



FUCHS PETROLUB SE

Compliance Management System (CMS)

August 2017

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Preamble

Dear colleagues,

FUCHS PETROLUB (FUCHS) is a globally operating group that meets the challenges of international competition head on and accepts its entrepreneurial as well as social responsibility. This responsibility includes legal and ethical aspects that we must adhere to, in order to be successful as a company. We undertake to manage our transactions in a fair and transparent way and base our conduct on the rules and laws of each country we do business in.

FUCHS does not tolerate improper behaviour and will carefully look at each breach and individual case and sanction it accordingly. FUCHS has stipulated fundamental guidelines and modi operandi in its Code of Conduct. These guidelines define our general standards of behaviour in commercial, legal and ethical matters. They constitute a binding framework for the members on the Board of Directors, the managing directors of the group companies as well as all employees of the group and provide orientation for our dealings with one another as well as with business partners and other third parties.

The Board supports this by providing an appropriate compliance culture, compliance organisation and compliance program that is geared towards adequate and efficient measures such as information events, training courses, a whistle blower system as well as further measures derived from the guidelines. Based on the Code of Conduct, the compliance culture of FUCHS and the communicated values present a binding framework that will guarantee legally acceptable behaviour. The purpose of this compliance culture is not to prevent employees from engaging in intensive and constructive competition but to simply increase their understanding that fair and unrestricted competition requires adherence to legal framework conditions.

The compliance management system of the company is continuously reviewed, developed and improved. Each employee is called upon to actively engage in the implementation of the compliance measures and programs in his area of work by, for example, taking part and cooperating in professional development measures but also by reporting potential breaches of compliance rules in order to maintain our credibility and integrity when dealing with one another as well as our business partners.

Mannheim, August 2017

FUCHS PETROLUB SE

A handwritten signature in blue ink, appearing to read "Steinert".

Dagmar Steinert

Member of the Executive Board, CFO

A handwritten signature in blue ink, appearing to read "M. Becker".

Claudio F Becker

Chief Compliance Officer

I. General

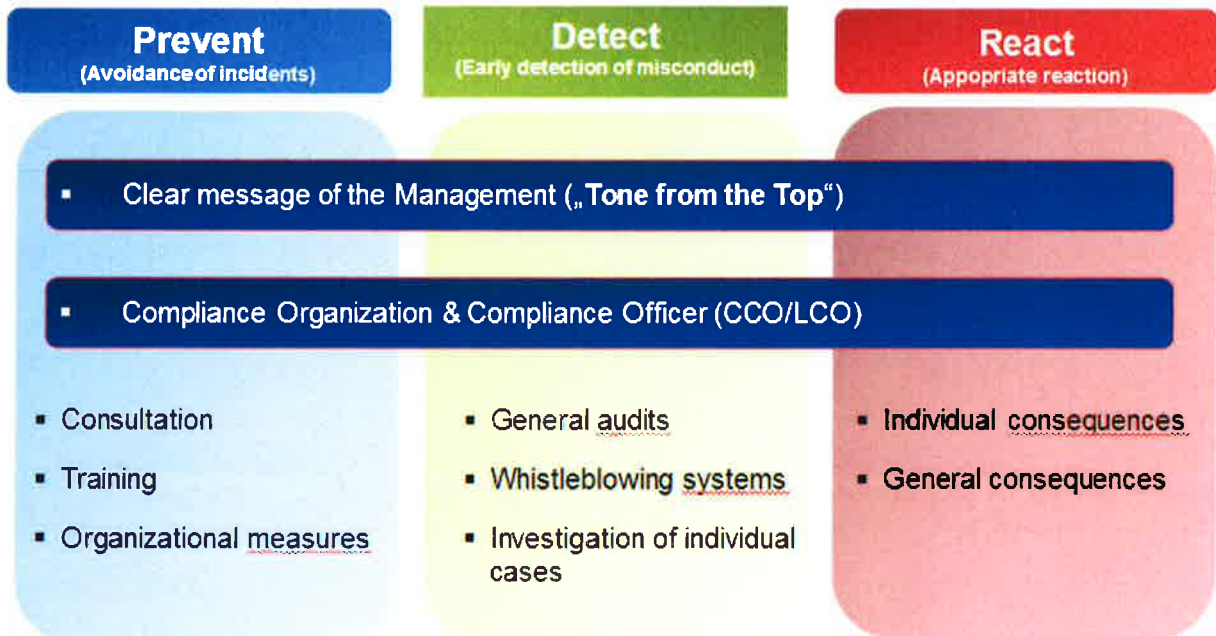
1. Goal

As a publicly listed, internationally active group, FUCHS understands the importance of a compliance management system (CMS). The introduction of such an organization corresponds with the guidelines of good and responsible corporate governance (Corporate Governance Code) and is required under the rules of the stock corporation law and other regulations.

The goals of an effective CMS as seen by FUCHS are the observance of legal, ethical, social and other standards, which specifically results in a reduced exposure to claims for damages and fines against the company, the avoidance of civil and penal law procedures against any of its bodies and employees as well as the protection of the image of FUCHS as a corporation. This is essential in order to achieve corporate goals and increase corporate value.

The aim of the CMS is to create transparency for employees and third parties. In order to achieve this FUCHS is relying on:

- the prevention of compliance breaches (e.g. through compliance risk assessment, regular communication, training courses, consultation and internal audits)
- the recognition and discovery of compliance breaches (e.g. through the establishment of the corresponding reporting channels, compliance checks and inspections, whistle blower systems)
- appropriate reaction to compliance breaches (e.g. by stopping and sanctioning the misconduct and by introducing measures to prevent it in the future).



2. Compliance as seen by FUCHS

FUCHS sees compliance as the sum of all measures that ensure adherence to all valid and applicable laws, the Code of Conduct and other FUCHS guidelines by the boards of directors, managing directors, senior executives and all other employees.

That standard is specifically embodied by the code of conduct of the FUCHS Group (Code of Conduct), which was approved, as early as 2004, by the Board of Directors and the Group Management Committee (GMC). It describes general principles of good conduct as well as particular forms of conduct required in some sensitive business areas. As lawful and responsible conduct must be considered as a matter of course, the Code of Conduct does not contain any genuinely new regulations but illustrates and demonstrates the legal and ethical requirements which the conduct of our employees carrying out their tasks must meet. These standards shall apply without restriction.

Apart from the numerous legal regulations, the principles of good citizenship and corporate social responsibility and the Code of Conduct, there are, in specially exposed individual areas and fields of business, internal guidelines that cover specific risks and indicate rules of conduct to avoid them. Examples are the Antitrust Guideline, the Anti-Corruption Guideline, the IT Security Guideline, the Occupational Health and Safety Guideline, the Financial Guideline, etc. These guidelines must also be adhered to as part of the CMS and they apply, as do the country-specific statutory rules, without restriction.

3. Handling breaches

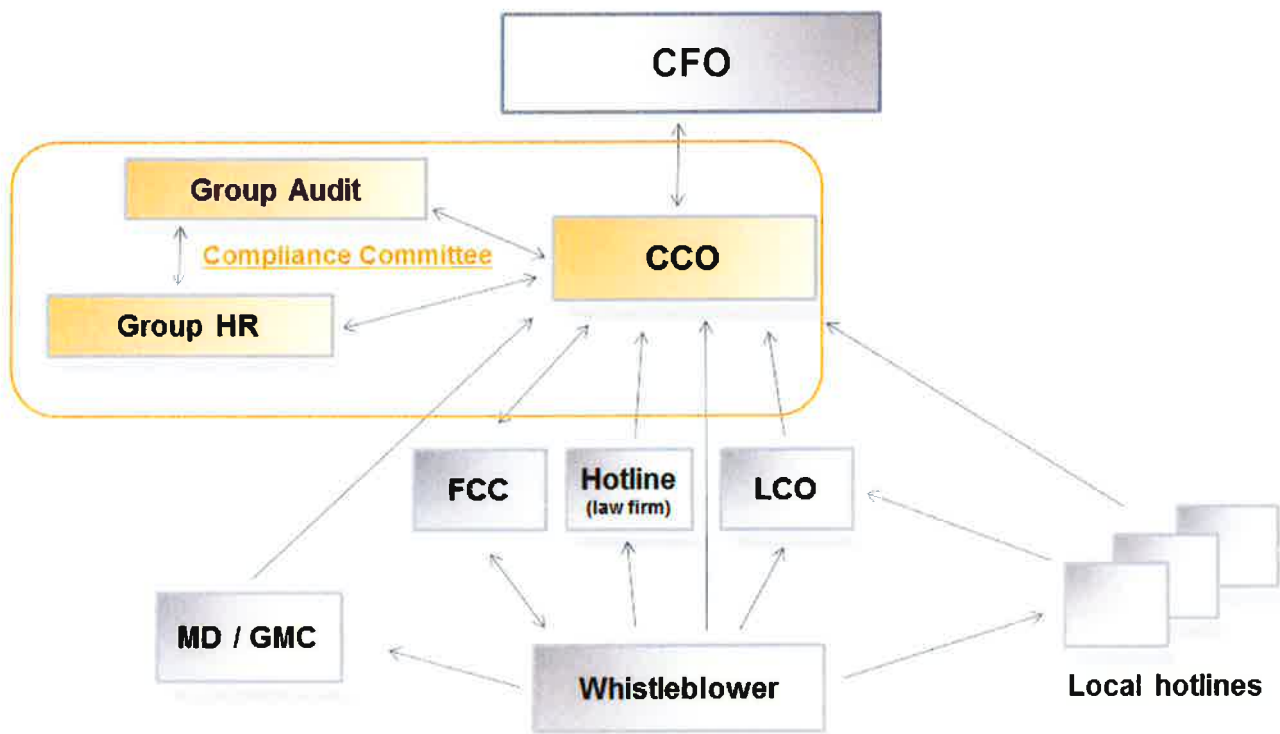
Breaches of compliance standards threaten elements that are key to the success of FUCHS and shall not be tolerated. Within a defined compliance process, any breaches of compliance shall be picked up and sanctioned accordingly based on a "zero tolerance policy". The response to compliance breaches will, among other things, depend on the type, seriousness and duration of the breach, on the degree of guilt and the willingness to help clear up the breach. Sanctions may be imposed across the entire potential gamut of options and can, ultimately, lead to the immediate termination of the employment contract, the claiming of damages and, where applicable, the pressing of criminal charges.

4. Documentation

It is obvious that in any properly managed company the implementation of an effective policy of compliance requires proof. To this purpose, it is essential to document not only decisions, processes and reporting channels but also measures such as information events, training sessions, meetings and audits as soon as they take place. Hence, the management is obliged to make its employees aware of compliance and monitor their adherence to the values.

II. Compliance Organization

Taking into account the requirements of the CMS as well as its individual corporate structure, FUCHS has introduced an organizational compliance structure that is centralized and decentralized at the same time. Parts of the central organization are the Chief Compliance Officer (CCO) and the Compliance Committee (CC). The decentralized compliance organization is represented by the Local Compliance Officers (LCO).



1. **Chief Compliance Officer (CCO)**

a. Position

In order to ensure the independence and to emphasize the importance of compliance, the CCO reports directly to the CFO, who is also responsible for legal and compliance issues. He will report directly – regularly and ad hoc – to him on any compliance violations or concerns that he has been notified of, any inspections that have been carried out and their results as well as of any preventive, corrective and implementation measures.

b. Tasks

The CCO has the following essential tasks:

- Supporting and advising the Board of Directors and the group companies concerning all compliance questions
- Implementing, monitoring and developing the CMS
- Supporting the guideline management
- Designing, coordinating and executing training measures
- Examining and evaluating compliance breaches, suspicious incidents and notifications
- Recommending and implementing preventative measures to minimize compliance breaches
- Managing and coordinating the CC

In addition, the CCO has a coordinating function; he is the central point of reference for all essential questions concerning the CMS.

c. Competencies

To enable the CCO to carry out the aforementioned tasks, a sufficient supply of information must be guaranteed. Hence, the CCO is given unlimited information and inspection rights in connection with any questions associated with compliance; communications with the other corporate divisions, group companies and their employees are generally not subject to any restrictions. All corporate divisions and group companies must notify the CCO forthwith of any essential (assumed or genuine) legal breaches. In particular, any letters that may hint of illegal conduct within the company must be immediately passed on to the CCO, whether received from the courts, the authorities, or lawyers, as well as complaints made by customers and business partners. Another important source of information are compliance-relevant comments included in accountants' and auditing reports.

The CCO coordinates the cooperation of all compliance components (LCO, hotline) as well as the organization of all compliance tools.

Furthermore, the CCO must be available to all FUCHS employees as a point of reference used for the notification or clarification of compliance-relevant incidents.

2. Local Compliance Officer (LCO)

a. Organization

In principle, FUCHS acting as a group management company, has the organizational duty of ensuring that the rules of compliance are applied in the group companies that it controls.

However, the local responsibility for compliance with the law, the legislation and any internal guidelines in the group companies must lie with the local management directors. They must ensure that law-abiding conduct in accordance with the guidelines is practised, and that a local information system is established to discover any violations of laws and regulations. The advantage of appointing Local Compliance Officers (LCO) is not only that they offer a direct approach and a concentrated flow of information but they also speak the local language and are aware of country-specific circumstances.

b. Tasks

Comprehensive communication and a well functioning flow of information are essential prerequisites for an efficient, group-wide compliance organization, which depends on the continuous exchange, within the compliance organization, of the necessary information and incidents that have occurred. Hence, within the FUCHS Group, communication between the CCO and the group companies and especially the LCOs is particularly important.

The respective LCO acts as the primary point of contact for local employees who want to report or clarify compliance-relevant incidents. The LCO shall notify the local management and, if applicable, the respective member of the GMC. The LCO shall, within the group company that he is responsible for, be given an unlimited right to information and inspection for any questions associated with compliance

The LCO shall – regularly and ad-hoc – inform the CCO of all reported or established violations of law and suspicious incidents as well as of compliance-relevant changes to legislation and their impact on the Compliance Organization as practiced by FUCHS.

Furthermore, in consultation with the CCO, regional/local compliance measures shall be developed and carried out. These can, for example, be information events, training sessions, specific training programs, information systems as well as the production of a company specific duties record book etc.

3. Hotline

a. Function

The hotline is an external contact address where dubious actions/facts that are relevant under anti-corruption or anti-trust laws may be reported. The central hotline for FUCHS is the law firm SZA Schilling, Zutt & Anschutz Rechtsanwalts AG in Mannheim, which has been commissioned by FUCHS.

Apart from the CCO, the LCO, the local managing director (or his deputy), the responsible member of the GMC or the whistle blower system (see section II.4 hereunder), the hotline is seen as providing an additional opportunity to report compliance-relevant facts.

b. Communication

A whistleblower can turn to the central hotline established by FUCHS as a contact point, and report (if necessary also anonymously) any conduct that is not law-abiding or does not conform to the rules. The hotline shall pass on to the CCO all the information that it receives whilst preserving the anonymity of the whistleblower.

The CCO shall subsequently and forthwith inform the responsible member of the Board of Directors, the CC, if applicable the competent GMC member as well as the local management of the violation of the law or guideline and/or the suspicious incident. The joint objective is to resolve the specific matter and to introduce any associated preventative measures.

c. Decentralized hotlines

Under certain circumstances, it may be advisable to also install decentralized hotlines (e.g. local law firms) in the compliance regions in addition to the centralized ones. This would suit

country-specific requirements (language, culture etc.) and could reduce potential obstacles that result from far-away hotlines. However, the flow of information (e.g. via the group companies to the CCO) must not be impaired in any way.

4. Whistle Blower System

As of October 2014, FUCHS has also been offering the opportunity to report compliance violations or suspicious incidents through the internet-based whistle blower system called FUCHS Compliance Communication (FCC). Reports can be submitted in one's own name or in complete anonymity. The system can be found on the FUCHS website at <http://www.fuchs-oil.de/compliance.html> and on the respective local websites of the group companies.

5. Compliance Committee (CC)

a. Tasks

The CC is an independent body that assists the CCO. The tasks of the CC are, in particular, assisting the CCO during the investigation and evaluation of more complex compliance breaches or suspicious incidents, the monitoring of the effectiveness as well as the systematic development of the CMS. The technical or organizational complexity as well as the multiplicity of compliance requirements suggest the need for the establishment of a CC.

b. Composition

The CC is not a permanent body or separate corporate entity but an interdisciplinary project group. At FUCHS, the CC consists of representatives from the following divisions who meet up regularly (at least once every six months), or whenever a case requires it:

- CCO
- Head of Group Audit
- Head of Group Human Resources

In addition, and depending on the specific case, the CC may include persons from other technical fields, the LCOs, by representatives of the hotline or by staff from other relevant corporate divisions (e.g. Controlling, Public/Investor Relations, Tax, Sales, Purchasing, Product/Quality Management, R&D, etc.). The involvement of representatives from various technical and business fields of FUCHS ensures that the compliance organization becomes more interlinked and rooted within the group.

6. Summary

The structure of the compliance organization, the reporting duties and the essential flow of information ensured by the CMS used by FUCHS are illustrated below.

III. Compliance Tools

1. Compliance training sessions

a. General

The necessity of training employees in compliance results from the supervisory duties of the company. Apart from the duty to organize, select and monitor, this includes the duty to instruct, which is generally incumbent upon the management.

The objective of the CMS is to create and increase the awareness of company-specific risks among employees. The employees must be given detailed information on the content of their tasks and duties; they must be instructed in the essential legal regulations that they need to adhere to, and be provided with continuous training in the subject matter.

b. Structure

Training courses should be standardized, i.e. the structure and content should, on principle, be designed in a way that can be applied along parallel lines across the whole group. Externally, this sets uniform standards and, internally, it reassures the employees and demonstrates that they are all treated in the same way by FUCHS. A general structure

should be drafted under the guidance of the CCO, to which, on an individual basis and in cooperation with the responsible people in the group companies, country-specific details are added in view of the different principles that apply in the individual countries where FUCHS group is active.

c. Execution

The target groups of the employees to be trained must be chosen according to the requirements of the local management with the selection being based on the function within the company. Hence, all employees with external contacts (sales, purchasing, R&D) must receive training on topics such as corruption and anti-trust issues.

To what extent external consultants will be used to assist, in particular, with any first-time training sessions, must be decided locally. Any subsequent training sessions should, as far as possible, be carried out using FUCHS in-house staff.

The training courses should be repeated at regular intervals – annually, depending on the site – in order to ensure that the relevant knowledge is still available and/or needs to be refreshed. Furthermore, this ensures that the content is updated continuously (e.g. in the case of changes to legislation).

2. Compliance Audits

a. Principle

The implementation of a CMS alone is not sufficient to protect the company permanently against violations of law. The success of any compliance strategy depends to a large extent on how continuously the employees are trained and whether the content is actually retained by them. In this context, it is useful to examine business procedures. In addition, this is how potential breaches may be discovered.

b. Responsibility

Special Compliance Audits should be carried out by the Group Audit Department together with the CCO or by specially commissioned third parties.

In addition, the CMS as such will be checked on a regular basis.

c. Documentation

Properly functioning communications between the Group Audit Department and the CCO are essential. In order to be able to produce evidence in exoneration of any breaches that may be established at a later date and to restrict liability, these audits are carefully documented. This includes documentation of the compliance structure as well as of the respective measures taken.

IV. Handling violations of laws and guidelines

The management is obliged to ensure that the company and its employees observe all applicable laws and guidelines. Breaches shall not be tolerated. They may have consequences under the employment law, lead to the claiming of damages or the pressing of criminal charges.

1. Information

Information on compliance breaches or suspicious incidents may be reported by the respective whistleblowers to a variety of contacts (superior, local managing director, member of the Global Management Committee (GMC), LCO, hotlines, CCO) and through FCC, the company's whistle blower system.

As a rule, the CCO must be directly informed of all material violations of laws and regulations that become known at FUCHS. If the local managing director or the responsible member of the GMC, the LCO or the hotlines, etc. get hold of that information, it must forthwith be passed on to the CCO to ensure that, in each specific individual case, preventative action can be taken ad-hoc or in the future.

The CCO in turn immediately informs the responsible member of the Board of Directors. Any further handling of the information, the speed of information and any resulting inspections and measures depend on the duration and the gravity of the breach, the potential risk for the company and the threatening consequences if the breach is confirmed.

2. Investigations and Searches

An internal guideline that was newly drawn up 2017 contains information on how employees and specialist departments in Germany should conduct themselves during official investigations and searches. Similar principles apply in other countries where FUCHS is present.

3. Reaction

Employees, who breach laws and/or internal regulations, must be clearly and repeatedly told, in writing as well as during the execution of the aforementioned compliance measures, that FUCHS will not tolerate such breaches and will make use of all statutory measures and employment law rules to take action against it.

V. Compliance and Data Protection

The implementation of a compliance program particularly in Germany and Europe is closely connected with the topic of data protection. To ensure successful compliance, the way in which the relevant information is processed and stored is essential. Frequently, a specially adjusted data protection concept is required in order to be able to work with the data collected as a result of compliance.



On the one hand, it must be ensured that sensitive data is protected as best as possible (e.g. through limited access rights, authorizations, data retention, deletion periods, etc.). On the other hand, there is a need to document the efforts undertaken by FUCHS to solve a compliance-relevant problem.

Mannheim, August 2017