

Compensation report

2022

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Compensation report 2022

The compensation report pursuant to Section 162 of the German Stock Corporation Act (AktG) describes the main features of the compensation system as well as the individual compensation of the current and former members of the Executive Board and Supervisory Board of FUCHS PETROLUB SE for the 2022 financial year.

The current compensation system for the members of the Executive Board of FUCHS PETROLUB SE has been in place since financial year 2021. It was adopted by the Supervisory Board, after being prepared by the Personnel Committee, at its meeting held on March 8, 2021 and approved by the Annual General Meeting held on May 4, 2021. The compensation system for the members of the Supervisory Board, which is regulated in Section 16 of the Articles of Association, was also approved. The compensation report for the fiscal year 2021 was prepared for the first time in accordance with Section 162 of the German Stock Corporation Act (AktG) and its content was also audited by the auditor, beyond the requirements of Section 162 (3) sentences 1 and 2 AktG. The compensation report on the remuneration granted and owed individually to the members of the Executive Board and Supervisory Board of FUCHS PETROLUB SE in the fiscal year 2021 was approved by the Annual General Meeting on May 3, 2022 with a majority of 93.01 %.

Compensation for members of the Executive Board

Overview of the compensation system

1. General

The compensation of the members of the Executive Board is largely based on the following criteria:

- duties of the individual board member,
- performance of the Executive Board,
- economic situation of the company,
- success and future outlook of the company,
- reasonableness of the compensation, taking into account a horizontal and vertical comparative analysis.

The compensation system for members of the Executive Board thus creates incentives for successfully implementing the corporate strategy and for the company's long-term performance.

a. Setting the level of compensation

By law, the Supervisory Board is the body responsible for setting, reviewing and implementing compensation/the compensation system for members of the Executive Board. The Personnel Committee is responsible for preparing the relevant Supervisory Board decisions.

Based on the compensation system, the Supervisory Board sets the target and maximum compensation for the members of the Executive Board in advance for a period of several years. It also defines the long-term targets geared toward sustainable company success to determine the performance factor in advance for a period of several years. These targets are guided by the strategic guidelines at the FUCHS Group (FUCHS) and relate to the Executive Board. Using a horizontal and vertical comparative analysis, the Supervisory Board ensures that Executive Board compensation is appropriate.

In the December of a calendar year, the Supervisory Board's Personnel Committee prepares a recommendation on the Executive Board's target achievement with regard to the performance factor. The Supervisory Board then makes a decision on the performance factor at its December meeting based on this recommendation. The Supervisory Board makes the final decision on the amount of variable compensation for the past financial year at the Supervisory Board meeting in March, which is also when a resolution is passed on the approval of the annual financial statements.

Horizontal analysis:

The level of compensation was set in 2020 based on a peer group of various companies – all of which were MDAX-listed at the time – selected on the basis of belonging to the chemicals industry, the nature of their business, and their main shareholder (listed companies with one family as majority shareholder). Characteristics such as company size, profitability and compensation structure were also taken into account. Taking these criteria into consideration, the members of the Executive Board are offered compensation that is standard for the market while also being competitive and in line with regulatory requirements. The peer group comprises Brenntag AG, Dürr AG, Knorr-Bremse AG, Lanxess AG and Symrise AG.

Vertical analysis:

The internal company compensation structure is also applied when setting compensation for Executive Board members. The vertical review is prepared in accordance with the recommendation of the German Corporate Governance Code with two comparison groups. Firstly, the ratio of Executive Board compensation to staff costs for all Group employees is considered. Secondly, compensation for senior executives within the Group is compared. This peer group comprises the members of the Group Management Committee (excluding members of the Executive Board) and the managing partners of the Group companies.

b. Review of the compensation system

The system for compensating members of the Executive Board is reviewed by the Supervisory Board each year. The Personnel Committee conducts a horizontal and a vertical analysis. If changes are required, the Personnel Committee prepares a recommended resolution for the Supervisory Board.

In accordance with the provisions of Section 120a of the German Stock Corporation Act (AktG), the compensation system must be submitted to the Annual General Meeting for approval if any material changes are made and at least every four years. If the Annual General Meeting does not approve the compensation system, a revised compensation system must be presented for resolution no later than the subsequent Annual General Meeting.

c. Conflicts of interest

Given that the Supervisory Board is responsible for setting, reviewing, and implementing the compensation system for members of the Executive Board, potential conflicts of interest are in principle avoided. If conflicts of interest were to occur in the future, FUCHS PETROLUB SE's general regulations for handling conflicts of interest on the Supervisory Board apply.

2. Compensation components

Compensation for members of the Executive Board comprises non-performance-based and performance-based components. These components are made up of the following elements:

- Non-performance-based compensation:
 - Fixed compensation
 - Additional benefits
 - Pension expenses
- Performance-based compensation:
 - STI (short-term incentive) means short-term, one-year compensation
 - LTI (long-term incentive) means long-term, multi-year compensation

Where contracts are concluded or terminated during the year, fixed compensation and performance-based compensation are granted on a pro rata basis.

a. Non-performance-based compensation

Non-performance-based compensation is fixed compensation based on the full year and is paid in 13 equal installments (two installments are paid in November). Annual fixed compensation for the Chairman of the Executive Board is € 880 thousand and € 550 thousand for the other members of the Executive Board.

In addition to fixed compensation, contracts also provide for additional benefits.

These include the following:

- benefits in kind in the form of the personal use of a company car
- benefits in kind in the form of accident insurance

In terms of pension commitments, the following distinctions are made:

- The pension commitments for Executive Board members appointed before January 1, 2016, equal a percentage of the average fixed compensation of the last three years before the termination of the contract of employment. This percentage does not exceed 40% and increases successively with the duration of service of the Executive Board member. The corresponding pension provision is determined using the projected unit-credit method. Current service expenses, which may be subject to significant variability depending on the market interest rate, are recognized as annual pension expenses.
- From January 1, 2016, there have been pension commitments in place for new members of the Executive Board via the Allianz provident fund. There are no additional obligations other than the requirement to pay contributions to assigned provident funds. The annual payments are recognized as pension expenses.

Executive Board members are entitled to receive a regular pension if their Executive Board contract ends with or after completion of their 65th year of age.

b. Performance-based compensation

Performance-based compensation is calculated on the same basis for the STI and LTI using the following formula:

FVA × performance factor × individual share

The Chairman of the Executive Board receives an individual share of 0.64% of the value calculated, and other members of the Executive Board each receive an individual share of 0.32%. Performance-based compensation is paid in March after the Supervisory Board meeting to approve the previous financial year's annual financial statements.

FVA (FUCHS Value Added)

The FVA is the key management indicator of the FUCHS Group. It is based on the variable compensation for local, regional and global management.

As an economic benefit, FVA embodies a holistic approach that looks at both profit and capital employed. It is therefore an expression of the strategic objectives and geared towards the long term:



EBIT (earnings before interest and tax) is the relevant profit indicator. EBIT illustrates operating performance and is not affected by financing or tax effects.

Capital employed is reflected in the net assets and financial position. Capital expenditure is largely influenced by capital expenditure on property, plant and equipment and on intangible assets, as well as by changes in net operating working capital (NOWC). Property, plant and equipment and acquisitions are monitored on the basis of investment appraisals, while NOWC is monitored through targeted management of its components (inventories as well as accounts receivables and trade payables). The capital employed for a financial year is determined on the basis of the Group’s interest-bearing financial resources and is calculated as an average of the parameters of the portfolio at five quarterly figures, starting from December 31 of the previous year.

Capital employed is thus calculated over five reporting dates as followed:



To calculate the costs of capital employed, the weighted average cost of capital (WACC), which is determined on the basis of the capital asset pricing model (CAPM), is used. The level of WACC is reviewed annually on the basis of up-to-date capital market data as of the end of the reporting period, and adjusted accordingly. The WACC is included in the FVA as a pretax interest rate because the earnings component is also taken into consideration as a pretax figure (EBIT).

Only when the recorded earnings are higher than the costs of the capital employed value is created and entitlement to variable compensation arises.

The FVA for the financial year in question is determined when the annual financial statements are adopted and the consolidated financial statements approved.

Performance factor

The performance factor measures the annual attainment of agreed long-term targets. It is the same for all members of the Executive Board and is determined by the Supervisory Board. The performance factor ranges from a minimum of 0.75 (equivalent to a target attainment of 75%) to a maximum of 1.25 (equivalent to a target attainment of 125%). Besides profitable growth and efficient cash management, the performance factor takes account of technical expertise and therewith the continuing penetration of markets with specialty lubricants. Other aspects are compliance with good corporate governance, ongoing personnel development, the establishment and further development of a sustainability concept and the creation of stakeholder value with a view to FUCHS’s social responsibility. These targets are guided by the strategic guidelines at FUCHS and relate to the Executive Board.

An overall picture of the level of target attainment and thus the performance factor is compiled in December of each year. The Supervisory Board makes this decision on the basis of the target attainment proposed by the Personnel Committee.

Variable compensation comprises the following:

- 45% short-term incentive (STI)
- 55% long-term incentive (LTI)

As both the STI and the LTI are dependent on the FVA and the performance factor, both are designed to take account of long-term company success and thus of a multi-year assessment basis. The distinction between the two is relevant with regard to the further obligation to use the LTI.

Members of the Executive Board must invest over half of the LTI in FUCHS PETROLUB SE preference shares (ISIN DE000A3E5D64) within two weeks of it being paid. As recommended by the German Corporate Governance Code, this ensures that variable compensation is predominantly share-based, taking into account the tax burden. This means that the preference shares acquired do not represent additional compensation for members of the Executive Board. As recommended by the German Corporate Governance Code, the preference shares acquired are subject to a four-year freeze on sales. The vesting period begins when they are posted to the individual securities accounts and must be observed in full even if the Executive Board contract is terminated prematurely. During this period, the shares held by members of the Executive Board will be exposed to all the risks and rewards of capital market performance. The preference shares are acquired jointly for all members of the Executive Board in order to ensure standard acquisition terms.

c. Target and maximum compensation

Target compensation is the total amount paid to a member of the Executive Board for a financial year when target attainment is 100% for all compensation components. In the compensation system, target attainment is expressed by the performance factor. A target attainment of 100% corresponds to a performance factor of 1.0. Target compensation is 2.5 times fixed compensation. Target compensation is € 2.2 million for the Chairman of the Executive Board and € 1.375 million for ordinary Executive Board members. Target total compensation comprises individual additional benefits and pension expenses as well as target compensation.

Maximum compensation is four times the amount of fixed compensation. The maximum compensation is € 3.52 million for the Chairman of the Executive Board and € 2.2 million for ordinary Executive Board members. The total maximum compensation comprises individual additional benefits (appropriate company car and accident insurance), pension expenses and maximum compensation. The pension commitments for Executive Board members appointed before January 1, 2016, do not exceed 40% of the average fixed compensation of the last three years before the ending of the contract of employment. Pension commitments for the other members of the Executive Board are defined contribution plans and amount to € 220 thousand annually. In light of the volatility of the annual actuarial calculation of the provision expenses for the members of the Executive Board appointed for the first time before January 1, 2016, the maximum amount for the total of individual additional benefits and provision expenses is € 600 thousand for the Chairman of the Executive Board and € 400 thousand for the ordinary members of the Executive Board. This results in a maximum total compensation (section 87a (1) sentence 2 no. 1 AktG) of € 4.12 million for the Chairman of the Executive Board and € 2.6 million for the members of the Executive Board.

The following table shows the share of target and maximum compensation (excluding additional benefits and pension commitments in each case) and of target and maximum total compensation (additional benefits and pension commitments allocated to fixed compensation in each case) made up of fixed compensation, the STI, and the LTI:

**Breakdown of target and maximum compensation
and of target and maximum total compensation**

in %	Target compensation	Maximum compensation	Target total compensation	Maximum total compensation
Fixed compensation	40	25	≈47	36
Variable compensation	60	75	≈53	64
thereof STI	27	34	≈23	29
thereof LTI	33	41	≈29	35

The share of target total compensation attributable to fixed compensation and to variable compensation may vary due to annual fluctuations in the additional benefits and pension commitments granted. As a general rule, the target amounts of the variable compensation components will exceed the fixed compensation components (basic compensation, additional benefits, and pension commitments). The compensation system ensures that the LTI always accounts for a higher share than the STI. This way, along with the long-term nature of the FVA model and the performance factor, the Supervisory Board gears Executive Board compensation towards the company's long-term development.

3. Contractual agreements

a. Contractual terms and commitments in the event of premature termination

The basic regulations of Executive Board compensation were agreed with the members of the Executive Board in their employment contracts. Additional agreements are concluded with members of the Executive Board regarding variable compensation and the criteria relevant to measuring the performance factor. These are valid for multiple years.

Subject to prior mutual agreement, the term of the employment contracts is equal to the period of appointment. The requirements under stock corporation law and the recommendations of the German Corporate Governance Code are observed when appointing and reappointing members of the Executive Board. Initial appointments are generally not for more than three years. Reappointments are for a maximum of five years.

If Executive Board employment is terminated prematurely without cause, in accordance with the recommendations of the German Corporate Governance Code, the employment contracts provide for a compensation payment that is limited to a maximum of twice the annual compensation (sum of total compensation for last two financial years) and does not recompense more than the remaining term of the contract of employment (cap); whereby no premature payment of performance-related variable compensation is made in the event of premature contract termination. The contracts do not provide for any extraordinary termination rights or redundancy payments in the event of a change in control. This also applies if a member of the Executive Board is permanently unable to work. If a member of the Executive Board is temporarily unable to work, the member will continue to be paid the contractually agreed compensation for a duration of six months.

b. Extraordinary developments and variable compensation

In the event of extraordinary developments, the Supervisory Board can adjust the variable compensation calculated in accordance with the specifications above and set it higher or lower.

c. Clawback regulations for variable compensation

FUCHS PETROLUB SE is contractually entitled to recover, in full or in part, variable compensation components already paid to members of the Executive Board. The right of recovery applies if, after payment of the variable compensation, it becomes apparent that the key indicators for this purpose had to be corrected retrospectively due to objective errors in accordance with the rules governing accounting and would have resulted in no or lesser compensation on the basis of the corrected indicators.

d. Accepting board positions within and outside the Group

If members of the Executive Board accept Supervisory Board or other board positions at companies affiliated with FUCHS PETROLUB SE, they are not compensated for this separately. If, in exceptional cases, compensation for a position within the Group cannot be excluded, depending on the nature of the compensation this is offset against the Executive Board member's other compensation or the Executive Board member assigns it to FUCHS PETROLUB SE.

Supervisory Board or similar positions at external companies must be approved by the Supervisory Board. The Supervisory Board will make a decision on whether to offset the compensation for the individual case in question. It has so far chosen not to do so.

e. Post-contractual non-compete clause

Members of the Executive Board are subject to a 12-month post-contractual non-compete clause. FUCHS PETROLUB SE can waive this before the ending of the employment relationship. If it does so, the right to compensation lapses one year after the declaration, regardless of whether the employment relationship remains in effect. The Executive Board member will receive compensation equal to one half of the contractually agreed compensation for the duration of the non-compete clause. For the variable components, this is based on the average for the last three years. Other income is taken into account in compensation. Compensation is deducted from any redundancy payment in accordance with the recommendation of the German Corporate Governance Code.

Individual compensation for members of the Executive Board

The compensation granted and owed to the members of the Executive Board for their activities in the 2022 financial year pursuant to Section 162 Para. 1 (1) of the German Stock Corporation Act (AktG) was in accordance with the compensation system.

In the 2022 financial year, the Executive Board of FUCHS PETROLUB SE consisted of the following members:

- Stefan Fuchs, Member of the Executive Board since 1999, Chairman of the Executive Board since January 1, 2004
- Isabelle Adelt, Member of the Executive Board since November 1, 2022
- Dr. Lutz Lindemann, Member of the Executive Board since January 1, 2009
- Dr. Timo Reister, Member of the Executive Board since January 1, 2016
- Dr. Ralph Rheinboldt, Member of the Executive Board since January 1, 2009
- Dagmar Steinert, Member of the Executive Board since 1 January 2016, retired as of November 30, 2022

Compensation is granted already at the point when the activity underlying the compensation has been fully performed (earnings-oriented approach). This means that the variable remuneration for the underlying activity in the 2022 financial year is reported as having been allocated in the reporting year, even though the payment will not be made until March 2023. This ensures transparent and comprehensible reporting and safeguards the link between performance and remuneration in the reporting period. This principle also applies accordingly to the presentation of the target (total) compensation and the maximum (total) compensation.

The measurement parameters for variable compensation (STI and LTI) for members of the Executive Board are as follows:

Measurement parameters for variable compensation (STI and LTI)

Variable compensation (STI and LTI) Individual component		Share of Chairman of the Executive Board	Share of ordinary member of the Executive Board
		0.64%	0.32%
2022 financial year			
FVA in € million	172		
Performance factor		€ thousand	€ thousand
min	0.75	828	414
max	1.25	1,378	689
Performance factor 2022	1.2	1,323	662
2021 financial year			
FVA in € million	205		
Performance factor		€ thousand	€ thousand
min	0.75	984	492
max	1.25	1,641	820
Performance factor 2021	1.1	1,444	722

By way of an overall assessment, the Supervisory Board set the performance factor for the 2022 financial year at 1.2. The key criteria for setting the performance factor for the 2022 financial year are as follows, with an overview showing the sub-targets weighted equally:

- The sub-target of profitable growth coupled with efficient cash management was rated with a performance factor of 1.15, taking into account the positive development. It accounts for the fact that, despite the overall economic challenges and a decrease in volume, FUCHS' EBIT in the 2022 financial year is at the same level as in the previous year. The decrease in volume was attributable to external factors such as the war in Ukraine and sanctions against Russia, the zero-COVID policy in China, and the situation in the German and American automotive markets. The related impact on FUCHS was actively and promptly addressed by the Executive Board, ensuring that the Group remained very well positioned during the reporting year, despite all the adversities.
- The sub-target of continued progress made in penetration of the markets with specialty lubricants combined with the expansion of technical competence was rated with a performance factor of 1.15, taking into account the opportunities leveraged in the growth markets as well as digitalization. The segmentation of the business introduced as part of FUCHS2025 enabled significant progress to be made in the 2022 financial year. This was particularly demonstrated in our US business, as well as in the Group company Nye, which was acquired in early 2020. In addition, the holding in E-Lyte opened a new business area in the field of high-performance electrolytes for batteries.

- The establishment and further development of a sustainability concept and the further creation of stakeholder value with a focus on FUCHS' social responsibility, continuous human resources development and compliance with good corporate governance was given a performance factor of 1.20. The work relating to personnel during the reporting period proved to be very professional. For example, the Executive Board proactively supported the change from Dagmar Steinert to Isabelle Adelt, as well as the Board change from Dr. Lutz Lindemann to Dr. Sebastian Heiner, due in 2023, and ensured a smooth handover to the new Board members. Thanks to the new composition of the Group Management Committee, a significant rejuvenation was achieved while at the same time increasing the breadth of expertise. An appropriate corporate governance policy was implemented by establishing new or revised standards within the Group in many areas. This in turn facilitates the management and control of the Group. In the area of sustainability, setting targets for 2025 (cradle-to-gate CO₂-neutral products) and 2040 (cradle-to-grave scope) set the cornerstones for the future strategy.

The pre-tax WACC relevant to the variable compensation for the 2022 financial year is 10%.

The details of the compensation of the individual members of the Executive Board in the 2021 and 2022 financial years and the pension expenses can be taken from the following tables.

Total compensation of the Executive Board in financial year 2022

The total compensation excluding current service expenses pursuant to Section 162 of the German Stock Corporation Act (AktG) is only relevant for the members of the Executive Board who were appointed for the first time before 1 January 2016, i.e. for Stefan Fuchs, Dr. Lutz Lindemann and Dr. Ralph Rheinboldt. For the other members of the Executive Board in the reporting period Isabelle Adelt, Dr. Timo Reister and Dagmar Steinert, there are no differences with regard to the disclosure of total compensation with/without IAS current service expenses because they receive an annual amount as a pension expense.

Total compensation for members of the Executive Board

		Stefan Fuchs Chairman of the Executive Board				Isabelle Adelt Member of the Executive Board				
		2022		2021		2022		2021		
		in T €	in % TC	in % AktG	in T €	in % TC	in T €	in % TC	in T €	in % TC
Fixed compensation	Base compensation	880	35	40	880	33	92	38	–	–
	Additional benefits	19	1	1	19	1	5	2	–	–
	Pension costs	–	–	–	–	–	37	–	–	–
	IAS current service expenses	299	12	–	330	12	0	–	–	–
	Total	1,198	48		1,229	46	134	55	–	–
Variable compensation	Short-term variable compensation									
	STI for 2022	595	24	27	–	–	50	20	–	–
	STI for 2021	–	–	–	650	24	–	–	–	–
	Long-term variable compensation									
	LTI for 2022	728	29	33	–	–	61	25	–	–
	LTI for 2021	–	–	–	794	30	–	–	–	–
Total	1,323	52		1,444	54	110	45	–	–	
Total compensation (TC)	2,521	100		2,673	100	244	100	–	–	
	Total compensation without current service expenses pursuant to Section 162 of the German Stock Corporation Act (AktG)	2,222		100	2,343		244			

Total compensation for members of the Executive Board

		Dr. Lutz Lindemann Member of the Executive Board				Dr. Timo Reister Member of the Executive Board				
		2022		2021		2022		2021		
		in T €	in % TC	in % AktG	in T €	in % TC	in T €	in % TC	in T €	in % TC
Fixed compensation	Base compensation	550	37	45	550	35	550	38	550	36
	Additional benefits	22	1	2	26	2	21	1	20	1
	Pension costs	–	–	–	–	–	220	15	220	15
	IAS current service expenses	258	17	–	272	17	–	–	–	–
	Total	829	56		848	54	791	54	790	52
Variable compensation	Short-term variable compensation									
	STI for 2022	298	20	24	–	–	298	21	–	–
	STI for 2021	–	–	–	325	21	–	–	325	21
	Long-term variable compensation									
	LTI for 2022	364	24	30	–	–	364	25	–	–
	LTI for 2021	–	–	–	397	25	–	–	397	26
	Total	662	44		722	46	662	46	722	48
	Total compensation (TC)	1,491	100		1,570	100	1,453	100	1,512	100
Total compensation without current service expenses pursuant to Section 162 of the German Stock Corporation Act (AktG)		1,234		100	1,298		1,453		1,512	

Total compensation for members of the Executive Board

		Dr. Ralph Rheinboldt Member of the Executive Board				Dagmar Steinert Member of the Executive Board				
		2022		2021		2022		2021		
		in T €	in % TC	in % AktG	in T €	in % TC	in T €	in % TC	in T €	in % TC
Fixed compensation	Base compensation	550	39	45	550	37	504	38	550	36
	Additional benefits	17	1	1	17	1	12	1	12	1
	Pension costs	–	–	–	–	–	220	17	220	15
	IAS current service expenses	195	14	–	215	14	–	–	–	–
	Total	762	54		782	52	736	56	782	52
Variable compensation	Short-term variable compensation									
	STI for 2022	298	21	24	–	–	255	19	–	–
	STI for 2021	–	–	–	325	22	–	–	325	36
	Long-term variable compensation									
	LTI for 2022	364	26	30	–	–	334	25	–	–
	LTI for 2021	–	–	–	397	26	–	–	397	26
	Total	662	46		722	48	589	44	722	48
	Total compensation (TC)	1,424	100		1,504	100	1,324	100	1,504	100
Total compensation without current service expenses pursuant to Section 162 of the German Stock Corporation Act (AktG)		1,229		100	1,289		1,324		1,504	100

Total compensation for members of the Executive Board

		2022		2021	
		in T €	in % TC	in T €	in % TC
Fixed compensation	Base compensation	3,126	37	3,080	35
	Additional benefits	96	1	95	1
	Pension costs	477	6	440	5
	IAS current service expenses	752	9	817	9
	Total	4,450	53	4,432	51
Variable compensation	Short-term variable compensation				
	STI for 2022	1,794	21	–	–
	STI for 2021	–	–	1,950	22
	Long-term variable compensation				
	LTI for 2022	2,214	26	–	–
	LTI for 2021	–	–	2,382	27
	Total	4,008	47	4,332	49
Total compensation (TC)	8,458	100	8,764	100	
	Total compensation without current service expenses pursuant to Section 162 of the German Stock Corporation Act (AktG)	7,707		7,947	

The variable compensation for 2022 will be finalized at the Supervisory Board meeting in March 2023. Variable compensation is paid after the Supervisory Board meeting, with the requirement to acquire preference shares taking effect after this. Accordingly, the following table does not contain any information on preference shares acquired as part of variable compensation for the 2022 financial year. As of December 31, 2022, a total of 33,986 preference shares would have had to be acquired for all members of the Executive Board at the closing price of € 32.74 per preference share.

The preference shares acquired as part of variable compensation and the freezing periods applicable for these are shown in the table. Note that the freezing period on the preference shares acquired under variable compensation was only three years until the financial year 2019.

→ [# 13 Preference share program variable compensation \(LTI\)](#)

Preference share program variable compensation (LTI)

Year of compensation LTI	2018	2019	2020	2021
Year share acquired	2019	2020	2021	2022
Time of acquisition	3/21/2019	3/20/2020	3/10/2021	3/21/2022
End of the blocking period	3/20/2022	3/19/2023	3/9/2025	3/20/2026
Price at acquisition in €	38.66	34.08	43.31	33.95
Price at end of the blocking period	33.62			
Performance until end of blocking period	-13%			
Performance until Dec 31, 2022		-4%	-24%	-4%
Preference shares	Shares	Shares	Shares	Shares
Stefan Fuchs	11,434	9,001	8,045	11,697
Dr. Lutz Lindemann	5,717	4,505	4,026	5,849
Dr. Timo Reister	5,717	4,505	4,026	5,849
Dr. Ralph Rheinboldt	5,717	4,505	4,026	5,849
Dagmar Steinert	5,717	4,505	4,026	5,849
Shares with blocking period Jan 1, 2022	34,302	27,021	24,149	
Shares acquired in 2022				35,093
Blocking period expired in 2022	-34,302			
Shares with blocking period Dec 31, 2022	0	27,021	24,149	35,093

It should be clarified that the LTI arithmetically consists of a cash portion and a share portion. The cash portion is used to repay the tax burden attributable to the LTI, the share portion serves the obligation to acquire preference shares. Taking into account a flat-rate tax charge of 51% (income tax taking into account the top tax rate, solidarity surcharge and church tax), the net amount of the LTI paid out is to be invested entirely in preference shares. The flat-rate tax burden of 51% must also be taken into account for the STI. Thus, a net view of the total variable compensation (45% STI and 55% LTI) ensures that the variable compensation is granted predominantly share-based.

No loans have been granted to members of the Executive Board.

No variable compensation components already granted were reclaimed from the members of the Board of Management.

The members of the Executive Board have received no benefits or commitments from third parties with respect to their work as Executive Board members.

The following table shows the total compensation (including service cost IAS) for the 2022 financial year in relation to the target total compensation.

Target and maximum total compensation for the 2022 financial year

Members of the Executive Board	Total compensation		Minimum total compensation in € thousand	Target total compensation (TTC) in € thousand	Maximum total compensation in € thousand
	in € thousand	in % of the TTC			
Stefan Fuchs	2,521	100	1,198	2,518	4.120
Isabelle Adelt	244	90	134	271	433
Dr. Lutz Lindemann	1,491	90	829	1,654	2.600
Dr. Timo Reister	1,453	90	791	1,616	2.600
Dr. Ralph Rheinboldt	1,424	90	762	1,587	2.600
Dagmar Steinert	1,324	89	736	1,492	2.383

The total compensation of the members of the Executive Board is equal to or lower than the target total compensation for the respective Executive Board member. The target total compensation was achieved by the Chairman of the Executive Board, and undershot by the regular members of the Executive Board by 10% and 11% respectively.

Pensions for the Executive Board

Regarding pension expenses, the following distinction is made between the members of the Executive Board:

- Stefan Fuchs, Dr. Lutz Lindemann and Dr. Ralph Rheinboldt joined the Executive Board before January 1, 2016. Therefore, the current service cost according to IFRS is reported as a pension expense.
- Isabelle Adelt, Dr. Timo Reister and Dagmar Steinert were appointed to the Executive Board as of or following January 1, 2016, and so they receive pension provisions through the Allianz provident fund. There are no additional obligations other than the requirement to pay contributions to assigned provident funds.

The present value of pension commitments for defined benefit commitments less plan assets, which equates to the provision amount, is shown in the table. → [# 15 Present value of pension commitments](#)

Present value of pension commitments as per IFRS

Dec 31, 2022	Present value	Fund assets	Pension provision
in € thousand			
Stefan Fuchs	4,273	4,072	201
Dr. Lutz Lindemann	4,221	4,089	132
Dr. Ralph Rheinboldt	2,602	2,609	-7
Total	11,096	10,770	326

Dec 31, 2021	Present value	Fund assets	Pension provision
in € thousand			
Stefan Fuchs	7,703	3,729	3,974
Dr. Lutz Lindemann	6,032	3,690	2,342
Dr. Ralph Rheinboldt	4,664	2,402	2,262
Total	18,399	9,820	8,578

Compensation of former members of the Executive Board and their surviving dependents

The compensation of former Executive Board members and their surviving dependents in 2022 amounted to € 595 thousand (571). The required surplus of pension provisions – pension liability minus plan assets – amounted to € 394 thousand (2,703) due to an increase in interest rates compared to the previous year. The corresponding pension provision is determined using the projected unit-credit method. Current service expenses, which may be subject to significant variability depending on the market interest rate, are recognized as annual pension expenses. The former members of the Executive Board were not subject to any obligation to invest any element of the compensation in shares of the company.

Of the former Executive Board members, Dr. Georg Lingg and Dr. Alexander Selent have ceased their activities within the last ten financial years. In the 2022 financial year, Dr. Lingg did not receive any pension payments yet due to his age; Dr. Selent received a pension payment of € 109 thousand.

Comparative presentation of the compensation and earnings development

The following comparative presentation shows the annual change in the total compensation of the current and former members of the Executive Board, the company's earnings performance and the average compensation per employee of the Group over the last five financial years. Secondly, compensation for senior executives within the Group is compared. This peer group comprises the members of the Group Management Committee (excluding members of the Executive Board) and the managing partners of the Group companies.

The vertical compensation comparison is strongly influenced by exchange rates, company acquisitions, and changes at the local companies, and is therefore subject to fluctuations.

→ [# 16 Relative change in compensation and profit over time](#)

Relative change in compensation and profit over time

Comparative presentation of total compensation and total compensation excluding current service expenses IAS pursuant to Section 162 of the German Stock Corporation Act (AktG)

		Change	Change
	2022	2022 vs. 2021	2021 vs. 2020
Current members of the Executive Board			
Total compensation	in € thousand	in %	in %
Stefan Fuchs	2,521	-6	9
Isabelle Adelt ¹	244	-	-
Dr. Lutz Lindemann	1,491	-5	8
Dr. Timo Reister ¹	1,453	-4	6
Dr. Ralph Rheinboldt	1,424	-6	8
Dagmar Steinert ¹	1,324	-14	6
Total compensation without current service expenses IAS pursuant to Section 162 of the German Stock Corporation Act (AktG)			
Stefan Fuchs	2,222	-5	8
Dr. Lutz Lindemann	1,234	-5	8
Dr. Ralph Rheinboldt	1,229	-5	7
Former members of the Executive Board			
Dr. Alexander Selent (retired)	109	6	1
Average salary of employer			
Employees in the FUCHS Group	75	7	9
Senior executives of the FUCHS Group	273	4	12
Profit trend at FUCHS Group	in € million	in € million	in € million
FVA	172	-19	24
Earnings after tax (HGB)	173	-17	22

Comparative presentation of total compensation and total compensation excluding current service expenses IAS pursuant to Section 162 of the German Stock Corporation Act (AktG)

	Change	Change	Change
	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
Current members of the Executive Board			
Total compensation	in %	in %	in %
Stefan Fuchs	9	-20	0
Isabelle Adelt ¹	-	-	-
Dr. Lutz Lindemann	10	-17	0
Dr. Timo Reister ¹	7	-11	0
Dr. Ralph Rheinboldt	10	-18	0
Dagmar Steinert ¹	7	-11	0
Total compensation without current service expenses IAS pursuant to Section 162 of the German Stock Corporation Act (AktG)			
Stefan Fuchs	6	-21	0
Dr. Lutz Lindemann	6	-19	0
Dr. Ralph Rheinboldt	6	-19	0
Former members of the Executive Board			
Dr. Alexander Selent (retired)	1	7	1
Average salary of employer			
Employees in the FUCHS Group	-3	1	0
Senior executives of the FUCHS Group	2	-10	-2
Profit trend at FUCHS Group	in € million	in € million	in € million
FVA	-5	-31	0
Earnings after tax (HGB)	-8	-2	-13

¹ The total compensation corresponds with the total compensation excluding current service expenses IAS pursuant to Section 162 of the German Stock Corporation Act (AktG).

Compensation for members of the Supervisory Board

Overview of the compensation system

The compensation of the Supervisory Board members is definitively based on Section 16 of the Articles of Association of FUCHS PETROLUB SE; no ancillary or supplementary arrangements exist. The compensation rules apply equally to the shareholder representatives and to the employee representatives on the Supervisory Board.

1. Procedure for reviewing the structure and amount of compensation

The Supervisory Board regularly reviews the compensation paid to its members. The structure and amount of compensation of the Supervisory Board is reviewed in terms of its appropriateness, taking account of compensation at other comparable companies. As the work of a Supervisory Board member fundamentally differs from the work of a company employee, compensation of the Supervisory Board is not compared with company employees' compensation on a vertical basis.

Appropriate compensation of the Supervisory Board ensures that FUCHS PETROLUB SE can continue to attract exceptionally qualified candidates to the Supervisory Board. Compensation of the Supervisory Board therefore makes a long-term contribution to promoting the corporate strategy and the company's long-term performance.

2. Conflicts of interest

Due to the statutory division of powers, members of the Supervisory Board are involved in the process of reviewing their compensation system. To avoid the conflict of interest that this entails, the decision on the final compensation system is by law made by the Annual General Meeting and the corresponding resolution proposal is submitted by the Executive Board and the Supervisory Board.

3. Compensation components

a. Fixed compensation

The members of the Supervisory Board receive a fixed compensation of €85 thousand, payable after the end of the financial year. The granting of a pure fixed compensation is consistent with the prevailing practice in other listed companies. Pure fixed compensation of Supervisory Board members is also provided for in Suggestion G.18 sentence 1 of the German Corporate Governance Code (DCGK).

b. Increased compensation for the Chairmen and Deputy of the Supervisory Board

The Chairman of the Supervisory Board receives double and the Deputy receives one and a half times the annual fixed compensation. The increased compensation reflects the increased time spent by the Chairman and Deputy and equates to Recommendation G.17 of the German Corporate Governance Code (DCGK).

c. Obligation to purchase preference shares

At least 20% of the fixed compensation must be invested in preference shares of the company with a vesting period of four years, with this vesting period continuing even when they leave the Supervisory Board. Members of the Supervisory Board are reimbursed up to € 600 for the costs of holding the preference shares, where evidence of these costs is provided.

d. Compensation for committee activities

The members receive fixed compensation of €20 thousand payable after the end of the financial year for their work on the Audit Committee, and the same in the amount of €10 thousand for their work on the Personnel Committee. The Chairmen of the Audit and Personnel Committees each receive double the aforementioned amounts. The increased compensation takes into account the increased time spent on committee activities and equates to Recommendation G.17 of the German Corporate Governance Code (DCGK). Members of the Nomination Committee do not receive any separate compensation.

e. Compensation or joining or leaving the Supervisory Board during the year

Supervisory Board and committee members who have not been a member of the Supervisory Board or committee for a full financial year receive pro rata compensation.

f. Date of payment

The compensation for the immediately preceding financial year is paid after the meeting of the Supervisory Board at which it is decided to approve the financial statements for the immediately preceding financial year. The presentation is based on the earnings-oriented approach. Accordingly, the remuneration for the 2022 financial year is reported as having been allocated in the reporting year because the activity underlying the remuneration has been rendered in full, even though the payment will not be made until March 2023.

Individual compensation for members of the Supervisory Board

In the 2022 financial year, the compensation system for the Supervisory Board was applied in accordance with the regulations set out in Section 16 of the Company's Articles of Association.

There were several changes to the composition of the Supervisory Board in the 2022 financial year. Dr. Kurt Bock resigned as Chairman of the Supervisory Board and as a member of the Supervisory Board, effective at the end of the Annual General Meeting on May 3, 2022. The Annual General Meeting elected Dr. Markus Steilemann as a member of the Supervisory Board on May 3, 2022. At its meeting on May 3, 2022, the Supervisory Board elected Dr. Christoph Loos as Chairman of the Supervisory Board.

The details of the granted and payable compensation of the individual members of the Supervisory Board in the financial year 2022 are shown in the following table.

Compensation granted and owed in the 2022 financial year

in € thousand	Fixed compensation	Compensation for board activities	Total compensation
Current members of the Supervisory Board			
Dr. Susanne Fuchs	128	30	158
Jens Lehfeldt	85	–	85
Dr. Christoph Loos	141	23	165
Ingeborg Neumann	85	50	135
Cornelia Stahlschmidt	85	–	85
Dr. Markus Steilemann	56	20	76
Total	580	123	703
Members of the Supervisory Board who resigned in the 2022 financial year			
Dr. Kurt Bock	58	7	65
Total	638	130	768

The preference shares acquired and the vesting periods for these are shown in the table:

→ [# 19 Supervisory Board preference share program](#)

Supervisory Board preference share program

Preference share program Supervisory Board

Year of membership of the Supervisory Board	2016	2017	2018	2019	2020	2021
Year share acquired	2017	2018	2019	2020	2021	2022
Time of acquisition	5/9/2017	5/14/2018	5/9/2019	5/7/2020	3/10/2021	3/21/2022
End of the blocking period	5/8/2022	5/13/2023	5/8/2024	5/6/2025	3/9/2025	3/20/2026
Price at acquisition in €	48.12	45.16	34.61	34.82	43.31	34.21
Price at end of the blocking period	28.18					
Performance until end of blocking period	-41%					
Performance until Dec 31, 2022	-32%	-28%	-5%	-6%	-24%	-4%
Preference shares	Shares	Shares	Shares	Shares	Shares	Shares
Current members						
Dr. Susanne Fuchs	-	200	427	292	287	922
Jens Lehfeldt	-	-	-	190	216	498
Dr. Christoph Loos	-	-	-	-	142	615
Ingeborg Neumann	278	305	427	292	216	790
Cornelia Stahlschmidt	-	-	-	-	142	498
Total	278	505	854	774	1,003	3,323
Former members						
Dr. Kurt Bock	-	-	-	380	432	1,112
Lars-Eric Reinert	-	-	-	-	76	-
Dr. Erhard Schipporeit	-	-	-	-	113	-
Total	-	-	-	380	621	1,112
Shares with blocking period Jan 1, 2022	278	505	854	1,154	1,624	
Shares acquired in 2022						4,435
Blocking period expired in 2022	-278	-	-	-	-	-
Shares with blocking period Dec 31, 2022	0	505	854	1,154	1,624	4,435

Since financial year 2021, members of the Supervisory Board receive a pure fixed compensation, of which at least 20% must be invested in preference shares of the company. It is paid after the meeting of the Supervisory Board at which it is decided to approve the annual financial statements for the immediately preceding financial year. The obligation to purchase preference shares with a vesting period of four years takes effect thereafter. The freezing period also applies even if the Supervisory Board contract is terminated. Accordingly, the table does not contain any information on preference shares acquired as part of compensation for the 2022 financial year. As of December 31, 2022, a total of 3,927 preference shares would have had to be acquired at the closing price of €32.74 per preference share for all members of the Supervisory Board.

Until the financial year 2019 (share acquisition 2020), the vesting period was five years, with this freezing period expiring upon leaving the Supervisory Board.

No loans have been granted to members of the Supervisory Board.

Comparative presentation of the compensation and earnings development

The following comparative presentation shows the annual change in the compensation granted and payable to the current and former members of the Supervisory Board, the company's earnings performance and the average compensation per employee of the Group over the last five financial years.

Relative change in compensation and profit over time

Comparative presentation of the compensation of the Supervisory Board

Current members of the Supervisory Board	2022	Change	Change
		2022 vs. 2021	2021 vs. 2020
	in € thousand	in %	in %
Dr. Susanne Fuchs	158	0	17
Jens Lehfeldt	85	0	8
Dr. Christoph Loos	165	36	62
Ingeborg Neumann	135	0	14
Cornelia Stahlschmidt	85	0	63
Dr. Markus Steilemann	76	-	-
Former members of the Supervisory Board			
Dr. Kurt Bock	65	-192	7
Lars-Eric Reinert	-	-	-
Dr. Erhard Schipporeit	-	-	-
Dr. Jürgen Hambrecht	-	-	-
Horst Münkel	-	-	-
Average salary of employees			
Employees in the FUCHS Group	75	7	9
Profit trend at FUCHS Group			
	in € million	in € million	in € million
FVA	172	-19	24
Earnings after tax (HGB)	173	-17	22

Comparative presentation of the compensation of the Supervisory Board

Current members of the Supervisory Board	Change	Change	Change
	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
	in %	in %	in %
Dr. Susanne Fuchs	23	-8	55
Jens Lehfeldt	52	-	-
Dr. Christoph Loos	-	-	-
Ingeborg Neumann	18	-8	-2
Cornelia Stahlschmidt	-	-	-
Dr. Markus Steilemann	-	-	-
Former members of the Supervisory Board			
Dr. Kurt Bock	50	-	-
Lars-Eric Reinert	-66	-11	2
Dr. Erhard Schipporeit	-66	-7	13
Dr. Jürgen Hambrecht	-	-68	2
Horst Münkel	-	-69	2
Average salary of employees			
Employees in the FUCHS Group	-3	1	0
Profit trend at FUCHS Group			
	in € million	in € million	in € million
FVA	-5	-31	0
Earnings after tax (HGB)	-8	-2	-13

D&O insurance

FUCHS PETROLUB SE has taken out D&O insurance (pecuniary loss liability insurance), which covers the work of the members of the Executive and Supervisory Boards. For the Executive Board, the insurance policy provides for a deductible of 10% of the loss or 1.5 times the individual fixed compensation. Since financial year 2021, there is no longer a deductible for the members of the Supervisory Board.

Mannheim, March 7, 2023

Dr. Christoph Loos

Stefan Fuchs

Chairman of the
Supervisory Board

Chairman of the
Executive Board

Auditor's report

To FUCHS PETROLUB SE, Mannheim

We have audited the remuneration report of FUCHS PETROLUB SE, Mannheim, for the financial year from January 1 to December 31, 2022 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of FUCHS PETROLUB SE 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 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, 2022, 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 FUCHS PETROLUB SE. 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.

Mannheim, March 7, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk W. Fischer	ppa. Stefan Sigmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)