

Sustainability Report 2014



Focus Asia

Asia is the world's strongest-growing region and is unrivaled in terms of dynamism. Voith has had deep roots there for many years – with its own locations, factories and, since 2014, also with its own training center in China. We wish to leverage our technologies and know-how to make an active contribution to the region's sustainable development – after all, that will ultimately help us secure our own independence. Our report, which focuses on Asia this year, details how we do that.

About this Report

Our Aspiration

This report is the fifth Sustainability Report by Voith GmbH. Since 2009, we have kept our company's stakeholders updated once a year on the progress we are making in our fields of activity. These include Sustainable Management, Sustainable Profitable Growth, Environment, Product Responsibility, Employees and Society. The focus is on explaining our strategies, solution approaches, and measures as well as presenting our key figures. In order to identify the key sustainability topics for our reporting, we conducted an extensive stakeholder survey at the end of 2013. The results were used as the basis for a materiality analysis, which enabled us to readjust our sustainability reporting and focus on the main aspects.

Reporting Content

In preparing the report, we have been guided by the internationally recognized Guidelines of the Global Reporting Initiative (GRI) and have used the version GRI G4 for the first time. In our assessment, the scope of reporting meets the requirements of the GRI G4 "Core" option. We have dispensed with an external audit of the report's content.

Reporting Period and Report Scope

The Sustainability Report 2014 is based on fiscal year 2013/14 and covers the period from October 1, 2013, to September 30, 2014.

The report's scope and boundaries are essentially the same as in the previous report. Deviations in individual cases are stated and explained in the respective sections in the report.

There were no significant changes in the company's size and structure, ownership structure or supply chains in the reporting period. Voith has defined the measures under its Voith 150+ future program in more concrete detail after the end of the reporting period. The impact of these measures have not been included in this report.

Unless otherwise stated, the facts, figures, and information in this report refer to the Voith Group as a whole with its global Group Divisions Voith Hydro, Voith Industrial Services, Voith

Paper, and Voith Turbo. Details of the consolidated companies can be found in the Voith Annual Report 2014. The degree of consolidation is 84.3% of the Group's sales and 84.0% of the Group's employees, unless otherwise indicated in the report.

Gathering and Comparability of Data and Information

Information was collected electronically and the data was recorded using division-specific software.

Once again certain figures were calculated for the first time for this report. This means that in specific cases a three-year trend cannot yet be presented, but this is a goal pursued in the future. Owing to the new calculation bases, improved data quality, and updated information, we needed to correct figures relating to previous periods in individual cases. There may be differences in the data totals as a result of rounding figures up or down.

Forward-looking Statements

All forward-looking statements in this report are based on assumptions at the deadline for content submission. Due to unknown risks, uncertainties, and other factors, the actual results, developments, or performance of our company may deviate from our prognoses, evaluations, and statements.

Additional Comments

For improved readability, we refrain from referring specifically to both genders in this report. This is not a value judgment and all forms are to be understood as gender-neutral. The term "service business" describes the business activity of the Group Division Voith Industrial Services (VI).

The Sustainability Report 2014 is available in German, English and Chinese and can also be downloaded from our company website. Please visit our website at www.voith.de and read our Annual Report for further and more extensive information.

We expect to publish our next Sustainability Report in the spring of 2016.



Editorial



Dear readers,

This is now the fifth Voith Sustainability Report. We've again made major progress over the past year, both in establishing sustainability organizationally at our company and specifically in improving key performance indicators. Even though we haven't achieved all our objectives, our mission remains the same: we want to make a contribution to sustainable development – in a concrete, transparent and measurable way.

That's precisely why we surveyed our stakeholders for the first time last fiscal year. What aspects do you feel to be especially important? In what fields of activity do you believe Voith has particular responsibility? What's your assessment of our performance? Where can we and where do we need to improve? The response was more than pleasing: More than 1,000 people from 43 countries took part in the online survey and gave us valuable feedback. You can read more about it in this report, which we have prepared for the first time in accordance with the new G4 Guidelines of the Global Reporting Initiative. On the basis of our stakeholders' feedback, we've focused the content on the main topics and consequently fulfill the requirements of the G4 level "Core". In the coming years we intend to increase the transparency and scope of our reporting gradually and so ultimately achieve the even more extensive level "Comprehensive".

We'll mainly address the issue of product responsibility this fiscal year and hope our second stakeholder survey will supply important reference points for that. With the aid of a broad-scale study, we also want to identify the relevant sustainability topics in our supply chains so as to live up to our mission of enhancing sustainability at our suppliers, as well.

I would be delighted if you were to keep on accompanying us on this path and providing feedback so as to help Voith contribute to sustainable development bit by bit, year after year. We at Voith are committed to doing all we can to achieve that goal!

Sincerely yours,

A handwritten signature in blue ink that reads "Torsten Kallweit". The signature is written in a cursive, slightly stylized font.

Torsten Kallweit
Head of Corporate Sustainability

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Foreword



**Dear Ladies and Gentlemen,
Dear friends of Voith,**

You have in front of you the fifth Voith Sustainability Report. In it, you can read what progress the family-owned company Voith has made in 2013/14 in relation to sustainability. You can also read about the tasks and challenges we face on the path to achieving our objective: to become a benchmark for corporate sustainability in our industry.

Since the company's beginnings almost 150 years ago, it's been Voith's mission to operate, act and grow sustainably. We were also able to reap some of the fruit of this deeply engrained philosophy in 2013/14: We're happy to announce that the number of work accidents remains at a constantly low level. The fall in the volume of waste and energy used is also a further incentive for us. Moreover, we captured the prestigious DEKRA award for our innovative hazardous materials management system, which paves the way for us to achieve the goal of pollutant-free products. And we're also making good progress in the area of human resources. For example in implementing our Group-wide HR information system, with which we'll control all HR-related processes in the future: We've launched various pilot projects that will help us make our human resources work even more effective, faster and more successful.

All this applies to Voith Group-wide. That's because sustainability at Voith is a management principle that is practiced at our more than 250 locations in over 50 countries. For example Asia, an issue we'll deal with in more detail in this year's report.

A lot is happening in Asia. The continent – and China in particular – is now one of Voith's most important growth markets. We generate some 20 percent of our Group sales there. We also initiated a lot of measures and achieved quite a bit in Asia in 2013/14. One visible success is the new Voith Training Center in Kunshan, which we opened in the spring of 2014. We are training experts for the Chinese market there using the tried-and-proven German dual-training model – extensively, with the long term in mind, and sustainably. After all, we can only handle growth in the region successfully if we're able to fall back on excellently qualified local employees from our own ranks. You can read more about the other sustainability topics and projects we're currently tackling in Asia in this report.

Voith's sustainable growth and permanent competitiveness beyond its 150th anniversary is also the objective of the Group-wide success program Voith 150+ we launched at the beginning of fiscal year 2013/14. All the measures can be encapsulated in four words: Become better every day. For our customers. For our employees. For our owners. For our future. That formula may sound simple, but putting it into practice is a complex task, since this process of change extends deeply into all the core areas of our company. It aims to optimize our product portfolio, improve our structures and processes, and enhance the corporate culture we have evolved over decades. 2013/14 was the launch of many measures and activities under the success program, which is running on schedule. Some of them are also presented in this report.

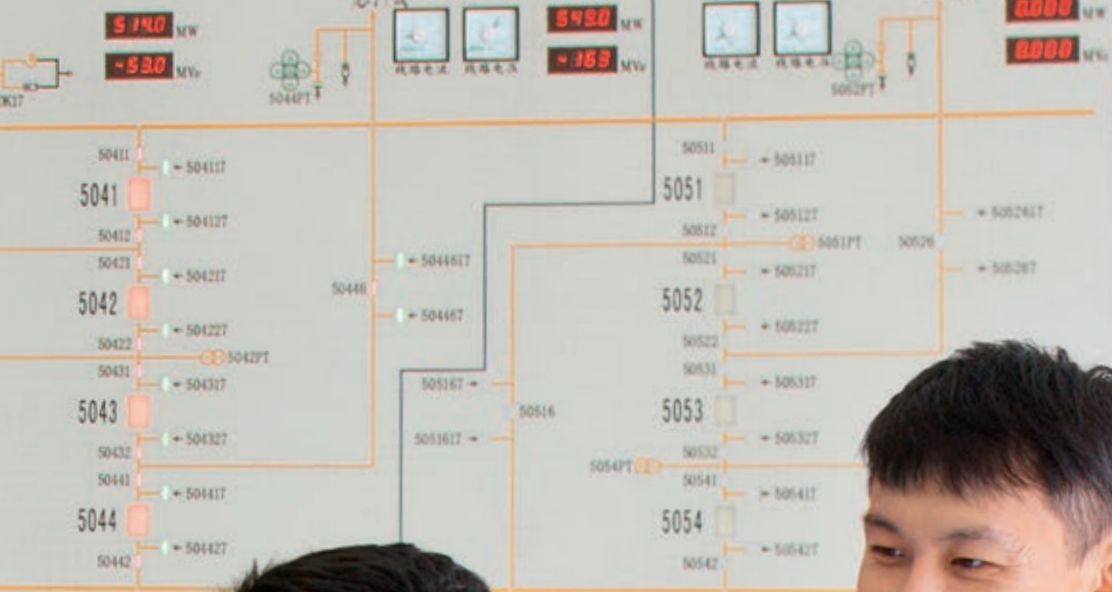
Whether major projects or small suggestions for improvement, local initiatives or programs straddling regions, in Asia, South America or Europe – acting sustainably always starts on a small scale. By everyone of us thinking and acting more consciously. By everyone of us doing our bit to make Voith better every day.

I hope you find our new Sustainability Report an interesting and enjoyable read.

Yours sincerely,

A handwritten signature in blue ink, reading "Hubert Lienhard". The signature is written in a cursive, flowing style.

Dr. Hubert Lienhard
President and CEO



上游水位
335.7 m

下游水位
226.0 m

入库流量
13.19 m³/s

出库流量
20.46 m³/s



Being established in all regions of the world and knowing local markets – that is part of our corporate strategy and the foundation for our company’s success. The markets of Asia and North America are currently Voith’s most important growth regions. The company has had its own production sites there since the beginning of the 1990s and is systematically expanding its local footprint. Voith now generates around 20 percent of its Group sales in Asia and some 29 percent in America.

01 Sustainable Management

Voith is a globally operating technology group. With our portfolio of plant, products, and industrial services, we are now a player in five markets worldwide: Energy, Oil & Gas, Paper, Raw Materials, and Transport & Automotive. Voith’s understanding of sustainability is shaped by the tradition and style of this family-owned company – and comes with the commitment to do business in an environmentally compatible and fair way that also ensures our long-term success.

1.1 Group Portrait

Group Portrait

Voith is a global technology group that is represented in more than 50 countries and maintains a worldwide network of production, service, and distribution locations. Founded in 1867, it is now one of the largest family-owned companies in Europe and generates annual sales of €5.3 billion.

Voith GmbH, headquartered in Heidenheim an der Brenz (Germany), is the operational management holding company for the Group. It is fully family-owned. The Board of Management of Voith GmbH is responsible for the Group's strategic management and operations. The Shareholders' Committee and Supervisory Board act as advisory and supervisory bodies. The Supervisory Board also monitors the Board of Management.

Operational business is pooled in four Group Divisions, each managed by legally independent management companies.

Voith Hydro is a full-service provider of hydropower plant equipment and one of the leading partners for hydropower plant operators worldwide. One quarter of the world's hydropower is generated using Voith Hydro turbines and generators.

Voith Industrial Services is the service provider for key industries ranging from automotive, energy, chemicals, and petrochemicals to mechanical engineering and aerospace. Major companies all over the world place their trust in technical services from Voith Industrial Services.

Voith Paper is a system provider for the paper industry, offering technologies, products, and services for the entire paper manufacturing process. Much of the world's paper is produced using machines from Voith.

Voith Turbo produces drive solutions as well as technical systems and components that are used around the world – in industrial plant and on rail, road and water.

Financial Independence Creates Stability and Freedom

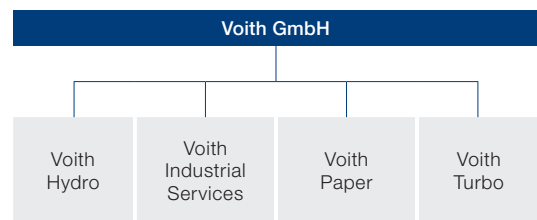
As one of Europe's major family enterprises Voith benefits from the stability and long-term view taken by its owners. Sustainable, profitable development of the company is a core concern of the shareholders, Supervisory Board and Corporate Board of Management. It is the foundation for Voith's financial independence so that the company can be passed on to the next generation.

Group Strategy – Sustainable, Profitable Corporate Development is the Goal

Voith pursues a sustainable corporate strategy focused on long-term, profitable development. It is based on four pillars: a balanced product portfolio, our global presence, strong innovation, and financial independence as a family-operated company. Starting with our original core business – machine and plant construction – we have expanded our product and service portfolio in recent years and established ourselves in our key markets: Energy,

Organizational Structure

Voith Group Business Divisions



Oil & Gas, Paper, Raw Materials, and Transport & Automotive. Our positioning makes it possible for us to absorb numerous economic risks: It is easier for us to compensate for sales losses in late-cycle markets with growth in early-cycle markets – and vice versa.

We want to be represented with development and production sites in key growth regions so we can supply each market locally and advise market players on the spot. We do this through regional value creation, as in addition to management and supply chains we are also making increasing use of local financing sources. Voith aims to be as deeply rooted in its international markets as it is in its German locations.

Fiscal Year 2013/14 – Weak Business Development in a Still Difficult Market Environment

The general climate in fiscal year 2013/14 was extremely tough. Group sales fell by 7% to €5,345 million (previous year: €5,728 million). The four Group Divisions suffered drops in sales of between 1% (Voith Industrial Services) and 13% (Voith Paper). Project delays on the part of customers at Voith Paper and a decline in the raw materials market that was stronger than expected and impacted Voith Turbo's sales contributed to this below-budget performance. Sales were also reduced by negative currency effects totaling more than €170 million. As a result of an unexpectedly sharp fall in exchange rates in some emerging markets, our sales in euro terms were much lower in those countries than forecasted when the 2013 Annual Report was presented. All four Group Divisions were hit by that. Adjusted for the currency effects, sales declined by 4%.

As a consequence, the Group's profit from operations fell by 29% to €220 million (previous year:

€310 million), with most of that being attributable to Voith Paper. Like the other Group Divisions, however, Voith Paper was still in the black. All in all, the Group posted net income of €41 million (previous year: €65 million).

Voith 150+ Program Secures Competitiveness

We launched the Group-wide success program Voith 150+ at the start of fiscal year 2013/14. It is intended to lay the foundation for the Voith Group's long-term competitiveness and growth beyond the company's 150th anniversary in 2017. Among other things, its measures aim to secure and expand our existing business, as well as streamline the portfolio where necessary. Its focus is on our traditional strength – the engineering expertise we have built up through many years of research and development work. Our goal is to position Voith as a competitive technology leader in the digital age. We feel sure that our strategy will provide the right framework for our successful long term development. After all, an economically powerful enterprise is also a sustainable one.

Under Voith 150+, we have also initiated a change process to make our entire company's structures and processes more effective and efficient. We are working to reduce the complexity of processes and so to increase our speed and agility worldwide.

These initiatives are flanked by measures to strengthen and enhance our corporate culture. In addition to the values we practice, we motivate our employees to act on their own initiative. They should contribute and advocate their ideas regardless of hierarchy. All employees are urged to actively point out sources of errors or potential problem areas. As a result, everyone at the company can do their part to ensure Voith keeps on improving.

AR 2014

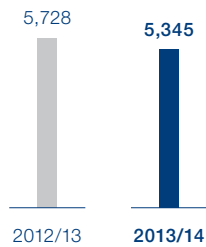
Group Management Report and Consolidated Annual Financial Statements

Responsibility for Employees

Section 4.1 and section 4.2

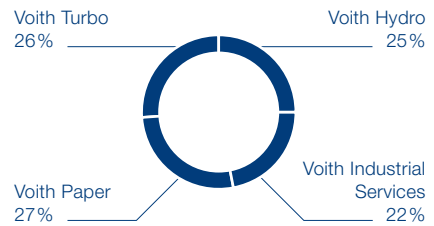
Group Sales

in € millions

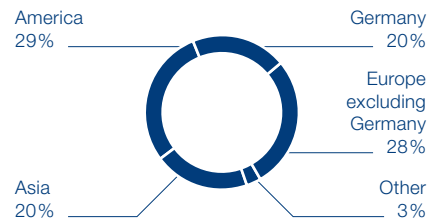


Total Sales in 2013/14: €5,345 million

by Group Division



by region



Outlook

We assume a three-speed world in the coming years. The strongest boosts to growth will come from the emerging markets of Asia. Low energy prices mean that the market in North America should also grow perceptibly, whereas most other industrialized countries, in particular in Europe, will hardly exhibit any dynamism. In principle, we

have prioritized Asia and North America as strategic growth regions for the Voith Group. Intensive investment, even deeper local roots, and localization of products are to enable us to take a slice of the growth in these markets. We also intend to leverage special developments in individual markets, segments and countries for specific Group Divisions or Business Units.

1.2 Strategy and Organization

1.2.1 Sustainability as a Core Component of our Strategy

Sustainability and striving for commercial success are inextricably linked at Voith. Our approach to sustainability has its roots in Voith's family tradition:

a commitment to ecological, fair and enduringly successful business.

We make a measurable contribution to the sustainable development of our company, society and

the environment. We aim to make Voith the benchmark in our industry when it comes to sustainability, too. We want to live up to that throughout the value chain and in all our processes.

Defined fields of activity integrate sustainability management in the Group. They include the goal of sustainable management and striving for profitable growth. Responsibility for our products, the environment, our employees and society is also part of our sustainability approach. Each field of activity is assigned concrete measures with scheduled goals.

1.2.2 Organization of Sustainability at Voith

At Voith, sustainability is a cross-functional responsibility shared by the Corporate Board of Management, the Corporate Departments and Group Divisions. The Corporate Sustainability central function provides the framework for the strategic focus and organization of sustainability at Voith. It advises the companies and Corporate Departments and further develops sustainability as a strategic issue. The central function reports directly to the President and CEO. It defines methods and tools for measuring and controlling the activities of the Group, such as the sustainability database. In addition, the areas of Environment, Health and Occupational Safety, and the Corporate Sustainability Office report directly to the central function.

The Corporate Sustainability Council (CSC), which is comprised of the sustainability officers from the Group Divisions, acts as the central control body. It convened nine times in fiscal year 2013/14.

The CSC prepares the bases for decisions and reports directly to the Corporate Board of Management. In its controlling and monitoring function, the council monitors the operational implementation of strategies, goals, and measures in the Group

Divisions and is responsible for the processes of data collection. Implementing measures is the responsibility of the Group Divisions and various Corporate Departments (for example, HR and Purchasing).

Voith has a very stringent system for monitoring implementation of its sustainability strategy rigorously. As part of the quarterly sustainability report on the CSC, achievement of the sustainability goals at the Group and Group Division level is regularly controlled. The report contains a detailed list of measures defining tasks, responsibilities and deadlines for the operational level.

Transparency and Reporting

We inform our stakeholders in the shape of the annual Sustainability Report. Sustainability is also a firm part of our Annual Report.

We keep our employees regularly up-to-date on sustainability topics by means of postings on the Group-wide intranet or articles in the employee magazine. Our wish is to motivate them to do their bit to enabling further progress on sustainability at Voith.

Site and plant managers have a special role as part of that. We want to provide them with practical know-how and so help them save resources in their sphere of responsibility. In addition, sharing of experience between locations is to be intensified so that best-practice solutions can be implemented as quickly as possible at the Group.

Goals and Goal Achievement

Page 93 et seq.

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Group Management Report/Sustainability

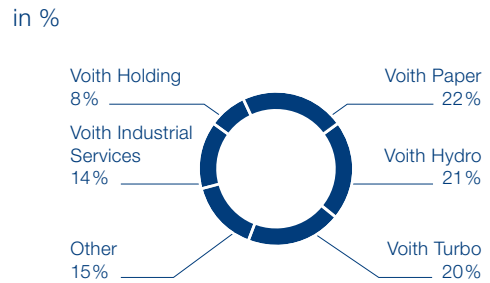
1.3 Stakeholder Dialog and Materiality

1.3.1 Stakeholder Groups and Dialog Approach

As a global Group, Voith is in dialog with a large number of stakeholders. We address their different requirements, interests and expectations and take them into account in our corporate decisions. Our most important stakeholders include the owners and supervisory bodies, employees, the Works Council, customers, suppliers and investors, neighboring communities, economic associations and academia, government agencies and politicians, NGOs (e.g. the World Wide Fund for Nature), and the interested general public.

At the end of 2013, we conducted a stakeholder survey for the first time in order to identify their expectations and requirements relating to corporate responsibility at Voith. 1,048 participants from 43 countries completed the anonymous online survey, which was available in five languages on Voith's homepage.

Stakeholder Survey: Distribution of Participants by Group Division



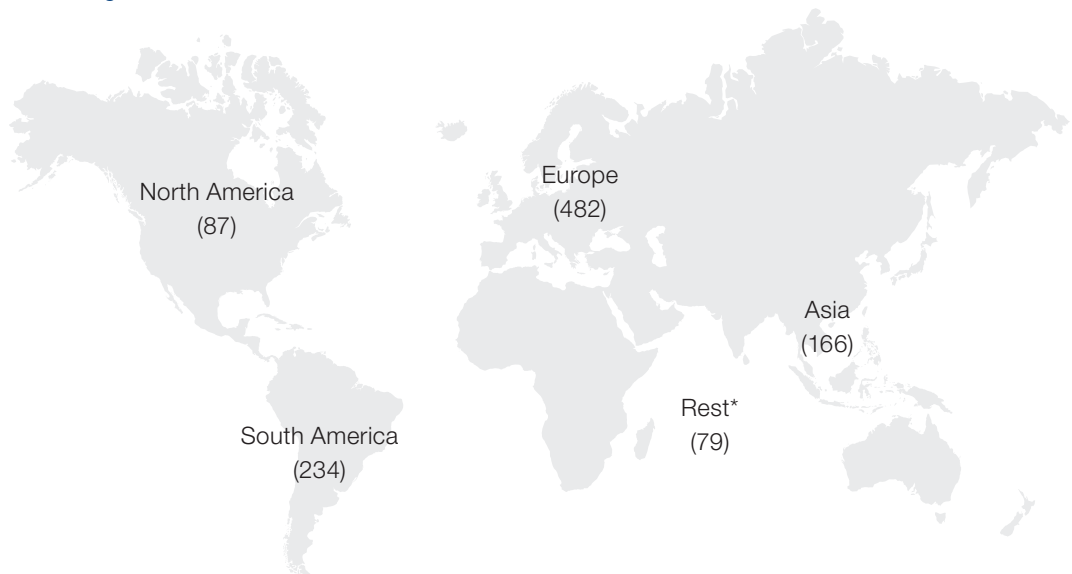
The participants were spread fairly evenly over all our Group Divisions, meaning the survey gives a balanced reflection of our stakeholder universe.

1.3.2 Materiality – Focus on the Essentials

The results from the stakeholder survey supplied us with the basis for a detailed materiality analysis.

Participants by Region

Absolute figures



*Africa, Near/Middle East, Australia/New Zealand, not specified

That enabled us to readjust our sustainability management and reporting and focus on the main aspects. First, the relevant topics were identified. In addition to the Guidelines by the Global Reporting Initiative (GRI) and external benchmarks, we paid particular attention to the goals of our sustainability strategy. After the individual topics had been prioritized on the basis of the stakeholder survey, their materiality was defined in materiality workshops. The outcome of this analysis was presented to the Corporate Board of Management.

To permit a better understanding of the results, we have arranged the individual topics by field of activity and section and shown them in the form of a matrix. The main topics derived from the materiality analysis are assigned to the individual fields of activity and sections.

A detailed analysis shows that the field of activity “Product responsibility” is of greatest importance both to internal and external stakeholders. In contrast, the field of activity “Society” is classed as being of relatively secondary importance. The importance of the other fields of activity lies between these two poles. Environmental issues are rated more highly by external respondents than employee-related topics. The priority among

these two subject areas is exactly the other way round among internal stakeholders.

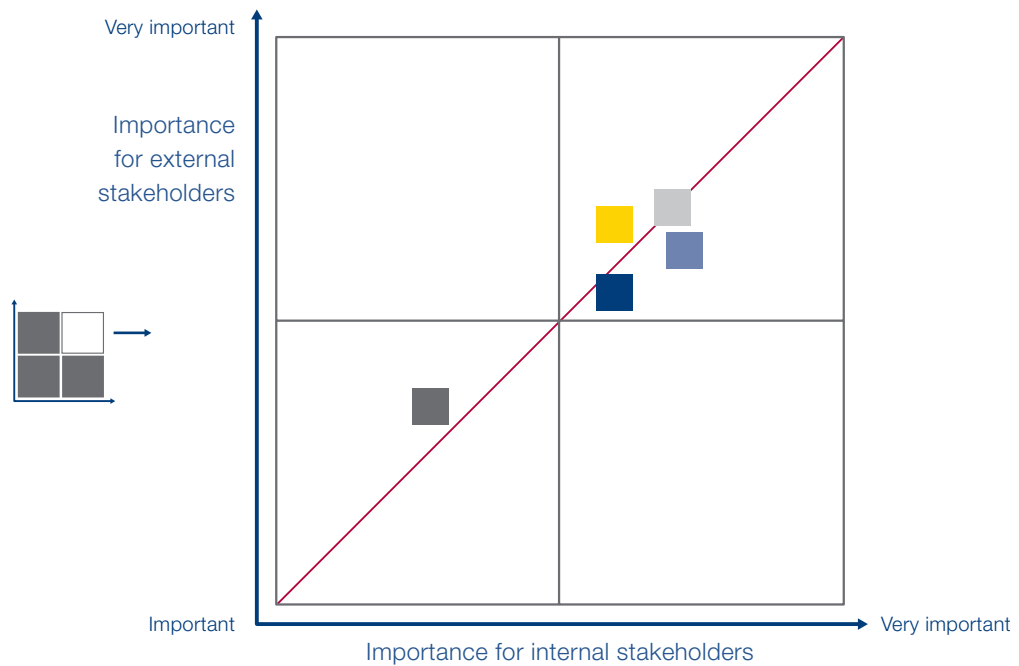
In general, external stakeholders have a more critical view of Voith’s contribution to sustainability than internal stakeholders. The students surveyed were especially interested and critical – which is an important signal for Voith to continue expanding its dialog with universities.

The additional comments by stakeholders make it clear that Voith’s values, as well as transparency and future viability, are important to participants from Europe. However, respondents in Asia especially emphasized the issue of innovation and adaptation of products to the Asian market.

Outlook for Stakeholder Dialog

We intend to continue our dialog with stakeholders systematically in the coming years and expand it to universities in particular. We will continue to conduct the newly established stakeholder survey every two years. The next one will focus on the field of activity “Product responsibility” and is also to be used as the basis for revising our sustainability strategy, which we will develop further alongside our corporate strategy.

Materiality Analysis



■ **Responsibility for Products and Supply Chains**

- Quality of the products and services
- Ensuring maximum product safety
- Dialog and cooperation with customers
- Energy efficiency of products
- Long service life of the products
- Technological expertise/innovation
- Minimization of the environmental impacts of products
- Sustainable supply chain

■ **Responsibility for the Environment**

- Reduction of emissions/pollutants/waste in production
- Energy efficiency in production
- Water efficiency in production
- Material efficiency in production

■ **Responsibility for Employees**

- Personnel development/training and education
- Occupational safety
- Diversity and equal opportunity

■ **Sustainable Management**

- Long-term, trusted supplier relationship
- Long-term economic stability
- Integration of sustainability in the Group's strategy
- Dialog with the company's stakeholders
- Responsible investment, operating and business practices
- Mechanisms to prevent corruption and ensure compliance
- Company's return on investment

■ **Responsibility for Society**

- Transparent donation/sponsoring policy

Key

X axis: Survey results for the stakeholder group "Employees" (n=316)

Y axis: Assessments of all other stakeholder groups (n=732)

1.4 Values and Compliance

1.4.1 Our Values – Our Self-image

Our actions are founded on trust. This is reflected in our values: professionalism, respect for the individual, helpfulness toward colleagues, openness, reliability, and integrity. Our self-image is encapsulated in the claim “Voith – Engineered Reliability”: Voith delivers reliable and high-quality technologies and acts fairly, openly, and reliably toward its employees, partners, and customers. We want to retain employees, who meet our performance standards at Voith, for the long term, where possible.

We maintain partnerships with our business partners, customers, and suppliers that frequently stretch back generations. Our values form the foundation on which the Voith brand is built and are the core of our corporate identity. Our values, and the guidelines derived from them, ensure that every employee worldwide at Voith acts according to the same business principles and practices the same philosophy. In this way, we combine the tradition of a family-owned company with the culture of a global Group.

1.4.2 The Voith Compliance Organization

The Compliance Committee, which convenes every month, is responsible for setting up, developing, and coordinating the Voith compliance program, reviewing the compliance regulations, and coordinating training. The Compliance Committee comprises the respective heads of the Corporate Office (Chairman), the Group Legal Department, Group Human Resources Management, and the Group Audit Department. Its Chairman reports directly to the President and CEO of Voith GmbH. The Chief Financial Officers (CFOs) of our Group Divisions and the individual Group companies serve as the compliance officers in their units, where they are responsible for implementing the Voith compliance organization. That also corresponds to Voith's other risk management organization. The

compliance officers are responsible for the implementation of the Code of Conduct in the individual Group Divisions and also serve as Group-wide contact persons.

Group-wide System for Reporting Information and Complaints

Our overriding principle is that every employee is responsible for compliance and acts in accordance with prevailing law and Voith's internal regulations. Every employee can report a suspected violation of the Voith Code of Conduct – either personally through their direct supervisor or the compliance officers of the respective Group Division, as well as electronically via the help desk or by e-mail. We follow up on complaints that have been submitted anonymously via a Group-wide whistleblower system. The number and type of violations are documented centrally. This whistleblower system can also be accessed by external persons at any time and so is also open to business partners and suppliers. Any type of complaint on any subject area can be reported. In order to ensure maximum confidentiality, the number and nature of the complaints at Voith are not disclosed externally.

The concept, implementation and effectiveness of our compliance system were examined by an auditing firm and it has been certified in accordance with the standard IDW PS 980. As part of this certification, we were given various recommendations on how the system could be further optimized. We are currently implementing them. Our Internal Audit department also examines observance of all compliance regulations in a risk-related routine approach involving around 30 random samples a year.

As at just about every company, there were also occasional incidents of violation of the compliance regulations at Voith in the reporting period. Appropriate action was taken in all cases.

There were no legal proceedings pending due to anti-competitive conduct or violations of antitrust law in the reporting period.

We ensure that our business partners comply with our regulations by means of a self-assessment from suppliers or their representatives and consultants. In particular, we pay attention to a policy of strict compliance with export control legislation.

Training for Employees in Compliance

All employees of Voith are required to update their knowledge of compliance issues in e-learning programs on a regular basis. Around 95% of our employees with a computer workstation completed the program on anti-corruption and antitrust law, while around 93% underwent e-learning on the subjects of leadership and employees. Employees who do not have a computer workstation are given instruction by their supervisor so that their knowledge is up-to-date.

In-person training courses were also held in the reporting period. 631 employees took part in 30 events – mainly managers and employees from Sales and Purchasing. Separate, especially detailed training courses were offered to compliance officers

from the Group Divisions. These courses were assessed positively and without any objections to them as part of the IDW PS 980 certification of our compliance system.

Fighting Corruption

Rigorous action against corruption is vital for Voith. All compliance officers create a risk control matrix, which also includes potential corruption risks, for their specific division. All locations worldwide are covered by this structured process. The results of all divisions are aggregated and, among other things, form the basis for internal compliance audits.

Confidential Treatment of Information

Information security and protection of confidential data are core aspects of corporate security at Voith. Every employee is expected to show an appropriate awareness of security and sense of responsibility. Our management system for information technology and security is certified according to the international standard ISO/IEC 27001. The Group Directive on Information Security and Data Protection defines regulations on how information and in particular customer data must be handled.



Participants in the final workshop in the MBA in Sustainability Management correspondence course of the Leuphana University Lüneburg at Voith

1.4.3 Code of Conduct for All Employees

As long ago as 1927, Voith committed itself to upholding the following business principles: "In the business world one must be ethical, decent and honest. If a contracting party or a competitor behaves unfairly, this does not give us the right to deviate from this principle."

These principles essentially govern our actions to this day. Voith's Code of Conduct defines the way we act toward customers and business partners, as well as how employees act toward each other within the company. It can be viewed online and contains information on contact persons or the Compliance Committee. We demand that every one of our employees abides by prevailing law and the company's internal regulations (compliance). That applies throughout the Group and across all levels of the hierarchy. Violations are punished by sanctions. The rules and procedures

are constantly updated and adapted to current requirements. When we take investment decisions, all aspects of our Code of Conduct are examined as part of the due diligence review. That also includes potential human rights violations.

The most important contents of Voith's Code of Conduct:

- Observance of the rules of fair competition.
- No anti-competitive agreements.
- No corruption and bribery: No offering and granting or requesting and accepting of improper benefits.
- Transparency of donations and sponsoring.
- Safeguarding our own trade secrets and patents and respecting those of third parties.
- No impermissible preferential treatment of suppliers and service providers.
- Respect for human rights, fair working conditions, and rejection of child or forced labor.

Code of Conduct

<http://voith.com/de/coc-english.pdf>

Academia Meets Practice

27 students from the Leuphana University Lüneburg spent five busy days at Voith in Heidenheim in November. They were participants in the final workshop in the MBA in Sustainability Management correspondence course – the world's first MBA course in sustainability management and corporate social responsibility.

As the practical partner to Leuphana's Center for Sustainability Management (CSM), Voith was both the host and object of study. Together with experts from a wide range of different Voith departments, the students dealt with topical sustainability issues in small groups during the workshop. These revealed approaches for new strategies and potential competitive advantages from strategic management of the value chain. However,

the main focus was on linking strategic management and operational implementation. One objective, for example, was to tailor the results as precisely as possible to Voith's general conditions. As part of that, the budding sustainability experts faced five concrete tasks that had to be tackled with as much practical relevance as possible as their final dissertation.



We have set ourselves the goal of continuously improving Voith's ecological footprint – and with our technology we also help our customers save resources and make products in an environmentally friendly way. That goes in particular for the strongly growing economies of Asia, above all China. The first Voith turbine was put into operation there as long ago as 1903 and for more than twenty years we have been producing locally, such as at Voith Paper City in Kunshan. We attach great importance to energy efficiency, environmental protection and sustainability at all our locations – and our efforts are acknowledged by the awards we repeatedly win.

02 Responsibility for the Environment

We create measurable added value for Voith by combining economic principles and environmental aspects. In doing so, we pursue the goal of minimizing our impact on the environment across the entire value chain on an ongoing basis.

2.1 Management Approach

Voith is a globally active technology group – and so we regard the efficient use of resources and energy at all locations to be one of the core aspects of our corporate responsibility. In doing so, we combine economic principles with environmental considerations. As a result, we not only contribute to global climate protection, but also create measurable added value for our company.

As part of systematically developing Voith into a sustainable company, we have defined three key aspects in the area of the environment:

- **Eco Standards** provides strategic and operational support for Voith's divisions and sites in implementing and complying with environmental regulations and internal environmental protection policies.
- **Ecological Business Management (EBM)** improves energy and resource efficiency at our production and service locations. Cost effectiveness is always a focus in that. We term these activities "resource management".
- **Eco Technologies** promotes the analysis and assessment of Voith products and services with respect to energy and resource efficiency and develops the approaches and methods of EBM further.

The Corporate Board of Management defined three central goals for resource and environmental protection on the basis of fiscal year 2011/12: Voith intends to reduce its energy needs by 20%, the volume of waste by 25%, and freshwater usage by 10% as a percentage of sales by fiscal year 2017/18.

At the end of the reporting period, we were only within our target corridor as regards reductions in specific freshwater usage, which we cut by 6.9% over the base year.

Due to the lower overall volume of business, we were only able to reduce specific energy consumption by 0.1% compared with the base year. We

even recorded an increase in the specific volume of waste by 2.9% over the base year.

However, we were able to identify a large number of new measures in fiscal year 2013/14 and significantly increase the related potential for reductions. In the current fiscal year we are working to keep on filling the pipeline of measures as quickly as possible and to implement already defined measures even more rigorously so as to achieve our targets.

Responsibilities and Reporting Channels

The central Corporate Environment department is responsible for all environmental activities in the Group. It operates as a part of the Corporate Sustainability central function and reports to the President and CEO.

The environmental organizations in the Group Divisions help our sites to implement tasks and measures related to the environment. They report to the relevant Group Division's Management Board.

Standards for our Activities

We record relevant data on occupational health and safety, and environmental protection throughout the Group using our reporting tools. They are also used to review key figures and track our goals for sustainability. We are guided in this by the standards ISO 14001 and OHSAS 18001.

There have been binding environmental standards for the entire Voith Group at all levels in the value chain since 2003. They were updated in 2012 in the form of the Group Directive "Environment", which defines the framework for ecological awareness at Voith. Our seven environmental guiding principles are also laid down in this directive.

Statutory Framework

As a global technology group, Voith is subject to a large number of national, regional or industry-specific laws, regulations and directives relating to the environment. It goes without saying that we

Management Approach for Product Responsibility

Section 3.1

Environmental Guiding Principles

<http://voith.com/en/group/sustainability/environment-607.html>

abide by them. Among other things, we ensure that with our Eco Compliance concept.

Environmental Representatives at every Location

The Group Directive “Environment” obligates every location to appoint an environmental representative. Their tasks and topics include, for example, immission and water pollution control, handling waste, hazardous materials and goods, as well as avoiding environmental incidents. Furthermore, they provide advice on environmental questions for new plant and reconstruction, approval processes, etc. and conduct regular operational inspections and audits.

Awards

Voith’s environmental management work captured several awards in fiscal year 2013/14, such as 2nd place in the category “Overall Concept” at the Energy Masters Award 2014. That was presented for the new Voith Paper building in Kunshan, China.

Voith won the DEKRA Award 2014 in the category “Environment” for the Group’s globally standardized hazardous material management system and its rigorous efforts on its path to achieving the goal of pollutant-free products.

DEKRA Award

Section 2.2.2

2.2 Eco Standards – Focus on Environmental Protection

2.2.1 Management Approach

Operational Environmental Protection

The aim of operational environmental protection is to minimize all environmentally harmful effects resulting from operations. Its activities focus on strategic and operational control, with the aim of ensuring implementation of and compliance with environmental provisions. That includes in particular assessment and internal communication of potential environmental risks as regards the likelihood of their occurring and amount of damage.

Coordination and standardization of operational environmental protection is carried out by the Eco Standard Team, which comprises members from all Group Divisions and regions in addition to the central Corporate Environment department. In addition to location-related issues, questions regarding hazardous materials management (e.g. REACH), training, and management systems are coordinated here.

Eco Compliance

The Voith Eco Compliance Concept was established at 39 locations worldwide (corresponds to 56% of sales) by means of training and on-site support by the end of fiscal year 2013/14. We aim to integrate all locations in the system by the end of fiscal year 2015/16.

Reporting System for Environmental Incidents

We have a Group-wide reporting system to record all environmental incidents every month on the basis of standardized criteria and to analyze them centrally. The results of the analysis (key figures, examples, etc.) are reported to the Corporate Board of Management every quarter.

The process for reporting incidents with ecological impacts is defined in the Group Directive “Environment”. The reports are submitted centrally to the central Corporate Environment department and are also evaluated for local analysis at the site.

No incidents that were required to be reported publicly were registered in the reporting period.

Handling of Complaints Relating to Environmental Aspects

Everyone can contact Voith with their grievances or complaints relating to environmental aspects. This principle applies to our employees, as well as suppliers, local residents or other stakeholders of our company. This possibility is also used in practice: Two incidents, both relating to the aspect of noise, were reported in the reporting period. Both were dealt with and the problems have been resolved.

The detailed process for complaints and the escalation channels are defined in the Group Directive “Environment” and its annex “Environmental Incidents”. The complaints are communicated along the disciplinary and functional reporting lines based on their severity.

2.2.2 Hazardous Materials Management

The hazardous materials at Voith include in particular coating materials such as paints, lacquers, thinners and solvents, adhesives, resins and hardeners, lubricants, cleaning agents and industrial chemicals.

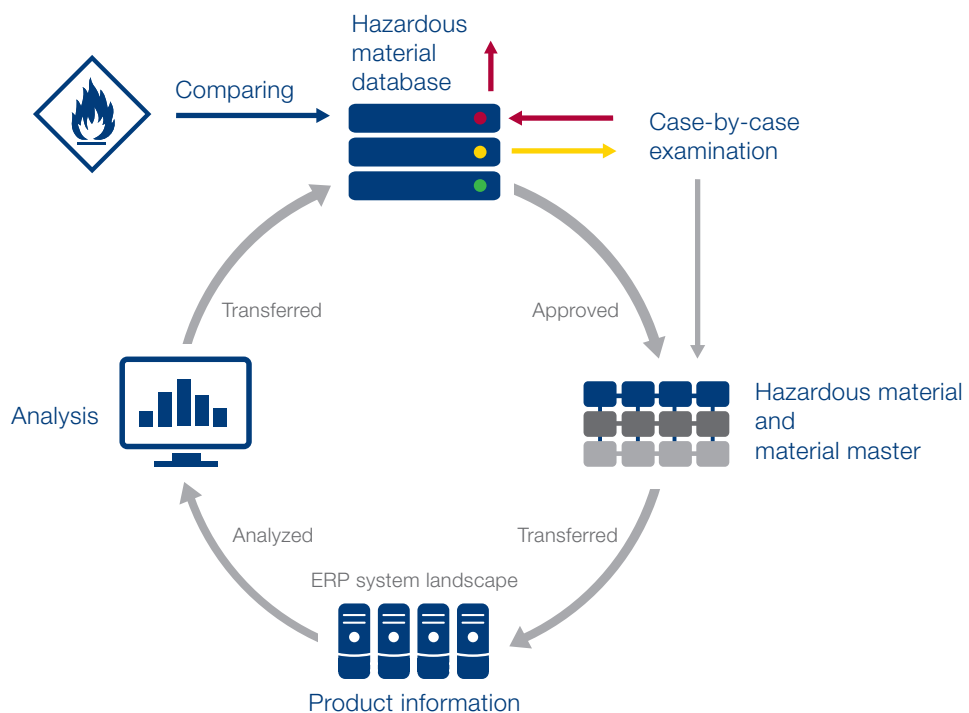
We ensure that these substances are used and handled as safe as possible by means of a central process for approving hazardous materials. As part of that, we pursue the objective of fulfilling requirements relating to protection of the environment,

Contact Point

<http://voith.com/en/group/sustainability/environment-607.html>

Complaints can be reported centrally using the company’s website; in addition, the environmental representative is available as a contact person at the locations.

Hazardous Materials Management



occupational safety and compliance and achieving the greatest possible degree of standardization. We aim to create a positive impact on risk potential and costs by reducing the wide range of materials.

Where possible, we try to eliminate particularly critical substances and encourage the use of low-risk substitutes, as well as harmonize safety standards at the company.

We began implementing a Group-wide hazardous materials management process in 2011/12 and completed it as planned in the reporting period. As a result, Voith now has a central approval process for hazardous materials worldwide. The basis for this is a central hazardous materials database with globally consistent assessment of the environmental, health and safety risks of work materials and hazardous substances. That means a central

examination of legal and other requirements in the relevant jurisdictions is possible.

The new, modular process enables us to respond quickly and reliably to new legal or customer requirements and reduce compliance risks. We also impose a strict polluter pays principle to ensure that already approved substances from the hazardous materials database are primarily used. Our efforts to standardize the materials used not only reduce risks, but also produce synergies and cost-saving potential. At the same time, the new process offers the basis for product declarations at the touch of a button and for reducing pollutants in products.

Outlook

In future we expect further tightening of legislation on chemicals and hazardous materials,

DEKRA Award 2014 for Voith's hazardous materials management

Stuttgart, November 2014 – In the presence of Baden-Württemberg's Minister of Employment and Social Affairs Katrin Altpeter, Voith was presented with the DEKRA Award for exceptional achievements in the category "Environment".

With the award, the jury acknowledged Voith's innovative hazardous materials management system, which paves the way for the company to achieve the goal of pollutant-free products. The heart of the system is a database that enables hazardous materials to be systematically identified and excluded in the design phase. The approach goes much further than required under the European regulation on chemicals REACH and also includes registers of many other countries.

A traffic-light system tells designers if a substance is toxic or its use is questionable for

legal reasons, for example. As a result, violations of the law are automatically ruled out and customers' wish for products free of pollutants is addressed as early as the product development stage.

This focused and uncompromising approach also won over the jury in the DEKRA Awards. "The system and worldwide compliance with the process are exemplary and innovative," said Professor Dr. Raimund Klinkner, President of the German Logistics Association (BVL), in his laudation.



Air Pollutants

Page 79

further bans or restrictions on specific materials, and further labeling requirements for pollutants in products. We have already created the foundation for tackling these challenges with our innovative hazardous materials management system.

We see as one of our obligations in the next two years to continue the process of standardization in order to press ahead with minimizing risks. Integration of the hazardous materials databases of all production sites in the central hazardous materials database is a key step in that and thus our declared goal.

2.2.3 Biodiversity

Special safety precautions and effective environmental management at Voith ensure the protection of water quality and preservation of biodiversity at all locations. Locations adjoining or within conservation areas are certified in accordance with ISO 14001.

However, biodiversity is an issue of secondary importance at Voith. That assessment was also confirmed in the stakeholder analysis we conducted in fiscal year 2013/14. Apart from the mentioned general approaches to protect the environment, no special measures relating to biodiversity were initiated in the reporting period.

2.2.4 Reduction of Emissions and Pollutants

Production-related air pollutants at Voith are mainly volatile organic compounds (VOCs) and dust. They accumulate directly during production processes. In recording and calculating them, we are guided by the provisions of the countries in question and associated stipulations, such as the VOC Directive within the European Union.

Non-methane VOCs (NMVOCs) account for the largest share of production-related air pollutants: 101 t in the reporting period. They are mainly due to the use of lacquers and solvents. They are followed by dust emissions totaling 11 t a year. They are almost completely caused by our foundry in São Paulo, Brazil. Despite installing a dust removal system last year, we expect dust emissions to increase further there for production-related reasons.

We were able to counter pollutant emissions by a number of measures in the reporting period, such as:

- The use of butanone was reduced to cut NMVOC emissions. It is used as a solvent for various polymers, resins and lacquers, as well as for degreasing metal surfaces.
- In addition, systems for coating rollers with polyurethane were enclosed and the air extraction facility was fitted with filter systems at our Wimpassing site in Austria.

2.2.5 Noise Emissions

We try to minimize noise pollution at our locations and rigorously follow up any information or complaints in this regard. Two complaints about noise were reported and dealt with in the reporting period. At the Heidenheim location, a local resident complained about the excessive noise in the early morning hours that might have come from Voith's works premises. Despite intensive investigation at Voith and at the neighboring industrial enterprises, the causes could not be identified. At the Garching location, a resident complained about the noise emitted by the cooling fans next to the production building. Measurement revealed that the noise levels were below those prescribed by law.

Stakeholder Dialog and Materiality

Section 1.3

2.3 Ecological Business Management – Responsible Use of Resources

2.3.1 Management Approach for Resources

In recording and controlling the raw materials used, Voith focuses on the areas of energy, waste, and freshwater. We determine savings potential and implement measures for the efficient use of resources.

At a technology company like Voith, the large majority of the energy used and greenhouse gases emitted come from production, and a much smaller share from our service locations. Ecological Business Management therefore focuses on identifying ecological and economic improvement potential in our production processes. As part of that, we conduct analyses at the process, system, and component levels to leverage cost-efficiency potential. We also carry out hot-spot analyses to address cross-location focal topics, such as the energy consumed during a process step. To achieve maximum effect, we focus on the largest drivers of consumption in our individual regions and locations. For example, we succeeded in the reporting period not only in defining numerous new measures, but also in boosting the identified savings potential.

In all our EBM measures, we review achievement of our goals by means of integrated monitoring of key figures and development of measures. The Corporate Board of Management is also included in this process as part of our quarterly reporting.

Company-wide Data Collection

Voith's locations collect data for energy every month and data for waste and freshwater every quarter in the sustainability database. This data is validated at company headquarters and reported to the Corporate Board of Management. This

reporting comprises data and key figures, as well as a list of the measures aimed at saving resources and the progress made in implementing them. Before a measure can be concluded, its effectiveness must be reviewed at the location in question and the result stored in the database. This reporting procedure was examined and validated by Voith's Internal Audit unit in the early summer of 2014.

Hot-spot analyses enable us to tap further potential

In order to allow Voith to tap further potential for optimization, we conducted several hot-spot analyses in the reporting period. As part of that, we addressed subject areas relating to a specific location or straddling locations. The results of these analyses are explained later in the respective report sections.

Outlook

We significantly increased the identified savings potential in the reporting period, and the pipeline of measures is now well-filled. Our goal in the coming months, and in particular in relation to energy and material/waste, is to tap further savings potential across the entire value chain as quickly as possible and also implement the identified measures uncompromisingly.

We aim to take pinpointed communication measures in order to sensitize plant management and employees at the companies even more to the issues and to motivate them to help identify savings potential and measures. We have undertaken an initial step in that direction with a broad-scale poster campaign that reached employees at all Voith locations worldwide.

Excellent energy efficiency – Voith's new building in Kunshan

In the Kunshan region, near Shanghai, all Voith business segments have their production operations on a common campus. As part of expansion of its existing production building, Voith is again setting standards when it comes to sustainability.

The project creates an additional 16,000 m² of production space. The experts from the central Corporate Environment department were involved in the planning from the outset. Construction of the building was also shaped by the company's guiding ecological and economic principles: more than 98% of the construction waste was recycled. The finished building impresses above all with particularly low CO₂ emissions – starting from the traffic concept for employees commuting to work, the energy supply from cogeneration plants, to CO₂-optimized pumps, fans and heat exchangers.

600,000 kWh of electricity are saved on heating, cooling and lighting alone compared with conventional plants. A special lighting system also ensures that far less electricity is used for light. The savings here are around 2 million kWh a year. A key feature: generous arrays of roof windows permit daylighting for almost 90% of all regularly staffed workplaces. An LED installation design by Voith springs into action at night or if there is little daylight: 480 lights with 1,920 LED tubes over an area of 15,000 m². Voith once again shows that

acting ecologically also means acting economically. The entire energy concept for the extension saves around 7,800 tons of CO_{2e}* a year and some €2.3 million compared with a conventional design.

Apart from energy efficiency, the project in Kunshan is also distinguished by its great water efficiency. Intensive use of service water and rainwater, as well as water-saving fittings, ensure that the water resources in the region are used sparingly. Even when choosing the lawn Voith took care that it requires little watering.

That is systematic environmental protection that has also been acknowledged outside the company: Shortly after being commissioned, the production building was one of the few industrial edifices in China to gain LEED (Leadership in Energy and Environmental Design) Gold certification. In recognition of its overall concept, Voith also captured second place in the Energy Masters Award 2014, an accolade bestowed on exemplary and trend-setting projects in the field of industrial energy efficiency.



* CO_{2e} = carbon dioxide equivalent.

We are currently drawing up a communication campaign to encourage employees to submit even more suggestions for improvement. One example in 2015 is a contest to motivate employees to put forward suggestions to improve our economic/ecological performance and allow them to share in the success of them as well.

2.3.2 Energy Efficiency and CO₂ Emissions

As a result of the business situation, Voith consumed 563,591 MWh or around 6.6% less energy in fiscal year 2013/14 than in the previous year (603,419 MWh). Unchanged to the previous year, this corresponds to 105 MWh per € million sales. That means we did not move closer in the reporting period to our goal of reducing energy needs by 20% by fiscal year 2017/18. Although the degree of implementation of the identified energy-saving measures increased sharply, we did not manage to compensate for the simultaneous decline in sales. In particular, the identified measures for reducing standby losses offer even further potential. Insourcing of our previously outsourced production operations for semi-finished goods impeded our efforts.

15.8% of the energy consumed at Voith came from renewable sources and 84.2% from non-renewable sources. All energy sources for production-related energy consumption were included in the calculation.

Apart from heating and cooling energy, which accounted for 33%, the production of paper machine clothing is the main driver of production-related energy consumption at Voith. It accounts for some 24% of global consumption. Apart from

web processes, heat setting is especially energy-intensive, in particular in felt production. 6% of production-related energy consumption at Voith is incurred at the foundry in São Paulo, Brazil; around 5% of the energy used was consumed in operating machine tools.

The proportion of direct (34%) and indirect (66%) energy remained almost the same in the reporting period.

Natural gas remained the key source for our direct production-related energy consumption. It is followed by liquefied petroleum gas, diesel, and heating oil. We use natural gas, liquefied petroleum gas, and heating oil as heating fuel and for heat-intensive thermal processes. Diesel is needed to operate emergency generators and steam generation at the locations Karawang, Indonesia and Kunshan, China, as well as for thermal processes in São Paulo, Brazil.

Voith consumed a total of 301,020 MWh of electricity in the reporting period. The energy sources of our electricity mix obtained from external providers remained almost the same at 71.3% from non-renewable and 28.7% from renewable resources.

The measures identified in fiscal year 2013/14 enabled us to tap additional energy-saving potential of 37 GWh. That means that, since the base year 2011/12, we have planned energy-saving measures of 55 GWh, or one-third of the quantity that will probably be required to achieve the goal in fiscal year 2017/18. We have already achieved savings of 25 GWh from them.

Production-related Energy

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By optimizing production processes and thanks to our employees' environmental awareness, we were able to reduce energy consumption by 12,459 MWh (previous year: 5,098 MWh) and emissions by around 2,379 t CO_{2e} (previous year: 1,679 t).

In the reporting period, we also began certifying energy-intensive plants in accordance with ISO 50001 in order to support systematic energy management and a process of continuous improvement in their energy efficiency. Certification is expected to be completed in the second half of 2015.

However, there were slight increases in Asia and South America, due to the expansion in production capacities for paper machine clothing in Kunshan, China and the higher output from the foundry in São Paulo, Brazil.

Total Emissions of the Voith Locations

CO_{2e} emissions at our locations fell in fiscal year 2013/14 by 5% to 176,843 t (previous year: 186,080 t). The proportion of direct CO_{2e} emissions fell from 42,406 t to 40,409 t, or by 5%. This is largely due to the decrease in production at the Heidenheim location. Indirect CO_{2e} emissions dropped to 136,434 t (previous year: 143,674 t), or by 5%.

Production-related Energy Consumption by Region

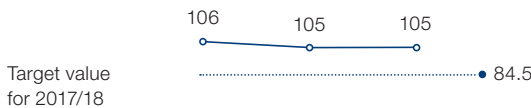
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Regional Breakdown of Energy Consumption

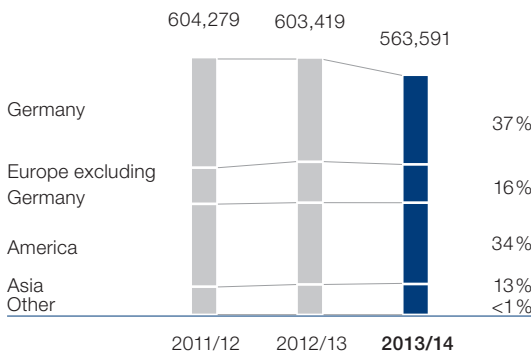
Europe accounts for more than half Voith's worldwide production-related energy consumption (53%) and it was also where most energy savings were made within the Group in the reporting period.

Production-related energy consumption

Specific value in MWh/€ million sales

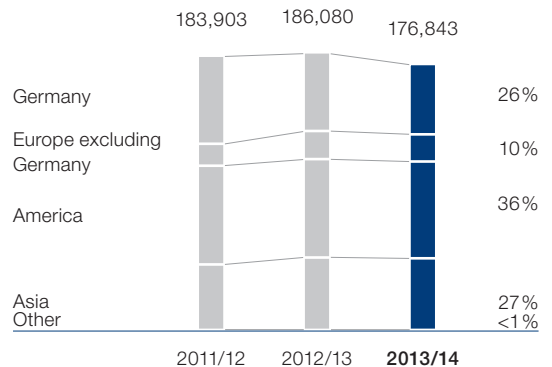


In MWh



Production-related Greenhouse Gas Emissions

in t CO_{2e}



amount of CO_{2e} emitted only by the volume of energy consumed. This makes both ecological and economic sense. Consequently, our particular focus is on using energy efficiently.

Regional Development of CO_{2e} Emissions

CO_{2e} emissions in all Voith regions fell in absolute terms in fiscal year 2013/14. Most of Voith's worldwide CO_{2e} emissions – 36% – are still in Europe, which is mainly attributable to its in many cases old building fabric and the large number of mechanical engineering locations.

The CO_{2e} emissions are also relatively high in North America (25%) and Asia (27%) – both regions have a high share of energy generated from coal in the national electricity mix. In contrast, South America accounts for just a low proportion (11%) of Voith's global CO_{2e} emissions, despite the energy-intensive foundry in São Paulo, Brazil. This is mainly due to the large share of electricity generated from hydropower in Brazil.*

Emissions from Transport

Voith is an international group and so a not insignificant proportion of our emissions comes from the transport of goods and from business travel.

In the reporting period, greenhouse gases totaling 46,627 t CO_{2e} were emitted as a result of business trips (previous year: 47,435 t). 14,100 t CO_{2e} of that were produced by Voith's own vehicle fleet (Scope 1). Emissions for all other means of transport (Scope 3) were 32,527 t CO_{2e} in the reporting period.

Transport-related CO_{2e} emissions – which are mainly caused by external logistics service providers – fell by 15% year on year and were 30,408 t (previous year: 35,937 t). This decline is mainly the result of a 22% reduction in the share of CO_{2e} emissions from air cargo transports compared with the previous year.

Voith avoids business travel where this is possible and reasonable. Video and telephone conferences are increasingly being used at our global organization in order to save on travel expenses and enable speedy coordination. In addition, every offer from our travel agency partner automatically shows the CO_{2e} emissions incurred, thus giving travelers a transparent overview of the CO_{2e} emissions when they choose their means of transport.

Total Energy Consumption/ Greenhouse Gas Emissions

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Energy Consumption and Greenhouse Gas Emissions

[Page 70 et seq.](#)

*The stated greenhouse gas emissions comprise direct (Scope 1) and indirect (Scope 2) energy-related emissions. The CO_{2e} emissions caused by us are calculated in accordance with the sources of energy and on the basis of specific CO_{2e} factors. The source is our sustainability database, which provides region- and location-specific figures for each of our energy sources. If no other information is available, we use the emission values of the electricity provider or the country (national electricity mix).

In the reporting period, we cooperated with a university in conducting a study on the subject of “green logistics” in order to evaluate ecological assessment criteria as part of awarding contracts to logistics service providers. The assessment catalog created comprises the type and replacement rate of the means of transport (e.g. truck). Data on the transparency/insight provided by the logistics services provider on journeys made and ton-kilometers per means of transport, as well as on related CO_{2e} emissions, was also collected.

Measures to Reduce Energy Use and CO₂ Emissions

In order to save even more energy and reduce CO_{2e} emissions further, we implemented a number of measures in the reporting period. Here are some examples:

- Reducing standby losses cuts energy consumption at the Salzgitter location (switch-off routine for the paint shop) by 216 MWh, or 44 t CO_{2e}. Switching off machines at standby times saves 207 MWh (81 t CO_{2e}) a year at the locations in York and Mississauga.
- Using waste energy allowed us to cut our annual energy consumption at the Chemnitz location by 150 MWh (30 t CO_{2e}). Additional savings at the Kunshan location totaling 294 MWh (279 t CO_{2e}) were enabled by demand-based control of the fans of the dust removal system in roller coating.
- Energy efficiency in the heat setting process at the locations in Ipoh (Malaysia) and Waycross (US) was increased thanks to a lower process duration and higher throughput. The savings are 400 MWh (114 t CO_{2e}) at Ipoh and 963 MWh (195 t CO_{2e}) at Waycross.

2.3.3 Material Usage and Waste

The use of materials and raw materials is controlled Group-wide at Voith. We are continuously working on using resources at our locations more efficiently and recycling them. In the reporting

period, Voith procured around 131,000 t of material from suppliers, some 24% less than the year before (173,000 t).

The purchased materials were made up of the following fractions: 52% semifinished products (previous year: 55%), 33% raw materials (previous year: 32%), 10% packaging (previous year: 9%) and 4% auxiliaries (previous year: 4%). The proportion of renewable materials was 10% due to the large share of wood packaging.

Just about all the fractions decreased year on year; there was only a sharper decline for semifinished products (almost 27,000 t). This is due to a lower volume of orders and insourcing/in-house production of parts that used to be purchased externally.

Around 49% (previous year: 44%) of the materials we used in the reporting period were recycled. The proportion was 55% (previous year: 46%) for auxiliaries, 45% (previous year: 41%) for raw materials, 46% (previous year: 42%) for semifinished products, and 74% (previous year: 74%) for packaging.

Volume of Waste

Voith produced a total of 49,490 t of waste internally (previous year: 49,574 t). Around 80% of that was non-hazardous waste and 20% hazardous waste. In absolute terms, the amount of non-hazardous waste was thus 325 t lower than the previous year, while the volume of hazardous waste increased by 241 t. This increase is largely due to higher output from the foundry in São Paulo, Brazil.

Despite this fall in absolute terms, the ratio relative to sales worsened slightly due to the lower volume of business: the specific waste volume rose by 7% to 9.26 t per € million sales (previous year: 8.65 t).

Waste by Region

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Material Consumption

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The waste produced by Voith is disposed of by external waste disposal and recycling companies. We do not transport any waste ourselves. Voith was not aware of any violations of the law by service providers tasked with disposing its waste in the reporting period.

Regional Breakdown of Waste

Similar to production-related energy consumption, the largest waste volumes occur in Europe, at 49%, followed by South America, at 31%. The high waste volumes in Europe are due to the large number of mechanical engineering locations, which involve a lot of metal processing. In all regions except for South America, metals account for the largest quantity of waste. The volume of waste in South America is mainly caused by the casting-sand waste from the foundry in São Paulo, Brazil.

Wood, paper, and cardboard waste make up a large proportion in all regions. This is largely due to packaging and transport security of individual components.

Hazardous Waste

The collection of hazardous waste at Voith is governed by internal regulations. Only qualified specialist companies are allowed to dispose of the waste. Voith conducts regular audits of them, which also include an inspection of the disposal companies' sites and related facilities, as well as collection and documentation of proof of disposal.

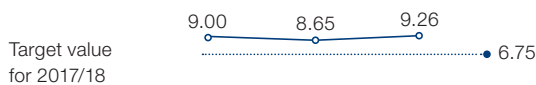
We thereby ensure that hazardous waste is always treated in accordance with the applicable regulations.

The largest volume of hazardous waste at Voith is produced at the foundry in São Paulo, Brazil: Around 4,204 t in the reporting period.

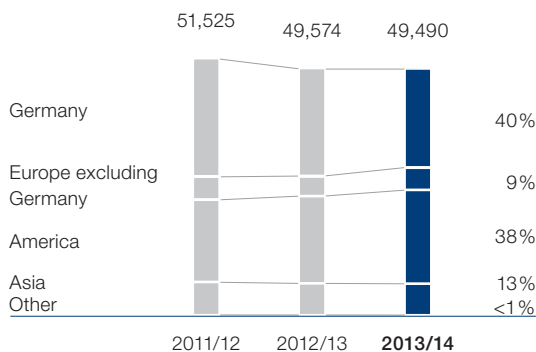
In addition, 2,998 t of hazardous waste were produced in the form of waste emulsions and washing water (Crailsheim, Munich, São Paulo), waste from lacquering processes (Salzgitter) and steel grit (York) in the reporting period.

Waste

Specific value in t/€ million sales



in t



Measures to Improve Material Efficiency

In fiscal year 2013/14, a strong focus throughout the Group was on uniformly assigning the waste fractions at all locations and so on improving the quality of the data. The objective was to obtain further information on the types and volume of waste by means of more detailed data records and use it to derive additional optimization measures.

The additional efficiency potential for material usage and waste volume we were able to identify for steel grit and an excess of roll covers, thread spools, packaging waste, washing emulsions and coolant emulsions, for example, is around 700 t in

the reporting period. Measures with a total savings volume of almost 1,000 t have thus been planned, of which some 200 t have already been achieved.

In particular, our hot-spot analyses on cross-location focal topics, such as for waste from coolant emulsions, washing water and wood and packaging waste, were particularly useful in this regard.

Numerous Voith locations have also developed specific solutions for local challenges relating to waste. Measures implemented in the reporting period to increase material efficiency and reduce the volume of waste included:

- At the Garching location, coolant emulsion rinsed with chips is returned from the chip container to the system, reducing waste by 145 t a year. If the coolant emulsion has to be replaced, the volume of emulsion is treated using vacuum distillation at our Kunshan, China location, saving 40 t a year.
- Installation of a paint shop with a dry separator means that waste at the Salzgitter location has been reduced by 70 t a year.
- Optimization of the extrusion length in roller coating at the Heidenheim location cuts waste by 22 t a year.

2.3.4 Efficient Use of Water and Wastewater

We work uncompromisingly to ensure that water is used as efficiently as possible in our processes and that the volume of wastewater is minimized. In the area of water consumption, hot-spot analyses in the reporting period revealed additional savings potential of 33,000 m³ of freshwater a year. The pipeline of measures has thus increased to

43,000 m³ a year, of which measures with a potential of 32,000 m³ have already been implemented in the course of fiscal year 2013/14.

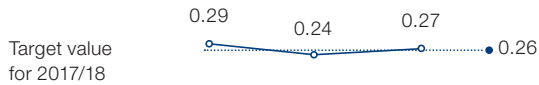
Freshwater Consumption

More than half (55%) of freshwater consumption at Voith is needed for cooling. Total freshwater in the reporting period was 1,462,902 m³, an increase of 111,001 m³ over the previous year. That corresponds to 0.27 m³ of water per € thousand sales – as a result, we were slightly above the target level again after falling below it earlier than planned in the previous year (0.24 m³ per € thousand sales).

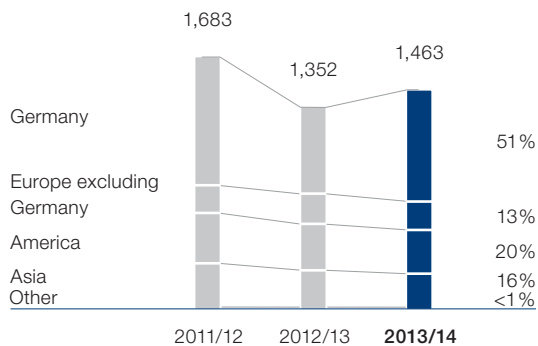
The main reason for that is commissioning of the new Training Center at Heidenheim, where groundwater is used for energy-efficient cooling of the building. The full impact of the closed cooling cycle established at the Garching location in the third quarter of fiscal year 2013/14 is not included in full in the above key figure. However, this measure will probably mean that the figure falls below the target mark again next year.

Freshwater Consumption

Specific value in m³/€ thousand sales



in thousand m³



Regional Breakdown of Water Consumption

64% of our water consumption is in Europe, 10% in North and South America respectively, and 16% in Asia. In Europe, freshwater is used for cooling and operating pilot facilities. In Asia, the production of paper machine clothing represents a significant driver. In South America, a large quantity of water is used for cooling at the foundry in São Paulo, Brazil. In North America, our yarn and felt production locations use large amounts of water.

Wastewater

The volume of wastewater in the reporting period was 1,261,810 m³ (previous year: 1,198,512 m³). Around 46% (previous year: 44%) was discharged

into rivers, lakes, or the soil and 54% (previous year: 56%) into the sewage system. The year-on-year increase of 63,298 m³ is largely explained by the use of cooling water in the new Training Center in Heidenheim; after being used for cooling, this water is fed into the groundwater via an absorbing well.

The main key figures have been recorded in order to provide more detailed information about the effects of the process wastewater we discharge. During the reporting period, the biochemical oxygen demand (BOD) was 14 t (previous year: 9 t), and the chemical oxygen demand (COD) was 48 t (previous year: 32 t). The overall suspended matter content of the water was 9 t (previous year: 11 t); as in the previous year, there was less than 1 t of heavy metals, nitrogen and phosphorus.

Measures to Improve Water Efficiency

The following measures were implemented in the reporting period to improve water efficiency:

- A system for recirculating the cooling water was commissioned at the Garching location, eliminating the need to cool groundwater. As a result, around 190,000 m³ of freshwater a year are saved. A closed cycle for cooling water at the Shanghai location saves an additional 10,400 m³ a year.
- Rigorous monitoring of freshwater consumption enabled leaks to be identified and rectified at the locations West Monroe (US) and Liaoyang (China).
- Use of rainwater at the Chemnitz and Crailsheim locations reduces consumption by 200 m³ and 550 m³ a year respectively.

Water Consumption by Region

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Asia's emerging markets are of strategic importance for Voith – their economic development is unrivaled in terms of dynamism. All Voith Group Divisions are present in Asia, and Voith products contribute to the development of the region: In the world's largest hydropower plants and in a wide range of industry sectors, from papermaking to the automotive sector. We increasingly focus on locally developed and manufactured products and services that are tailored to local needs. At the same time, Asian companies play a major role in our global supply chains – 9% of our procurement volume comes from the region.

03 Responsibility for Products and Supply Chains

We want to create environmental and economic added value for our customers with our products and services. We attach great importance to energy and resource efficiency in both the manufacturing and usage phases. We make sure that internationally recognized environmental and social standards are observed in our entire sphere of influence. In short, we set the bar high – for ourselves and for our suppliers.

3.1 Product Responsibility

Stakeholder Dialog and Materiality

Section 1.3

3.1.1 Management Approach

Products and services from Voith are successful in five global markets: Energy, Oil & Gas, Paper, Raw Materials, and Transport & Automotive – and our company's solutions are just as varied as these markets. As part of the materiality analysis, we defined fields of activity that are key to our product management across all markets.

In addition to the safety and quality of our products, close and trusted dialog with our customers plays a central role. Many of them are long-time partners. Their expectations are incorporated in the development of our products and at the same time, our consulting creates the foundation for safe and resource-efficient use of Voith products.

Our products and services are intended to contribute to the protection of resources and the environment – across the entire value chain. In order to meet this requirement, we have firmly anchored it as one of our corporate focal points – Eco Technologies.

We constantly create added value for our customers, thanks to our technological expertise and our ability to translate know-how into innovations – so research and development has always been of key importance for Voith. The Group holds several hundred active patents – and 219 new patents were added in the reporting period alone. Our R&D expenditure in 2013/14 amounted to €216 million (previous year: €242 million). As a percentage of Group sales, R&D expenditure was 4.0% (previous year 4.2%).

3.1.2 Challenges in the Area of Product Responsibility

In managing our product responsibility, we face a number of particularly pronounced challenges that vary depending on the Group Division and market.

In mechanical and plant engineering, we supply components that have different impacts on the energy balance of the overall system. Wherever possible, we support our customers in increasing the efficiency of their facilities and production processes. As a result we do not only cut costs, but also reduce environmental impacts. For example, further development of the Voith HyCon™ family in the hydropower segment enables optimization of the entire plant and not just Voith's components. To achieve this, the specifications are adapted to changing conditions during use – resulting in positive effects on the overall system's efficiency and service life.

In order to remain competitive and also maintain our leading position in many markets, we work continuously to increase our profitability. The focus of this differs in every Group Division.

The current emphasis at Voith Turbo is on cutting product costs and reducing production time. The challenges for Voith Paper lie in greater standardization and modular design. Voith Hydro has to contend with prices that are falling overall in the market. In this regard, it is crucial for Voith to safeguard its renowned level of quality at all locations and utilize cheaper materials.

3.1.3 Quality and Safety

Voith's products and services stand for safety and quality worldwide. We use a Group-wide technical risk and quality management (TRQM) system to control goals, processes and methods in the development and production phase. We conduct risk assessments to review the safety of our products.

A Group-wide initiative called "Excellence@Voith" focuses on the quality of our products and processes, with the aim of achieving operations excellence. We continuously work to enhance this, on the basis of clearly defined performance indicators.

Management Approach for the Environment

Section 2.1

We have set out our principles for dealing with technical risks and quality in a binding Group Directive. The Group Divisions and their companies specify and supplement this directive.

3.1.4 Products and Services that Conserve Resources and the Environment

We pursue the strategic approach that our products make a contribution to protecting resources and the environment. By doing so, we fulfill customers' requirements, statutory stipulations and, not least, our own mission. Our goal is to make our products increasingly eco-friendly and resource-efficient, during both their manufacture and subsequent use.

Particularly in the case of large plants and units, e.g. in the field of hydropower, our customers keep an eye on their energy needs and material consumption during the usage phase in order to optimize their operating expenses.

Voith Paper uses an increasing number of renewable materials instead of oil-based products and works uncompromisingly to establish closed cycles for materials, auxiliaries and supplies. The objective is to efficiently design and construct machines that are as resource-efficient as possible, generating maximum value-added for our customers. We check this requirement at the "Market Test Level" during the stage gate process.

Voith Turbo is also guided by the principle of offering product generations that are increasingly energy-efficient and less harmful to the environment. The focus here is on the impact a Voith component makes on total cost of ownership.

We document and certify what we do in accordance with the relevant standards (ISO 9001, ISO 14001 and OHSAS), supplementing these with our own methods. For some years now, we

have conducted life cycle assessments (LCA) for selected products in compliance with ISO 14040 and 14044.

In the reporting period, we conducted an LCA for a Kaplan turbine and a generator in one project. This revealed that the environmental impacts of manufacturing are practically negligible compared to the usage phase – as is the case for most of our products, which are distinguished by their long service life. The energy needed to produce paper machines compared to the level required during the usage phase is 1:300, for example.

We support our customers with special training and consulting on how to operate our products in the most resource-conserving way. For example, we investigate the potential for increasing the efficiency of existing hydroelectric turbines and generators at existing facilities. In paper machine optimization, we work closely with our customers to improve the use of raw materials through recycling and to reduce power consumption through energy audits. The goal is to develop energy-efficient and water-efficient products, further reducing the total cost of ownership. We also offer training on the correct use of drives, turbines, pumps and compressors, either at our training center or on-site at the customer's premises. We provided around 1,300 hours of training in the reporting period (previous year around 1,000).

In the reporting period, we again accomplished numerous projects to reduce environmental impacts and, in some cases, achieved significant cuts in energy and resource consumption.

Eco Technologies Assesses Energy and Raw Materials Efficiency

We mainly supply components that are part of an overall system and as such, they have different impacts on the energy and material balance – this means that we have to use various tools to obtain a detailed assessment of the energy and raw materials efficiency of our products.

The Eco Technologies team promotes the analysis and assessment of Voith products and services with respect to energy and resource efficiency, and Eco Technologies cooperates with other companies, universities, and research institutions to achieve this. Its goal is to identify economic and environmental trends and to determine the maturity and the cost effectiveness of the technologies available to Voith on the market. In addition, Eco Technologies also assesses risks for the Group which may arise from the use of certain materials and develops measures for effectively countering these risks.

The Eco Technologies Team also supports the cross-divisional environmental innovation process. The process team is made up of Corporate Environment, the R&D departments of our Group Divisions, Product Management and Corporate Strategy.

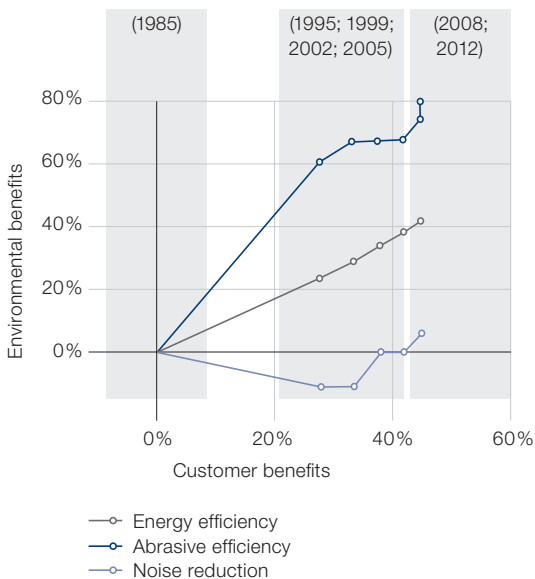
During the reporting period, this team developed its own methodology for showing the progress made regarding environmental and customer benefits during the usage phase of products. In these Voith Eco Efficiency Assessments, the Voith product in question is compared with a reference value, such as an earlier product generation or a rival product. The customer benefit – measured

by total cost of ownership – and up to three product-specific environmental topics, such as use of energy, use of materials and noise emissions, are compared with one another. A product can only be said to be “economically and ecologically more efficient” if there is an improvement in both dimensions.

The results from the assessments deliver important pointers for evaluating and developing the Voith product portfolio from the Group perspective. They can also provide fundamental stimuli for Product Development and Sales at the Group Divisions, helping to ensure that customer requirements relating to sustainability are better fulfilled and securing the “license to operate” in the long term.

Example of a Voith Eco Efficiency Assessment

Comparison of grinding sets, 1985–2012



Energy

- In the hydropower segment, we were tasked with using aerating turbine technology at the Brownlee Dam in Idaho, US, in order to increase the content of dissolved oxygen at the lower reaches of the power plant. Aerating runners enrich the water with natural oxygen from the air. As a result, additional compressors can be dispensed with, energy requirements are lower, and the efficiency of the turbines is impaired to a far lesser extent. Turbine efficiency is 3–5% higher and power consumption is lower – a dual benefit for customers and the environment.
- During the reporting period, we won the first commercial order for our eco-friendly compact turbine StreamDiver. We also reached the final of the German Innovation Award with this technology and achieved a top 4 position in the category “Large Enterprise” from a field of more than 300 entrants. StreamDiver turbines boast particular ecological advantages thanks to their water-lubricated bearings, allowing operation that is totally free of oil and grease.

Paper

Voith developed various solutions for paper makers during the reporting period. These solutions not only deliver ecological improvements, they also give customers cost advantages.

- Voith has developed a process that closes the raw materials cycle in the dry cleaning of used paper machine clothing. Up to now, clothing has either undergone thermal recycling or been disposed of by dumping after being used in the paper machine. The new method enables recycling of the thermoplastic materials used.
- A constantly high level of web dewatering is vital for a consistently high quality of the paper produced. Polyurethane roll covers not only deliver clear economic benefits, they considerably reduce water consumption and decrease power consumption.

- The resource-efficient flotation technology LowEnergyFlotation (LEF) won the European Paper Recycling Award in October 2013. This award is presented annually by the European Recovered Paper Council. LEF significantly reduces the energy required to remove printing ink from the paper fibers during recycling.

Drive systems

- In the reporting period, we pressed ahead with the development of additional variants of the Vorecon drives, which increase the efficiency of pumps and compressors by up to 15%.
- In future, Voith Schneider Propellers will also possess an operating idle mode. Weather conditions permitting, one of the two propellers can be switched off and remains in standby mode. This reduces fuel consumption by around 3%, as well as wear and tear during operation.
- In the reporting period, a Voith Schneider Propeller (VSP) was successfully tested with biodegradable oil. The eco-friendly lubricant ensures that leaks do not pose a risk to marine life. In addition, the VSP's low rotational speed means a very long service life for the oil, unmatched by any other ship propulsion system.
- A two-stage air compressor newly developed in the reporting period is already being used by several customers. Compared to current models, the new compressor's energy consumption in idle mode is around 44% lower.
- The Voith CSH die cushion drive is a flexible servo-hydraulic press drive system that recovers virtually all of the ram motion energy in the form of electrical energy. Compared to a conventional hydraulic die cushion drive without servo technology, it reduces energy costs by up to 80%.

3.1.5 Outlook for Product Responsibility

We will continue to specifically define the current “Product Responsibility” topics during the current fiscal year. To achieve this, we will be asking internal and external stakeholders questions about the contribution they feel Voith makes in relation to sustainability (among other topics). A master’s thesis we are funding will also deal with this subject.

We assume that environmental legislation will become more stringent in the future and that customers will demand that our products make an even more efficient contribution to protecting the environment and conserving resources. That goes for all Voith Group Divisions. The growing complexity of the challenges many of our customers face in their markets results in an increasing demand for solutions from a single source.

3.2 Supplier Management

3.2.1 Management Approach

Our understanding of entrepreneurial responsibility also includes our suppliers. We want to ensure sustainability in all our supply chains and as part of this, we are committed to long-term, trusted relationships with our suppliers. In the materiality analysis, these aspects were also classified as being essential to our sustainability management.

In order to identify and assess risks in the supply chain, we will identify the most important economic, ecological and social risks in our supply chains by means of a study we are currently preparing. To this end, we intend to create a geographical risk map by the close of fiscal year 2015/16, and use this to derive needs-driven concepts and strategies, as well as concrete measures for Voith. Not least, the study will help Voith define the complex issue of sustainability in the supply chain more specifically and tangibly.

3.2.2 Controlling Complex Supply Chains

In fiscal year 2013/14 Voith ordered materials and services worth €2,961 million. The range of

procured goods is very broad. In the area of production material alone, it extends from procurement of a one-millimeter nut to 250-millimeter thick steel plate, from special lacquering match customer requirements to electric cables made specially for Voith. As in the previous year, most of the purchase volume for production material in the reporting period was for the material group “electrical/electronics”. That was followed by cast parts and semifinished products/steel.

As an international company, Voith works with suppliers from almost 100 countries. Most of the goods come from European suppliers.

We aim to systematically increase the volume we purchase locally in accordance with the principle “local for local”. This should reduce costs and transport-related CO₂ emissions and solidify local relationships with suppliers. There were also various purchasing initiatives, in which production was converted to assembly and components were procured on site.

Controlling complex and heterogeneous supply chains is a challenge for Voith's Purchasing department, which is divided into central and decentralized and strategic and operational responsibilities. Sustainability topics are mainly assigned to the Corporate Strategic Purchasing (CSP) department. The relevant activities are coordinated across divisions on the Global Purchasing Board (GPB) with representatives from the Group Divisions.

Just as we demand the very highest standards of ourselves, we also expect sparing use of resources and social responsibility from our suppliers. We have firmly established these requirements in our Purchasing Guiding Principles and defined concrete objectives.

3.2.3 The Aim – Long-term, Trusted Relationships

Our mission to enhance sustainability also extends to our suppliers. By striving for a long-term, trusted partnership, we do not simply want to create particularly cost effective solutions together with them – we also want to optimize our purchasing processes in terms of sustainability.

The “preferred supplier” concept is especially important in this regard. Although it does not obligate us to purchase goods solely from selected suppliers, it is intended to encourage our employees to use individual supplier relationships particularly intensively.

Clearly Defined Standards as a Foundation

As a group, Voith must ensure that orders are reviewed, awarded, and processed transparently. Adherence to local legal provisions on environmental protection and labor laws, as well as the strict avoidance of corruption and forced labor form the fundamental principles of our day-to-day business – and these principles also apply for our suppliers.

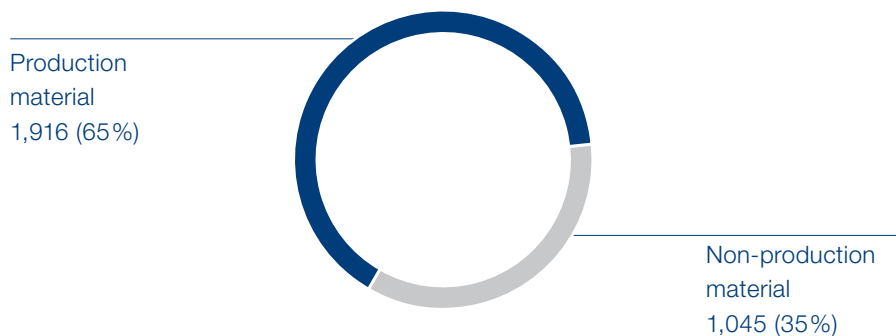
Our basic concept of partnership and our requirements relating to compliance, as well as environmental and social standards, are laid down in the Code of Conduct and in the General Purchasing Conditions (GPC). The GPCs serve as the basis for concluding agreements with our suppliers and also ensure that their subcontractors abide by these requirements.

General Purchasing Conditions

<http://voith.com/en/group/purchasing/general-purchasing-conditions--176.html>

Total purchasing volume of the Voith Group: €2,961

in € millions



The parallel GPCs of Voith and Voith Industrial Services are to be standardized in one single form in fiscal year 2014/2015. In addition, we are creating further country-specific versions in order to increase their range of coverage in a coordinated way. The GPCs are available on the Internet and also include a reference to our up-to-date Code of Conduct.

Extensive Training

We illustrate our vision of sustainability in purchasing to employees in our Purchasing Guiding Principles and Voith Purchasing Manual. Our employees are regularly trained in supplier self-assessment and evaluation, visit reports, and compliance with laws and directives. Instructors with a good knowledge of local conditions also deal with special cultural and local aspects as part of in-person training courses. The goal here is to provide our employees with the best possible preparation for their international working environment. The “Purchasing Training Program”, specially put together for buyers, is being extended to our sites in Asia and South America.

3.2.4 Sustainability in the Supply Chain

One important field of activity for Voith’s Purchasing department is handling risks in the procurement process. We minimize these risks by requesting regular self-assessments from our suppliers. As part of these, we record information on sustainability topics using a dedicated questionnaire.

Our goal was to survey the largest suppliers based on fiscal year 2012/13 in order to collect data on those who account for 80% of our invoice volume in the medium term. However, our supplier base changed significantly during the survey and is now more fragmented, with the result that we have covered 27.8% of our invoice volume for 2013/14 so far. We aim to increase the degree of coverage successively in the coming years with a far larger selection of suppliers.

In addition to the initial self-assessment, employees from the departments and Purchasing are to evaluate the suppliers with the largest order volume once a year. A standardized process with transparent criteria ensures that the results can be compared throughout the Group. It also reveals strengths and weaknesses of the suppliers and potential risks. The supplier evaluation is also used as the basis for specifying the preferred suppliers with whom we wish to cooperate as strategic partners.

5,129 suppliers were evaluated in the reporting period. 61% of the invoice volume was transacted with partners for whom there is an up-to-date, approved supplier evaluation in our central supplier database. The proportion in the previous year was 76%, while our goal for the reporting period was 79%. The increased fragmentation of our supplier base (mentioned above) also had an impact on this.

In the fiscal year 2014/15, we aim to maintain the current ratio – and as well as collecting data, we also aim to focus more on content evaluation. Here, among other topics, we intend to revise the sustainability criteria that are applied. We use these social and ecological criteria as the basis for calculating the “sustainability ratio”, i.e. the average rating the evaluated suppliers have achieved for the sustainability criteria. In the reporting period, the partners we evaluated achieved an average of 75 out of 100 points. The difference from the previous year’s figure (80/100) is in line with the normal fluctuation range.

Violations by suppliers against contractually defined standards initially result in a warning to desist. Concrete improvements are also demanded and if these are not achieved, Purchasing is required to terminate the business relationship and block the supplier.

We implemented the “Blocked Supplier” concept throughout the Group in the reporting period. Seven suppliers were blocked group-wide in fiscal year 2013/14; however, none of them had violated social or ecological standards.

Suppliers can report violations of sustainability standards in the supply chain on their own initiative. Like our employees, they can also use Voith’s anonymous compliance help desk. There were no reports in the reporting period.

Systematic Data Management

The results of the supplier evaluations and the data from self-assessments and contracts are stored in our central database SupplierManagement@Voith (SM@V). It acts as a central work aid for buyers and helps enhance transparency in our supply chains and reduce risks in the procurement process. The database grew further in fiscal year 2013/14 and its quality was optimized with improved interfaces to our ERP (enterprise resource planning) systems, for instance.

The newly introduced Voith database for work and hazardous materials enables the declaration of materials and the standardized, uniform handling of safety data sheets and product information from the manufacturers. Our suppliers are obligated by law to provide us with their safety data sheets. As of fiscal year 2014/15, they will also be automatically requested to declare the substances and compositions in the products they supply.

In the reporting period, Voith established a working group consisting of representatives from Purchasing, the Legal department and the central Corporate Sustainability department to deal with the issue of minerals that are mined or produced in conflict regions (“conflict minerals”). The objective is to collect all information centrally (including related inquiries from customers), to analyze it and

prepare recommendations on what action Voith should take.

3.2.5 Outlook for Supplier Management

We aim to penetrate our supply chains in even greater detail and depth in the current fiscal year. We expect the study on risks in the procurement process to supply us with important findings, in particular against the backdrop of growing internationalization.

The Group’s information base is also to be improved further by targeted management of the supplier and material master data. This will enable us to respond to more stringent customer requirements, to laws and to disclosure obligations, such as the Dodd-Frank Act in the US relating to conflict minerals.



The dual-training model is an important tool for securing a supply of young talents in Germany. We have also trained young people in Brazil using this concept for 50 years. Now we have also exported dual training – our concept for vocational qualification – to China. The first industrial-technical trainees have been preparing for their career at the new Voith China Training Center in Kunshan since August 2014. Following their theoretical training, they will complete a one-year practical phase at Voith and obtain an education tailored specifically to industrial companies. Voith's customers and partners from local companies can also use the training center near Shanghai for courses for their employees.

04 Responsibility for Employees

As a family-owned company, Voith has by tradition a special responsibility toward its employees. We know: Qualified, motivated and committed employees are the drivers behind our success. That is why we strive, wherever possible, to offer our employees long-term employment relationships and an attractive working environment with individual development opportunities. To this end, we take account of their individual life circumstances and provide tailored career paths.

4.1 Management Approach

Voith's global footprint, the ever increasing internationalization of our business, and the rapidly changing requirements in labor markets throughout the world – those are the crucial challenges in human resources (HR). One issue of growing importance in Europe and the US is also planning the successors to employees who will retire in the coming years.

To overcome these challenges, we continued a multi-year transformation process as part of our "Excellence@Voith" initiative in fiscal year 2012/13. Its objective is to enhance the quality of HR work at Voith and make internal processes leaner and more efficient.

This bundle of measures is intended to help ensure that the required employees with the necessary qualifications can be deployed at the right time in all markets (availability). Second, we implement measures that qualify and motivate our employees throughout their career at Voith in an optimal manner (effectiveness).

All HR activities contribute to the achievement of these two goals and are also assigned to one of our three focal topics:

- Personnel development/training and education
- Occupational health and safety
- Diversity and equal opportunity.

Group-wide HR Information System

We implement various methods, tools, and IT-based processes in order to manage our HR work. We will use our "People Excellence Platform" (pep.) in future to control relevant HR process at Voith – from recruitment and further development of employees to succession planning. The HR information system maps our organizational structure globally and contains qualification and

development information about our employees. It allows us to determine the status quo and any need for action for Group Divisions, regions, and locations more precisely, as well as create greater transparency about reporting lines.

We reached key milestones in implementing pep. in the reporting period. All employee data has been available since fiscal year 2013/14. At the end of 2013, the Management Review process was handled globally using pep. for the first time. We also conducted various projects for individual modules of pep., such as for goal agreements (Brazil) or employee dialog (worldwide) with selected groups. The entire performance management process is to be mapped in pep. by the end of fiscal year 2014/15.

Shared Service Centers relieve from Routine Tasks

We completed our review of structures at Human Resources as planned in the reporting period. On the basis of the results, we designed a new operating model, which we intend to implement by the end of the current fiscal year. HR work at Voith will be shaped in the future by the interplay of shared services, subject-specific competence centers, and the requirements of business partners within the company.

Four internationally distributed Shared Service Centers now handle tasks such as payroll, time management or HR administration Group-wide using a service approach that is standardized throughout the company. As a result, we create the conditions for Voith-wide standardization, automation and, at the same time, modernization of HR processes, ranging up to expansion of self-service options for employees and managers. In this way, we want to reduce the workload on



Kunshan near Shanghai (China) is home to one of the four Shared Service Centers.

managers and HR experts, gain valuable time to provide employees with more personalized support, and give ourselves more freedom to address strategic tasks, such as succession management or further development of employees.

We pool our know-how on strategic HR topics and define Voith-wide standards at three global competence centers. The employees at the competence centers are the contact persons and consultants for their internal business partners.

In order to measure the success of our activities, we are currently formulating a stringent monitoring system and defining key performance indicators.

The aim is to complete this process by the end of fiscal year 2015/16.

Voith as an Employer

In fiscal year 2013/14, the Voith Group employed 41,651 people (previous year: 47,111). That corresponds to 39,302 full time equivalent jobs (excluding apprentices), 3,832 or 9% less than in the previous year (September 30, 2013: 43,134). This decrease contains 3,141 jobs no longer included as a result of larger changes in the consolidated group. We also reduced the permanent workforce at the Voith Group by 691 FTE jobs.

Values and Compliance

Section 1.4

Around 56% of our employees (FTE jobs excluding apprentices) work in Europe, 29% in America, 14% in Asia and 1% in Africa. The proportion of women employees fell in the reporting period to 19.7%, the number of temporary employment contracts declined by 11.4% to 5,650.

Value-oriented Corporate Culture

Working at Voith is characterized by a value-oriented corporate culture. In addition, we firmly believe in the concept of lifelong learning and support our employees in their further professional development. In order to allow our employees to better balance their professional challenges with their private concerns, we offer a family-friendly work model. The equal status of all employees, observance of human rights, and action against discrimination are mandatory guiding principles for our company.

Voith recognizes the right of its employees around the world to form unions. In Germany, 86% of our employees were covered by collective bargaining agreements during the reporting period; the figure worldwide was 72%. Dialog between Group management, employees, and local HR departments takes place with the involvement of local employee representatives. Within the individual countries, the relationships are structured in accordance with national labor contracts and collective bargaining agreements. Fundamental changes are communicated to employees at all our sites in a timely manner by the Corporate Board of Management or local management. As part of that, we strive to inform employees as soon as possible, using various communication channels, in particular the intranet, video and telephone conferences, notice boards, employee magazines and other media for employees.

Leadership at Voith –

Focus on Development and Feedback

Managers at Voith are expected to provide their employees with the framework to allow the latter to fulfill their responsibility for the joint objectives and at the same time be able to unfold and further develop their own talents. Our managers are helped in that by our management guidelines and leadership tools, whose focus is on development and feedback. Core elements in this regard are the employee dialog and the goal agreement. Whereas the performance review is used to discuss the orientation and employee's individual contribution to achievement of the company's objectives, the employee dialog deals with topics such as the working relationship between employee and manager, professional goals and perspectives, and the need for further training. The results of these meetings form the basis for enabling us to determine what individual and general further training our employees need.

Voith conducts an annual review of managers' performance, as part of which their individual potential is assessed and appropriate development measures derived.

In the reporting period, 84% (previous year: 88%) of employees in machine and plant engineering took part in such a meeting. Expansion of IT systems in the HR arena will also result in improved monitoring, enabling us to make a statement on the number of participants for the company as a whole.

We still face the challenge of selecting managers systematically worldwide and developing them in a pinpointed manner.

The Objective: Long-term Cooperation

Where possible, Voith is committed to long-term employment relationships. The average length of service Group-wide in the reporting period rose to 9.1 years (previous year: 8.2 years) as a result of the sale of parts of the company. Employees at our locations in Europe (excluding Germany) worked an average of 10.8 years and those at North America 7,0 years for Voith. In fast-growing markets, such as Brazil and China, we have hired many employees over the last few years. The length of service there is accordingly lower: Voith employees in Asia worked an average of 5.4 years for our company and in South America 6.2 years.

The employee turnover rate for the Voith Group during the reporting period was 20.2% (previous year: 15.9%). Of this, 8.2% of our employees left the company at their own initiative. The employee turnover rate increased in all areas. It was lowest in machine and plant engineering (12%), and was very high in service business (27.1%). In order to obtain further indicators as to why employees leave Voith, we conduct exit interviews with them. These are obligatory for staff who work in industrial services.

Performance-based Remuneration

The compensation Voith pays its employees is in line with the market, irrespective of gender, and based on specialist qualifications and performance. Remuneration and benefits vary by region. At our German sites, the level of wages and salaries is generally regulated by collective bargaining. At our international sites, we ensure that the locally valid minimum wage is complied with and that this ensures the livelihood of our employees.

In Germany, Voith offers employees fringe benefits, such as a company pension scheme, disability and invalidity pensions, group accident insurance, and healthcare services. However, these general conditions do not exist across the board; due to historical reasons, the scopes of application and variants differ at the individual Voith companies and business establishments. Wherever fringe benefits are offered, they are in principle available to all employees, regardless of their gender or type of employment relationship (full-time/part-time, temporary/permanent).

Awards

Voith won various awards as an employer in the reporting period. For example, the Baden-Württemberg company network familyNET acknowledged Voith's exceptional commitment to family-friendly corporate structures by presenting it with the title "Family-friendly Enterprise". Voith also captured the HR Excellence Award for the most innovative job advertisement. The jury was impressed by a novel combination of traditional ad text and a short video that can be shared over social media such as Twitter or Facebook.

Family and Career

Section 4.3

4.2 Personnel Development, Training and Education

Lifelong learning is part of Voith's corporate culture. We both challenge and develop our employees equally, yet expect a desire to achieve in return, and help them keep on developing. Our personnel development measures are tailored to the challenges of the region, field of work and management level. We provide young people with training that offers them good chances to be kept on afterwards.

Recruiting the Right Employees

We are represented at many locations worldwide where there is fierce competition for qualified employees. Our complex service and product portfolio means we also have to address a broad range of target groups – from unskilled workers to top-class engineers who have an affinity for research.

In order to reach all these target groups, we present Voith as a modern, future-oriented employer. As part of that, we are gradually strengthening our activities in the social web, without forgetting the importance of personal contact. We address students directly through partnerships with and international personnel marketing measures at universities and enable them to gain an insight into our company as a potential employer. We also award scholarships or promote competitions in regions where we operate.

We intend to increase the awareness and reputation of Voith as an employer at all our locations in order to survive in the global "war for talents". We also aim to make our recruiting even more professional, not least by adapting and standardizing the processes involved. We took a major step toward that in the reporting period by introducing the pep recruiting module worldwide. Rollout of it started in China in 2013 and was continued in Brazil and North America in 2014. The module will be implemented in Germany and Austria in 2015.

In addition, the issue of mobile recruiting was tackled with greater intensity and work was carried out to optimize Voith's career sites. In this regard, we have increasingly used social media and the possibilities offered by the mobile internet for a number of years.

Training for More Than 100 Years

Voith has lived up to its responsibility toward coming generations of skilled workers for more than 100 years. We train young people in more than 40 commercial, technical, and industrial professions, and we usually keep them on when they finish their vocational training. During the reporting period, we employed 1,294 apprentices (previous year: 1,197), to whom we were usually able to offer employment afterwards. 918 apprentices worked in Germany, 437 of them at Heidenheim. Of our currently 91 students in the dual training model, 64 are in technically oriented courses and 27 are enrolled in business administration subjects. We further strengthened the status of training at Voith in the reporting year with the construction of two Voith training centers – one at our headquarters in Heidenheim, the other in Kunshan, China.

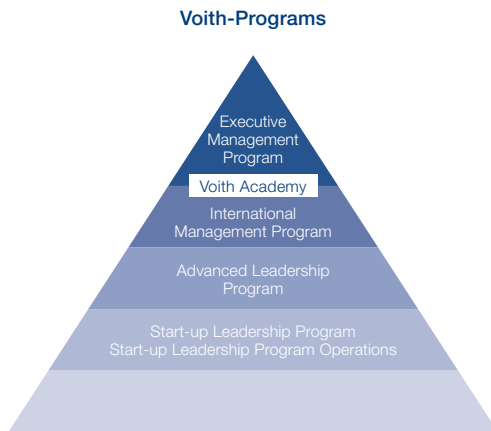
We also recruit apprentices with technical and business administration qualifications worldwide. As part of the "Global Graduate Program", we offer them a challenging introduction to our company: participants combine practical experience with training, are coached by a mentor, and work in various Group Divisions and regions.

Training and Education

We always want to have the right employee with the right qualifications and skills to match at the right place in the company. To enable that, Voith offers its employees and managers access to internal and external further education and qualification measures.

Leadership-Programs

Overview



In fiscal year 2013/14, a total of 3,443 employees at the German locations (previous year: 3,915) took up such offerings and completed 97,056 hours of further education (previous year: 127,379 hours).

We offer employees from Purchasing, Finance, and Human Resources, as well as project managers, training at the Voith Management School. Voith training sessions offer a broad range of further education to all other employees.

The subjects cover work, health and environmental protection, technology, IT, quality, languages, business, and leadership as well as personality. The individual's qualification requirements are ascertained situationally and as part of the annual employee appraisal and management reviews.

In order to measure the success of a training course, the participants are asked about their opinions, and the results are reported to the instructors and HR. The participant's supervisor

is also requested to assess the success of the training measure.

As an international company, we value a Group-wide, uniform understanding of our corporate and management culture. In order to prepare managers for their task and support them in their role, we offer globally standardized Voith Leadership Programs. The program conveys the principles of our leadership concept as well as the corresponding management knowledge and skills – in each case tailored to the requirements of the different management levels. The programs are mandatory for all organizational line managers worldwide. Customized training, development measures and coaching, as well as accompaniment by coaches or mentors, supplement the basic knowledge from the mandatory programs.

Outlook

Challenges facing us in the area of training and education are international rollout of our programs and central control and monitoring of the further education measures. We also need to offer goal-oriented training that reflects needs so that we can tackle challenges down the road with qualified junior employees. As implementation of the HR information systems pep. proceeds, we also intend to roll out the newly developed organization of further education measures worldwide in the course of next fiscal year.

4.3 Diversity and Equal Opportunity

The people who work at Voith are in various stages of life, from more than 120 countries, and contribute their very own individual experience. This diversity enriches our corporate culture and contributes to the success of our company. That is because innovation only arises from the interplay of different skills, backgrounds, and perspectives.

Voith recognizes the equality of every individual and fosters respect for all colleagues and business partners. We do not tolerate any discrimination on the basis of gender, culture, age, belief, or other personal characteristics. Equal treatment is set out in the Voith Code of Conduct, the implementation of and compliance with it is monitored at every Group level by the Compliance Committee. During the reporting period, there were no reported cases of discrimination.

Voith specifically aims to promote workplace diversity and equality of opportunity throughout the Group and, to this end, launched a Group-wide Diversity & Inclusion Program in fiscal year 2012/13. The program's first phase was continued in the reporting period. In order to make employees more aware of these matters, the regional Diversity & Inclusion managers and their teams were first trained in the reporting period. They themselves then held training for top managers and their executive employees. Evaluation of the measures revealed that the feedback has been extremely positive.

Of women in the company and especially in management positions remains an aspect of particular importance. In fiscal year 2013/14, 8,222 women

(previous year: 9,125) worked at Voith. This corresponds to 19.7% of the total workforce. The proportion of women in the Voith Senior Management Circle is 6.3% (previous year: 7.6%), with ten countries represented. We adhere to the principle that we fill management positions in our regions with local staff when possible.

Family and Career

The compatibility of family and career is an important concern for us, since we want to offer our employees an attractive working environment that can be adapted flexibly to their given life situation. The aspect of caring for family members is also gaining in importance in this regard.

A wide range of different working models give our employees maximum flexibility in organizing their working time. We have been expanding this offering for years, for example in the shape of part-time models or combinations of home office and in-office work.

In fiscal year 2013/14, 459 Voith employees (previous year: 412) took advantage of statutory parental leave; more than half of them (249) were men.

At some of our locations in Germany, we offer childcare places at various facilities for the children of employees up to age ten. Our locations in Sonthofen, Heidenheim, and Crailsheim each have their own parent-child work room, which allows parents to bring their children to work in the event they are unable to find someone to look after them at short notice.

Values and Compliance

Section 1.4

Parental Leave

Page 86

Award for Outstanding Family Orientation

The compatibility of family and career has traditionally been an important concern for Voith – and in November 2014 the company was awarded the title “Family-friendly Enterprise” for its exceptional efforts in this area.

The Baden-Württemberg company network familyNET acknowledged Voith’s commitment here in the shape of concepts and initiatives to help its employees achieve a good work-life balance. “The issue of reconciling work and family has a high priority for Voith’s Corporate Board of Management. Voith has made strong efforts over many years to help employees find the right balance between the demands of work and their family and has continuously enhanced its numerous offerings,” is the verdict of familyNET.

Ilonka Nussbaumer, Senior Vice President Corporate Human Resources, notes: “Work-life balance is not a fad for us as a family-owned company, but has always been a key component of our HR policy ... I feel sure that all our tools and measures ensure that our staff are more satisfied and so identify more with the company. And that in turn is the best foundation for dedicated and creative employees.”

The Voith intranet site “Family & Job” provides online information about regional offers on the topics “Children & Job” and “Caring & Job” that help ease the burden on employees in their private life. Our employees in Germany can obtain information by phone and e-mail on the topic of caring. We offer this service and help arrange childcare in cooperation with an external consultancy firm. Since the beginning of fiscal year 2012/13, the measures have met with a very positive response and there is growing demand for them.

Outlook

In fiscal year 2014/15, we will conclude the first phase of our awareness campaign on the subject of diversity and equal opportunity, which focused primarily on the first two management levels. Following that, we will formulate concepts for extending the campaign to all employees and launch concrete activities to achieve the goals set by the company.

4.4 Occupational Health and Safety

Health and workplace safety have always had top priority at Voith. We seek to create workplaces and processes to avoid accidents and work-related illnesses as far as possible. We have defined our understanding of workplace safety in seven guiding principles.

Occupational Health and Safety Enshrined in Corporate Goals

Provisions on occupational health and safety have been firmly established in the Group's objectives since 2009. The Corporate Safety and Health Management department, which reports to the central Corporate Sustainability function, is responsible for the further development of standards and measures. The Safety Steering Team, comprising members from all Voith Group Divisions and regions, meets every six months. There is also regular dialog at a wide range of different levels within the Divisions.

The Group Directive on safety defines mandatory minimum requirements and standards for the Group. A further seven Safety Group Directives

Voith's guiding principles on workplace safety

- All accidents can be prevented.
 - Senior executives are responsible for the prevention of accidents.
 - Working safely is a requirement in the workplace.
 - The senior executives must involve all employees.
 - All work must be safe.
 - Management will monitor occupational safety through audits.
 - All employees will receive occupational health and safety training.
-

(SGDs) came into force in the reporting period. They define safety standards that apply throughout the Group on the following matters:

- Responsible persons, tasked persons
- Investigation of incidents
- Working with cranes
- Working with fork-lift trucks and power-operated industrial trucks
- Working with angle grinders
- Working with scaffolding/ladders
- Ergonomics

The new standards means that a total of 16 SGDs are now in force; a further 12 are already being planned.

As regards occupational health and safety, Voith pursues a collaborative approach in which many decisions are made in consultation with the employee representatives. Company agreements on work safety and health and on preventing addiction complement the regulations in the Group Directive on industrial safety.

All larger locations have a Safety Committee which meets regularly and consists of management and worker representatives. It develops the annual occupational safety program and translates it into monthly measures.

We record and manage the relevant information via our management system in accordance with international standards, such as OHSAS 18001, according to which many of our sites are certified. The core elements of the system include the documentation of all safety-related incidents, a special internal auditing system, and annual occupational safety programs. In addition, potential improvements to workplace safety at selected locations are determined using the Corporate Safety Audit system.

4.4.1 Occupational Safety – A Matter for Everyone

All employees are integrated in the occupational safety program. Information and targets are cascaded from the Board of Management, to the respective managers and right down to the employee level.

Managers who are responsible for staff have a particular duty in this respect. They are obligated to train their staff and actively communicate current developments. Employees must be given documented instruction at least once a year. We support this process with centrally defined training materials.

Production staff are also sensitized to the issue of occupational safety every day or month by means of what are termed “flashes.” With these short training sessions, we aim to keep the issue of safety to the fore in their daily work outside the annual instruction we provide.

In the reporting period, just about all executives from the operational side of business and 75% of executives from administration underwent training on the subject of work safety. We also involve our service providers in our activities through the workplace safety directive “Coordination of visitors and contractors”.

Documenting, Analyzing and Avoiding Accidents

At Voith, all accidents are immediately recorded, reported to the direct supervisor and published in the intranet. The Corporate Board of Management must be informed of serious incidents directly within 24 hours. Since fiscal year 2012/13, we have also had a strict policy of communicating non-reportable incidents, accidents, and near misses.

Each accident is reviewed and documented by an investigation team that consists of those involved, supervisors, and safety experts. The definitions of accidents are described in detail in the Group manual and are comparable internationally with other companies.

We keep track of matters relating to occupational safety every month by means of accident analyses, audits and other measures. We take action immediately if serious accidents occur or there is an increase in certain types of accidents. The first measure we take is to prepare global flash information so as to notify all affected employees promptly.

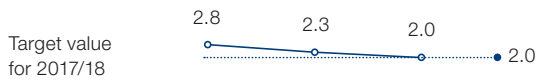
We also implement the standards of our European plants at our Asian locations. As part of that, we have established a network of experts and translated the guidelines and standards into the respective local language. This network regularly shares experience and knowledge locally and so ensures that know-how is transferred faster within the locations.

Continuous Improvement

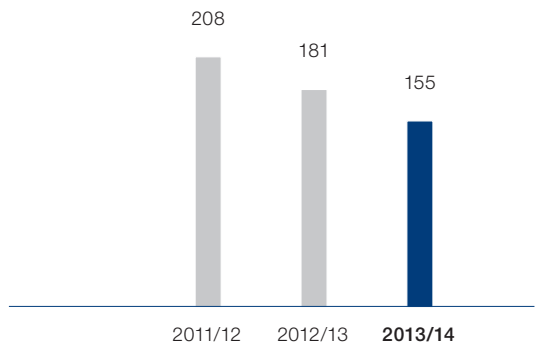
Since this management system was implemented at all production sites in 2009, we have been able to keep on making improvements as regards occupational safety. For example, the frequency rate – the number of accidents per 1 million working hours –, which is measured in compliance with the international standard, has constantly fallen. We achieved our target in fiscal year 2013/14 with a frequency rate of 2.0 (previous year: 2.3). That corresponds to 155 reportable accidents. There were no fatalities as a result of occupational accidents in the reporting period.

Frequency Rate

Specific figure in accidents per 1 million working hours

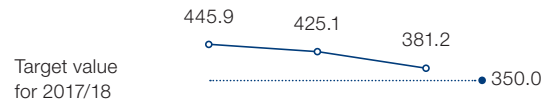


Absolute figures

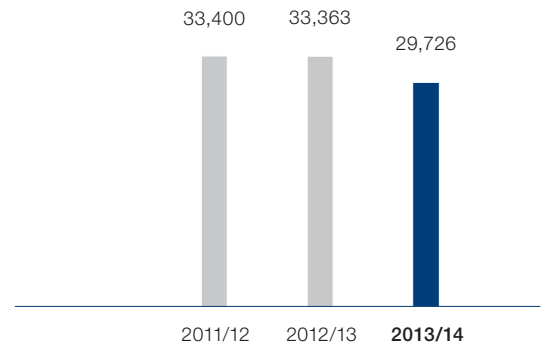


Severity Rate

Specific figure in hours lost per 1 million working hours



Absolute figures



We did not achieve our target for the number of hours lost in the reporting period. However, we are also making good progress in this regard and have been able to improve constantly in the past years. With 381 hours lost per 1,000,000 hours worked, the severity rate in fiscal year 2013/14 was just above our target of 350.

We achieved further milestones in relation to occupational safety in the reporting period. We have now established “lockout/tagout”, a standardized procedure for safe energy activation in our production operations – an important component in ensuring safe use of our production facilities.

We intend to involve employees and managers in our activities to an even greater extent by means of standardized tools and audits, as well as more detailed information. We aim to use our IT-aided control tool on the subjects of health, safety and the environment and resource efficiency to enhance the transparency of what we do and derive even more pinpointed measures. The implementation process began in fiscal year 2013/14 and is expected to be completed in 2017.

4.4.2 Occupational Health

Voith systematically promotes its employees' health, in particular by means of prevention. Our employees should be able to preserve their capacity to work and retire healthy at the end of their professional lives. As part of that, we focus on four fields of activity, in which we made the following progress in the reporting period:

- Safe and age-appropriate working environment

As part of an ergonomics campaign, we contacted office staff in particular, provided them with information on the subject of ergonomics during inspections, and advised them on-site on workplace design and organization. The focus in our production operations was on providing information, above all on handling heavy components and loads.

- Health promotion and prevention of illness

In this field of activity, the locations conduct actions on their own initiative as part of the respective annual programs. The focus in the reporting period was on colorectal cancer screening and seminars to help people stop smoking, for example. In addition, information on the following topics was published centrally: alcohol, flu, vaccinations, smoking, and stress.

We began to promote regular specialist exchange and to support our focal topics by setting up a cross-site network of staff doctors last year. After establishing the network in Germany, we now also intend to put regional networks in place in North and South America and Asia.

- Support in case of illness and stress

Thanks to our cooperation with an external service provider, employees obtain information and support relating to the care of family members and childcare.

In the reporting period, we also began establishing a standardized reintegration management system.

Outlook

In the area of occupational safety, we intend to consolidate our leading position and also work systematically in the coming years to further reduce the frequency and severity rates.

In the area of occupational health, we will increasingly face the issue of demographic change and – at our European locations – an aging workforce. We are working on measures to tackle that. We also aim to standardize our health management in Germany and also help know-how and best-practice solutions be shared by means of stronger international networking.



Asia now generates around 30 percent of the global gross domestic product, while 60 percent of the world's population live in the region – many countries there are now counting to the most important markets in the world. That is especially true of China, where Voith has had its own local production sites for more than 20 years. Our commercial success goes hand in hand with social engagement.

05 Responsibility for Society

For a family-owned company like Voith, active social engagement is of particular importance. Wherever we are located around the world, we want to contribute to the positive development of society and support local institutions. Our activities focus on the areas of sports, education, social affairs, and culture.

5.1 Management Approach

As a company, we want to contribute to the promotion of the common good. Active social engagement is therefore a firm part of our understanding of sustainability.

The nature and scope of our commitment have been documented since 2008 in the Group Directive "Donations and Sponsoring". It defines the focal areas of our engagement: Sports, education, social affairs, and culture. This commitment can consist of direct funding or material help and work (in-kind contributions). The directive governs the financial framework of our commitment. The budget used to be aligned to earnings before taxes (EBT) of the previous year. The maximum limit was one percent of EBT and the minimum limit two-thirds of the volume of funding in the previous year. We know from past years that these ratios could not always be adhered to. That is why we are now revising the directive, which will be available in an updated version by the end of fiscal year 2014/15. The aim is to ensure our continuous commitment, even at times when our company's development is volatile.

In particular, we are addressing the issue of transparency in our donation and sponsoring policy in revising the Group Directive. Our materiality analysis revealed that these topics are important for many of our stakeholders.

Organization of our Engagement

The Corporate Office coordinates Voith's social engagement activities and reports directly to the President and CEO. Corporate Communications controls our sponsoring activities. With sponsoring, we have goals – mainly communication-related – besides funding: to receive an agreed quid pro quo.

Individual Group Divisions can launch and run their own aid and sponsorship projects, providing they comply with the Group Directive. The Corporate Office provides information on the use of funds throughout the Voith Group to the Corporate Board of Management once a year.

The individual activities as part of our social engagement are managed by two institutions:

- Voith GmbH, Heidenheim,
- Fundação Voith, Brazil – Voith has helped social projects in Brazil since 2004 through this foundation, pooling the funds from the local companies.

In addition, the Hanns-Voith-Foundation regularly funds a large number of local and supraregional initiatives and provides financial support for various projects with annual donations.

Project Selection Based on Clear Criteria

There are set criteria Group-wide for selecting the individual projects: activities funded by us and the organizations carrying them out must be recognized as being charitable and work in regions where Voith also operates. The funded projects must achieve a broad-based effect, promote the community, or increase the attractiveness of the region for the local population. Irrespective of these rules, Voith provides help in the form of donations or in-kind contributions in humanitarian emergencies that demand urgent action.

In our Code of Conduct, we undertake to be transparent and comply with the law. Donations to political parties require the approval of the Corporate Board of Management or the Shareholders' Committee.

Engagement with Tradition

Section 5.2

5.2 Projects and Activities

Despite our weaker business performance in fiscal year 2013/14, we kept up our social engagement.

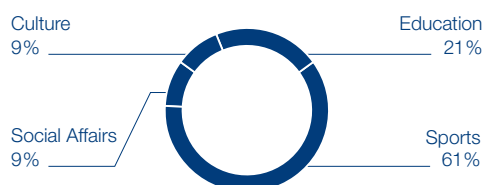
Voith and Fundação Voith spent a total of around €1.92 million on social engagement in fiscal year 2013/14 (previous year: €1.38 million). Fundação Voith contributed €29,000. Of this, we gave away €0.57 million in the form of donations, while €1.35 million was used for sponsoring measures. The largest proportion was spent on sports (61%), followed by education (21%), social projects (9%), and cultural projects (9%). No contributions were made to parties or political organizations in the reporting period.

5.2.1 Engagement for Education

A good education and training forms the basis for optimal development opportunities in life. That is why we support kindergartens, schools, and universities around the world – continuing the tradition of Dr. Hanns Voith, who institutionalized Voith's social engagement.

Total funding in 2013/14 €1.92 million

by topic



In Germany, we have supported the “Academy of the Future” in Heidenheim as part of our talent promotion program for many years. As in the previous year, we donated €20,000 to the European Business School in Oestrich-Winkel and €13,000 to the German Institute for Standardization. We also provided the Hydraulics Competence Center of Ulm University of Applied Sciences with funding of €15,000 and the student initiative of Ulm University of Applied Sciences “E-Motion Racing Team”, which is advancing the development of electric drives, with funding of €10,000.

Engagement with Tradition – The Hanns-Voith-Foundation

Under the slogan “Create Opportunities, Shape the Future”, the Hanns-Voith-Foundation has been dedicated to improving the future chances of young people for more than 60 years. Founded in 1953 to mark the 40th anniversary of service of the former director, Hanns Voith, the organization is active in the fields of education, culture, the countryside and welfare, science and research, promoting international understanding, and development aid. In 2014, the Hanns-Voith-Foundation

disbursed around €570,000 to regional and supraregional projects. They include institutions and projects such as the Independent Waldorf School in Heidenheim, the “Förderverein Eiszeitkunst” (Friends of Ice Age Art association), the project “Olympics 2016” of the fencing section of Heidenheim Sports Federation, Heidenheim Art Museum or the town of Heidenheim's primary school project to promote physical exercise.

Voith has also supported the German-wide education initiative *business@school* of The Boston Consulting Group (BCG) for eleven years now. This gives upper-grade high school students a year-long practical grounding in business topics. 15 Voith employees supported the initiative voluntarily in fiscal year 2013/14 and ensured the necessary link to the real world with their knowledge and experience. They supervised a total of around 50 students from three Heidenheim high schools in ten groups.

Voith has endowed professorships at several German universities, such as the one at Stuttgart University in cooperation with EnBW Baden-Württemberg AG.

Our cooperation with schools and universities has also proven its worth in Europe, the US, India, China, and Brazil. Among other things, we support the “Adopt-a-School” program in the US, and the cooperation between the Escola Estadual Conjunto Habitacional Voith and the Friedrich-von-Voith School in São Paulo, Brazil.

A particular focus of our activities is at our headquarters in Heidenheim. Since 1972, Voith has accompanied up to 50 young people with learning difficulties or who left school early in a training program every year; 30 young persons were admitted to the program in the reporting period. After completing the program, around 80% of them found a regular apprenticeship place. We also provided €20,000 to “Places of Learning by the Brenz”, a project that aims to give people a first-hand experience of renaturation by the River Brenz.

5.2.2 Engagement for Sports

Voith sponsors professional and amateur sports and supports several sports clubs and events around the world. We spent € 1,169,000 on this in the reporting period. At its headquarters, Voith

Bidding for a Good Cause

- Around 500 Voith employees at the Shanghai location took part in a charity event in November 2014. The occasion was a special anniversary: Voith launched its own local production sites in China in the field of hydropower twenty years ago.
- The auctioned items were donated by the location's management team. The proceeds – around €3,000 – will benefit a local primary school in which more than 1,000 pupils from migrant families are taught. A special classroom for indoor activities, such as table tennis and other sports, will soon be built there.

supports the professional soccer club “1. FC Heidenheim 1864 e.V.”, by, among other things, sponsoring the naming rights for the Voith Arena and as the principal sponsor on its shirts and perimeter boards. We also support the fencing center “Heidenheimer Sportbund 1846 e.V.” (HSB) and the local baseball team. We believe support for local initiatives to be an investment in the quality of the region – one that benefits citizens and so our employees.

In Brazil, we provided funding of just under €5,000 in the reporting period in cooperation with the Orsa Foundation to help integration of young people with physical and mental disabilities through sports.

5.2.3 Engagement for Social Affairs

Our wish is to improve the living conditions of people around the world and to promote contact among cultures. We therefore support projects worldwide, such as the “Children's Future Organization” (CFO) in Nepal (see the box).

5.2.4 Engagement for Culture

We want to give as many people as possible access to cultural life. During the reporting period, we provided financial support for various institutions in

Heidenheim, including the Sculptors Symposium, the Heidenheim Art Museum, and the Opera Festival. We also support jazz in Heidenheim and fund various film projects.

Hand-in-hand to Create Better Opportunities

Just as Voith the company displays social commitment, many of its employees support people, who need their help, in their spare time.

For five years now, Herwig Jantschik and his wife, for example, have supported a children's village run by the "Children's Future Organization" (CFO) in Nepal, which is dedicated to improve their chances in life and educational opportunities. Jantschik, who works as a social advisor at the Corporate Occupational Safety and Health Management department in Heidenheim, happened to mention what he did to his colleagues – and set an avalanche of help in motion. From equipment that is no longer needed from the joinery at Voith's training workshop in Heidenheim to cash donations from colleagues who participated in fund-raising activities in the canteen – initiated by a group of Voith apprentices who gave the project vigorous support. Many other Voith employees, Voith Turbo Crailsheim, Gastro Voith and the Hanns-Voith-Foundation also contribute to the project.

As a result, the CFO in Nepal has now collected more than three-quarters of the construction costs and work is to start soon. Several Voith trainees and their instructors also want to fly to Nepal to set up the equipment from the joinery and teach the youngsters how to operate the machines. Once the center is finished, the youngsters are to be trained in carpentry, as well as metalworking and tailoring. You



Workshop with Voith trainees for the training workshop in Nepal

can find more information on the project's activities and current status in the Internet at www.cfo-kinderdorf-nepal.de.

At the end of April 2015, Nepal was hit by a serious earthquake and several aftershocks. The houses in the children's village survived unscathed. Under the slogan "Voith Employees for Nepal", a project team from Voith organized spontaneous aid for the Dhading district, where the village is located. In addition to numerous fund-raising activities, collections for in-kind donations, such as blankets, were also initiated. Voith locations worldwide joined in the campaign.

Miscellaneous

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Remarks:

The consolidation framework described in “About this Report” (see inside front cover) applies unless explicitly stated otherwise.
Some decimal points have been rounded up or down. Data that was not available at the time of publication is indicated with “n.a”.

Sustainable Management

Key Economic Figures

in € million	2013/14	2012/13*	2011/12
Sales	5,345	5,728	5,724
Operational result before non-recurring items	220	310	341
Income before taxes	119	98	177

*The previous year's data has been adjusted (see the Annual Report 2014, page 132).

Sales Markets

in %	2013/14	2012/13	2011/12
Germany	20	20	21
Europe excluding Germany	28	27	26
America	29	27	27
Asia	20	23	24
Other	3	3	2

Procurement Markets (regional distribution of purchasing volume)

in %	2013/14	2012/13	2011/12
Germany	40	36	44
Europe excluding Germany	22	22	21
America	28	28	26
Asia	10	14	9
Other	0	0	0
Number			
Different countries of origin for suppliers	99	77	78

Reference: Voith Paper, Voith Hydro and Voith Turbo

Business Area Portraits in Fiscal Year 2013/14

in € million	Voith Hydro	Voith Industrial Services	Voith Paper	Voith Turbo
Sales	1,313	1,178	1,430	1,409
Profit from operations	101	20	9	111

Certifications at Voith Locations

Number	2013/14	2012/13	2011/12
ISO 14001	69	69	69
ISO 9001	84	83	82
OHSAS 18001	71	69	67

Compliance

in %	2013/14	2012/13	2011/12
Employees trained in compliance	100	100	100
Managers trained in compliance	100	100	100

Compliance Training Sessions in Fiscal Year 2013/14

Number	Sessions	Type
Management from the upper four levels, new managers at the Voith Academy, Sales, Sourcing	631	One day
Decentralized training by compliance officer	1,381	1.5 h
Training by supervisor	2,709	0.5 h

Training on Compliance in Fiscal Year 2013/14

Number	Persons trained	Sessions	Type
Management, Sales, Sourcing			
Worldwide	588	27	One day
Asia	52	2	One day
Voith Academy			
Germany/Heidenheim	50	1	Half day
Compliance officers			
Germany/Heidenheim	43	2	Two day

No training for the Supervisory Board was held this fiscal year.

Expenditures for Employees

in € million	2013/14	2012/13	2011/12
Wages and salaries	1,744	1,753	1,701
Social security contributions, retirement pensions, and assistance	379.8	401.7	394.9

Responsibility for the Environment

Energy Consumption and Greenhouse Gas Emissions

Direct Energy Consumption/Greenhouse Gas Emissions (Scope 1)*

	Unit	Energy used	
		2013/14	2012/13
Direct energy consumption of the Voith vehicle fleet	MWh	60,331	58,394
Company cars	%	82	81
Logistics	%	18	19
Volatile greenhouse gas emissions		-	-

Direct energy consumption in production	MWh	189,481	197,041
Natural gas	%	81	79
Heating oil	%	5	7
Diesel	%	6	6
LPG	%	8	7
Biomass/biogenic energy sources	%	<1	<1
Other renewable energy sources and captive generation of renewable energy	%	0	0
Other	%	0	<1

Indirect Energy Consumption/Greenhouse Gas Emissions (Scope 2)

	Unit	Energy used	
		2013/14	2012/13
Indirect energy consumption (purchased + captive, only if the fuels are not included above)	MWh	374,110	406,378
Electricity	%	80	77
Long-distance heating	%	19	21
Steam	%	1	1

Energy sold	MWh	299	283
Electricity	%	100	100
Heat energy	%	0	0
Steam	%	0	0

n.a. = not available. We plan to collect data on volatile greenhouse gas emissions as of fiscal year 2015/16.

Use of energy (total, renewable, non-renewable); total biomass + renewable energy sources;
Total use of energy for our own fleet from non-renewable energy sources was 2,246,118 GJ.

Transport-related greenhouse gas emissions were converted using the conversion factors for personal transport available in the ProBas database of the German Environmental Agency. Greenhouse gas emissions for the transport of goods include greenhouse gas emissions based on our stock receipts and issues data and the associated transports. Transport-related greenhouse gas emissions were calculated using the emission factors available in the ProBas database of the German Environmental Agency.

*Excluding volatile greenhouse gas emissions.

Greenhouse gas emissions				
2011/12	Unit	2013/14	2012/13	2011/12
58,261	t CO _{2e}	17,110	16,575	16,544
81	%	82	82	82
19	%	18	18	18
-	t CO _{2e}	n.a.	n.a.	n.a.
200,269	t CO _{2e}	40,409	42,406	43,484
77	%	77	75	72
9	%	7	9	11
7	%	7	8	9
8	%	9	8	8
<1	%	<1	<1	<1
0	%	0	0	0
0	%	0	<1	0
Greenhouse gas emissions				
2011/12	Unit	2013/14	2012/13	2011/12
404,010	t CO _{2e}	136,434	143,674	140,419
78	%	92	91	90
20	%	8	9	10
2	%	<1	<1	<1
235	t CO _{2e}	145	137	114
100	%	100	100	100
0	%	0	0	0
0	%	0	0	0

Scope Overview

Scope 1	Scope 2	Scope 3
<ul style="list-style-type: none"> Direct energy consumption in production Production of renewable energy 	<ul style="list-style-type: none"> Indirect energy consumption in production (electricity, long-distance heating, steam) 	<ul style="list-style-type: none"> Business travel (non-company means of transport) Logistics Travel by employees to work Greenhouse gas emissions through the use of sold products and services Greenhouse gas emissions through water consumption Greenhouse gas emissions through waste disposal
<ul style="list-style-type: none"> Direct energy consumption of Voith vehicles Volatile greenhouse gas emissions 	<ul style="list-style-type: none"> Energy sold 	

■ Production-related energy

A Is not recorded at present

Indirect Energy Consumption/Greenhouse Gas Emissions (Scope 3)*

	Energy used		
	Unit	2013/14	2012/13
Business travel	MWh	118,468	122,725
Rail	%	0	0
Car (not belonging to the Voith fleet, e.g. hired cars)	%	4	4
Flight (short-distance)	%	18	17
Flight (long-distance)	%	78	79
Logistics (upstream and downstream)	MWh	99,750	120,647
Rail	%	<1	<1
Truck	%	10	7
Ship	%	9	7
Flight	%	81	85

*Excluding travel by employees; greenhouse gas emissions through the use of sold products and services; greenhouse gas emissions through water consumption; greenhouse gas emissions through waste disposal.

Comment: Only the stated uses of energy and greenhouse gas emissions can be recorded up to now with reference to Scope 3. We are working to include other significant uses of energy and sources of emissions in our calculations.

Total Energy Consumption/Greenhouse Gas Emissions

	Energy used		
	Unit	2013/14	2012/13
Production-related energy consumption	MWh	563,591	603,419
Total for business travel	MWh	167,682	170,237
Scope 1	%	29	28
Scope 3	%	71	72
Total for logistics	MWh	110,867	131,529
Scope 1	%	10	8
Scope 3	%	90	92
Energy consumption for Scope 1 + Scope 2 + Scope 3	MWh	842,140	905,185
Scope 1	%	30	28
Scope 2	%	44	45
Scope 3	%	26	27

Specific Production-Related Energy Consumption/Greenhouse Gas Emissions (Scope 1 and 2)

	Energy used		
	Unit	2013/14	2012/13
Specific Energy Consumption/Greenhouse Gas Emissions (Scope 1 and 2)	in MWh/€ million sales	105.4	105.3

Greenhouse gas emissions				
2011/12	Unit	2013/14	2012/13	2011/12
137,719	t CO _{2e}	32,527	33,806	37,925
0	%	0	0	0
4	%	4	4	4
15	%	18	17	15
81	%	78	79	81
117,506	t CO _{2e}	27,398	32,990	32,251
<1	%	<1	<1	<1
9	%	11	8	10
10	%	9	8	10
81	%	79	84	80

Greenhouse gas emissions				
2011/12	Unit	2013/14	2012/13	2011/12
604,279	t CO _{2e}	176,843	186,080	183,903
184,825	t CO _{2e}	46,627	47,435	51,449
25	%	30	29	26
75	%	70	71	74
128,660	t CO _{2e}	30,408	35,937	35,271
9	%	10	8	9
91	%	90	92	91
917,765	t CO _{2e}	253,878	269,451	270,623
28	%	23	22	22
44	%	54	53	52
28	%	24	25	26

Greenhouse gas emissions				
2011/12	Unit	2013/14	2012/13	2011/12
105.6	in t CO _{2e} /€ million sales	33	32	32

Production-Related Energy Consumption/Greenhouse Gas Emissions (Scope 1 and 2) by Region

	Unit	Energy used	
		2013/14	2012/13
Total energy consumption/greenhouse gas emissions	MWh	563,591	603,419
Germany	%	37	40
Europe excluding Germany	%	16	16
America	%	34	32
Asia	%	13	12
Other	%	<1	<1

Reduction of Energy Consumption as a Direct Consequence of Conservation and Efficiency Drives

	Unit	Energy used	
		2013/14	2012/13
Total	MWh	12,459	5,098

Material consumption

Materials Used by Weight

in t	2013/14	2012/13	2011/12
Total materials/raw materials used	131,265	172,989	215,383
in %			
Raw material	34	32	25
Semifinished products	52	55	64
Packaging	10	9	8
Auxiliaries	4	4	3
Total renewable materials	10	8	7
Total non-renewable materials	90	92	93

Share of Secondary Raw Materials in Total Materials Used

in %	2013/14	2012/13	2011/12
Raw material	45	41	46
Semifinished products	46	42	45
Packaging	74	74	75
Auxiliaries	55	46	51
Total	49	44	48

Greenhouse gas emissions				
2011/12	Unit	2013/14	2012/13	2011/12
604,279	t CO _{2e}	176,843	186,080	183,903
42	%	26	28	32
14	%	10	10	8
32	%	36	35	36
11	%	27	26	24
<1	%	<1	<1	<1

Greenhouse gas emissions				
2011/12	Unit	2013/14	2012/13	2011/12
7,100	t CO _{2e}	2,379	1,679	4,520

Water consumption

Water Consumption by Region

in %	2013/14	2012/13	2011/12
Germany	51	43	51
Europe excluding Germany	13	15	11
America	20	23	20
Asia	16	19	18
Other	<1	<1	<1
in m ³			
Total	1,462,902	1,351,901	1,682,703

Water Consumption by Source

in m ³	2013/14	2012/13	2011/12
Surface water	119,402	120,767	102,666
Groundwater	757,724	587,829	837,320
Rainwater	15,193	6,943	10,606
Wastewater from other companies	0	0	0
From municipal water utility	585,777	643,305	742,717
Total	1,478,095	1,358,844	1,693,309

Freshwater Consumption

in m ³	2013/14	2012/13	2011/12
Total	1,462,902	1,351,901	1,682,703

Specific Freshwater Consumption

in m ³ /€ thousand sales	2013/14	2012/13	2011/12
Total	0.27	0.24	0.29

Percentage and Total Volume of Reused Water

in m ³	2013/14	2012/13	2011/12
Total	134	108	216
As a % of total water withdrawn	<1	<1	<1

Wastewater

Wastewater Discharge

in m ³	2013/14	2012/13	2011/12
Total	1,261,810	1,198,512	1,461,091

Because of evaporation, the total wastewater discharged differs from water consumption.

Treated and Untreated Wastewater by Method of Discharge

in m ³	2013/14	2012/13	2011/12
Total treated wastewater	121,715	156,035	180,568
Discharged into the public sewage system (in %)	63	54	63
Discharged into surface water (in %)	33	44	34
Discharged into groundwater (in %)	4	2	3
Reused at another company (in %)	0	0	0
Total untreated waste water	1,140,095	1,042,476	1,280,523
Discharged into the public sewage system (in %)	53	56	50
Discharged into surface water (in %)	28	33	34
Discharged into groundwater (in %)	19	11	16
Reused at another company (in %)	<1	<1	<1

Wastewater Quality

in t	2013/14	2012/13	2011/12
Biological oxygen demand (BOD)	14	9	11
Chemical oxygen demand (COD)	48	32	45
Total suspended matter content	9	11	13
Heavy metals	<1	<1	<1
Nitrogen	<1	<1	2
Phosphorus	<1	<1	<1

The emissions in wastewater are based on the volume of wastewater streams from Voith locations subject to monitoring and the respective average of the measured concentrations.

Significant* Direct Wastewater Discharge in 2013/14

Location	Destination	Protection status	Other information
Heidenheim	Brenz River	Water protection area acc. to WRRL, WHG (§§ 50–53), Zone III/IIIA (Zone II/IIA TB Mergelstetten, not yet final)	42% of wastewater is returned to the natural water cycle. The water was previously used for cooling purposes. The discharged water is subject to strict controls, as the location is in a water protection zone.
Högsjö (Sweden)	Lake Högsjö	-	95% of wastewater is returned to the natural water cycle. The water was previously used for cooling purposes.
Ibarra (Spain)	Río Oria	-	50% of wastewater is returned to the natural water cycle.
Krefeld (Germany)	Green spaces	-	8% of well water is used for watering green spaces.
Noida (India)	Yamuna River	-	100% of wastewater is returned to the natural water cycle.
São Paulo (Brazil)	Perus River	Permanent Protection Area (APP), national law (Brazil)	95% of wastewater is returned to the water cycle. We have purification equipment locally with which the water is treated for discharge. The location is adjacent to a water protection zone.
Wimpassing (Austria)	Schwarza River	-	46% of cooling water is returned to the Schwarza.

*"Significant" is considered to be wastewater discharged to surface water that exceeds 5% of the total water volume of the observed unit.

The size and/or volume of the discharge locations cannot be determined.

Waste

Waste by Region

in %	2013/14	2012/13	2011/12
Germany	40	43	46
Europe excluding Germany	9	8	9
America	38	35	32
Asia	13	13	13
Other	<1	<1	<1
in t			
Total	49,490	49,574	51,525

Specific Waste Weight

in t/€ million sales	2013/14	2012/13	2011/12
Specific waste weight	9.26	8.65	9.00

Reclaimed and Removed Waste by Method

in t	2013/14	2012/13	2011/12
Reclaimed waste	30,190	32,163	32,838
Reused	311	350	818
Recycled	23,749	25,633	25,499
Composted	270	163	174
Recovered	4,348	4,886	5,153
Other reclamation	1,512	1,131	1,195
Removed waste	19,300	17,411	18,687
Incinerated	3,783	3,511	5,136
Dumped at an external site*	15,518	13,900	13,551
Dumped at a company site	0	0	0
Other removal	0	0	0
Total	49,490	49,574	51,525

*Foundry sand waste from the foundry in São Paulo; waste disposal in the US.

Hazardous and Non-hazardous Waste

in t	2013/14	2012/13	2011/12
Hazardous waste	10,054	9,813	9,674
Non-hazardous waste	39,436	39,761	41,851
Total	49,490	49,574	51,525

Imported, Transported and Exported Hazardous Waste

in t	2013/14	2012/13	2011/12
Total weight of transported hazardous waste	10,054	9,814	9,674
Total weight of imported hazardous waste	0	0	0
Total weight of exported hazardous waste	0	0	0
Total weight of hazardous waste transported nationally and internationally between Voith locations	0	0	0
Share of hazardous waste transported across borders (in %)	0	0	0

Air Pollutants

Production-Related Air Pollutants

in t	2013/14	2012/13	2011/12
Chlorofluorocarbons (CFCs)*	<1	<1	<1
Hydrochlorofluorocarbons (HCFCs)*	<1	<1	<1
Halon*	0	0	0
Methyl bromide* (CH ₃ Br)	n.s.	n.s.	<1
Volatile organic compounds (VOCs)	101	104	n.a.
Non-methane volatile organic compounds (NMVOCs)	101	104	n.a.
Persistent organic pollutants (POPs)	n.s.	n.s.	n.s.
Hazardous air pollutants (HAPs)	n.s.	n.s.	n.s.
Dust emissions	11	8	9
Respirable fraction	n.a.	n.a.	n.a.
Heavy metals	n.s.	n.s.	n.s.
Nitrogen oxides (NO _x)	n.s.	n.s.	n.s.
Sulfur oxides (SO _x)	n.s.	n.s.	n.s.
Sulfur hexafluoride (SF ₆)	0	0	n.a.

n.s. = not significant.

n.a. = not available.

From Production-Related Energy Consumption

in t	2013/14	2012/13	2011/12
Chlorofluorocarbons (CFC)*	<1	<1	<1
Hydrochlorofluorocarbons (HCFCs)*	<1	<1	<1
Halon*	<1	<1	<1
Methyl bromide* (CH ₃ Br)	n.a.	n.a.	n.a.
Volatile organic compounds (VOCs)	448	462	481
Non-methane volatile organic compounds (NMVOCs)	30	31	32
Persistent organic pollutants (POPs)	<1	<1	<1
Hazardous air pollutants (HAPs)	20	20	20
Dust emissions	37	38	38
Respirable fraction	14	14	14
Heavy metals	<1	<1	<1
Nitrogen oxides (NO _x)	409	422	419
Sulfur oxides (SO _x)	912	930	906
Sulfur hexafluoride (SF ₆)	<1	<1	<1

*Ozone-depleting substances in t CFC11 equiv.

n.a. = not available.

Air Pollutants from Business Travel

in t	2013/14	2012/13	2011/12
Chlorofluorocarbons (CFC)*	<1	<1	<1
Hydrochlorofluorocarbons (HCFCs)*	<1	<1	<1
Halon*	0	0	0
Methyl bromide* (CH ₃ Br)	n.a.	n.a.	n.a.
Volatile organic compounds (VOCs)	211	210	179
Non-methane volatile organic compounds (NMVOCs)	50	49	42
Persistent organic pollutants (POPs)	<1	<1	<1
Hazardous air pollutants (HAPs)	2	2	2
Dust emissions	6	6	5
Respirable fraction	5	5	5
Heavy metals	<1	<1	<1
Nitrogen oxides (NO _x)	144	152	148
Sulfur oxides (SO _x)	89	89	76
Sulfur hexafluoride (SF ₆)	<1	<1	<1

*Ozone-depleting substances in t CFC11 equiv.

n.a. = not available.

Air Pollutants from Transport of Goods

in t	2013/14	2012/13	2011/12
Chlorofluorocarbons (CFC)*	<1	<1	<1
Hydrochlorofluorocarbons (HCFCs)*	<1	<1	<1
Halon*	0	0	0
Methyl bromide*	n.a.	n.a.	n.a.
Volatile organic compounds (VOCs)	131	132	151
Non-methane volatile organic compounds (NMVOCs)	30	31	35
Persistent organic pollutants (POPs)	<1	<1	<1
Hazardous air pollutants (HAPs)	<1	<1	<1
Dust emissions	5	6	6
Respirable fraction	5	5	6
Heavy metals	<1	<1	<1
Nitrogen oxides (NO _x)	217	244	258
Sulfur oxides (SO _x)	99	99	119
Sulfur hexafluoride (SF ₆)	<1	<1	<1

*Ozone-depleting substances in t CFC11 equiv.

n.a. = not available.

n.s. = not significant.

Responsibility for Products and Supply Chains

Patents

Number of new patents filed	2013/14	2012/13	2011/12
Voith Hydro	24	30	19
Voith Industrial Services	1	0	0
Voith Paper	97	114	198
Voith Turbo	97	83	67
Total	219	227	284

Active Suppliers

Number	2013/14	2012/13	2011/12
Total	Approx. 39,500	Approx. 40,500*	More than 30,000
Regional distribution in %			
Germany	41.9	44.7	n.r.
Europe excluding Germany	18.7	17.2	n.r.
America	27.3	27.2	n.r.
Asia	10.9	9.7	n.r.
Other	1.2	1.2	n.r.

n.r. = not recorded.

*Updated figure, since the data for suppliers of Voith Paper FRS and suppliers of some companies of Voith Industrial Services was not systematically recorded when the last Sustainability Report was published.

Suppliers who have filled out a self-assessment

Number	2013/14	2012/13	2011/12
Initial self-assessment	1,512	n.r.	n.r.

n.r. = not recorded.

Sustainability at existing suppliers

in %	2013/14	2012/13	2011/12
Supplier self-assessment ratio (share of the purchasing volume obtained from suppliers for whom there is a valid self-assessment)	27.8	3.8	4.5
Sustainability ratio (out of 100) since fiscal year 2012/13	75.0	80.0	n.r.
Volume of invoices with suppliers for whom an up-to-date, approved supplier evaluation was available	61.0	76.0	72.0

n.r. = not recorded.

Evaluations at existing suppliers

Number	2013/14	2012/13	2011/12
Suppliers who were evaluated	5,129	5,861	4,526
Evaluations (individual processes)	6,680	8,279	7,235

Responsibility for Employees

Consolidation Scope

Consolidation Scope for Employee Numbers

Number	2013/14	2012/13	2011/12
Employees Group-wide in FTE	39,302	43,134	42,327
Employees Group-wide as a headcount*	41,651	47,111	46,469
Employees included in data analysis	41,651	42,482	41,021

*Unlike in the Annual Report, employee figures in the Sustainability Report are represented by headcount, rather than by FTE (full time equivalents).

Workforce Structure

Employees by Age Group and Gender* in Fiscal Year 2013/14

Number	Voith Group	Europe excluding			America	Asia	Other
		Germany	Germany	Germany			
Women	8,222	3,032	1,661	2,512	985	32	
Men	33,429	13,499	5,844	9,463	4,528	95	
< 30 years	8,337	2,638	1,185	2,889	1,617	8	
30–50 years	21,841	8,580	3,844	6,008	3,322	87	
> 50 years	11,473	5,313	2,476	3,078	574	32	
Total	41,651	16,531	7,505	11,975	5,513	127	

*Unlike in the Annual Report, employee figures in the Sustainability Report are represented by headcount, rather than by FTE (full time equivalents).

Full-Time and Part-Time Employees by Age and Gender in Fiscal Year 2013/14

Number	Voith Group	Europe excluding			America	Asia	Other
		Germany	Germany	Germany			
Full-time	37,415	13,838	6,763	11,523	5,236	55	
Women	6,352	1,687	1,287	2,433	944	1	
Men	31,063	12,151	5,476	9,090	4,292	54	
< 30 years	7,530	2,194	1,081	2,712	1,540	3	
30–50 years	19,708	7,208	3,460	5,799	3,199	42	
> 50 years	10,177	4,436	2,222	3,012	497	10	
Part-time	4,236	2,693	742	452	277	72	
Women	1,870	1,345	374	79	41	31	
Men	2,366	1,348	368	373	236	41	
< 30 years	807	444	104	177	77	5	
30–50 years	2,133	1,372	384	209	123	45	
> 50 years	1,296	877	254	66	77	22	

Employees with Temporary and Permanent Employment Contracts by Gender in Fiscal Year 2013/14

Number	Voith Group	Germany	Europe excluding Germany	America	Asia	Other
Permanent employment contract	36,001	14,802	6,641	11,761	2,677	120
Women	6,867	2,602	1,410	2,462	361	32
Men	29,134	12,200	5,231	9,299	2,316	88
Temporary employment contract	5,650	1,729	864	214	2,836	7
Women	1,355	430	251	50	624	0
Men	4,295	1,299	613	164	2,212	7

Collective bargaining agreements

in %	2013/14	2012/13	2011/12
Number of employees covered by collective bargaining agreements	72	74	n.r.
In Germany	86	84	n.r.

n.r. = not recorded.

Workforce Fluctuation

Employees Who Left the Company by Whose Initiative in Fiscal Year 2013/14

in %	Mechanical and plant engineering	Service business	Total
Total	12.0	27.1	20.2
At the employee's initiative	3.5	12.1	8.2
At the employer's initiative	6.2	14.5	10.7
Other	2.3	0.6	1.3

This data was not recorded in the sustainability database. It therefore covers 40,738 rather than 41,651 employees.

Newly Employed Employees Who Left Voith within Twelve Months by Gender, Age Group, and Region in Fiscal Year 2013/14

Number	Voith Group	Germany	Europe excluding Germany	America	Asia	Other
Voith Group	447	378	23	17	29	0
Women	92	75	9	2	6	0
Men	355	303	14	15	23	0
< 30 years	227	183	17	6	21	0
30–50 years	173	151	6	8	8	0
> 50 years	47	44	0	3	0	0
Total	447	378	23	17	29	0
Mechanical and plant engineering	85	45	18	8	14	0
Women	21	9	6	1	5	0
Men	64	36	12	7	9	0
< 30 years	49	20	12	3	14	0
30–50 years	28	18	6	4	0	0
> 50 years	8	7	0	1	0	0
Total	85	45	18	8	14	0
Service business	362	333	5	9	15	0
Women	71	66	3	1	1	0
Men	291	267	2	8	14	0
< 30 years	178	163	5	3	7	0
30–50 years	145	133	0	4	8	0
> 50 years	39	37	0	2	0	0
Total	362	333	5	9	15	0

Figures from HR Cockpit. Since all 41,651 employees were not included in the system until the end of the fiscal year and we began the fiscal year with around 33,000 employees, not all personnel movements were recorded in full.

Average Employment Length in Mechanical and Plant Engineering and in Service Business by Region

in years	2013/14	2012/13	2011/12
Total			
Voith Group	9.06	8.15	9.99
Germany	11.26	9.80	13.45
Europe excluding Germany	10.79	7.50	8.38
America	6.62	6.62	6.42
Asia	5.44	5.36	5.36
Other	8.31	5.97	9.00
Mechanical and plant engineering			
in years	2013/14	2012/13	2011/12
Voith Group	12.02	12.30	16.22
Germany	15.84	15.76	17.40
Europe excluding Germany	12.71	13.26	13.08
America	10.20	10.43	10.75
Asia	6.23	5.88	5.80
Other	8.31	7.44	9.00
Service business			
in years	2013/14	2012/13	2011/12
Voith Group	5.79	5.20	5.30
Germany	6.12	6.25	6.23
Europe excluding Germany	9.33	4.79	5.67
America	3.67	3.71	3.36
Asia	2.50	3.00	4.08
Other	n.a.	4.05	n.a.

n.a. = not available.

Work-Life Balance

Parental Leave in Fiscal Year 2013/14

Number	Voith Group	Germany	Europe excluding Germany	America	Asia	Other
Employees entitled to parental leave						
Total	32,302	15,087	6,031	8,273	2,800	111
Women	5,971	2,592	1,282	1,526	540	31
Men	26,331	12,495	4,749	6,747	2,260	80
Total parental leave take-up						
Total	459	412	41	5	1	0
Women	210	174	31	4	1	0
Men	249	238	10	1	0	0
Employees who returned to Voith after parental leave						
Total	483	441	32	2	8	0
Women	171	139	22	2	8	0
Men	312	302	10	0	0	0
Employees who returned to Voith after parental leave who are still at Voith 12 months after returning						
Total	294	291	2	0	1	0
Women	66	65	0	0	1	0
Men	228	226	2	0	0	0

Figures from HR Cockpit. Since all 41,651 employees were not included in the system until the end of the fiscal year and we began the fiscal year with around 33,000 employees, not all personnel movements were recorded in full.

Occupational Safety

Total Number of Employees Represented on Health and Safety Management-Worker Committees

As a % (of the headcount)	2013/14	2012/13	2011/12
Voith Group	75	75	n.r.

n.r. = not recorded.

Occupational Health and Safety for the Total Workforce by Gender and Region

Work accidents (number)	2013/14	2012/13	2011/12
Voith Group	155	181	208
Germany	77	95	108
Europe excluding Germany	32	39	47
America	32	33	41
Asia	13	12	8
Other	1	2	4
Work accidents resulting in fatalities*	0	1	0
Frequency rate			
Voith Group	2.0	2.3	2.8
Germany	2.6	3.1	3.6
Europe excluding Germany	2.2	2.6	3.6
America	1.4	1.5	1.9
Asia	1.2	1.1	0.8
Other	3.0	5.4	10.7
Severity rate			
Voith Group	381.2	425.1	445.9
Germany	305.3	401.4	426.0
Europe excluding Germany	247.1	316.1	540.1
America	540.6	624.9	526.8
Asia	456.3	204.8	213.2
Other	24.4	1,298.7	65.8
Absenteeism			
Voith Group	2,553,488	2,654,348	2,301,158
Germany	1,615,492	1,445,441	1,469,046
Europe excluding Germany	437,385	479,907	440,526
America	380,024	637,407	318,682
Asia	117,207	91,594	72,905
Other	3,380	0	0
Ratio of Days Lost in %			
Voith Group	3.3	3.4	3.1
Germany	5.4	4.8	4.9
Europe excluding Germany	3.0	3.2	3.4
America	1.7	2.9	1.5
Asia	1.1	0.8	0.7
Other	1.0	0.0	0.0

The following information is not currently recorded:

- Frequency of work-related accidents by region and gender
- Days lost and total absenteeism
- Occupational diseases

We would like to report this information by 2015.

*Unfortunately, there was one fatal accident in fiscal year 2012/13. Two employees on a service call were involved in a car accident in which one was killed.

Training and Education

Vocational Training

Number	2013/14	2012/13	2011/12
Apprentices and students at cooperative universities	1,294	1,197	1,206
in Germany	918	940	n.r.
at the Heidenheim location	437	270	n.r.

Hours of Training

	2013/14	2012/13	2011/12
Total number of hours	97,056	127,379	127,491
Number of employees who underwent further training	3,443	3,915	4,980
Total expenditure in € millions	2.9	2.9	3.4

The following information is not currently recorded:

- Distribution of the average hours of further education by employee category and gender. We would like to report this information by 2015.

Diversity

Diversity in Senior Management Circle

Women in Senior Management Circle	2013/14	2012/13	2011/12
Number of women in SMC	6	7	4
Total number of SMC members	96	92	94
in %			
Proportion of women in SMC	6,3	7,6	4,3

Distribution of Women and Men at Management Level

Number	2013/14	2012/13	2011/12
Corporate Board of Management, Executive Team, Senior Management Circle			
Men	96	99	90
Women	6	7	4
< 30 years	0	n.r.	n.r.
30–50 years	48	n.r.	n.r.
> 50 years	54	n.r.	n.r.
Non-German members	30	n.r.	n.r.
Regional directors/chairpersons, Management Board of operating units, heads of product groups, managers in Group management functions			
Men	383	398	n.r.
Women	35	40	n.r.
< 30 years	1	n.r.	n.r.
30–50 years	243	n.r.	n.r.
> 50 years	174	n.r.	n.r.
Non-German members	208	n.r.	n.r.
Mid- and lower-level management			
Men	751	691	n.r.
Women	98	76	n.r.
< 30 years	5	n.r.	n.r.
30–50 years	529	n.r.	n.r.
> 50 years	315	n.r.	n.r.
Non-German members	495	n.r.	n.r.
Total (i.e. over all management levels)			
Men	1,230	1,188	n.r.
Women	139	123	n.r.
< 30 years	6	n.r.	n.r.
30–50 years	820	n.r.	n.r.
> 50 years	543	n.r.	n.r.
Non-German members	733	n.r.	n.r.

n.r. = not recorded.

Employment Ratio of People with Disabilities

in %	2013/14	2012/13	2011/12
Employment ratio of people with disabilities	4.3	3.8	3.6

Reference: Voith Germany excluding Voith Industrial Services. The figures comprise person with serious disabilities who held a certificate of serious disability.

Note: Key figures on training in compliance, anti-corruption and human rights are reported on in the section "Sustainable Management".

Responsibility for Society

Not-for-Profit Engagement

Donations and Sponsoring

€ in millions	2013/14	2012/13	2011/12
Voith Group	1.89	0.95	1.87
Fundação Voith*	0.03	0.43	0.27
Total	1.92	1.38	2.14
Hanns-Voith-Foundation	0.48	0.40	0.38

*Adjusted to the revenue situation.

Sponsorship Aid by Project

in %	2013/14	2012/13*	2011/12*
Education	20.7	20.5 (28.5)	29.5 (33.1)
Social affairs	9.5	14.1 (14.9)	26.7 (24.4)
Sport	60.9	58.1 (45.1)	32.0 (27.2)
Culture	9.0	7.2 (11.5)	11.8 (15.4)
in € million			
Total	1.92	1.38	2.14

*Figures in brackets with Hans-Voith-Foundation.

Taxes Paid

Taxes Paid by Region

in € thousands	2013/14	2012/13	2011/12
Germany	29,892	-11,468*	41,090
Europe excluding Germany	18,695	22,437	12,515
America	15,190	16,999	24,550
Asia	18,035	13,617	21,983
Other	2,696	3,407	3,656
Total	84,508	44,992	103,794

*The excess of tax refunds from tax payments made in Germany is based on a series of interim audits at domestic companies, which have now been concluded and which led to tax reimbursement.

Delimitation of the Significant Topics

Sustainable Management

Significant topic	Relevance along the value chain (delimitation)		
	Upstream activities (e.g. supply chain)	Activities of the Voith Group	Downstream activities (e.g. use)
Section: Sustainable Management			
Dialog with the company's stakeholders		✓	
Responsible investment, operating and business practices		✓	
Integration of sustainability in the Group's strategy		✓	
Long-term economic stability		✓	
Long-term, trusted supplier relationship	✓	✓	
Mechanisms to prevent corruption and ensure compliance	✓	✓	
Company's return on investment		✓	
Section: Responsibility for the Environment			
Energy efficiency in production		✓	
Material efficiency in production		✓	
Reduction of emissions/pollutants/waste in production		✓	
Water efficiency in production		✓	
Section: Responsibility for Products and Supply Chains			
Dialog and cooperation with customers		✓	✓
Energy efficiency of the products		✓	✓
Long service life of the products		✓	✓
Minimization of the environmental impacts of products		✓	✓
Ensuring maximum product safety		✓	✓
Quality of the products and services	✓	✓	✓
Technological expertise/innovation	✓	✓	✓
Sustainability in the supply chain	✓	✓	
Section: Responsibility for Employees			
Occupational safety		✓	
Personnel development/training and education		✓	
Diversity and equal opportunity		✓	
Leadership		✓	
Section: Responsibility for Society			
Transparent donation/sponsoring policy		✓	

All the topics and aspects identified as being significant for Voith are relevant to all Voith Group Divisions and usually at all local companies. The assessment is based on the results of the stakeholder survey and the materiality workshops.

Goals and Goal Achievement

Sustainable Management

Subject area	Goals	Measures	Date	Details	Status
Integration of sustainability in the Group's strategy	Firm establishment of sustainability at the company	Development of KPIs for the area of social affairs	FY 2013/14		Achieved
		Depiction of all sustainability goals and the level to which they have been achieved in MRT by Group Division	FY 2013/14		Achieved
		Design of a training concept	FY 2013/14		Achieved
		Merger of existing databases into one standard database	FY 2014/15	The project has been launched and is expected to be completed by the end of FY 2014/15	Ongoing
		Inclusion of the agenda item "Sustainability" in the Advisory Board agenda	FY 2013/14		Rescheduled: FY 2015/16
		Conduct training on the issue of sustainability at the Voith Academy	FY 2013/14	Revision as part of HR transformation (sustainability will be included in this)	Rescheduled: FY 2016/17
		Inclusion of the issue of sustainability at induction events for new employees	FY 2013/14	Revision as part of HR transformation (Orientation Days – uniform standards for induction of new employees; sustainability will be included in this)	Rescheduled: FY 2016/17
		Design and implementation of initial measures from the concept for communicating sustainability	FY 2014/15		New
Dialog with the company's stakeholders	Establishment of stakeholder dialog based on megatrends relevant to the company	Conduct a stakeholder analysis	FY 2013/14	See the section "Sustainable Management" for the results	Achieved
		Repetition of the survey/inclusion of it in the strategic process	FY 2015/16		New

For the following subject areas, there have not yet been any objectives defined.

- Responsible investment, operating and business practices
- Mechanisms to prevent corruption and ensure compliance

Responsibility for the Environment

Subject area	Goals	Measures	Date	Details	Status
Energy efficiency in production	Reduction of energy needs by 20% (base: 2011/12)		FY 2017/18	Stagnation of the KPI at 105 MWh/€ million sales, sharp increase in the list of measures on the reporting period	Ongoing
		Hot-spot analyses of cross-location topics and at locations with the largest consumption drivers. Sensitization of employees through a pinpointed communication campaign	FY 2017/18	See the section "Responsibility for the Environment"	Ongoing
		Taking energy efficiency into account in new plant and reconstruction	FY 2015/16	Development of a Group policy for new plant and reconstruction, taking account of energy efficiency factors	Ongoing
Material efficiency in production	Reduction of specific waste volume by 25% (base: 2011/12)		FY 2017/18	Increase in the KPI to 9.01 t/€ million sales, increase in the list of measures for auxiliaries	Ongoing
		Hot-spot analyses of cross-location topics and at locations with the largest consumption drivers. Sensitization of employees through a pinpointed communication campaign	FY 2017/18	See the section "Responsibility for the Environment"	Ongoing
		Development of a standard method for increasing material efficiency in production	FY 2014/15	Fundamental methodology formulated ("Ishikawa") and piloted in the hot-spot analysis at the Shanghai location; approach developed further in joint discussion with the design-to-cost and OPEX organization. Joint pilot at a location planned in FY 2014/15	Ongoing
Water efficiency in production	Reduction of specific freshwater consumption by 10% (base: 2011/12)		FY 2017/18	0.26 m ³ per € thousand sales, just above the target level for FY 17/18; sharp increase in the measure pipeline in the reporting period and the implementation level as of Q3 in FY 13/14	Ongoing
		Hot-spot analyses of cross-location topics and at locations with the largest consumption drivers. Sensitization of employees through a pinpointed communication campaign	FY 2017/18	See the section "Responsibility for the Environment"	Ongoing

Subject area	Goals	Measures	Date	Details	Status
For the following subject areas, there have not yet been any objectives defined.					
Reduction of emissions/ pollutants				At Voith we group activities to reduce emissions and pollutants under the term "Eco standards" (see the section "Responsibility for the Environment")	
		Introduction of a global, standardized hazardous materials management process	FY 2013/14	See the section "Responsibility for the Environment"	Achieved
		Integration of the hazardous materials databases of all production locations (America, Asia, other European countries) in the central hazardous materials database	FY 2015/16		Ongoing
		Introduction of the Eco Compliance Concept, incl. related software, worldwide	FY 2014/15	The Voith Eco-Compliance Concept was established at 39 locations worldwide (corresponds to 56% of sales) by means of training and on-site support by the end of FY 2013/14. We aim to integrate all locations in the system by the end of FY 2014/15	Ongoing
Other		Implementation of a Group-wide reporting system for recording work accidents, environmental incidents, and other relevant incidents	FY 2014/15	Forms and processes were merged and standardized; worldwide rollout was conducted	Achieved
		Creation of the concept for training in the subject of the environment for all employees	FY 2013/14	Concept has been created, the training materials for all employees have been produced and they have been provided for instruction as Power-Point slides and online	Achieved
		Study to define environmental assessment criteria when hiring logistics services in cooperation with a university	FY 2013/14	An assessment catalog has been created. It comprises not only the type and replacement rate of the means of transport (e.g. truck), but also criteria such as transparency/insight provided by the logistics service provider on journeys made and ton-kilometers per means of transport, and related CO ₂ emissions	Achieved

Responsibility for Products and Supply Chains

Subject area	Goals	Measures	Date	Details	Status
Sustainable supply chain	Manage risks/ opportunities in the supply chain	Implementation of the "Blocked Supplier" concept for blocking suppliers	FY 2013/14		Achieved
		Increase the proportion of goods procured from evaluated suppliers to 79% of the purchasing volume	FY 2013/14	The supplier evaluation ratio in FY 2013/14 was only 61% of the invoice volume; an increase to 79% of the volume will not be achieved in 2014/15 either, as far as can be assessed at present. The goal is to maintain a supplier evaluation ratio of around 60% over the long term	Not achieved
		Revision of evaluation criteria for complying with environmental and social standards in the supplier database	FY 2013/14	The criteria have been retained in their old form. The goal for FY 2014/15 has been redefined	Not achieved
		Supplier self-assessment ratio (SSA ratio): introduction with the goal of obtaining 80% of purchased goods and services (based on purchasing volume) from suppliers who have a current self-assessment	FY 2014/15		Ongoing
		Risk analysis study, creation of a risk map	FY 2015/16		New
		Revision of evaluation criteria for complying with environmental and social standards in the supplier database	FY 2014/15		New
		Harmonization of standards	FY 2014/15	Revision and standardization of the General Purchasing Conditions	New
		Further development and rollout of the Purchasing Training Program to Asia and South America	FY 2014/15		New

For the following subject areas, there have not yet been any objectives defined.

Energy efficiency of the products	Assessment of development processes of products and services regarding energy and resource efficiency	FY 2014/15		Ongoing
	Include "product energy efficiency" as a criterion in the development process and risk checklist	FY 2014/15	Fulfilled at VT, VP PS	Ongoing

- Quality of the products and services
- Ensuring maximum product safety
- Dialog and cooperation with the customer
- Long service life of the products
- Technological expertise/innovation
- Minimization of the environmental impacts of products
- Long-term, trusted supplier relationship

Responsibility for Employees

Subject area	Goals	Measures	Date	Details	Status
Occupational health and safety	Reduce accident ratio to less than two accidents per million working hours		Medium term	In FY 2013/14, Voith worldwide achieved a ratio of 2.0 accidents per million working hours. In the current FY 2014/15, we have been able to keep improving and were continuously below 2.0 by the end of Q2	Achieved
		Make managers aware of workplace safety	FY 2015/16	Is done continuously	Achieved
	Reduce accident severity to below 350 hours lost per million working hours		Medium term	Voith overall is below 350 hours lost per million working hours; no Division is above 400 hours lost per million working hours. The severity rate in FY 2013/14 was 381 hours lost per 1,000,000 hours worked, still just above our target of 350	Ongoing
		Benchmarking and setting of objectives for reducing accident severity	FY 2013/14		Achieved
Occupational health management		Development and introduction of a standardized reporting system for management, incl. uniform definition and introduction of sick time	FY 2012/13	Contained in the quarterly sustainability report to management (see the section "Sustainable Management")	Achieved
		Establishment of a specific KPI system for occupational health management	FY 2014/15		Achieved
		Establishment of an internal network for standardizing workplace medicine across Germany	FY 2013/14		Achieved
		Support in reintegration of employees with long-term illnesses	FY 2013/14	Occupational health management teams established at all locations in Germany	Achieved
		Provide information to employees on the topics of ergonomics, skin, noise, and respiratory protection (approx. every two months) for reducing work-related illnesses	FY 2013/14	There has been a Flash News every quarter on selected topics since the beginning of 2014	Achieved
		Introduction of an international procedure for occupational reintegration management tailored to local needs	FY 2014/15		Ongoing
		Rollout of a standardized company medical support system (Germany)	FY 2013/14	Initial meeting of internal and external company doctors staged in the summer of 2014. A standardized company medical support system is being rolled out in Germany as part of the reorganization initiated in FY 2014/15	Rescheduled: FY 2016/17

Subject area	Goals	Measures	Date	Details	Status
Diversity and equal opportunity	Firmly establish diversity and inclusion in the corporate culture	Increase proportion of women in technical careers (Germany)	FY 2014/15		Achieved
		D&I Awareness Workshops for managers	FY 2014/15	First training courses held. See the section "Responsibility for Employees"	Ongoing
		Increase proportion of women in senior management to 10%	FY 2014/15		Ongoing
Other		Implementation of a global database for collecting the master data of all employees	FY 2014/15		Achieved
		Further development of Group-wide key figures in the HR area; focus on KPIs in the transformation context	FY 2013/14		Achieved
For the following subject areas, there have not yet been any objectives defined.					
Personnel development/training and education		Introduction of the module Learning & Development for the People & Excellence Platform	FY 2015/16		Achieved
		Introduction of a Group-wide standardized development center procedure (Career Compass)	FY 2013/14		Achieved
		Preparation and implementation of a uniform "Global Graduate Program"	FY 2013/14		Achieved
		Talent management: Pilot projects for employee recruiting in China	FY 2013/14		Achieved
		Annual feedback meeting with all employees: degree of coverage: all employees	FY 2014/15	84% (previous year: 88%)	Ongoing
		Mapping of the entire performance process in pep.	FY 2014/15	System is available. The focus is now on HR providing managers with intensive support. The system helps enhance transparency over the performance management process and increase efficiency	New
		Global rollout of the pep. "Recruiting" module	FY 2014/15		New
		Revision of the recruiting processes with regard to developments in mobile recruiting	FY 2015/16		New

Responsibility for Society

Subject area	Goals	Measures	Date	Details	Status
<p>For the following subject areas, there have not yet been any objectives defined. - Transparent donations and sponsoring policy</p>					
Other	Develop next generation of engineers and university graduates in technical courses	Continuous		Achieved	

GRI-Index

General Standard Disclosures

Organizational and Report Profile

Indicators	Comment	Reference
Strategy and Analysis		
G4-1	Statement from the most senior decision-maker of the organization	6–7
Organizational Profile		
G4-3	Name of the organization	2
G4-4	The primary brands, products, and services	9–12
G4-5	The location of the organization's headquarters	10
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	AR 2014: 36, 110–111
G4-7	The nature of ownership and legal form	AR 2014: 36, 42
G4-8	Markets served	10–12, 68
G4-9	Scale of the organization	11–12, 68, 82, AR 2014: 100–108
G4-10	Total workforce	Supervised workers such as temps are currently not logged groupwide in our employee data system. We are investigating possibilities to record information on supervised workers throughout the Voith Group. 99
G4-11	The percentage of total employees covered by collective bargaining agreements	83
G4-12	Description of the organization's supply chain	42–43, 68
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	2, 49
G4-14	The organization's precautionary approach or principle	As a family-owned company with a long-term orientation, Voith is committed to a precautionary approach. This is enshrined in the Group Directive "Environment".
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	Voith implements the principle of sustainability in its core processes and is guided by the ten principles of the UN Global Compact.
G4-16	Memberships of associations	In February 2014, Dr. Lienhard took over as Chairman of the Asia-Pacific Committee of German Business. Please refer to the Sustainability Report 2013 for details on further memberships. SR 2013: 13
Identified Material Aspects and Boundaries		
G4-17	Entities included in the report	2, AR 2014: 110–111
G4-18	Definition of the report's content	15–16
G4-19	Material Aspects identified in the process for defining the report's content	15–16
G4-20	Material Aspects within the organization	92
G4-21	Material Aspects outside the organization	92
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	2
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	2

Indikatoren	Comment	Reference
Engagement of stakeholders		
G4-24	Stakeholder groups engaged by the organization	14
G4-25	The basis for identification and selection of stakeholders with whom to engage	14
G4-26	Approach to stakeholder engagement	14–15
G4-27	Key topics and concerns raised by stakeholders	14–15
Report Profile		
G4-28	Reporting period	2
G4-29	Date of the most recent previous report	2
G4-30	Reporting cycle	2
G4-31	Contact point	4
G4-32	GRI Content Index	
G4-33	Assurance	2
Governance		
G4-34	Governance structure of the organization	10, AR 2014: 36
Ethics and Integrity		
G4-56	The organization's values, principles, standards and norms of behavior	17–19, 42–46
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	17–19
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	17, 19

Specific Standard Disclosures

Economic performance indicators		
DMA* and Indicators	Comment	Reference
Aspect: Economic Performance		
G4-DMA	Management Approach	62, AR 2014: 37–38
G4-EC3	Coverage of the organization's defined benefit plan obligations	AR 2014: 158–165
G4-EC4	Financial assistance received from government	No significant financial assistance from government was received in the reporting period.

*Disclosures on Management Approach.

DMA* and Indicators	Comment	Reference
Aspect: Materials		
G4-DMA	Management Approach	22–29, 32–34
G4-EN1	Materials used	74, 32
G4-EN2	Secondary raw materials	74, 32
Aspect: Energy		
G4-DMA	Management Approach	22–32
G4-EN3	Energy consumption within the organization	29–32, 70–73
G4-EN4	Energy consumption outside of the organization	29–32, 72–73
G4-EN5	Energy intensity	29–32, 72–73
G4-EN6	Reduction of energy consumption	29–32, 74–75
G4-EN7	Reductions in energy requirements of products and services	39–41
Aspect: Water		
G4-DMA	Management Approach	22–29, 34–35
G4-EN8	Total water withdrawal by source	75
G4-EN10	Percentage and total volume of water recycled and reused	76
Aspect: Emissions		
G4-DMA	Management Approach	22–32
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	29–32, 70–73
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	29–32, 70–73
G4-EN18	Greenhouse gas (GHG) emissions intensity	29–32, 72–73
G4-EN19	Reduction of greenhouse gas (GHG) emissions	30, 74–75, 79–80
G4-EN20	Emissions of ozone-depleting substances (ODS)	26–27, 79–80
G4-EN21	NO _x , SO _x and other significant air emissions	26–27, 79–80
Aspect: Effluents and Waste		
G4-DMA	Management Approach	22–35
G4-EN22	Total water discharge by quality and destination	35, 76
G4-EN23	Total weight of waste by type and disposal method	32–34, 78
G4-EN24	Total number and volume of significant spills	Voith is not aware of any significant incidents.
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention, Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	32–34, 78
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	35, 77

*Disclosures on Management Approach.

DMA* and Indicators		Comment	Reference
Aspect: Products and Services			
G4-DMA	Management Approach		22–23, 38–45
G4-EN27	Extent of impact mitigation of environmental impacts of products and services		38–41
Aspect: Compliance			
G4-DMA	Management Approach		17–19
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Voith is not aware of any significant incidents.	
Aspect: Transport			
G4-DMA	Management Approach		22–23
G4-EN30	Significant environmental impacts of transport		22
Aspect: Supplier Environmental Assessment			
G4-DMA	Management Approach		42–45
G4-EN32	Percentage of new suppliers that were screened using environmental criteria		43–45
Aspect: Environmental Grievance Mechanisms			
G4-DMA	Management Approach		23–27, 42–45
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms		23–27, 45
Social Performance Indicators			
Labor Practices and Decent Work			
Aspect: Employment			
G4-DMA	Management Approach		48–51, 54–56
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	The data for the fiscal year was not able to be reported in full because of a change in IT system. We will report this information next year.	83–84
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		51
G4-LA3	Return to work and retention rates after parental leave, by gender	The data for the fiscal year was not able to be reported in full because of a change in IT system. We will report this information next year.	54–55, 86

*Disclosures on Management Approach.

DMA* and Indicators		Comment	Reference
Aspect: Labor/Management Relations			
G4-DMA	Management Approach		48–51
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		50
Aspect: Occupational Health and Safety			
G4-DMA	Management Approach		56–59
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		86
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	The data for the fiscal year was not able to be reported in full because of a change in IT system. We will report this information next year.	57–59, 87
Aspect: Training and Education			
G4-DMA	Management Approach		48–53
G4-LA9	Average hours of training per year per employee by gender, and by employee category	This information is not available at the moment. We are currently rolling out a new IT system and intend to report the information next year.	52–53, 88
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		50–53
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		50–53
Aspect: Diversity and Equal Opportunity			
G4-DMA	Management Approach		48–51, 54
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		AR 2014: 6–7, 12–13 www.voith.com/en/group/organization-158.html , 89–90, 54
Aspect: Equal Remuneration for Women and Men			
G4-DMA	Management Approach		48–51
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	This data is confidential and so Voith does not report it.	
Aspect: Supplier Assessment for Labor Practices			
G4-DMA	Management Approach		42–45
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria		43–44, 44–45

*Disclosures on Management Approach.

DMA* and Indicators	Comment	Reference
Aspect: Labor Practices Grievance Mechanisms		
G4-DMA	Management Approach	17–19, 42–45
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	45

Human Rights

Aspect: Investments

G4-DMA	Management Approach	17–19
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Global respect for basic human rights is enshrined in our Code of Conduct. All investment decisions are subject to this code.
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	18

Aspect: Non-discrimination

G4-DMA	Management Approach	54–56
G4-HR3	Total number of incidents of discrimination and corrective actions taken	54

Aspect: Freedom of Association and Collective Bargaining

G4-DMA	Management Approach	17–19, 42–44, 48–51
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Voith is not aware of any significant incidents in the reporting period.

Aspect: Child Labor

G4-DMA	Management Approach	17–19, 42–44
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Voith is not aware of any significant incidents in the reporting period.

Aspect: Forced or Compulsory Labor

G4-DMA	Management Approach	17–19, 42–44
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Voith is not aware of any significant incidents in the reporting period.

*Disclosures on Management Approach.

DMA* and Indicators		Comment	Reference
Aspect: Security Practices			
G4-DMA	Management Approach	We ensure our employees are protected mainly by working together with external service providers. Like all our service providers, they are subject to Voith's General Purchasing Conditions. Like Voith's own security personnel they are likewise obligated to comply with the Code of Conduct.	General Purchasing Conditions: http://www.voith.com/en/group/purchasing/general-purchasing-conditions--176.html Code of Conduct: http://voith.com/de/coc-english.pdf
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Security service providers are obligated to support compliance with the Code of Conduct by suitable means. Voith does not currently have any data on training held by our service providers.	
Aspect: Supplier Human Rights Assessment			
G4-DMA	Management Approach		17–19, 42–45
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		43–45
Aspect: Human Rights Grievance Mechanisms			
G4-DMA	Management Approach		17–19, 42–45
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		45
Society			
Aspect: Anti-corruption			
G4-DMA	Management Approach		17–19
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Voith does not report on the percentage of business units analyzed for risks related to corruption. At Voith, corruption risks are assessed by internal reviews and external audits. Quantitative data is subject to confidentiality.	18
G4-SO4	Communication and training on anti-corruption policies and procedures		17–19, 43–44, 69
G4-SO5	Confirmed incidents of corruption and actions taken	Voith is not aware of any significant incidents in the reporting period.	
*Disclosures on Management Approach.			
Aspect: Public Policy			
G4-DMA	Management Approach		17–19, 61–62
G4-SO6	Total value of political contributions by country and recipient/beneficiary		63

DMA* and Indicators	Comment	Reference
Aspect: Anti-competitive Behavior		
G4-DMA	Management Approach	17–19
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	18
Aspect: Compliance		
G4-DMA	Management Approach	17–19
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Voith is not aware of any significant incidents in the reporting period.
Aspect: Supplier Assessment for Impacts on Society		
G4-DMA	Management Approach	17–19, 42–45
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	43–45
Aspect: Grievance Mechanisms for Impacts on Society		
G4-DMA	Management Approach	17–19, 42–45
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	17, 45
Product Responsibility		
Aspect: Customer Health and Safety		
G4-DMA	Management Approach	38–45
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	38–39
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Voith is not aware of any significant incidents in the reporting period.
Aspect: Compliance		
G4-DMA	Management Approach	17–19
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Voith is not aware of any significant incidents in the reporting period.

*Disclosures on Management Approach.

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