part of the respective financial instrument since fiscal year 2023. It was reclassified from short-term provisions and other short-term liabilities.

36. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The Fresenius Group has identified the business segments Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at December 31, 2023.

The investment in Fresenius Medical care was deconsolidated as of November 30, 2023 and has been accounted for using the equity method since then. Accordingly, the prior year figures in the consolidated statement of income and the consolidated statement of cash flows have been restated and key figures adjusted.

The key data disclosed in conjunction with the consolidated segment reporting correspond to the key data of the internal reporting system of the Fresenius Group. Internal and external reporting and accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with IFRS 8, Operating Segments, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions.

The business segments of the Fresenius Group are as follows:

- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

Details on the business segments are shown in note 1. I, Group Structure.

The column Corporate/Other is comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Digital Technology GmbH, which provides services in the field of information technology. Furthermore, Corporate/Other includes intersegment consolidation adjustments, all special items (see note 3, Special items) as well as in net income the deconsolidated Fresenius Medical Care operations.

EBIT and net income of the business segment Corporate/Other were composed as follows:

€ in millions	2023	2022
EBIT Corporate/Other	**-1,218**	**-473**
Special items excluding Fresenius Medical Care	-1,119	-378
Group functions	-89	-77
Other	-10	-18
Net income Corporate/Other	**-1,985**	**-175**
Special items excluding Fresenius Medical Care	-897	-280
Group functions	-75	-65
Other	-54	-48
Net income Fresenius Medical Care (32%) before special items	243	295
Special items Fresenius Medical Care (32%)	-82	-77
IFRS 5 Fresenius Medical Care	-1,115	n.a.
PPA Fresenius Medical Care	-5	n.a.

NOTES ON THE BUSINESS SEGMENTS

The key figures used by the Management Board to assess segment performance, have been selected in such a way that they include all items of income and expenses which fall under the area of responsibility of the business segments. The Management Board is convinced that the most suitable performance indicator is the operating income (EBIT). The Management Board believes that, in addition to the operating income, the figure for earnings before interest, taxes and depreciation/amortization (EBITDA) can also help investors to assess the ability of the Fresenius Group to generate cash flows and to meet its financial obligations.

Depreciation and amortization is presented for property, plant and equipment and intangible assets with definite useful lives of the respective business segment.

Net interest is comprised of interest expenses and interest income.

Net income attributable to shareholders of Fresenius SE & Co. KGaA is defined as earnings after income taxes and noncontrolling interests.

The operating cash flow is the cash provided by/used in operating activities.

The cash flow before acquisitions and dividends is the operating cash flow less net capital expenditure.

Debt is comprised of bank loans, bonds, convertible bonds, lease liabilities, liabilities relating to outstanding acquisitions as well as intercompany liabilities.

Other operating liabilities include the sum of short-term and long-term liabilities, less debt and less liabilities for deferred taxes.

Capital expenditure mainly contains additions to property, plant and equipment, including non-cash effective items.

Acquisitions refer to the purchase of shares in legally independent companies and the acquisition of business divisions and intangible assets (e. g. licenses). The key figures shown with regard to acquisitions present the contractual purchase prices comprising amounts paid in cash (less cash acquired), debts assumed and the issuance of shares, whereas for the purposes of the statement of cash flows, only cash purchase price components less acquired cash and cash equivalents are reported.

The EBITDA margin is calculated as a ratio of EBITDA to revenue.

The EBIT margin is calculated as a ratio of EBIT to revenue.

The return on invested capital (ROIC) is defined as the ratio of EBIT less taxes to the average invested capital. Invested capital is calculated from total assets less deferred tax assets, cash and cash equivalents, trade accounts payable, provisions, other non-interest-bearing liabilities and the carrying amount of the investment in Fresenius Medical Care.

In addition, the key indicators "Depreciation and amortization in % of revenue" and "Operating cash flow in % of revenue" are also disclosed.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS FROM CONTINUING OPERATIONS

€ in millions	**2023**	2022
Total EBIT of reporting segments	2,361	2,285
Special items	-1,119	-378
General corporate expenses Corporate (EBIT)	-99	-95
Group EBIT	**1,143**	**1,812**
Income from the Fresenius Medical Care investment accounted for using the equity method	-12	n.a.
Interest expenses	-534	-345
Interest income	118	130
Income before income taxes	**715**	**1,597**

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	**Dec. 31, 2023**	Dec. 31, 2022
Short-term debt	569	867
Current portion of long-term debt	492	669
Current portion of lease liabilities	206	851
Current portion of bonds	815	649
Current portion of convertible bonds	499	–
Long-term debt, less current portion	2,216	2,166
Lease liabilities, less current portion	1,792	5,741
Bonds, less current portion	9,241	16,329
Convertible bonds	–	491
Debt	**15,830**	**27,763**
less cash and cash equivalents	2,562	2,749
Net debt	**13,268**	**25,014**

Net debt excluding lease liabilities amounted to €11,270 million at December 31, 2023 (December 31, 2022: €18,442 million).

The following table shows the long-lived assets by geographical region:

€ in millions	Dec. 31, 2023	Dec. 31, 2022
Germany	13,574	11,400
Spain	7,755	7,774
Europe (excluding Germany and Spain)	1,616	4,148
North America	7,551	28,749
Asia-Pacific	788	2,526
Latin America	725	1,035
Africa	35	76
Total long-lived assets[1]	**32,044**	**55,708**

[1] The aggregate amount of long-lived assets is the sum of non-current assets less deferred tax assets and less other non-current financial assets.

In 2023, the Fresenius Group generated revenue of €8,607 million (2022: €8,306 million) in Germany. Revenue in Spain was €4,461 million (2022: €4,174 million).

In 2023, the segment Fresenius Kabi generated other revenue in the amount of €5 million (2022: €6 million), Fresenius Helios €50 million (2022: €12 million) and Fresenius Vamed no other revenue (2022: €4 million). All other revenue is revenue from contracts with customers.

37. SHARE-BASED COMPENSATION PLANS

COMPENSATION COST IN CONNECTION WITH THE SHARE-BASED COMPENSATION PLANS OF THE FRESENIUS GROUP

The expenses related to cash-settled share-based payment transactions are determined based upon the fair value at measurement date and the number of performance shares or stock awards granted which will be recognized over the vesting period. In 2023, the Fresenius Group recognized expenses of €18 million (2022: €0.3 million) in connection with cash-settled share-based payment transactions. At December 31, 2023, the Fresenius Group has accrued €20 million (December 31, 2022: €2 million) for its share-based compensation plans.

SHARE-BASED COMPENSATION PLANS OF FRESENIUS SE & CO. KGAA

Description of the Fresenius SE & Co. KGaA share-based compensation plans in place

As of December 31, 2023, Fresenius SE & Co. KGaA had three share-based compensation plans in place: the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (LTIP 2013) which is based on stock options and phantom stocks, the Long Term Incentive Plan 2018 (LTIP 2018) which is based on performance shares and the Fresenius Performance Plan 2023 – 2026 (LTIP 2023) which is based on stock awards. Currently, solely LTIP 2023 can be used to grant stock awards.

Fresenius Performance Plan 2023 – 2026 (LTIP 2023)

On December 1, 2022 and March 16, 2023, respectively, the Management Board and Supervisory Board of the general partner, Fresenius Management SE, resolved the Fresenius Performance Plan 2023 – 2026 (LTIP 2023).

LTIP 2023 is based solely on cash-settled virtual shares in Fresenius SE & Co. KGaA (stock awards). The stock awards issued under the plan are cash-settled virtual payment instruments not backed by equity. They grant an entitlement to a cash payment by Fresenius SE & Co. KGaA or an affiliated company if the performance targets are achieved and the other conditions are met.

The members of the Management Board of Fresenius Management SE (Management Board Plan Participants) and selected executives (Executive Plan Participants) are eligible to participate. Stock awards will be granted once a year over a period of four years. For Management Board Plan Participants the grant is made by the Supervisory Board of the general partner, Fresenius Management SE, the grant to the Executive Plan Participants by the Management Board of Fresenius Management SE, in each case on the basis of a fixed grant value. The number of stock awards granted is calculated using the grant value and the average Xetra closing price of the Fresenius share on the Frankfurt Stock Exchange (or any successor system replacing the Xetra system) during the period of 30 stock exchange trading days prior to the beginning of the four-year performance period, commercially rounded to the second decimal place.

The final number of stock awards, which in addition to the absolute share price performance of the Fresenius share and the amount of dividends paid during the performance period, determines the amount payable, depends on the degree of achievement of the performance targets described in more detail below. At the end of each fiscal year, the annual target achievement for each performance target is calculated and fixed (lock-in). At the end of the performance period, the target achievement of the individual performance targets is calculated by taking the average of the four annual target achievements. The annual target achievements of a performance target are equally weighted at 25% each.

The number of stock awards resulting at the end of the four-year performance period on the basis of the respective target achievement is then multiplied by the average closing price of the Fresenius share on the Frankfurt Stock Exchange (or a successor system replacing the Xetra system) in the period of 30 stock exchange trading days prior to the end of the performance period, commercially rounded to the second decimal place, plus an amount corresponding to the sum of the dividends paid per Fresenius share (dividend equivalent) during the performance period. The resulting amount is paid out to the respective plan participant in cash. The potential payout entitlement of the plan participants is limited to a maximum of 250% of the grant value. Vesting is also conditional on the absence of a compliance breach and an active and non-terminated service or employment relationship.

In the event of a compliance breach, the Supervisory Board of Fresenius Management SE is entitled to reduce the number of stock awards granted to a member of the Management Board down to zero at its reasonable discretion. For the remaining plan participants, the Management Board of Fresenius Management SE is entitled to do so. Furthermore, within a period of three years from the date of payment, Fresenius SE & Co. KGaA has a claim for repayment in full or in part if a compliance breach has occurred which is not time-barred at the time of the reclaim.

LTIP 2023 has three differently weighted performance targets: relative Total Shareholder Return (TSR) of the Fresenius share compared to the STOXX® Europe 600 Health Care Index (weighting: 50%), Return On Invested Capital (ROIC) (weighting: 25%) and ESG targets (weighting: 25%). As part of the ESG targets, the reduction of CO_2 emissions was set as an ESG target for the 2023 grant. For future grants, the Supervisory Board (for the Management Board Plan Participants) and the Management Board (for the Executive Plan Participants) may set another ESG target or several other ESG targets instead of or in addition to the ESG target reduction of CO_2 emissions.

For the performance target **Total Shareholder Return**, 100% target achievement is given if the TSR of the Fresenius share exactly equals the TSR of the STOXX® Europe 600 Health Care Index in the relevant fiscal year of the performance period (TSR equal performance). If the TSR of the Fresenius share falls below the TSR of the STOXX® Europe 600 Health Care Index in the relevant fiscal year of the performance period by 50 percentage points or more, the degree of target achievement is 0% (TSR underperformance). If the TSR of the Fresenius share exceeds the TSR of the STOXX® Europe 600 Health Care Index in the relevant fiscal year of the performance period by 50 percentage points or more, the degree of target achievement is 250% (TSR outperformance). A TSR outperformance of more than 50 percentage points does not lead to a further increase in target achievement.

For a relative TSR in the range between -50 percentage points TSR underperformance and TSR equal performance, the target achievement for the fiscal year will be determined by linear interpolation between these two key points. For a relative TSR in the range between TSR equal performance and +50 percentage points TSR outperformance, the target achievement for the fiscal year is determined by linear interpolation between these two key points. Target achievement is commercially rounded up or down to the second decimal place.

According to the consolidated financial statements, the performance target **ROIC** is calculated as EBIT less taxes divided by invested capital. ROIC is calculated on the basis the Fresenius Group's approved consolidated financial statements for the relevant fiscal years, adjusted for potential acquisition or divestment activities or changes in IFRS accounting standards during the performance period.

In order to determine the target achievement, the Supervisory Board will determine the annual budgeted values for ROIC (plan ROIC) for the Management Board Plan Participants and the Management Board will determine the annual budgeted values for ROIC (plan ROIC) for the Executive Plan Participants at the beginning of the performance period on the basis of the three-year mid-term planning for the fiscal year. The plan ROIC for the fourth year will be taken from the mid-term plan for the following year.

For the ROIC performance target, 100% target achievement is given if the ROIC actually achieved (actual ROIC) is equal to the plan ROIC for the relevant fiscal year of the performance period. If the actual ROIC falls below the plan ROIC for the relevant fiscal year of the performance period by 2 percentage points, the target achievement is 50%. A ROIC target underperformance of more than 2 percentage points results in a target achievement of 0%. If the actual ROIC exceeds the plan ROIC for the relevant fiscal year of the performance period by 2 percentage points or more, the target achievement is 250%. A ROIC target outperformance of more than 2 percentage points does not lead to a further increase in target achievement.

In the event that the actual ROIC for the relevant fiscal year of the performance period falls below the weighted average cost of capital (WACC), the target achievement for the performance target ROIC for this fiscal year is always 0%, in deviation from the calculations described above.

For the performance target **reduction of CO_2 emissions** initially defined as **ESG target** for the 2023 grant, 100% target achievement is given if the actual reduction of CO_2 emissions in t CO_2 equivalents achieved in the relevant fiscal year of the performance period compared to the previous year (actual CO_2 reduction) corresponds to a reduction of CO_2 emissions in the amount of the defined percentage of CO_2 emissions in the relevant base year (planned CO_2 reduction). For the 2023 grant, 2020 is the base year. In addition to the planned CO_2 reduction, the Supervisory Board (for the Management Board Plan Participants) and the Management Board (for the Executive Plan Participants) shall each set values that lead to a target achievement of 50% and 250%. If the actual CO_2 reduction is less than the value of the CO_2 emissions in the base year specified for the target achievement of 50%, the target achievement is 0%.

An actual CO_2 reduction that exceeds the value of the CO_2 emissions of the base year determined for the target achievement of 250% does not lead to a further increase in the target achievement. If, according to this system, in a performance period, a target achievement of 0% has been determined for at least one fiscal year of the performance period with regard to the ESG target CO_2 reduction, the target achievement for this ESG target can alternatively be determined uniformly for all fiscal years of the performance period on the basis of the average annual actual CO_2 reduction compared to the average annual planned CO_2 reduction for the entire performance period. In such a case, the target achievement for this performance period corresponds uniformly to 25% of the total target achievement thus calculated for the performance period.

LTIP 2018

On April 12, 2018 and March 15, 2018, respectively, the Management Board and Supervisory Board of the general partner, Fresenius Management SE, resolved the Long Term Incentive Plan 2018 (LTIP 2018).

The LTIP 2018 is based solely on virtual stocks (performance shares). The performance shares issued through the plan are non-equity-backed, virtual compensation instruments. When performance targets are reached and other prerequisites are met, they guarantee the entitlement to a cash payment by Fresenius SE & Co. KGaA or one of its affiliated companies.

The plan is available both for members of the Management Board (with the exception of the Chief Executive Officer of Fresenius Medical Care, who received his compensation from Fresenius Medical Care Management AG) and other executives. Performance shares may be granted once annually over a period of five years. The grant to the members of the Management Board is made by the Supervisory Board of the general partner, Fresenius Management SE, the grant to the other executives is made by the Management Board of Fresenius Management SE, in each case on the basis of a grant value determined at its discretion. The grant value is determined in consideration of the personal performance and the responsibilities of the concerned plan participant. The number of performance shares granted is calculated through applying the grant value and the average stock market price of the Fresenius share over the period of 60 stock exchange trading days prior to the grant date.

The number of performance shares may change over a period of four years, depending on the level of achievement of the performance targets described in more detail below. This could entail the entire loss of all performance shares or also – at maximum – the doubling of their number. The resulting number of performance shares, which is determined after a performance period of four years and based on the respective level of target achievement, is deemed finally earned four years after the date of the respective grant. The number of vested performance shares is then multiplied by the average stock exchange price of Fresenius SE & Co. KGaA’s share over a period of 60 stock exchange trading days prior to the lapse of this vesting period plus the total of the dividends per share of Fresenius SE & Co. KGaA paid by Fresenius SE & Co. KGaA between the grant date and the vesting date. The resulting amount will be paid to the respective plan participant in cash. The potential disbursement entitlement of each member of the Management Board is limited to a maximum value of 250% of the grant value, the entitlement of all other plan participants is limited to a maximum value of 400%.

The LTIP 2018 has two equally weighted performance targets: firstly, the growth rate of the adjusted consolidated net income (adjusted for currency effects) and, secondly, the relative Total Shareholder Return based on the STOXX® Europe 600 Health Care Index. Disbursement entitlement requires that at least one of the two performance targets must be reached or surpassed over the four-year performance period.

For the performance target “Net Income Growth Rate” a level of target achievement of 100% is reached when the same is at least 8% over the four-year performance period. If the growth rate falls below or corresponds to only 5%, the level of target achievement is 0%. If the growth rate is between 5% and 8%, the level of target achievement is between 0% and 100%, while, where the growth rate is between 8% and 20%, the level of target achievement will be between 100% and 200%. Intermediate values are calculated through linear interpolation. The net income is the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA reported in the consolidated financial statements of Fresenius SE & Co. KGaA prepared in accordance with IFRS, adjusted for extraordinary effects.

The determination of the adjusted net income (adjusted for currency effects) and the change in comparison with the adjusted net income (not adjusted for currency effects) of the previous Fresenius Group fiscal year will be verified in a binding manner by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. For the ascertainment of the currency translation effects, all line items of the income statements of the companies that are included in the consolidated financial statements and which have a functional currency other than the reporting currency (euro) of the Fresenius Group are translated with the average exchange rates of the Fresenius Group fiscal year of the consolidated financial statements that are the basis for the comparison.

For the “Total Shareholder Return” performance target, a target achievement of 100% is met when the Total Shareholder Return of Fresenius SE & Co. KGaA in comparison with the Total Shareholder Return of the other companies of the STOXX® Europe 600 Health Care Index achieves an average ranking within the benchmark companies, i. e. exactly in the middle (50th percentile), over the four-year performance period. If the ranking corresponds to the 25th percentile or less, the level of target achievement is 0%. Where the ranking is between the 25th percentile and the 50th percentile, the level of target achievement is between 0% and 100%; and, for a ranking between the 50th percentile and the 75th percentile, between 100% and 200%. Intermediate values will also be calculated through linear interpolation. Total Shareholder Return denotes the percentage change in the stock market price within the performance period including reinvested dividends and all capital measures, whereby capital measures are to be calculated through rounding down to the fourth decimal place.

The ranking values are determined using the composition of STOXX® Europe 600 Health Care on the grant date. For equalization purposes, the relevant market price is the average market price in the period of 60 stock exchange trading days prior to the beginning and end of a performance period; the relevant currency is that of the main stock exchange of a company, which was listed in STOXX® Europe 600 Health Care on the grant date.

A level of target achievement in excess of 200% is not possible for both performance targets.

To calculate the level of overall target achievement, the level of target achievement of the two performance targets are given equal weighting. The total number of performance shares vested on each plan participant is calculated through multiplying the number of performance shares granted by the overall target achievement. The performance targets for the 2018, the 2019 and the 2020 grant were not achieved. Therefore, the performance shares granted in 2018, 2019 and 2020 forfeited.

In the event of violation of compliance rules, the Supervisory Board of Fresenius Management SE, in due exercise of its discretion, is entitled to reduce the number of performance shares vested on a member of the Management Board to zero. Regarding all other plan participants, such decision is made by the Management Board of Fresenius Management SE. Furthermore, Fresenius SE & Co. KGaA is entitled to a complete or partial reimbursement in the event of violation of compliance rules in the period of three years following disbursement.

Due to the government financing and support received by the Fresenius Group, the Company is subject to restrictions under the "Energy Price Brake Acts", according to which the members of the Management Board of Fresenius Management SE may not be awarded any variable compensation components for fiscal year 2023 in particular. Consequently, the short-term variable compensation for fiscal year 2023 will not be paid out to the members of the Management Board. The long-term variable compensation of the members of the Management Board has also been affected, in that the tranche 2023 – i.e. the part relating to the year 2023 – must be disregarded in the future payment of the grants under the LTIP 2018 and the LTIP 2023, the respective measurement period of which also includes fiscal year 2023. This therefore affects the annual tranche 2023 of the grants 2020 to 2022 under the LTIP 2018 and the grant 2023 under the LTIP 2023. As the overall target achievement for the grant 2020 is 0% and the grant 2020 will therefore not be paid out in total, the statutory restrictions do not have any impact.

LTIP 2013

The LTIP 2013 is comprised of the Fresenius SE & Co. KGaA Stock Option Plan 2013 (SOP 2013) and the Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (PSP 2013). It combines the granting of stock options with the granting of phantom stock awards which entitle the holder to receive cash payments upon exercising the phantom stock. Each of the SOP 2013 and PSP 2013 making up the LTIP 2013 have been established under a stand-alone legal documentation.

SOP 2013

Under the SOP 2013, which was approved by the Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2013, Fresenius Management SE was originally authorized to issue up to 8.4 million subscription rights for an amount of 8.4 million non-par value ordinary bearer shares of Fresenius SE & Co. KGaA until May 16, 2018.

Of the up to 8.4 million options, up to 1.6 million options were designated for members of the Management Board of Fresenius Management SE; up to 4.4 million options were designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 2.4 million options were designated for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

In connection with the stock split in 2014, the total volume of not yet granted subscription rights increased in the same proportion as the subscribed capital (factor 3) as far as options had not yet been granted under the SOP 2013. The same applies to the subsets of the subscription rights that are attributable to individual groups of participants. For stock options that were granted before the stock split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increased in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three bearer ordinary shares of Fresenius SE & Co. KGaA. The exercise price was reduced proportionally.

The granting of the options occurred in five annual tranches, each to the last Monday in July or the first Monday in December. With respect to new options, the Supervisory Board of Fresenius Management SE determined the stock options granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determined the other participants in the SOP 2013 and the stock options granted to them.

The exercise price of an option equals the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic Xetra trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 calendar days prior to the respective grant date.

Options granted have an eight-year term but can be exercised only after a four-year vesting period. The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely. In the years 2013 to 2019, the performance targets for stock options granted in 2013 to 2016 were met. For stock options granted in 2017, only one quarter of the performance target was achieved. Therefore, in 2020, three quarters of the stock options granted in 2017 were forfeited.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS (currency adjusted) and changes thereto compared to the adjusted net income according to IFRS (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares in lieu of increasing capital by the issuance of new shares.

After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated blackout periods.

The last options were granted in 2017.

PSP 2013

Fresenius SE & Co. KGaA's PSP 2013 was established in May 2013, together with the SOP 2013 in line with the LTIP 2013. Awards of phantom stocks could be granted on each stock option grant date. Phantom stocks awarded under the PSP 2013 could be granted to the members of Fresenius Management SE's Management Board, the members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and to executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

The holders of phantom stocks, that had been issued before the stock split 2014 came into effect, were granted an economic compensation through retroactively tripling the number of phantom stocks granted before the stock split 2014 came into effect.

As under the SOP 2013, the Supervisory Board of Fresenius Management SE determined the phantom stocks granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determined the other participants in the PSP 2013 and the phantom stocks granted to them.

Phantom stock awards under the PSP 2013 entitled the holder to receive a cash payment. Each phantom stock award entitled the holder to receive the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic Xetra trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, during the last three months prior to the date the phantom stock was exercised.

The exercise of phantom stock was subject to the condition precedent, in each case, that the annual success target within a four-year waiting period was achieved.

After the expiration of the waiting period, all exercisable phantom stocks were deemed to be exercised and cashed out on March 1 following the end of the waiting period (or the following banking day). At December 31, 2022, there was no provision for phantom stocks issued under the PSP 2013.

The last phantom stocks were granted in 2017. By the end of 2022, all phantom stocks were paid out.

Transactions during 2023 and 2022

On January 1, 2023, Fresenius SE & Co. KGaA awarded 1,437,322 stock awards under the LTIP 2023, the total fair value at the grant date being €37 million, including 246,336 stock awards valued at €6 million to the members of the Management Board of Fresenius Management SE. The fair value per stock award at the grant date was €25.98.

On September 12, 2022, Fresenius SE & Co. KGaA awarded 1,528,594 performance shares under the LTIP 2018, the total fair value at the grant date being €40 million, including 328,818 performance shares valued at €9 million to the members of the Management Board of Fresenius Management SE. The fair value per performance share at the grant date was €26.30.

During fiscal years 2023 and 2022, no stock options were exercised.

At December 31, 2023, 1,957,336 stock options issued under the LTIP 2013 were outstanding and exercisable. The members of the Fresenius Management SE Management Board held 303,750 stock options. At December 31, 2023, 2,957,830 performance shares issued under the LTIP 2018 were outstanding, the Management Board members of Fresenius Management SE held 133,750 performance shares. 1,433,394 stock awards issued under the LTIP 2023 were outstanding on December 31, 2023, of which 217,146 were held by the members of the Fresenius Management SE Management Board.

At December 31, 2022, 3,583,234 stock options issued under the LTIP 2013 were outstanding and exercisable. The members of the Fresenius Management SE Management Board held 461,250 stock options. At December 31, 2022, the Management Board members of Fresenius Management SE held 462,507 performance shares and employees of Fresenius SE & Co. KGaA held 3,294,978 performance shares under the LTIP 2018.

Stock option transactions are summarized as follows:

Ordinary shares December 31	Number of options	Weighted average exercise price in €	Number of options exercisable
Balance 2021	**4,967,507**	**58.40**	**4,967,507**
exercised	–		
forfeited	262,031	62.36	
expired	1,122,242	36.92	
Balance 2022	**3,583,234**	**64.84**	**3,583,234**
exercised	–		
forfeited	156,733	65.35	
expired	1,469,165	60.73	
Balance 2023	**1,957,336**	**67.87**	**1,957,336**

The following table provides a summary of outstanding and exercisable options for ordinary shares at December 31:

	December 31, 2023			December 31, 2022		
Range of exercise prices in €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price in €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price in €
60.01 – 65.00	749	1.92	64.69	1,508,589	0.58	60.64
65.01 – 70.00	1,543,138	0.58	66.03	1,637,938	1.57	66.05
70.01 – 75.00	413,449	1.58	74.77	436,707	2.58	74.77
	1,957,336	**0.79**	**67.87**	**3,583,234**	**1.28**	**64.84**

At December 31, 2023, the aggregate intrinsic value of exercisable options for ordinary shares was -€78 million (December 31, 2022: -€138 million).

38. RELATED PARTY TRANSACTIONS

Related parties are associated and non-consolidated companies as well as natural and legal persons who can exert a significant influence on the Fresenius Group. These include in particular Fresenius Management SE, the Else Kröner-Fresenius-Stiftung, the members of the Management Board and Supervisory Board and their close family members. Fresenius Management SE is the general partner of Fresenius SE & Co. KGaA and prepares its own consolidated financial statements. The Else Kröner-Fresenius-Stiftung is the sole shareholder of Fresenius Management SE. The shareholder representatives elect the Supervisory Board of Fresenius Management SE during Fresenius Management SE's Annual General Meeting. Commercial relationships exist mainly with the associated companies of Fresenius Medical Care.

In 2023, €17 million (2022: €28 million) were paid to Fresenius Management SE as compensation for the Management Board and the Supervisory Board, general partners' fees and other reimbursements of out-of pocket expenses. At December 31, 2023, there were outstanding liabilities payable to Fresenius Management SE in the amount of €55 million (December 31, 2022: €62 million), consisting mainly of pension obligations and Management Board compensation.

The aforementioned payments are net amounts. In addition, VAT was paid.

In 2023 and 2022, the Else Kröner-Fresenius-Stiftung was paid the dividends which it is entitled as a shareholder in the ordinary share capital of Fresenius SE & Co. KGaA.

RELATIONSHIPS WITH ASSOCIATED COMPANIES

After deconsolidation at the end of November 2023, the investment in Fresenius Medical Care is accounted for using the equity method. As a result, relationships with the former subsidiary and its affiliated companies must be reported as related party transactions.

Fresenius has entered into certain arrangements for services and products as well as leases with Fresenius Medical Care AG or its subsidiaries as described below. Fresenius' terms related to the receivables or payables for these services and products are generally consistent with the normal terms of Fresenius' ordinary course of business transactions with unrelated parties and Fresenius believes that these arrangements reflect fair market terms. Fresenius utilizes various methods to verify the commercial reasonableness of its related party arrangements. Financing arrangements as described below have agreed-upon terms which are determined at the time such financing transactions occur and reflect market rates at the time of the transaction.

Fresenius has service agreements with companies of the Fresenius Medical Care Group. They include administrative services and IT services. The above-mentioned agreements generally have a term of one to five years.

Fresenius sells products to the Fresenius Medical Care Group and purchases products from Fresenius Medical Care.

Companies of the Fresenius Medical Care Group have rental agreements for real estate with Fresenius, which primarily include premises in Bad Homburg v. d. H. (Germany) and the production sites in Schweinfurt and St. Wendel (Germany). The rental agreements run until the end of 2032.

The effects of these transactions are as follows:

SERVICE AGREEMENTS, PRODUCTS AND OTHER INCOME WITH ASSOCIATED COMPANIES

€ in millions	2023
Sales of goods and services	26
Other income	179
Purchases of goods and services	77
Accounts receivable	32
Accounts payable	44

Fresenius Medical Care received short-term loans from Fresenius and granted short-term loans to Fresenius until February 2023. In February 2023, Fresenius Medical Care discontinued its participation in Fresenius' cash management system, which was previously used to offset certain intercompany receivables and payables with subsidiaries and other related parties. In March 2023, Fresenius Medical Care introduced its own cash management system. As at December 31, 2022, Fresenius had liabilities to Fresenius Medical Care in the amount of €1 million.

Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA have terminated the unconfirmed revolving credit facility under which Fresenius Medical Care AG & Co. KGaA could draw up to €600 million on a revolving basis as of the date of deconsolidation and change of legal form on November 30, 2023. As at December 31, 2022, Fresenius SE & Co. KGaA lent Fresenius Medical Care AG & Co. KGaA €1 million at an interest rate of 2.468%.

When the change of legal form took effect on November 30, 2023, the unsecured loan of €3 million was repaid by the former general partner of Fresenius Medical Care AG & Co. KGaA.

Fresenius Vamed participates in project entities which are established for long-term defined periods of time and for the specific purpose of constructing and operating healthcare facilities and thermal centers. Fresenius Vamed exercises significant influence over these entities, which is why they are consolidated at equity. The project entities generated approximately €159 million in revenue in 2023 (2022: €144 million). Fresenius Vamed has concluded operating and service agreements with the project entities, which generally have an indefinite term and a total annual volume of about €9 million. The project entities finance themselves mainly through debt, profit participation rights and investment grants. Assets and liabilities relating to the project entities are not material. Fresenius Vamed made no payments to the project entities other than contractually stipulated. From today's perspective and due to the contractual situation, Fresenius Vamed is not exposed to any material risk of loss from these project entities.

39. SUBSEQUENT EVENTS

After having received all regulatory approvals, the Fresenius Group completed the sale of the Eugin group on January 31, 2024.

The ongoing inflationary macroeconomic situation, which is also attributable to the war in Ukraine, and the associated price increases, especially for energy, materials, supplies and transport, will continue to have a direct and indirect negative impact on the business activities of the Fresenius Group, which cannot be estimated at present.

The development of personnel costs and the disruption of supply chains also continue to be issues on a global level. Their impact on Fresenius remains difficult to measure.

There have been no significant changes in the Fresenius Group's operating environment following the end of fiscal year 2023 until February 20, 2024. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

40. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Detailed and individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the Compensation Report.

The compensation of the Management Board of Fresenius Management SE is, as a whole, performance-based and geared towards promoting sustainable corporate development. It is composed of the following elements:

- non-performance-based compensation (fixed compensation and fringe benefits)
- short-term performance-based compensation (one-year variable compensation (bonus))
- components with long-term incentive effects (multi-year variable compensation comprising stock awards (2022: performance shares) and postponed payments of the one-year variable compensation / of the bonus)

Due to the government financing and support received by the Fresenius Group, the Company is subject to restrictions under the "Energy Price Brake Acts", according to which the members of the Management Board of Fresenius Management SE may not be awarded any variable compensation components for fiscal year 2023 in particular. Consequently, the short-term variable compensation for fiscal year 2023 will not be paid out to the members of the Management Board. The long-term variable compensation of the members of the Management Board has also been affected, in that the tranche 2023 – i.e. the part relating to the year 2023 – must be disregarded in the future payment of the grants under the LTIP 2018 and the LTIP 2023, the respective measurement period of which also includes fiscal year 2023. This therefore affects the annual tranche 2023 of the grants 2020 to 2022 under the LTIP 2018 and the grant 2023 under the LTIP 2023. As the overall target achievement for the grant 2020 is 0% and the grant 2020 will therefore not be paid out in total, the statutory restrictions do not have any impact.

The cash compensation paid to the Management Board for the performance of its responsibilities was €7,939 thousand (2022: €12,407 thousand). Thereof, €7,939 thousand is not performance-based. As already described above, the performance-based compensation was not paid out in fiscal year 2023. The performance-based compensation in fiscal year 2022 amounted to €3,449 thousand. The short-term performance-based compensation depends on the achievement of targets relating to the net income and the revenue of the Fresenius Group and the business segments as well as on the achievement of sustainability criteria. As a long-term incentive component, the members of the Management Board received 242,486 stock awards of Fresenius SE & Co. KGaA (2022: 321,213 performance shares) in the equivalent value of €6,300 thousand (2022: €11,331 thousand).

The total compensation of the Management Board was €14,239 thousand (2022: €23,738 thousand).

In fiscal year 2023, the Fresenius Group recognized expense under continuing operations, according to IFRS, from share-based compensation plans for the Management Board of €3,117 thousand (2022: €308 thousand), a cost for pension plans (current and past service cost) for the members of the Management Board of €1,484 thousand (2022: €4,129 thousand) and expenses for early termination of service agreements of €8,572 thousand (2022: €13,309 thousand). In accordance with IFRS, the total compensation expense for the Management Board recognized in the statement of income under continuing operations amounted to €19,565 thousand (2022: €30,153 thousand). In addition, there were outstanding balances of €2,402 thousand (2022: €13,111 thousand) for members of the Management Board at the end of the fiscal year, mainly for performance-based compensation. Terms and conditions of long-term variable compensation are detailed under note 37, Share-based compensation plans. Pension commitments arise under defined benefit and defined contribution plans. The amount of the benefits is calculated based on the amount of the pensionable income and is generally paid out in installments or as a lump sum upon retirement or attainment of retirement age.

The total compensation paid to the Supervisory Board of Fresenius SE & Co. KGaA and its committees was €2,446 thousand in 2023 (2022: €2,447 thousand). The total compensation paid to the Supervisory Board of Fresenius Management SE and its committees was €1,295 thousand in 2023 (2022: €1,305 thousand).

The members of the Supervisory Board receive a fixed compensation, fringe benefits (consisting of reimbursement of expenses and insurance coverage) and, if they perform any duties on the Audit Committee of the Supervisory Board, remuneration for this committee activity. At the end of the fiscal year, there were outstanding balances for the remuneration of the members of the supervisory boards amounting to €3,741 thousand (2022: €3,752 thousand). In addition, the employee representatives on the Supervisory Board receive a regular salary from their respective employment contracts.

In 2023, based on pension commitments to former members of the Management Board, €13,386 thousand (2022: €13,166 thousand) was paid. Thereof €10,812 thousand relate to the continuing operations. The pension obligation according to IFRS for these persons amounted to €50,078 thousand in 2023 (2022: €49,346 thousand).

In fiscal years 2023 and 2022, no loans or advance payments on future compensation components were granted to any member of the Management Board of Fresenius Management SE.

41. AUDITOR'S FEES

In 2023 and 2022, fees for the auditor PricewaterhouseCoopers GmbH, Frankfurt am Main (PwC), and its affiliates were expensed as follows:

€ in millions	2023		2022	
	Total	Germany	Total	Germany
Audit fees	28	10	29	9
Audit-related fees	6	4	3	2
Tax consulting fees	0	–	1	–
Other fees	0	–	3	3
Total auditor's fees	**34**	**14**	**36**	**14**

Of the total auditor's fees of €34 million in fiscal year 2023, €15 million related to services rendered for Fresenius Medical Care until the deconsolidation on November 30, 2023. Thereof, €4 million related to services provided by PwC in Germany.

The leading auditor has been responsible for the audit of the consolidated financial statements since 2020.

In fiscal years 2023 and 2022, both worldwide and in Germany, audit-related fees and other fees mainly related to the review of quarterly financial statements and non-financial reports, audit services for the German hospitals of the Fresenius Group and in connection with financing activities and in fiscal year 2022 also consulting fees with regard to corporate governance.

42. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com/corporate-governance), and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

43. DISTRIBUTION OF EARNINGS

The retained earnings of Fresenius SE & Co. KGaA for 2023 amount to €0.00.

The Fresenius Group makes use of the governmental compensation and reimbursement payments provided for in the relief package to compensate for additional costs caused by the increase in energy prices. Therefore, the Management Board of Fresenius Management SE will not propose to the Annual General Meeting 2024 of Fresenius SE & Co. KGaA to distribute a dividend for fiscal year 2023, which would have been possible with a corresponding withdrawal from reserves.

Bad Homburg v. d. H., February 20, 2024

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board

M. Sen | P. Antonelli | S. Hennicken

R. Möller | Dr. M. Moser

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., February 20, 2024

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board

M. Sen | P. Antonelli | S. Hennicken

R. Möller | Dr. M. Moser

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the consolidated financial statements and the group management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

INDEPENDENT AUDITOR'S REPORT

To Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Fresenius SE & Co. KGaA for the financial year from 1 January to 31 December 2023. In accordance with German legal requirements, we have not audited the content of the information contained in the section "Internal control system as part of the risk management system" of the group management report, which is labelled as unaudited.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the above-mentioned disclosure in the section "Internal control system as part of the risk management system".

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

I. Recognition and measurement of goodwill
II. Deconsolidation of Fresenius Medical Care as of 30 November 2023
III. VAMED-transformation

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

I. Recognition and measurement of goodwill

1. Goodwill totalling EUR 15,089 million (33.4% of total assets or 76.8% of equity) is reported under the balance sheet item "Goodwill" in the company's consolidated financial statements. In the 2023 financial year, goodwill decreased by EUR 16,401 million, mainly as a result of the deconsolidation of Fresenius Medical Care.
   Goodwill is subjected to an impairment test by the company once a year or on an ad hoc basis in order to determine a possible need for amortisation. The impairment test is carried out at the level of the cash-generating units to which the respective goodwill, including additions in the financial year, is allocated individually or as a group. As part of the impairment test, the carrying amount of the respective cash-generating units, including goodwill, is compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of the value in use. The measurement is regularly based on the present value of future cash flows of the respective cash-generating units. The present values are determined using discounted cash flow models. The approved budgets for the next three years and projections for years four to ten of the respective cash-generating units form the starting point, which are then extrapolated using assumptions about long-term growth rates. Expectations regarding future market developments and the effects of changes in macroeconomic conditions, including mitigating measures, are also taken into account. Discounting is performed using the weighted average cost of capital of the respective cash-generating units. No need for impairment was identified as a result of the impairment test.
   The result of this valuation is highly dependent on the assessment of the legal representatives with regard to the future cash flows of the respective cash-generating units, the discount rate used, the growth rate and other assumptions and is therefore subject to considerable uncertainty, also in light of the changed macroeconomic conditions including the mitigating measures. Against this background and due to the complexity of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, with the support of our internal valuation specialists, we reviewed, among other things, the methodology used to perform the impairment test, including reallocations. In doing so, we also assessed the admissibility of projections beyond the budget period. In addition, we reconciled the future cash flows used in the calculation with the approved budgets for the next three years and with the projections for years four to ten of the respective cash-generating units. We also assessed the appropriateness of the calculation,

including the growth rates applied, in particular by reconciling it with the underlying documentation, the expected growth rates of the respective markets and with general and industry-specific market expectations. In this context, we also evaluated the executive directors' assessment of the effects of the changed macroeconomic environment, including the mitigating measures, and assessed how these were taken into account in the respective budgets of the cash-generating units and in the corresponding estimates of future cash flows. We also assessed the appropriate consideration of the costs of Group functions.

In the knowledge that even relatively small changes in the discount rate used and the growth rates applied can have a material impact on the amount of the enterprise value calculated in this way, we intensively analysed the parameters used to determine the discount rate and the growth rates applied and verified the calculation methods. In order to take account of the existing forecast uncertainties, we reviewed the sensitivity analyses prepared by the company for cash-generating units with low surplus cover, performed our own sensitivity analyses and satisfied ourselves that the required disclosures were made in the notes.

The estimates made by the legal representatives and the valuation parameters and assumptions applied are in line with our expectations overall and are also within what we consider to be reasonable ranges.

3. The company's disclosures on the balance sheet item "Goodwill" are contained in section 1. III. o), section 1. IV. a), section 2 and section 20 of the notes to the consolidated financial statements.

II. Deconsolidation of Fresenius Medical Care as of 30 November 2023

1. On 14 July 2023, an Extraordinary General Meeting of Fresenius Medical Care AG & Co. KGaA (FMC) approved the change of legal form to a stock corporation with the required majority. Following the entry of the conversion in the commercial register on 30 November 2023, the change of legal form became effective. As a result, Fresenius SE & Co. KGaA (FSE) loses control within the meaning of IFRS 10 over FMC and the Fresenius Medical Care business segment from this date, as Fresenius Medical Care Management AG, as a subsidiary of FSE, no longer has the rights to manage the business of FMC as general partner. FSE's shareholding of around 32% of FMC shares remains unaffected by this and continues to exist unchanged as at the balance sheet date.

   The change of legal form and the associated loss of control is recognised as a notional sale at fair value (less costs to sell) in accordance with the provisions of IFRS 5. As a result of the resolution of the Annual General Meeting, FMC was to be recognised as a disposal group and discontinued operation. From the time of classification as a disposal group, it was recognised at the lower of the carrying amount and the fair value determined on the basis of the FMC share price on the reporting date (less costs to sell). The disposal group was measured for the last time immediately before deconsolidation. This resulted in an impairment loss totalling EUR 2.2 billion, of which EUR 0.6 billion is attributable to the shareholders of FSE. In a further step, FMC was deconsolidated. This resulted in a deconsolidation loss of EUR 0.5 billion, which is mainly attributable to the realisation of currency translation losses through profit or loss, which were recognised in other comprehensive income in previous years. Both burdens on earnings are recognised in the income statement in the result from deconsolidated activities.

   Since 1 December 2023, the continuing shareholding now conveys significant influence over FMC, which is why the investment is included in the consolidated financial statements using the proportionate net assets in accordance with IAS 28 using the equity method. For this purpose, in accordance with IAS 28, a fictitious acquisition of the 32% shareholding at the FMC share price on the reporting date was to be assumed and a purchase price allocation was to be carried out in accordance with the fair values of the FMC Group's assets and liabilities. As at the balance sheet date, the FMC investment is recognised in the consolidated balance sheet at EUR 3.5 billion.

   Due to the complexity of the accounting treatment as well as the impairment test and the measurement of the assets and liabilities as part of the purchase price allocation, this matter was of particular significance for our audit.

2. As part of our audit, we first analysed the legal implementation of the change of legal form and the resulting loss of control. In a next step, we assessed the existence of significant influence after completion of the change of legal form. With regard to the appropriate accounting treatment of the change of legal form, we assessed the

classification as a deemed disposal of the business division in accordance with IFRS 5 with a subsequent deemed acquisition, taking into account the respective required measurements.

With regard to the respective valuations, we assessed the estimates and the valuation parameters and assumptions applied and analysed the calculations made to determine the impairment loss and the deconsolidation. Based on this, we assessed the purchase price allocation underlying the notional acquisition. Among other things, we assessed the appropriateness of the models underlying the valuations as well as the valuation parameters and assumptions applied. In view of the particularities of determining the fair values in the context of the purchase price allocation, we were supported by our valuation specialists. Finally, we assessed the application of the equity method to account for the 32% shareholding, including the extrapolation of the value adjustments from the purchase price allocation to 31 December 2023.

We were able to satisfy ourselves that the estimates and assumptions made by the executive directors were sufficiently documented and substantiated.

3. The company's disclosures are contained in Section 1. I., Section 1. III. b), p), bb), Section 2., Section 3, Section 21., Section 36. and Section 38. of the notes to the consolidated financial statements.

III. VAMED-transformation

1. In the reporting year, a comprehensive transformation of the organisation and business activities of Fresenius VAMED was resolved and largely implemented by the balance sheet date. Based on a comprehensive analysis, the business models, governance and central processes of the business segment were subjected to a far-reaching transformation and restructuring. The aim of the measures is to sustainably improve the profitability of the division. To this end, the project business is being reorganised, particularly in Germany and certain international markets. The service business will be focussed on certain European markets and non-core activities will be discontinued.

   As a result, numerous balance sheet items, in particular loans, investments, receivables, inventories and contract assets, were revalued. In addition, provisions were recognised for restructuring measures and for any impending losses. These measures had a total negative impact of EUR 554 million on the consolidated result.

   In our view, this matter was of particular significance for our audit, as the recognition and measurement of the transformation and restructuring measures is based to a large extent on estimates and assumptions made by the executive directors.

2. As part of our audit, we gained a comprehensive understanding of the transformation and restructuring measures as a whole. With the close involvement of our divisional auditors, we analysed and assessed the valuations made on the basis of the evidence provided. In particular, we verified the underlying project calculations and the respective underlying estimates of project risks, which were updated in the course of the transformation. With regard to the restructuring provisions recognised, we assessed the existence of the recognition criteria and the appropriate measurement. We also verified the connection between the transformation measures and the charges to profit or loss recognised in the reporting year.

   We were able to satisfy ourselves that the estimates and assumptions made by the executive directors were sufficiently documented and substantiated.

3. The company's disclosures are contained in section 1. I., section 3, section 16. and section 18 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the information contained in the section "Internal control system as part of the risk management system" of the Group management report, which is labelled as unaudited and is not an audited component of the Group management report.

The other information comprises further

- the corporate governance declaration in accordance with Section 289f HGB and Section 315d HGB
- the separate non-financial Group report to fulfil Sections 315b to 315c HGB
- the remuneration report in accordance with Section 162 AktG, for which the Supervisory Board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor’s report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for

Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file FSE_KGaA_KA_KLB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 17 May 2023. We were engaged by the supervisory board on 30 October 2023. We have been the group auditor of the Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Bernd Roese.

Frankfurt am Main, February 20, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft
(Original German Version signed by:)

Dr. Ulrich Störk Wirtschaftsprüfer (German Public Auditor)	Dr. Bernd Roese Wirtschaftsprüfer (German Public Auditor)

FURTHER INFORMATION

6

BOARDS

SUPERVISORY BOARD FRESENIUS SE & CO. KGAA

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2023	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2023
Wolfgang Kirsch Chair	Member of various supervisory boards	1955	2021	Adolf Würth GmbH & Co. KG B. Metzler seel. Sohn & Co. AG (Chair)	Fresenius Management SE (Chair)
Prof. Dr. med. D. Michael Albrecht	Medical Director and Spokesman of the Management Board of the University Hospital Carl Gustav Carus Dresden	1949	2011		
Stefanie Balling (until November 30, 2023)	Full-time Works Council Member Fresenius Medical Care Deutschland GmbH	1968	2016		
Bernd Behlert	Full-time Works Council Member Helios Vogtland-Klinikum Plauen GmbH	1958	2018		Helios Vogtland-Klinikum Plauen GmbH
Michael Diekmann Deputy Chair	Member of various supervisory boards	1954	2015	Allianz SE[1] (Chair)	Fresenius Management SE
Grit Genster Deputy Chair	Secretary of the Trade Union ver.di, Vereinte Dienstleistungsgewerkschaft Division Manager Health Care/ Health Policy	1973	2020		
Konrad Kölbl	Full-time Works Council Member VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H.	1959	2007		
Frauke Lehmann	Full-time Works Council Member Helios Kliniken Schwerin GmbH	1963	2016		Helios Kliniken Schwerin GmbH (Deputy Chair)
Prof. Dr. med. Iris Löw-Friedrich	Chief Medical Care Officer and Executive Vice President, Head of Development, UCB S.A.	1960	2016	Evotec SE[1] (Chair)	
Holger Michel (since November 30, 2023)	Full-time Works Council Member Fresenius Kabi Deutschland GmbH	1969	2023		

The term of office expires at the end of the Annual General Meeting 2025.

[1] Stock-listed company

BOARDS

SUPERVISORY BOARD FRESENIUS SE & CO. KGAA

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2023	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2023
Oscar Romero de Paco	Production staff member Fresenius Kabi España S.A.U.	1974	2016		
Susanne Zeidler	Member of various supervisory boards	1961	2022	DWS Investment GmbH (until December 31, 2023)	Fresenius Management SE
Dr. Christoph Zindel	Member of Supervisory Board	1961	2022		
Dr. Gerd Krick	Honorary Chairman of the Supervisory Board of Fresenius SE & Co. KGaA and Fresenius Management SE				

The term of office expires at the end of the Annual General Meeting 2025.

COMMITTEES OF THE SUPERVISORY BOARD

Nomination Committee	Audit Committee	Joint Committee [1]
Wolfgang Kirsch (Chair)	Susanne Zeidler (Chair)	Dr. Dieter Schenk (Chair)
Michael Diekmann	Bernd Behlert	Michael Diekmann
Susanne Zeidler	Grit Genster	Wolfgang Kirsch
	Wolfgang Kirsch	Susanne Zeidler
	Dr. Christoph Zindel	

[1] The committee consists equally of two members each of the Supervisory Board of Fresenius SE & Co. KGaA and of Fresenius Management SE.

BOARDS

MANAGEMENT BOARD FRESENIUS MANAGEMENT SE

(General partner of Fresenius SE & Co. KGaA)

					Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies	
Name	Segment	Year of birth	Initial appointment	Term expires	External positions as at Dec. 31, 2023	Fresenius Group company positions as at Dec. 31, 2023
Michael Sen	Chairman	1968	2021	2027		Fresenius Kabi AG (since March 1, 2023; Chair since March 8, 2023) Fresenius Medical Care Management AG (Chair; until November 30, 2023) Fresenius Medical Care AG [1] (Chair; since November 30, 2023)
Pierluigi Antonelli (since March 1, 2023)	Business Segment Fresenius Kabi	1963	2005	2026		
Dr. Sebastian Biedenkopf (until November 30, 2023)	Responsible for Human Resources (Labor Relations Director), Risk Management and Legal (until June 30, 2023); Responsible for Human Resources (Labor Relations Director) and Insurance (July 1, 2023 until November 30, 2023)	1964	2020	2023		
Dr. Francesco De Meo (until September 8, 2023)	Business Segment Fresenius Helios	1963	2008	2026		
Helen Giza (until November 30, 2023)	Business Segment Fresenius Medical Care	1968	2022	2027	Resonetics LLC	Fresenius Medical Care Holdings, Inc., USA Chair
Sara Hennicken	Chief Financial Officer	1980	2022	2027		Fresenius Kabi AG (Deputy Chair; March 8, 2023) VAMED AG, Austria (Deputy Chair) Fresenius Medical Care Management AG (until November 30, 2023) Fresenius Medical Care AG [1] (Deputy Chair; since November 30, 2023)
Robert Möller (since September 8, 2023)	Business Segment Fresenius Helios	1967	2023	2026		Amper Kliniken Aktiengesellschaft Helios Kliniken Breisgau-Hochschwarzwald GmbH Helios Spital Überlingen GmbH Helios Beteiligungs Aktiengesellschaft Imaging Service AG
Dr. Michael Moser (since July 1, 2023)	Legal, Risk Management, Compliance, ESG, Human Resources and Business Segment Fresenius Vamed	1976	2023	2026		VAMED AG, Austria
Dr. Ernst Wastler (until July 15, 2023)	Business Segment Fresenius Vamed	1958	2008	2025		

[1] Stock-listed company

BOARDS

SUPERVISORY BOARD FRESENIUS MANAGEMENT SE

(General partner of Fresenius SE & Co. KGaA)

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2023	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2023
Wolfgang Kirsch Chair	Member of various Supervisory Boards	1955	2020	Adolf Würth GmbH & Co. KG B. Metzler seel. Sohn & Co. AG (Chair)	Fresenius SE & Co. KGaA [1] (Chair)
Dr. Frank Appel	Chief Executive Officer Deutsche Post DHL Group [1] (until May 4, 2023)	1961	2021	Deutsche Telekom AG [1] (Chair)	
Michael Diekmann	Member of various Supervisory Boards	1954	2015	Allianz SE [1] (Chair)	Fresenius SE & Co. KGaA [1] (Deputy Chair)
Dr. Heinrich Hiesinger	Member of various Supervisory Boards	1960	2020	ZF Friedrichshafen AG (Chair) BMW AG [1] Deutsche Post AG [1]	
Dr. Dieter Schenk Deputy Chair	Member of various Supervisory Boards	1952	2010	Gabor Shoes AG (Chair) TOPTICA Photonics AG (Chair) Else Kröner-Fresenius-Stiftung (Chair)	Fresenius Medical Care AG & Co. KGaA [1] (Chair; until November 30, 2023) Fresenius Medical Care Management AG (Deputy Chair, until November 30, 2023) VAMED AG (Chair)
Susanne Zeidler	Member of various Supervisory Boards	1961	2021	DWS Investment GmbH (until December 31, 2023)	Fresenius Management SE
Dr. Gerd Krick	Honorary Chairman of the Supervisory Board of Fresenius SE & Co. KGaA and Fresenius Management SE				
Dr. Karl Schneider	Honorary Member of the Supervisory Board of Fresenius Management SE				

The term of office expires at the end of the Annual General Meeting 2025.

[1] Stock-listed company

GLOSSARY

Healthcare terms/Products and services

Apheresis
A medical technology in which the blood of a person is passed through a device that separates out one particular blood component and returns the remainder to the circulation. This technology is used for the collection of various blood components by donors, as well as for therapeutic applications for patients.

Biosimilars
A biosimilar is a drug that is "similar" to another biologic drug already approved.

CAR T cell therapy
In this therapy form, the immune cells of patients are collected, genetically modified, and reinfused into the patient with better characteristics than before. In the patient's body, they activate the immune system and destroy cancer cells

CUE
Cue is an automated cell processing system capable of washing, concentrating, and preparing white blood cell suspensions for cryopreservation (freezing in liquid nitrogen) and/or dispensing into final containers.

Cytostatics
Substances that slow or stop the growth of cells, including cancer cells, without killing them. These agents may cause tumors to stop growing and spreading without causing them to shrink in size.

Declaration of Helsinki
Declaration of the World Medical Association on ethical principles for medical research involving human subjects.

Dialysis
Form of renal replacement therapy where a semipermeable membrane – in peritoneal dialysis the peritoneum of the patient, in hemodialysis the membrane of the dialyzer – is used to clean a patient's blood.

Dialysis machine
The hemodialysis process is controlled by a dialysis machine, which pumps blood, adds anticoagulants, regulates the cleansing process, and controls the mixture of dialysate and its flow rate through the system.

Dialyzer
Special filter used in hemodialysis for removing toxic substances, waste products of metabolic processes, and excess water from the blood. The dialyzer is sometimes referred to as the "artificial kidney".

DRG flat rate per case
The Diagnosis Related Group (DRG) is a flat rate per case and forms the basis for the reimbursement of inpatients treated in German hospitals.

Enteral nutrition
Application of liquid nutrition as a tube or sip feed via the gastrointestinal tract.

Evidence-based medicine
Evidence-based medicine (EBM) builds on expert knowledge, the experience of those treating patients and their needs, as well as on current scientific findings. The aim is to provide the best possible care for people who are ill.

FDA (U.S. Food & Drug Administration)
Official authority for food observation and drug registration in the United States.

Immunogenicity
The ability of an antigen to cause an immune response (immunization, sensitization).

LOVO
LOVO is a cell processing system to wash differentiated and undifferentiated white blood cells for laboratory and research use. It is designed to offer a simple, fast, and automated method to remove supernatant, add and reduce volume in a fully closed system.

Multi-chamber bag
The multi-chamber bag contains all the macronutrients like amino acids, glucose, and lipids, as well as electrolytes, in separate chambers. Immediately before infusion, all nutrients are mixed thoroughly within the bag simply by opening individual chambers. This reduces the risk of contamination and saves time when preparing the infusions.

Outpatient clinic
Interdisciplinary facility for outpatient care, managed by physicians. The responsible body of a medical care center includes all service providers (such as physicians, pharmacists, healthcare facilities) that are authorized to treat patients with statutory health insurance.

Parenteral nutrition
Application of nutrients directly into the bloodstream of the patient (intravenously). This is necessary if the condition of a patient does not allow them to absorb and metabolize essential nutrients orally or as sip and tube feed in a sufficient quantity.

GLOSSARY

Healthcare terms/Products and services

Pharmacokinetics
The effect of the body on the drug.

PPP (public-private partnership model)
Public-private partnership describes a government service or private business venture that is funded and operated through a partnership of government and one or more private-sector companies. In most cases, PPP accompanies a part-privatization of governmental services.

Serialization
Labeling of a pharmaceutical package with a unique serial number that is combined with the item number (GTIN), batch number, and expiration date. This combination is encoded in a 2D Data Matrix code, which is used to verify the authenticity of the medicine when it is dispensed.

Signal detection
Various activities used to determine whether new risks exist in connection with an active ingredient or pharmaceutical product, or whether risks known to us have changed. A review is based on our safety reports, aggregated data from the pharmacovigilance systems, and studies and information from the scientific literature or other data sources available to us. Signal management also includes the assessment of new evidence and related recommendations, decisions, communications, and follow up on the information.

Subcutaneous injection
An injection of vaccines or drugs into the subcutaneous fat tissue.

Telematics infrastructure
The telematics infrastructure is intended to network all those involved in the German healthcare system and enable a secure exchange of information across sectors and systems.

UNE
The Spanish Association for Standardization, UNE, is the body legally responsible for the development of standards in Spain. It is the Spanish representative in ISO.

GLOSSARY

Financial terms[1]

After adjustments
In order to measure the operating performance extending over several periods, key performance measures are "adjusted" where applicable. Adjusted measures are labelled with "after adjustments". A reconciliation table is available within the respective quarterly or annual report and presents the composition of special items.

Audit & Inspection Score
The Audit & Inspection Score at Fresenius Kabi is based on the number of critical and serious non-conformances from regulatory GMP inspections and the number of serious non-conformances from TÜV ISO 9001 audits in relation to the total number of inspections and audits performed. The score shows how many deviations were identified on average during the inspections and audits considered.

Before special items
In order to measure the operating performance extending over several periods, key performance measures are adjusted by special items, where applicable. Adjusted measures are labelled with "before special items". A reconciliation table is available within the respective quarterly or annual report and presents the composition of special items.

Cash flow
Financial key figure that shows the net balance of incoming and outgoing payments during a reporting period.

Operating cash flow
Operating cash flow is a financial measure showing cash inflows from operating activities during a period. Operating cash flow is calculated by subtracting non-cash income and adding non-cash expenses to net income.

Cash flow from investing activities
Cash flow from investing activities is a financial measure opposing payments for the acquisition or purchase of property, plant and equipment and investments versus proceeds from the sale of property, plant and equipment and investments.

Cash flow from financing activities
Cash flow from financing activities is a financial measure showing how the investments of the reporting period were financed.

Cash flow from financing activities is calculated from additions to equity plus proceeds from the exercise of stock options, less dividends paid, plus proceeds from debt increase (loans, bonds, etc.), less repayments of debt, plus the change in noncontrolling interests, plus proceeds from the hedge of exchange rate effects due to corporate financing.

Cash flow before acquisitions and dividends
Fresenius uses the cash flow before acquisitions and dividends as the financial measure for free cash flow. Cash flow before acquisitions and dividends is calculated by operating cash flow less investments (net). Net investments are calculated by payments for the purchase of property, plant and equipment less proceeds from the sale of property, plant and equipment.

Cash Conversion Rate (CCR)
The cash conversion rate is defined as the ratio of adjusted free cash flow (cash flow before acquisitions and dividends; before interest, tax and special items) to operating income (EBIT) before special items. This allows us to assess our ability to generate cash and amongst others, also to pay dividends.

Constant currencies
Constant currencies for income and expenses are calculated using prior-year average rates; constant currencies for assets and liabilities are calculated using the mid-closing rate on the date of the respective statement of financial position.

CSR (Corporate Social Responsibility)
CSR refers to the social responsibility of companies. Their operations can affect economic, social, and environmental conditions all over the world.

DSO (Days Sales Outstanding)
Indicates the average number of days it takes for a receivable to be paid.

EBIT (Earnings before Interest and Taxes)
EBIT does include depreciation and write-ups on property, plant and equipment.

EBIT is calculated by subtracting costs of revenue, selling, general, and administrative expenses, and research and development expenses from revenue.

EBIT margin
EBIT margin is calculated as the ratio of EBIT to revenue.

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)
EBITDA is calculated from EBIT by adding depreciations recognized in income and deducting write-ups recognized in income, both on intangible assets as well as property, plant and equipment.

EBITDA margin
EBITDA margin is calculated as the ratio of EBITDA to revenue.

Employee-Engagement Index (EEI)
The Employee Engagement Index measures how positively employees identify with their employer, how committed they feel, and how engaged they are at work. The key figure can be reported in relation to a business segment or for the entire Group.

[1] Integral part of Group Management Report

GLOSSARY

Financial terms[1]

Inpatient Quality Indicator
The Inpatient Quality Indicator at Fresenius Helios comprises the measurement of a set of standardized German inpatient quality indicators (G-IQI). These are based on routinely collected hospital billing data from hospital information systems. The number of indicators achieved compared to the total number of indicators is calculated to measure the overall success rate. There is individual target setting and measurement of target achievement in the two Helios segments Helios Germany and Helios Spain. Subsequently, target achievement is consolidated at Helios company level with equal weighting (50% each) for Executive Board compensation.

Net debt/EBITDA
Net debt/EBITDA is a financial measure reflecting the ability of Fresenius to fulfill its payment obligations. Net debt and EBITDA are calculated at LTM (last-12-month) average exchange rates, respectively.

Calculation of net debt:
Short-term debt
\+ Short-term debt from related parties
\+ Current portion of long-term debt and capital lease obligations
\+ Current portion of Senior Notes
\+ Long-term debt and capital lease obligations, less current portion
\+ Senior Notes, less current portion
\+ Convertible bonds
= Debt
\- Less cash and cash equivalents
= Net debt

Net Promoter Score (NPS)
The Net Promoter Score is designed to ensure that Fresenius Medical Care maintains excellent patient relationships and that the patient voice is used to provide strategic insights to improve patient relationships. Improving the Net Promoter Score leads to better service, higher quality of care, improved quality of life and loyalty to remain with Fresenius Medical Care as the provider of choice.

NOPAT
Net Operating Profit After Taxes (NOPAT) is calculated from operating income (EBIT), as stated in the profit and loss statement, less income taxes.

Organic growth
Growth that is generated by a company's existing businesses and not by acquisitions, divestitures, or foreign exchange impact.

ROE (Return on Equity)
Measure of a corporation's profitability revealing how much profit a company generates with the money shareholders have invested.
ROE is calculated by fiscal year's net income/ total equity × 100.

ROIC (Return on Invested Capital)
Calculated by: (EBIT - taxes)/Invested capital.

Invested capital = total assets + accumulated amortization of goodwill - deferred tax assets - cash and cash equivalents - trade accounts payable - accruals (without pension accruals) - other liabilities not bearing interest.

ROOA (Return on Operating Assets)
Calculated as the ratio of EBIT to operating assets (average).

Operating assets = total assets - deferred tax assets - trade accounts payable - cash held in trust - payments received on account - approved subsidies.

Patient satisfaction
Fresenius Vamed measures the level of patient satisfaction in the VAMED healthcare facilities and the overall patient satisfaction with the services offered in the VAMED healthcare facilities. Each patient receives a questionnaire at or immediately after discharge, which contains 16 standardized questions that are evaluated for the patient satisfaction target.

SOI (Scope of Inventory)
Indicates the average number of days between receiving goods as inventory and the sale of the finished product.

Calculated by: (Inventories/Costs of goods sold) × 365 days.

Working capital
Current assets (including prepaid expenses) - accruals - trade accounts payable - other liabilities - deferred income.

[1] Integral part of Group Management Report

GLOSSARY

Financial terms[1]

RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC

€ in millions, except for ROIC	December 31, 2023	December 31, 2022[5]
Total assets	**45,284**	40,736
Plus: Cumulative goodwill amortization	**127**	108
Minus: Cash and cash equivalents	**-2,562**	-1,475
Minus: Loans to related parties	**-16**	-42
Minus: Deferred tax assets	**-360**	-439
Minus: Accounts payable	**-1,434**	-1,256
Minus: Accounts payable to related parties	**-54**	-20
Minus: Provisions and other current liabilities[1]	**-5,770**	-5,757
Minus: Income tax payable	**-390**	-287
Minus: Fresenius Medical Care investment accounted for using the equity method	**-3,500**	
Invested capital	**31,325**	31,568
Average invested capital as of December 31, 2023/2022[2]	**31,447**	31,062
Operating income[3,4]	**2,262**	2,255
Income tax expense	**-640**	-503
NOPAT[3,4]	**1,622**	1,752
ROIC in %	**5.2%**	5.6%

[1] Includes non-current provisions and payments outstanding for acquisition; does not include pension liabilities and noncontrolling interests subject to put provisions.
[2] Includes adjustments for acquisitions in the respective reporting period with a purchase price above a certain level (2023: €0 million; 2022: €1,286 million).
[3] Includes adjustments for acquisitions in the respective reporting period with a purchase price above a certain level (2023: €0 million; 2022: €65 million).
[4] Before special items
[5] Balance sheet items excluding Fresenius Medical Care

For a detailed overview of special items and adjustments please see the reconciliation tables on pages 64–67.

[1] Integral part of Group Management Report

IMPRINT

Commercial Register: Bad Homburg v. d. H.; HRB 11852
Chairman of the Supervisory Board: Wolfgang Kirsch

General Partner: Fresenius Management SE
Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673
Management Board: Michael Sen (Chairman), Pierluigi Antonelli, Sara Hennicken, Robert Möller, Dr. Michael Moser
Vorsitzender des Aufsichtsrats: Wolfgang Kirsch
Chairman of the Supervisory Board: Wolfgang Kirsch

The German version of this Annual Report is legally binding.

The editorial closing date of this Annual Report was on March 7, 2024, and it was published on March 14, 2024. Rounding differences may occur.

The Annual Report and the financial statements of Fresenius SE & Co. KGaA are available on our website at: https://www.fresenius.com/financial-reports-and-presentations .

You will find further information and current news about our company on our website at: www.fresenius.com.

Forward-looking statements:
This Annual Report contains forward-looking statements. These statements represent assessments that we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based not occur, or if risks should arise – as mentioned in the risk report – the actual results could differ materially from the results currently expected.

Design concept/realization: Hilger Boie Waldschütz Design, Wiesbaden

FINANCIAL CALENDAR

Report on 1st quarter 2024 Conference call, live webcast	May 8, 2024
Annual General Meeting	May 17, 2024
Report on 2nd quarter 2024 Conference call, live webcast	July 31, 2024
Report on 3rd quarter 2024 Conference call, live webcast	November 6, 2024

Schedule updates, information on live webcasts, and other events at www.fresenius.com/events-and-roadshows

FRESENIUS SHARE / ADR

	Ordinary share		ADR
Securities identification no.	578 560	CUSIP	35804M105
Ticker symbol	FRE	Ticker symbol	FSNUY
ISIN	DE0005785604	ISIN	US35804M1053
Bloomberg symbol	FRE GR	Structure	Sponsored Level 1 ADR
Reuters symbol	FREG.de	Ratio	4 ADR = 1 share
Main trading location	Frankfurt/Xetra	Trading platform	OTC

CONTACT

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