

FUCHS SUSTAINABILITY REPORT 2015

LUBRICANTS.
TECHNOLOGY.
PEOPLE.



Sustainability report

Sustainability at FUCHS means continuous improvement. Within FUCHS Sustainability Management, we have been working on improvements for five years now and, in 2015, achieved further key milestones in the three sustainability dimensions: economy, ecology and social.

These involve in particular:

- Certification and introduction of management systems in the field of energy efficiency. The ISO 50001 standard, which applies to energy management systems and is valid worldwide, focuses on a continuous improvement process to achieve a defined objective in terms of a company's energy-related performance. The three largest FUCHS locations in Europe either already have certification or are planning to complete it in 2016;
- Extension of CO₂ limits on vehicle fleets operated by FUCHS companies outside Europe. Henceforth, the applicable country-specific CO₂ limits for vehicle manufacturers pursuant to the International Council on Clean Transportation (ICCT) serve as guideline for new vehicle orders placed by FUCHS worldwide. The global FUCHS emission limits are reviewed annually to determine their appropriateness. The objective is a step-by-step reduction. In FUCHS' German vehicle fleet, we managed to further reduce the CO₂ emissions of company vehicles by further 5% by the end of 2015;
- Calculation of the indirect, non-energy-related CO₂ emissions¹ in the FUCHS PETROLUB Group (so-called Scope 3 emissions) when determining the FUCHS Corporate Carbon Footprint (CCF) as per the internationally recognized Greenhouse Gas Protocol Standard (GHG Protocol). The step-by-step calculation of the FUCHS CCF was performed together with EVONIK as a major supporting industrial enterprise;
- Completion of "FUCHS Sustainability Meetings" at the twelve largest production locations in the FUCHS PETROLUB Group. The global company visits completed in the last two years focused on auditing, supporting and advising the companies on topics relevant to sustainability (for example compliance with the local Responsible Care requirements, optimization of the energy mix, intensification of corporate citizenship activities, etc.);
- Strengthening our commitment to the topic of sustainability in the region by hosting the "CSR Frühstück" – a series of events organized by the Rhine-Neckar, Darmstadt and Palatinate Chamber of Industry and Commerce – at the FUCHS Group HQ in Mannheim in July 2015. Around 80 guests took part in the event entitled "The role of sustainability in economic actions from the perspective of the global FUCHS PETROLUB SE Group".

¹ CO₂ equivalents (CO₂e), i. e. CO₂ and other greenhouse gases defined in the GHG Protocol. For reasons of simplicity, the acronym CO₂ is used in the following.

For its sustainability management activities so far, FUCHS PETROLUB SE was presented with the “Sustainability Award 2015” by the financial and economic magazine Capital Finance International (CFI) for best ESG (environmental, social and governance) leadership Germany. The CFI judging panel states that FUCHS not only excels in striving for sustainability within its products, but also addresses the diverse sustainability issues it faces as a responsible, global corporation.

ECONOMIC SUSTAINABILITY

ECONOMIC INDICATORS

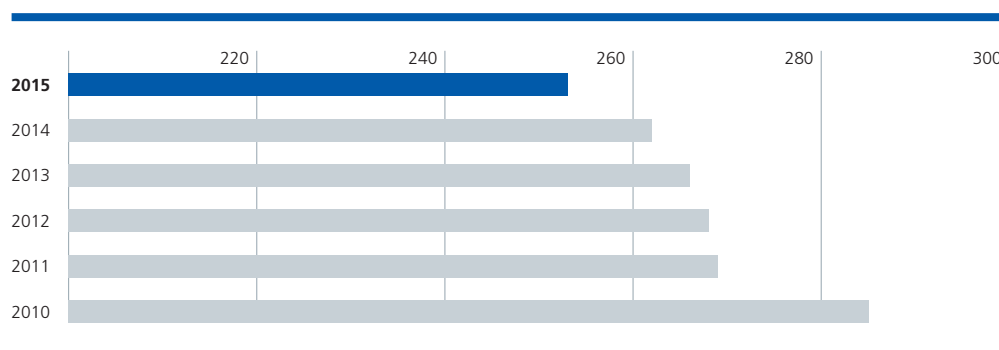
	2015	2014	2013	2012	2011	2010
FUCHS Value Added (FVA) in € million	246.2	229.7	221.9	208.2	186.0	182.7
Earnings before interest and tax (EBIT) in € million	342.2	313.0	312.3	293.0	263.5	250.1
Net operating working capital (NOWC) in %	21.3	21.0	19.9	21.0	21.1	19.0
Total dividend payout in € million*	113.3	106.3	96.6	91.6	70.3	63.2

* Dividend proposal for 2015.

ECOLOGICAL SUSTAINABILITY

Development of Energy Consumption

(in kilowatt hours per ton produced)

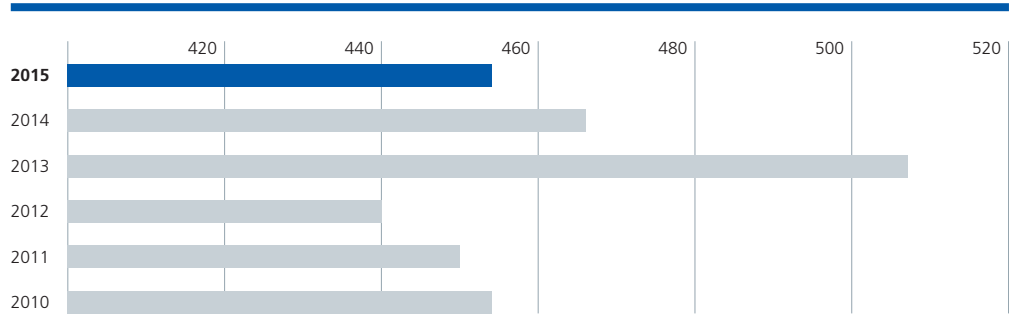


Basis: FUCHS production locations (excluding acquisitions 2015).

Since 2010 we have been reducing the specific energy consumption year on year.

Development of Water Consumption

(in liters per ton produced)

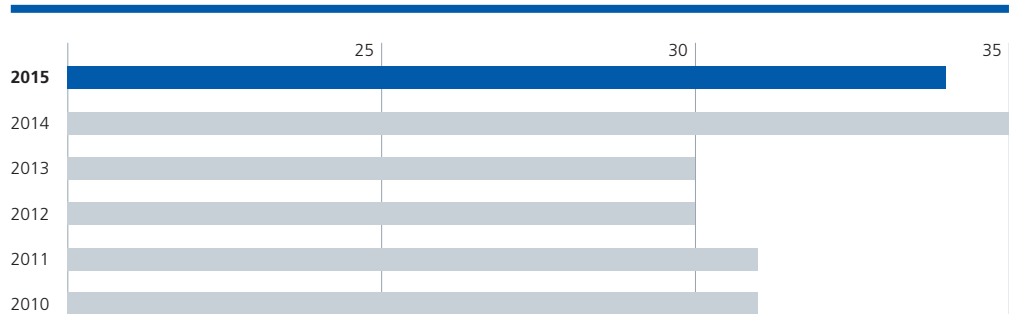


Basis: FUCHS production locations (excluding acquisitions 2015).

The specific water consumption had increased in 2013 due to portfolio changes, but it was then possible to reduce this back to the 2010 level through optimization processes.

Waste Generation

(in kilograms per ton produced)

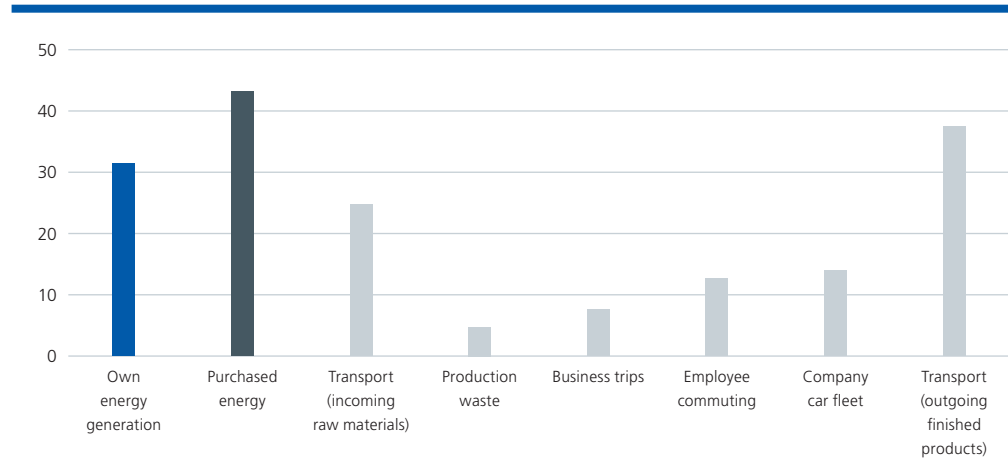


Basis: FUCHS production locations (excluding acquisitions 2015).

Our specific volume of waste generated remained relatively constant between 2010 and 2013. Among other things, the increase to the higher level in the years 2014 and 2015 can be attributed to construction activities.

FUCHS CCF

(in kilogram CO₂e per ton produced)



- Scope 1: Direct emissions through own energy generation
- Scope 2: Indirect emissions through purchased energy
- Scope 3: Indirect emissions along the value chain

Basis: FUCHS production locations 2014.

The production of lubricants is part of a much longer value chain. From energy and raw material purchasing to production waste, from transport to disposal of products, from daily employee commuting to worldwide business trips – resources are consumed and emissions are generated all along the value chain.

Companies face a major challenge when they have to precisely calculate the volume of greenhouse gases they emit. FUCHS addresses this with an internationally recognized process.

The so-called company CO₂ footprint (CCF), which specifies the volume of greenhouse gases a company emits, represents the key performance characteristic.

With the FUCHS CCF, we are publishing a detailed greenhouse gas balance for the first time (base year: 2014), which represents the generation of direct and indirect greenhouse gas emissions. The accounting method used for selected categories along the value chain, was in close accordance with the internationally recognized GHG Protocol Standard of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

At FUCHS, the majority of greenhouse gas emissions are not generated within the actual confines of the company, but elsewhere in the value chain.

Pursuant to the GHG Protocol, Scope 1 emissions are the direct CO₂ emissions that stem from sources or operations that can be directly assigned to or are originated by the company. At FUCHS, Scope 1 emissions emerge from the own energy generation from purchased fossil energy sources (primarily through combustion of natural gas and fuel oil).

Pursuant to the GHG Protocol, Scope 2 emissions are indirect, energy-related CO₂ emissions originating from external generation of energy that is purchased for in-house consumption. At FUCHS, this purchased energy primarily comprises electricity and steam.

Pursuant to the GHG Protocol, Scope 3 emissions are all other, non-energy-related CO₂ emissions in the value chain. FUCHS' Scope 3 data contains the emissions from six of a total of 15 activity categories in the defined sequence of the GHG Protocol (see FUCHS CCF chart). Emissions from the following areas were recorded: Incoming transports of raw materials, disposal of production waste, business trips, employee commuting, fleet of company vehicles and outgoing transport of finished products. Emissions that are, for example, generated through the production of purchased raw materials, within the scope of using our products or from the disposal of our products sold are still to be recorded.

The total CO₂ emissions of FUCHS recorded so far along the value chain were approximately 180 kg per ton produced (basis year 2014).

FUCHS offers numerous products, whose use make a positive contribution to reducing greenhouse gas emissions compared with conventional alternatives, and also participates in various projects to generate or increase sustainability.

In the following, some FUCHS cooperation projects with sustainability aspects:

Brief title	Project title
PEGASUS II	Progressive increase of energy efficiency in drivetrains by hard carbon coatings and lubricants.
Advanced Biomass Value	Development of an integrated exploitation chain for conversion of third generation algae- and yeast-based biomass for production of aviation fuels, functional lubricants, and new building materials.
ZeroCarbFP (= zero carbon footprint)	Searching for microorganisms that utilize high-carbon waste as substrates and converting them into enzymes, and application of these enzymes for the production of additives for use in lubricants.
TeFuProt (= techno-functional proteins)	Improvement of the technical capability of plant-based proteins and modified proteins for use in biodegradable lubricant components through investigation of the structure-function relationship of plant-based proteins.
ODIN	Optimized electric Drivetrain by Integration: Combined lubrication and cooling circuits for high-rev e-motors with transmissions.

SOCIAL SUSTAINABILITY

SOCIAL KPIS

	2015	2014	2013	2012	2011	2010
Average age of employees in years	43	43	43	43	43	43
Age structure of employees in %						
< 30 years	14	15	14	15	14	13
31 – 40 years	28	27	27	27	29	30
41 – 50 years	30	30	32	32	31	32
> 50 years	28	28	27	26	26	25
Average length of service of employees in years	11	11	11	11	11	11
Employee fluctuation ¹ in %	3.6	4.1	3.2	3.5	4.2	3.8
Work-related accidents ² per 1,000 employees	16	16	16	16	18	18
Days lost due to sickness per employee	8	7	7	7	7	7
Proportion of women in management positions in %	20	20	20	20	19	19
Average further training and education per employee in hours	19	18	17	16	12	9

Basis: FUCHS production locations excluding acquisitions in 2015 (representativeness: 90%).

¹ Proportion of employees that voluntarily leave the company.

² Number of accidents with more than three absence days.

The average age, the age structure and the average length of service of employees at FUCHS are constant since 2010.

The employee fluctuation fell to 3.6% in the reporting year and is therefore only slightly above the historic low recorded in the financial year 2012.

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 number of days lost due to sickness per employee had remained constant at an average of seven days since 2010. However, this figure increased to eight days in 2015.

The proportion of women in management positions at production locations worldwide has remained stable at 20% since 2012 and is therefore 1 percentage point above the level recorded in 2010 and 2011. The percentage of females working at the other non-production company locations is higher for structural reasons. As such, in 2015 (excluding acquisitions in 2015) 21% of management positions within the FUCHS PETROLUB Group were held by women.

We have been able to increase the average number of further training hours per FUCHS employee continuously since 2010. In the reporting year, each FUCHS employee attended an average of around 19 hours of further education. This value therefore more than doubled relative to 2010.