

FUCHS SUSTAINABILITY REPORT 2012

LUBRICANTS.
TECHNOLOGY.
PEOPLE.



Sustainability report

FUCHS PETROLUB understands sustainability as a self-commitment and key element of a success-based and value-oriented system of corporate management. The scarcity of resources and the responsibility towards future generations are a particular focus of corporate action. We strive to create added value using fewer resources – while meeting our economic, ecological and social responsibilities – to secure the long-term success and the continued existence of our company in future. FUCHS implements these main objectives in the three areas of sustainability.

ECONOMIC RESPONSIBILITY

FUCHS recognizes sustainability in economic activities as a principle of long-term business strategy and assurance, and is committed to a continuous and sustainable increase in company value, as well as creation of shareholder value. At the same time, we pursue a sustainable dividend policy, which targets continuous increases or at the very least stable dividend payouts to our shareholders.

In the sense of these objectives, FUCHS has chosen the following financial key figures as economic sustainability key performance indicators (KPIs): FVA, EBIT, net operating working capital (NOWC), and the total dividend payout. In the reporting year, the Group was able to increase FVA by 11.9% over 2011 to €208.2 million. The two main factors that influence FVA developed in the right direction. EBIT increased by 11.2% over 2011 to €293.0 million (263.5), while NOWC, which has an impact on capital costs, recorded a slight decline relative to sales revenues to 21.0% (21.1%). Due to the disproportionately low increase in capital employed, the added value for shareholders enjoyed stronger growth than EBIT. The total Group dividend payout will increase by 30.3% to €91.6 million (70.3).

ECONOMIC KPIs

	2012	2011	2010
FUCHS Value Added (FVA) in € million	208.2	186.0	182.7
Earnings before interest and tax (EBIT) in € million	293.0	263.5	250.1
Net operating working capital (NOWC) in %	21.0	21.1	19.0
Total dividend payout in € million*	91.6	70.3	63.2

* Dividend proposal for 2012 at the Annual General Meeting.

ECOLOGICAL RESPONSIBILITY

The main task of lubricants is to reduce friction and offer wear protection, which extends machine runtimes and thereby protects raw materials. FUCHS develops, produces, and distributes application-specific and emission-reducing lubricants, some of which use renewable raw materials. In so doing, the Group makes a contribution to reducing energy requirements, preserving resources, and thereby to sustainability in the ecological sense. Due to the low level of vertical integration that we employ as a provider at the end of the process and value chain, our lubricant manufacturing activities leave behind only a minor ecological footprint.

FUCHS pays particular attention to responsible handling of energy, water, and waste. We have therefore also stipulated these key figures as ecological sustainability KPIs. Energy and water consumption, as well as the waste generated at the FUCHS production locations, are already relatively low in comparison with the average in the chemicals industry. Between 2010 and 2012, FUCHS was able to lower the energy and water consumption per ton of lubricant produced and also to maintain a constant level of waste generated. In this timeframe, it was also possible to reduce the proportion of chemical waste relative to the total waste generated to 21 kilogram per ton of lubricant output.

ECOLOGICAL KPIS*

	2012	2011	2010
Energy consumption in kilowatt hours per ton produced	270	274	292
Water consumption in liters per ton produced	319	305	325
Waste generation in kilograms per ton produced	27	27	26

* Basis: FUCHS production locations.

SOCIAL RESPONSIBILITY

FUCHS is aware of its internal and external social responsibility, and takes these aspects into account in its activities.

In the internal social field, FUCHS addresses a wide range of challenges, in particular those associated with the demographic shift. One important task in this regard is to ensure that as many positions as possible and not only key functions are filled by the right mix of junior and experienced staff. On the other hand, the expertise gained in the course of a career cannot simply be replaced. Our objective is therefore to train young employees, develop and promote talented potentials, and strengthen and conserve the physical and mental performance, particularly of older employees. This we achieve for example by using appropriate occupational and health safety systems.

The Group also strives to keep qualified employees loyal to the company in the long term through targeted measures and, whenever possible, fills positions that become vacant with employees from within the company. Here we place particular emphasis on the appropriate consideration of women when filling management positions.

In the sense of these objectives, FUCHS pushed forward its global and local talent management concepts, as well as projects in the field of health management and further education in 2012.

Our sustainability KPIs include the age, as well as the age structure of employees, their average length of service, the employee fluctuation, the number of work-related accidents, the number of days lost due to sickness, the proportion of women in management positions, and the number of further education hours per employee.

The average age of the employees working at FUCHS' worldwide production locations in the reporting year (Group representativeness: 90%) was 43 and, just like the age structure, has remained constant since 2010. With a share of around 26%, the age group of FUCHS employees over 50 displays a fairly typical structure for an industrial enterprise.

The average length of service and the employee fluctuation are indicators of the satisfaction and the high degree of loyalty of our employees with the company. The average length of service of our employees remained constant between 2010 and 2012 at eleven years. At just 3.8%, the employee fluctuation was already low in 2010 and fell even further to 3.5% in the reporting year 2012.

We were also able to continuously reduce the number of work-related accidents per 1,000 employees from 17 in 2010 to 14 in the reporting year. The average number of days lost due to sickness per employee has remained constant over the last three years at seven days on average.

We succeeded in increasing the proportion of women in management positions at the FUCHS PETROLUB Group's worldwide production locations from 18% in 2010 and 2011 to 19% in the reporting year. Providing further education for our employees is a key element of our sustainable personnel policy. The internal and external further education measures that FUCHS offers comprise seminars, workshops, courses, legally required training, as well as in-house training, for example within our FUCHS ACADEMY. We have been able to increase this value from 8.0 to 15.4 hours within two years.

SOCIAL KPIS*

	2012	2011	2010
Average age of employees in years	43	43	43
Age structure of employees in %			
< 30 years	15	14	13
31 – 40 years	27	29	30
41 – 50 years	32	31	32
> 50 years	26	26	25
Average length of service of employees in years	11	11	11
Employee fluctuation ¹ in %	3.5	4.2	3.8
Work-related accidents ² per 1,000 employees	14	16	17
Days lost due to sickness per employee	7	7	7
Proportion of women in management positions in %	19	18	18
Average further education per employee in hours	15.4	11.0	8.0

* Basis: FUCHS production locations (Group representativeness: 90%).

¹ Proportion of employees who voluntarily leave the company.

² Number of accidents with more than three days lost.

In the external social field, FUCHS subscribes to the idea that companies should not be committed solely to economic success, but equally also carry social responsibility. We therefore support social and voluntary engagement in a number of ways at our various company locations and promote academic, social, and cultural projects both nationally and internationally.

At the Group's headquarters we promote academic exchange through establishment of a foundation-endowed Chair at the University of Mannheim, together with four other listed companies in the metropolitan region. In the cultural arena, we have been providing support for many years inter alia to the Mannheim National Theater, the oldest municipal theater and largest four-theme theatrical venue in Germany. In addition to this, FUCHS provides funding for social projects operated by non-profit institutions in Mannheim. This FUCHS sponsorship award was presented for the 13th time in succession in the reporting year.