

FUCHS SE

# Sustainability Guideline

*MOVING YOUR WORLD*



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## SUSTAINABILITY

This sustainability guideline shall assist us in successfully managing our operations in a sustainable manner all over the FUCHS Group. It shall serve as an internal as well as an external communication tool and provide an overview of FUCHS' understanding of sustainability. FUCHS has drawn up and published further directives and guidelines that define the benchmarks of how FUCHS' employees will cooperate within the company as well as how they will relate with external business partners.

FUCHS SE is a global Group based in Germany which produces and distributes lubricants and related specialties around the world.

The Group, which was founded in 1931, with its headquarters in Mannheim, pursues a success-driven and value-oriented system of corporate governance in the sense of the social market economy. Core elements of this system include: fair competition, social partnership, the performance principle and sustainability.

FUCHS has adopted a definition of sustainability that is primarily based on the initial definition from the 18th century forestry industry, as well as the definition reported by the UN Commission of 1987:

“Sustainability is the way of cultivation of a forest, in which only as much wood is removed, so that the forest is never cut down entirely and can regenerate itself again.” (*Georg Ludwig Hartig, 1795*)

“Sustainable management means to meet the needs of the present in such a way, that future generations benefit from an intact ecological, social and economic system and thus have the same ability to meet their own needs. Economic management can therefore only be considered as sustainable if it works long term and can be operated continuously.” (*Brundtland Report, World Commission on Environment and Development, 1987*)

Sustainability to us is neither a trademark nor a label, but is instead a self commitment. The scarcity of resources and the responsibility towards future generations are a particular focus of corporate action. Our aim is to create more value with fewer resources – and this shall be in harmony with our commitment to economic, ecological and social responsibility. By considering these three essential sustainability goals we assure the lasting success and longevity of the company.

For the standardization, optimization and further development of the existing processes in the sense of sustainable corporate control, FUCHS established the position of Chief Sustainability Officer.

## CORPORATE MISSION STATEMENT

In early 2012 FUCHS developed a mission statement as the basis for a uniform corporate culture. It serves as the foundation and guide for our daily activities and shall strengthen the corporate identity within and outside the Group. Regarding the FUCHS Mission Statement, the following three essential pillars are crucial for us:

### **LUBRICANTS.**

FUCHS focuses on lubricants and offers solutions for all issues and fields of application in the world of lubricants.

### **TECHNOLOGY.**

FUCHS claims technological leadership in strategically important fields of application and is acknowledged as the number one technology partner by its customers. Not only does FUCHS focus on its own lubricants, it also takes a holistic approach, paying close attention to the processes in place at its customers.

### **PEOPLE.**

FUCHS' dedicated corporate culture, coupled with its loyal and motivated workforce, is the strategic key to its success. Our employees form the basis for this success.

In accordance to these three pillars FUCHS is convinced that it can only continue to be successful as a company if we base our actions on the following five core values:

### **TRUST**

- Trust is the basis of our self-understanding.

### **CREATING VALUE**

- We deliver leading technology and first class service to our customers.
- We identify and create FUCHS value added.
- We provide space for innovations to explore new paths.
- We act with an entrepreneurial spirit.
- We empower our employees with responsibility and accountability.

### **RESPECT**

- We acknowledge our responsibility towards our stakeholders, society and environment.
- We show appreciation and recognition.
- We act with fairness towards our partners and employees.
- We foster an open minded discussion culture.

### **RELIABILITY**

- We walk the talk.
- We are committed to technical leadership.
- We maintain a consistent track record of performance.
- We act in a responsive and transparent way.

### **INTEGRITY**

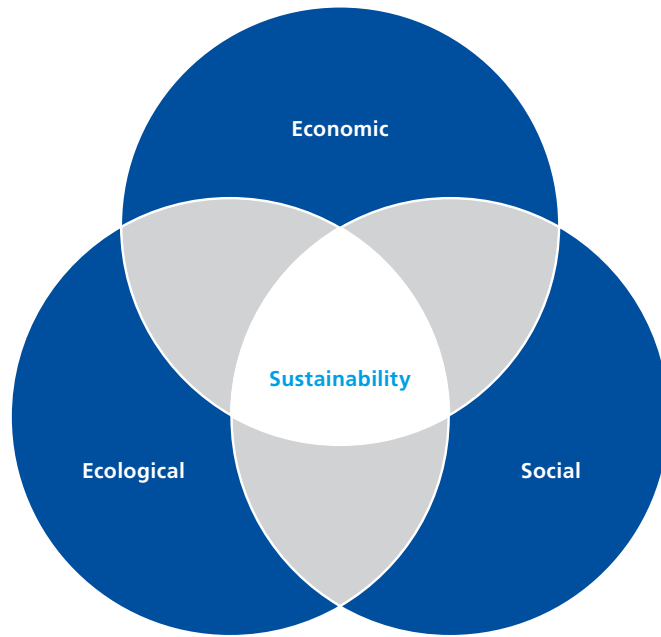
- We believe in a high level of ethics and adhere to our Code of Conduct.

## CODE OF RESPONSIBLE CONDUCT

FUCHS was one of the first subscribers to the initiative of the Code of Responsible Conduct for business at the end of 2010 under the patronage of the Wittenberg Center for Global Ethics.

The Code expresses a common leadership position and thereby offers general orientation for responsible actions. This common basic understanding is in line with FUCHS' core values: trust, creating value, respect, reliability and integrity. These values are considered to be a benchmark for internal objectives and form the basis for individual actions.

## THE THREE PILLARS OF SUSTAINABILITY



## ECONOMIC RESPONSIBILITY

FUCHS recognizes Sustainability in economic actions as a basic principle underlying a long-term business strategy and assurance, and is committed to a continuous and sustainable increase in company value as well as the creation of shareholder value.

### **FUCHS VALUE ADDED**

The company pursues a value-driven growth strategy with long-term strategic goals. In pursuit of this objective the company has been using for several years, the FUCHS Value Added (FVA) as a uniform, central KPI for company management that employs economic gain as a holistic approach.

The FVA is based both on annual profit (EBIT) and capital employed, which itself is based on long-term decisions (capital expenditure, research and development, etc.).

The FVA also forms the basis for the variable compensation of the Group's employees in order to harmonize internal control with external objectives. Sustainable economic success as a parameter for compensation has been and remains at the heart of the management philosophy at FUCHS.

### **DIVIDEND POLICY**

FUCHS pursues a sustainable dividend policy, which targets continuous increases, or at the very least stable dividend payouts to its shareholders. We aim to continue this shareholder-friendly dividend policy.



## ECOLOGICAL RESPONSIBILITY

FUCHS develops, produces and distributes application-specific and emission-reducing lubricants. In addition, we are committed to environmentally sound production methods, and continually work on improving our processes with a view to greater environmental compatibility. In so doing, FUCHS makes a contribution to reducing energy requirements and preserving resources, and thereby acts to promote sustainability in the ecological sense. The systematic transfer of know-how at all levels of the FUCHS Group, as well as the control of specified guidelines continuously improves the safety and efficiency of plants, production processes and products.

### **ENVIRONMENTAL PROTECTION**

Compliance with all laws and regulations that apply to environmental protection is a task and obligation for FUCHS. The Group takes particular care to ensure a responsible use of energy and water, as well as basic and raw materials. FUCHS places a priority on sustainable growth that guarantees the protection of the environment, a sparing use of its natural resources and respect for the living conditions of future generations.

### **PLANTS AND PRODUCTION PROCESSES**

FUCHS operates production plants which are safe for its employees and the environment. Through continuous development of new processes and optimization of existing ones, we achieve a steady increase of safety and cost-efficiency while simultaneously reducing the consumption of resources and the burden on the environment.

### **PRODUCTS AND PRODUCT DEVELOPMENTS**

Research and development is a key factor for FUCHS' success and is based on the principles of sustainable management. We cooperate with our customers in the development phase, and in this way often enable them to operate their plants more efficiently and for a longer period. In addition, we provide information and advice to our customers and consumers on how to safely and responsibly use our products.



## SOCIAL RESPONSIBILITY

FUCHS is aware of its social responsibility and executes its activities considering this responsibility. We comply with the respective applicable laws at the local, national and international level, and act according to the fundamental principles based on the UN Global Compact.

### **HUMAN RIGHTS**

FUCHS supports and respects the protection of human rights within its sphere of influence. Compliance with social standards and respect of human rights by our business partners is also important to us, in order to promote corporate social responsibility along the entire process and value chain. Further detailed information can be found in the FUCHS Code of Conduct which is accessible on the FUCHS corporate website on the internet.

### **LABOUR STANDARDS**

FUCHS respects the right to form associations and collective negotiations according to the principles of the Manifesto of the International Labour Organisation (ILO). Furthermore, the company is committed to the elimination of all forms of forced labor and to the abolition of child labor, as well as to a ban on discrimination in recruitment and employment. Further detailed information can be found in the FUCHS Code of Conduct and the FUCHS Global Diversity Guideline which are accessible on the FUCHS corporate website on the internet.

### **OCCUPATIONAL HEALTH AND SAFETY**

Safety at work has priority for FUCHS. In matters of health and safety, the company is subject to various national and international rules that differ according to where the respective sites are based. We ensure safe working conditions for our employees that are in line with applicable valid regulations governing occupational health and safety. FUCHS respects these rules and regularly monitors safety standards designed to make working conditions safe and avoid health risks. Our occupational safety and health management systems are based on extensive preventive measures and the participation of all employees working at our sites. We promote and monitor safety at work through risk assessments, safety rules, seminars and audits. Further detailed information can be found in the FUCHS Code of Conduct and the FUCHS Occupational Health and Safety (OHS) Guideline which are accessible on the FUCHS corporate website on the internet.

**TREATMENT OF SUPPLIERS AND MARKET BEHAVIOR**

FUCHS suppliers are also expected to comply with our corporate ethic standards. When selecting potential suppliers we consider their performance regarding sustainability. FUCHS stands for fair competition. Our decisions are always taken on the basis of cogent and economic criteria, within the framework of relevant laws and standards. Furthermore FUCHS stands up against all forms of corruption, bribery, extortion and embezzlement. Every employee commits himself to adhere to the rules of fair competition within the appropriate legislative framework. In order to avoid breaches of statutory obligations and internal corporate rules, FUCHS has set up a group-wide compliance organization that serves as a port of call for all employees and executives. Further detailed information can be found in the FUCHS Code of Conduct, the FUCHS Anti-Corruption Guideline, the FUCHS Anti-Trust Guideline and the FUCHS Compliance Management System which are accessible on the FUCHS corporate website on the internet.

**CORPORATE CITIZENSHIP**

FUCHS subscribes to the idea that companies should not be committed solely to economic success, but equally also carry social responsibility. FUCHS therefore supports social and voluntary engagement at its various company locations and promotes academic, social and cultural projects both nationally and internationally, for example with the "FUCHS Förderpreis" at the Group's headquarters.

**PERSONNEL DEVELOPMENT**

FUCHS invests in its attractiveness as an employer. The company employs a wide range of experienced and well-trained staff to ensure that all functions are performed by the right mix of specialists and generalists. The objective here is to train young people, as well as to develop and promote talented key potentials in the sense of sustainable personnel planning. Whenever possible, FUCHS fills positions that become vacant with experienced employees from within the company. We also support our employees reconciling a balance of work and family life.

The issue of sustainability and its characteristic economic, ecological and social dimensions is an integral part of FUCHS' thinking and action. As outlined by this sustainability guideline, we commit ourselves to the continuous optimization of our own work.

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