

FUCHS GROUP

Antitrust Law Policy

MOVING YOUR WORLD



Antitrust Law Policy

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Preface

Dear Employees,

Compliance with applicable national and international laws and statutory regulations is an essential part of the identity of FUCHS, which is also reflected in the Code of Conduct. The antitrust law is of particular significance as breaches of the law can lead to large fines, obligations to pay damages and even criminal prosecution. Furthermore, it may do considerable damage to the public reputation of FUCHS. With the help of this policy (hereinafter referred to as "Policy"), we want to increase your understanding of the most important anti-trust principles in order to assist you with your day-to-day work, advise you on how to conduct yourselves and ensure that anybody who works for FUCHS acts in accordance with the law.

It goes without saying that this Policy cannot cover every possible scenario. If you have questions or need further information, please contact the Group Compliance Office of the FUCHS group or the respective com-

petent Compliance Officer. It is advisable to involve the competent legal department as early as possible in projects concerning competitors and the conclusion of long-term supplier and customer contracts.

In addition, you may use the internet-based "FUCHS Compliance Communication" whistleblower system – even anonymously if you so wish – to provide tip-offs and report matters concerning breaches of the anti-trust law or further compliance-relevant breaches in your company. If you have questions or need further information, please contact the competent Compliance Officer or the Group Compliance Office. You can find further details at the end of this Policy.

Please read this Policy thoroughly and interiorize the prescribed standards of conduct so that you always act in accordance with this Policy and, overall, with integrity on behalf of FUCHS and yourself.

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FUCHS PETROLUB SE

Stefan Fuchs

Dr. Lutz Lindemann

Dr. Timo Reister

Dr. Ralph Rheinboldt

Dagmar Steinert

1 Goals and scope of this policy

1.1 Scope

This Policy shall apply without exception and worldwide to all employees of the FUCHS Group (hereinafter referred to as “FUCHS Employees”). The FUCHS Group (hereinafter referred to as “FUCHS”), as far as this Policy is concerned, includes all direct and indirect majority holdings of FUCHS PETROLUB SE.

1.2 Goals

The purpose of this Policy is to work out the anti-trust principles that need to be observed to help the FUCHS Employees who deal with any related matters (members of company organs, executives, and employees) gain a better understanding of potentially arising issues and give them specific advice on how to conduct themselves.

The purpose of antitrust laws is to maintain the freedom of competition. Their goal is to ensure that all market participants can freely compete with one another and consumers get the best possible products at the best possible prices. Companies must be able to determine for themselves and unaware of the market conduct of competitors (“secret competition”) what business practices they want to adopt and how to impose them (“requirement of independence”). A dominant market position must furthermore not be abused in inappropriate ways.

1.3 Subject matter of the regulation

Almost all countries where FUCHS operates have antitrust laws. As far as antitrust laws are concerned, the content of the respective local rules and regulations is similar to the German and European antitrust rules set forth herein. Potential stricter rules must be observed in addition to this Policy. If the rules and regulations in some countries were to be less strict, this Policy provides the minimum standards that must be complied with.

The standards and principles set out in this Policy cannot cover every imaginable scenario that may be considered as problematic by the antitrust laws of the respective country. Hence, each Employee is obliged to use his/her own prudent judgment to decide whether a certain course of action is in breach of the rules of this Policy or any locally applicable law. If the question as to whether such a course of action may breach applicable antitrust laws, arises, it is up to the respective Employee to inform the competent superior or the competent Compliance Officer in advance of the matter.

Antitrust laws essentially include three regulatory areas: dealing with competitors (see section 2.2), dealing with suppliers and customers (see section 2.4), and dealing with a dominant market position (see section 3.).

2 Ban on cartels

2.1 Principles

Pursuant to the statutory rules and regulations “agreements between companies, decisions by corporate associations and concerted practices insofar as their objective or effect is to prevent, restrict or distort competition are prohibited”.

This not only applies to the behavior of competitors among one another (horizontal restraint of competition, see section 2.2) but also to companies that are at different economic levels such as, for example, suppliers and distribution partners (vertical restraint of competition, see section 2.4).

2.2 Dealing with competitors – horizontal restraints of competition

The ban on cartels forbids competition restraining agreements and concerted practices between competitors.

All companies that compete with FUCHS in the field of distribution or purchasing are “competitors”. When it comes to the purchasing of goods, services as well as the recruitment of employees, even companies from other industries can be competitors of FUCHS.

Based on an independent assessment of market conditions, FUCHS needs to decide for itself how and to whom products (including services) are sold and from whom and at what conditions goods are bought. Concerted practices with competitors concerning the following topics in particular are prohibited:

- Concerted practices involving price fixing (both purchase and selling prices), price increases or price components (e.g., rebates, cash discounts, margin, interest, surcharges) or other essential business conditions;
- The division of markets by products, regions, customers, or suppliers;
- The stipulation of quotas, production quantities, capacities or market shares, in particular concerted practices about the curbing of production or the shutting down of capacities;
- Concerted practice as to whether a customer is supplied or whether a product is bought from a supplier (“boycott”);
- Agreements as to whether or to what extent technologies are used if the companies are competing in that field (e.g., agreement that only minimum statutory requirements are met without room for improvements and technological innovations);
- Concerted practices concerning non-solicitation clauses, salaries and salary components that are not collectively agreed; and/or
- Agreements on tenders submitted in a bidding process that exceed the limits of permitted cooperation (e.g., joint venture or consortium), which would require the assistance of the legal department.

The following circumstances change nothing about the fact that anti-trust laws have been breached:

- “At the end of the day, we never put anything down in writing”: The form of agreement does not matter. Even verbal or implicit agreements are forbidden.

- “There was no agreement as such”: The degree of obligation is of no importance. Any coordination even if it is based on non-binding agreements (so-called “gentlemen’s agreements”) or tacit understandings is forbidden.
- “I did nothing more than listen”: The mere presence at a meeting of competitors making anti-trust arrangements is sufficient to be deemed a violation!
- “Nobody stuck to it anyway”: The mere agreement or attempt to restrict competition is forbidden irrespective of whether it is implemented.
- “All of this took place at association level”: The ban on cartels applies irrespective of how contact was established (at work or privately – informally or as a part of association meetings, benchmarking sessions or works visits – directly or via a third party, an association, a market research institute, or a supplier).

You will find further tips on how to conduct yourself in critical situations in section 5 (Rules of Conduct).

It is not only competition restraining agreements with competitors that are forbidden. The mere exchange of information among competitors is a breach of anti-trust laws if it reduces the uncertainties that are typical for competition. This may lead to competitors coordinating their behavior, which is forbidden. You should therefore, as a rule, not talk with competitors about any of the topics listed above unless there are compelling business-related reasons to do so (for examples see section 2.3).

Note: The mere unilateral disclosure of sensitive FUCHS information vis-à-vis a competitor may constitute a breach of antitrust laws. The same applies if you receive sensitive information from a competitor without objecting to it (example: during an association meeting). It is of no importance whether an exchange takes place directly between competitors or via a third party (e.g., association, market research institute etc.).

2.3 Permitted cooperation with competitors

The ban on cartels is not absolute. Under certain circumstances, cooperation with competitors and exchanging information among them may be permitted. This applies, for example, to the following scenarios:

- Delivery arrangements: On principle, you may enter a delivery arrangement with competitors if it takes place at normal market conditions. This means, in particular, that products are not sold to competitors under their market value without an objective justification as doing so could be considered as the buying of competition.

Example:

FUCHS sells lubricants to a competitor at considerably reduced prices. This is the result of an agreement according to which the competitor does not increase its own production capacities for such lubricants and refrains from acting as a more powerful competitor of FUCHS in the marketplace.

Delivery arrangements must, however, not lead to competitors coordinating their actions between one another. You must only speak with the employees of the competitor who deal with the delivery arrangement and only about the topics that are relevant for the specific delivery arrangement.

- Cooperation: Under certain conditions it is permitted to cooperate with competitors (e.g., purchasing, research and development, production, etc.). It is recommended that you obtain legal advice early on so that the permissibility of such cooperation can be checked (especially based on the market shares) and assistance can be provided to ensure implementation in accordance with antitrust laws.

2.4 Dealing with suppliers and customers – vertical restraints of competition

The ban on cartels not only applies among competitors but also concerning any relationships with customers, suppliers, and distributors. The following measures must therefore be examined on their own merits under the terms of antitrust laws:

- Resale price fixing: Second-hand price fixing is not permitted. This means that the supplier, in its dealings with distributors, must neither dictate fixed or minimum prices to be charged to other customers nor enter into the respective agreements nor offer incentives for adhering to fixed or minimum prices. In the EU it is, however, permitted to make non-binding price recommendations or set maximum prices under certain tight conditions.

- Exclusivity agreements/bans on competition: If you, for example (i) want to grant a distributor exclusivity for a region, (ii) forbid a distributor or customer to make, buy or sell competing products or (iii) make a supplier only supply FUCHS, it will depend on the individual case, in particular on the market shares of FUCHS and the contractual partner, the contractual term, etc., as to whether or not it is permitted.

Example:

FUCHS has put in a great deal of work to develop a tailor-made product for a customer. Subsequently, the customer is expected to only buy the product from FUCHS.

- Agreements that restrict the area where or the customers to whom a distributor may sell goods obtained from FUCHS
- Please be aware that even conditions attached to the sale via the internet may be considered as restrictions of target area or customers. Hence, selling products via the internet must not be generally forbidden or made difficult; one may however stipulate quality requirements.

Under no circumstances must the distribution system be used to obstruct or intend to obstruct the exportation or re-importation of goods. Therefore, measures such as export bans imposed on a distributor and all comparable restrictions (e.g., discriminatory discount or bonus systems) that are used or intended to be used to seal off markets, are not permitted.

As far as the aforementioned specifications are included in vertical contractual relationships, they must be examined by the respective FUCHS company which, in accordance with the applicable local rules and regulations, must establish whether they are permitted under the terms of antitrust laws.

Special conditions apply if FUCHS both approaches the customer directly and sells goods via distributors (so-called “dual distribution”). In such a case, FUCHS competes with its distributors and the conditions specifying dealings with competitors apply (see also section 2.2). This means that FUCHS is not allowed to make an arrangement with the distributors as to who sells a specific product and at what price.

3 Ban on the abuse of a dominant market position

If, in specific cases, FUCHS were to enjoy a dominant market position, it must not abuse it.

A company that, in its market, is not exposed to substantial competition or whose position in the marketplace is overpowering is considered to dominate the market. The following aspects suggest a dominant market position:

- FUCHS has a market share of at least 40 percent;
- The market share of FUCHS is double that of the next largest competitor;
- Customers or suppliers depend on the benevolence of FUCHS; or
- FUCHS has few restrictions when it comes to setting prices or conditions.

Antitrust laws prohibit the abusive exploitation of such a dominant market position, including in particular

- Over-aggressive pricing policy: cut-prices, extremely high margins;
- Discrimination: different prices or conditions for customers or suppliers, for which there are no valid, objective reasons;
- The refusal to supply or do business with a company without justification;
- Rebates: loyalty rebates, exclusivity rebates, etc.;

Example:

Rebates are offered on all products sold if, compared with the same period in the preceding year, customers increase the respective volume bought (volume rebates).

Example:

Customers are given rebates if they buy everything they need or an essential part thereof exclusively from FUCHS (loyalty rebates).

- Exclusivity agreements: Customers are obliged to buy, or suppliers are obliged to sell goods to FUCHS only; and/or
- Product pairing: Joint sale of different products to ensure that the strong position concerning one product is extended to another product.

Example:

A producer with a dominant market position sells its (dominant) product only together with a service contract without this being justified by the nature of the product.

The specific evaluation will always depend on individual circumstances and potential considerations of justification and must always be undertaken by the respective FUCHS company based on the applicable local law if certain aspects suggest a dominant or strong market position.

4 Consequences of breaches of the ban on cartels

Breaches of antitrust laws can result in considerable risks, which are essentially as follows:

- Large fines imposed on the responsible persons and the company;
- Harmed customers and competitors may demand the payment of damages;
- Ineffectiveness of legally prohibited agreements;
- Consequences under criminal law;
- Consequences under employment law;
- Reputational damage for the company; and
- Exclusion from public tenders.

The fines imposed by antitrust authorities frequently reach tens if not hundreds of millions and may, in individual cases, even amount to billions.

The upper limit for fines imposed due to a violation of antitrust laws is ten percent of the entire worldwide sales of the respective company.

5 Rules of conducts

5.1 Basic principles

You should neither avoid economically sensible and permitted business initiatives due to an unfounded fear of a breach of antitrust laws nor unthinkingly enter into competition restraining cooperation with competitors nor, due to ignorance, run the risk of concluding a prohibited agreement or engaging in concerted practices with a competitor. What matters is that you recognize and critically assess any problematic agreements or concerted practices. Hence, it is essential that you use this Policy and attend any training courses offering an introduction to the basic principles of antitrust regulations and requirements to obtain information and act accordingly. Any projects involving competitors or the conclusion of important/or long-term delivery or supply contracts must, based on the applicable local law, be checked for compliance with antitrust regulation by the respective FUCHS company.

You must, explicitly and clearly, distance yourself from all agreements and any form of coordinated behavior. In cases of doubt, you should, first of all, point out the necessity of an assessment by the competent legal department. Under no circumstances must you be led by the motto: "Chances are that nobody will find out about it".

5.2 Attending association meetings, trade fairs and other events

The involvement in professional associations is necessary and legitimate. However, this is an area that attracts the particular attention of antitrust authorities because, among other things, activities breaching antitrust laws frequently take place within the context of association-related work. Therefore, you must be particularly careful when it comes to any involvement in professional associations. Under no circumstances must your involvement in professional associations i.e., in committees or working groups, be exploited to breach antitrust laws. No employee involved in association-related work, must take part in conferences, meetings or discussions that are relevant under the terms of antitrust laws. This also applies if they adopt a purely passive role.

It is imperative that you react if you sense that the boundaries of what is admissible under antitrust laws have been breached. You must leave an association meeting forthwith if, despite your hints, the participants continue to talk about sensitive matters involving competition. In such a case, you must insist upon your objection to discussing such topics and your withdrawal from the meeting being included in the minutes. To simply remain silent will not protect you from a future fine.

If you have taken part in talks that may give you cause for concern, notify the management or the Compliance Office forthwith and provide information regarding dates, participants, and content.

The same principles apply to all meetings with competitors that may take the form of working group reunions, get-togethers in bars or other informal gatherings.

5.3 Business correspondence and internal communication (including e-mails)

When communicating internally as well as externally you must always consider how your wording could be interpreted by a third party. Try to express yourself clearly and avoid giving the false impression of having engaged in potential concerted practices or agreements with competitors or having used undue influence on distributors or suppliers. The presentation of content and the choice of words should always take into account the fact that the document could later be read by an antitrust authority.

It goes without saying that the same care must be taken when it comes to public relations work, press releases or interviews. Refrain from making any comments on future pricing or volume arrangements and do not refer to the uniform behavior of competitors – without having the individual matter legally assessed.

6 Group compliance office, reporting suspicious cases and whistleblower system

6.1 Group Compliance Office

To help you establish whether, under the respective anti-trust laws, a certain type of behavior is permitted or not and to clarify matters, if you are in doubt, concerning the legitimacy of a type of behavior, FUCHS has set up a Group Compliance Office that acts as a central port of call for all FUCHS Employees. You may contact that office as well as the respective competent Compliance Officer if you have questions, want to make comments and observations concerning matters that are relevant under antitrust law.

FUCHS Group Compliance Office

E-mail: compliance@fuchs.com

6.2 Reporting suspicious cases

FUCHS Employees who gain knowledge of specific, verifiable facts suggesting that a breach of the above principles has taken place, are called upon to report this forthwith. In such cases as well as concerning all associated issues, the persons to contact are the respective superiors, the Group Compliance Office, the respective competent Compliance Officer, or the competent unit. There is a particular incentive to expose the violation of antitrust laws: Those taking part in banned cartels may fully or partly be exempt from the payment of fines if they help to expose the cartel by testifying as witness for the state. The extent of the exemption depends on the order in which the applications for state witness are submitted to the authorities (first-come first-served principle).

6.3 Whistleblower system

Potential breaches of the law and/or compliance rules may also be reported online via our internet-based whistle blower system called “FUCHS Compliance Communication.” The portal is based on a standardized system solution and meets the highest IT security standards. The FUCHS Compliance Communication helps FUCHS Employees to submit detailed observations of breaches or suspicious cases and enter into a dialog with the competent unit. Users of the FUCHS Compliance Communication System can remain anonymous during the entire process if they so wish. The portal can be accessed at → www.bkms-system.net/FUCHS-Compliance-Communication

6.4 How to manage reports

FUCHS Employees who, acting in good faith, report potential breaches of this or another group policy, the Code of Conduct or the law must not be exposed to retaliatory measures. FUCHS appreciates openness. We support anyone who, acting in good faith, reports concerns. This also applies if, later, these concerns turn out to have been unjustified. If FUCHS Employees feel that due to submitting their report in accordance with this Policy, they are subject to adverse treatment, we are asking them to contact the Group Compliance Office or the competent Compliance Officer. FUCHS is going to confirm receipt of the report within seven days and inform the whistle blower within three months of how the report has been managed and what measures have been undertaken. This does, however, not mean that a possible investigation needs to be completed within three months.

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FUCHS PETROLUB SE
Einsteinstraße 11
68169 Mannheim
Germany
www.fuchs.com/group

Group Compliance Office

compliance@fuchs.com