

Declaration of Corporate Governance

Management and control structure – working practices of the Executive Board and the Supervisory Board

As a European corporation (Societas Europaea – “SE”), FUCHS PETROLUB SE, with its registered office in Mannheim, is subject in particular to the provisions of the SE Regulation and of the German Stock Corporation Act (AktG). In accordance with the requirements of German stock corporation law, FUCHS has a two-tier board system with the separation of personnel between the Executive Board as a management body and the Supervisory Board as a monitoring and advisory body, each of which has its own independent responsibilities. Sound corporate governance requires the ongoing development of this two-tier board system, with all divisions being included.

The Supervisory Board has adopted rules of procedure and an allocation of responsibilities for the work of the Executive Board. These govern the work and the allocation of responsibilities of the Executive Board members. The rules of procedure contain regulations on the Executive Board’s obligations to keep the Supervisory Board informed. In accordance with recommendation number 3.3 of the Code, the Supervisory Board has also stipulated the need for the approval of the Supervisory Board for certain business processes – such as setting the investment budget or larger acquisitions.

Corporate Management by the Executive Board

The Executive Board manages the company on its own responsibility. As a management body, it has a commitment to the company’s interests and to increasing the companies’ enterprise value in the long term. In so doing, the members of the Executive Board are jointly responsible for all management activities. Notwithstanding the overall responsibility of the Executive Board, the individual members of the Executive Board also manage the divisions assigned to them under their own responsibility within the scope of Executive Boards resolutions.

In particular, the Executive Board makes decisions on corporate strategy, business policy, and annual and multi-year planning. The Executive Board ensures appropriate risk and opportunity management and risk controlling as well as providing an appropriate compliance management system to ensure compliance with legal provisions, official regulations and internal policies (compliance).

Attention is paid to diversity and the appropriate participation of women when filling management positions in the company.

The composition of the Executive Board and the allocation of duties within the Executive Board (organization of responsibilities, regions and divisions) are shown in detail in the section on organization (Annual Report 2019, p. 8 ff.).

The main features of the remuneration system and the individual remuneration of members of the Executive Board are described in the compensation report (Annual Report 2019, p. 72 ff.).

The Supervisory Board is responsible for appointing the Executive Board in accordance with Section 84 AktG. Together with the Executive Board, the Supervisory Board ensures long-term succession planning and receives reports on the respective status of planning and implementation of the criteria specified therein. The Supervisory Board has assigned responsibility for preparing decisions to the Personnel Committee. The number of Executive Board members is based on the requirements resulting from the business and the division of work in the Executive Board. The Executive Board of FUCHS PETROLUB SE consists of five members. Initial appointments of members of the Executive Board are generally not for more than three years.

As a global innovation-driven company in the lubricants industry, FUCHS PETROLUB SE's systematic management development and long-term succession planning for the Executive Board pays attention to

- the early identification of suitable candidates of different disciplines as well as taking into account of professional and personal experience,
- proven strategic and operating creative drive, and
- a proven role model function as a manager in the implementation of the FUCHS mission statement.

However, the crucial factor for appointment to the Executive Board at FUCHS PETROLUB SE consists in the assessment of the professional and personal qualifications. The current composition of the Executive Board ensures comprehensive compliance with the duties required of the executive board of a listed company.

To that end, FUCHS ensures that the Executive Board as a whole has the following profile in line with a diversity concept:

- years of experience in scientific, technical and commercial areas
- appropriate international experience due to background or professional activity
- at least one female member of the Executive Board (target until December 12, 2021: one female member) and
- balanced age structure.

In accordance with number 5.1.2 (2) of the Code, the Supervisory Board has set a standard age limit of 65 years for Executive Board members.

Monitoring and advising of the corporate management by the Supervisory Board

The Supervisory Board appoints the members of the Executive Board and both advises and monitors the Executive Board in its management of the company. It is included in strategy and planning, and in all issues of fundamental importance for the company. The Chairmen of the Executive Board and of the Supervisory Board of

FUCHS PETROLUB SE regularly exchange information. The continuous dialog between the Executive Board and the Supervisory Board, which is based on mutual trust, forms an important foundation for FUCHS' success.

The Supervisory Board reaches its decisions through resolutions, which are passed by a simple majority of those members of the Supervisory Board participating in the vote. In the event of a tied vote, the Chairman has the casting vote.

The Supervisory Board of FUCHS PETROLUB SE consists of six members. Of these, the shareholders elect four members in the Annual General Meeting. The European Works Council (SE Works Council) and the representatives of the company's European employees elect two members. If necessary, separate preliminary meetings of the employer representatives and employee representatives take place in accordance with number 3.6 of the Code and the Supervisory Board meets without the Executive Board.

The Supervisory Board is composed of people, who ensure compliance with the duties of a listed company, in particular providing qualified advice to the Executive Board and performing the Supervisory Board's monitoring duties. The members of the Supervisory Board meet the requirements of number 5.4.1 of the Code. On the basis of their expertise and practical experience, integrity, motivation, independence and personality, they are capable of performing their duties in an international group operating in the lubricants industry and preserving the reputation of the FUCHS Group in public. The Supervisory Board has, in accordance with recommendation number 5.4.1 (2) of the Code, set specific targets for its composition and regularly focuses on the issue of long-term succession planning, most recently in its meeting on December 16, 2019. In this meeting, the Supervisory Board also adopted amended rules of procedure for the Board.

In accordance with the criteria adopted by the Supervisory Board, the Board as a whole must

- be familiar with the lubricants sector and its value chains,
- have the required knowledge, skills and specialist experience, which refer in particular to the management of an internationally operating company,
- have appropriate knowledge of finance, financial reporting, accounting, legal matters and compliance in addition to a member with expertise in accounting and auditing (financial expert),
- feature experience in innovation, research and development, technology, start-ups and
- possess experience in the areas of human resources, society, communication, IT, digitalization and business models.

With the objective of maximum benefit for the company, the Supervisory Board is striving for sufficient diversity among the shareholder representatives in terms of character, in particular gender, internationality, professional backgrounds, specialist knowledge and experience, age distribution and independence as follows:

- at least 30 % women or men (target for female members until December 12, 2021: 17 %)
- at least 50 % different education and professional experience

- at least 50 % international experience due to background or profession
- at least 30 % independent members

Furthermore, members of the shareholder representatives should not be over 75 years old at the time they are elected and in accordance with recommendation number 5.4.1 (2) of the Code, should not be a member of the Supervisory Board of FUCHS PETROLUB SE for longer than 15 years, whereby the rules of procedure stipulate a membership period of not more than twelve years as a guide for assessing the criterion of independence.

Corporate co-determination at FUCHS PETROLUB SE in accordance with the agreement on the involvement of employees contributes to diversity in terms of professional experience and cultural background. Employee representatives for the Supervisory Board are appointed and elected in accordance with the provisions of laws on the participation of employees in a European Company through the autonomous decision of the employees.

All the criteria of the diversity concept have been met at FUCHS.

In the Supervisory Board's opinion, five of the six members listed on page 142 and therefore an appropriate proportion of the members are independent within the meaning of recommendation number 5.4.2 of the Code. Dr. Susanne Fuchs is not considered independent as she has a personal relationship with the company and its Executive Board, and because she holds an appreciable number of shares in the company.

The term in office of the Supervisory Board is five years. The next term in office starts on May 5, 2020, following the end of the Annual General Meeting.

Targets for women in management positions

In compliance with the law on equal participation of women and men in management positions in the private and public sector, the Supervisory Board has specified the following minimum target figures for the share or number of women on the Executive Board and the Supervisory Board until December 12, 2021:

- female members on the Supervisory Board: 17%
- one female member on the Executive Board.

The target for the Supervisory Board has been fulfilled and the quote is exceeded (33%).

The Executive Board has defined the two management levels of FUCHS PETROLUB SE below the Executive Board as follows: The first management level comprises the members of the Group Management Committee and the division leaders within FUCHS PETROLUB SE; the second management level is made up of the department heads of FUCHS PETROLUB SE. The Executive Board has specified target figures for the percentage of women at these management levels as 10 % and 30 % respectively, each valid until December 12, 2021. The target for the percentage

of women at the first management level was exceeded with 19 % as of the end of 2019; the target for the percentage of women at the second management level was reached (31 %).

In accordance with number 5.4.5 (2) of the Code, FUCHS PETROLUB SE will assume appropriate costs incurred by members of the Supervisory Board for training undertaken because of their work for the Supervisory Board. Members of the Supervisory Board appointed for the first time are given a structured introduction to their work.

Committees of the Supervisory Board

In accordance with the recommendations of number 5.3 of the Code, the Supervisory Board at FUCHS PETROLUB SE has formed qualified committees – an Audit Committee, a Personnel Committee and a Nomination Committee – which prepare and also supplement its work. The committees contribute to the Supervisory Board working efficiently.

The Personnel Committee and the Audit Committee usually meet several times a year, while the Nomination Committee convenes for meetings when necessary based on its allocation of duties. The Personnel Committee focuses on personnel matters in the Executive Board.

In accordance with number 5.3.2 of the Code, the key tasks of the Audit Committee include monitoring the accounting process, examining the effectiveness of the internal control system, the risk management and internal audit system and the audit of the financial statements by the statutory auditor and compliance. The respective chairs of the committees regularly report to the Supervisory Board on the work of the committees. The Chair of the Audit Committee and the auditor also exchange information outside the meetings. In addition, the Audit Committee and Executive Board also discuss the interim reports and financial reports to be published on the capital markets in advance.

The composition of the Supervisory Board and its committees, participation in meetings, and the details on its work in the reporting year are presented in the report of the Supervisory Board (Annual Report 2019, p. 10 ff.).

The main features of the remuneration system and the individual remuneration of members of the Supervisory Board are described in the compensation report (Annual Report 2019, p. 77 ff.).

Shareholders and the Annual General Meeting

FUCHS PETROLUB SE has issued both ordinary and preference shares. The holders of ordinary shares represented at the Annual General Meeting pass resolutions on all matters assigned to the Annual General Meeting by law, such as the appropriation of earnings, amendments to the Articles of Association, the election

of members of the Supervisory Board, approval of the actions of the Executive Board and the Supervisory Board and the election of the auditor. Each ordinary share grants the holder one vote. The Schutzgemeinschaft Familie Fuchs holds around 55 % of the ordinary shares, while the preference shares only grant voting rights in the cases prescribed by law. However, preference shares grant the holders a preference right on the distribution of unappropriated profit and entitle them to an increased (preference) dividend.

The holders of ordinary and preference shares exercise their co-determination and control rights at the Annual General Meeting held at least once a year. In compliance with the legal conditions and those of the Articles of Association, every shareholder is entitled to participate in the Annual General Meeting. Shareholders who do not attend the Annual General Meeting in person can have their voting right exercised by a voting representative (proxy), such as a bank, a shareholders' association as well as, in accordance with number 2.3.2 of the Code, a voting representative appointed by the company, by granting an appropriate power of attorney.

The reports, documents and information, including the annual report, required by the German Stock Corporation Act (AktG), to be submitted for annual general meetings are available on the Internet, where the agenda of the Annual General Meeting and any counter-motions or nominations by shareholders to be made public can also be found. In accordance with number 2.3.3 of the Code, shareholders of FUCHS PETROLUB SE can follow parts of the Annual General Meeting on the Internet.

Compliance

The company understands compliance to mean observing rights, laws and the company's Articles of Association, adherence to internal rules and making voluntary personal commitments. Unlawful conduct harbors the risk of damaging the company's image, weakening its market position or even causing financial harm. Without exception, management and employees are required to observe laws, directives and social standards applicable to them within the scope of their duties.

FUCHS has set up a compliance management system (CMS) for the prevention of the aforementioned dangers and damages. The FUCHS Code of Conduct as well as the compliance guidelines for complying with rules on competition in particular, and on preventing money laundering, corruption and venality are essential foundations of the CMS. The Code of Conduct and the compliance guidelines form a binding framework for FUCHS to ensure lawful and social-ethical conduct. They are supplemented by varied information and training activities, a compliance risk management system, a whistleblower portal including a compliance hotline for reporting illegal conduct, the systematic processing and appropriate sanctioning of compliance violations, regular compliance reporting to the Executive Board and Supervisory Board and compliance audits performed by Internal Audit.

The CMS is implemented by a Group-wide compliance organization, overall responsibility for which lies with the Chief Financial Officer (CFO). The Chief Compliance Officer (CCO) appointed by the Executive Board manages the CMS globally with the Group Compliance Committee (GCC) and other both regionally

(RCOs) and locally (LCOs) appointed Compliance Officers and supports and advises employees. The CCO is also responsible for developing the CMS to take account of all topics of relevance for compliance. In addition to the CCO, the managers with overall responsibility for Human Resources and Internal Audit are also members of the GCC. The GCC works out the strategic focus of the compliance organization on the basis of its own rules of procedure, supports the CCO and comprehensively bundles the expertise within the company. In addition, the GCC ensures the sharing of information between the central group and specialist departments that mainly deal with compliance topics, monitors the processing and investigation of events relevant to compliance and arranges for appropriate sanctions in the event of compliance violations. The RCOs are using the compliance strategy at regional level and deal with all compliance incidents within the respective responsibility with the help of an electronic case handling program. The digital whistleblower portal gives all employees as well as all business partners the chance to initiate a dialog with the compliance organization, while remaining anonymous if so desired. As a result, weaknesses can be identified and the CMS can be further developed from the findings gained. All employees are explicitly required to immediately report conduct and incidents relevant to compliance to the responsible offices.

Corporate Governance Policies

The Articles of Association of FUCHS PETROLUB SE, the FUCHS Code of Conduct, the Declaration of Corporate Governance and further corporate governance documents, such as the Anti-Corruption Directive, the Anti-Trust Directive or the FUCHS Sustainability Guideline, are available on the company's website. In accordance with number 3.10 of the Code the company makes Declarations of Compliance available on its website at www.fuchs.com/group/the-company/corporate-governance/compliance for five years.

Commitment to sustainable, success-driven and value-oriented corporate governance

The terms trust, creating value, respect, reliability and integrity form the core values of the FUCHS Code of Conduct and accordingly shape the company's mission statement for good corporate governance. This mission statement expresses a common attitude on the part of the management levels and provides a clear guideline for acting responsibly. The core values apply to the FUCHS Group as a benchmark for internal objectives and form the basis for individual actions.

Good corporate governance also includes the adoption of sustainable business principles. FUCHS has summarized its basic principles for sustainable activities in a comprehensive Sustainability Guideline. Further information on sustainability is provided in the combined non-financial declaration and the Sustainability Report (Annual Report 2019, p. 61 ff.), see also www.fuchs.com/sustainabilityreport.

Opportunity and risk management

Sound corporate governance also includes the responsible handling of opportunities and risks. The Executive Board ensures appropriate opportunity and risk management in the company. The Executive Board and the Supervisory Board regularly discuss existing opportunities and risks, changes therein and the measures to be taken. The internal control system, the risk management system and the internal audit system are developed on an ongoing basis and adapted to a changing framework. Details on this can be found in the report on opportunities and risks (Annual Report 2019, p. 45 ff.).

High transparency through comprehensive information

In accordance with number 6.1 (1) of the Code, FUCHS PETROLUB SE keeps capital market participants updated on the economic situation of the Group and key events through regular, prompt, uniform and comprehensive information. This reporting takes the form of the annual report, half-year financial reports and interim reports. Furthermore, FUCHS PETROLUB SE also provides information by press releases and ad hoc disclosures. All information can be viewed on the Internet at www.fuchs.com/group. The website also features a financial calendar showing all major events and publications.

Reportable managers' transactions are also published there at www.fuchs.com/directorsdealings.

The Executive Board and the Supervisory Board are committed to the interests of the company. In making their decisions, they must not pursue any personal interests or business opportunities available to the company for their own personal gain. In accordance with recommendation number 4.3.3 of the Code, the rules of the procedure of the Executive Board regulates its obligation to disclose possible conflicts of interest to the Supervisory Board. There were no conflicts of interest in the reporting year.

Accounting and audit

The consolidated financial statements and half-year financial report of FUCHS PETROLUB SE are prepared in accordance with the International Financial Reporting Standards (IFRS). The statutory annual financial statements, which are relevant for the distribution of dividends, are prepared by FUCHS PETROLUB SE in accordance with the provisions of the German Commercial Code (HGB). After being prepared by the Executive Board, the auditor elected by the Annual General Meeting audits the annual and consolidated financial statements together with the combined management report. The Supervisory Board approves the annual financial statements following its own subsequent audit. In accordance with recommendation number 7.1.4 of the Code, the consolidated financial statements explain relationships with shareholders, who qualify as related parties for the purposes of the applicable accounting standards (Annual Report 2019, p. 139 ff.).

The Supervisory Board has agreed with the auditor, in accordance with number 7.2.1 of the Code, that the auditor will inform the Chairman of the Audit Committee immediately about any issues identified during the audit that might give rise to grounds for exclusion or bias in the auditor's report, unless these issues can be resolved immediately. In accordance with recommendation number 7.2.3 of the Code, the auditor shall also report immediately on all findings or conclusions significant to the duties of the Supervisory Board that emerge in performing the audit. The auditor must also inform the Supervisory Board if he detects any facts while performing the audit that suggest any part of the Declaration of Compliance submitted by the Executive Board and Supervisory Board in accordance with Section 161 AktG is inaccurate.

Information on the auditor

Following the proposal of the Supervisory Board, the Annual General Meeting on May 7, 2019, elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, as auditor of the annual and consolidated financial statements of FUCHS PETROLUB SE for the financial year 2019. The responsible auditor is Mr. Dirk Fischer.