

Information
for the Annual General Meeting
of Fresenius Medical Care AG & Co. KGaA
on 16 May 2019
pertaining to the compensation system for the members
of the Management Board of the General Partner
of Fresenius Medical Care AG & Co. KGaA

Bad Homburg v.d. Höhe, April 2019

The agenda to the Annual General Meeting of Fresenius Medical Care AG & Co. KGaA (hereinafter the “Company”) that was published in the Federal Gazette (*Bundesanzeiger*) on 2 April 2019 does – in contrast to previous statements of intent – not include a voting on the approval of the compensation system for the members of the Management Board of the general partner, Fresenius Medical Care Management AG (hereinafter the “General Partner”). The General Partner and the Supervisory Board of the Company hereby would like to inform the shareholders of the Company about the reasons for this.

The performance-based compensation of the members of the Management Board is composed of a short-term cash component (one-year variable compensation) and of components with long-term incentive effects (comprising share-based compensation with cash settlement). The share-based compensation with cash settlement consists of (i) the so-called Share Based Award, which is granted in form a deferral of a portion of the one-year variable compensation, as well as (ii) the so-called Performance Shares, which have been granted in the context of the Long-Term Incentive Plan 2016 (hereinafter the “LTIP 2016”). The main features of the compensation system are shown in the compensation report of the Company, which can be found on pages 125 seqq. of the annual report.

The granting of Performance Shares under the LTIP 2016 according to plan ended at the end of fiscal year 2018.

Against this background, the Supervisory Board of the General Partner had originally intended to undertake a comprehensive review and re-determination of the compensation system for the members of the Management Board. Accordingly, the Supervisory Board of the Company had intended to submit the revised compensation system for the members of the Management Board to the Annual General Meeting 2019 of the Company.

However, considering the ongoing discussions on the fundamental revision of the German Corporate Governance Code (hereinafter the “Code”), a comprehensive revision of the compensation system now does not appear to be reasonable. Introducing a new compensation system that one year later might have to be revised, again, would not be expedient. With a view to the long-term compensation components, it rather appears to be necessary to avoid, if possible, changing the compensation system several times but to provide for continuity in the incentivization of the members of the Management Board and in the design of the compensation system.

On 6 November 2018, the German Corporate Governance Code Government Commission published a draft for a fundamentally revised Code (hereinafter the “Draft Code”). The Draft Code also includes fundamental changes to the recommendations that relate to the compensation of the Management Board. The Draft Code that was presented by the Government Commission has been criticized, partially considerably. Against this background and under the impression of the relevant discussions, it appears to be very likely and the Company expects that the Draft Code and, in particular, also its compensation-related recommendations will be revised once again more than only immaterially.

The Management Board of the General Partner and the Supervisory Board in principle strive to comply with the recommendations of the Code, as they are applicable from time to time. However, considering the uncertainties of the future design of the compensation-related recommendations of the Code, the Supervisory Board of the General Partner at this time is not able to define a new, long-lasting compensation system.

The Supervisory Board of the General Partner therefore decided not to revise the so far existing compensation system for the members of the Management Board before the new version of the Code comes into force and, for fiscal year 2019, to keep up the components for the performance-related compensation of the members of the Management Board that existed until the end of fiscal year 2018. The comprehensive review and revision of the compensation system for the members of the Management Board therefore is now intended for the compensation for fiscal year 2020 and subsequent fiscal years. In its deliberations, the Supervisory Board of the General Partner will also take into consideration the then final, presumably fundamentally revised recommendations of the Code.

The compensation system for the members of the Management Board of the General Partner was last approved by the Annual General Meeting of the Company of 12 May 2016.

Since the compensation system for the members of the Management Board of Fresenius Medical Care Management AG has not been changed, the General Partner and the Supervisory Board of the Company see no reason to have the Annual General Meeting of the Company vote again, for the transition year 2019, on the approval of the compensation system for the members of the Management Board of the General Partner. The yet to be determined compensation system for the members of the Management Board of the General Partner that will apply as of fiscal year 2020 shall be submitted to the Annual General Meeting 2020 of the Company for approval.