

## 2.11 Combined non-financial declaration

This combined non-financial statement meets our reporting obligations under the CSR Directive Implementation Act. The contents of the non-financial statement were examined by the Audit Committee and the Supervisory Board of FUCHS PETROLUB SE. The auditor's opinion on the group management report does not extend to the contents of the non-financial statement. All information in the non-financial statement applies equally for the Group and the parent company unless otherwise indicated.

In order to avoid duplication within the management report, we refer to the relevant sections for further information in other chapters. References to information outside the combined management report are additional notes. They are not part of the non-financial statement.

FUCHS has set up targets, concepts, measures and due diligence processes for environmental, employee and social concerns in addition to respecting human rights and combating corruption and bribery as well as the supply chain. The following declaration contains information from FUCHS PETROLUB SE on the non-financial aspects of these concerns.

The company did not use a specific national, European or international framework to prepare this declaration, it is however based on the content requirements of the CSR Directive Implementation Act (CSR-RLUG).

FUCHS PETROLUB SE assumes corporate and social responsibility. This responsibility includes legal and socio-ethical aspects that FUCHS intends to adhere to while operating successfully as a company. FUCHS is committed to conducting business fairly and transparently. Its activities are established on the rule of law in all countries in which the company operates. Further information can be found in the Business model section. → [25 Business model](#)

The FUCHS mission statement with the canon of values: trust, creating value, respect, reliability and integrity form the foundation and benchmark for the responsible conduct of FUCHS. The two core elements, mission statement and canon of values, enable the organization to act target-oriented within a fair and transparent corporate culture.

To ensure future viability, sustainability is firmly established in the values of the FUCHS Group. Taking social and ecological responsibility is part of the corporate self-image at FUCHS. Therefore the three sustainability dimensions of economy, ecology and society are core elements of good corporate governance for FUCHS. To us, sustainability also means constantly evolving and optimizing. FUCHS respects human rights and actively fights against corruption and bribery. Our business activities are also focused on the supply chain as a strategically important part of our business relationships.

Within the framework of its existing risk management system, the company analyzes and assesses the material risks entailed by its business activities and business relationships. This also includes any possible severe repercussions of these risks on the aspects explained in this declaration. As far as corresponding risks exist, they are presented in our opportunity and risk report. → [44 Opportunity and risk report](#)

The Executive Board specifies the basic principles for sustainable business in the FUCHS Group, which are summarized in the form of a sustainability guideline. The Group's Chief Sustainability Officer (CSO) accompanies the company-wide activities relevant to sustainable business, in particular ecological aspects. FUCHS has established a Local Sustainability Officer at every national unit with production operations. These sustainability officers act as the interface for the Chief Sustainability Officer and are available as points of contact in this regard. The Executive Board defines the strategic framework for this purpose in close cooperation with the CSO. The FUCHS Sustainability Committee ensures information sharing within the Group along the process and value chain. Further information can be found in the Sustainability Report. → [www.fuchs.com/sustainabilityreport](http://www.fuchs.com/sustainabilityreport)

FUCHS has implemented a compliance management system (CMS) to ensure legally compliant and social-ethical conduct. The foundations of the CMS are firmly set out in the FUCHS Code of Conduct and in other mandatory policies relevant to compliance. The prevention and detection of violations, and responding to these violations in an appropriate manner, are key components of the CMS.

### Environmental concerns

For FUCHS, sustainable business also means consideration of the environment and careful use of natural resources. The aim of guaranteeing living standards for future generations is a top priority for FUCHS. The company therefore pays attention to the responsible use of energy, water and raw materials.

For FUCHS, ecological sustainability specifically means measuring and, wherever possible, improving the company's ecological "Footprint." Relevant factors here are its impact on the environment and resources used in connection with extracting and sourcing raw materials by suppliers, processing and blending of the raw materials in the lubricant plants, the supply of the finished lubricants to our customers and the ultimate disposal of these products. Ecological sustainability for FUCHS also refers to the ecological "FUCHS print." Here, FUCHS seeks to quantify and, where possible, increase the positive effects achieved by customers during the usage phase of FUCHS lubricant products by reducing friction, wear and corrosion.

The FUCHS production sites are located in designated industrial and commercial areas, and are planned and operated according to Group-wide safety and environmental specifications, so that as few substances as possible that could impact biodiversity are released into the environment. Given FUCHS' low vertical integration as a blender at the end of the process and value chain, the direct ecological footprint in lubricant manufacturing is relatively low. FUCHS therefore differs from the conventional chemical industry. Nevertheless, the goal is to continuously improve the ecological footprint through environmentally friendly production methods. FUCHS is therefore developing special technologies and investing in state-of-the-art, safe systems for lubricant production, and in continuous process optimization. The goal is to keep the energy and water consumption, the waste generation during production low or to further decrease them as well as to reduce the CO<sub>2</sub> emissions.

One aspect of sustainability management is the certification of the environmental management system at FUCHS in accordance with the relevant ISO standards. As of the end of 2018

- 65% of production locations are certified according to the ISO 14001 environmental management standard; and
- six production locations in Europe are certified according to the ISO 50001 energy management standard.

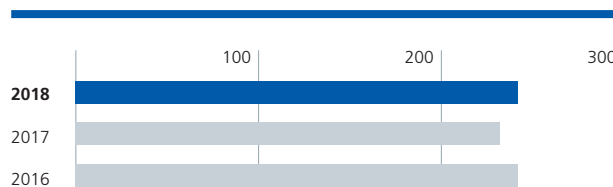
The preparation for re-certification according to IATF 16949 has required more capacity than originally planned at most production locations. The 2017 target will therefore be modified. In the next two years, four further production locations are to be certified according to ISO 14001.

### Ecological indicators

FUCHS was able to reduce energy consumption, energy consumption related CO<sub>2</sub> emissions, water consumption and waste generation per ton of lubricant produced in the previous years. In the year 2018, the ecological sustainability indicators mentioned above rose slightly, but are all at or below their 2016 levels.

FUCHS is currently working on a better understanding of the portfolio-specific production processes and resource consumption of its sites on the one hand and on opportunities for further resource savings on the other. On the basis of these findings, quantifiable targets for the ecological sustainability indicators will then be formulated.

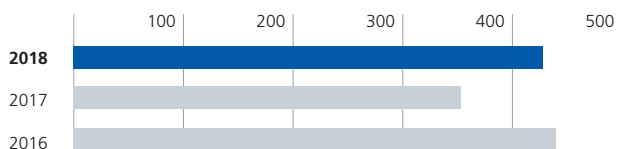
### Development of energy consumption (in kilowatt hours per ton produced)



Basis: FUCHS production locations.

### Development of water consumption

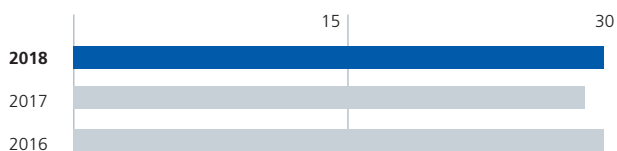
(in liter per ton produced)



Basis: FUCHS production locations.

### Waste generation

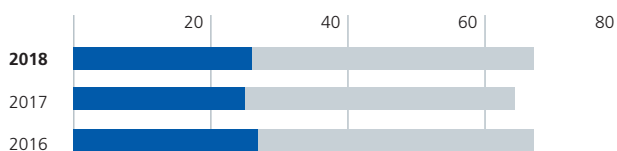
(in kilograms per ton produced)



Basis: FUCHS production locations.

### CO<sub>2</sub> emissions

(in kilograms per ton produced)



■ Scope 1: direct emissions through own energy generation.

■ Scope 2: indirect emissions through purchased energy.

Basis: FUCHS production locations.

Thanks to their friction reduction, wear and corrosion protection properties, FUCHS lubricants positively contribute to prolonging running times for machines. FUCHS develops, produces and sells a number of lubricant products optimally tailored to the respective application, as well as emission reducing and environmentally friendly products. Compared to conventional alternatives, they also increase the efficiency of customers' production processes and thus make a positive contribution to saving on energy, cutting back greenhouse gas emissions and thereby conserving resources. These effects are measurable using an ecological assessment and a life cycle assessment and, in addition to performance and price, can become an additional differentiating characteristic and thus a competitive advantage for FUCHS.

Further information can be found in the Sustainability Report.

→ [www.fuchs.com/sustainabilityreport](http://www.fuchs.com/sustainabilityreport)

### Employee concerns

Work safety is of great importance to FUCHS. The company is subject to various national and international regulations on occupational health and safety at our different locations. The respective applicable occupational health and safety provisions form the minimum standard for the entrepreneurial measures to be implemented. All FUCHS employees have been informed of the laws, regulations and internal occupational health and safety guidelines relevant to them and are instructed to comply with them. Employees are advised to be constantly mindful of potential hazards in their activities and their working environment, both in their own interests and in the interests of their co-workers.

40% of the production locations were certified according to the OHSAS 18001 Occupational Health and Safety Management System at the end of 2018. Certificates in accordance with OHSAS 18001 may only be issued until March 11, 2021. Thereafter, only certification of health and safety at work in accordance with the new ISO standard 45001 "Occupational Health and Safety Management Systems" published in March 2018 is still possible. FUCHS has decided to strive for new certifications only in accordance with the new ISO standard 45001. Since the requirements are more extensive than those of the previous OSHAS 18001 standard, the aim is to increase the proportion of certified production sites to 50% in the next two years.

To FUCHS, a responsible HR policy means equal opportunities and strictly prohibiting discrimination. FUCHS supports the International Labor Organization's Declaration on Fundamental Principles. These include freedom of association, the right to collective bargaining, the elimination and prohibition of forced and child labor and the prohibition of discrimination in employment and occupation. Within the framework of the respective statutory provisions, FUCHS does not tolerate any form of discrimination and is committed to upholding the principles of equal opportunities when hiring and promoting employees. Furthermore, we respect employees' rights to equal treatment, regardless of race and nationality, religion and belief, gender and sexual orientation, political or trade union activity, age, illness or disability, or other personal characteristics. FUCHS ensures a non-discriminatory working environment and actively promotes the various aspects of diversity. The integration of different nationalities is a matter of course for the company.

FUCHS takes into account peoples' disabilities and creates an environment in which they can use their skills in the business.

Since its establishment, FUCHS PETROLUB SE has been part of an initiative of German economic leaders that presented a Code of Responsible Conduct for Business under the patronage of the Wittenberg Center for Global Ethics. As a subscriber to the model, the Executive Board is committed to a success-driven and value-oriented system of corporate governance in the sense of the social market economy. This includes fair competition, social partnership, the performance principle and sustainability.

### Sustainable personnel policy

As part of our sustainable personnel management, we have implemented projects in the fields of health management, continuing professional development and work-life balance. We are systematically pursuing the goal of striking a balance between the business interests of FUCHS and the private and family needs of our employees. FUCHS accordingly places great emphasis on helping employees combine a career with a family. Flexible working time models are an important part of this. In addition to typical flextime models, part-time options are also available, ranging from 15 to 32 hours per week, which can also involve job-sharing or shift work. We are constantly examining ways in which we can further develop family-oriented options to cater even more effectively to the various life phases of our employees.

The task and goal of the company is to ensure the safety of the workplaces at all times, to ward off health hazards for the employees and to reduce the number of days lost. FUCHS has established a company health management system for this purpose. This includes extensive training in areas such as load handling, skin protection and ergonomics at computer workstations. Furthermore, at the Mannheim site, for example regular programs for the early detection of colon cancer, addiction prevention and healthy eating are offered. FUCHS supports initiatives established by employees to take part in sporting activities together as well as cooperations with fitness studios.

### Social indicators

The age structure and average length of service have remained constant. There was a slight increase in fluctuation and the number of days lost compared with the previous year.

→ **## 63 Social indicators**

### Staff development

Alongside vocational training, individual, needs-driven continuing professional development remains the foundation for developing specialist personnel and high potentials. The digitalization of HR processes will also have a visible impact on the area of employee development. The new digital learning platform, which went online in 2018, is expected to gradually provide all employees with access to training. In addition to basic technical subjects relating to lubricants, there will also be training courses on key subjects such as Code of Conduct, Compliance, IT Security and IT tools such as FUCHS Connect and the specific sharing of internal FUCHS knowledge. By integrating external e-learning providers, the number of available training courses will continue to increase significantly in the foreseeable future.

The FUCHS ACADEMY will continue to offer classic classroom training in the future. As a global training institution, it regularly offers seminars on a wide range of technical subjects and provides our sales experts, for instance, with a sound background knowledge of our products and their applications. The FUCHS ACADEMY is also a very popular learning platform for junior staff and employees with high potential, which helps to secure the continuous and targeted further development of our employees.

In light of the global structure of our organization, intercultural competence is a key success factor for our staff. We promote this by sending our employees on assignments around the world. Specialists and managers as well as students and interns are sent by us specifically to FUCHS subsidiaries.

The aforementioned measures are complemented by language courses. We thus ensure that the Group language of English forms a reliable basis for the exchange of knowledge and experience. Furthermore, internal training at FUCHS guarantees the transfer of expertise to new employees. Whenever necessary and reasonable, we organize short-term induction programs, training placements and long-term assignments to our subsidiaries.

FUCHS considers mixed management teams to be an effective way of significantly strengthening our company. For this reason, we also place particular emphasis on the dedicated support of women and ensure that appropriate consideration is given to them when filling management positions in the company. Women still account for 25% of the total workforce, the share of women in management positions remains constant at 22%.

## Social indicators

	2018	2017	2016 <sup>1</sup>
Average age of employees in years	43	43	43
Age structure of employees in %			
< 30 years	16	16	14
31 to 40 years	28	28	29
41 to 50 years	28	28	28
> 50 years	28	28	29
Average length of service of employees in years	10	10	10
Employee fluctuation <sup>2</sup> in %	4.8	4.1	3.6
Work-related accidents <sup>3</sup> per 1,000 employees	15	16	13
Days lost due to sickness per employee	8	7	7
Proportion of women in management positions in %	22	22	20
Average further training and education per employee in hours	14	15	17

<sup>1</sup> FUCHS production locations (representativeness: 90%).

<sup>2</sup> Share of employees leaving the company voluntarily.

<sup>3</sup> Number of accidents with more than three absence days.

## Social concerns

For FUCHS, social acceptance is a key requirement for economic success. Many of our Group companies have deep roots in their regions. The company sees itself as a partner in these regions, and takes part in educational and cultural initiatives and cooperations. FUCHS also supports a number of social projects and charitable organizations. Further information can be found in the Sustainability Report.

→ [www.fuchs.com/sustainabilityreport](http://www.fuchs.com/sustainabilityreport)

## Respect for human rights

For FUCHS, respect for human rights in its business activities is a matter of course. This self-commitment is expressed in the general set of values that FUCHS has set itself through the Code of Conduct. The signing of the Modern Slavery Act Statement in the UK underscores FUCHS' determination to prevent the criminal exploitation of human labor, for instance in the form of human trafficking, forced and child labor or slavery, beyond its own operations and in its supply chain as well. FUCHS ensures respect for human rights in the upstream value chain at its suppliers by means of contractual agreements, self-regulatory declarations by the supplier and on-site audits.

For FUCHS, human rights are an essential part of business ethics. These standards also apply in the customer relationship and are implemented in an appropriate manner if violations, related to this, come to light.

## Combating corruption and bribery

In competition, FUCHS relies on the quality and intrinsic value of its products and services. FUCHS has no intention to influence business partners or officials by unlawful and inappropriate conduct, nor does FUCHS allow itself to be influenced by such conduct in its business decisions. The FUCHS Code of Conduct, compulsory policies guidelines for employees and business partners, transparent business processes, an established compliance management system (CMS) and internal controls form the binding guidelines for the prevention of all types of corrupt behavior and support all employees in observing the laws and regulations for the prevention of corruption and bribery.

## Compliance management system

Important components of the CMS are the provision of a suitable compliance culture by the Executive Board of FUCHS PETROLUB SE and the managers of the FUCHS Group, the Group-wide compliance organization and a compliance program geared to adequate and efficient measures, e.g. in the form of information events, training courses, an information platform for employees and business partners and other measures derived from the guidelines. The Principles for the Proper Performance of Reasonable Assurance Engagements Relating to compliance management systems (IDW PS 980) are a point of reference for the design of the FUCHS CMS.

The Executive Board continuously reviews the quality of the CMS, develops it further and makes improvements if necessary. The Executive Board regularly encourages each employee to play an active part in the implementation and development of compliance measures and compliance programs in their area of work, for example by participating in further training courses, but also by reporting potential compliance violations.

The company's compliance organization has developed various goals which should be achieved with the Group's CMS based on the general company targets set by the Executive Board and taking into account the regulations which are particularly important for the company.

At FUCHS, one of the primary goals of the CMS is the prevention, detection and sanctioning of violations of the law, including corruption and bribery.

Alongside the Chief Compliance Officer (CCO) and the Group Compliance Committee (GCC), the Executive Board is responsible for determining the compliance targets. The CCO communicates the compliance targets to all the managers and employees of the Group.

Violations of compliance requirements threaten key success factors for FUCHS and are not tolerated at FUCHS. Compliance violations are assessed and appropriately sanctioned as part of the defined compliance process. The response to compliance violations depends on factors including their nature, gravity and duration, degree of fault and participation in the assessment of the violation. Sanctions can be imposed on the whole range of possible violations, including extraordinary termination of employment, claim for damages and criminal charges. Measures to eradicate weaknesses determined in the CMS can be procedural and organizational adjustments.

To meet the targets of the CMS, the company identifies and analyzes possible compliance violations and suspected cases as quickly as possible to take appropriate measures and prevent future violations.

A further measure is the continuous performance of compliance risk analyses. After a relevance analysis has been carried out, the risks of corruption and bribery also belong to the main risk areas for the CMS. Based on this analysis, which was conducted on a regular and ad-hoc basis, the need for adjustment was identified as a result of changes in the legal and regulatory environment and taken into account when defining compliance targets.

A risk assessment at the level of FUCHS PETROLUB SE as the Group holding company is the basis for the regular analysis of compliance risks at the level of all Group companies.

When integrating newly acquired companies into the FUCHS CMS, the objective is to integrate these companies as quickly as possible into the compliance processes relevant to them and the company's risk orientation.

The results of the risk analyses are consolidated into a risk portfolio for the entire FUCHS Group. Specific weighting factors, such as the Corruption Perception Index (CPI), published by Transparency International Deutschland e.V., are taken into account.

Taking into account the requirements of the CMS and its individual corporate structure, FUCHS has given itself both a centralized and decentralized compliance organizational structure. The CCO and GCC form part of the centralized organization. The decentralized compliance organization is represented by the Local Compliance Officer (LCO).

The Internal Audit (IA) sector reviews the monitoring of the CMS for its adequacy and functionality, both in the form of planned and ad-hoc revisions. The Executive Board and Supervisory Board regularly discuss and decide on the results of the risk analyses and compliance investigations. The findings from compliance violations and from monitoring the CMS are incorporated into this optimization and further development of the CMS and significantly influence the further development of the aforementioned compliance elements and the relevant compliance fields of the CMS.

Further information on the CMS can be found in the Corporate Governance section. → [66 Corporate Governance](#)

### Supply chain

The production of lubricants is part of an extensive value chain and begins with the purchase of raw materials. The raw materials used at FUCHS consist of complex chemical raw materials, renewable raw materials and a wide range of base fluids. FUCHS ensures that the raw materials used comply with all EHS regulations (environmental, health and safety) and, parallel to this, FUCHS invests in alternative raw material solutions that help to protect the environment and resources.

For FUCHS, raw materials are a key element in the formulation of products. A carefully monitored and administered raw materials portfolio ensures that the marketable products are always available in consistent quantity.

The procurement of raw materials is organized both centrally and locally. FUCHS manages its strategically most important suppliers with its central lead buyer concept, while the suppliers that are only relevant to the respective local companies are managed by the local procurement officers.

A continuous supply of raw materials and the prevention of procurement risks are guaranteed by a broad base and a structured search for alternative suppliers. Technical working groups assist procurement officers in validating alternative sources of raw material to rule out single supply scenarios.

Given the strategic importance of key suppliers to the continuous availability of the necessary raw materials, FUCHS actively manages the relationship with the suppliers. The centrally managed FUCHS suppliers are assessed and systematically evaluated each year in the global supplier evaluation based on var-

ious criteria. In the event of any deficits in the fulfillment of these criteria, suppliers are issued with specific action plans and implementation deadlines. The criteria to be assessed are: business relations, pricing, technical aspects, quality, order and delivery management as well as sustainability aspects, including the carbon footprint of the raw materials supplied to FUCHS and possible CO<sub>2</sub> reduction targets.

At FUCHS, the majority of greenhouse gases are not produced within the company's own and therefore directly controllable premises, but rather in the upstream supply chain. FUCHS therefore aims to contribute to the continuous improvement of ecological sustainability in the value chain through cooperation with strategic suppliers and to work only with those suppliers who have also committed themselves to this objective. That not only applies in relation to resource efficiency and environmental standards, but also with the aim of increasing the amount of environmentally friendly raw materials in our own production processes.

As a result, the supplier evaluation according to sustainability aspects leads to the establishment of selected sustainable projects based on partnership. In these projects, FUCHS is working with its suppliers to quantify ecological sustainability in its lubricants portfolio. The aim is to develop a benchmark to classify FUCHS products into categories. The expectation of the company is that the change from a qualitative to a quantitative assessment of ecological sustainability will bring a significant progress in terms of environmental properties and that this categorization will be a future specification component for FUCHS lubricants.

Further information can be found in the Sustainability Report. → [www.fuchs.com/sustainabilityreport](https://www.fuchs.com/sustainabilityreport)