

FUCHS SUSTAINABILITY REPORT 2014

LUBRICANTS.
TECHNOLOGY.
PEOPLE.



Sustainability report

We consider sustainability to be a core element of sound corporate management. The FUCHS Sustainability Guideline contains stipulations for responsible business practices and provides a binding sustainability framework for the Group's global business operations.

Sustainability at FUCHS means continuous improvement. We constantly work on improvements in the three sustainability dimensions economy, ecology and social and achieved further key milestones in those areas in the year 2014. These involve on particular:

- Getting written confirmation from our local suppliers of their compliance with our ethical corporate requirements and minimum social standards, either pursuant to the FUCHS Sustainability Guide or other dedicated guidelines they themselves have put in place. This requirement was already established in 2013 for all key FUCHS suppliers across the globe and concluded with a 100% return quota.
- Provision of active support and advice to our local manufacturing companies by the Chief Sustainability Officer with regard to improving ecological and social efficiency, reducing the carbon footprint, optimizing the energy mix, etc. In addition to this, regular information exchange was established with the Local Sustainability Officers, ensuring that the measures for sustainable business activities are tracked at company level.
- Introduction of CO₂ limits for vehicle fleets operated by FUCHS companies in Europe. The applicable CO₂ limits set out for vehicle manufacturers by the European Union (EU) are to serve as a guideline for all new vehicle orders placed throughout Europe and should not be exceeded as an annual average by each country's entire fleet of vehicles. The country-specific, individual FUCHS emission limits are reviewed annually to determine their appropriateness and gradually reduced. FUCHS strives to achieve the 2020 target value for fleet CO₂ emissions of 95 g/km, passed by the EU Parliament for European vehicle manufacturers. For FUCHS' fleet of vehicles in Germany we managed to achieve the EU target limit for CO₂ emissions of vehicle manufacturers (2015 limit: 130g/km) at the end of 2014.
- Expansion of the FUCHS product program for sustainable solutions by our largest manufacturing company, FUCHS EUROPE SCHMIERSTOFFE GMBH. The product program is geared towards improving the ecological balance and supporting our customers with their own sustainability initiatives. These products are based on the newest technology, which is illustrated through the inclusion of renewable raw materials and recyclable base oils.
- Regular update to our management systems and certifications, which in 2014 reached a coverage of approximately 60% in the category of environment (ISO14001) and 100% in the category of quality (ISO 9001) relative to our respective worldwide production locations

- Signing of the Responsible Care Global Charter, which was newly published by the International Council of Chemical Associations (ICCA) in mid-2014 and focuses on the following six aspects:
 - Corporate Leadership Culture
 - Safeguarding People and the Environment
 - Strengthening Chemicals Management Systems
 - Influencing Business Partners
 - Engaging Stakeholders
 - Contributing to Sustainability (sustainable development)

The ICCA focuses in particular on sustainable development. Their key issues here are greenhouse gases, waste management, as well as the economic use of raw materials, water, and energy. FUCHS identifies with and supports all of the items included in the Charter. Having signed the Responsible Care Global Charter, we are committed to continuously improving our own processes and performances in the fields of environmental protection, climate protection, product responsibility, quality, health, and safety. In 2014, CEOs at around 150 globally operating and leading companies – including FUCHS – were requested to sign the new Responsible Care Global Charter, which is to be unveiled to the global public in June 2015 at the International Conference on Chemicals Management (ICCM-4) held by the United Nations Environment Programme (UNEP).

ECONOMIC SUSTAINABILITY

FUCHS considers economic sustainability as long-term alignment of its business with the objective of continually increasing company value, as well as creating shareholder value. Its business activities are therefore founded on the following basic principles:

- FUCHS bases its corporate decisions on realistic, economically sound, and long-term objectives.
- FUCHS pursues a dividend policy that targets constantly rising or at the very least stable dividend payouts to shareholders.

The Group's central key performance indicator is the FUCHS Value Added (FVA). As economic profit, FVA embodies a holistic approach that takes into account both earnings (EBIT) and capital employed. An essential component of the capital employed is the net operating working capital (NOWC). For further information refer to the Group Management Report on pages 96 and 100 ff.

The Executive Board and Supervisory Board propose increasing the total dividend payout for shareholders in FUCHS PETROLUB SE by 10.0% to €106.3 million (96.6).

ECONOMIC INDICATORS

	2014	2013	2012	2011	2010
FUCHS Value Added (FVA) in € million	229.7	221.9	208.2	186.0	182.7
Earnings before interest and tax (EBIT) in € million	313.0	312.3	293.0	263.5	250.1
Net operating working capital (NOWC) in %	21.0	19.9	21.0	21.1	19.0
Total dividend payout in € million*	106.3	96.6	91.6	70.3	63.2

* Dividend proposal for 2014.

ECOLOGICAL SUSTAINABILITY

Due to the low level of vertical integration that we employ as a blender at the end of the process and added value chain, our direct ecological impact in lubricant manufacturing is relatively low, compared to the chemical industry. Yet despite this, FUCHS has still set itself the objective of continually reducing its ecological footprint through targeted product-related and process-based measures. We invest in modern and secure plants, as well as in continuous process optimization as a way of reducing our energy and water consumption, and our production waste.

Since 2010 we have been reducing the specific amount of energy consumed year on year. The specific water consumption had increased in 2013 due to portfolio changes, but it was possible to reduce this back to the average level recorded between 2010 and 2012 in the reporting year through optimization processes. Our specific volume of waste generated remained relatively constant between 2010 and 2013. The increase in 2014 can be attributed to construction work at a major production site.

Direct CO₂ emissions – so-called Scope 1 Emissions according to the Greenhouse Gas (GHG) Protocol – stem from sources or operations that can be directly assigned to or are originated by the company. Scope 1 emissions at FUCHS emerge from the own energy generation from purchased fossil energy sources (mainly through combustion of gas and fuel) and from the fuel consumption of company owned vehicles. We calculated our CO₂ footprint for FUCHS' global fleet for the first time for the reporting year 2014. Indirect, energy related CO₂ emissions – so-called Scope 2 Emissions according to the GHG Protocol – originate from the external energy generation, which is bought in for own usage. At FUCHS the bought in energy primarily consist of electricity and steam. The specific CO₂ footprint as per Scope 1* and Scope 2 at FUCHS declined between 2010 and 2014.

* Without company owned vehicles.

In 2013, management at FUCHS' major production plants, which account for around 90% of total production in the Group, set itself annual reduction target values for the period till 2016 for energy and water consumption, as well as the volume of waste generated. In terms of energy and water consumption, the stipulated reduction target values set for the year 2014 were achieved in total.

ECOLOGICAL INDICATORS

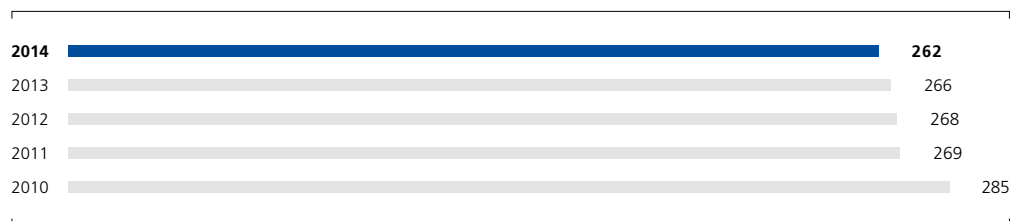
	2014	2013	2012	2011	2010
Energy consumption in kilowatt hours per ton produced	262	266	268	269	285
Water consumption in liters per ton produced	467	507	440	450	454
Waste generated in kilograms per ton produced	35	30	30	31	31
CO ₂ Emissions Scope 1 in kilograms per ton produced*	40	39	42	42	44
CO ₂ Emissions Scope 2 in kilograms per ton produced	54	56	53	53	56

Basis: FUCHS production locations.

* Without company owned vehicles.

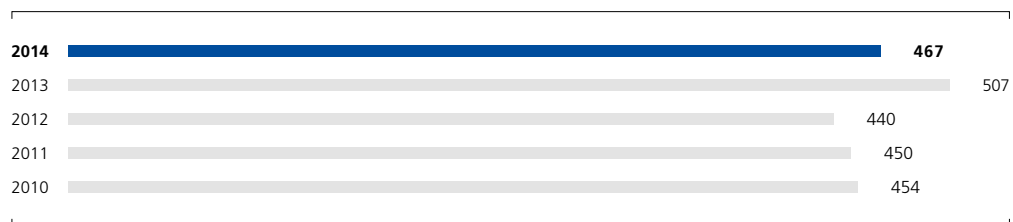
DEVELOPMENT OF ENERGY CONSUMPTION

(in kilowatt hours per ton produced)



DEVELOPMENT OF WATER CONSUMPTION

(in liters per ton produced)



SOCIAL SUSTAINABILITY

For FUCHS, social sustainability means to take over (external) responsibility for the social environment and (internal) responsibility for the Group's employees.

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 both worldwide and at the German production sites was 43 and has remained constant since 2010. This corresponds to the average age of the workforces in the German chemical industry. With a share of below 30% each, the age group of FUCHS employees over 50 globally and in Germany displays a fairly typical structure for an industrial enterprise. The corresponding quota is around 33% 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 2014 at eleven years. The employee fluctuation increased slightly to around 4.1% in the reporting year, however it still remains just below the highest level previously reported in the business year 2011 and at a low level overall.

FUCHS is committed to promoting health and safety at the workplace. The number of work-related accidents with more than three days lost per 1,000 employees at FUCHS has remained at a constant level of 16 since 2012, two less than in 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 17 in 2014 and is therefore only slightly above the standard level of the chemicals industry in Germany. The number of days lost due to sickness per employee worldwide has remained constant at an average of seven days since 2010.

FUCHS fills key positions in the company with a balanced mix of specialists and all-rounders. Wherever possible, FUCHS fills positions that become vacant with experienced employees from within the company. The proportion of women in management positions at production locations worldwide has remained stable at 20% since 2012 and is therefore 1% point above the level recorded in 2010 and 2011. The percentage of women working at the other non-production company locations is higher for structural reasons. As such, in 2014 22% of management positions within the FUCHS PETROLUB Group were held by women. The percentage of women in the overall FUCHS workforce is at 26% in the reporting year.

FUCHS invests in training, developing and promoting high-potential employees. We have been able to increase the average number of further education hours per FUCHS employee continuously since 2010. In the reporting year, each FUCHS employee attended an average of around 18 hours of further education. This value therefore doubled relative to 2010.

Within the frame of our social responsibility (corporate citizenship), we support the social and voluntary commitment in various ways at our global company locations and promote academic, cultural and social projects both, nationally and internationally. FUCHS is getting involved already since many years at the Group's headquarters in Mannheim as well as in the Rhine-Neckar metropolitan region and in this way has made corporate citizenship to an integral and successful part of its company culture over there. But also around two-thirds of our global production locations are socially active with at least one project, mainly in the areas of education, health and environment. The implementation of our corporate citizenship activities is effected mainly by means of donations. FUCHS is convinced, that corporate citizenship should continue to remain a voluntary initiative, while its meaningfulness, investment value and project type must be decided locally. In the context of the regular information exchange between the chief sustainability officer and the respective Local Sustainability Officer the global FUCHS companies receive suggestions and impulses on how country-specific corporate citizenship activities can be put into shape.

SOCIAL INDICATORS

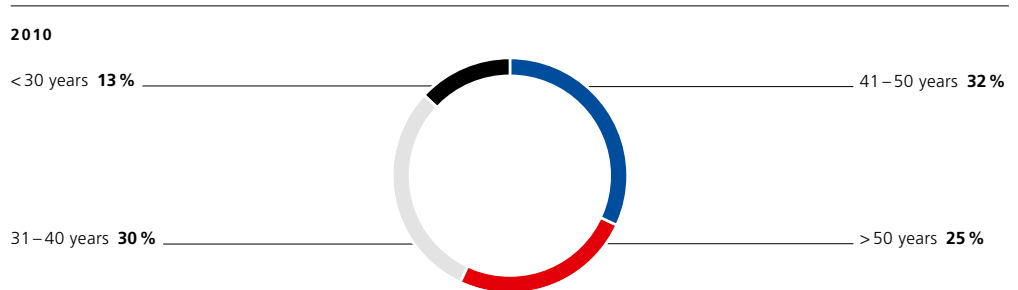
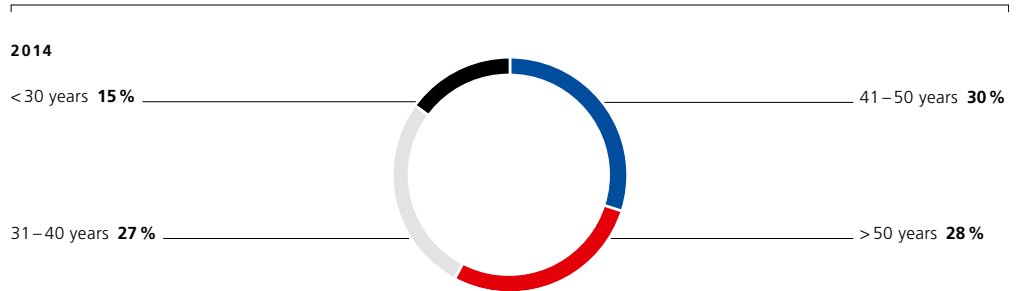
	2014	2013	2012	2011	2010
Average age of employees in years	43	43	43	43	43
Age structure of employees in %					
< 30 years	15	14	15	14	13
31 – 40 years	27	27	27	29	30
41 – 50 years	30	32	32	31	32
> 50 years	28	27	26	26	25
Average length of service of employees in years	11	11	11	11	11
Employee turnover rate ¹ in %	4.1	3.2	3.5	4.2	3.8
Work-related accidents ² per 1,000 employees	16	16	16	18	18
Days lost due to sickness per employee	7	7	7	7	7
Proportion of women in management positions in %	20	20	20	19	19
Average further training and education per employee in hours	18	17	16	12	9

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

¹ Proportion of employees that voluntarily leave the company.

² Number of accidents requiring more than three days off work.

AGE STRUCTURE OF EMPLOYEES



AVERAGE FURTHER TRAINING AND EDUCATION PER EMPLOYEE (in hours)

