

FUCHS SUSTAINABILITY REPORT 2013

LUBRICANTS.
TECHNOLOGY.
PEOPLE.



Sustainability report

As a subscriber to the Code of Responsible Conduct for Business, the Executive Board at FUCHS PETROLUB SE is committed to a value-oriented system of corporate governance. Based on the Code, this includes fair competition, social partnership, the performance principle and sustainability.

We understand sustainability as a key element of this commitment. The scarcity of resources and the responsibility towards future generations are a particular focus of corporate action. FUCHS strives to create more value with fewer resources – while meeting our economic, ecological and social responsibilities, to secure the long-term success and the continued existence of the company in the future.

Sustainability at FUCHS is a continuous further development. We constantly work on future improvements and in 2013 implemented key objectives in the three areas of sustainability: economy, ecology and social. These involve in particular:

- The description of our basic principles for sustainable and socially responsible business practices in the FUCHS PETROLUB Group in a comprehensive Sustainability Guideline, which was made available to all FUCHS managers worldwide at the beginning of 2013. The FUCHS Sustainability Guideline is used as both an internal and external means of communication and can be accessed on our website at www.fuchs-oil.com/sustainabilityguideline0.html.
- Informing our key suppliers on the establishment of the FUCHS Sustainability Guideline, as well as their written confirmation either that they comply with it or that they employ and adhere to their own, similar guidelines. Our suppliers are also expected to comply with our corporate ethical requirements and minimum social standards. When selecting potential new suppliers, we consider their performance with regard to sustainability.
- The organizational further development of our sustainability management through appointment of local sustainability officers in each producing national entity, who should act as an interface for the Chief Sustainability Officer at Group HQ in the future and be available as a point of contact for any specific questions that might arise in this regard. The Chief Sustainability Officer, who was appointed in 2011, supports all accompanying activities throughout the Group on sustainable business practices and our corporate citizenship.

- The revision of the FUCHS fleet's former company car guideline in Germany and its extension to include a sustainability component. As of 2014, specific CO₂ limits per company car group apply to all new vehicle orders – from field service staff to the Executive Board. These limits may only be exceeded by a maximum of 5% in all cases. A monthly penalty will be charged per gram of CO₂ per km above the permitted limit to compensate for the mobility costs associated with the increased emissions and environmental impact. The applicable CO₂ limits of the European Union for vehicle manufacturers (2015 limit: 130 g/km) should provide orientation and not be exceeded as an annual average by FUCHS' entire German fleet. FUCHS' domestic emission limits are to be examined annually for their appropriateness and, if necessary, adjusted.

ECONOMIC SUSTAINABILITY

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, the Group was able to increase FUCHS Value Added (FVA) in the reporting year 2013 over 2012 by 6.6% to €221.9 million. The two main factors that influence FVA developed in the right direction. EBIT increased by 6.6% over 2012 to €312.3 million (293.0), while NOWC, which has an impact on capital costs, recorded a decline relative to sales revenues to 19.9% (21.0%). The total Group dividend payout is to be increased by 6.6% to €98.2 million (91.6). The dividends paid by FUCHS have increased by an average of 25% per year over the last ten years.

ECONOMIC KPIS

	2013	2012	2011	2010
FUCHS Value Added (FVA) in € million	221.9	208.2	186.8	182.7
Earnings before interest and tax (EBIT) in € million	312.3	293.0	263.5	250.1
Net operating working capital (NOWC) in %	19.9	21.0	21.1	19.0
Total dividend payout in € million*	98.2	91.6	70.3	63.2

* Dividend proposal for 2013.

ECOLOGICAL SUSTAINABILITY

FUCHS develops, produces, and markets application-specific and emission-reducing lubricants, some of which use renewable raw materials. Due to the low level of vertical integration that we employ as a provider at the end of the process and added value chain, our lubricant manufacturing activities leave behind only a minor ecological footprint. Nevertheless, FUCHS pays particular attention to responsible handling of energy, water, and waste. The Group makes a contribution to reducing energy requirements, preserving resources, and thereby to sustainability in the ecological sense.

We have been continually reducing the amount of energy consumed per ton of lubricant produced since 2010. The CO₂ emissions at FUCHS are largely generated during lubricant production due to the use of energy. Based on the energy consumption per energy type, we determined our CO₂ emissions during the production process across all production locations for the first time, which were reduced from 2010 to 2011 and have since remained constant. We managed to reduce the water consumption per ton of lubricant output each year from 2010 to 2012, although it actually increased in the reporting year due to necessary cooling processes during production of certain products at one of the Group's major production sites. Compared to 2010, we were able to slightly reduce the volume of waste generated per ton of lubricant produced in the reporting year. The energy and water consumption, the waste generation and the CO₂ emissions at FUCHS' production sites are significantly below the average in the chemicals industry. Yet despite this, we are still making every effort to further reduce these ecological KPIs. In 2013, we therefore asked the managing directors of FUCHS' major production sites to set reduction targets for energy and water consumption, as well as waste generation till 2016 and report these to Group HQ. These targets help us anchor our sustainability strategy in the actions of the production locations and thereby further integrate them into our business operations.

ECOLOGICAL KPIS

	2013	2012	2011	2010
Energy consumption in kilowatt hours per ton produced ¹	266	268	269	285
Water consumption in liters per ton produced ¹	507	440	450	454
Waste generated in kilograms per ton produced ¹	30	30	31	31
CO ₂ emissions in kilograms per ton produced ²	95	95	95	100

Basis: FUCHS production locations.

¹ The values for the previous years have been adjusted accordingly.

² Generated due to energy consumption during the production process.

SOCIAL SUSTAINABILITY

FUCHS takes into account both internal and external aspects in terms of its social responsibility.

In the internal social field we address many challenges, in particular those associated with the demographic shift. In the sense of a sustainable personnel policy, projects were continued in the reporting year in the fields of occupational health management, further training and reconciliation of family and working life. FUCHS also strives to keep qualified employees loyal to the company in the long term through targeted measures. Whenever possible, any positions that become vacant are therefore filled with employees from within the company. Here, we place particular emphasis on the dedicated promotion of women and ensure that appropriate consideration is given to them when filling management positions.

The following information refer to the FUCHS production locations, which represent around 90% of the Group's employees.

In the reporting year, the average age of employees worldwide and at the German production sites was 43 and has remained constant since 2010. For comparative purposes, the average age of workforces in the German chemicals industry is also around 43. With a share of around 27% each, the age group of FUCHS employees over 50 overall and in Germany displays a fairly typical structure for an industrial enterprise. The corresponding quota is around 31% in the German chemicals industry.

The average length of service and the employee fluctuation are indicators of the satisfaction and the high degree of loyalty of our employees with FUCHS. The average length of service of FUCHS employees remained constant between 2010 and 2013 at eleven years. The employee fluctuation remained at a low level and actually fell slightly to around 3% in the reporting year.

The number of work-related accidents with more than three days lost per 1,000 employees at FUCHS was 16 in 2013 and also in 2012 and was therefore reduced by 2 over 2011 and 2010. The corresponding work-related accident rate at FUCHS' German production sites, which reported an average of 20 accidents in 2010, was reduced to 15 in 2013 and is therefore around the standard level of the chemicals industry in Germany. The number of days lost due to sickness per employee has remained constant over the last four years at seven days on average.

The proportion of women in management positions at the production sites throughout the world increased from 19% in 2010 and 2011 to 20% in 2012 and 2013. The percentage of women working at the other non-production company locations is higher. As such, a total of 21% of management positions within the FUCHS PETROLUB Group are held by women.

We have been able to increase the average number of further education hours per employee continuously since 2010. In the reporting year, each FUCHS employee attended an average of around 17 hours of further education.

SOCIAL KPIS

	2013	2012	2011	2010
Average age of employees in years	43	43	43	43
Age structure of employees in %				
<30 years	14	15	14	13
31 – 40 years	27	27	29	30
41 – 50 years	32	32	31	32
>50 years	27	26	26	25
Average length of service of employees in years	11	11	11	11
Employee fluctuation ¹ in %	3.2	3.5	4.2	3.8
Work-related accidents ² per 1,000 employees ³	16	16	18	18
Days lost due to sickness per employee	7	7	7	7
Proportion of women in management positions in % ³	20	20	19	19
Average further education per employee in hours ³	17	16	12	9

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.

³ The values for the previous years have been adjusted accordingly.

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. As part of society, we are a player ourselves and benefit from the social integration at our company locations throughout the world. We therefore support social and voluntary commitment in various ways at our company locations and promote academic, cultural and social projects both nationally and internationally, primarily in the field of education.

At the Group's headquarters, we promote academic exchange with universities, including the University of Mannheim – for which a foundation-endowed Chair has been established together with four other listed companies in the metropolitan region. In the cultural arena, we provide support inter alia to the Mannheim National Theater, the oldest municipal theater and largest four-theme theatrical venue in Germany, run by a city. In the social arena, we have presented the FUCHS sponsorship award for social projects of non-profit institutions in Mannheim for 14 years in succession. In addition to this, FUCHS has been supporting the holistic junior youth development concept "Anpfiff ins Leben" for many years. FUCHS is an important partner for the development of young people in the fields of training and careers.