

FUCHS SUSTAINABILITY REPORT 2016

LUBRICANTS.
TECHNOLOGY.
PEOPLE.



Sustainability report

Sustainability management

Sustainability at FUCHS means continuous development and optimization. We have been systematically working on improvements in various areas of sustainability since 2011 and in 2016 we reached further milestones within and beyond our process chain.

These involve in particular:

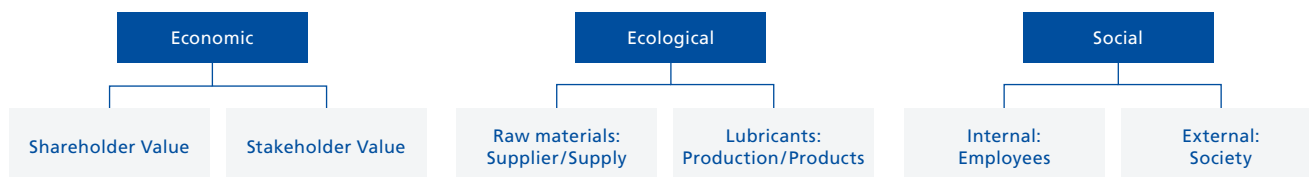
- Including sustainability criteria as part of the annual FUCHS supplier evaluation. In the future, all centrally managed FUCHS suppliers will also be evaluated according to the product carbon footprint of the raw materials supplied to FUCHS.
 - Continuing the certification of FUCHS locations with regard to energy efficiency. At the end of 2016, five production locations in Europe, which account for around two thirds of the regional production volume, were certified with an energy management system in accordance with ISO 50001.
 - Introducing the FUCHS R&D Sustainability Award for the most sustainable product or project development within the FUCHS Group worldwide. This internal competition, which will now take place every year, shall further embed the issue of sustainability into research and development at FUCHS. The winner will be announced at the annual FUCHS Global R&D Meeting. In 2016, the award was won by the team from FUCHS France.
 - Further reducing CO₂ emissions from company vehicles in FUCHS' German fleet. We managed to reduce this figure by more than 10% from 136 g/km in 2013 to 121 g/km at the end of 2016.
 - Establishing a partnership project with sustainability experts from the BASF business unit Fuel and Lubricant Solutions, with objectives including the development of an evaluation benchmark for assigning lubricant products to quantifiable sustainability categories.
- Instigating and taking a leading role in the founding of a sustainability initiative for the lubricants industry. Together with other lubricant companies in Germany, FUCHS wants to establish, define, categorize, measure and report on sustainability in the German lubricants industry under the aegis of the German Lubricants Industry Association. The aims include to agree on shared benchmarks in the quantitative measurement of carbon footprints in order to guarantee the comparability of manufacturers' data and for these benchmarks to eventually become standards.
 - Supporting the chair of CSR at the University of Mannheim, e. g. with lectures on the role of sustainability in economic activity.
 - Engaging in a cross-sector sustainability initiative of German companies, which is coordinated by econsense together with the Wittenberg Center for Global Ethics.

In 2016, FUCHS was the first company from the lubricants industry to win the German Sustainability Award for its sustainability management activities so far. The expert jury explained its decision as follows: "Numerous measures with measurable successes prove that even a lubricants manufacturer can incorporate sustainability along the value chain as well as in its own business model and is able to continuously improve its sustainability level. The German Sustainability Award jury encourages the company along this path as a role model for the industry and acknowledges the sustainability initiative of FUCHS PETROLUB SE in a not yet well known industry with the award in the category 'Germany's Most Sustainable Medium-Sized Company 2016.'" The German Sustainability Award is presented by the German Sustainability Award Foundation in cooperation with the German government, leading municipal associations, trade associations, civic organizations and scientific institutes.

→ www.fuchs.com/sustainability-management

Dimensions of sustainability

Dimensions of sustainability



FUCHS' sustainability activities combine economic, ecological and social aspects of the management approach. FUCHS' sustainability management accordingly covers the three sustainability dimensions of economy, ecology and society.

→ © Dimensions of sustainability

Economic sustainability

FUCHS considers economic responsibility as long-term alignment of its business with the objective of continually increasing company value for the benefit of our shareholders and stakeholders. Accordingly, FUCHS bases its business decisions on realistic, economically sound and long-term goals and follows a dividend policy that targets constantly rising or at the very least stable dividend payouts.

Economic indicators

	2016	2015	2014
FUCHS Value Added (FVA) in € million	257	246	230
Earnings before interest and tax (EBIT) in € million	371	342	313
Net operating working capital (NOWC) in %	21.8	21.3	21.0
Total dividend payout in € million*	123	113	106

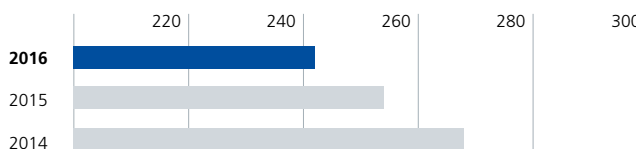
* Dividend proposal for 2016.

Ecological sustainability

FUCHS ensures that the raw materials supplied and used comply with the corresponding national regulations and invests in alternative raw material solutions that help protect the environment and resources. FUCHS invests in modern and safe facilities for lubricant production. Due to the low vertical integration that we employ as a blender at the end of the process and value chain, our direct ecological impact in lubricant manufacturing – unlike in the conventional chemical industry – is relatively low. Nonetheless, we have set ourselves the target of continuously reducing our ecological footprint through targeted methodological and process optimizations.

Development of energy consumption

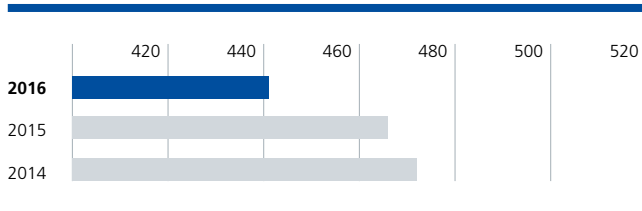
(in kilowatt hours per ton produced)



Basis: FUCHS production locations (excluding acquisitions 2016).

Development of water consumption

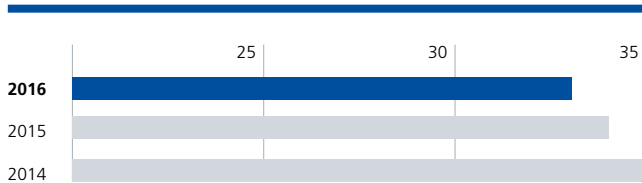
(in liters per ton produced)



Basis: FUCHS production locations (excluding acquisitions 2016).

Waste generation

(in kilograms per ton produced)



Basis: FUCHS production locations (excluding acquisitions 2016).

FUCHS' total CO₂ emissions – as far as can currently be measured – along the value chain amount to a FUCHS corporate carbon footprint (CCF) of approximately 180 kg per ton produced.

→ [© FUCHS CCF](#)

With lubricant products attuned perfectly to their intended application, we are also increasing the efficiency of our customers' production processes and helping to reduce their emissions.

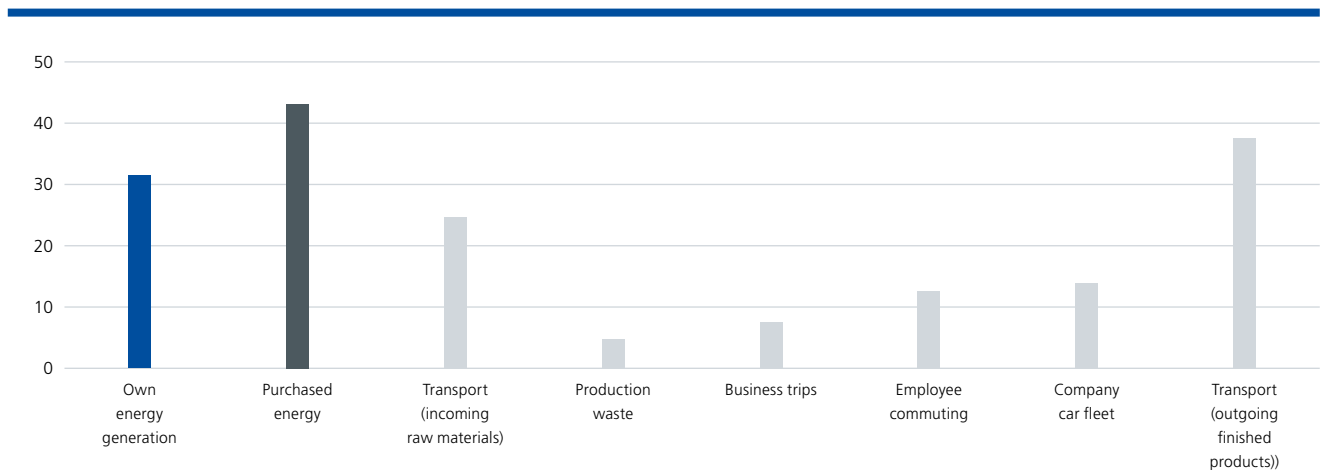
Social sustainability

For FUCHS, social sustainability means taking responsibility for its employees and for society in equal measure. We see our employees as the foundation of our success. FUCHS undertakes to uphold human rights and labor standards and to promote health and safety in the workplace. We consistently pursue the objective of finding the optimum balance between the business interests of FUCHS and the private and family needs of our employees and therefore help the latter combine a career with family.

→ [# Social indicators](#)

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.

Social indicators

	2016	2015	2014
Average age of employees in years	43	43	43
Age structure of employees in %			
< 30 years	14	14	15
31–40 years	29	28	27
41–50 years	28	30	30
> 50 years	29	28	28
Average length of service of employees in years	10	11	11
Employee fluctuation ¹ in %	3.6	3.6	4.1
Work-related accidents ² per 1,000 employees	13	16	16
Days lost due to sickness per employee	7	8	7
Proportion of women in management positions in %	20	20	20
Average further training and education per employee in hours	17	19	18

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

¹ Proportion of employees that voluntarily leave the company.

² Number of accidents with more than three absence days.

In connection with social responsibility (corporate citizenship), FUCHS supports social and voluntary work in various ways. Academic, cultural and social projects are supported at the company's locations around the world.

Social activities include:

- Germany: FUCHS has been socially engaged at the Group's headquarters in Mannheim and in the Rhine-Neckar Metropolitan Region for many years and has thus made corporate citizenship a constant and successful part of the corporate culture there. In October 2016, we presented the FUCHS Sponsorship Award, with a total prize fund of €50,000, to 15 social projects in Mannheim for the 17th time.
- India: FUCHS' Indian subsidiary has campaigned in various ways for the sustainable development of public welfare and the improvement of living conditions ever since it was founded. One of its key activities is the partnership with a school for underprivileged children in Mumbai – FUCHS paid the school fees for 80 of them in the 2016/17 academic year.
- China: Together with a local foundation, FUCHS China has sponsored soccer and rugby training at a Chinese elementary school since 2011. The initiative is also combating the increasing health problems of China's teenagers.

Sustainability initiatives

Sustainability initiatives

Responsible Care

FUCHS is among the co-signatories of the "Responsible Care Global Charter" of the International Council of Chemical Associations (ICCA). FUCHS is committed to following the initiative's guidelines.



Chemie³

FUCHS is involved in the sustainability initiative Chemie³, which is carried by the German Chemical Industry Association (VCI), the German Mining, Chemical and Energy Industrial Union (IG BCE) and the German Chemical Industry Employers' Federation (BAVC).



Wittenberg-Zentrum für Globale Ethik / eonsense

FUCHS supports the "Code of Responsible Conduct for Business" initiative, which is chaired by the Wittenberg Center for Global Ethics (WCGE). Since the end of 2016, FUCHS also participates in a cross-sector initiative of German businesses for the establishment of sustainability networks in emerging and developing countries, which is coordinated by the sustainability network eonsense together with the WCGE.

