

2.11 Combined non-financial declaration

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

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

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

The company did not use a specific national, European or international framework to prepare this declaration, it is however based on the content requirements of the CSR Directive Implementation Act (CSR-RLUG). However, FUCHS will amend all necessary processes and structures

in such a way that reporting can take place in accordance with the indicators specified in the Global Reporting Initiative (GRI) for the financial year 2021.

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

→ [22 Business model](#)

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

To ensure future viability, sustainability is firmly established in the values of the FUCHS Group. Taking social and ecological responsibility is part of the corporate self-image at FUCHS. Therefore the three sustainability dimensions of economy, ecology and society are core elements of good corporate governance for FUCHS. To us, sustainability also means constantly evolving and optimizing. FUCHS respects human rights and actively fights against corruption

and bribery. Our business activities are also focused on the supply chain as a strategically important part of our business relationships.

Within the framework of its existing risk management system, the company analyzes and assesses the material risks entailed by its business activities and business relationships. This also includes any possible repercussions of these risks, which are examined in more detail in this declaration. As far as corresponding risks exist, they are presented in our opportunity and risk report.

→ [45 Opportunity and risk report](#)

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

→ www.fuchs.com/sustainabilityreport

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

Environmental concerns

Since signing the Code of Responsible Conduct for Business in 2010, FUCHS has systematically developed its sustainability activities. Besides making conservative use of natural resources, attention has increasingly focused on the topic of CO₂ emissions as well. The aim of guaranteeing living standards for future generations is a top priority for FUCHS. The company therefore pays attention to reducing emissions in research and production as well as in constructing new plants and extending existing ones.

A major milestone was reached in relation to the issue of carbon dioxide in the tenth year of FUCHS' sustainability efforts, namely making our production CO₂ neutral. Through a qualified calculation of the CO₂ footprint within FUCHS' immediate area of influence using the guidelines of the Greenhouse Gas Protocol, the precise amount of emissions within our factories was quantified. Given FUCHS' low vertical integration as a blender at the end of the process and value chain, the direct ecological footprint in lubricant manufacturing is relatively low. FUCHS there-

fore differs from the conventional chemical industry. Nevertheless, the goal is to continuously improve the ecological footprint through environmentally friendly production methods. FUCHS is therefore developing special technologies and investing in modern and safe facilities for lubricant production, and in continuous process optimization. The goal is to keep the energy and water consumption as well as the waste generation during the production process low or to further decrease them and to reduce the CO₂ emissions.

The measures taken so far to reduce the CO₂ footprint of FUCHS are not enough to ensure full CO₂ neutrality. For 2020 FUCHS has thus decided to offset the remaining CO₂ emissions through compensation measures. This will be done by investing in high-quality independently certified global climate protection projects, which predominantly encourage the expansion of renewable energies.

FUCHS follows the principle: avoid – reduce – compensate. Around 80% of FUCHS' CO₂ emissions are caused by the consumption of heat and electricity. Energy efficiency is therefore one important lever for avoiding or reducing CO₂ emissions. In the medium-term, FUCHS aims to successively reduce its CO₂ compensation payments and in return increase the proportion of renewable energy it uses while investing more in making its sites more energy efficient.

The products manufactured by FUCHS help to reduce friction and wear and to prevent corrosion in our customers' applications. High-quality product specifications can also make the application more efficient. By working closely with its customers, FUCHS develops and produces many lubricant products tailored directly to the respective application. To quantify the benefits of high-quality products, FUCHS works with project partners from the upstream process chain. By developing ecological assessments and life cycle assessments, the impact of lubricants over the entire value chain can be demonstrated.

The FUCHS production sites are located in designated industrial and commercial areas and are planned and operated according to Group-wide safety and environmental specifications, so that as few substances as possible that could impact biodiversity are released into the environment.

A key aspect of sustainability management is the certification of the FUCHS management systems in accordance with the relevant ISO standards. As of the end of 2019

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

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In 2019, the focus in the area of certification was on expanding the certification required in the automotive sector according to IATF 16949. FUCHS successfully completed the certification according to this standard at six additional production sites.

FUCHS will also subsequently strive to move forward with certification of its production sites in accordance with the relevant ISO or IATF standards. For 2020, plans are in place to coordinate the global strategy regarding certification in accordance with the environmental and occupational safety standards ISO 14001, ISO 45001 and ISO 50001.

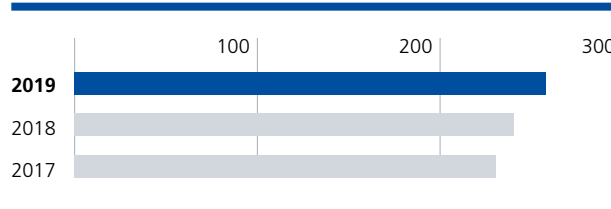
Key Performance Indicator (KPI) for CO₂ emissions

FUCHS is working on a better understanding of the portfolio-specific production processes and resource consumption of its sites on the one hand and on opportunities for further resource savings on the other. The reduction of CO₂ emissions caused by FUCHS successively converting to using energy from renewable resources and the fundamental reduction in energy consumption represents a new KPI for FUCHS.

Ecological indicators

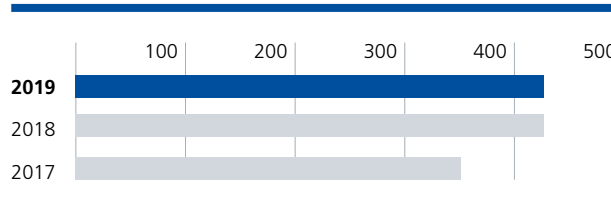
FUCHS is focusing on constantly optimizing its processes to steadily reduce the resources consumed in its production. Water consumption and waste generation per ton of lubricants produced were further slightly reduced in the past financial year. In contrast, energy consumption per ton produced increased in 2019. This was a result of, firstly, the adverse weather conditions in the US and Canada at the beginning of the year and, secondly, the construction of various new plants. Here, production processes,

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



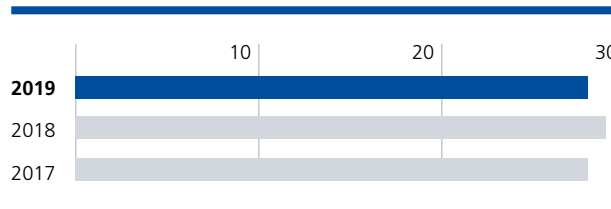
Basis: FUCHS production locations.

Development of water consumption
(in liter per ton produced)



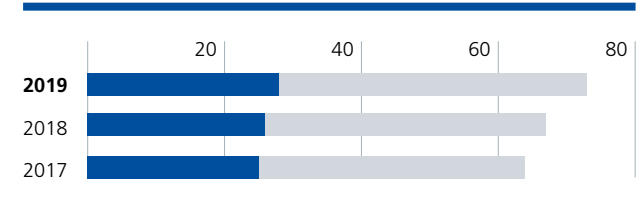
Basis: FUCHS production locations.

Waste generation
(in kilograms per ton produced)



Basis: FUCHS production locations.

CO₂ emissions
(in kilograms per ton produced)



■ Scope 1: Direct emissions through own energy generation.
 ■ Scope 2: Indirect emissions through purchased energy.
 Basis: FUCHS production locations.

which consume energy but do not generate any production output in return, had to be tested for some time. This resulted in higher energy-specific CO₂ emissions.

Employee concerns

Work safety is of great importance to FUCHS. The company is subject to various national and international regulations on occupational health and safety at our different locations. The respective applicable occupational health and safety provisions form the minimum standard for the entrepreneurial measures to be implemented. All FUCHS employees have been informed of the laws, regulations and internal occupational health and safety guidelines relevant to them and are instructed to comply with them. In particular, it is important to make employees more vigilant and aware of safety as an issue, to keep their eyes open for potential dangers in everyday life and in familiar situations, both in employees' own interests and in the interests of their colleagues. Suggestions for improvement in terms of health and safety from employees are encouraged.

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At the end of 2019 40% of the production locations were certified according to the OHSAS 18001 Occupational Health and Safety Management System. Certificates in accordance with OHSAS 18001 may only be issued until March 11, 2021. Thereafter, only certification of health and safety at work in accordance with the new ISO standard 45001 "Occupational Health and Safety Management Systems" published in March 2018 is still possible. FUCHS has decided to strive for new certifications only in accordance with the new ISO standard 45001. Since the requirements are more extensive than those of the previous OSHAS 18001 standard, the aim is to increase the proportion of certified production sites to 50% in the next two years.

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

ing environment and actively promotes the various aspects of diversity. The integration of different nationalities is a matter of course for the company. As part of globalization, internal colleagues from the sites are increasingly motivated to apply for vacancies abroad. FUCHS takes into account peoples' disabilities and creates an environment in which they can use their skills in the business.

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

Sustainable personnel policy

As part of our sustainable personnel management, we have further expanded our projects in the fields of health management, continuing professional development and work-life balance and, in some cases, have assigned them a thematic focus. We are systematically pursuing the goal of striking a balance between the business interests of FUCHS and the private and family needs of our employees. FUCHS accordingly places great emphasis on helping employees combine a career with a family. Flexible working time models are an important part of this. In addition to typical flextime models, part-time options are also avail-

able, ranging from 15 to 32 hours per week, which can also involve job-sharing or shift work. The establishment of rules for working from home also allows people more space in determining how they work. The increasing shortage of specialists means that it is vital for us to persuade young parents, in particular, to return to work quickly. Subsidized child care and the bridging of holiday periods, through subsidized holiday programs for example, are therefore common within the company. More and more young fathers also wish to spend precious time with their children and therefore take parental leave. We facilitate this by offering part-time working during parental leave, for instance. This allows the company to retain knowledge and expertise while, at the same time, allowing fathers to spend more time with their families. We are continually examining ways in which we can further develop family-oriented options to cater more effectively to the various life phases of our employees.

Occupational health management now includes training in areas such as load handling, skin protection and ergonomics at computer workstations as a matter of course. Furthermore, at the site in Mannheim, for example regular programs for the early detection of colon cancer, addiction prevention and healthy eating are offered. As part of health management, there was a theme day focused on stress reduction, resilience and providing information on a vast range of health campaigns in 2019. We encourage initiatives from employees to play a variety of sports together and also set up collaborations with fitness studios.

Social indicators

The age structure and average length of service have remained constant. While fluctuation decreased compared with the previous year, the number of days lost remained constant. → [# Social indicators](#)

Staff development

Alongside vocational training, needs-driven continuing professional development remains the foundation for developing specialist personnel and high potentials. To meet these needs in future more specifically and in a more forward-looking manner, work started on the establishment of a structured, global personnel development program in 2019. The starting point was a discussion between management and HR as to what a global personnel development strategy should look like. As part of general professional development, topics such as the Code of Conduct, Compliance and IT tools through to specific, FUCHS-internal knowledge were offered in addition to basic technical subjects relating to lubricants.

With the help of the e-learning strategy that has also been set up, the offer can be expanded across borders and time zones in future.

Traditional classroom training will still be offered by the FUCHS ACADEMY in future. As a global training institution, the FUCHS ACADEMY regularly offers seminars on a wide range of technical subjects and provides our sales

Social indicators

	2019	2018	2017
Average age of employees in years	43	43	43
Age structure of employees in %			
< 30 years	15	16	16
31 to 40 years	29	28	28
41 to 50 years	27	28	28
> 50 years	29	28	28
Average length of service of employees in years	10	10	10
Employee fluctuation ¹ in %	4.2	4.7	4.1
Work-related accidents ² per 1,000 employees	13	15	16
Days lost due to sickness per employee	8	8	7
Proportion of women in management positions in %	22	22	22
Average further training and education per employee in hours	13	14	15

¹ Share of employees leaving the company voluntarily.

² Number of accidents with more than three absence days.

experts, for instance, with a sound background knowledge of our products and their applications. The FUCHS ACADEMY is also a very popular learning platform for junior staff and employees with high potential, which helps to secure the continuous and targeted further development of our employees. In 2019, a new concept was drawn up for executive training, which covers the aspects of our journey within FUCHS2025 (strategy, culture, structure) even more effectively and aims to make newly promoted managers and those recruited from outside even more familiar with their management responsibilities.

In light of the global structure of our organization, intercultural competence is a key success factor for our staff. We promote this by sending our employees on assignments around the world. This not only applies to the targeted posting of technical and managerial staff to FUCHS subsidiaries but also to students doing dual training and interns.

The aforementioned measures are complemented by language courses. We thus ensure that English, the Group language, forms a reliable basis for the exchange of know-how. Furthermore, internal training at FUCHS guarantees

the optimal transfer of expertise to new employees. In the area of onboarding of new employees, an initial concept was also developed in order to give new employees at all locations throughout the world using virtual training sessions and information a better understanding of the fact that they are part of a globally active group in the sense of "ACT GLOBAL".

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

KPI for professional development

FUCHS has set itself the goal of investing significantly in the establishment and development of employee skills. A KPI for long-term professional development has therefore been adopted. Professional development hours per employee are expected to be systematically recorded worldwide in future. The aim is to move the topic of professional development further up the agenda and focus on it. In addition to the statistics that were previously usually compiled locally, in future, professional development is to be reported and tracked through consistent reporting chan-

nels and clearly comprehensible definitions in a standard global structure. Through KPI-based tracking, we shall make professional development activities more transparent, making it easier to identify areas where improvement is required. Having introduced the foundations, we shall draw up an annual analysis of target achievement based on demanding medium-term targets.

Social concerns

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

Respect for human rights

For FUCHS, respect for human rights is a key component of its business ethics. It is the basis of all its business activities and therefore also includes relationships with customers and other business partners as a matter of course. The Code of Conduct is a material expression of this common understanding at FUCHS. The signing of the Modern Slavery Act Statement in the UK underscores FUCHS' determination to prevent the criminal exploitation of human labor, for instance in the form of human trafficking, forced

and child labor or slavery, beyond its own operations and in its supply chain as well. FUCHS ensures respect for human rights in the upstream value chain at its suppliers by means of contractual agreements, self-regulatory declarations by the supplier and on-site audits.

Combating corruption and bribery

In competition, FUCHS relies on the quality and intrinsic value of its products and services. The FUCHS Code of Conduct contains obligatory guidelines for the prevention of all types of corrupt behavior and supporting all employees in observing the laws and regulations for the prevention of corruption and bribery. It aims to ensure that neither employees of FUCHS nor business partners or officials allow themselves to be influenced by unlawful and inappropriate conduct in their business decisions.

Compliance management system (CMS)

FUCHS has set up a CMS that comprises the entire Group. Important components of the CMS are the provision and dissemination of a suitable compliance culture by the Executive Board of FUCHS PETROLUB SE and the managers of the FUCHS Group, the Group-wide compliance organization and a compliance program geared to adequate and efficient measures, e.g. in the form of training courses, information events, an information platform for employees and business partners and other measures derived from the guidelines. The Principles for the Proper Performance

of Reasonable Assurance Engagements Relating to compliance management systems (IDW PS 980) are a point of reference for the design of the FUCHS CMS.

The company's compliance organization has developed various goals which should be achieved with the Group's CMS based on the general company targets adopted by the Executive Board and taking into account the regulations which are particularly important for the company: At FUCHS, one of the primary goals of the CMS is the prevention, detection and sanctioning of violations of the law, including corruption and bribery.

FUCHS has implemented a centralized and decentralized compliance organizational structure. Parts of the centralized organization are the Chief Compliance Officer (CCO) and the Group Compliance Committee (GCC). The decentralized compliance organization is represented by the Local Compliance Officer (LCO) appointed in each Group company and the Regional Compliance Officer (RCO) appointed for the first time in the reporting year. The CCO communicates the compliance targets determined by the Executive Board and the relevant compliance topics to all Group's managers and employees and works with the GCC to ensure they are implemented.

The Executive Board monitors and examines the quality of the CMS on an ongoing basis, decides how to deal with

the findings from the risk analyses and the compliance investigations and regularly consults the Supervisory Board about this, developing it further and ensuring that any weaknesses determined in the CMS are eradicated through appropriate measures. These measures can include both procedural and organizational adjustments to the CMS. Violations of compliance requirements threaten key success factors for FUCHS and are not tolerated. Potential compliance violations are identified and cleared up as part of the defined compliance process. All employees are required to notify potential compliance violations. Any violations determined are appropriately sanctioned, whereby the specific sanction depends on factors including their nature, gravity, duration and the degree of fault. Sanctions can be imposed in the whole range permitted by law, including extraordinary termination of employment, claim for damages and criminal charges.

KPI for Compliance

The most important measure for securing a functioning CMS and eliminating any deficiencies is that employees are informed of the relevant compliance issues and these are explained to them. To manage the functionality and adequacy of the CMS, from the financial year 2020 FUCHS uses the Enlightenment Performance Indicator (EPI) to measure the extent to which employees are informed about the compliance fields of relevance to them. The EPI provides information as to whether and to what extent

employees have received the training sessions they need and information on the compliance fields of relevance to them and have understood them by means of tests. The number of compliance training courses and training sessions as well as other written and verbal information made available to employees are primarily included in the measurement. The aim is to enlighten all the company's employees about the compliance fields of relevance to them in each case. Besides basic training sessions on compliance, training in the compliance fields prevention of corruption and compliance with anti-trust law is also paramount. The EPI is both in the form of an employee survey and by determining the number of e-learning training sessions undertaken by the respective target groups and other compliance training sessions.

A further measure is the continuous performance of compliance risk analyses on which basis any need to amend the CMS is identified. A business-related risk assessment of the relevant compliance areas up to the level of the individual Group company is the basis for the regular analysis of compliance risks. The results of the risk analyses are consolidated into a risk portfolio for the entire FUCHS Group. Specific weighting factors, such as the Corruption Perception Index (CPI), published by Transparency International Deutschland e.V., are taken into account. This indicates that the main risk areas for the CMS include the risks of violations against anti-trust law and against the prohibitions of corruption and bribery.

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

The Internal Audit sector reviews the functionality and adequacy of the CMS, both in the form of regular and ad-hoc revisions.

Further information on the CMS can be found in the Corporate Governance section.

→ [70 Corporate Governance](#)

Supply chain

For the production of lubricants the use of complex chemical and renewable raw materials as well as a vast range of base fluids is required to produce lubricants. For FUCHS, the process therefore begins with the purchase of raw materials as a sub-process within an extensive value chain. FUCHS ensures that only raw materials that comply with all EHS regulations (environmental, health and safety) are

used. Parallel to this, FUCHS invests in alternative raw material solutions that help to protect the environment and resources.

For FUCHS, raw materials are the most important element in the formulation of products. A carefully monitored and administered raw materials portfolio ensures that the marketable products are always available in consistently good.

Raw materials procurement is organized centrally as well as locally at FUCHS. FUCHS manages its strategically most important suppliers with its central lead buyer concept, while the suppliers that are solely relevant to the respective local companies are managed by the local procurement officers.

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

Given the strategic importance of key suppliers to the continuous availability of necessary raw materials, FUCHS actively manages the relationship with the suppliers. The centrally managed FUCHS suppliers are assessed and systematically evaluated each year in the global supplier evaluation based on various criteria. In the event of any deficits in the fulfillment of these criteria, suppliers are issued with specific action plans and implementation deadlines. The criteria to be assessed are quality, business relations, technical aspects, pricing, order and delivery management as well as sustainability aspects.

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

Therefore, even greater emphasis is placed on the CO₂ footprint of raw materials supplied to FUCHS in the current supplier assessment than in previous years. Accordingly suppliers are to be made more aware of the issue of CO₂ emissions and encouraged to collaborate along the entire value chain.

This approach leads to the establishment of selected sustainable projects based on partnership. In these projects, FUCHS is working with its suppliers to quantify ecological sustainability in its lubricants portfolio. The expectation of the company is that the change from a qualitative to a quantitative assessment of ecological sustainability will bring significant progress in terms of environmental properties and that appropriate categorization will be a future specification component for FUCHS lubricants.

Furthermore, FUCHS is working on making its suppliers accountable for key criteria of ethical conduct, such as labor standards, a ban on child labor, bans on discrimination and compliance. In this way, FUCHS wants to fulfill its special responsibility as a leading independent lubricants company.