

Sustainability Report 2012



About this Report

Our aspiration

This report is the third Sustainability Report by Voith GmbH. We aim to keep 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. This report focuses on explaining our strategies, solutions, and measures as well as presenting our key figures.

Reporting method

The report is oriented towards the G3.1 Guidelines of the Global Reporting Initiative (GRI). According to our own assessment, the report meets Application Level B requirements. To determine the key sustainability topics for our report, we conducted materiality analyses in 2009 and 2010.

Reporting period and report scope

The Sustainability Report 2012 is based on fiscal 2011/12, which at Voith starts on October 1 and ends on September 30 the following year. The deadline for content submission for this report was May 31, 2013. 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. The degree of consolidation is 84 percent of the Group's sales and 88 percent of the Group's employees (= 41 021 employees at 92 sites) unless otherwise indicated in the report.

Data and information gathering

Information was collected electronically upon written request. Data was recorded using division-specific software.

Comparability of facts, figures, and information

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 it will be introduced in the future.

Owing to the new calculation bases, better quality data, and updated information, we needed to correct previous figures on the environment (such as emissions, energy consumption, water, and waste). There may be differences in the data totals as a result of rounding figures up or down.

Forward-looking statements

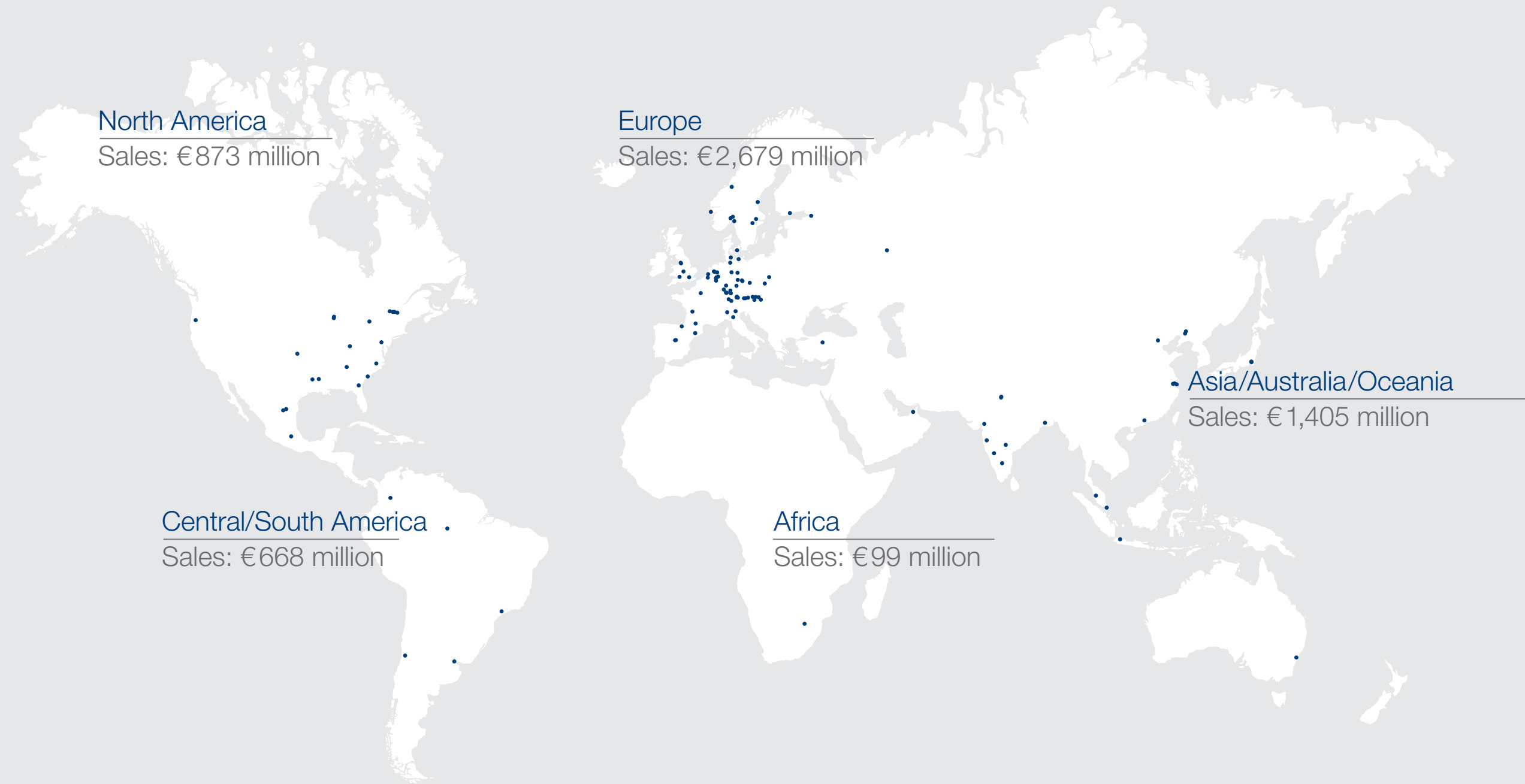
We would like to point out that all forward-looking statements in this report are based on current assumptions. Due to unknown risks, uncertainties, and other factors, the actual results, developments, or services of our company may deviate from our prognoses, evaluations, and statements.

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). This Sustainability Report is available in German and English. Please visit our website at www.voith.com and read our Annual Report for further and more extensive information.

We expect to publish our next Sustainability Report in the spring of 2014.

Voith Sites



“For us, sustainable business practices are the key to making our company even more successful, minimizing risks, and capitalizing on new potential.”

Hubert Lienhard

Editorial

Dear readers,

For Voith, sustainability is not a definitive goal that can be achieved. Instead, it is the necessity for the company to remain successful over the long run by pursuing environmentally friendly and fair business practices.

As a result, we have defined six fields of activity that are linked to strategic and operative goals and published them in the Sustainability Report. We want these goals to be an indicator of our performance.

We are convinced that sustainability is a cross-functional responsibility that can only be managed conjointly by our Corporate Board of Management, Group Divisions, and departments. One of the challenges we face is to firmly ingrain the principles of sustainability in the thoughts and actions of our employees. To raise awareness and include our employees in the process, we are currently drafting a concept for internal communication.

Three years ago, we started creating a sustainability database that today covers over 80 percent of the company in terms of sales. The database provides us with detailed information at site level, for example, environmental data. Key figures on energy, waste, and freshwater are collected monthly or quarterly allowing us to actively manage whether or not we reach our environmental goals.

But many challenges lie ahead. Now that our indicator system has proven successful in the economic and environmental realms, we want to expand it to include other areas. In initial yet extensive analyses, we have already learned that, for example, the needs of our employees or society vary considerably depending on the region. We want to focus more on this aspect in the future.

I hope you enjoy reading this report.

A handwritten signature in blue ink that reads "Andrea Linke". The signature is written in a cursive, flowing style.

Andrea Linke, Head of Sustainability

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Foreword



Dear ladies and gentlemen,

At Voith, we make a contribution to sustainable development. These efforts are both an expression of how we see ourselves and one of the goals of our business practices. But what does this mean in concrete terms? For us, sustainable business and corporate success are not separate, undefined parameters. We see ourselves as a company that contributes to the successful development of people, industries, and national economies with its contracts, projects, and initiatives.

Some of these contributions and activities are highlighted in the third edition of the Voith Sustainability Report. What have we achieved in the last few months, what have we put into practice, and where do we need to work harder to achieve our sustainability goals? This publication answers these questions.

For example, we undertook to reduce our specific CO₂ emissions by fiscal 2015/16 by 10 percent from 2008/09 levels. We already achieved this goal in this reporting period: We were even able to lower the specific CO₂ emissions by 10.4 percent and thus reached our target ahead of schedule. A similar positive development occurred in waste reduction: Compared to fiscal 2008/09, we lowered our specific waste volume by 25 percent and thus even surpassed our target in the reporting period.

We are also on track for occupational safety. We reported a low accident rate for the company as a whole with 2.8 accidents for every million hours worked. In fiscal 2006/07, we still had 1,352 accidents throughout the company while in fiscal 2011/12, there were only 208 – a drop of more than 80 percent. We are slowly but surely getting closer to our target of 2.0 accidents for every million hours worked.

Despite all of our success, we still have plenty of room for improvement. For instance, we want to focus more on the needs of the individual regions in the future to more firmly establish sustainable business practices there. Efforts are already underway and we have highlighted various priorities in North America in the third Voith Sustainability Report. The continent continues to be one of the largest economic regions in the world. For Voith, the region is one of the most attractive markets of the future. To operate a successful business on this market as well as other regions of the world, we have to identify the opportunities and challenges these different markets entail and bring our strategies into line accordingly. In the globalized world of tomorrow, we will only be able to overcome the economic, environmental, and social challenges in the respective regions by changing the way we think.

In this report, we would like to give an overview of the projects that we are pursuing in our six fields of activity – sustainable management, sustainable profitable growth, environmental responsibility, product responsibility, employee responsibility, and social responsibility – in North America. To this end, we analyzed regional and product-specific opportunities and risks for every field of activity and identified a strategic process.

For us, sustainability is an ongoing process that involves the willingness to change and rethink one's views. Sustainability is the prerequisite for our success.

I would like to invite you to learn more about Voith's activities in the area of sustainability and hope you find this report interesting.

Sincerely yours,



Hubert Lienhard



Voith has been making a contribution to low-emission power generation in North America for more than 100 years with components for hydro power plants. Our activities began there in 1903 when we supplied the twelve largest turbines of the time to a power plant at Niagara Falls. Today, most of the hydro power plants installed in North America contain Voith turbines and generators.

01 Group Portrait

Voith is a global technology group. With our broad portfolio of systems, products, and industry services, we serve five key markets: Energy, Oil & Gas, Paper, Raw Materials, and Transport & Automotive. Our operative business is broken down into four Group Divisions: Voith Hydro, Voith Industrial Services, Voith Paper, and Voith Turbo. Founded in 1867, Voith remains one of the largest family-owned companies in Europe today.

1.1 Structure and Markets

In fiscal 2011/12, the Voith Group performed well in a difficult environment. Sales rose from the record-breaking figure the previous year by 2 percent to €5.7 billion. Annual net profit of €114 million was lower than the previous year (€200 million). Globally, Voith had 42,327 full-time equivalent positions (statistical value) in fiscal 2011/12 and employed 46,469 people.

Voith GmbH, headquartered in Heidenheim/Brenz, Germany, is the Group's management holding. 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.

Our business is broken into four Group Divisions each with its own legally independent management company:

As a turnkey supplier of equipment for hydro power plants, Voith Hydro is one of the leading industrial partners for power plant operators around the world. This is true not only for energy generation, be it traditional hydro power or ocean energy, but also for energy storage. The system supplier's products range from generators and turbines to pumps and all the way to measurement and control technologies. This business area with its team of approximately 5,000 employees accounted for 23 percent of sales

in the most recent fiscal year (previous year: 22 percent).

Voith Industrial Services is a leading provider of technical services to key industries including automotive, energy, chemical, and petrochemical as well as machine engineering and aerospace. Services range from maintenance, technical cleaning, and facility management all the way to assembly and planning services and complex high-tech engineering. This Group Division, with roughly 20,000 employees, contributed 19 percent of total sales (previous year: 18 percent).

As a partner to and pioneer in the paper industry, Voith Paper supplies technologies and products for the entire paper production process. Global manufacturers of paper, cardboard, and toilet tissue have relied for many years on the knowledge and expertise of the system supplier. Last year, this division accounted for 30 percent of sales (previous year: 33 percent) and employed around 10,000 people.

Voith Turbo supplies drive components and systems for various industries: Anywhere that power has to be transferred in a controlled motion. Technologies from Voith Turbo transfer and control forces under extreme conditions – safely and with efficient use of resources. The team of more than 6,000 employees generated 27 percent of total sales in fiscal 2012 (virtually unchanged from the previous year).

Shareholdings

Annual Report
Pages 210–215

1.2 Business Strategy

At Voith, we pursue a long-term business strategy based on four pillars: A balanced product portfolio, our global presence, strong innovation, and financial independence as a family-operated company.

Balanced product portfolio

Starting with our original core business – machine and plant construction – we have gradually expanded our product and service portfolio over recent decades. Today, Voith is firmly established with our four Group Divisions in five key markets: Energy, Oil & Gas, Paper, Raw Materials, and Transport & Automotive.

Our extensive range makes it possible for us to absorb economic slowdowns in a single industry: It is easier for us to compensate for sales losses in the late-cycle markets (energy, oil & gas, raw materials) with growth in the early-cycle markets (paper, transport & automotive) and vice-versa.

Global presence

The Voith Group has a global presence. Our goal is to be represented with development and production sites in all growth regions of the world which allow us to supply each market locally and advise market actors – whether with in-country management, local supply chains, or, increasingly, local sources of financing, thus making a contribution to strengthening regional added value. We aim to be as deeply rooted in our markets internationally as we have been in Germany for a long time. In the meantime, America, Asia,

and the rest of Europe each contribute around one-quarter of Group sales while business in Germany makes up approximately 20 percent.

Strong innovation

Our economic success is mainly based on our strong innovative capabilities. This is evidenced by several thousand active patents, with several hundred new patents added every year. Even when times are economically tough, we invest intensively in research and development – in fiscal 2011/12 expenditures totaled €267 million (previous year: €259 million) which represents 4.7 percent of total Group sales (previous year: 4.6 percent). Detailed information about research and development can be found in our Annual Report.

Financial independence

Voith is a family-owned company. Long-term orientation around sustainable and profitable growth is the highest priority of our shareholders, Supervisory Board, and Corporate Board of Management. Taking a long-term view is the only way to guarantee that the Group can retain its financial independence and become stronger for the next generation.

The History of Voith

<http://voith.com/en/group/history-188.html>

Research and Development

Annual Report
Page 110 f.

International Presence

Overview
Inside of cover

At Voith, we pursue a long-term business strategy based on four pillars built over four decades: A balanced product portfolio, our global presence, strong innovation, and financial independence as a family-operated company.



In North America, Voith purchased goods and services from local companies amounting to a value of roughly €200 million in fiscal 2011/12.

We have been partners with many of our suppliers for many years and pay attention to their compliance with established environmental and social standards.

02 Sustainable Management

As a family-owned company, integrity and corporate responsibility are an essential part of our identity. Over the last few years, we have integrated sustainability into the company strategy and organization. Today, we have a Group-wide sustainability management system that is based on fields of activity and measurable goals that we want to continuously improve.

2.1 Sustainability as a Component of the Corporate Strategy

With our concept of sustainability we are carrying on the tradition and style of Voith, a family-owned company, which includes the obligation to conduct environmentally compatible, clean and fair business with long-term success. We give equal weighting to economic, environmental, and social aspects in our approach. Our credo is: We make measurable contributions to sustainable development. As a globally operating company, the challenge we face is to strategically incorporate, effectively manage, and drive forward our concept of sustainability. To this end, we have created various structures in recent years.

Resource shortages, climate change, urbanization, mobility, globalization, demographic change: These megatrends will impact our company development over the next few decades in different ways. We have the opportunity to help solve these global challenges with our technologies. For

us, sustainable business practices are the key to making our company even more successful, minimizing risks, and capitalizing on new potential.

Fields of activity

We have defined six fields of activity that we use as a basis for integrating sustainability into the Group and our operations.

Strategic and operative goals are needed to put our approach to sustainability into practice. We have defined these goals for all fields of activity and linked them to concrete measures with specific target dates (see goals and goal achievement).

Overview of Our Goals

Page 76 ff.

Sustainability: Fields of activity



2.2 Organizational Pillars for Sustainability

Sustainability is a cross-functional responsibility shared by our Corporate Board of Management, Group Divisions, and departments. In 2009, we set up the Corporate Sustainability central function. The Corporate Sustainability Council acts as the central committee for sustainability management.

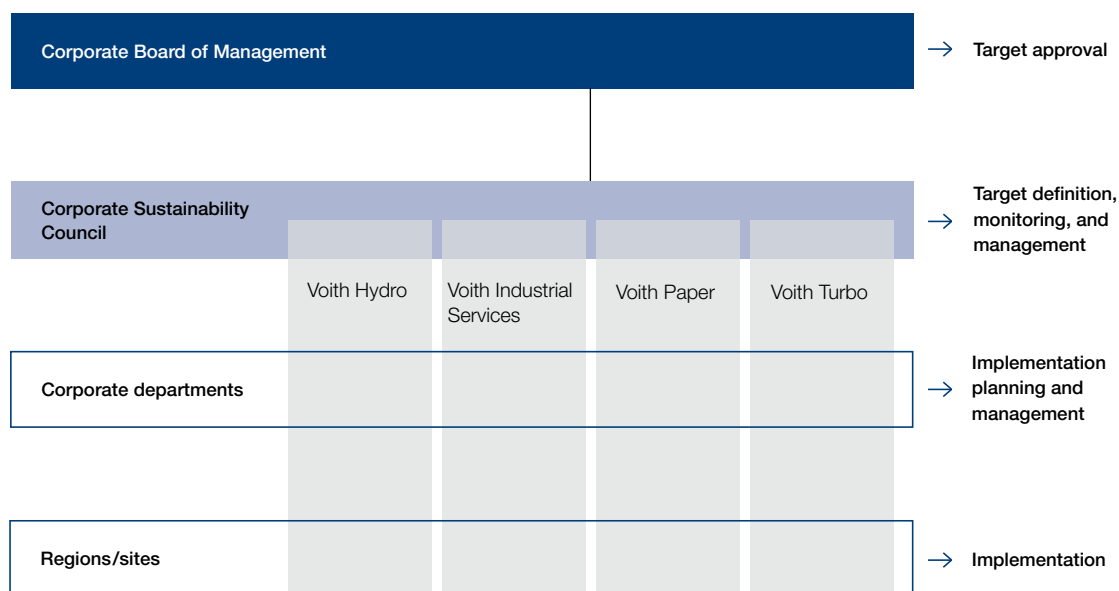
Central function: Corporate Sustainability

The Corporate Sustainability central function lays down the structure and principles for the Group's sustainability activities and organization, advises the divisions and companies, and further develops sustainability as a theme. A Group Directive describes the central function's tasks and responsibilities. Corporate Sustainability reports directly to the Chairman of the Corporate Board of Management. The areas of Environment, Health and Occupational Safety, and the Corporate Sustainability Office report directly to the head of this area.

As set in the Group Directive, the most important tasks of the central function include defining the strategic and operative framework for the development and implementation of sustainability goals within the Group. The Office defines methods and tools such as the Voith sustainability database and the management reporting tool. Corporate Sustainability also advises the Group Divisions and companies in all issues related to sustainability and provides advice when filling management positions in the area of sustainability.

The Corporate Sustainability Office reports to the Corporate Sustainability central function and is responsible both for the sustainability database and the management reporting tool as well as sustainability communication.

Sustainability: Organization



Corporate Sustainability Council (CSC)

Our Corporate Sustainability Council formulates decision-making bases for our Corporate Board of Management. In addition, it is the interface to the organization for the operative implementation of sustainability in our Group Divisions and monitors the achievement of goals.

The Council comprises sustainability officers from our Group Divisions who report to the respective head of the specific Group Division. The Council is overseen by the head of the Corporate Sustainability central function. In its controlling and monitoring role, the Corporate Sustainability Council is responsible for ensuring that sustainability data can be easily collected. It monitors the implementation of goals, strategies, and measures in the Group Divisions and encourages the exchange of experience and knowledge.

Implementing measures is the responsibility of the operating units of the Group Divisions and corporate departments (for example, HR and Purchasing). The heads of the corporate departments regularly take part in the meetings, which gives them an opportunity to incorporate their experience into the work of the Council.

Operational implementation of goals and measures

The corporate departments propose goals related to sustainability and come up with measures to be used to achieve these goals. In regular meetings with the CSC, the heads of the corporate departments report on the current level of goal achievement and suggest new goals. Further integration of goals into operations is coordinated with the respective committees of the individual Group Divisions and corporate departments.

Management systems and data collection

At Voith, we have been collecting and analyzing all relevant environmental data, material indicators, and selected employee data in a sustainability database since the beginning of 2009. The Global Reporting Initiative (GRI) for sustainable reporting serves as a guideline. The data is updated annually or quarterly, while energy indicators are updated monthly. The operating units or sites are responsible for collecting the data and are overseen by a Group Divisional Administrator at Group Division Holding level. Since fiscal 2011/12, we have been analyzing the data with our Group-wide management reporting tool.

New goal

- Systematically embed awareness of sustainability using various methods, for example expanding employee training on sustainability and regular internal communication

Sustainability is a cross-functional responsibility shared by our Corporate Board of Management, Group Divisions, and Corporate departments.

2.3 Values, Guiding Principles, and Compliance

Voith – Engineered Reliability

All of our actions are based on trust. This maxim is supported and supplemented by our values of professionalism, respect for the individual, helpfulness towards colleagues, openness, reliability and integrity. We summarize our canon of values in our slogan “Voith – Engineered Reliability”. This encompasses our claim of providing reliable and high-quality technology on a sustainable basis and always acting fairly, openly and reliably in dealings with our employees, partners and customers.

Our values likewise form the foundation on which the Voith brand is built and the core of our corporate identity. Our values, and the guidelines derived from them, ensure that Voith acts according to the same business principles and adopts the same philosophy worldwide. In this way, we marry the culture of a family-owned business with that of a global player.

Compliance – Our values are binding

The Voith Code of Conduct was introduced in 2009 from the legacy of previous Group guidelines and our culture of integrity that was formulated as a principle of business conduct back in 1927. The Code of Conduct is a binding set of rules that govern dealings with customers and business partners, but also dealings between employees within the Group. We expect each and every employee to comply with the applicable laws and also our own internal guidelines. This applies to all levels of the hierarchy throughout the Group. Infringements will not be tolerated and are countered with sanctions. Rules and standard procedures are revised continuously to match the latest requirements. The main principles addressed by the Voith Code of Conduct are as follows:

- Compliance with the rules of fair competition
- No agreements that contravene competition law
- No corruption or bribery: no offering and granting or demanding and accepting unfair benefits
- Transparency of donations and sponsorship

- Maintaining own and respecting third-party company and patent secrets
- No undue preferential treatment of suppliers and service providers

The compliance organization

Our Compliance Committee is responsible for setting up, ongoing developing and coordinating the Voith compliance organization and for regularly reviewing the valid compliance regulations and coordinating training. The Committee was set up as part of our existing organization for risk management in 2007/08. The Compliance Committee comprises the respective heads of the Corporate Office, Corporate Law, Corporate HR Management and Group Audits. The Committee is chaired by the head of the Corporate Office who reports directly to the Chairman of the Voith GmbH Board of Management. In accordance with Voith's other risk management organization, the Chief Financial Officers (CFOs) of our Group Divisions and our individual Group companies serve as the respective compliance officers in their units. They are responsible for implementing the Voith compliance organization in their areas. All compliance officers are prepared for their work in multi-day training courses. Our employees are required to attend training, which is tailored to their particular activities and needs.

In fiscal 2011/12 we successfully completed the first phase of certification of our compliance management system based on the IDW EPS 980 standard – “Principles of Auditing Compliance Management Systems” – which was audited by a financial auditing company. Our management system for information technology and security was already ISO/IEC 27001-certified in 2009.

Dealing with complaints and information

Every employee can report a suspected violation of the Voith Code of Conduct. We offer them various ways to do this, from which they are free to choose. They may report a violation to their direct supervisor,

Wording of Code of Conduct

<http://voith.com/en/group/compliance-187.html>

the HR manager responsible for the employee, the compliance officer of the respective company or Group Division, or a member of the Compliance Committee. We have also set up a help desk and an e-mail address that employees can send information to. The employee is not disadvantaged in any way by reporting a suspected violation. Anonymously submitted complaints are also followed up. The type and number of violations is documented centrally.

Compliance training

At the end of 2011, we launched a mandatory computer training program: It gives all employees with PC access the opportunity to keep their knowledge of compliance issues current. In the meantime, more than 90 percent of all employees affected have completed the e-learning training. Training with on-site attendance is also offered. Overall, around 32,000 employees had participated in compliance training by the end of 2012.

New goals

- Complete the second and third phases of the certification process in fiscal 2012/13
- Expand the PC training program on management culture (management and employees) in fiscal 2012/13
- Compulsory e-training “Management and Employees at Voith” for all employees
- Extend the whistleblower system with reporting units at the Heidenheim, Appleton (USA), Shanghai, São Paulo and St. Pölten (Austria) sites and the reporting methods (e-mail, phone, fax, post) in fiscal 2012/13

2.4 Stakeholder Dialog

At Voith, we are confronted with different needs and expectations that are placed on the company by stakeholders. These stakeholders include the owners and supervisory committees, employees, neighboring communities, customers, suppliers and investors, economic associations and academia (universities, research institutes), government agencies and politicians, NGOs, and the general public. During the period under review, we created a task force to conduct a Group-wide analysis of the stakeholder groups and come up with a concept for systematic stakeholder dialog. We plan to implement one measure from this concept in fiscal 2012/13.

We are in contact with all of our stakeholders on various issues. For example, every manager receives feedback from our staff in the annual employee reviews as an important driver for further development, which also extends to development of our company. In the dialog with our customers, we conduct regular surveys on customer satisfaction. This gives us an overview of the quality of our products and services and we benefit from suggestions for improvements and innovations.

We exchange ideas on topics specific to our technology and industry with other companies in professional associations. Voith is a member of, among others, the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau e.V. – VDMA), the German Association for Materials Management, Purchasing, and Logistics (Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. – BME/

2.5 Supplier Management

Purchasing Documents

<http://voith.com/en/group/purchasing-174.html>

AMMPL), the German Industrial Services Association (Wirtschaftsverband für Industrieservice e. V. – WWIS), and the International Hydropower Association (IHA). Apart from our work in professional associations, the Group also conducts regular dialogs with NGOs that deal with environmental and social issues. We are in regular contact with the World Wildlife Fund (WWF). We also work in industry associations, for example in the German Committee of Standards Users (Ausschuss Normenpraxis - ANP), the German Railway Industry Association (Verband der Bahnindustrie in Deutschland e. V. – VDB), and the German Aerospace Industries Association (Bundesverband der Deutschen Luft- und Raumfahrtindustrie e. V. – BDLI).

Stakeholders can contact the people responsible for the various fields of activity with questions and suggestions related to sustainability by e-mail or on our corporate website.

New goals

- Expand and systematize the dialog with external stakeholders by fiscal 2013/14
- Implement a measure from the concept for stakeholder dialog in fiscal 2012/13
- Expand the communication concept for sustainability and implement initial measures (for example training and expansion of scheduled communication) by fiscal 2012/13

Our drive for sustainable business practices requires that our suppliers also comply with recognized environmental and social standards. This minimizes risks and creates transparency in our supply chain. We are implementing a Group-wide concept to integrate social and environmental aspects into our General Purchasing Conditions, the supplier self assessment, supplier evaluations, and audits. We are currently working on defining the existing criteria in more depth and making them a fixed component of purchasing.

In fiscal 2011/12, purchasing volume totaled €3.3 billion and was virtually the same as the previous year. Voith worked together with suppliers from 78 countries. The three largest groups of goods purchased as production materials were electrical/electronics, cast parts, and semi-finished goods/steel. In terms of global regions, Europe and North America accounted for 72 percent, South America for 19 percent, and Asia for 9 percent of this total. The percentage of goods purchased in Asia will increase in the future in line with the business strategy. Because the largest growth in sales is expected in Asia and due to our clear localization strategy (“local for local”), the increase in purchasing volume there will be proportionally higher. We are pursuing this strategy not least of all to keep the transport routes as short and efficient as possible and have a positive impact on our carbon footprint.

Our drive for sustainable business practices requires that our suppliers also comply with recognized environmental and social standards.

Guidelines for a relationship based on trust

We form long-term relationships with many of our suppliers in partnerships based on trust. Our concept of partnerships and our specifications on environmental and social standards and compliance are documented in the Code of Conduct and our General Purchasing Conditions (GPC).

The Code of Conduct states: "Voith assesses all of the quotes submitted by its suppliers fairly and without prejudice. A contract must be reviewed, decided on, awarded, and handled transparently and strictly on the basis of objective criteria. It is absolutely prohibited to give preferential treatment to or to obstruct a supplier. When selecting business partners, Voith requires its partners to also comply with the values outlined in this directive. The business relationship may be terminated if the directive is violated by a partner."

The Code and our GPC should be accepted by our suppliers when a formal business relationship is concluded. The GPC stipulates that suppliers must comply with all legal provisions on environmental protection and labor law and may not tolerate bribery, corruption as well as child and forced labor. As an alternative to the Voith regulations, the companies should also have their own adequate regulations in place and assure compliance with them. If necessary, Voith employees perform an on-site inspection to determine whether these regulations are complied with and, if so, how.

Supplier management

To identify the risks of global purchasing markets, we have a Group-wide risk management system and track our key suppliers in a central database. This database increasingly contains not just information on the scope of services and products but also on

environmental and social standards. This way, we ensure that our purchasing team of around 550 employees can also access and analyze the relevant data for a group of suppliers.

Supplier self assessment

Companies we work with for the first time that are expected to have a high sales volume with Voith should also enter information on environmental and social standards and compliance with laws and voluntary guidelines when registering in our database. For example, information on sustainability strategies, a Code of Conduct, and management systems for environment, occupational safety, and quality are stored, as well as the respective certificates.

Supplier evaluation

We evaluate the quality, safety, and environmental protection requirements based on defined criteria for existing business relationships. Our employees are required to assess active and repeat suppliers once a year. In fiscal 2011/12, we conducted 7,235 evaluations with 4,526 suppliers. Of these, 3,198 evaluations with 2,475 suppliers already contained our newly introduced environmental and social criteria. 72 percent of the goods and services procured were purchased from evaluated suppliers. Our target for the coming business year is 76 percent.

Comments

In the Sustainability Report 2011, we set a goal of 85 percent for fiscal 2011/12. As until that time only three of the four Group Divisions were included in the supplier evaluation, the goal also only referred to these three Group Divisions, where a rate of 81 percent was achieved. In the meantime, supplier evaluation is also being implemented in the fourth Group Division. This is why the values were adjusted.

Supplier visits and audits

Information on quality, environmental, and occupational safety management is particularly relevant for us. If necessary, our suppliers can provide the respective proof through internationally recognized standards (ISO 9001, ISO 14001, ISO 16001, EMAS, OHSAS 18001, SA 8000, etc.). Suppliers who do not have the respective certificates despite requirements to the contrary should be visited on-site by Voith employees who inspect the quality of processes, systems, and products. The priorities and frequency of these visits are defined at Group Division level and adjusted when necessary. Currently there is no information available on the number of audits performed because this is not tracked centrally.

Warnings/black list concept

If suppliers do not comply with our specifications, we send a warning and request improvement. If a supplier does not make the improvement within a specific time period despite several warnings, the business relationship should be terminated and the supplier suspended. In the reporting period, we ended our relationship with one business partner in Asia due to a case of corruption. To be able to ensure that suppliers like this are suspended Group-wide, we are currently drafting a centrally managed black list concept together with the corporate legal department.

Employee training

At Voith, we strategically develop our purchasing department and teach our employees about supplier self assessments and evaluations, visit reports, and compliance with laws and directives in the newly created "Purchasing Training School" (PTS).

Dialog with suppliers and business partners

We also encourage direct dialog with our suppliers about environmental and social standards. We share

ideas and experiences with our most important suppliers and business partners on a regular basis. Particularly during supplier visits, we inform our partners of organizational changes and new requirements.

Our specific Group-wide "Supplier Award", which also honors suppliers for compliance with environmental and social standards had to be deferred for the time being, however, due to other priorities.

Sustainably-oriented supplier management is also a central theme for many of our customers and industry associations. Voith is, for example, an active member of the German Association for Materials Management, Purchasing, and Logistics (BME/AMMPL).

New goals

- Procure 76 percent of the purchasing volume from evaluated suppliers in fiscal 2012/13
- Cooperate with the Group legal department to create a black list concept valid for the entire Group for blocking suppliers by fiscal 2013/14
- Document the evaluation of environmental and social standards in our supplier database using a separate indicator in the purchasing KPIs from fiscal 2012/13
- Evaluate 80 percent of the most important material deliveries (material score) for fiscal 2012/13 and maintain the level of coverage in future



Resource-efficient production is a core issue for Voith, also at our sites in North America. Sometimes it can be achieved with simple ideas, as evidenced by the example of press fabric that is needed in the production of paper. Since we started systematically switching off the machine components used to produce press fabric, we have saved around 209,000 kilowatt hours of electricity and 108 metric tons of CO₂ per year at our Wilson site alone.

03 Responsibility for the Environment

As a global technology group with intensive resource utilization, one of our most important projects in environmental protection is to conserve raw materials and lower energy consumption and therefore CO₂ emissions. This not only makes a contribution to protecting the environment; we also minimize our business risks and lower our operating costs.

Overview of Our Goals

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3.1 Approach and Goals

At Voith, we consider it our corporate responsibility to not only use resources efficiently but also to reduce our consumption of resources overall. This applies both to our production and service sites.

One of our goals is to continuously reduce our environmental footprint. To this end, we prescribed binding environmental standards in 2003 for the entire Corporate Group and for all levels in the value chain. The company-specific environmental standards are summarized in the Group Directive “Environment”, last updated in October 2012. We have set out our understanding of environmentally-aware actions, and how we are implementing environmental protection measures within our Group, in seven guiding principles:

1. Acting ecologically is synonymous with acting economically.
2. Acting ecologically involves the entire value chain.
3. Acting ecologically is a continuous improvement process.
4. Our actions are based on the adherence to legal provisions and standards.
5. Acting ecologically by involvement of all employees is a duty of leadership.
6. All employees are trained regularly in acting ecologically.
7. Management uses audits to assess ecological behavior.

Environmental goals

The Voith Corporate Board of Management defined three reduction goals as strategic fields of activity in environmental protection on the basis of fiscal 2008/09: CO₂ emissions, waste, and freshwater consumption. These goals are related to the annual sales as specific variables. We had planned to achieve this reduction for all targets by 2015/16 but – after reaching the freshwater target in fiscal 2010/11 – we also achieved it ahead of schedule for CO₂ emissions and waste volumes.

CO₂ reduction

Our target was to reduce our specific CO₂ emissions by 10 percent from 2008/09 levels by fiscal 2015/16. We lowered emissions by 10.4 percent and reached this target ahead of schedule in the reporting period.

Because we don't want to let up in our climate protection efforts, we have set a new target: In relation to annual sales, we aim to reduce our energy consumption by 20 percent from 2011/12 levels by 2017/18. To achieve this, we will focus more on leveraging the benefits of energy efficiency in our actions as a production-intensive company.

Waste reduction

We planned to reduce the waste volumes produced in our processes in relation to annual sales (metric tons/€ million) by 10 percent from 2008/09 levels by 2015/16. By reducing the specific volume of waste by 25 percent up to the 2011/12 reporting year we were able to surpass this goal by a considerable degree and ahead of time. We now want to reduce the specific waste volume by 25 percent from fiscal 2011/12 levels by 2017/18.

Freshwater consumption reduction

We were not able to successfully continue the positive trend of reducing our specific freshwater consumption as was seen over the last few years in this reporting period. The increased need for cooling water at the Garching (Germany) and Wimpassing (Austria) sites increased specific freshwater consumption by 2.3 percent compared to the previous year. We have still set a higher reduction target for freshwater consumption: By fiscal 2017/18 we aim to reduce specific freshwater consumption by 10 percent compared to the reference year (fiscal 2011/12).

3.2 Organization

The central “Corporate Environment” department is responsible for all environmentally relevant issues throughout the Group. It operates as a part of Corporate Sustainability, which in turn reports directly to the Chairman of the Corporate Board of Management. The environmental organizations in the Group Divisions help our sites implement tasks and measures related to the environment. They also report directly to the relevant Group Division’s Board of Management.

Corporate Environment’s mission is to create measurable added economic value for the company through ecological business practices. Corporate Environment pursues a multidimensional approach and is broken down by topic into Eco Technologies, Ecological Business Management (EBM), Eco Standards, and Environmental Protection Heidenheim.

Eco Technologies

The priority issue of Eco Technologies identifies market trends and technologies and analyzes environmental-economic potential for use in Voith products and production. It carried out, among other things, the following activities and pilot projects during the reporting period:

- Studies and projects, e.g. on the use of waste heat in production buildings and possibilities for application of solar thermal heating.
- Contributions to concept and planning phases for the expansion of the Chinese production sites.
- Development of a standard methodology to improve material efficiency. As part of a pilot project at the Heidenheim site, numerous improvement measures were identified. The main potential for improvement was through greater interaction between design, procurement, and production.
- Five one-day training sessions on energy and resource efficiency in Kunshan, York (USA), São Paulo, and Heidenheim with a total of 54 participants.

- Analysis of the possible effects of the shortage of raw materials on the Group. Voith worked with a university to produce a survey that evaluated the availability of crucial raw materials for machine engineering. The survey explored criteria such as regional concentration, the political situation in the producer countries, price fluctuations, and substitutability.

New goal

- Apply the findings of the survey on shortage of raw materials to selected products by 2014/15

Ecological Business Management

Ecological Business Management (EBM) identifies potential ecological-economic improvements in production and the associated processes and technologies. The key tool is the analysis of energy, material, and water flows in the plants. We apply the EBM methodology primarily to our own production, but also offer it as a service to our customers. We carried out the following activities at Voith during the reporting period:

- Voith has implemented EBM in all divisions and thus achieved its goal.
- Analysis of the energy, material, and water flows at one of our customer’s production sites: The team identified the primary consumers and came up with proposed measures. Our customer benefited from potential ecological-economic savings amounting to 10 percent of its previous energy consumption.
- We held workshops on reducing, separating, and recycling waste at the US sites West Monroe, Sumnerville, Waycross, Shreveport, and Wilson.

New goals

- Further develop EBM controlling: Extend a tool to verify site-specific achievement of goals and implementation of measures by fiscal 2012/13
- Constantly refine the EBM method for analyzing energy, water, and material flows at production sites by means of new tools and establish an EBM toolbox by the end of fiscal 2013/14

Eco Standards

The role of Eco Standards is to provide strategic and operational support for Voith's business units and sites in implementing and complying with environmental regulations. All relevant data on health and occupational safety and environmental protection is recorded and managed using an integrated management system. We are guided by the internationally recognized standards ISO 9001, ISO 14001, and OHSAS 18001. Most of our sites are already certified. More than 91 percent of our employees work at sites with ISO 9001 certification by now.

There is one Environmental Representative per site who supports the management and the people responsible in the implementation of requirements and standards. We check compliance and goal achievement in internal and external audits. This allows us to simultaneously guarantee a uniform quality and environmental standard for our products. We carried out the following activities at Voith during the reporting period:

- Launch of Group-wide tracking of environmental incidents: The Group Directive "Environment" defines and regulates reporting and processes. An environmental incident is defined as an unplanned event at the workplace that actually damages or could potentially damage the environment, people, property, business activities, and company reputation.
- Development of an Eco-Compliance Concept and implementation at Heidenheim and 13 other sites in Germany (64 percent of the sales generated in

Germany). Relevant guidelines can be assigned to and reviewed by various departments and facilities, using a special software.

- Performance of training sessions on recycling and energy, resource, and environmental management at the Heidenheim site with 81 participants.
- Start of the implementation of a Group-wide hazardous substance management process based on a standardized hazardous substance database. This will allow all materials to be mapped throughout the entire Group against a uniform database, and so simplify compliance with statutory regulations, such as REACH, at the start of the value chain.

We reached the targets set for all measures.

New goal

- Implement a Group-wide reporting system to track all environmentally relevant incidents by fiscal 2012/13

Environmental Protection Heidenheim

At our site in Heidenheim, our central Corporate Environment department is also responsible for local operational environmental protection. It was responsible for the on-schedule completion of the pilot project to introduce the described eco-compliance software at the Heidenheim site. Five user training sessions with 104 participants were held by the end of fiscal 2011/12 in this area. The project is finished.

3.3 Energy, Emissions, Water, Biodiversity

Direct and indirect energy consumption

The total energy consumed in production amounted to 602,807 MWh (33 percent direct energy and 67 percent indirect energy) in the reporting period. Direct energy is mainly comprised of natural gas as a fuel for heating and heat-intensive thermal processes. Indirect energy is made up of electricity which accounts for 78 percent of the total indirect energy consumed in production. Around 28 percent of this electricity originates from renewable energies, with 86 percent from hydro power. District heating and steam make up the remaining good 20 percent of the indirect energy.

Practical examples

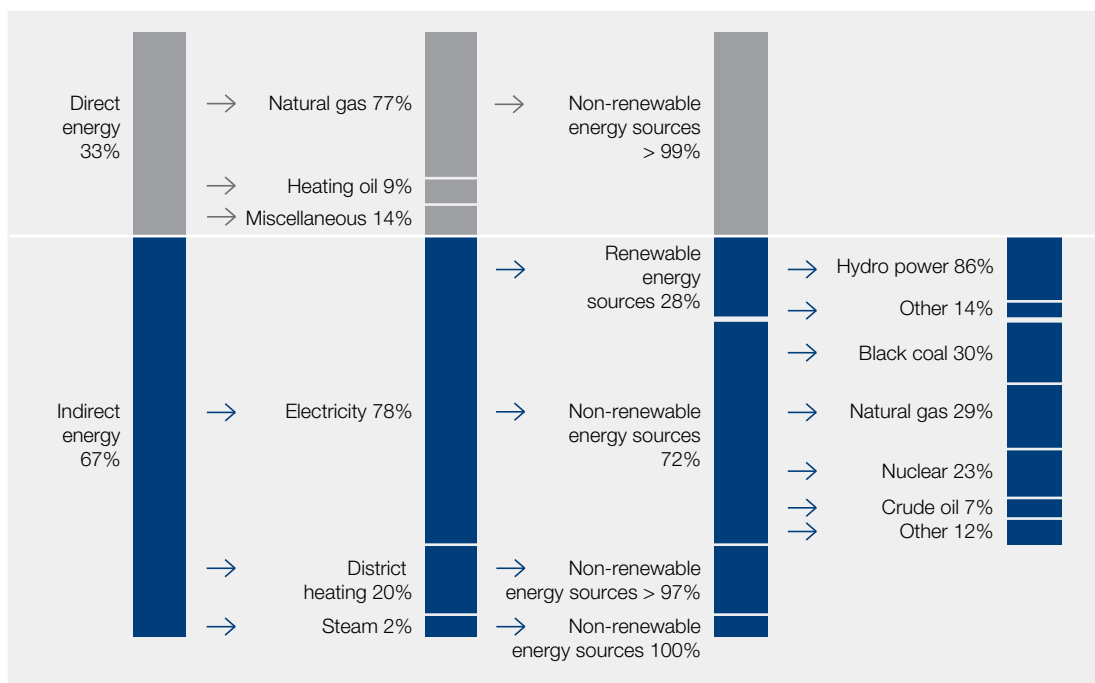
With respect to heating, we reduced the consumption of heating energy at our sites in Heidenheim and York – for example, by lowering the temperature in

the hall and sealing leaks in the building shells. This lowered annual CO₂ emissions by 600 metric tons in Heidenheim and 250 metric tons in York.

By using compressor waste heat, the site in York produces around 210 metric tons fewer CO₂ emissions every year; in Salzgitter, Germany, there are around 70 metric tons fewer CO₂ emissions and in Frankenmarkt, Austria, around 100 metric tons fewer CO₂ emissions.

Besides technical measures, we also rely on behavior-related measures to reduce electricity consumption. In Kiel (Germany) and Heidenheim, employees are motivated to switch off lights during breaks and at the end of the workday. At the Croydon (UK) and Salzgitter sites, new lighting technology has made it possible to reduce CO₂ emissions by 60 metric tons

Percentage of direct and indirect energy consumption in fiscal 2011/12



per year at each site. We produce 400 metric tons fewer CO₂ emissions annually thanks to LED lighting in Kunshan.

The significance of energy efficiency in the procurement of new systems was incorporated in the amendment to the Group Directive 01/02 "Environment". This directive documents energy and resource efficiency standards for the purchase of new and replacement production systems and their components throughout the Group. It also addresses the consumption of compressed air, process heat, process water, and cooling water.

Our sites in St. Pölten and Crailsheim (Germany) held information days to raise employees' awareness of, among other things, environmental protection measures. Following an energy savings day, for example, the St. Georgen, Austria, site reduced its energy consumption by 30 percent by switching off unnecessary consumers on machines, lighting, and similar equipment.

The main causes of energy consumption are heating systems in Europe and the northern part of the USA. Another factor is our demand for heat processing, for example, to melt steel in the São Paulo foundry or for thermal fixation during press fabric production. In terms of electricity consumption, Voith has identified lighting, ventilation, and air-conditioning, as well as the standby function of machines as general factors. On the production side, machine tools, looms, test stands, and pilot paper machines are particularly power-intensive.

Since October 2011, we have recorded in detail the direct and indirect energy consumption of the Group companies included in the scope of reporting on a monthly basis. With the conclusion of fiscal 2011/12 on September 30, 2012, we now have monthly consumption figures for an entire year for the first time, which makes it possible to see the cycle of energy

consumption throughout the year. Furthermore, since fiscal 2010/11 we have also been logging other forms of energy consumption arising from the transport of goods as well as employee business trips. This allows us to cover all three application areas of the Greenhouse Gas (GHG) protocol.

The CO₂ emissions we generate are calculated according to the energy source based on specific CO₂ factors. We take these factors in the form of CO₂ equivalents from a database (GaBi) which provides us with regional and location-specific values for each of our energy sources. Where not available otherwise, the specific emissions values of the electricity provider or the country (national grid mix) are used. Besides CO₂ emissions, we also record other greenhouse gas emissions such as CH₄, N₂O, HCF, PFC, and SF₆ across the Group calculated as CO₂ equivalents based on conversion factors.

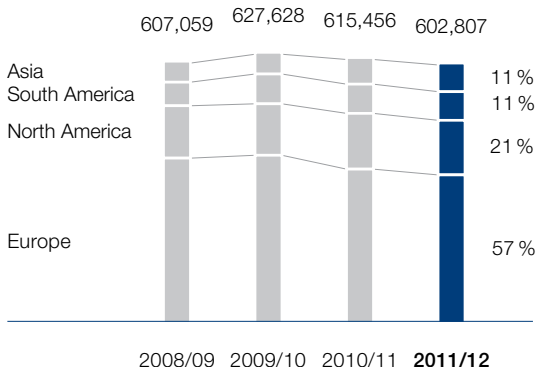
Welding, protective, and other process gases are generally not relevant as Voith only generates them in very small amounts. The only exceptions are our site in Laakirchen, Austria, which uses kerosene and São Paulo, which uses acetylene. We used an energy questionnaire to survey these process gases. All energy consumption is reported as CO₂ equivalents in the following section.

Production-related energy consumption and CO₂ emissions

In total, Voith consumed 602,807 MWh of energy in production and administration in the reporting period (previous year: 615,456 MWh), of which 199,212 MWh was direct energy (previous year: 205,237 MWh) and 403,595 MWh indirect energy (previous year: 410,219 MWh). We met around 15 percent of our needs with renewable energies as was also the case the previous year.

Production-based energy consumption

In MWh



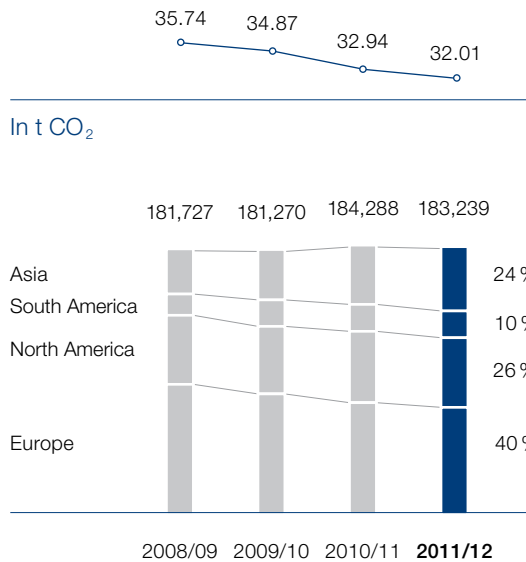
We produced 183,239 metric tons of CO₂ with our production-related energy consumption (previous year: 184,288 metric tons). These are broken down into 43,237 metric tons (previous year: 44,358 metric tons) of direct CO₂ emissions stemming from primary energy consumption and 140,002 metric tons (previous year: 139,930 metric tons) of indirect CO₂ emissions that arise from the consumption of secondary energy. This represents a decline in total production-related CO₂ emissions by 1,049 metric tons from the previous year as a result of less production in Europe.

We decreased our energy consumption by 7,100 MWh and generated approximately 4,520 metric tons fewer CO₂ emissions than the previous year by optimizing our production processes, installing better equipment, and changing employee behavior.

The specific CO₂ emissions amounted to 32.01 metric tons per € million in sales (previous year: 32.94 metric tons). This is equivalent to a 3 percent reduction (previous year: 6 percent reduction).

Production-based greenhouse gas emissions

Specific value in t CO₂/€ million in sales



Compared to the reference year 2008/09, we reduced specific CO₂ emissions by 10.4 percent. We thus achieved our aim of reducing our specific CO₂ emissions in relation to sales by 10 percent by fiscal 2015/16 ahead of schedule.

Regional distribution of CO₂ emissions shows that 40 percent (previous year: 41 percent) were released in Europe. This is because the majority of our sites are based in Europe and they also have high levels of vertical manufacturing. We generate 26 percent (previous year: 26 percent) of emissions in North America, followed closely by Asia with 24 percent (previous year: 22 percent). South America accounts for 10 percent (same as the previous year) and Africa less than 1 percent (same as the previous year).

If the regional CO₂ emissions are correlated to sales in the respective region, the highest figure by far is for North America with 55 metric tons of CO₂ per € million in sales. This is followed by Asia at a considerable distance (31 metric tons of CO₂ per € million in sales), Europe (27 metric tons of CO₂ per € million

in sales), and South America (26 metric tons of CO₂ per € million in sales). While the figures for Asia and Europe were mainly caused by high regional sales, the figures for South America reflect the high percentage of hydro power in the electricity mix.

Travel-related emissions

As a company with a global manufacturing base, we generate a high level of transport-related emissions thanks to our high transport volume and employee business trips.

Goods transport

The CO₂ emissions resulting from our transport of goods amounted to approximately 37,240 metric tons (previous year: 55,615 metric tons). This significant decline can be attributed to a lower transport volume and optimized logistical planning due in part to less air transport. In addition, our logistics providers continuously upgrade their fleets and deploy more environmentally friendly vehicles. Most transport either occurs or starts in Germany. Transport makes up 15 percent of the total CO₂ emissions (previous year: 20 percent).

The analysis was based on incoming and outgoing materials data and the associated transport and greenhouse gas emissions factors from the German Federal Environment Agency's ProBas and TREMOD databases and information from 16 of our logistics providers.

Business trips

We avoid unnecessary business trips whenever possible and practical. All our employees book their business travel through a central service provider in accordance with our internal "Authorized Business Travel" Group Directive. The greenhouse gas emissions produced are tracked centrally and calculated using the formula: emission factor multiplied by distance in kilometers.

We calculate the fuel consumption of our company cars in German-speaking countries using fuel cards. In other countries, the individual sites record fuel

consumption in our sustainability database. In the reporting year, Voith generated greenhouse gas emissions of 32,325 metric tons of CO₂ arising from business trips taken by company car, rental car, train, or air (previous year: 34,486 metric tons). Cars and long-haul flights account for most of these emissions with 50 percent and 47 percent respectively. Business trips make up 13 percent of the total CO₂ emissions (previous year: 13 percent).

Pollutant emissions

In the data collected on air-borne pollutants from production, we found that the data quality was not uniform in fiscal 2010/11 and only some of the information could be used as a result. We developed a new query methodology in the reporting period: To be able to identify critical sources of emissions, thresholds oriented around the reference and limit values of the EU directives were defined for every system and process. The goal of improving data quality in recording air-borne pollutants from production by fiscal 2012/13 was thus reached ahead of schedule.

Ozone-depleting substances are mainly produced at Voith in production processes. Coolant used in air-conditioning and cooling systems, etc. was identified as the source of CFCs and HCFCs. Halon occurs in the supplier parts treated with gas in South Africa. Most of the remaining air-borne pollutants originate from energy generation.

We also calculated pollutants for goods transport, e.g. NO_x (258 metric tons), SO_x (119 metric tons), VOC (151 metric tons), NM-VOCs (volatile organic compounds without methane) (35 metric tons) and particulate emissions (6.2 metric tons of which 5.8 metric tons of particular matter), POP (0.01 metric tons), HAP (0.9 metric tons), SF₆ (0.06 g), heavy metals (0.06 metric tons). Significant quantities are thus incurred for NO_x, SO_x, VOC, and NM-VOC.

If the air-borne pollutants with significant quantities are considered and their transport-related emissions are correlated to the total emissions from goods transport, business trips, and production, goods

Air-borne pollutants

In t	2011/2012
Production-related air-borne pollutants	
CFC*	<1
H-CFC*	<1
Halon*	0
Methyl bromide*	<1
Volatile organic compounds (VOC)	n.a.
Of which volatile org. compounds without methane (NM-VOC)	n.a.
Persistent organic pollutants (POP)	n.s.
Hazardous air-borne pollutants (HAP)	n.s.
Dust emissions	9
Of which inhalable fraction	n.a.
Heavy metals	n.s.
NOx	n.s.
SOx	n.s.
SF ₆	n.a.

From production-related energy consumption

CFC*	<1
H-CFC*	2
Halon*	<1
Methyl bromide*	n.a.
Volatile organic compounds (VOC)	462
Of which volatile org. compounds without methane (NM-VOC)	31
Persistent organic pollutants (POP)	<1
Hazardous air-borne pollutants (HAP)	20
Dust emissions	37
Of which inhalable fraction	14
Heavy metals	<1
NOx	412
SOx	897
SF ₆	<1

n.a. = not available, n.s. = not significant

* Ozone-depleting substances in t CFC 11-equivalent

In t	2011/2012
Pollutants caused by business trips	
CFC*	<1
H-CFC*	<1
Halon*	0
Methyl bromide*	n.a.
Volatile organic compounds (VOC)	201
Of which volatile org. compounds without methane (NM-VOC)	46
Persistent organic pollutants (POP)	<1
Hazardous air-borne pollutants (HAP)	2
Dust emissions	6
Of which inhalable fraction	5
Heavy metals	<1
NOx	159
SOx	82
SF ₆	<1

Pollutants caused by goods transport

CFC*	<1
H-CFC*	<1
Halon*	0
Methyl bromide*	n.a.
Volatile organic compounds (VOC)	151
Of which volatile org. compounds without methane (NM-VOC)	35
Persistent organic pollutants (POP)	<1
Hazardous air-borne pollutants (HAP)	<1
Dust emissions	6
Of which inhalable fraction	6
Heavy metals	<1
NOx	258
SOx	119
SF ₆	<1

transport accounts for 31 percent of NO_x and 11 percent of SO_x emissions. Other emissions include the ozone-depleting substances CFCs (0.02 metric tons), HCFCs (0.093 kg) and halon (0 g). The quantities are not material compared to the analogous production-related emissions.

We also determined the air-borne pollutants emitted as a result of our business trips for the first time. In fiscal 2011/12, we emitted 159 metric tons of NO_x, 82 metric tons of SO_x, 201 metric tons of VOC, 46 metric tons of NM-VOCs (volatile organic compounds without methane), and 5.8 metric tons of particulate emissions (of which 5.2 metric tons of particulate matter). In addition, we produced emissions of 0.01 metric tons of POP, 2 metric tons of HAP, 0.08 g of SF₆ and 0.083 metric tons of heavy metals. Significant quantities are incurred for NO_x, SO_x, VOC, and NM-VOC.

If the air-borne pollutants with significant quantities are considered and their travel-related emissions are correlated to the total emissions from goods transport, business trips and production, business trips account for 19 percent of NO_x and 8 percent of SO_x emissions. Other emissions include the ozone-depleting substances CFCs (0.35 kg), HCFCs (0.002 kg), and halon (0 g).

New goals

- Reduce energy demand in relation to annual sales by 20 percent based on fiscal 2011/12 by fiscal 2017/18
- Define ecological assessment criteria when engaging logistics service providers by fiscal 2013/14

Raw material consumption and recycling

At Voith, we work on concepts and solutions to increase resource efficiency and recycling quotas in production and administration. In fiscal 2008/09, we started tracking raw material and material use Group-wide. As a result, we now have a four-year sequence showing that Voith purchased 213,000 metric tons of material from suppliers in the reporting period, broken down into around 24 percent raw materials, 3 percent auxiliary materials, 65 percent semi-finished goods, and 8 percent packaging. The material costs account for around 41 percent of total operating costs in fiscal 2011/12.

Approximately 48 percent of all materials used in fiscal 2011/12 were recycled. For raw materials this quota was 48 percent, for auxiliary materials 49 percent, semi-finished products 45 percent, and packaging 75 percent.

To improve data quality for material procurement, the volumes of the materials purchased started being systematically and comprehensively recorded on October 1, 2013 in Voith's ERP systems. The project is being coordinated with Purchasing department.

Waste

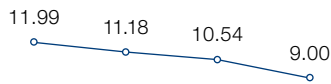
In the reporting year, Voith produced 51,488 metric tons of waste internally without external waste collection for third parties (previous year: 58,985 metric tons). Of this total, 72 percent (previous year: 71 percent) was comprised of non-hazardous waste and 28 percent (previous year: 29 percent) of hazardous waste. Compared to the previous year, this represents a reduction (absolute) of 4,597 metric tons of non-hazardous waste and 2,899 metric tons of hazardous waste. The specific waste volume amounted to 9 metric tons per € million in sales (previous year: 10.54 metric tons). Because the waste volume compared to the previous year fell while sales increased, the core indicator waste/sales dropped by 14.7 percent from the previous year. Compared to fiscal 2008/09 we even lowered the specific waste volume by 25 percent and thus achieved our original target ahead of schedule.

Supplier Management

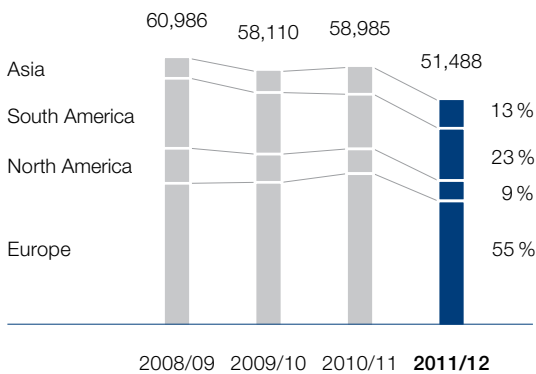
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Waste

Specific value in t/€ million in sales



Absolute value in t



The waste produced by Voith is disposed of by an external waste disposal and recycling company; we do not transport any waste. Waste is not imported or exported.

When broken down by region, it is clear that the largest waste volumes are generated at our production sites in Europe and South America. Most of Voith's machine engineering sites, which produce a large quantity of metal waste, are located in Europe. Drivers of this waste volume are the high percentage of project business and a lower level of standardization compared to series production. The volume of waste produced in South America is mainly caused by the casting-sand waste from the foundry in São Paulo.

Practical examples

In our Sustainability Report 2011, we described ongoing measures to lower casting-sand waste from our foundry in São Paulo. In fiscal 2011/12, we prevented another 800 metric tons of casting-sand waste through these measures, which brought the total reduction since fiscal 2008/09 to 5,300 metric tons annually.

At the same site, we produced around 40 metric tons less wood waste through reuse in fiscal 2010/11. Individual parts of used pallets and packaging boxes were recycled to make new boxes and stabilize shipped products.

A workshop series on reducing, separating, and recycling waste was organized at the US sites in Wilson, Waycross, Summerville, Shreveport, and West Monroe. In these workshops, 59 detailed measures were defined together with these sites and implementation was initiated. These measures were jointly estimated to reduce waste by 91 metric tons.

New goal

- Reduce the volume of waste in relation to annual sales (metric tons/€ million in sales) by 25 percent (compared to fiscal 2011/12) by fiscal 2017/18

Water and wastewater

In total, Voith consumed 1,732,425 cubic meters (previous year: 1,655,887 cubic meters) of freshwater. Freshwater is defined as the sum of surface water, groundwater, and mains water. Rain water and geothermal water are not included in the figures. The highest percentages are 48 percent groundwater (previous year: 46 percent) and 43 percent water from the public water supply (previous year: 44 percent). 9 percent (same as the previous year) was attributed to surface water (of which 64 percent was cooling water from the adjacent lake for the plant in Högsjö, Sweden).

The specific freshwater consumption amounted to 0.30 cubic meters per € thousand in sales in the reporting year. Compared to the previous year, the specific freshwater consumption rose by 2.3 percent. This can mainly be attributed to the fact that the absolute freshwater consumption increased as a result of increased cooling water needs at Garching and Wimpasing site. At the same time, measures to lower freshwater consumption implemented at other sites were offset by increases in testing activities at our development centers in fiscal 2011/12. After reaching the target for specific freshwater consumption ahead of schedule the previous fiscal year, it was not possible to continue this positive trend for

the time being. We are still sticking to our target for fiscal 2017/18.

Freshwater consumption

63 percent of our global freshwater consumption in the Voith Group stemmed from Europe (previous year: 58 percent). This is due to the large number of production sites situated there. In addition, three paper machines are currently undergoing pilot operation in Heidenheim, Ravensburg (Germany), and St. Pölten. 17 percent (previous year: 19 percent) of freshwater consumption was accounted for by Asia and 11 percent (previous year: 12 percent) by South America. The main driver behind this is the foundry at the São Paulo site. North America accounts for 9 percent (previous year: 10 percent), with the drivers here being yarn and press fabric production. Open water cycles and water main breaks also contribute to water consumption.

Wastewater volume

The wastewater volume totaled 1.509 million cubic meters (previous year: 1.576 million cubic meters). Approximately 50 percent (previous year: 40 percent) of the water was discharged into rivers, lakes, or the soil and around 50 percent (previous year: 60 percent) was discharged to the sewage system.

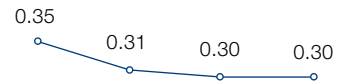
For the first time, the contaminant level in the wastewater was measured for fiscal 2011/12. The biochemical oxygen demand (as BOD₅) amounts to 11 metric tons; the chemical oxygen demand (COD) 45 metric tons. The overall suspended matter content is 13 metric tons, heavy metals amount to 0.056 metric tons, nitrogen is a total of 2 metric tons, and phosphorus is at 0.4 metric tons.

In addition, we developed a concept to lower wastewater volumes. Based on the identified main drivers,

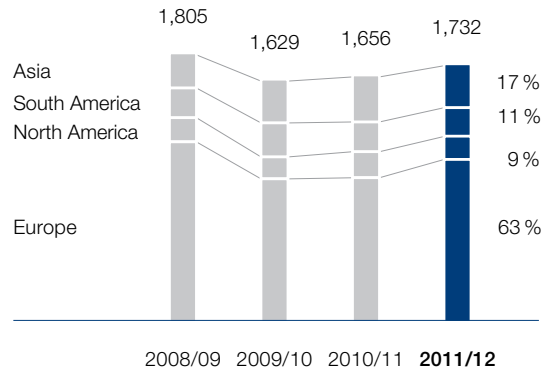
we analyze water use and the auxiliary materials used.

Freshwater consumption

Specific value in m³/€ thousand in sales



In thousand m³



Practical examples

At our Heidenheim site, we identified and fixed leaks in the pipes by performing comparative Ecological Business Management analyses. This allowed us to reduce consumption of freshwater by 7,000 cubic meters annually.

Two defective automatic valves caused consumption to increase by more than 850 cubic meters per month at the West Monroe site. Quarterly reporting on freshwater consumption per site, which was introduced in fiscal 2011/12 made it possible to identify this increase early on and make the appropriate adjustments. The environmental benefit: Annual savings of 10,000 cubic meters of freshwater.

The process of closing open water cycles was initiated at the São Paulo and Garching, sites. The measure described in the Sustainability Report 2010 to replace freshwater with treated water from Voith's own treatment facility at the São Paulo site was vigorously pursued. In fiscal 2011/12, we started installing pipes to supply the foundry with treated water and retrofitting the cooling system. Work was completed in December 2012 and operations got underway in January 2013. This measure will lower freshwater consumption by roughly 25,000 cubic meters every year.

As reported in last year's sustainability report, we had conspicuously high levels of water consumption in our shower facility at the Shanghai site in fiscal 2010/11. Thanks to the measures introduced at the beginning of 2012, we successfully reduced freshwater consumption by 28,000 cubic meters within the same fiscal year.

New goal

- Reduce the specific freshwater consumption by 10 percent in relation to annual sales by 2017/18 (reference value fiscal 2011/12)

Biodiversity

Several of our production sites are directly next to or within water conservation areas. This includes our Voith sites in Heidenheim and Mönchengladbach (Germany), which are both inside water conservation areas and Manchester (UK) and São Paulo which are directly adjacent to water conservation areas.

Through extensive safety precautions and our environmental management system, we ensure that water quality is protected and make a contribution to protecting biodiversity at all of our sites.

In the reporting period, we conducted a risk analysis on the varying availability of water by region for all sites around the world. We use the "Water Risk Filter" methodology developed by the World Wildlife Fund (WWF) and Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG). The result shows that five of our sites (in Poland, Denmark, and India) are now already situated in regions where the availability of water is classified as being at risk. One site in South Africa will need to prepare for a water shortage by 2025. In addition, we identified sites in areas where biodiversity is under threat. This includes our sites in São Paulo, Ipoh (Malaysia), and Karawang (Indonesia).

In the reporting period, the Group used land with a total area of around 3.3 km². 52 percent of this land is developed and 48 percent undeveloped. We strive to minimize the land we use and to use developed land as efficiently as possible.

Noise emissions

Three significant noise emissions were reported during the reporting period: Complaints about noise came from the neighborhoods around the German sites Frankenmarkt and Düren during construction work. Suitable measures to prevent and reduce noise levels were undertaken immediately. During work on the dust removal system of the foundry at the São Paulo site, a unit was installed that exceeded the permissible noise emission values. Once this was detected, measures to reduce noise were implemented immediately.



People and the environment are facing new challenges around the world as a result of the growth of major cities. The high traffic volume demands innovative mobility concepts. In cities like New York, Denver, Salt Lake City, Houston, or Chicago, Voith promotes environmentally friendly mobility with its drive technologies for urban rail systems, city buses, or ferries and thus supports the reduction of CO₂ emissions.

04 Product Responsibility

At Voith, responsibility for our products and processes starts in development.

Our approach is to continuously reduce the environmental impact of our products and services both during production and while in use. Our customers thus simultaneously benefit from high-quality and resource-efficient Voith products.

4.1 Approach and Organization

At Voith, we rely on a diversified portfolio. With our products and services, we help national economies and societies to develop with a view to the long term. We orient these efforts around global megatrends such as climate change and urbanization.

In the development and production of our products and solutions, we work intensively with forward-looking developments that are tailored to the requirements of our markets. Our responsibility for products is based on three strategic principles:

- Minimizing the environmental impact of selected products as early as the development phase
- Quality and safety
- Dialog with our customers

Minimizing environmental impact

Our strategy is to ensure that our products contribute to conserving resources and protecting the environment. We achieve this, on the one hand, through the responsible use of raw materials in our production processes and the continuous reduction of CO₂ emissions along our value chain. On the other hand, it is our goal to make the use of our products as resource- and energy-efficient as possible for our customers. Because most of our products are so durable, the primary environmental impact occurs in the use phase and not in the production phase.

To develop high-quality products that are as environmentally friendly as possible, we analyze key systems and individual products systematically for their primary environmental impact based on the Life Cycle Assessment (LCA).

The responsibility for product development is organized differently in the various Group Divisions.

Quality and safety

A second strategic principle in the area of product responsibility is our quality and safety standard. We have implemented a Group-wide risk and quality management system and use a number of recognized and internal standards – spanning research, production, and after-sales service. As a result, we can ensure that the high level of product quality and safety remains the same.

Customer dialog

We have trusted business relationships with most of our customers lasting years or even decades. The dynamic markets for raw materials and energy along with increasing regulation mean that innovative and environmentally friendly products are also playing an increasingly important role for our customers. We work intensively with our customers to understand their exact interests. We also conduct surveys on a regular basis to determine their needs and level of satisfaction. We use their feedback to identify where we need to improve and adapt our products systematically.

4.2 Minimizing the Environmental Impact in Development

At Voith, we make targeted investments in research and development (R&D): Investment expenditures totaled €267 million in fiscal 2011/12. This represents 4.7 percent of our sales (previous year: 4.6 percent). Aspects of environmental protection and resource efficiency are included in the list of items to be taken into account in our research and development work. Our goal: To continuously improve products so that each new product is more efficient than the last.

Our customers appreciate the fact that more than one-quarter of sales generated by our Paper Division stemmed from environmental technologies and systems for recycled paper treatment in fiscal 2011/12.

Products with added value

As a company, we aim to shape growth and development to meet the needs of tomorrow. Consequently, we work on products that can meet global energy demand reliably and over the long run with climate-friendly renewable energies – for example, technologies for the use of ocean energy (wave power, tidal currents) as well as turbines and wheels for hydro power plants that improve the oxygen content of the water or contain components with oil-free lubrication. Another focus of our research and development work is to develop new solutions for drive systems

for industry, ships, trains, and commercial vehicles. We also manufacture technical components that increase energy and resource efficiency. One of our services is to help our customers structure their processes more efficiently. We advise, for example, automotive suppliers in how they can lower their reject rate and energy consumption. This has a positive effect on resource productivity.

Product development tools

To develop energy- and resource-efficient products, we systematically analyze the environmental impact of existing and new components and products using, for example, benchmarks and analyses of material efficiency and market trends.

Because environmental technologies are relevant for the entire Group, Voith formed the Eco-Innovation team in October 2011: This team was created to improve the cross-divisional eco-innovation process by identifying fields of activity and coordinating collaboration internally as well as with other companies, universities, and departments. Besides representatives from our central Eco Technologies function, the team also includes representatives for corporate strategy as well as the R&D and innovation departments from our Group Divisions.

Our approach is to continuously reduce the environmental impact of our products and services both during production and while in use.

We conduct Life Cycle Assessments (LCA) for selected products: An LCA tracks the environmental aspects throughout the entire life cycle of a product – from the extraction of the raw materials through to product utilization up to disposal. Voith upholds the principles set forth in the international LCA standard ISO 14040.

The upstream and downstream processes are factored in, such as raw materials and supplies. The results of these extensive assessments serve as an important source of information for determining and thus reducing the environmental footprint of a new product starting in the development phase.

A current example is the LCA for one of our paper machines. We will publish the results of this assessment during the course of 2013. We inform our customers of LCA results in what are known as environmental declarations, which we also submit with our proposals.

Megatrend: Urbanization

More and more people are living in cities. Urbanization also means increasing mobility both in and between cities. How can this trend be linked to the

requirement for environmental sustainability? One example can be seen in hydrodynamic retarders for buses and trucks. These retarders reduce both brake wear and dust emissions that accumulate when braking.

In November 2011, we won the European Transport Prize for Sustainability for our new secondary water retarder. This award recognizes companies in the transport industry that combine economic success with social responsibility and eco-friendly activities. To reduce the amount of waste our customers generate, and to ensure that waste is disposed of and recycled properly, we charge a deposit on our retarders.

Our DIWAhybrid system, which we designed together with the bus manufacturer Solaris for its model series Urbino 18, is another example of where our products are being used for environmentally friendly mobility. In this articulated bus with a parallel hybrid drive, a 150-kilowatt electric motor supports the diesel engine. The system with its wear-free, high-capacity condensers stores energy, saves fuel, and reduces wear and tear. These buses are already used, for example, by the regional German public transportation operator Bochum-Gelsenkirchen Straßenbahnen AG.

4.3 Product Quality and Safety

In our electric control and drive technology product group, we significantly improved the material efficiency of a servomotor (model SMS A41201): Optimized design principles and a reduced number of components made it possible to reduce materials by 38 percent and 99 kilograms of steel for every engine produced – this also represents 168 kilograms fewer CO₂-equivalents in the production phase.

Megatrend: Climate change

Our product portfolio includes plants for making use of hydro power, ranging from small-scale machines to large plants. We are also working intensively on making ocean energy usable in the future. To date wave and tidal power is barely used on a global level. We developed a 110-kilowatt pilot turbine for one of the world's largest planned tidal-power parks, the Seaturtle Tidal Park in South Korea, which was put into operation in spring 2011. A second machine for another location is currently under construction and will be installed in 2013.

In order to minimize the negative impacts for man and nature, we ensure that the appropriate standards are complied with during the production and installation processes (for example, ISO 9001, ISO 14001, and OHSAS).

We are known for the quality and long-life cycle of our plants and products. A key quality characteristic of our products is safety – their correct and safe operation. To guarantee that product quality and safety remain consistently high on a global level, we implemented a Group-wide risk and quality management system. This defines goals, processes, and methods for the development and production phases. Our quality departments are responsible for their implementation.

We have set out the guidelines for dealing with technical risks and quality in a Group Directive. The Group Divisions and their companies define and supplement this directive – for example, with a safety policy for the entire life cycle of a product. Our Group Divisions also determine the type and scope of the necessary employee training.

Quality tests

The management system for technical risks and quality (TRQM) and the Group Division-specific standards set out suitable methods and tools to guarantee the quality of our products. Among other standards they are based on the international quality management standard ISO 9001.

Consequently, we calculate, analyze, and simulate various operating states during product development: Our research and development centers make computer-based calculations and perform model tests regarding the performance or safety of the machines.

In many areas, we utilize the latest methods of analysis, such as Failure Mode and Effect Analysis (FMEA). We validate the results of the analyses and the measures derived from these in relevant test programs. In the process we take the relevant regulations into consideration; whether statutory, imposed by customers, or determined by us. Voith products are subject to stringent acceptance criteria. Our TRQM system also outlines procedures for taking decisions that entail risks. Checklists ensure that regulations, such as those relating to safety, are complied with as prescribed. These checklists are updated continuously.

We train employees on the requirements of our quality management and on process-oriented standards. All employees involved have Group-wide access to Web-based databases and wikis allowing them to look up standards, norms, process descriptions, and work instructions at any time.

Our quality management regulates how we mark our products, whether according to legal requirements or according to customer requirements. Operating instructions provide information on how to handle products safely in terms of technology and ecology, including their environmentally-conscious disposal.

Customer support

We offer our customers training courses where they learn how to use our systems, drives, and units correctly. This allows them to achieve the best-possible consumption levels and operating costs across the life cycle. Furthermore, we inform them about the risks associated with both use and disposal.

We have developed product-specific training courses for many of our products. For example, we offer training courses on how to drive using retarders and how to sail using Voith Schneider propellers. In addition, we advise paper producers how to reduce the specific use of energy and freshwater in production and increase the percentage of recycled fiber used. We also train our customers' employees in hydro power plants on the best way to operate a power plant. Aside from this, they can also learn more in the detailed manuals we provide.

4.4 Customer Dialog

Voith uses a variety of methods to measure and analyze customer satisfaction – this is an indispensable part of being a service-oriented company. Such processes are part of our integrated risk and quality management system; we have its effectiveness externally checked as part of the ISO 9001 re-certification process. We assess customer satisfaction in different ways within the Group. It includes conducting face-to-face and telephone interviews as well as written or online surveys.

When it comes to selecting the appropriate assessment method, it is vital to consider which target group the analysis is aimed at. Here, specific regional aspects and the role of the customer's individual point of contact within their organization must be taken into consideration.

Depending on the subject matter and focus of the customer satisfaction analysis, the survey results are either gathered and assessed by the particular Group Division Holding or by the relevant operating unit. In the majority of cases, we focus our customer satisfaction analyses on certain regions or customers, and conduct global analyses in individual cases.

To determine the initial situation, we ask how satisfied customers currently are and check how happy they are based on their experiences with our products and services. By analyzing how greatly individual products and service parameters (such as delivery punctuality and customer service) affect overall customer satisfaction, we can identify the areas in which our customers believe we need to improve.

We are known for the quality and long-life cycle of our plants and products.



In fiscal 2011/12, we employed over 4,800 employees in North America. We offer them diverse on-site employment and professional responsibility, together with challenging tasks and the freedom to think creatively, whether they work in machine and plant engineering or in service business. With our wide range of service concepts, our employees work together with customers along the entire value chain: for example, from assembly to technical cleaning and maintenance of production plants.

05 Responsibility for Employees

Our success is based on and driven by our qualified, motivated, and committed employees. We strive to be a responsible employer with fair working conditions and high performance expectations for employees in every country in which we are active.

5.1 Approach and Goals

Overview of our Goals

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Globally we had 42,327 (previous year: 40,691) full-time equivalent employees and employed 46,469 (previous year: 47,728) people in fiscal 2011/12. The consolidated number of employees therefore rose by 4 percent. We employ around 63 percent of our employees in Germany and the rest of Europe, around 26 percent in America, around 10 percent in Asia, and less than 1 percent in Africa. In the reporting period, 1,206 people worldwide successfully completed their vocational training with us. Women make up 21 percent of the overall workforce. In the reporting period, the number of temporary employment contracts rose from 5,664 employees (6.8 percent) to 6,047 employees (14.7 percent). Across the Group, around €2,096 million (previous year: 1,983 million) were spent on wages and salaries and €377 million (previous year: 357 million) were spent on social security contributions, retirement pensions, and assistance. The labor turnover rate was 15.8 percent. In machine and plant engineering the rate was 8.2 percent and it was 22.7 percent in the service business.

We remunerate our employees in line with the market and in relation to performance. Remuneration is not gender-dependent and is based on specialist and personal qualifications and the performance produced. It incorporates country-specific differences, e.g. for retirement pensions. At German sites, the level of wages and salaries is regulated by collective bargaining. At sites outside Germany we ensure that any locally-valid minimum wage is complied with and that this guarantees the livelihood of our employees.

Our actions are based on the Voith Code of Conduct. We respect human rights and do not tolerate any discrimination. Our employees have the right to form trade unions. In the reporting period, 87 percent of our employees in Germany were under collective agreements. Globally, this figure was 74 percent. Exchanges between the Board of Management, Group personnel management, and local personnel management take place with the involvement of the local works council. The relationship within the individual countries is arranged taking national collective agreements and works agreements into consideration. Fundamental changes are communicated to employees at all our sites by the Group management or local management.

Our focus is on long-term employment relationships, and we aim to offer our employees attractive positions that are suited to their particular situation as well as their specialist capabilities and skills. To do this, we employ various Group-wide measures to balance work and family life, we are expanding health management, and we promote a culture of lifelong learning.

Many of our employees start their professional life at Voith: We educate young people in over 40 commercial, technical, and industrial jobs and usually employ them once they have finished their training. Collaborations and international personnel marketing programs at universities also ensure on a global level that students come into contact with us early on and choose us as an employer.

In the regions where we are active, we face different challenges when recruiting qualified personnel. Demographic change has a different effect in Europe and North America than in regions such as India, Brazil, or China. Our personnel management therefore implements measures appropriate to the specific conditions of the regional personnel market.

Collecting and evaluating data

In order to use information in a targeted way, a globally uniform human resources IT system is being introduced from fiscal 2012/13. From fiscal 2012/13 a core dataset containing fundamental information should be available to all employees. The data efficiently supports our personnel management processes in a targeted way. The data protection requirements of each country were taken into consideration as part of the project and it was ensured that they were complied with.

Subject areas

Training and further education

Our focus is on long-term employment relationships, which means that it is important our employees are motivated to engage in lifelong learning. To support this, we offer our employees a wide range of internal and external training courses. Our personnel development measures are in line with the challenges of the region, the field of work, or the respective management level.

Diversity, equal opportunities and family-friendly policy

We see the diversity of our employees across all hierarchical levels as an advantage in international competition. At the same time, we are responsible for ensuring our employees can openly express their individuality and culture without needing to fear prejudices. Furthermore, we want the people who work for us to be able to achieve the best possible work-life balance.

Occupational health and safety

Thanks to our occupational health and safety measures, we are reducing our accident rate; furthermore, by promoting health we are maintaining and improving the health and performance of our employees.

New goals

- Develop and introduce Group-wide KPIs in the area of HR by fiscal 2013/14
- Collect master data on all employees worldwide via database from fiscal 2012/2013

5.2 Training and Further Education

We are only able to offer our high-quality products and services thanks to the excellent staff we employ. In order to be able to maintain this standard and develop our offer even further, we help our employees to expand their capabilities and ensure their knowledge is completely up to date. To this end we offer an ambitious program of internal and external training courses and qualification measures to build and expand specialist, social, and intercultural skills. As an attractive employer, we constantly support and challenge our employees while offering them the opportunity to continually improve their personal expertise. This is the only way we can ensure that competent employees commit to us in the long term and that we achieve our high performance expectations for customers. We aim to be a company with which employees want to spend their entire working life.

Leadership Concept

A good relationship between employees and managers has a positive effect on work and is necessary for targeted HR development. Our Leadership Concept stipulates that managers have an annual meeting with each employee. This meeting is structured, held in a positive atmosphere, and is specifically prepared for by both parties. The meeting addresses the working environment, work tasks, and key work focuses. Professional objectives and career prospects should also be discussed, together with the need for training and development measures. In fiscal 2011/12, 87 percent of employees in machine and plant engineering had an interview of this kind. Another central point of compulsory meetings to agree goals is the individual contribution of the employee towards the achievement of corporate goals.

Advanced training and further education

We have developed a three-tiered system for our further education and qualification measures that is in line with the training and development stages for employees. The internal training courses on offer are split into categories: IT, safety at work, health and environmental protection, technology, quality, languages, economics, personal development, teamwork, and operational excellence.

All Voith senior executives pass through the Voith Academy, which was established in 1999 as a central education and training program. Ensuring that executives understand the Leadership Concept is a major concern for us. All members of the Corporate Board of Management are personally involved and are themselves present at the Voith Academy.

The Voith Management School qualifies managers, project managers, and employees from Purchasing and Human Resources. The training courses are agreed by Human Resources with those responsible in the regions and implemented on-site.

Finally, at the third level are Voith Training Courses with their wide-ranging further education offering. These seminars are open to all employees. In addition to these three internal further education opportunities at Voith, we also work with external further education providers.

In fiscal 2011/12, a total of 4,980 employees (previous year: 3,914 employees) took advantage of internal (and external) further education offerings at German sites and completed over 127,491 hours of further education (previous year: 132,000 hours).

In the reporting period, we devised a new management development program (Management Development Training Program). We intend to use this to prepare management staff at the different levels for their management tasks and establish a uniform, Group-wide understanding of leadership. This concept helps us keep abreast of our global presence and simplifies internal career paths.

To ensure that Talent Management is developed in a more targeted way, we introduced the “Talent Conference” process in fiscal 2010/11. This tool gives us an overview of the status of and need for potential managers in the regions and means we can continue to improve development measures, recruitment, and succession planning across all four Group Divisions. To this end we initiated a pilot project in China in the reporting period.

Vocational training at Voith

For more than 100 years we have been offering young people in Heidenheim an education towards different commercial, technical, and industrial jobs. We are planning the opening of a new education center in Heidenheim for the end of 2013. As a result we – in the truest sense of Dr. Hanns Voith’s philosophy – offer young people great career opportunities right from the outset. In the reporting period, 1,206 apprentices were employed in the company worldwide (previous year: 1,246). Of our 950 apprentices in Germany, around 440 work at the site in Heidenheim. We offered to take on all of our apprentices in Heidenheim. However, some decided to continue their professional development separately from Voith.

Attractive working environment

Good working conditions are essential for an attractive working environment. In Heidenheim alone, 88 employees celebrated 25 years with the company, 26 employees celebrated 40, and three employees even celebrated 50 years working at Voith.

In the reporting year, the average length of service across the Group was 8.3 years (previous year: 8.2 years). There are variations in this figure depending on the region and business area: The labor markets in China and Brazil are booming and there are a multitude of attractive job offerings and promotion opportunities. In regions such as China we have specifically increased our number of personnel over the past few years. This is also reflected in our figures: In fiscal 2011/12, the average length of service at Voith was 9.5 years in Europe and 7.6 years in North America. In South America the average length of service was 5.3 years and in Asia it was 5.4 years. In fiscal 2011/12, 6.6 percent of our employees left the company at their own initiative (previous year: 7.8 percent).

New goals

- Extend cross-divisional, standardized training programs for managers by fiscal 2012/13
- Transfer the concept of the Talent Conference to other regions by fiscal 2012/13

5.3 Diversity, Equal Opportunities, and Family-Friendly Policy

Diversity

Further Information
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Voith unites people from a diverse range of cultures. Cultural diversity and a balance between young and old as well as between genders are the basis for our company's creativity and growth. Innovation is born out of different experiences, perspectives, and skills. We accept the individuality of our employees and consider the resulting unique capabilities vital for our global success. People from many different countries work for Voith. At 26 percent, the proportion of our employees over 50 years old is higher than the industry average. We have a policy of filling management positions in our regions with local employees where possible.

Equal Opportunities

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Equal opportunities for our employees

At Voith we recognize that every single individual is equal. Respect and appreciation for colleagues and customers are part of our company's values. We do not tolerate discrimination on the basis of gender, culture, age, sexual identity, or any other personal characteristic. Equal opportunities are codified in the Voith Code of Conduct and should be accepted by all employees.

At Group level, the Compliance Committee monitors the implementation of and compliance with our equal opportunities policy. At Group Division level, the corresponding compliance organization, such as our compliance officers, is responsible.

On the review date of September 30, 2012, at total of 8,652 women worked at Voith (previous year: 8,382). As in the previous year this equates to 21 percent of the overall workforce. In our Senior Management Circle, the share of women is 4.3 percent (previous year: 3.3 percent). Our Senior Management Circle contains employees from more than eleven different countries.

In the reporting period, we began a global analysis as part of the "Diversity & Inclusion" program in order to obtain a specialized basis for region-specific fields of activity. Goals for this issue that had already been set and published were also reviewed and if necessary, revised. Furthermore, we have named Diversity Managers and sponsors in all regions who are tasked with evaluating facts and figures, discussing with employees and managers, and processing initial ideas.

We strive to be a responsible employer
with high performance expectations for our
employees around the world.

Overall, it appears that while several issues play a role across all the regions, they present different characteristics in each area.

New goal

- For German sites: Increase the proportion of women in technical occupations based on the gender distribution in the final year of study in engineering disciplines from fiscal 2014/15

Family-friendly policy and flexible working time models

We provide support to help our employees harmonize their work and family life. In fiscal 2011/12, 517 of our employees around the world (previous year: 511) took advantage of parental leave as granted by law. Flexible working hours also contribute to balancing work and family life. This is why we offer a range of part-time working models for employees – it is even possible for them to combine working from their home office with working on-site. In Germany we offer our employees mainly flexible full and part-time models.

For our employees' children aged under ten there are childcare places at various facilities, including 45 places at "KinderVilla" and 110 childcare places at "Kinderwelt" in Heidenheim. The site in Ravensburg houses the "Villa Emma" daycare center.

In April 2012 the Voith Intranet page "Family & Job" went online. This provides information on offers to help ease the burden of private tasks for our employees. Interested personnel can also find information on the issues of "Children & Job" and "Caring & Job". Thanks to an employee survey on the topic of caring for dependents we have been able to conclude new findings and fields of action for next year in order to develop this issue further.

New goals

- Extend the range of family support measures in Germany by fiscal 2013/14
- Launch the Intranet page "Family & Job" for offers at all German sites from fiscal 2012/2013
- Establish a care hotline by fiscal 2012/2013

5.4 Occupational Health and Safety

In view of our ethical obligation as an employer, we believe it is important to structure jobs and processes in such a way that illness and accidents are avoided to the best of our ability. Due to occupational health and safety measures we ensure a low accident rate. Thanks to preventative health protection measures, we are also maintaining and improving the health and performance of our employees.

In the reporting year, we brought into force the first four of 28 Safety Group Directives (SGD) on the topic of occupational safety. These define a globally binding minimum standard for occupational safety. They were drawn up by the Safety Steering Team, a working group consisting of occupational safety experts from selected divisions and regions. Each SGD is brought into force by the Chairman of the Board of Management.

Occupational safety management

Occupational health and safety has been firmly embedded in our Group goals since 2009. To optimize occupational safety and accident prevention, we introduced a comprehensive management system at all our production sites in 2009 and have continued to develop it ever since. Into this, we have integrated the requirements of the international standard for occupational safety OHSAS 18001 (Occupational Health and Safety Assessment Series). Investigating all incidents and developing an internal audit system are very important key elements of this system. This helps to identify and eliminate potential hazards. All our employees are integrated into the occupational safety program, which falls under the remit of the Corporate Safety Management department. Our guiding principles illustrate how safety-conscious behavior is maintained at Voith:

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

At Voith, managers are responsible for accident prevention as well as health and safety. As part of the management system, the Corporate Board of Management sets specific objectives for the General Managers of our Group companies who in turn pass these on to the senior managers in their particular unit. The latter are responsible for ensuring that the health and safety targets that have been set are met by running training sessions, providing information, and leading by example.

Our medium-term goal of reducing the accident frequency to less than two accidents per one million working hours was broken down into the individual Group Divisions and then embedded into goal agreements of managers and employees there. We oblige our managers to support and comply with the regulations through goal agreements.

Investigating and avoiding accidents

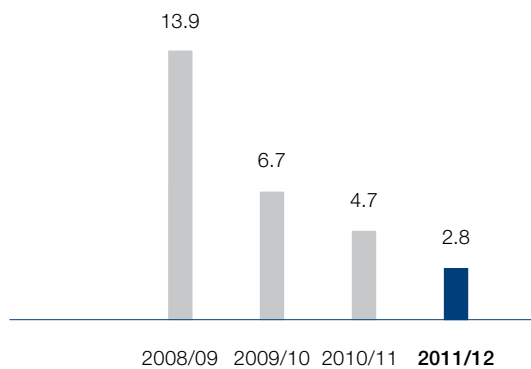
Every accident at Voith is recorded and immediately reported to line managers. Serious incidents must be reported to the Corporate Board of Management within 24 hours. Every accident is then systematically

investigated by a team comprising those affected, senior managers, and safety experts. This is then documented in a detailed incident report. The incident reports and any ensuing rules have been actively used in the individual divisions for three years and are openly communicated on the Intranet. In the reporting period we introduced the “Flash-Information” channel of communication: In the event of accumulations of accident types or serious accidents, all Group Divisions are informed immediately.

To evaluate our performance in the field of occupational safety, from fiscal 2012/13 we have added a second figure to the accident frequency rate: the accident severity rate.

Frequency Rate

Accidents per 1 million working hours



Group-wide, we detect potential for improvement via a two-tiered audit system and can therefore make targeted adjustments: At selected sites, the Group-wide Corporate Safety Audit System, for which the

Group holding is responsible, investigates whether the measures introduced are taking effect and how they might be improved. For location-based audits, senior managers from a different division of the respective company conduct the safety meetings.

With regard to communication, we made progress during the reporting period: At many of our sites, we introduced defined scheduled communication via a database. We also improved the quality of incident reports and established the systematic recording of near-accidents. Through the further qualification of auditors it was possible to optimize the quality of the audits in terms of awareness-oriented safety dialogs. Hundreds of internal audits were carried out across the Group during the reporting period.

Raising employee awareness

In this regard, managers bear a special responsibility for safety in the workplace. All our managerial employees are thoroughly informed, made aware, and trained. They pass on their knowledge to their staff. At the same time, managers are not just responsible for training all employees on occupational safety: They must also actively involve all of them when it comes communicating about accidents. 75 percent of managers had been trained by the end of the reporting period.

We have not yet achieved our goal of training all employees on occupational safety within one year of the introduction of the management systems. We have planned refresher training sessions for 2012 at our sites in China, York, and São Paulo, as well as our major offices in Germany including Heidenheim and Crailsheim.

To raise greater awareness of the issue of occupational safety, during the reporting period we introduced improvements on two points (among other things):

- As it has been shown that regular talks lead to better awareness than comprehensive, but less frequent instruction, occupational safety has become the subject of daily or weekly discussions at many sites.
- We have boosted direct communication via senior management, as opposed to indirect information, such as posters or e-mails.

The development of the accident figures indicates that the occupational safety management system and the measures taken are having an effect: In the reporting period, there were 2.8 work accidents per 1 million working hours which shows a clear improvement when compared to fiscal 2010/11, during which there were 4.7 accidents per 1 million working hours. In fiscal 2009/10 the rate was 6.7. Following this, we have once again exceeded our goal of reducing the number of work accidents to less than five per one million working hours.

New goals

- Reduce the accident rate to less than two accidents per one million working hours in the medium term

- Record accident severity by fiscal 2012/13
- Implement benchmarking and goal-setting to reduce accident severity by fiscal 2013/14
- Further develop Safety Group Directives by fiscal 2012/13
- Form regional networks on occupational health in the USA and China by fiscal 2012/13

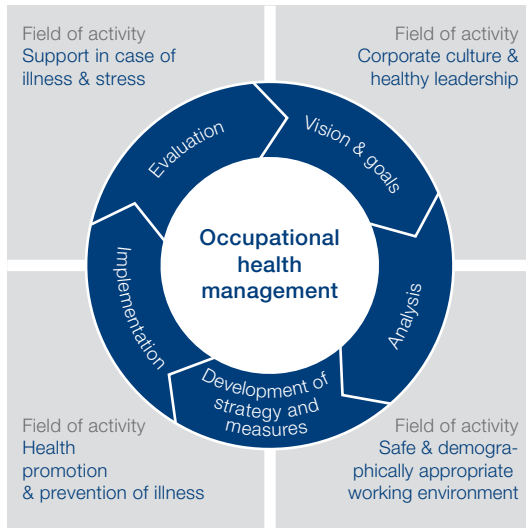
Health management

We as an employer place great value on the health of our employees. As an international Group, we need to know how to deal with different regional framework conditions. Our Group-wide standards take the special local requirements of our sites into account. This means that our offering sometimes goes beyond the professional duty of care.

We would like our employees to handle their health pro-actively, competently, and independently. To promote this we are using the professional environment to develop health programs on selected topics.

Our health management is in line with long-term trends in developed and emerging markets and the internal information from our sites. This means we can take measures appropriate to such widespread illnesses as cardiovascular diseases, diabetes mellitus, infectious diseases, and mental illnesses.

Fields of activity



In the reporting year we defined four fields of activity for health management: Support in case of illness and stress, Corporate culture and healthy leadership, Health promotion and prevention of illness and a safe demographically appropriate working environment. The basis for this was an internal analysis of the requirements and measures in 23 Voith companies in Germany and Austria (2010/11) and 47 companies in international locations that we carried out during the reporting period.

In fiscal 2011/12, we carried out the following measures, among others:

- Conclusion of the pilot project in Salzgitter: Employees were given the opportunity to participate in an optional health check, receive an evaluation of their current health, and, together with support from medical staff, draw up measures to improve their fitness. In addition, we determined the “health status” of individual departments and implemented various measures, for example preventative actions for diabetics.
- Development and introduction of a framework for return-to-work management in Germany.
- Development and planning of a strategy for standardized, occupational medical services for our sites in Germany.
- The canteen at our headquarters in Heidenheim was audited for the first time in fiscal 2011/12 and was certified according to the Job&Fit criteria of the German Nutrition Society (Deutsche Gesellschaft für Ernährung). Fish is sourced from sustainable fisheries. We have developed quality criteria for all other sites.

To keep our managers regularly updated on relevant developments in their area of responsibility, a standardized reporting system will be introduced in fiscal 2012/13 and then further expanded in fiscal 2013/14. As a first step, the data available from existing data systems on the health of employees will be shown, for example absenteeism due to illness, and presented by region. From the coming fiscal year, we are aiming to record and analyze more complex data via the new Group-wide HR database.

New goals

- Extend the standardized reporting system by fiscal 2013/14
- Roll-out standardized occupational medical services for our sites in Germany by fiscal 2013/14



Voith has been active in North America for several decades. Together with our employees, we are deeply rooted in the region and socially committed. Our local sites help decide where our engagement is most useful: Ranging from donations to local hospitals or charities, to the voluntary involvement of our employees in helping children or families in need of aid.

06 Responsibility for Society

As a family company, we have always placed great emphasis on our social responsibility. Today the Group still supports numerous activities and organizations in the areas of education, social affairs, sport, and culture.

We achieve the greatest impact by funding institutions at our local sites.

6.1 Approach and Organization

Overview of our Goals

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Our social engagement consists of the activities of Voith together with those of our linked foundations, the Hanns-Voith-Foundation (Germany) and Fundação Voith (Brazil). The latter is financed by contributions from local subsidiaries.

The Hanns-Voith-Foundation has been supporting and implementing social projects since 1953. The Board of Management and the Foundation Council decide on the use of contributions. In Brazil we have been making an active social commitment via the Fundação Voith since 2004. The foundation has since funded charitable projects with around US \$2.2 million and is financed by Voith subsidiaries. However, our social engagement in São Paulo extends back over 40 years.

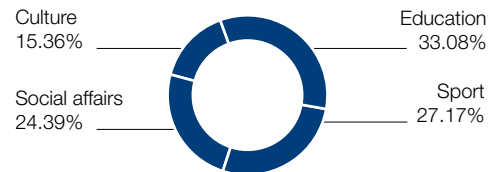
In total, Voith spent around €2.515 million on social engagement in fiscal 2011/12, which is 6 percent more than in the previous year. €1.87 million was expended by Voith, €380,000 by the Hanns-Voith-Foundation, and €265,000 by Fundação Voith. Of the €2.515 million, €1.4 million were used for donations and €1.1 million for sponsoring measures. At 33.08 percent, the largest proportion was spent on education. 27.17 percent was given towards sport, 24.39 percent went on social affairs projects and 15.36 percent on cultural projects.

We fund projects according to defined, Group-wide criteria. Activities funded by us and the organizations carrying them out must be recognized as being non-profit and applicable both internationally and interculturally. In addition, it must be ensured that a project achieves a broad-based effect, supports the local community, or raises the attractiveness of the cities in which the Voith sites are located for the local

population. A further criterion is that we must be convinced of the recipient's integrity. Eligibility for funding is ascertained by our own research and by auditors. Irrespective of these rules, Voith provides help in humanitarian emergencies that demand urgent action.

Sponsorship aid – 2011/12 total €2.515 million

By project



We have established the following guidelines for how we distribute our sponsorship aid: 30 to 40 percent of funds is for educational projects (schools, higher education facilities); around 20 to 25 percent is for social affairs projects; and 15 to 20 percent is for sports and cultural projects respectively.

The amount of money that Voith can spend on social engagement is fixed and is based on the earnings before tax (EBT) of the previous year (upper limit: 1 percent of EBT; lower limit: 2/3 of the funding volume of the previous year). If they exceed a certain amount, financial sponsorships need to be approved by a senior management unit. This can be done by the management of the respective subsidiary or Group Division and the Voith Corporate Board of Management, or by the Shareholders' Committee.

6.2 Projects and Activities

Our Group Directive “Donations and Sponsoring” published in 2009 gives the following definitions: “Donations are voluntary contributions from Voith to scientific, cultural, or charitable institutions without consideration. In contrast, when sponsoring, Voith has another goal besides funding: To receive an agreed consideration in the form of advertising.”

Our donations and sponsorship activities must be traceable, transparent, and lawful – something we have committed ourselves to upholding through our Group Directives and our Code of Conduct. Donations to political parties require the approval of the Corporate Board of Management and the Shareholders’ Committee. In the reporting year, we did not make any donations to political parties.

On behalf of the Chairman of the Board of Management, our Corporate Office coordinates our Group-wide social engagement activities. Our sponsorship activities are managed by Group Communications. Our individual Group Divisions can independently launch their own aid and sponsorship projects. Ultimately, the management teams of the particular sites are in the best position to judge where our help is needed most urgently at a local level, thanks to their contacts with local communities. The Corporate Office provides information every six months on contributions paid out and their recipients. Once a year, the head of the Corporate Office reports directly to the Corporate Board of Management.

We have defined the areas of Education, Social Affairs, Sport, and Culture as the thematic focuses of our social engagement.

Education

The importance of a good education and training for youths and young adults was already highly appreciated by the grandson of the company founder, Dr. Hanns Voith. It is especially important to us to support schools and universities. We have already supported several projects in the past which aim to rouse the interest of children, youths, and young adults in natural sciences and technology. One example of this is the Knowledge Factory founded in 2005 in Ludwigshafen with other companies, which supports school education.

In addition, we sponsor school partnerships around the world: In Austria as part of the “TopTechnik Program”, in the USA within the Adopt-a-School Program, and in Brazil through our cooperation with Escola Estadual Conjunto Habitacional Voith and Friedrich-von-Voith-School in São Paulo.

During the reporting period, we consolidated our sponsorship of nurseries and schools in Heidenheim into the “Academy of the Future” and gave €50,000 of funding. The International School Ulm/Neu-Ulm, the incorporated society “Freie Waldorfschule” in Heidenheim, the Schüler-Ingenieur-Akademie in Heidenheim, the European Business School in Oestrich-Winkel, the American Academy in Berlin, the Förderkreis des Forschungsinstituts für anwendungsorientierte Wissensverarbeitung e.V. in Ulm, the Technik ist Zukunft gGmbH initiative in Frankfurt am Main, and the Technische Universität München (TUM) in Munich each received contributions of over €10,000.

To give young people a helping hand in their professional life, we support vocational training. Every year since 1972, we have prepared up to fifty youths with learning difficulties or with no proper school qualifications for education in Heidenheim. For many years now we have thereby achieved a success rate of over 80 percent for the integration of these young people.

We have endowed three professorships at German universities: One for engineering and materials technology at Aalen University (2003), one for hydro power at Stuttgart University in cooperation with EnBW Baden-Württemberg AG (2008), and one for automation at Munich University of Applied Sciences (2009). Since fiscal 2011/12, we have offered six grants of € 10,800 each for engineering courses at the Technische Universität München.

In the USA, we are a member of the Industry Advisory Council (EIAC) of York College in Pennsylvania and in China, we are a cooperation partner of Nanjing Forestry University as well as the following universities: Shanghai Jiaotong University, Tongji University, Xi'an Jiaotong University, and Zhejiang University. Here, we have provided grants, sponsored lecturers, and cooperated in joint projects. The Voith foundations also offer grants in Germany (for example at TUM) and Brazil.

In 2012, as part of the German-Indian Year initiated by Germany and India, we launched three programs of cooperation with further education institutions in Delhi, Kolkata, and Hyderabad. Voith employees worked together with apprentices and students to develop innovative solutions to the challenges currently faced by modern society. At the ISB Hyderabad, a group of technical experts worked on technologies for public transport systems. At the Jadhavpur University in Kolkata, the focus was on sustainable paper production. And at the Indian Roorkee Technology Institute in Delhi, a research team designed a project on the topic of hydropower.

Sport

We actively promote sport for all, and support several sports clubs and competitions around the world: We spent €682,000 on doing this in the reporting year. Our aim is to boost the level of recognition of the Voith brand, and to play our part as a corporate citizen in improving the attractiveness of the cities in which the Voith sites are located and their respective regions.

At our headquarters in Heidenheim, we support the professional soccer club 1. FC Heidenheim. Furthermore, we have been a sponsor of Heidenheim's

fencing center and the Heidenheim baseball team for many years now. Besides this, we also support a wide variety of sport at our other sites.

Social affairs

Our projects in the area of social affairs aim to improve the living conditions of people in Africa, South America, and Asia and to combat poverty. We attach great importance to promoting discussion and collaboration between people of different cultures, breaking down prejudices, and developing mutual understanding. To encourage contact between cultures, since 2003 we have offered two grants in Asia and South America for the school exchange program AFS Interkulturelle Begegnungen e.V. In the fiscal year just finished, the Voith Group and the connected Hanns-Voith-Foundation supported the Children Future Organization (CFO) in Nepal with a monetary donation of €6,500.

Culture

One of our major concerns is giving children and young people in particular access to music and arts. We support classical music at the highest level and are introducing young people to it. During the reporting period we provided financial support to the Opernfestspiele in Heidenheim, Schiller Secondary School's new chamber choir, the town's philharmonic orchestra, the Voith Orchestra as well as the international music-school academy, the Kulturzentrum at Kapfenburg Castle, and the Association of Arts and Culture of the German Economy at the Federation of German Industries, Berlin.

We have also been assisting the museum for Ice-Age art in Lonetal, the Austrian Papermaking Museum, and the Heidenheim Art Museum for several years.

New goals

- Continue previous social engagement
- Sponsor university graduates in technical disciplines in fiscal 2013/14 by awarding sponsorship prizes from the Hanns-Voith-Foundation
- Award grants for up-and-coming engineers in fiscal 2012/13 via the Hanns-Voith-Foundation

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".

1. Group Portrait

Economic Indicators

In € million	2011/12	2010/11	2009/10
Sales	5,724	5,594	5,198
Operational result before non-recurring result	341	416	353
Income before tax	177	322	234

Reference: Voith Group

Sales Markets

In %	2011/12	2010/11	2009/10
Germany	21	21	20
Rest of Europe	26	27	29
America	27	23	24
Asia	24	27	25
Other	2	2	2

Reference: Voith Group

Procurement Markets

In %	2011/12	2010/11	2009/10
Germany	44	37	36
Rest of Europe	21	25	24
North America	7	5	8
South America	19	21	19
Asia and the rest of the world	9	12	13

Reference: Voith Group

Profile of Business Divisions

In € million	Voith Hydro	Voith Industrial Services	Voith Paper	Voith Turbo
Sales	1,315	1,101	1,738	1,551
Operational result	100	41	84	151

Reference: Voith Group

2. Sustainable Management

Existing Voith-Site Certifications

Number	2011/12	2010/11	2009/10
ISO 14001	69	56	n.a.
ISO 9001	82	76	n.a.
OHSAS 18001	67	52	n.a.

Reference: Voith Group

Compliance

In %	2011/12	2010/11	2009/10
Employees trained in relation to compliance	100	59	n.a.
Trained compliance officers	100	100	100

Reference: Voith Group

Compliance Training Courses in Fiscal 2011/12

	Number of instruction sessions	Type
Senior executives of the upper four info levels	54	One day
New managers at the Voith Academy	42	Half day
Sales employees	297	One day
Purchasing employees	59	One day
Decentralized training by compliance officers	1,578	> 1.5 hours
Instruction by manager	6,117	> 0.5 hours

Reference: Voith Group

3. Responsibility for the Environment

Energy Consumption

Production-Based Energy Consumption by Region

In %	2011/12	2010/11	2009/10
Asia	11	10	8
South America	11	11	11
North America	21	21	19
Africa	< 1	< 1	< 1
Europe	57	58	62
In MWh			
Total	602,807	615,455	627,628

Production-based energy consumption comprises the energy consumed at Voith sites for production, service, and administrative processes.

Production-Based Direct Consumption by Primary Energy Sources (Renewable and Non-Renewable)

In MWh	2011/12	2010/11	2009/10
Direct energy consumption	199,212	205,237	218,944
In %			
Non-renewable energy sources	99.9	99.8	99.8
Natural gas	77	79	72
Heating oil	9	8	7
Gasoline	0	0	0
Diesel	7	7	18
LPG	7	6	3
Other	0	0	0
Renewable energy sources	0.1	0.2	0.2
Ethanol*	87	90	100
Hydrogen**	13	10	0
Other	0	0	0

* Used as fuel in São Paulo

** Used in production (thermal coating)

Production-Based Indirect Consumption by Primary Energy Sources (Renewable and Non-Renewable)

In MWh	2011/12	2010/11	2009/10
Indirect energy consumption	403,595	410,219	408,684
In %			
Non-renewable energy sources	77.9	77.4	76.6
Heating oil	5	5	5
Nuclear	17	17	17
Natural gas	48	48	51
Coal	23	22	20
Other	8	7	7
Renewable energy sources	22.1	22.6	23.4
Wind	1	1	1
Water	84	83	84
Other	16	16	16

Production-based energy consumption comprises the energy consumed at Voith sites for production, service, and administrative processes.

Energy Generated Ourselves

In MWh	2011/12	2010/11	2009/10
Electricity for own use	3,839	3,868	2,990
of which sold to other organizations	235	324	451
Heating for own use	1,915	1,622	13
of which sold to other organizations	0	0	0
Steam for own use	22,883	23,633	n.a.
of which sold to other organizations	0	0	-
Total	28,637	29,124	3,003

Transportation-Related Energy Consumption for Business Travel

In MWh	2011/12	2010/11	2009/10
Air (long haul)	55,666	59,656	51,203
Air (short haul)	2,184	2,425	1,841
Rail	489	487	481
Road	56,152	51,893	56,982
Total	114,491	114,461	110,508

Transportation-related energy consumption comprises business-related air travel (long/short haul) as well as travel by rail and using company and rental cars.

Greenhouse Gas Emissions

Production-Based Greenhouse Gas Emissions

In t CO ₂	2011/12	2010/11	2009/10
Direct greenhouse gas emissions	43,237	44,358	48,710
Indirect greenhouse gas emissions	140,002	139,930	132,560
Total	183,239	184,288	181,270

Production-based greenhouse gas emissions comprise greenhouse gas emissions generated as a result of the energy consumed at Voith sites for production, service, and administrative processes.

Production-Based Greenhouse Gas Emissions by Region

In %	2011/12	2010/11	2009/10
Asia	24	22	19
South America	10	10	10
North America	26	26	25
Africa	< 1	< 1	< 1
Europe	40	41	45
In t CO ₂			
Total	183,239	184,288	181,270

Production-based greenhouse gas emissions comprise greenhouse gas emissions generated as a result of the energy consumed at Voith sites for production, service, and administrative processes.

The increase in greenhouse gas emissions in Asia is attributable to an increase in energy consumption as a result of the expansion in production capacity. Due to the high share of power generated from coal, there is a high specific CO₂ factor per kWh of electricity in the energy mix available there.

Specific Production-Based Greenhouse Gas Emissions

In t CO ₂ / € million sales	2011/12	2010/11	2009/10
Total	32.01	32.94	34.87

Production-based greenhouse gas emissions comprise greenhouse gas emissions generated as a result of the energy consumed at Voith sites for production, service, and administrative processes.

Business-Travel Greenhouse Gas Emissions

In t CO ₂	2011/12	2010/11	2009/10
Air (long haul)	15,305	16,402	14,078
Air (short haul)	601	667	507
Rail	117	117	115
Road	16,302	17,300	16,543
Total	32,325	34,486	31,243

Business-travel greenhouse gas emissions comprise greenhouse gas emissions generated as a result of the energy consumed through business-related air travel (long/short haul) as well as travel by rail and using company and rental cars.

Transportation-related greenhouse gas emissions were converted using the conversion factors for passenger transportation available in the ProBas database of the German Federal Environment Agency.

Product-Shipment Greenhouse Gas Emissions

In t CO ₂	2011/12	2010/11	2009/10
Total	37,240	55,615	n.a.

Product-shipment greenhouse gas emissions comprise greenhouse gas emissions based on our inbound and outbound materials data and associated transportation.

Transportation-related greenhouse gas emissions were determined based on the emission factors available in the ProBas and TREMOD databases of the German Federal Environment Agency.

Water Consumption

Water Consumption by Region

In %	2011/12	2010/11	2009/10
Asia	17	19	18
South America	11	12	14
North America	9	10	9
Africa	< 1	< 1	< 1
Europe	63	58	59
In m ³			
Total	1,743,031	1,671,562	1,629,310

Water Consumption by Source

In m ³	2011/12	2010/11	2009/10
Surface water	155,211	149,306	145,089
Groundwater	834,498	769,965	772,396
Rain water	10,606	12,897	n.a.
Wastewater sourced from other companies	0	2,778	n.a.
From the communal water supply	742,717	736,617	711,824
Total	1,743,031	1,671,562	1,629,310

Freshwater Consumption

In m ³	2011/12	2010/11	2009/10
Total	1,732,425	1,655,887	1,629,310

Freshwater includes all surface water, groundwater, and mains water. Rain water and geothermal water are not included in the figures.

Specific Freshwater Consumption

In m ³ / € thousand in sales	2011/12	2010/11	2009/10
Total	0.30	0.30	0.31

Wastewater

Wastewater discharges

In m ³	2011/12	2010/11	2009/10
Total	1,509,135	1,576,002	1,484,487

Owing to evaporation, overall wastewater discharge differs from overall water consumption.

Treated and Untreated Wastewater by Discharge Type

In m ³	2011/12	2010/11	2009/10
Total treated wastewater	232,663	249,280	266,277
In %			
of which discharged into the public sewage system	51	64	72
of which discharged into surface water	49	36	28
of which discharged into groundwater	0	0	0
of which sent to another company for reuse	< 1	0	0
In m ³			
Total untreated wastewater	1,276,473	1,326,721	1,218,209
In %			
of which discharged into the public sewage system	50	59	56
of which discharged into surface water	34	32	37
of which discharged into groundwater	16	9	7
of which sent to another company for reuse	< 1	< 1	0

Wastewater Quality

In t	2011/12	2010/11	2009/10
Biochemical oxygen demand (BOD ₅)	11	n.a.	n.a.
Chemical oxygen demand (COD)	45	n.a.	n.a.
Overall suspended matter content	13	n.a.	n.a.
Heavy metals	< 1	n.a.	n.a.
Nitrogen	2	n.a.	n.a.
Phosphorus	< 1	n.a.	n.a.

The emissions in wastewater are based on the volumes of the wastewater flows at Voith sites that are subject to monitoring and the respective average of the measured concentrations.

Significant* Direct Wastewater Discharges in Fiscal 2011/12

Site	Discharge location	Protection status	Further information
Heidenheim, Germany	River Brenz	Water protection area according to WFD, Federal Water Act (§§ 50–53), Zone III/IIIA (Zone II/IIA TB Mergelstetten, not legally binding)	57 percent of wastewater discharged back into the natural water cycle. Water previously withdrawn for cooling. The discharged water is subject to stringent checks as the site is in a water protection area.
Högsjö, Sweden	Lake Högsjö	–	93 percent of wastewater discharged back into the natural water cycle. Water previously withdrawn for cooling.
Ibarra, Spain	Río Oria	–	45 percent of wastewater discharged back into the natural water cycle.
Kirchseeon, Germany	Lake Eggelburg	–	77 percent of wastewater discharged back into the natural water cycle.
Krefeld, Germany	Green areas	–	19 percent of the spring water is used to water green areas.
Noida, India	Yamuna River	–	100 percent of wastewater discharged back into the natural water cycle.
São Paulo, Brazil	River Perus	Permanent Protection Area (PPA), national legislation (Brazil)	98 percent of wastewater discharged back into the water cycle. We have a wastewater treatment plant on site which treats the water for discharge. The site neighbors a water protection area.
Wimpassing, Austria	River Schwarza	–	73 percent of cooling water discharged back into the Schwarza.

* Wastewater discharges into surface water which exceed 5 percent of the total wastewater volume of the unit under consideration are deemed “significant”.

The amount or volume of the discharge locations cannot be determined.

Waste

Waste by Region

In %	2011/12	2010/11	2009/10
Asia	13	11	9
South America	23	21	24
North America	9	9	11
Africa	< 1	< 1	< 1
Europe	55	58	56
In t			
Total	51,488	58,985	58,110

Specific Waste Weight

In t / € million sales	2011/12	2010/11	2009/10
Specific Waste Weight	9.00	10.54	11.18

Waste Reuse and Disposal by Method

In t	2011/12	2010/11	2009/10
Reused waste	32,804	39,240	n.a.
Reused	818	875	n.a.
Recycled	25,486	30,072	n.a.
Composted	173	198	n.a.
Recovered (for thermal recovery among other things)	5,132	5,829	n.a.
Other methods of reuse	1,195	2,264	n.a.
Disposed waste	18,684	19,746	n.a.
Incinerated	5,134	5,551	n.a.
Disposed of at external site*	13,550	14,194	n.a.
Disposed of on works site	0	0	n.a.
Other methods of disposal	0	0	n.a.
Total	51,488	58,985	58,110

* Casting-sand waste from the foundry in São Paulo, waste disposal in the USA

Hazardous and Non-Hazardous Waste

In t	2011/12	2010/11	2009/10
Hazardous waste	14,212	17,111	16,195
Non-hazardous waste	37,277	41,874	41,916
Total	51,488	58,985	58,110

Biodiversity

Sites in or Neighboring Protected Areas in Fiscal 2011/12

Voith Heidenheim, Germany

Location	Heidenheim, Baden-Württemberg
Type of operations	Production, services, administration
Area	0.33 km ²
Type of protected area	Water protection area (freshwater, groundwater, drinking water)
Location in relation to protection area	Located in the water protection area and encompasses an area rich in biodiversity (water bat <i>Myotis Daubentonii</i>)
Protection status	Water protection area according to WFD, Federal Water Act (§§ 50–53), Zone III/IIIA (Zone II/IIA TB Mergelstetten, not legally binding)

Voith Paper Krieger GmbH & Co. KG, Germany

Location	Mönchengladbach, North Rhine-Westphalia
Type of operations	Production, administration
Area	0.015 km ²
Type of protected area	Water protection area (drinking water)
Location in relation to protection area	Located in the water protection area
Protection status	Water protection area according to WFD (EU Directive), Zone IIIA, "Hoppbruch" drinking water protection area

Voith Paper Ltd., UK

Location	Manchester
Type of operations	Production, administration
Area	0.024 km ²
Type of protected area	Freshwater, groundwater
Location in relation to protection area	Neighbors a Natura 2000 protection area
Protection status	Rochdale Canal (inland water body): European legislation, designated by Natura 2000 as a Special Area of Conservation (SAC)

Voith Paper Máquinas e Equipamentos Ltda., Brazil

Location	São Paulo
Type of operations	Production, foundry, administration
Area	0.34 km ²
Type of protected area	Green corridor along the River Persus to maintain biodiversity and protect groundwater
Location in relation to protection area	São Paulo is located in and neighbors a Permanent Protection Area (PPA)
Protection status	Permanent Protection Area (PPA), national legislation (Brazil)

Voith Paper Fabrics AS, Norway

Location	Lier, Tranby
Type of operations	Administration, warehousing
Area	0.0016 km ²
Type of protected area	"Gjellebekkmyrene-Naturreservat" (marsh) and "Tranby Landskapsvernområde" (former army drill ground)
Location in relation to protection area	Neighbors two nature protection areas
Protection status	National legislation (Norway)

Land Use

In km ²	2011/12	2010/11	2009/10
Areas used	3.3	n.a.	n.a.
In %			
Non-sealed areas	48	n.a.	n.a.
Sealed areas	52	n.a.	n.a.

5. Responsibility for Employees

Consolidation Scope

Consolidation Scope for Employee Numbers in Fiscal 2011/12

Headcount*	2011/12
Group employee headcount	46,469
of which employees included in the data analysis	41,021

* In contrast to the Annual Report, in the Sustainability Report the number of employees is reported in terms of headcount not statistical values. The calculation of the Group-wide employee headcount is based on a different method of calculation to that used in fiscal 2010/11.

Workforce Structure

Employees by Region and Gender in Fiscal 2011/12

Number	Voith Group	Europe	North America	South America	Asia	Africa
Women	8,652	5,747	1,099	862	909	35
Men	32,369	20,193	3,712	5,000	3,359	105
< 30 years old	8,493	4,670	837	1,574	1,392	20
30–50 years old	21,997	13,824	2,180	3,326	2,585	82
> 50 years old	10,531	7,446	1,794	962	291	38
Total	41,021	25,940	4,811	5,862	4,268	140

Full-Time and Part-Time Employees by Region and Gender in Fiscal 2011/12

Number	Voith Group	Europe	North America	South America	Asia	Africa
Full time	32,849	18,116	4,681	5,673	4,243	136
of which are women	5,181	2,316	1,075	855	902	33
of which are men	27,668	15,800	3,606	4,818	3,341	103
< 30 years old	6,636	2,966	794	1,478	1,378	20
30–50 years old	17,595	9,569	2,121	3,245	2,578	82
> 50 years old	8,618	5,581	1,766	950	287	34
Part time	8,172	7,824	130	189	25	4
of which are women	3,471	3,431	24	7	7	2
of which are men	4,701	4,393	106	182	18	2
< 30 years old	1,857	1,704	43	96	14	0
30–50 years old	4,402	4,255	59	81	7	0
> 50 years old	1,913	1,865	28	12	4	4
Total	41,021	25,940	4,811	5,862	4,268	140

Reference: Sustainability database (see "About this Report" inside front cover)

Workforce Fluctuation

Newly Hired Employees* by Gender, Age Group, and Region in Fiscal 2011/12

Number	Voith Group	Europe	North America	South America	Asia	Africa
Women	2,805	1,975	371	206	246	7
Men	7,938	4,270	925	1,905	816	22
< 30 years old	4,278	2,397	423	949	496	13
30–50 years old	5,033	2,973	568	971	507	14
> 50 years old	1,432	875	305	191	59	2
Total	10,743	6,245	1,296	2,111	1,062	29

* Multiple counts possible as a result of employees rejoining the company

Employees Leaving the Company in Fiscal 2011/2012

In %	Machine and plant engineering	Service business	Total
Total	8.2	22.7	15.8
At employee's initiative	4.1	8.9	6.6
At Voith's initiative	3.1	13.3	8.5
Other reasons	1.1	0.4	0.7

Reference: This data was not recorded using the sustainability database. It therefore covers 40,291 employees instead of 41,021.

Employee Retention

Newly Hired Employees who Left Voith again within Twelve Months* by Gender, Age Group, and Region in Fiscal 2011/12

Number	Machine and plant engineering	Europe	North America	South America	Asia	Africa
Women	45	20	1	2	22	0
Men	216	64	17	42	93	0
< 30 years old	130	45	4	17	64	0
30–50 years old	111	36	8	19	48	0
> 50 years old	20	3	6	8	3	0
Total	261	84	18	44	115	0

Number	Service business	Europe	North America	South America	Asia	Africa
Women	833	709	56	38	30	0
Men	1,754	1,302	165	236	51	0
< 30 years old	1,027	768	86	146	27	0
30–50 years old	1,186	924	101	116	45	0
> 50 years old	374	319	34	12	9	0
Total	2,587	2,011	221	274	81	0

* The figures include dismissals, resignations, and other forms of natural fluctuation (retirement, death) that led to employees leaving the company. Accordingly, no Group-internal transfers are recorded. The figures also do not include temporary contracts.

Average Length of Service in Machine and Plant Engineering and in the Service Business by Region

In years	Total			Machine and plant engineering			Service business		
	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10
Europe	9.53	9.23	8.71	15.05	14.93	15.48	6.08	5.63	4.54
North America	7.59	8.24	7.86	13.46	13.57	14.34	3.86	4.11	3.28
South America	5.27	4.95	4.33	8.41	7.28	8.18	2.82	2.61	0.93
Asia	5.36	5.19	6.05	5.80	5.85	7.13	4.08	2.53	1.85
Other	9.00	8.00	8.00	9.00	8.00	8.00	n.a.	n.a.	n.a.

Reference: This data was not recorded using the sustainability database. It therefore covers 40,291 employees instead of 41,021.

Work-Life Balance

Parental Leave in Fiscal 2011/12

Number	Voith Group	Europe	North-America	South-America	Asia	Africa
Total parental leave take-up	517	454	21	24	16	2
Women	237	194	8	24	10	1
Men	280	260	13	0	6	1
Employees returning to Voith following parental leave	404	349	19	18	16	2
Women	134	99	6	18	10	1
Men	270	250	13	0	6	1
Employees returning to Voith following parental leave, who were also still employed at Voith twelve months after returning	303	256	16	20	9	2
Women	104	70	4	20	9	1
Men	199	186	12	0	0	1

It is not possible to provide information on the total number of employees who are entitled to take parental leave owing to the multitude of regulations. Voith complies with national laws and collective agreements that apply to the company. If regulations include entitlement to parental leave, Voith complies with these.

Training and Further Education

Further Education

In €	2011/12	2010/11	2009/10
Total expenditure	3,445,765	3,071,386	2,352,563

Reference: Voith Germany (in part)

Vocational Education

Number	2011/12	2010/11	2009/10
Apprentices and interns	1,206	1,246	1,232

Reference: Voith Group

Diversity

Women in the Senior Management Circle

Number	2011/12	2010/11	2009/10
Women in the Senior Management Circle	4	3	4
Total number of employees in the Senior Management Circle	94	90	88
In %			
Proportion of women in the Senior Management Circle	4.3	3.3	4.5

Reference: Voith Group

Distribution of Men and Women at Management Levels in Fiscal 2011/12

Number	Women	Men
Corporate Board of Management, Executive Team, Senior Management Circle	4	90
Regional directors/chairpersons, managers of operating units, heads of product groups, managers in Group Division roles	29	367
Middle and lower management	83	757
Total	116	1,214

Reference: This data was not recorded using the sustainability database. It therefore covers 46,469 employees instead of 41,021.

Proportion of Disabled Employees

In %	2011/12	2010/11	2009/10
Proportion of disabled employees	3.61	3.25	3.10

Reference: Voith Germany excluding Voith Industrial Services
 Figures comprise disabled persons with a certificate of disability.

Occupational Health and Safety

Work Accidents

Number	2011/12	2010/11	2009/10
Work accidents	208	344	480
Work accidents per 1 million working hours (frequency rate)	2.8	4.7	6.7
Work accidents resulting in fatalities	0	0	n.a.

6. Responsibility for Society

Not-for-Profit Engagement

Donations and Sponsoring

In € million	2011/12	2010/11	2009/10
Voith Group	1.87	1.669	n.a.
Hanns-Voith-Foundation	0.38	0.3	n.a.
Fundação Voith	0.265	0.4	n.a.
Total	2.515	2.369	n.a.

Reference: Voith Group

Sponsorship Aid by Project

In %	2011/12	2010/11	2009/10
Education (schools, education, and science)	33.08	44	n.a.
Social affairs	24.39	13	n.a.
Sport	27.17	32	n.a.
Culture	15.36	11	n.a.
In € million			
Total	2.512	2.369	n.a.

Tax Paid

Taxes Paid by Region

In € thousand	2011/12	2010/11	2009/10
Germany	41,090	47,122	n.a.
Rest of Europe	12,515	17,383	n.a.
America	24,550	29,204	n.a.
Asia	21,983	14,690	n.a.
Other	3,656	3,992	n.a.
Total	103,794	112,390	107,654

Reference: Voith Group

Goals and Goal Achievement

Sustainable Management

Goals from the Sustainability Report 2012 and their level of achievement

Strategic goals and measures	Deadline	Description	Status in fiscal 2011/12
Systematizing and internationalizing the stakeholder dialog			
Develop a global concept	Fiscal 2014/15	Stakeholder dialog is established on the basis of company-relevant megatrends, among other things.	Ongoing
Create a direct point of contact in relation to sustainability issues for external stakeholders	Fiscal 2012/13	Points of contact for the respective fields of activity can be addressed directly by means of an e-mail form on the Voith homepage.	Achieved
Expand and systematize the dialog with external stakeholders	Fiscal 2013/14		New goal
Implement a measure from the concept for stakeholder dialog	Fiscal 2012/13		New goal
Communicating about sustainability			
Incorporate the issue of sustainability into induction events for new recruits in Germany	Fiscal 2012/13	Rescheduled: The topic of sustainability was introduced at various events in Germany, e.g. at trainee induction weeks in Heidenheim.	Ongoing
Incorporate the issue of sustainability into induction events for new recruits worldwide	Fiscal 2012/13		Ongoing
Include the issue of sustainability in the HSE Symposium for the German-speaking region and equivalent symposia in Asia, South America, and North America	Fiscal 2012/13	Goal was changed. The issue of sustainability will be implemented at regular intervals worldwide at independent events (including training workshops).	Not applicable
Integration of sustainability into training and further education			
Conduct training events on sustainability at the Voith Academy	Fiscal 2012/13		Started
Systematically embed awareness of sustainability among personnel using various tools such as employee training on sustainability	Fiscal 2013/14	Designing a global training concept	New goal/ started
Communication concept			
Expand internal and external communication	Fiscal 2012/13		New goal/ started
Implement a measure from the communication concept	Fiscal 2012/13		New goal/ started
Improving the management of sustainability issues			
Define further key indicators	Fiscal 2013/14	Rescheduled: We are currently working on recording the goals from the social affairs target area as key indicators.	Ongoing
Include "Sustainability" in the agenda of the Voith Advisory Committee	Fiscal 2013/14	Rescheduled: In one Group Division, sustainability has been included in the agenda of the Advisory Committee meetings. In two other Group Divisions, the topic features regularly on the agenda of the Group Division Board of Management meetings.	Ongoing
Expansion of the Management Reporting Tool to include further KPIs			
Include occupational health and safety KPIs and other KPIs from the area of social affairs in the Management Reporting Tool	Fiscal 2012/13	Addition of KPIs from the area of occupational health management	Started
Ensuring compliance			
Inform employees about export controls	Fiscal 2012/13	Conducting training courses	Ongoing
Expand PC training program on management culture (management and employees)	Fiscal 2012/13	Compulsory e-training "Management and Employees at Voith" for all employees	New goal
Extend the whistleblower system with reporting units at the Heidenheim, Appleton, Shanghai, São Paulo, and St. Pölten sites and the reporting methods (e-mail, phone, fax, post)	Fiscal 2012/13		New goal
Certification of the Voith Compliance Management System			
Execute certification phases 2 and 3 (implementation of the CMS and verification of its effectiveness)	Fiscal 2013/14		Ongoing
Informing employees about compliance			
Conduct instruction and training (on-site or e-training) for all employees	Fiscal 2012/13		Ongoing

Strategic goals and measures	Deadline	Status in fiscal 2011/12	
Description			
Ensuring adherence to environmental and social standards in Voith supply chains			
Compile a black list concept valid for the entire Group for blocking suppliers	Fiscal 2013/14		New goal/ started
Develop a concept to incorporate social and ecological questions when evaluating suppliers	Fiscal 2013/14	Rescheduled: We are working on specifying the existing criteria in more detail and making them an integral part of the procurement process.	Ongoing
Purchasing from evaluated suppliers			
Increasing the proportion of goods and services sourced from evaluated suppliers to 85 percent (in relation to invoice volume)			
Extend supplier evaluations	Fiscal 2011/12		Replaced
Increasing the proportion of goods and services sourced from evaluated suppliers to 76 percent (in relation to purchasing volume)			
	Fiscal 2012/13	In the Sustainability Report 2011 we refer to a goal of 85 percent for fiscal 2011/12. As until that time only three of the four Group Divisions were included in the supplier evaluation, the goal also only referred to these three Group Divisions, where a rate of 81 percent was achieved. In the meantime, supplier evaluation is also being implemented in the fourth Group Divisions. This is why the values were adjusted.	New goal/ started
Evaluation of environmental and social standards in our supplier database			
Documentation by a separate Key Performance Indicator (KPI)	Fiscal 2012/13		New goal/ started
Improving data quality			
Produce a material score for 80 percent of materials purchased to improve the available data quality	Fiscal 2012/13		Replaced
Produce a material score for 95 percent of materials purchased to improve the available data quality	Fiscal 2015		Replaced
Produce a material score for 80 percent of the most important material and maintain the level of coverage in future	Fiscal 2012/13		New goal/ started
Honoring exemplary suppliers by extending the Voith Supplier Award to the entire Voith Group			
Include all suppliers (the Supplier Award was originally bestowed only by Voith Hydro in São Paulo)	Not defined	Bestowing a specific, Group-wide Supplier Award, which also recognizes compliance with environmental and social standards, had to be deferred for the time being due to other priorities.	Deferred

Environmental Responsibility

Goals from the Sustainability Report 2012 and their level of achievement

Strategic goals and measures	Deadline	Status in fiscal 2011/12	
Description			
Reducing production-related consumption of energy and resources			
Develop a standard methodology for improving material efficiency in production	Fiscal 2012/13	As part of a pilot project at the Heidenheim site, numerous improvement measures were identified. The main potential for improvement was through greater interaction between design, procurement, and production.	Ongoing
Determine the impact the global shortage of raw materials has on Voith	Fiscal 2013/14	Voith worked with a university to produce a survey that evaluated the availability of crucial raw materials for machine engineering. The survey explored criteria such as regional concentration, the political situation in the producer countries, price fluctuations, and substitutability.	Achieved
Apply the findings of the survey on shortage of raw materials to selected products	Fiscal 2014/15		New goal

Strategic goals and measures	Deadline	Status in fiscal 2011/12	
		Description	
Ecological Business Management (EBM) methods adopted by all Group Divisions	Fiscal 2011/12	Voith has implemented EBM in all divisions and thus achieved its goal.	Achieved
Further develop EBM controlling: Extend a tool to verify site-specific achievement of goals and implementation of measures	Fiscal 2012/13		New goal
Constantly refine the EBM method for analyzing energy, water, and material flows at production sites by means of new tools and establish an EBM toolbox	Fiscal 2013/14		New goal
Define ecological assessment criteria when engaging logistics service providers	Fiscal 2013/14		New goal
Reduce the specific freshwater consumption (m³/€ thousand) by 10 percent compared to fiscal 2011/12	Fiscal 2017/18		New goal
Reduce the specific freshwater consumption (m³/€ thousand) by 5 percent compared to fiscal 2010/11	Fiscal 2015/16	Goal was redefined as part of the revision of the environmental goals.	Replaced
Reduce the specific volume of waste by 25 percent on the basis of fiscal 2011/12	Fiscal 2017/18		New goal
Reduce the specific volume of waste by 10 percent on the basis of fiscal 2008/09	Fiscal 2015/16		Achieved
Use recyclable materials	Fiscal 2015/16	By reducing the specific volume of waste by 25 percent up to the 2011/12 reporting year we were able to surpass this goal by a considerable degree and ahead of time. As the goal was achieved ahead of schedule, we decided to step up the strategic goal.	Achieved
Recycle directly within the Voith Group	Fiscal 2015/16		Achieved
Elaborate further measures	Fiscal 2015/16		Achieved
Reduce energy demand in relation to annual sales by 20 percent based on fiscal 2011/12	Fiscal 2017/18		New goal
Reduce CO ₂ emissions in relation to annual sales (t/€ million) by 10 percent on the basis of fiscal 2008/2009	Fiscal 2015/16		Achieved
Develop a Group Directive for conversion to and construction of energy-efficient buildings	Fiscal 2015/16		Ongoing
Utilize renewable energies	Fiscal 2015/16		Achieved
Convert to low-emission energy sources (e.g. natural gas and electricity mix with higher proportion of electricity generated with low emissions)	Fiscal 2015/16		Achieved
Implementing and complying with statutory environmental regulations			
Introduce the Eco-Compliance Concept including associated software in Germany	Fiscal 2012/13	Development of an Eco-Compliance Concept and implementation at Heidenheim and 13 other sites in Germany (64 percent of the sales generated in Germany). Using software, relevant guidelines can be assigned to various departments and systems and reviewed.	Ongoing
Introduce the Eco-Compliance Concept including associated software globally	Fiscal 2013/14		Ongoing
Introduce a uniform global hazardous substances management process	Fiscal 2013/14	Start implementing a Group-wide hazardous substances management process based on a standardized hazardous substances database. This will allow all materials to be mapped throughout the entire Group against a uniform database, and so simplify compliance with statutory regulations, such as REACH, at the start of the value chain.	Ongoing
Implement a Group-wide reporting system to record environmentally relevant incidents	Fiscal 2012/13		New goal

Product Responsibility

Goals from the Sustainability Report 2012 and their level of achievement

Strategic goals and measures	Deadline	Description	Status in fiscal 2011/12
Energy-efficient and resource-efficient products			
Incorporate product energy efficiency as a criterion in the development process and technical risk checklist	Fiscal 2013/14	Rescheduled: Two Group Divisions have integrated product energy efficiency into product development as a binding criterion.	Ongoing
Introduce resource-efficient technologies	Fiscal 2012/13	Implementation of an internal pilot project on ecological technology transfer	Ongoing
Assess products and services in relation to energy and resource efficiency	Fiscal 2012/13	Development of tools and models to assess products and services in relation to energy and resource efficiency	Ongoing
Assess the development processes for products and services in relation to energy and resource efficiency	Fiscal 2013/14	Assessment of the development processes for products and services	Ongoing

Responsibility for Employees

Goals from the Sustainability Report 2012 and their level of achievement

Strategic goals and measures	Deadline	Description	Status in fiscal 2011/12
Diversity, equal opportunities			
Diversity			
Develop a diversity strategy	Fiscal 2011/12	In fiscal 2011/12, a comprehensive global diversity strategy was developed which was to identify region-specific fields of activity and set out corresponding goals and measures to increase diversity following an initial analysis phase. The strategy is available for resolution.	Achieved
Increasing the proportion of women			
Increase the proportion of women at senior management level from the current 4.3 percent to 10 percent	Fiscal 2014/15	The measure is being reviewed and will be revised as necessary as part of the Diversity & Inclusion Program.	Deferred
For German sites: Increase the proportion of women in technical occupations based on the gender distribution in the final year of study in engineering disciplines	From fiscal 2014/15		New goal
Determine key indicators for gender distribution	Fiscal 2014/15		Ongoing
Analyze, assess, and modify HR processes	Fiscal 2014/15		Ongoing
Define target pathways relating to the proportion of women according to divisions	Fiscal 2014/15		Ongoing
Agree on goals with HR managers	Fiscal 2014/15		Ongoing
Promoting a work-life balance			
Increase the number of childcare places in Heidenheim's day-care facility by a further 110	Fiscal 2011/12		Achieved
Extend the range of family support measures in Germany	Fiscal 2013/14		New goal
Present all offers relating to "Children & Job" and "Caring & Job" from all Voith sites in Germany on the Family and Job Intranet page	Fiscal 2012/13		New goal
Establish a Germany-wide care hotline	Fiscal 2012/13		New goal

Strategic goals and measures	Deadline	Status in fiscal 2011/12	
		Description	
Implementing the Voith Leadership Concept			
Every employee will have an annual employee appraisal and goal-setting meeting with his or her line manager	Fiscal 2014/15	In fiscal 2011/12, 87 percent of employees in machine and plant engineering had an employee appraisal interview.	Ongoing
Recruiting			
Collaborate with universities and higher education institutes	Fiscal 2012/13		Ongoing
Collecting and evaluating data			
Collect master data on all employees worldwide via database	From fiscal 2012/13	Introduction of a uniform global human resources IT system	New goal/ started
Develop and introduce Group-wide KPIs in the area of HR	Fiscal 2013/14		New goal
Training and further education			
Establish cross-divisional, standardized training programs for managers	Fiscal 2012/13		New goal/ started
Transfer the concept of the Talent Conference to other regions	Fiscal 2012/13		New goal/ started
Improving occupational safety			
Further develop Safety Group Directives	Fiscal 2012/13		New goal/ started
Form regional networks on occupational health in the USA and China	Fiscal 2012/13		New goal
Reduce the accident rate to less than two accidents per million working hours	Medium term		Ongoing
Symposia on occupational safety	Fiscal 2011/12		Achieved
Accident severity			
Record accident severity	Fiscal 2012/13		New goal/ started
Implement benchmarking and goal-setting to reduce accident severity	Fiscal 2013/14		New goal
Audits and further training			
Occupational safety campaign	Fiscal 2011/12	The current occupational safety campaign will be continued and optimized.	Ongoing
Refresher training on occupational safety in selected regions			Ongoing
Further develop the Corporate Safety Audit			Ongoing
Health management			
Establishing an occupational health management system			
Continuous monitoring of age structure within the group	Fiscal 2014/15		Ongoing
Establish a specific KPI system for occupational health management	Fiscal 2014/15		Ongoing
Establish an integrated concept for occupational health management	Fiscal 2014/15		Ongoing
Conduct a systematic inventory of previous or intended health promotion measures at our sites worldwide	Fiscal 2011/12		Achieved
Roll-out standardized occupational medical services for our German sites	Fiscal 2013/14		New goal

Strategic goals and measures	Deadline	Status in fiscal 2011/12	
		Description	
Conduct a pilot project on health promotion including a health check and derive health promotion measures	Fiscal 2011/12		Achieved
Develop and implement a standardized reporting system for managers	Fiscal 2012/13		Ongoing
Extend the standardized reporting system	Fiscal 2013/14		New goal
Promoting healthy nutrition			
Develop an auditing concept in the canteen at our site in Heidenheim	Fiscal 2011/12		Achieved
Implement the auditing concept in the canteen at our site in Heidenheim	Fiscal 2012/13		Achieved
Certify the canteen in Heidenheim according to the Job&Fit criteria of the German Nutrition Society	Fiscal 2011/12		Achieved

Social Responsibility

Goals from the Sustainability Report 2012 and their level of achievement

Strategic goals and measures	Deadline	Status in fiscal 2011/12	
		Description	
Carrying on previous social engagement			
Continue previous measures in sponsorship areas			Ongoing
Consolidate our sponsorship of nurseries and schools in Heidenheim into the "Academy of the Future"	Fiscal 2011/12		Achieved
Raising awareness of the work of the Hanns-Voith-Foundation through extensive PR work			
Step up PR activities	Fiscal 2011/12	Various measures were carried out including revamping the Hanns-Voith-Foundation website, mentioning and describing the Foundation as part of sustainability presentations and in various print media.	Ongoing
Encouraging emerging talent			
Sponsor university graduates in technical disciplines	Fiscal 2013/14	Award sponsorship prizes via the Hanns-Voith-Foundation	Ongoing
Support young engineers	Fiscal 2012/13	Award grants via the Hanns-Voith-Foundation	Ongoing

GRI Index

Organization and Reporting Profile	Comment	Status		Reference
		Re-reported	Ful-filled	
1. Strategy and Analysis				
1.1	Statement from the Chairman of the Board of Management or the Supervisory Board	●	✓	4-5
1.2	Central key impacts, risks, and opportunities with regard to sustainability	●	✓	2, 12-13, 15-17, 76-81
2. Organizational Profile				
2.1	Name of the company	●	✓	Inner front cover
2.2	Primary brands, products, and/or services	●	✓	7-8
2.3	Business divisions and company structure	●	✓	7-8
2.4	Location of company headquarters	●	✓	8
2.5	Countries with major operations	●	✓	Inner cover
2.6	Ownership structure	●	✓	8-9
2.7	Markets	●	✓	Inner cover, 8
2.8	Scale of the company	●	✓	8, 60; AR 74–83, 105–109
2.9	Significant changes during the reporting period	●	✓	AR 97, 99, 103, 109
2.10	Awards received in the reporting period	●	✓	AR 87, 91–92, 98, 216–219
3. Report Parameters				
3.1	Reporting period	●	✓	Inner front cover
3.2	Date of most recent previous report	●	✓	September 2012
3.3	Reporting cycle	●	✓	Inner front cover
3.4	Contact point for questions regarding this report	●	✓	Inner back cover
3.5	Process for defining report content	●	✓	Inner front cover
3.6	Boundary of the report	●	✓	Inner front cover
3.7	Limitations on the scope or boundary of the report	●	✓	Inner front cover
3.8	Joint ventures, subsidiaries, outsourcing	●	✓	Inner front cover
3.9	Data collection	●	✓	Inner front cover, 14, 26, 28, 33, 64
3.10	Changes regarding the presentation of information compared to previous reports	●	✓	Inner front cover
3.11	Changes to the scope, boundary, or measurement methods	●	✓	Inner front cover, 70
3.12	Index according to GRI	●	✓	82-87
3.13	External verification		✓	
		Only the reported economic indicators have been verified externally. They were verified by the auditing firm Ernst & Young as part of auditing of the Annual Report 2012.		
4. Governance, Commitments, and Engagement				
4.1	Governance structure	●	✓	8; AR 6–7, 9–13
4.2	Independence of the Chairman of the Supervisory Board	●	✓	8; AR 6, 12
4.3	Governance body and number of independent management board members		✓	
		Irrelevant indicator as Voith has a Supervisory Board that monitors the Board of Management.		
4.4	Mechanisms for shareholders and employees to provide recommendations to the Board of Management or Supervisory Board	●	✓	8, 44; AR 12–13
		Voith GmbH is entirely family-owned. The Voith family exercises its co-determination right through the Shareholders' Committee.		
4.5	Linkage between compensation for the Board of Management and the company's performance	●	✓	AR 208

Organization and Reporting Profile	Comment	Status		Reference
		Re-reported	Ful-filled	
4.6	Mechanisms for avoiding conflict of interests	●	✓	15–16; www.voith.com/compliance
4.7	Expertise of governance body in the area of sustainability	●	✓	13–14; www.voith.com/cbm
4.8	Statements of mission or values, codes of conduct, and principles	●	✓	15
4.9	Procedures of the Board of Management or Supervisory Board for overseeing performance in terms of sustainability	●	✓	13–15, 22, 50, 56–57; AR 9
4.10	Procedures for evaluating the Board of Management's own performance	○ ³	✓	
4.11	Implementation of the precautionary principle	●	✓	12, 17, 23–24, 36, 45; AR 116–120
4.12	Endorsement of external initiatives	●	✓	14, 16, 33
4.13	Memberships in associations and advocacy organizations	●	✓	16–17
4.14	Involved stakeholder groups	●	✓	16
4.15	Selection of stakeholders	●	✓	16
4.16	Approaches to stakeholder engagement (type/frequency)	●	✓	Inner front cover, 16–17, 19, 36, 46
4.17	Response to key concerns raised by stakeholders	●	✓	Inner front cover, 16–17

Management Approach and Performance Indicators	Comment	Status		Reference	
		Re-reported	Ful-filled		
Economy					
Management approach					
EC1	Economic value generated and distributed	●	✓	9, 12	
EC2	Financial impact of climate change	n.d.			
EC3	Company's benefit plan obligations	●	✓	AR 179–182	
EC4	Financial assistance received from government	●	✓	AR 186	
EC5	Relationship between standard starting salary (by gender) and local minimum wage	●	✓	44	
EC6	Spending on locally-based suppliers	●	✓	9, 11, 17–19, 60	
EC7	Employment of local employees in management positions	To date, Voith has not reported the percentage of local managers. We intend to report this information in fiscal 2013/14.	○ ²	✓	9, 48
EC8	Infrastructure investments and services for public benefit	n.d.			
EC9	Indirect economic impacts	n.d.			
Environmental Protection					
Management approach					
EN1	Materials used by weight or volume	●	✓	12, 21–24, 36, 77–79	
EN2	Percentage of materials used that are recycled input materials	●	✓	30–31	
EN3	Direct energy consumption by primary energy source	●	✓	25–27, 62–63	
EN4	Indirect energy consumption by primary energy source	●	✓	25–27, 62	

Organization and Reporting Profile	Comment	Status		Reference
		Re-reported	Ful-filled	
EN5	Energy saved	●	✓	25–27
EN6	Energy-efficient products and services	○ ¹	✓	37–39
EN7	Initiatives to reduce indirect upstream/downstream energy consumption	n.d.		
EN8	Total water withdrawal by source	●	✓	31–32, 65
EN9	Water sources significantly affected by withdrawal of water	●	✓	33, 65
EN10	Recycled and reused wastewater	●	✓	33, 66
EN11	Land used in protected areas	●	✓	33, 68–69
EN12	Impacts of activities in protected areas	●	✓	33
EN13	Protected or restored natural habitats	n.d.		
EN14	Strategies for biodiversity	○ ¹	✓	
EN15	Affected animal species and plant varieties	●	✓	68
EN16	Direct and indirect greenhouse gas emissions	●	✓	26–28, 63–64
EN17	Other relevant greenhouse gas emissions (e.g. due to business travel)	●	✓	28, 64
EN18	Reduction of greenhouse gases	●	✓	25, 27
EN19	Ozone-depleting substances by weight	●	✓	28–30
EN20	NO _x , SO _x , and other significant air emissions by weight	●	✓	28–30
EN21	Wastewater discharges	●	✓	32, 65–66
EN22	Waste by type and disposal method	●	✓	30–31, 67–68
EN23	Total number and volume of significant spills	●	✓	
EN24	Transported, imported, exported, and treated hazardous waste	●	✓	31
EN25	Water bodies significantly affected by wastewater discharges	●	✓	67
EN26	Initiatives to mitigate environmental impacts of products and services	○ ¹	✓	37–39
EN27	Percentage of products sold and their packaging materials that are reclaimed	○ ¹	✓	
EN28	Fines/sanctions for non-compliance with environmental laws and regulations	●	✓	
EN29	Environmental impacts due to transport	●	✓	28–30, 64
EN30	Environmental-protection expenditure and investment	n.d.		
Labor Practices and Decent Work				
Management approach		●	✓	12, 15–16, 43–45, 79–81

Organization and Reporting Profile	Comment	Status		Reference	
		Re-reported	Ful-filled		
LA1	Entire workforce by employment status, region, and gender	●	✓	44, 72	
LA2	Rate of employee turnover by age group, gender, and region	●	✓	44, 71	
LA3	Benefits provided only to full-time employees	n.d.			
LA4	Percentage of employees covered by collective bargaining agreements	●	✓	44	
LA5	Minimum notice period(s) regarding significant operational changes	●	✓	44	
LA6	Percentage of total workforce represented in industrial safety committees	75 percent of the global workforce is actively involved in industrial health and safety via committees comprising equal numbers of employees and safety experts.	●	✓	
LA7	Injuries, absenteeism, and fatalities	The following information is not currently recorded: – Frequency of work-related accidents by region and gender – Days lost and total absenteeism – Occupational diseases We intend to report this information by 2015.	○ ²	✓	50–52, 74
LA8	Risk control and programs relating to serious diseases		●	✓	52–53
LA9	Industrial health and safety agreements with unions		n.d.		
LA10	Hours of training and further education by employee category	The following information is not currently recorded: Distribution of the average hours of further education by employee category and gender We would like to be able to report this information by 2013.	○ ²	✓	46–47
LA11	Knowledge management and lifelong learning	Our support programs for employees exiting the company (such as owing to age) differ at a local level and cannot be reported owing to the complexity of the data.	●	✓	45–46
LA12	Performance assessment and development planning	Voith does not record the gender of employees involved in an employee or goal agreement dialog as the discussions are not gender related.	●	✓	46
LA13	Composition of governance bodies and breakdown of employees (e.g. age/gender/minority group membership)	The following is not reported for internal reasons: Information regarding whether employees and managers belong to a minority group	○ ³	✓	48, 70, 73; AR 12–13; www.voith.com/cbm
LA14	Remuneration by gender and employee category	The following is not reported for internal reasons: The ratio of the salary actually paid (including age-related and performance-related remuneration components, etc.) between women and men.	○ ³	✓	44
LA15	Return to work rate following parental leave		●	✓	72
Human Rights					
Management approach			●	✓	12, 15–19, 76–77; www.voith.com/en/coc-english.pdf
HR1	Investment agreements with clauses or screening relating to human rights		n.d.		
HR2	Percentage of suppliers that have undergone screening on human rights and actions taken		●	✓	17–19
HR3	Employee training on human rights		●	✓	16, 19, 61
HR4	Incidents of discrimination and actions taken		n.d.		
HR5	Operations in which the right to exercise freedom of association may be at significant risk		●	✓	15–18; www.voith.com/en/coc-english.pdf
HR6	Operations with increased risk for child labor and measures		●	✓	15–18; www.voith.com/en/coc-english.pdf
HR7	Operations with increased risk for forced labor and measures		●	✓	15–18; www.voith.com/en/coc-english.pdf

Organization and Reporting Profile	Comment	Status		Reference	
		Re-reported	Ful-filled		
HR8	Training of security personnel for aspects of human rights that are relevant to operations	n.d.			
HR9	Incidents of violation involving rights of indigenous people	Upholding the rights of indigenous people is not immediately relevant for Voith, as Voith's operations currently do not pose any potential risk.	○ ¹	✓	
HR10	Review of operations for impacts on human rights	n.d.			
HR11	Complaints due to human rights infringements	n.d.			
Society					
Management approach			●	✓	12, 15–16, 33, 56–57, 76; www.voith.com/en/coc-english.pdf
SO1	Impact of operations on communities or regions	n.d.			
SO2	Percentage of business units analyzed for risks related to corruption	n.d.			
SO3	Percentage of employees trained in prevention		●	✓	16, 61
SO4	Actions taken in response to incidents of corruption	n.d.			
SO5	Public policy positions and participation in public policy development and lobbying	n.d.			
SO6	Contributions to political parties and politicians		●	✓	56–57
SO7	Legal actions due to anti-competitive behavior	n.d.			
SO8	Fines/sanctions for non-compliance with laws and regulations	No significant fines were imposed.	●	✓	
SO9	(Potential) negative impacts on local communities		●	✓	33
SO10	Prevention of negative impacts on local communities		●	✓	33
Product Responsibility					
Management approach			●	✓	12, 15–16, 36, 39–40; www.voith.com/en/coc-english.pdf
PR1	Life cycle stages in which health and safety impacts of products are assessed		●	✓	39–40
PR2	Incidents of non-compliance with regulations concerning health and safety of products	n.d.			
PR3	Guidelines/procedures for providing product information		●	✓	40
PR4	Non-compliance with regulations and voluntary codes to provide information on products and services	n.d.			
PR5	Survey of customer satisfaction		●	✓	41
PR6	Programs for adherence to laws and voluntary codes related to marketing communications	We abide by legal requirements for our advertising and marketing. The Compliance Committee monitors compliance.	●	✓	
PR7	Non-compliance with regulations and voluntary codes concerning marketing communications	We are not aware of any infringements of regulations or voluntary codes concerning marketing communications in the reporting year 2011/12.	●	✓	
PR8	Substantiated data protection complaints	In the reporting year, there were no complaints due to data-protection infringements and no recorded instance of data theft.	●	✓	
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		○ ³	✓	

Indications and Abbreviations

Indicators in black = core indicators

Indicators in grey = additional indicators

Unless stated otherwise, the page numbers given in the "Reference" column refer to this Sustainability Report 2012 produced by Voith. Other page references refer to the Annual Report 2012 produced by Voith (AR). Furthermore, in some cases a specific reference is made to the Corporate Website at www.voith.com. You will find a corresponding comment for references to the "Comment" column.

Current status of the reporting of indicators:

- = Fully reported
- ◐ = Partially reported (indicating an official non-reporting reason)
- = Not reported (indicating an official non-reporting reason)
- n.d. = No data collected

Official reasons why information was not reported under GRI Guidelines (indicated by index number):

- 1 = Not important or not applicable for Voith.
- 2 = No information or data currently available at Voith as this is not yet included in our data-collection systems.
Please refer to the indicator comment in the table for details on when it is likely to be possible to report this data and information.
- 3 = Reporting not allowed/proprietary to Voith.

For further information on the reasons why information was not reported under GRI Guidelines see the Global Reporting Initiative website at: <https://www.globalreporting.org/information/FAQs/Pages/Application-Levels.aspx>

Fresh and recycled complement each other perfectly

It is the paper industry's sixty-four-thousand dollar question that keeps on popping up: What is more sustainable – recycled or fresh fiber? Even though the initial response is to go for recycled fiber, the answer isn't always that clear. This is because primary and secondary fibers are dependent on each other.

When it comes to developing new technologies for the paper industry, Voith grapples with the question of sustainability on a daily basis. There is generally no right or wrong answer, particularly in terms of what fiber is used: What matters most is the right mix. The primary aim of our new technologies is to allow the highest possible amount of waste paper to be used. Wherever it is practical to do so, we advise our customers how they can increase the share of recycled fibers in their production processes without affecting quality. With the right technologies, even high-grade magazine paper is now being made entirely from waste paper.

This is generating interest in countries such as China in particular, where the potential to collect and recycle waste paper has by no means been exhausted. Here, the high fiber quality of recycled raw materials is leading to increased use in the production of graphics paper. That said, many Chinese paper producers are retaining a high degree of flexibility in terms of their raw material selection. As such, it is not uncommon for multiple stock preparation lines to be installed on each paper machine, as these allow producers to respond quickly to fluctuations in the raw-materials market. This makes sense especially given the global increase in demand for paper and thus for recycled fibers, as it impacts on the availability of the required fibers.

Recycled fibers also need replenishing with fresh fibers

In general, using the highest possible share of recycled fibers to produce paper does not always prove to be the best option. Here is an example: Paper for newspapers can be produced entirely from waste paper without a problem. However, when it comes to really high-quality paper in particular, fresh fibers will continue to be needed, as these types of paper need to meet high quality, reliability, and functionality standards. While it may well be possible to use a large share of waste paper even when manufacturing really high-quality paper, other considerable restrictions would need to be taken into account (such as the use of a disproportionately high amount of chemicals) to meet the required level of quality when paper is made entirely from waste paper. Consequently, when companies want to produce really high-quality paper efficiently, this can only be achieved by using fresh fibers.

The growing global demand for paper cannot be met by recycled fibers alone either. While technologies that ensure a maximum recycled-fiber yield is achieved are key to this, they are not enough. To meet the growing paper volume, fresh fibers need to be put into the paper cycle. In this regard, they remain an essential element in paper production. At the same time it is important that the primary fibers used come from sustainable forestry practices, which guarantees availability of wood as a raw material as a result.

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This report is also available in German.

The German and English editions are available on the Internet at:

www.voith.com/de/konzern/nachhaltigkeit-178.html

www.voith.com/en/group/sustainability-178.html

In addition to the Sustainability Report, Voith also publishes a comprehensive Annual Report at the end of the fiscal year.

This is available on the Internet at:

<http://www.voith.com/en/group/facts-figures-96.html>

Text and design

akzente kommunikation und beratung gmbh

Environmentally Friendly Production

All CO₂ emissions produced during the course of printing and preparing the Voith Sustainability Report were determined. By making a proportionally equal investment in a Gold Standard climate project, the corresponding CO₂ emissions will be saved in the future and the Voith Sustainability Report will be CO₂ compensated.



The Respecta Silk recycled paper we used for the Voith Sustainability Report 2012 is made from at least 60 percent secondary fibers and was produced using a Voith paper machine.



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This Sustainability Report is also available in German.
Both versions and further information are also available for download on the Internet.

www.voith.com

VOITH
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