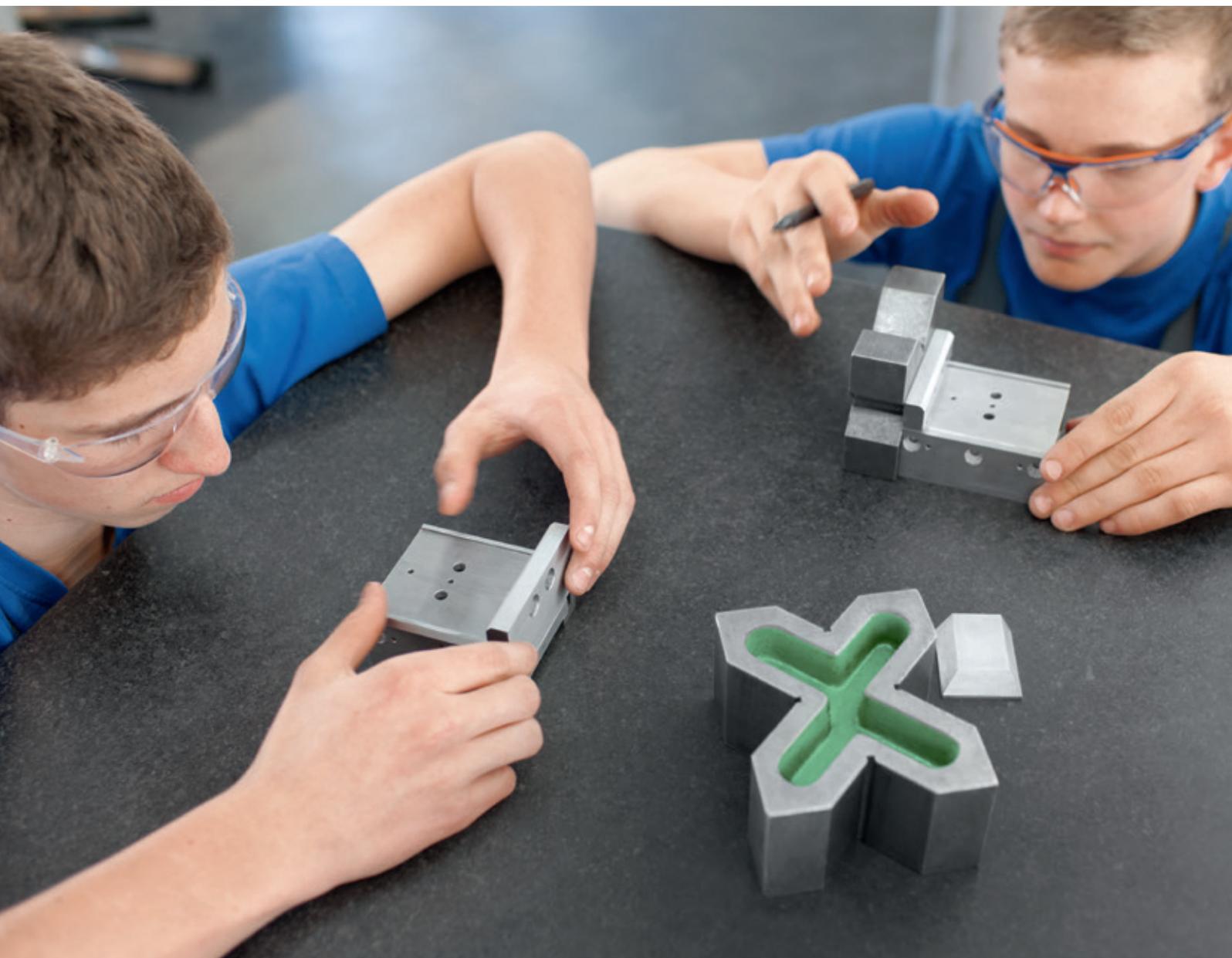


# Sustainability Report 2015



# Focus EUROPE

Europe contributes more to the world's Gross Domestic Product (GDP) than any other region – in fact the European Union is the world's largest internal market and represents around one quarter of global economic output. And it is here in Europe that Voith has its origin as a company. Although the original German Voith company has long since become a globally operating group, we are still deeply rooted in our home country. We currently generate over one third of our revenues in Europe, where sustainability, protecting the environment and conserving natural resources are playing an ever-greater role. In projects such as the pumped storage power plant at our Reißbeck facility in Kärnten, Austria we generate power with an absolute minimum of environmental impact – and through our commitment to doing business sustainably, we work constantly to ensure our business stays fit for the future. To find out just how we achieve this, and how successful our efforts were over the reporting year, we warmly invite you to read on.

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## About this Report

### Our Aspiration

This is the sixth Sustainability Report published by Voith GmbH. Since 2009 we have kept our company's stakeholders updated once a year on the progress we are making towards our goal of becoming the sustainability benchmark in our respective business sectors. The focus of our reporting is on explaining our strategies, our solution approaches and measures, as well as presenting our sustainability-related key figures. In order to identify the material sustainability topics for our reporting, we conducted a detailed materiality analysis in 2014. We plan to bring this up to date in 2016, and already completed the groundwork at the beginning of the current year by carrying out a comprehensive stakeholder survey. The results will form an integral part of our next Sustainability Report.

### Reporting Content

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

### Reporting Period and Report Scope

The Sustainability Report 2015 is based on the fiscal year 2014/15 and covers the period from October 1, 2014 to September 30, 2015. In the reporting period Voith committed to and initiated significant changes to the company's size and structure, as part of the success program Voith 150+. The Group's executive management decided to focus the company on its technology and engineering competence through its three core Group Divisions Voith Hydro, Voith Paper and Voith Turbo, which are active in our three main business sectors, and to divest our Voith Industrial Services Division. Voith Industrial Services will therefore be regarded in our sustainability reporting as a discontinued business activity, in the same way as in our Annual Report. In addition to this, all Voith's Industry 4.0-relevant activities are to be bundled within the newly established Group Division Voith Digital Solutions. The facts, figures, and other information provided in this Sustainability Report therefore apply to the global activities of the continued Voith Group Divisions Voith Hydro, Voith Paper and Voith Turbo, unless otherwise indicated. The companies within the reporting scope are defined in Voith's 2015 Annual Report. The

degree of consolidation comprises at least 80% of the Voith Group by revenues and headcount, and includes all of our Group's major locations. Regarding the Group's supply chains in the reporting period, there were no material changes since the publication in August 2015 of the 2014 Sustainability Report.

### Gathering and Comparability of Data and Information

Information was gathered electronically in written form for this report, and the data were recorded mainly using division-specific software. For this report, once again certain key figures were calculated for the first time. Due to the new bases for calculation, a three-year trend cannot yet be presented in certain cases, but this is a goal Voith intends to pursue. Owing to these new calculation bases, improved data quality, and updated information, we needed to correct certain factual information relating to previous reporting periods in individual cases, or adjust them to the modified data-gathering scope: This is indicated where applicable in this report. There may be differences in the data totals as a result of rounding figures up or down.

### Forward-looking Statements

All forward-looking statements in this report are based on reasonable assumptions as at the deadline for content submission. Due to unknown risks, uncertainties, and other factors, the actual results, developments, or performance of our company may deviate from our forecasts, estimations, and statements. Further information is provided in Voith's Annual Report.

### 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 Sustainability Report 2015 is available in German and English, and can also be downloaded from our company website. Further and more extensive information is provided on our company website [www.voith.com](http://www.voith.com) and in our Annual Report.

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The next Sustainability Report is scheduled for publication in early 2017.



# Editorial



**Dear readers,**

Fiscal year 2014/15 was an eventful one for Voith, and one in which we achieved a great deal in terms of sustainability. This is now our sixth Sustainability Report. In this document we offer you a status update on where we stand with our numerous sustainability activities, and we are pleased to confirm we made further progress in key areas in improving our sustainability performance in the reporting year.

It is particularly satisfying that in improving our key performance indicators in the fields of energy, waste and freshwater consumption we got back on track and returned to our original plan as regards sustainability progress. Thanks to focused root cause analysis and the consistent continuation of our hot-spot analyses, all KPIs are now back within our target corridor.

Above all, in the past fiscal year we focused squarely on the further development of our sustainability organization. In the same way as the organization of other cross-divisional functions at Voith we developed our Health, Safety and Environment (HSE) structure further into a global Voith HSE organization: This now gives us a lean, flexible and highly effective Business Partner structure. Experienced experts across our Group now provide our operating business units with their expertise full-time in order to further improve our performance in Health, Safety and Environment, as well as to identify risks and systematically reduce these through continual process improvement. This lean organization is supported by our integrated IT system hse+, which we have rolled out worldwide.

The new structure has been operational since the beginning of the current fiscal year, and I am convinced that I will be able to provide you with evidence of further progress thanks to its implementation. Our goal remains constant: To make Voith the sustainability benchmark across all sectors and markets in which our company does business. We will be judged by our progress towards this goal, and we are therefore dedicated to reaching it. Thanks to our new organization we have come a good deal closer to our objective, and I hope that through your interest in sustainability you will continue to accompany us on our journey towards it.

Sincerely yours,

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

**Torsten Kallweit**

Head of Corporate Sustainability and HSE

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# Foreword

**Ladies and gentlemen,  
dear friends of Voith,**



Next year we celebrate Voith's 150th anniversary. That our company is able to look back on such a long and successful business tradition is first and foremost thanks to the dedicated work of all Voith employees past and present. Over the decades they have turned our company into one of the largest family-owned companies in Europe. They have helped us become a company that constantly follows a long-term strategy, anchored by the principles of sustainable business and a clear commitment to corporate responsibility. Sustainable business guides our decisions and actions as a company, and is a core management principle at Voith. We work to uphold this principle each and every day – but this is not enough for us: Our explicit goal is to make Voith a benchmark company in sustainability terms, and we are working consistently and with great dedication to achieve this. Since 2009 we have provided regular reports on our actions, our progress areas, and our objectives: With this document, our sixth Sustainability Report, we stay true to this tradition.

We offer you this report looking back on a year that brought far-reaching changes for Voith. It was also a year in which we successfully brought Voith on track towards new strength.

Our success program Voith 150+ remains the basis for this, and the portfolio optimization and efficiency-raising measures it comprises are increasingly gaining traction. We are focused on our roots as a technology and engineering group, and this orientation is underscored by major strategic decisions such as our participation in KUKA AG, and the divestment of our discontinued Group Division Voith Industrial Services.

With this we are preparing Voith for the next development phase, in which we will focus on seizing the opportunities that digitization offers our company. We have drawn up an ambitious digital agenda to turn Voith into a prime mover of the digital transformation in our sectors and markets.

The thoroughness with which we are pursuing this approach is currently evidenced by the creation of our new Group Division Voith Digital Solutions, in which we will concentrate all our Industry 4.0 activities.

We intend to make Voith fit for the future, and we are now laying the groundwork for this. Naturally, this also means that we will continue to work to make Voith a company wholly based on sustainable business principles. This is because we are convinced that only a sustainable company can remain successful over the long term – and only a successful company has the power to do business sustainably and consistently.

Based on this fundamental conviction, in the past year we further developed our Health, Safety and Environment (HSE) structure into a global Voith HSE organization. The cross-divisional functions' new Business Service structure and four regional competence centers now enable us to support the operative business units on location in embedding sustainability even more deeply in their daily work.

At the same time, in the reporting year we further improved our sustainability performance, particularly in the fields of energy, water and waste. After a brief deviation in the previous year, our key performance indicators are now right back on track and I am confident that we will reach the environmental objectives we have set for ourselves.

Our powerful Green Controlling system is one of my main reasons for optimism. This approach enables us to identify areas of economic and ecological efficiency potential in our business activities, and thus to steer towards these, guided by the respective KPIs. In September 2015 our efforts were rewarded with the Péter Horváth Foundation's Green-Controlling Award – a prize that not only recognizes the uniqueness of this solution in our industrial sector but

that also spurs us on to continue contributing to sustainable development.

In the area of occupational safety, Voith is already an industry leader. In the reporting year we further consolidated our good position, which was confirmed by the top rating of A+ we received from oekom research AG. Both the number and gravity of the work-related accidents saw a clear decline in the reporting year.

Our efforts are bringing results, and the examples offered above provide impressive confirmation of this. Furthermore, I am highly confident that with our progress in the field of sustainability we will be able to continue our company's successful business development. This is because sustainability means future viability – and this holds true today just as it did 150 years ago.

I wish you a stimulating and inspiring read!

Yours sincerely,



**Dr. Hubert Lienhard**  
President and CEO



Being firmly rooted in all regions of the world and knowing local markets – this is part of our Corporate Strategy, which in turn underpins our company’s success. The European markets, and in particular our home market of Germany, have always been a pillar of our success: This is the birthplace of our company.

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# 01 Sustainable Management

Voith is a globally active technology group. With our portfolio of production plants, products and industrial services, we actively serve five essential markets worldwide: Energy, Oil & Gas, Paper, Raw Materials, and Transport & Automotive. Our understanding of sustainability is strongly influenced by the tradition of Voith as a family-owned company, and the way it has always done business. This understanding is at the core of our commitment to conduct business in an environmentally friendly and fair manner, and thus to secure long-term business success.

## 1.1 Group Portrait

### Overview of the Group

As a global technology group active in over 60 countries, Voith maintains a worldwide network of product, service and distribution locations. The Group generated €4.3 billion in annual sales in fiscal year 2014/15.

Voith GmbH, headquartered in Heidenheim/Brenz, Germany, is the operational management holding company for the Group and is entirely family-owned. The Board of Management of Voith GmbH is responsible for the Group’s strategic management and operations. The Shareholders’ Committee and the Supervisory Board act as the advisory and supervisory bodies respectively. The Supervisory Board also monitors the Board of Management.

As at the end of the reporting period, the Group’s operating business is bundled in three Group Divisions, which are each managed by legally independent management companies.

Voith Hydro is a turnkey provider that equips leading operators’ hydropower plants around the world. A quarter of the world’s hydroelectric power is generated using Voith Hydro turbines and generators.

Voith Paper is a system supplier to the paper industry, providing technologies, products and

services covering the entire paper production process. A large share of the global paper production is performed on Voith machines.

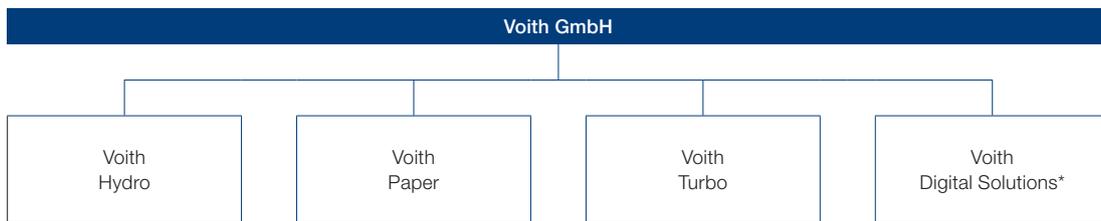
Voith Turbo produces drive solutions as well as technical systems and components, which are in use around the globe in industrial plants as well as on railroads, highways and seaways worldwide.

The discontinued Group Division Voith Industrial Services is a service provider to key sectors such as the automotive, energy, chemical and petrochemical industries. Major companies around the world rely on Voith Industrial Services’ technical services and expertise.

In the 2014/15 fiscal year the Corporate Board of Management of Voith GmbH decided to focus the Group on its technology and engineering strengths within the three above-mentioned core business segments, and to divest the Group Division Voith Industrial Services. Consequently, in the Group’s Annual Report this division is treated as a discontinued operation in accordance with the International Financial Reporting Standard (IFRS 5). In accordance with how information is presented in our Annual Report, our Sustainability Report also focuses on the three core business segments of Voith Hydro, Voith Paper and Voith Turbo.

### Organizational Structure

#### Voith Group Divisions



\* From April 2016.

## Digital Agenda for the Fourth Industrial Revolution

We developed a Digital Agenda to tap into the new growth opportunities offered by Industry 4.0. Its aims include establishing a new Group Division: Voith Digital Solutions. In future, this new unit will house all the Group's Industry 4.0 know-how. The new unit will focus on developing new digital business models – even in industries where Voith is not currently active.

Existing automation, software, IT, digitization and sensor expertise from the Group Divisions Voith Hydro, Paper and Turbo will be bundled and further developed in this new Group Division. Furthermore, Voith Digital Solutions will also be home to all of the Group's digital ventures and start-up activities. The division was launched on April 1, 2016, with a team of 600 staff and around 250 million euros in existing business.

“We are bundling our expertise in the area of Industry 4.0 and taking a decisive step towards achieving our goal with Voith Digital Solutions. We are systematically developing Voith into a company that will play a major role in shaping digital change in our industries and markets”, explains Dr Hubert Lienhard, President and CEO of Voith.

Additional cornerstones of Voith's Digital Agenda are planned venture activities, in areas including software, platforms, cyber physics and Industry 4.0, which may also be integrated into the new unit in the mid-term.

### **Stability and Long-term Focus of a Family-owned Company**

Founded in 1867, Voith is now one of Europe's largest family-owned companies. Stability and the long-term focus of its owners have always been the driving force behind the company. Ensuring the company develops sustainably and profitably is the core aim of the shareholders, Supervisory Board and Corporate Board of Management. It is the basis for Voith's financial independence – and at the same time the prerequisite in ensuring the company can be passed on to the next generation.

### **Group Strategy Geared Towards Sustainable, Profitable Company Development**

At Voith we see business success as a long-term goal and our Group Strategy is geared towards sustainable, profitable company development. Our success is built on five pillars:

- A diversified product portfolio based on megatrends
- An international footprint and strong local roots
- Our innovative capabilities
- Embracing digitization, and
- Our financial independence as a family-owned company.

Starting from the original core business of machine and plant manufacturing, over recent years we have expanded our product and services portfolio and carved out a strong position for ourselves in our core markets of Energy, Oil & Gas, Paper, Raw Materials, and Transport & Automotive. Our positioning cushions us against many economic risks. For instance, falls in sales in markets that respond less quickly to cyclical changes such as Oil & Gas, Raw Materials, and Energy can be compensated by markets that respond quickly to cyclical changes such as Transport & Automotive – and vice versa.

We set ourselves the goal of being present in key growth regions with development and production facilities to supply markets locally and advise their actors directly. We achieve this by creating value at a regional level as, alongside local management and regional supply chains, we are increasingly using local sources of finance. We aim to embed ourselves as firmly in our international markets as we do at our German locations.

**Voith 150+ Program – Rigorously Driving Forward the Group’s Transformation Process**

We launched our Group-wide Voith 150+ success program right at the start of the 2013/14 fiscal year. It aims to optimize our product and service portfolio, increase our efficiency through process improvement and further develop the Voith corporate culture. By doing so, we aim to secure the long-term competitiveness and capacity for growth of the Voith Group well beyond our 150th anniversary in 2017! After all, only a financially sound company can remain viable over the long term.

Continuing in the tradition of our family-owned company we aim to make the consequences of our Group’s transformation process as socially acceptable as possible for our employees, and are

working closely with employee representatives to achieve this.

We are well on schedule in terms of implementing Voith 150+. The key decisions taken in the reporting period included divesting the Group Division Voith Industrial Services, and in doing so clearly focusing the Group on its engineering expertise. Voith and funds advised by the private equity company Triton have reached a basic agreement on the sale of the Group Division Voith Industrial Services and signed a corresponding contract. The conclusion of the sale is expected by the end of the fiscal year 2015/16.

Furthermore, in the reporting period Voith acquired a strategic shareholding in KUKA AG, and holds a 27.96% stake in the company as at the end of the 2014/15 fiscal year. The KUKA Group is one of the world’s leading providers of robots and automated production facilities and solutions.

We have also achieved key milestones in restructuring of our Group Division Voith Paper, which is confronted with a fundamental structural change in the market for paper machines. The measures we introduced in the previous fiscal year have now been fully implemented and have made a significant contribution to the clear improvement in Voith Paper’s operating result in the reporting year. In February 2015 Voith Paper presented a further package of measures to consolidate its European activities into just a few locations and trim 900 jobs. Implementation of these measures will be completed by the end of 2016.

In the reporting period, the three other Group Divisions made targeted portfolio adjustments. These included the sale of business units as well as the relocation, reduction in size or closure of locations. The most extensive changes

**AR 2015**

01.1. Group structure and business activities

**HR**

4.1 Management Approach

affected Voith Industrial Services with the divestment of an entire business area, the DIW Group, on September 30, 2014, and focused the Group Division on technical services for key industries.

At the same time, in the reporting period we selectively expanded our portfolio by making acquisitions. Among them, we strengthened our service business for the automotive industry by acquiring a company in the USA.

In the reporting year we also started to extensively restructure cross-divisional functions such as Purchasing, IT, Finance, Controlling, Accounting and HR. Our new structures and processes, which are uniform across the Group, are designed to make administration more streamlined and efficient. In doing so, we intend to support our operating units in taking the burden of routine tasks off their shoulders, thereby giving them the necessary freedom to focus on their core business.

Key elements of our new organizational model include Global Business Service Centers, Competence Centers and Business Partner structures. In future, our four regional Global Business Service Centers will bundle administrative tasks that can be standardized. All indirect activities also maintain a competence center which is responsible throughout the Group for defining global standards for Voith, as well as for dealing with individual topics that require specialist knowledge. Local business partners offer the business units customer-oriented support with specific projects on a "one face to the customer" basis.

The new organization commenced operations on October 1, 2015. The four Global Business Service Centers in Kunshan (Asia-Pacific region), York (North America), São Paulo (South America) and Heidenheim (EMEA) will be completed in

September 2016 and the new structure will be up and running globally by then at the latest.

The reorganization of cross-divisional functions will result in the need for fewer employees in the individual divisions. The corresponding reduction of around 720 jobs will have been completed by the end of the 2015/16 fiscal year.

### **Fiscal Year 2014/15 – Voith on its Way to Achieving New Strength**

Despite the persistently weak economic environment, in fiscal 2014/15 the Voith Group clearly increased its economic strength. Following falls in sales in previous years, in the reporting year we were able to increase our Group revenues by 3% to €4,302 million and stabilize the order volume at much the same level as the previous year (€4,389 million).

The efficiency increases we achieved as part of the Voith 150+ success program are reflected in a considerably higher operating result and improved profitability. Above all, efficiency increases led to a disproportionately high increase in operating profit of 15% to €270 million. Our net result stood at €-93 million, burdened by one-time factors related to ongoing restructuring measures. However, we will return to a clearly positive net result in the current fiscal year.

Our three continued Group Divisions were either able to stabilize (Voith Hydro) or increase (Voith Paper and Voith Turbo) revenues in the 2014/15 fiscal year. All three reported positive operating figures, although trends differed in each.

### **Outlook**

We anticipate a three-speed world over the coming year. Even if China has lost a little momentum as a growth engine, the strongest growth stimuli

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## **AR 2015**

01.1. Group structure and business activities

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## **F&F**

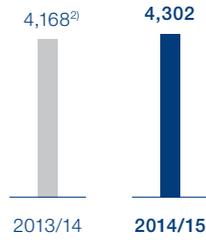
Miscellaneous

will come from Asia's emerging markets. We also expect continued growth from North America, although the majority of other industrialized countries, particularly in Europe, may show hardly any dynamism. Essentially, we have prioritized Asia and North America as strategic growth regions for the Voith Group. Strong investment, even deeper local-market embedding and increased localization of our products are all intended to allow us

to participate in the growth of these markets. We additionally intend to utilize special developments in individual markets, segments and countries as opportunities for specific Group Divisions or business units.

### Sales Group<sup>1)</sup>

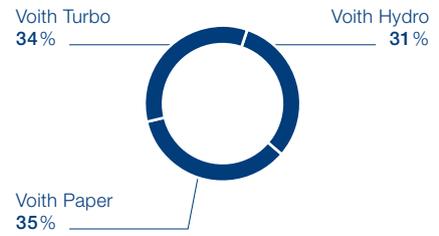
in € millions



<sup>1)</sup> Excluding the discontinued Group Division Voith Industrial Services.  
<sup>2)</sup> Previous year restated.

### Sales 2014/15 total €4,302 million<sup>1)</sup>

by Group Division



by region



<sup>1)</sup> Excluding the discontinued Group Division Voith Industrial Services.

## 1.2 Strategy and Organization

### Sustainability at the Heart of our Strategy

At Voith, sustainability and striving for commercial success are inextricably linked. Our approach to sustainability has its roots in Voith's family tradition: The commitment to conduct business in a way that is ecologically clean, fair and with long-term success.

We make a measurable contribution to the sustainable development of our company, society and the environment. We also aim to make Voith the benchmark in our markets and industries when it comes to sustainability – a goal we intend to live up to throughout the value chain and in all our processes.

Six fields of action integrate sustainability management within the Group. This includes the aim of sustainable corporate governance and striving for profitable growth. Our sustainability approach also includes responsibility for our products, the environment, our employees and for society. Each field of action is assigned specific measures with scheduled goals. We also regularly publish our goals as part of our sustainability reporting activities, and document our level of achievement.

### How Voith Organizes Sustainability

At Voith, sustainability is a cross-functional responsibility shared by our Corporate Board of Management, Group Divisions and Corporate Departments. Our new Group Directive on Sustainability, which was developed in the reporting year and entered into force in December 2015, sets out the organization, responsibilities and the principles underpinning our actions.

The Corporate Sustainability central function provides the framework for the strategic focus and organization of sustainability at Voith. It advises the Group companies and Corporate Departments, and further develops the topic as a strategic issue. The central function reports directly to the President and CEO. It defines tools and methods to measure and control the Group's activities, such as the sustainability database and associated reporting tools. Furthermore, the global specialist organization Health, Safety and Environment including the Sustainability Office report directly to the central function.

The Corporate Sustainability Council (CSC) serves as a central management organ, which comprises the Group Division's Sustainability Officers. In fiscal year 2014/15 this central control body convened five times.

The CSC prepares the bases for decisions and reports directly to the Corporate Board of Management. In its controlling and monitoring function, the central control body monitors the operational implementation of strategies, goals and measures in the Group Divisions and is responsible for data-collection processes. The Group Divisions and various Corporate Departments (e.g. HR and Purchasing) are responsible for the operational implementation of these measures.

We follow a very strict system to ensure the rigorous implementation of our Sustainability Strategy. As part of the CSC's quarterly report, the achievement of sustainability goals is regularly checked at Group and Group Division level. The report contains a detailed list of measures which describes the tasks, responsibilities and deadlines for the respective operational levels.

### Goals and Goal Achievement

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Miscellaneous

## New Health, Safety and Environment Structure

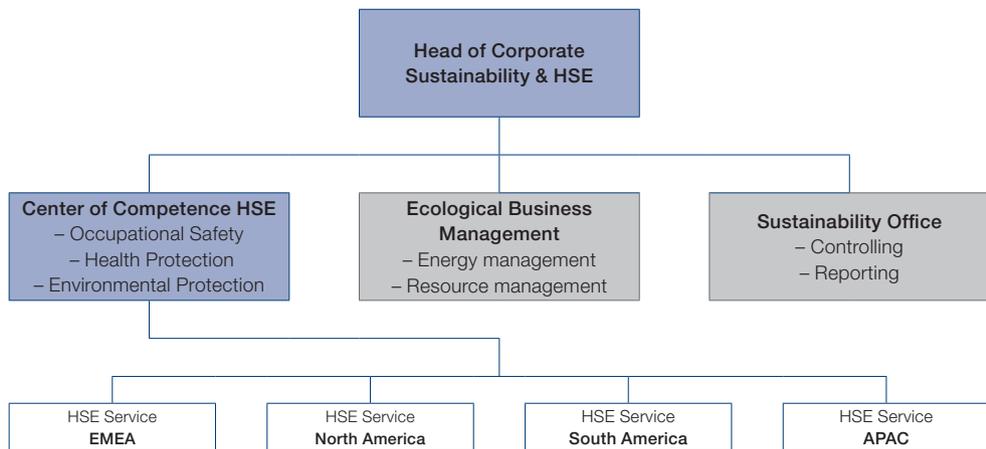
Streamlined structures, standardized processes and improved efficiency – in line with this goal, in fiscal 2014/15 we further developed Health, Safety and Environment (HSE) into a global HSE organization which has been active since the start of the fiscal year 2015/16. Similar in structure to other cross-divisional functions, it comprises our global Center of Competence HSE and four regionally bundled service organizations for expert support.

Torsten Kallweit, Head of the central function Corporate Sustainability & HSE, summarizes the benefits: “Our new HSE organization gives us a streamlined, flexible and effective business-partner structure. Across the Group, experts provide our operating units with vital know-how to further improve our performance in health, safety and environmental protection, while tapping into valuable synergies and reducing service costs. Each operating unit has access to skilled partners at any time, to

identify risks and systematically reduce them through continual process improvement.”

The management team of the central function Corporate Sustainability & HSE is responsible for continually developing the topic of health, safety and environmental protection at Voith. Besides further developing it conceptually, this also includes defining guidelines and standards, setting goals and measuring performance.

### HSE Structure



The newly created Center of Competence HSE is a one-stop shop for methods, tools and standards for the Group Divisions. Each Group Division is assigned one employee from the Center of Competence HSE as a business partner. As the central point of contact, this business partner is available to the Board of Management of each Group Division to answer any HSE questions. Our operating units remain responsible for implementing health, safety and environment activities locally.

Regionally bundled service organizations support Voith organizations in each region on all HSE topics. They are responsible for the application and implementation of the methods, tools and standards provided centrally by our Center of Competence HSE. The regional service organizations EMEA, APAC, North America and South America commenced operations on October 1, 2015.

Each HSE expert supports several Voith Group companies and is responsible for advising and supporting the General Manager and staff responsible at the Group companies and locations – the expert’s “customers” – on all questions relating to the health and safety of employees as well as environmental protection. Duties include providing support with annual safety instructions and risk analyses, local approval of hazardous substances, and incident analyses. The expert functions are divided into Occupational Health and Safety, and Environmental Protection.

The Heads of the regional HSE service organizations and the members of the Center of Competence HSE form the HSE Steering Team. It meets biannually and is chaired by

the Head of the Corporate Sustainability & HSE central function.

This streamlined organization is supported by the integrated IT system hse+, which is used globally. hse+ provides the HSE experts around the world with highly standardized, automated processes to assist them in their daily work. The IT solution is designed to further accelerate the development of the system into becoming a global HSE management system, while also simplifying certification processes. In doing so, the current standards in the area of occupational health, safety and environment (OHSAS 18001 and ISO 14001), which were still certified divisionally, will be transitioned and bundled in a Group-wide HSE Matrix. Besides optimizing costs, this will also lead to qualitative improvements through cross-divisional learning.

In light of this, we are aiming to reach three milestones in the fiscal year 2015/16:

- The transitioning of all existing HSE certifications to the Group-wide HSE Matrix,
- The incorporation of HSE certificates from a wide range of certification bodies into an HSE Matrix, and
- The integration of further Group companies in the HSE Matrix as necessary.

With the establishment of the new HSE organization in 2015 we also consolidated the existing Environment and Occupational Safety/Health Group Directives into our new Health, Safety and Environment (HSE) Group Directive, which, among other things also includes five reformulated HSE principles.

## HSE principles

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### 2.1 Management Approach

### **In Constant Dialog with Stakeholders**

As a globally active Group, Voith is in constant dialog with a large number of stakeholders. We address their wide-ranging requirements, interests and expectations, and take account of these in our business decisions. Our key dialog partners include the shareholders, supervisory committees, employees, the Works Council, our customers, suppliers and investors, as well as neighboring communities, trade associations, academia, government agencies and politicians, NGOs (such as the World Wide Fund for Nature) and the interested general public.

### **External Experts to Provide Further Stimuli**

To expand the internal view of sustainability topics and to generate new stimuli for the sustainability management activities of Voith we will establish a Sustainability Advisory Board from fiscal year 2015/16 onwards. This committee will be composed of Prof. Dr. Stefan Schaltegger from the Leuphana University, Lüneburg (Germany), and Andreas Zamostny, Managing Director of management consultancy firm Schlange & Co. based in Hamburg (Germany), which specializes in sustainability. The experts will join the biannual meetings of our CSC to discuss aims, strategies and progress towards implementation of the measures for each topic area.

### **Transparency and Reporting**

We inform our stakeholders through our annual Sustainability Report as well as via additional information published on the Internet. Furthermore, sustainability is an integral part of our Annual Report. We keep our employees updated on sustainability issues through posts on our Group-wide intranet and articles in our employee magazine. Through this, we intend to encourage them to contribute

towards promoting the topic of sustainability at Voith. Here, site and plant managers take on a special role: With practical know-how, we aim to help them save resources in their areas of responsibility. To illustrate this, in the reporting period we launched a newsletter aimed specifically at this target group to reinforce the sharing of experience between sites, in order to disseminate best practice as quickly as possible within the Group.

### **Regular Stakeholder Survey**

At the end of 2013 we conducted our first extensive stakeholder survey to identify the needs and expectations of our stakeholders on corporate responsibility at Voith. It was a resounding success, with 1,048 participants from 43 countries completing our anonymous online survey, which was available in five languages on Voith's homepage.

As planned, we will survey our stakeholders once again in the spring of 2016. Besides the relevance of Voith's activities, participants are also asked to evaluate our company's sustainability performance. Based on the feedback gained from the previous survey, we revised the questions on individual fields of action and integrated new topics relating to such matters as the supply chain and product responsibility. We will publish an extensive account of the results in our Sustainability Report 2016.

### **Materiality Analysis – Focusing on What Matters Most**

The results of our stakeholder survey of 2013/14 provided us with the basis to perform a detailed materiality analysis, allowing us to realign our sustainability management and reporting activities, and to focus on the key aspects. We achieved both aims with our survey. We also identified new fields of action and have already launched an

## Green Controlling Brings Greater Efficiency

In September 2015 Voith was awarded the Péter Horváth Foundation's Green Controlling Prize. Under the slogan "Get into the black with green!", the foundation, together with the ICV (International Controlling Association), presents the award annually for the most innovative and effective "green" controlling solution.

Voith identified the economic and environmental efficiency potentials of its business activities at a very early stage way back in 2008. It makes these potentials measurable and controllable, and rigorously implements improvements. It is a commitment that is paying dividends: Energy, water and material-efficiency measures have achieved annual savings of 6.5 million euros for Voith, with 52,704

megawatt-hours of energy, 737,078 m<sup>3</sup> of water and 1,907 tonnes of materials saved each year.

Building on traditional controlling methods, Voith's Green Controlling solution provides the basis for these improvements. It reflects traditional recording, analysis and reporting processes, and in doing so creates a high level of transparency in the Group. The key factor for success is its uniform, Group-wide implementation using a dedicated IT solution. At all levels, from the Group to the individual location, the focus is on economic added value and environmental benefit. At the same time, achievement levels regarding specific targets are reported on in each case, which has led to the improvements over previous years.



Winners of the Green Controlling Prize 2015 (left to right): Siegfried Gänßlen, Chairman of ICV; Erwin Gutensohn, Vaude; Isabel Stiefenhofer, Vaude; Dr. Heinz-Gerd Peters, Deutsche Telekom; Silke Thomas, Deutsche Telekom; Torsten Kallweit, Voith GmbH; Prof. Dr. Dr. h.c. mult. Péter Horváth.

**Voith**

<http://voith.com/en/index.html>

initial set of initiatives regarding these. By doing this, among other things, we intend to better identify risks in our supply chain and present these more transparently by producing a risk “heat map”.

The approach we took in evaluating the survey proved worthwhile and we will employ it again with our next survey. First we identified the relevant topics: Besides the Global Reporting Initiative (GRI) standards and external benchmarks, we paid particular attention to the goals of our Sustainability Strategy. After we had prioritized the individual topics based on our stakeholder survey, their materiality was defined in workshops. We then presented the outcome of the analysis to our Corporate Board of Management.

To better understand the results, we rearranged the individual topics by fields of action or by section, and presented them in the form of a matrix. The main topics derived from the materiality analysis are assigned to the individual fields of action or sections.

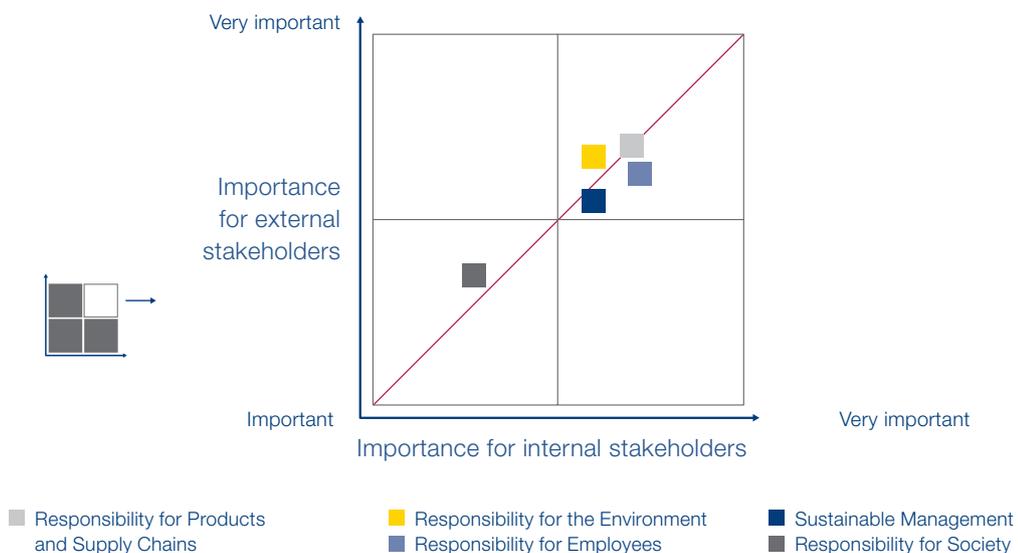
A detailed analysis shows that the “Product responsibility” field of activity is of greatest importance to both internal and external stakeholders. By contrast, “Society” is considered to be of secondary importance. The respective importance of the other fields of action lies between these two poles.

**Outlook**

We intend to systematically continue our stakeholder dialog activities in the coming years and expand them to integrate universities in particular. We also hope our newly established Sustainability Advisory Board, which convened for the first time in February 2016, will provide further key stimuli for our actions.

We will run our newly established stakeholder survey biennially. At the same time, the survey we conducted in fiscal year 2015/16 will also serve as the basis for overhauling our Sustainability Strategy, which we will develop further alongside our Corporate Strategy.

**Materiality Analysis**



## 1.3 Values and Compliance

### Our Values – How We See Ourselves

Our actions are built on trust, which is reflected in our values: Professionalism, respect for the individual, collegueship, openness, reliability, and integrity. Our claim “Voith – Engineered Reliability” encapsulates this understanding of ourselves: Voith provides reliable, high-quality technologies and acts fairly, openly and reliably towards its employees, partners and customers. When it comes to our workforce, we want to retain employees who meet our performance standards, for the long term wherever possible. Indeed, the partnerships we maintain with our business partners, customers and suppliers often span several generations. Our values underpin Voith as a brand and are at the heart of our corporate identity. Our values – and the guidelines we derive from them – ensure that every single employee at Voith around the world acts according to the same business principles and practices the same philosophy. This way, we combine the tradition of a family-owned company with the culture of a global Group.

### Code of Conduct for All Employees

Voith committed itself to uphold the following business principles way back in 1927: “In the business world one must be ethical, decent and honest. If a contracting party or competitor behaves unfairly, this does not give us the right to deviate from this principle.”

These principles still govern our actions today. Our Code of Conduct defines the way we act towards customers and business partners, as well as how employees act towards each other within the company. It can be viewed online and contains information on contact partners and the Compliance Committee, among other things.

We ask every single one of our employees to comply with prevailing legislation and the company’s internal regulations. This applies across our Group and all hierarchical levels, and any violations will entail sanctions. We constantly update our rules and procedures, and adapt them to meet current requirements.

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### Key Aspects Addressed by the Voith Code of Conduct

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

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### Publicly visible Code of Conduct

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

### **Voith Compliance Organization**

Our Compliance Committee convenes once a month and is responsible for setting up, developing and coordinating our Compliance Program, revising compliance regulations and coordinating training. This committee comprises the Head of the Corporate Office (Chairman) as well as the respective Heads of the Group Law Department, Group Human Resources Management and the Group Audit Department. Its Chairman reports directly to the President and CEO of Voith GmbH. The Chief Financial Officers (CFOs) of our Group Divisions and the individual Group companies serve as the Compliance Officers in their units, where they are responsible for implementing the Voith compliance organization. This also corresponds to our other Risk Management organization. Within their area of responsibility, our Compliance Officers are responsible for implementing our Code of Conduct in the individual Group Divisions and also serve as Group-wide contact partners.

### **Group-wide System for Reporting Information and Complaints**

Our overriding principle is that every employee is responsible for compliance and acts in accordance with prevailing legislation and Voith's internal regulations. Any employee can report a suspected violation of our Code of Conduct either personally through his/her line manager or the respective Compliance Officer for their Group Division, or electronically via the Helpdesk or via e-mail. We also follow up on complaints that have been submitted anonymously via our Group-wide whistleblower system. The number and type of violations are documented centrally and this whistleblower system can also be accessed by external parties at any time, so it is open to all business partners and

suppliers too. Any type of complaint on any subject can be reported. To ensure the strictest confidentiality is maintained, the number and nature of the complaints at Voith are not disclosed externally.

The design, implementation and effectiveness of our compliance system were examined by an auditing firm in accordance with the IDW PS 980 standard in respect of its constituent areas to prevent violations of antitrust and corruption laws. As part of this certification process we were given various recommendations on how the system could be further optimized, which we implemented in the reporting period.

Our Internal Audit Department also examines observance of all compliance regulations in a routine risk assessment involving around 30 random samples annually. Through this, this department was once again able to confirm our compliance management system (CMS) had been appropriately implemented in the reporting period.

As in virtually all companies, in the reporting year we also had isolated cases where compliance regulations had been violated at Voith. Appropriate action was taken in all instances.

We ensure our business partners comply with our regulations by means of a supplier self-assessment. Compliance also forms part of our General Purchasing Terms. In the reporting period we received no complaints concerning violations on the part of suppliers against environmental or social standards, nor were we notified of any suspected cases of corruption.

### **Employees Trained to Identify Corruption**

All of our employees are required to keep their knowledge of compliance issues up to date on a regular basis via e-learning programs. Around 95% of our employees with a computer workstation completed the program on anti-corruption and antitrust law, while around 94% took e-learning courses on the subjects of leadership and employees. Employees who do not have a computer workstation are trained by their line manager to ensure their knowledge is up to date.

Face-to-face training courses were also held again in the reporting year. 466 employees took part in 22 events, comprising mainly managers and employees from Sales and Purchasing. Separate, especially detailed training courses were offered to Compliance Officers from our Group Divisions.

### **Fighting Corruption**

It is vital we take rigorous action against corruption. All Compliance Officers create a Risk Control Matrix, which also includes potential corruption risks, for their specific Group Divisions. All Voith locations worldwide are covered by this structured process. The results of all Group Divisions are aggregated and, among other things, form the basis of internal compliance audits.

Our risk assessment is based on many factors including the Corruption Perception Index (CPI) which is published annually by Transparency International. The index ranks virtually all countries by their perceived levels of corruption on a scale of 1 to 100. According to this index, the least affected country is currently Denmark, while Somalia has the highest perceived levels of corruption. As we maintain business relationships the world over,

special precautionary measures apply to high-risk countries.

### **Confidential Treatment of Information**

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



We have set ourselves the goal of continuously minimizing our ecological footprint, and aim to be a leader in terms of sustainability in all our industries and markets globally. We place great emphasis on environmental protection, energy efficiency and resource conservation at all our locations. In fact many of our European locations, particularly in Germany, are already setting industry-leading benchmarks. This is a global goal at Voith, so we have been working systematically for many years now on continuously improving our performance.

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## 02 Responsibility for the Environment

We aim to continuously reduce our environmental impact across the entire value chain by uniting economic principles and ecological aspects to create measurable added value for our company.

## 2.1 Management Approach

Voith is a globally active technology group, so we see it as our corporate responsibility to treat resources and energy efficiently at all our locations. At the same time, we combine economic principles with our ecological actions. This way, we not only contribute to protecting the world's climate but also create measurable added value for our company.

We have defined three areas of focus for our environmental actions:

- **Eco Standards** provides strategic and operational support to our divisions and locations in complying with and implementing environmental regulations as well as internal environmental protection policies.
- **Ecological Business Management (EBM)** improves energy and resource efficiency at our locations, with a constant focus on cost effectiveness. We describe these activities as energy and resource management.
- **Eco Technologies** drives the analysis and evaluation of our products and services through energy and resource efficiency aspects, and further develops our EBM approaches and methods.

Our central function Corporate Sustainability & HSE, which reports directly to our President and CEO, is responsible for all three focus areas. This central function is responsible for continually further developing the topic of health, safety and environmental protection (HSE) at Voith and in doing so is also accountable for all of our environmental activities.

### Clear Focus on Risks and Opportunities

With the restructuring as part of our Voith 150+ success program, how we manage our responsibility is now focused even more clearly on risks and opportunities.

- We manage risks through our newly established HSE organization, in which we also incorporated our existing Eco Standard activities. A Center of Competence HSE, responsible for the entire Group, devises the necessary strategies, standards, tools and processes within the new organization. These are available to the regional HSE service organization, which supports our locations and which is bundled in four regional Service Centers. Each country has environmental experts who provide strategic and operational support to our locations in complying with and implementing environmental regulations and internal environmental protection policies.
- We are guided by operational and product responsibility to leverage environmental opportunities and efficiency potentials, and our Group Divisions still hold individual responsibility for this. Here, we continue to focus on our established approaches of Ecological Business Management and Eco Technologies.

### Framework for Our Actions

As a globally active technology group, Voith is required to comply with a large number of national, regional and industry-specific laws, regulations and guidelines. It goes without saying that we comply fully with these, and our HSE concept among other things ensures we do this.

#### HSE Organization

1.2 Strategy and Organization

#### HSE box

1.2 Strategy and Organization

Our HSE Group Directive commits each location to appoint an Environmental Representative. Their tasks cover a wide range of topics including immission and water protection, waste management, hazardous materials and goods, and preventing environmental incidents. They also advise local management on new plant constructions and modifications or approval processes, and conduct regular facility inspections and audits.

We use our reporting tools to collect information on health, safety and environmental protection as well as to verify key performance indicators

(KPIs) and monitor our goals on acting sustainably. We are guided by the international standards ISO 14001 and OHSAS 18001. In 2003 we set out binding Group-wide environmental standards that apply to all value-adding process steps. With the establishment of the new HSE organization, in 2015 we also consolidated the existing "Environment" and "Occupational Safety/Health" Group Directives into our new "Health, Safety and Environment" (HSE) Group Directive, and at the same time incorporated our seven existing environmental guiding principles into our five new reformulated HSE principles.

## Voith's Health, Safety and Environmental Protection Policy

As a family-owned enterprise, we recognize the responsibility we have for health, safety and the environment. As such, health, safety and the environment are top priorities for Voith. We pursue a holistic approach which not only minimizes the risks that our economic activities entail, but also seizes opportunities. In the process, we take into account the entire value chain and our products' life cycles.

- 1) Health, safety and environmental protection generate added value – for our employees, our business and the environment.
- 2) We base our actions on compliance with the legal requirements and standards.

- 3) All workplace accidents, work-related health impairment and environmental incidents can be avoided. This is the responsibility of the company executives.
- 4) It is the duty of the company executives to give training to and involve all the employees.
- 5) The management operates a system to achieve continuous improvement and monitors HSE performance on the basis of KPIs and audits.

## 2.2 Conserving Resources

### 2.2.1 Our Management Approach

At a technology company such as Voith, the majority of energy used and greenhouse gases emitted come from our production processes, with a much smaller share from the service locations. Our Ecological Business Management (EBM) system therefore aims to identify ecological and economic potentials for improvement in these processes. We perform analyses at process, system and component level to tap into these potentials.

We use hot-spot analyses to additionally address cross-location focus areas, such as the energy consumed during a process step. To achieve maximum effect, we focus on the greatest consumption drivers at our individual regions and locations. In the reporting year this enabled us to define several new measures and significantly boost the identified savings potential and the level of implementation of the respective measures.

We review our progress towards achieving all of our EBM measures through our integrated process of monitoring of measures and KPIs, something our Corporate Board of Management is also involved in as part of our quarterly reporting.

#### Focus on Energy, Waste and Freshwater

When recording and managing the raw materials we use, we focus on the areas of energy, waste and freshwater by following three specific aims, set out by the Corporate Board of Management taking fiscal year 2011/12 figures as our benchmark: Based on sales, we will reduce our energy consumption by 20%, our waste by 25% and our freshwater consumption by 10% by fiscal year 2017/18. Our stakeholder survey in 2014 shows that these topics are important to our stakeholders.

#### Progress Towards Goals on Schedule

While in the previous year we were unfortunately unable to achieve a continuous improvement in our

KPIs in terms of energy, waste and freshwater, in this reporting period we succeeded in getting back on track with our reduction plan.

In the area of **energy**, our consequent implementation of the measures identified as part of our hot-spot analyses is having an impact. Here, the roll-out of a certified energy management system at locations that consume large amounts of energy and with high peak loads helped us achieve this, as did our energy audits as part of our implementation of the EU Energy Efficiency Directive.

In the area of **freshwater**, we identified the groundwater cooling of our new training center in Heidenheim, Germany, as the reason for the increase in consumption. Thanks to quarterly reporting of our water consumption we pinpointed a technical defect in the control system for cooling the building. We fixed this in the early part of summer 2015, thus preventing a further consumption increase.

In terms of **waste**, we continued to rigorously pursue the measures detailed in our Sustainability Report 2014. We completed the consolidation of waste data, and building on this we performed hot-spot analyses. In doing so, we significantly filled our pipeline of measures and quadrupled our implementation rate compared to the year before.

#### Company-wide Data Collection

Our locations collect data on energy consumption every month, and data on waste and freshwater every quarter using our sustainability database. The EBM organizations in our Group Divisions and the central function Corporate Sustainability & HSE validate the data and report it to the Corporate Board of Management on a quarterly basis. Besides data and KPIs, this report also includes a listing of resource-conservation measures and their implementation status. Before

a measure can be completed, its validity must be checked at the location in question and the result stored in the database.

Our Internal Audit Department reviewed this reporting procedure along with the resulting data quality in the early part of summer of 2014, and rated it as generally satisfactory. The Internal Audit Department's review also resulted in an action plan of measures to further develop our sustainability organization, which was worked through during the reporting period. When establishing our new HSE organization, we implemented plenty of measures.

#### **Hot-spot Analyses Leverage Further Potential**

To allow us to tap into additional optimization potentials, in the reporting period we conducted 18 hot-spot analyses – ten in Europe, six in America and two in Asia – which also enabled us to address the regional distribution of resource consumption.

The analyses' areas of focus were on energy and waste, with a further global hot-spot analysis devoted to cross-divisional waste such as metal, wood, packaging and emulsions. The results of these analyses are explained later in the respective report sections.

Overall it's clear that we are increasingly moving away from infrastructure topics (lighting, compressed air, ventilation and air conditioning) towards process-specific topics (such as the use of steel grit for sandblasting and the heat-setting process for felt production). In doing so, we are gradually leveraging the greatest value potentials, although the expense and risks involved in implementing the relevant measures are increasing.

#### **Communication Measures Launched**

Through targeted communication measures we aim to further raise the awareness of plant managers and employees at our Group companies, and motivate them to help identify saving potentials and measures.

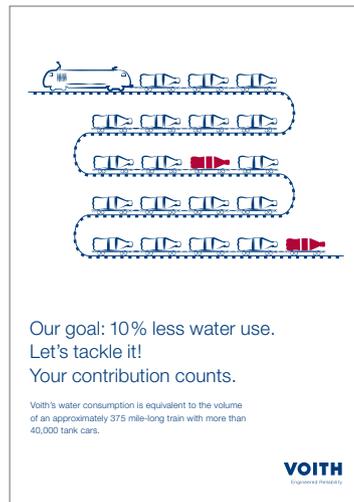
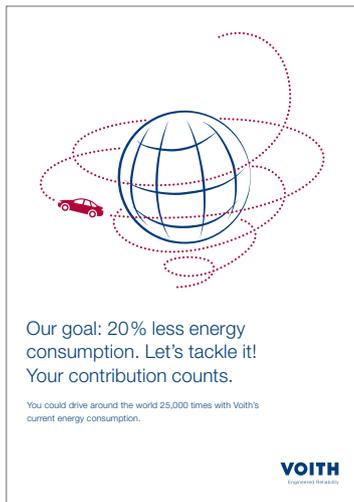
## Background: Analyzing a Hot-spot

When conducting a hot-spot analysis, the consumption of each control and analysis level (i.e. region, Group Division, location, system, process) is determined and displayed graphically. Data is prepared both according to physical consumption and by associated cost, bringing transparency to "hot-spots" with high consumption levels and costs. Based on this, we develop and approximately evaluate project ideas before gradually

developing them further using a stage-gate process through to implementation. As part of this, we employ economic and ecological evaluation criteria, in accordance with our Green Controlling cycle. We regularly review the distribution of consumption based on changing patterns of consumption and general conditions (location activities, economic activity, changes to the fleet of machines and plant, etc.).

To achieve this we devised a communications plan in the reporting period. A key element of this is our regular EBM newsletter, with which we intend to reach all plant managers in particular and encourage them to share the measures already implemented at other locations. We have already published two editions online on a quarterly basis and they have been greeted very positively by our locations. In addition, our HSE Best Practices and HSE Flash News newsletters, which highlight current HSE focal risks, will supplement the range of publications on offer with information on main incident-related topics concerning occupational safety and environmental protection. This will enable us to raise awareness among plant managers about HSE and EBM on a monthly basis. In addition, in the reporting period we relaunched and expanded our energy, waste and freshwater poster campaign.

There were various reasons driving our decision not to run our Group-wide competition as originally



planned, not least because of cultural differences at our individual locations. Instead, we now intend to run competitions at similar production sites or different Group companies at a particular location. In terms of these activities, we are already in the conceptualization phase.

### 2.2.2 Energy Efficiency and CO<sub>2</sub> Emissions

In fiscal year 2014/15 Voith consumed 492,358 MWh of energy, around 6.8% less than the previous year (528,414 MWh). 114 MWh of energy was needed per € million in sales, which was 9% less than the previous year (127 MWh per € million in sales).

This means that in the reporting period we came much closer to achieving our target of reducing our specific energy consumption by 20% by fiscal year 2017/18. Currently, we have achieved a reduction in our specific energy consumption of 9% versus the base year.

The reasons for this positive development are on the one hand the aforementioned hot-spot analyses, the measures derived from these and the clear increase in the rate of implementation of the identified measures. On the other hand, it is evident that our restructuring measures are taking effect, especially in terms of production relocations and capacity adjustments at Voith Paper at the locations of Krefeld and Ravensburg, Germany.

#### Regional Distribution of Energy Consumption

We consume over half of the energy required for production purposes in Europe (52%; previous year: 50%), followed by the Americas at 34% (previous year: 36%) and Asia at 14% (previous year: 13%). Apart from a slight increase in Asia, absolute energy consumption is falling in all regions.

#### Energy Mix Largely Unchanged

15.5% of the energy we consumed came from renewable and 84.5% from non-renewable resources. This calculation included all energy sources associated with our production-related energy consumption.

Besides heating and cooling, which account for 34% of our energy consumption, the production of paper machine clothing remains the key driver of our production-related energy consumption, accounting for around 25% of global consumption.

Apart from weaving processes, heat-setting is especially energy-intensive, particularly in felt production. 5% of our production-related energy consumption is incurred at our foundry in São Paulo, Brazil; around 5% of the energy is consumed through operating machine tools.

To reduce the energy we consume in manufacturing paper machine clothing, half of our hot-spot analyses were devoted to this area. The measures we derived centered around the widespread conversion to LED lighting, optimization of heating and ventilation systems, the use of waste heat from processes to heat production halls, and the optimization of heat-setting processes.

The proportion of direct (33%) versus indirect (67%) energy remained virtually the same in the reporting period.

Natural gas remains the key energy source for our direct production-related energy consumption, followed by LPG (liquefied petroleum gas), diesel and heating oil.

We use natural gas, LPG and heating oil as heating fuel and for heat-intensive thermal processes. Diesel is used to operate emergency generators and generate steam at our locations in Karawang, Indonesia, and Kunshan, China, as well as for thermal processes in São Paulo, Brazil.

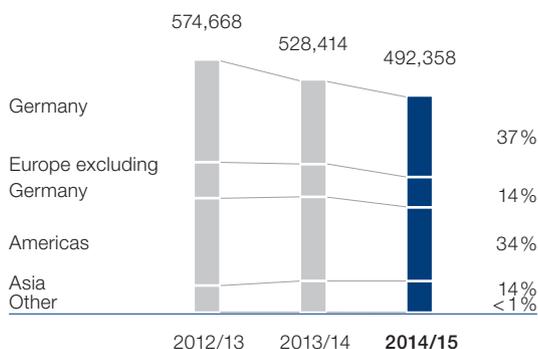
In the reporting period we consumed 270,843 MWh of electricity (previous year: 288,356 MWh). In terms of our electricity mix, the share of energy sources supplied by external providers remained almost the same at 71.8% (previous year: 70.3%) from non-renewable and 28.2% (previous year: 29.7%) from renewable resources.

### Production-related Energy Consumption\*

specific value in MWh/€ million sales



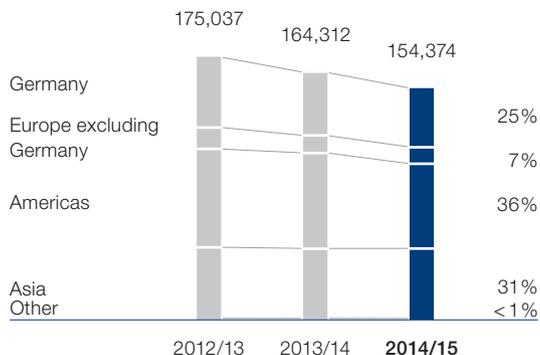
in MWh



\* Excluding the discontinued Group Division Voith Industrial Services.

### Production-related Greenhouse Gas Emissions\*

Energy consumption/GHG emissions total in t CO<sub>2</sub>e



The measures identified in fiscal year 2014/15 enabled us to leverage an additional energy-saving potential of 36 GWh. Since the base year of 2011/12 we have identified measures to save 90 GWh, which is equivalent to 75% of the forecast savings required to achieve our target in fiscal year 2017/18. Of these, we have already achieved savings of 50 GWh (previous year: 25 GWh).

In direct comparison to the previous year, our efficiency measures have brought us energy savings of 25.4 GWh (previous year: 12.5 GWh) and CO<sub>2</sub>e savings of approx. 11,003 t.

#### **ISO 50001 Certification**

As planned, in the reporting year we completed the ISO 50001 certification process of our energy-intensive plants. We certified our facilities in Heidenheim (VT Holding, market areas: rail, commercial vehicles and marine), Crailsheim, Sonthofen, Munich, Zschopau, Kiel, Essen and Rutesheim – including our facility in Salzgitter in 2016.

The certification of these locations allows us to establish a systematic energy management system and a continual energy efficiency improvement process at these facilities.

#### **Further Cuts in CO<sub>2</sub>e Emissions**

In fiscal year 2014/15 the CO<sub>2</sub>e emissions of our facilities fell by 6% to 154,374 t (previous year: 164,312 t). The share of direct CO<sub>2</sub>e emissions fell from 36,426 t to 32,792 t, which is equivalent to a 10% cut. Indirect CO<sub>2</sub>e emissions also fell to 121,583 t (previous year: 127,888 t), which is equivalent to a 5% reduction.

The Voith Group's CO<sub>2</sub>e emissions relative to sales fell by 9% versus the same period in the previous year. Per € million in sales, these were 35.9 t CO<sub>2</sub>e (previous year: 39.4 t CO<sub>2</sub>e per € million in sales).

Owing to variations in national electricity mixes, we can only influence the amount of CO<sub>2</sub>e emitted by the amount of energy we consume. This makes both environmental and economic sense, which is why we place particular emphasis on using energy efficiently.

#### **Recording Greenhouse Gas Emissions**

We calculate our greenhouse gas emissions by energy source and based on specific CO<sub>2</sub>e factors. We derive these from a database as CO<sub>2</sub> equivalents. Where possible, we use the specific CO<sub>2</sub>e emission values of the respective local or regional electricity utility. Recording emissions as CO<sub>2</sub> equivalents based on conversion factors also allows us to factor in the emission of other greenhouse gases such as CH<sub>4</sub>, N<sub>2</sub>O, HCF, PFC and SF<sub>6</sub>.

Process-based and volatile emissions with a significant greenhouse gas potential are only found in refrigerants. As emissions of these can only be identified during maintenance measures, which are usually performed by external specialist companies, global recording of their volumes has been hampered so far by several inaccuracies. Furthermore, beyond determining R11 equivalents, up to now we have distanced ourselves from calculating them, as conservative assessments put our expected annual greenhouse gas potential at less than 2% of our emissions under Scope 1 and 2.

#### **Regional Development of CO<sub>2</sub>e Emissions**

In fiscal year 2014/15 Voith's CO<sub>2</sub>e emissions across all regions where we are active fell in absolute terms. The Americas account for 36% (previous year: 38%) of our emissions, primarily due to the energy-intensive production of paper machine clothing and the strong share of coal in the electricity mix in the USA. This is followed by Europe (32%; previous year: 32%), where CO<sub>2</sub>e emissions

were attributable mainly to a building structure that is aging in many respects, and the multitude of mechanical engineering locations. Asia accounted for 31% (previous year: 29%) due mainly to the share of coal in the electricity mix in China.

### Transport Emissions

At an international group such as Voith, we generate a not insignificant amount of emissions from transporting goods and from business travel.

In the reporting period we generated greenhouse gas emissions of 17,896 t CO<sub>2</sub>e (previous year: 16,076 t) through our business trips. 6,652 t CO<sub>2</sub>e of those were generated by our own vehicle fleet (Scope 1) (previous year: 8,563 t). Emissions for all other means of transport, such as flights and rail travel (Scope 3), stood at 11,244 t CO<sub>2</sub>e in the reporting period.

Since fiscal year 2011/12, our CO<sub>2</sub>e emissions from flights (business travel) have fallen constantly by 14.3% over the past three fiscal years (17,975 t in FY 11/12; 15,400 t in FY 14/15; total reduction of 2,575 t).

Wherever possible we avoid taking unnecessary business trips, which is why we are increasingly using video and telephone conferencing in our global organization to save on travel expenses and allow speedy coordination. Our use of these means of communication, and their spread across our Group, increased significantly in the reporting period.

Furthermore, every quote provided by our travel agency partner automatically shows the CO<sub>2</sub>e emissions generated by a particular means of transport, providing transparency to Voith travelers when choosing their means of transport in terms of CO<sub>2</sub>e emissions.

In addition, we predominantly lease the vehicles in our vehicle fleet and replace them every three years with the next generation of lower-emission vehicles.

### Logistics

Our transport-related CO<sub>2</sub>e emissions – caused mainly by our external logistics service providers – rose year on year by 33% to 36,575 t (previous year: 27,398 t). This increase was due mainly to the clear increase in CO<sub>2</sub>e emissions from airfreight compared to the previous year.

How we optimize transportation depends mainly on the type of product being shipped. In mechanical and plant engineering we need to use a higher share of special forms of transportation owing to the size and weight of the components. Among other things, this concerns the transportation of hydropower turbines, the shipment of paper machine rolls and the transportation of universal joint shafts for our drive systems.

Wherever we can use standard forms of transport, we bundle these. As an example, in the area of paper machine clothing we prefer to work globally with one logistics company and its partner companies. We also use this logistics company's intermediate storage facilities.

In the service and spare parts business, it is critical that our customers are supplied with the required spare part quickly. Wherever possible and where it can be planned, we also bundle activities here to optimize transportation routes and costs.

One key prerequisite for success is intelligent transport planning and an efficient underlying production planning process.

As part of our Group-wide program to improve operational excellence, we're also working on

shortening delivery times. In future we expect our efforts to be reflected in the area of logistics and to lead to an improvement, particularly in airfreight KPIs.

### Energy and CO<sub>2</sub> Reduction Measures

To save even more energy and further reduce our CO<sub>2</sub>e emissions, once again we implemented numerous measures in the reporting period. Some examples:

- We saved 4.1 GWh or 2,500 t CO<sub>2</sub>e by replacing the lighting at our facilities in Düren, Rutesheim, Heidenheim, Ipoh, Appleton, Karawang, Kunshan, Laakirchen, Frankenmarkt, Summerville and Wilson.
- A range of measures achieved savings of 1.6 GWh or 620 t CO<sub>2</sub>e in the area of compressed-air production and distribution in Laakirchen, Wimpassing, Crailsheim, Düren, Heidenheim, Sonthofen, Högsjö, Manchester, West Monroe and Shanghai.
- At our location in Högsjö alone, we're saving approx. 3.6 GWh of energy annually (650 t CO<sub>2</sub>e) by partly exchanging oil and LPG burners for heat pumps as well as through the optimization of the ventilation system.
- Following the commissioning of our new training center in Heidenheim we saved 2.5 GWh of energy (520 t CO<sub>2</sub>e) by decommissioning the old center.
- We saved over 2.4 GWh of energy (590 t CO<sub>2</sub>e) thanks to additional HVAC (heating, ventilation and air conditioning) measures at our Rutesheim, Summerville, West Monroe, Appleton, Laakirchen, Wimpassing and Shanghai facilities.
- By consolidating floor space in Heidenheim we achieved energy savings of 950 MWh (180 t CO<sub>2</sub>e).
- Improving the efficiency of welding equipment in Appleton and Shanghai resulted in energy reductions of 190 MWh (approx. 110 t CO<sub>2</sub>e).
- By improving the hot water pipework insulation at our facility in Heidenheim, we're now saving a further 600 MWh of energy (150 t CO<sub>2</sub>e) annually.

### 2.2.3 Material Efficiency and Waste

We control the use of materials and raw materials Group-wide at Voith, and work continuously on using resources more efficiently and on recycling materials. In this regard, our wide-ranging product portfolio and correspondingly diverse process landscape pose particular challenges for us. We also face challenges in the Voith Hydro and Voith Paper project businesses, as well as in small-batch production at Voith Turbo.

Known methods for increasing material efficiency have so far focused heavily on mass production and high volumes; however, in practical terms there is currently a genuine lack of useful methodical approaches to increasing material efficiency in the project business.

This is why we have invested a lot of time over recent years in developing a useful standard methodology for project business and small-batch production. We were repeatedly confronted by the challenge not to invent standalone solutions for different specific projects, while developing an approach that was still useful in practical terms and not too abstract.

In the reporting period we procured around 161,739 t of materials from suppliers, an increase of around 30% versus the previous year (124,412 t). The division in terms of the materials we purchased is as follows: 55% semifinished products (previous year: 52%), 34% raw materials (previous year: 34%), 8% packaging (previous year: 11%) and 3% auxiliaries (previous year: 3%). The proportion of renewable materials was 10% (previous year: 10%) owing to the large share of wood packaging.

Around 50% (previous year: 49%) of the materials we used in the reporting period were recycled. The proportion for auxiliaries was 53% (previous year: 55%), 47% (previous year: 45%) for raw materials, 49% (previous year: 46%) for semifinished products and 84% (previous year: 74%) for packaging.

### Volume of Waste

We generated 43,108 t of waste internally in the reporting period (previous year: 45,820 t), which is 2,712 t or 6% less than the previous year. As a result, the ratio of the volume of waste compared to sales improved by 9% to 10.0 t per € million in sales (previous year: 11.0 t).

### Regional Distribution of Waste

Similar to production-related energy consumption, we generate the largest waste volumes in Europe, at 45% (previous year: 45%), followed by the Americas, at 38% (previous year 41%). In Asia, the amount of waste we generated increased slightly in the reporting period to 17% (previous year: 14%) owing to the increase in production at our facilities in Shanghai and in India.

The high percentage of waste generated in Europe is due to the large number of mechanical engineering locations, which involve a lot of metal processing. With the exception of South America,

metals account for the greatest volume of waste in all regions. The waste volume in South America is attributable mainly to casting-sand waste from the foundry in São Paulo, Brazil.

Wood, paper and cardboard waste account for a large share of waste in all regions, largely due to packaging and making one-off production components safe and secure to transport.

### Hazardous and Non-hazardous Waste

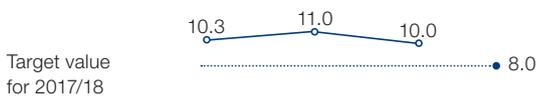
Our waste classifications remain unchanged versus the previous year, with around 80% of our waste deemed non-hazardous and the remaining 20% classified as hazardous. In absolute terms we generated 2,025 t less non-hazardous waste and 687 t less hazardous waste compared to the previous year.

The reduction in hazardous waste is due predominantly to the fall in production at our facility in São Paulo, Brazil, particularly at the foundry there, which produces the majority of our hazardous waste. This location generated 3,555 t of hazardous waste in the reporting period (previous year: 4,204 t), equivalent to 64% of the Group's total hazardous waste volume. This is followed by our foundry facility in Noida, India, which generated a hazardous waste volume of 735 t (previous year: 573 t). In addition, in the reporting period we generated 2,573 t of hazardous waste in the form of waste emulsion and washing water (Crailsheim, Heidenheim, Munich and São Paulo) as well as waste from the lacquering process (Salzgitter).

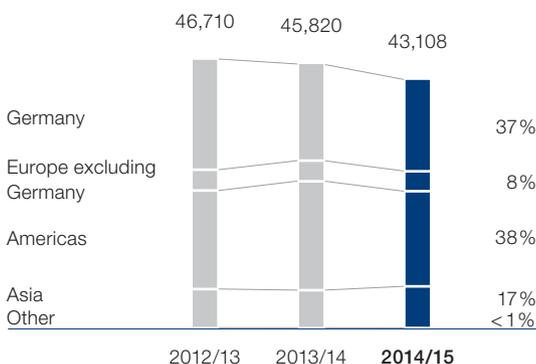
In terms of non-hazardous waste, our previous year's restructuring measures had a significant effect: At our locations of St. Pölten, Ravensburg and Krefeld we produced 1,136 t less waste compared to the previous year's period. At the same time, the waste volumes at our locations of Heidenheim, Kunshan and Appleton – which we relocated production to – rose slightly by 338 t of non-hazardous waste.

### Waste\*

specific value in t/€ million sales



in t



\* Excluding the discontinued Group Division Voith Industrial Services.

At Voith, external waste disposal and recycling companies take care of our waste; we do not transport any waste ourselves. In the reporting period no violations of the law were reported in relation to the disposal of waste on the part of external service providers.

The collection of hazardous waste at Voith is governed by internal regulations. Only qualified specialist waste disposal companies that adhere strictly to our regulations are permitted to dispose of our waste. Any violations are rigorously pursued and lead to the termination of the business relationship. To check this, we regularly audit the waste disposal companies we use. The scope of these audits includes inspections of the waste disposal companies' sites and related plants, as well as the collection and documentation of proof of disposal. Our new Center of Competence HSE is currently working on standardizing our waste disposal company audits – a process we expect to be completed by the end of this fiscal year.

#### **Material Efficiency Improvement Measures**

In fiscal year 2013/14 we consolidated our waste data. Among other things, this process included the uniform allocation of waste fractions at all locations, which improved data quality and increased the detail of data records considerably. This allowed us to conduct a range of analyses and derive new potentials for related measures.

It is also apparent in the area of material efficiency that we are increasingly moving away from quick wins (e.g. packaging waste) to more complex topics (e.g. auxiliaries) and towards addressing the core of the problem, which offers the greatest long-term promise. By this we mean from production processes, right through to purchasing and construction topics. In doing so, we are also dealing increasingly more with product-specific topics and in particular the quality of our products. The speed at which our actions are taking hold is, however, slowing as the topics become more complex.

The measures we identified in fiscal year 2014/15 allowed us to leverage an additional efficiency potential in terms of our materials use and waste volume of 7,900 t. Since the base year of 2011/12 we have planned measures to save 8,700 t, which is equivalent to around 70% of the forecast savings required to achieve our target in fiscal year 2017/18. Of these, we have already achieved savings of 1,399 t (previous year: 326 t).

In the reporting period numerous Voith locations also developed specific solutions to local waste challenges. The following were among the measures we implemented in the reporting period to increase our material efficiency and reduce our waste volume:

- Increasing the dry content of paper fiber waste from pilot machines is achieving annual waste volume reductions of approx. 270 t in São Paulo.
- Our facility in Kunshan now returns used load carriers to the USA for recycling, reducing its plastic waste by over 80 t.
- By optimizing heavy-duty pallets, our facility in Crailsheim saved 33 t of packaging waste.
- Optimization of the blasting processes in Wimpassing, West Monroe and Kunshan generated around 40 t less waste.
- Lower manufacturing dosages resulted in a drop in material use of 12 t in São Paulo and Kunshan.
- Process improvements in Wimpassing, Karawang and Appleton achieved solvent waste savings of around 10 t.

### 2.2.4 Efficient Water Use

We use around a third (32%; previous year: 35%) of our freshwater consumption for cooling, and in the reporting period our freshwater consumption totaled 1,395,991 m<sup>3</sup>. This represents an equivalent increase of 44,219 m<sup>3</sup> or 3.3% versus the previous year, from a consumption versus sales revenue perspective we stabilized at our target level of 0.32 m<sup>3</sup> water per € thousand in sales set for 2017/18 (previous year: 0.32 m<sup>3</sup>).

The slight increase in our freshwater consumption in absolute terms is because we commissioned our new Training Center in Heidenheim, where we use groundwater for energy-efficient building cooling. Thanks to quarterly reporting of our water consumption, we identified a technical defect in the control system for cooling the building. We fixed this in the early part of summer 2015, thus preventing a further increase in our consumption. Despite this, we were unable to prevent the increase in absolute terms in the reporting year, although the results of loop closure for cooling purposes at our facility in Garching became

evident for the first time. Both of these measures are, however, expected to result in a drop in our absolute consumption to below the target level in the coming reporting period.

### Regional Distribution of Water Consumption

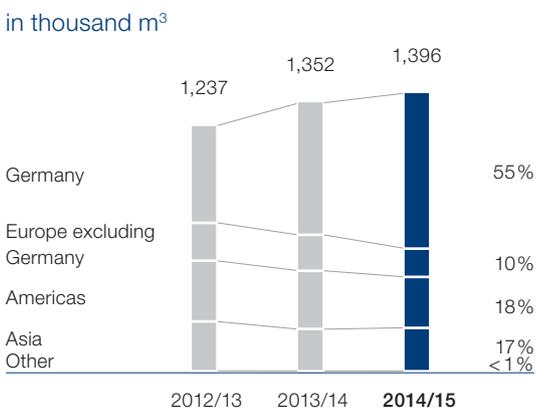
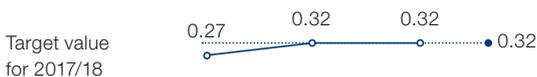
In the reporting period we consumed 65% of our water in Europe (previous year: 61%), 18% accounted for the Americas (previous year: 21%) and 17% for Asia (previous year: 17%).

In Europe, we mainly use freshwater for cooling purposes and for operating pilot machines. By contrast, one key driver behind our consumption in Asia is the production of paper machine clothing. In North America, our yarn and felt production facilities consume larger volumes of water, and in South America we also use considerable quantities of water to cool our foundry in São Paulo, Brazil.

Water conservation measures are especially important to us – particularly at our facility in São Paulo, as Brazil has been increasingly afflicted by droughts and water shortages in recent years. This is why we replaced the freshwater used to cool the foundry with processed water from our own wastewater treatment plant as early as fiscal year 2013/14. By doing so, we are achieving freshwater savings of up to 25,000 m<sup>3</sup> annually.

### Freshwater Consumption\*

Specific value in m<sup>3</sup>/€ thousand sales



\* Excluding the discontinued Group Division Voith Industrial Services.

### Water Efficiency Improvement Measures

In the reporting period we implemented additional measures to further increase our efficiency in terms of water use. Among these, we're saving around 190,000 m<sup>3</sup> of water annually through the closure of the water cycle at our Heidenheim facility. At our location in Appleton, we closed water cycles so 12,000 m<sup>3</sup> of water can be saved there annually.

In addition, we identified additional freshwater savings potentials of around 6,000 m<sup>3</sup> in the reporting period.

### Outlook

We will continue to focus on the three target areas we set ourselves of energy, waste and freshwater. In addition, we will continue to implement our Green Controlling cycle rigorously. The additional transparency provided by our new hse+ IT system will increase our ability to see through entire processes and better leverage potentials.

Furthermore, we will continue to work on increasing the implementation rate of the measures we have identified. Among them, we plan to implement the following measures this fiscal year:

- Redesigning the HVAC system at our Munich facility (2.4 GWh, 480 t CO<sub>2</sub>e)
- Completely shutting down heating at additional buildings in Heidenheim (1 GWh, 160 t CO<sub>2</sub>e)

- Further optimizing the HVAC system at our buildings in Crailsheim and Heidenheim (1.5 GWh, 260 t CO<sub>2</sub>e)
- Continuing the implementation of lighting projects in Crailsheim, Heidenheim, Munich, Wimpassing, Shreveport and Summerville (1.2 GWh, 720 t CO<sub>2</sub>e)
- Exchanging the heating pumps at Heidenheim (120 MWh, 30 t CO<sub>2</sub>e)
- Optimizing the casting process at São Paulo (2,400 t molding sand waste)
- Reducing waste from aqueous washing liquids in Salzgitter by 170 t
- Lowering manufacturing dosages in Frankenberg, Düren, Karawang and Wimpassing (13 t of material)
- Closing the cooling water circuits in Summerville (18,700 m<sup>3</sup> of water).

## 2.3 Protecting Our Environment

### HSE box

#### 1.2 Strategy and Organization

### Management Approach

The aim of operational environmental protection is to minimize all environmentally harmful effects of our operating activities. Our activities in this area focus on strategic and operational control, with the aim of ensuring environmental regulations are implemented and upheld. In particular, this includes the assessment and internal communication of potential environmental risks, organized into risk classes, in relation to their probability and potential damage level.

With the entering into force of our new HSE organization at the start of fiscal year 2015/16, responsibility for coordinating and standardizing operational environmental protection at Voith lies with the HSE Steering Team, which comprises employees from the Center of Competence HSE and the heads of our regional HSE Service Centers. In addition to questions regarding hazardous

material management (e.g. REACH Directive), training and management systems are also coordinated here.

### Eco Compliance

Eco Compliance is a key component of our HSE Group Directive. In turn, a key aim of Eco Compliance is to ensure that defined standards and regulations are implemented and complied with, environmental risks are identified and assessed, and action plans to minimize these risks are defined and implemented.

Our existing Eco Compliance structures were included as part of our Voith 150+ project within the further development of our HSE organization. With the establishment of our new HSE organization we have now implemented a uniform Eco Compliance model globally, which comprises two elements.

In the new organization, full-time environmental experts at the regional HSE service organizations ensure our Operational Units are provided with high-quality, systematic support. To assist them, our environmental experts have access to a central HSE legislation database that contains all the relevant HSE regulations and standards that apply to us in each region. Besides the latest legislative texts, it also contains summaries and comments in the particular national language. The data in our legislation database is imported largely automatically into our global hse+ IT tool and linked there with plants and buildings as well as responsibilities. The same applies to Voith standards and requirement approvals. For environmental risks arising from a particular location, environmental risk assessments are also performed in hse+ following a uniform procedure. The derived measures are assigned implementation responsibilities and implementation review dates, and documented and monitored in hse+.

Since October 1, 2015, over 95% of Voith employees worldwide are served by our new HSE organization. The remaining 5% are covered by qualified external service providers, who are coordinated and involved by our relevant regional HSE service organization. This mainly concerns countries where we have few local employees.

Our implementation is currently running to schedule and all locations will have been incorporated into the new system by the end of the fiscal year 2015/16. This means we will also have then established the basis for our global HSE matrix certification system.

However, we are still faced with the challenge of successfully structuring the corresponding change process, as each employee must also be able to keep pace with the rapid speed of implementation.

### **Environmental Incident Reporting System**

Using our Group-wide reporting system, every month we record all environmental incidents based on standardized criteria, and analyze them. The results of this analysis (KPIs, examples, etc.) are then reported to our Corporate Board of Management every quarter.

Our Group Directive on Health, Safety and Environment sets out the environmental incident reporting process. The reports are consolidated at our Center of Competence HSE and are also evaluated there for local analysis.

In the reporting period we worked in particular on raising awareness among employees for the topic of environmental protection and environmental incidents, through focusing mainly on the employees at the new HSE organization and the regional management levels. Using posters and contributions in the Voith employee magazine, we also succeeded in spreading the message among the wider workforce.

We are pleased to announce that no incidents requiring public reporting were registered in the reporting period.

### **Handling of Environmental Complaints**

Anyone can contact us with their environmental grievances or complaints. This principle applies just as much to our employees as it does to our suppliers, local residents or other stakeholders of our company. This is an opportunity that is also used: In the reporting period one incident was reported regarding noise; the incident was dealt with and the issue resolved.

Complaints can be reported centrally via our company website or locally at our facility via one of our Environmental Representatives.

The exact complaints process and escalation paths are set out in our HSE Group Directive and

its annex “Environmental Incidents”. Complaints are communicated based on their severity along disciplinary and functional reporting lines.

#### **Environmental Impacts of our Buildings**

We take environmental aspects fully into consideration with new plant constructions and modifications. By doing so, environmental experts from the regional HSE service organization are involved in the project right from the planning phase. They provide expert advice on minimizing environmental impacts as well on applicable legislative requirements and provide support with approval processes.

When it comes to new plant constructions and modifications, our Ecological Business Management experts (see section “Resource Efficiency”) set their sights particularly on measures to improve the energy and water efficiency of the building. The procedure they follow is set out in an Environmental Group Directive, which is part of our HSE Group Directive. Besides new plant constructions and modifications, this also covers the procurement of systems and components.

As part of our energy audits to implement the EU Energy Efficiency Directive, in the reporting period we additionally examined the building shells of our German and relevant European locations and analyzed them to identify options to improve their energy efficiency.

Our actions here are also receiving external recognition: At our production facility in Kunshan, China, one production building and the new Training Center are certified to the LEED Gold Standard.

To counter the progressive sealing of soil surfaces we pay particular attention to this development in our sphere of influence. We are pleased to say that annual reporting on the status of sealed surfaces from location to Group level showed no increase

over the past year, with the sealing rate remaining unchanged versus the previous year at 54% (based on the total surface area of Voith locations).

#### **Hazardous Materials Management**

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

We ensure these materials are handled as safely and securely as possible by means of a central hazardous materials approval process. Through this, we pursue the objective of fulfilling environmental protection, occupational safety and compliance requirements, and achieving the greatest possible degree of standardization. We aim to exert an equally positive influence on hazard potentials and costs by reducing the wide range of materials we use.

Wherever possible, we try to eliminate particularly harmful materials and encourage the use of low-risk substitutes and the harmonization of safety standards across the Group. Our implementation of a Group-wide hazardous materials management process, which began in fiscal year 2011/12, was completed as planned in the reporting year. We now have a central hazardous materials approval process that applies globally. At its heart is a hazardous materials database with a globally uniform assessment of the environmental, health and safety risks of work materials and hazardous substances. This allows us to examine legal and other requirements in the relevant area of jurisdiction all from one central point.

The new, modular process allows us to respond quickly and reliably to new legal or customer requirements and reduce compliance risks. We also impose a strict “polluter pays” principle to ensure priority use is given to approved materials

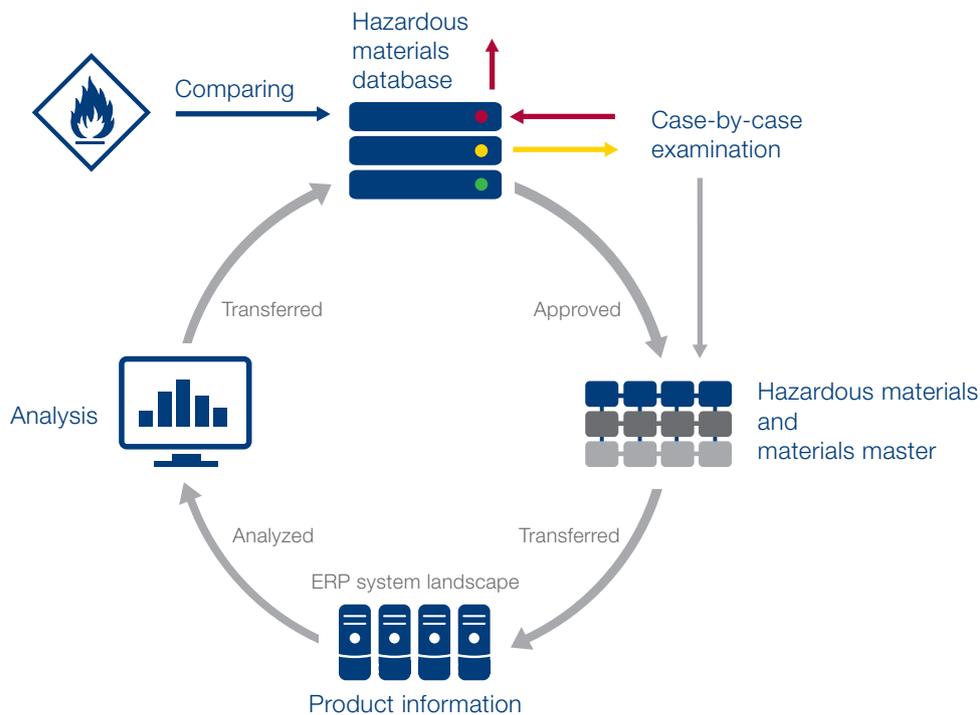
from the hazardous materials database. As a result of our efforts to standardize the materials used, we are not only minimizing risks but also tapping into synergies and cost-saving potentials. At the same time, our new process allows product declarations to be issued at the press of a button and pollutants in products to be reduced.

Since we rolled out the new process there has been a considerable increase in both the quality and completeness of data as well as in transparency of the requested substances.

In the reporting period we submitted 947 requests for new hazardous materials, of which 867 were approved. 8% of applications were rejected; in over half of these it was because they concerned banned or harmful materials – proof that the new process is working and effective. The rejected applications were returned with the request to select a substitute from the list of approved materials.

We aim to gradually further increase the rejection rate in coming years, but we can only achieve this in collaboration with the people who use these materials within our company. They need to trust the substitutes, particularly in relation to the integrity of our processes and the quality of our products.

## Hazardous Materials Management



### Nanotechnology

Nanoparticles are embedded in the following products:

- Voith Turbo: Cooling systems for monorails, locomotives, railcars, special vehicles and high-speed trains. The particular coating process is performed by a service provider, and currently less than 10 kg of material is in field use.
- Voith Paper: Calendar and roll covers in the area of finishings. The NanoPearl coatings represent the latest in calendar cover technology thanks to an improved nanoparticle filler system. According to the manufacturer's statement, the quartz particles are produced in situ with the resin and never released at any stage of the manufacturing process. When rubbed during use, the particles are still surrounded by plastic, so pose no hazard. No particles are released in thermal processing either.

### Fewer Pollutants, Less Noise

Regarding production-related air pollutants, we predominantly release volatile organic compounds (VOCs) and dust produced as a direct result of our manufacturing processes. When recording and calculating these emissions we are guided by the regulations of the country in question and associated requirements, such as the VOC Directive within the European Union.

Coating processes (resins for generator production and roll coating), lacquering processes and cleaning processes (particularly surface cleaning) account for roughly a third each of our production-related VOC emissions.

Non-methane VOCs (NM VOCs) accounted for the greatest share of our production-related air pollutants in the reporting period at 70 t (previous year: 100 t). This drop is due mainly to a fall in lacquering activities.

This is followed by dust emissions at 17 t (previous year: 11 t), generated mainly by our foundry in São Paulo, Brazil. As forecast in our last Sustainability Report, despite the installation of a dust removal system, our dust emissions increased by 6 t owing to increased production at the foundry.

However, in the coming reporting period we expect dust emissions to fall, as gray cast iron production has been discontinued and foundry activities now focus on stainless-steel casting.

In the reporting period we countered pollutant emissions with a series of measures. Among these, we continued to work on reducing our use of butanone. We also replicated the cleaning agent treatment system installed last year at our facility in Wimpassing, Austria at our facility in Karawang, Indonesia, where we commissioned an identical system.

We constantly work to minimize noise pollution at our locations and rigorously follow up on all information or complaints. In the reporting period we received and dealt with one complaint concerning noise.

### **Wastewater Management**

In the reporting period our volume of wastewater stood at 1,215,153 m<sup>3</sup> (previous year: 1,197,244 m<sup>3</sup>). Around 56% (previous year: 48%) was discharged into rivers, lakes or the soil, while 44% (previous year: 52%) was discharged into the sewage system.

The year-on-year increase of 17,909 m<sup>3</sup> was due mainly to the cooling water at our new Training Center in Heidenheim. However, midway through the reporting period we dramatically cut the amount of cooling water we use, so a fall in the coming reporting period is to be expected.

We record the KPIs to provide more detailed information about the effects of the process water we discharge. In the reporting period the biochemical oxygen demand (BOD) was 13 t (previous year: 14 t) and the chemical oxygen demand (COD) was 40 t (previous year: 44 t). The overall suspended-matter content of the water was 8 t (previous year: 8 t), and as in the previous year there was less than 1 t of heavy metals, nitrogen and phosphorus respectively.

Our wastewater has no significantly negative impact on watercourses and neighboring habitats.

### **Outlook**

In future, we expect a further tightening of chemical and hazardous substances legislation, further bans or restrictions on certain materials, and additional labeling requirements for hazardous substances in products. With our innovative hazardous materials management system we have already created the basis for meeting these challenges. In the coming two years, one of our obligations will be to continue the standardization process to push forward with minimizing risks. Integrating the hazardous materials databases of all our production sites into our central hazardous materials database is a key step towards this, and is therefore our goal.

## **Eco Compliance**

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### **4.3 Occupational Health and Safety**

## **Water Use**

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### **2.2 Conserving Resources**



Voith products are renowned around the world for their high quality and reliability. Our claim “Engineered Reliability” sums this up – and our aim remains to keep on improving progressively each and every day. This is why we consistently develop our products further, improve their efficiency and minimize their environmental impact. In doing so, we support our customers in saving precious resources, and help them produce in a more environmentally friendly way.

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## 03 Responsibility for Products and Supply Chains

We intend to create economic and ecological added value with our products and industrial services.

Besides our products’ quality and reliability, we place great value on their energy and resource efficiency – both in the production and usage phases. And beyond this, within our overall sphere of influence, we also ensure that internationally accepted environmental and social standards are upheld. In a nutshell, we set high standards for ourselves and for our suppliers to provide the same for our customers.

### 3.1 Management Approach

Voith products and industrial services are successful in five major markets around the globe – Energy, Oil & Gas, Paper, Raw Materials, and Transport & Automotive – and our solutions are just as diverse as these markets. As a result of our materiality analysis, and following a scientific analysis of external benchmarks (for instance oekom research), as part of a Master’s thesis we defined our key fields of action across all markets in relation to our product responsibility:

- Quality of our products and services
- Guarantee of maximum product safety
- Long service life of products
- Technological expertise and innovation
- Customer dialog and cooperation
- Product energy efficiency
- Minimizing products’ environmental impacts.

Our organization ensures that we meet countries’ statutory and official requirements wherever our products are placed on the market.

As our product portfolio is so broad and we are active in such a variety of markets, we constantly face the challenge of producing a balanced account of our activities in a uniform, standardized report that covers all Group Divisions.

#### 3.1.1 Key Product Responsibility Topics

##### 3.1.1.1 Quality, Long Service Life and Safety

###### Success Factor: Quality

“Engineered Reliability” – this principle sums up the commitment we make to our customers around the world. Voith products stand apart thanks to their reliability, long service life, precision and exceptional quality. The significance of the individual aspects of our commitment differs for each Group Division depending on the particular products, their areas of application, and our

customers’ requirements. To ensure our principle of “Engineered Reliability” is met to the highest possible degree in the respective market environments, our Group Divisions pursue specific approaches and correspondingly implemented a range of different programs and measures in the reporting period.

Through an internal management system, Voith Hydro ensures that quality standards and certificates are uniform for all units globally. Furthermore, all of Voith Hydro’s locations are certified according to the ISO 9001 international quality management standard.

In fiscal year 2014/15 Voith Hydro launched projects, among others EPEX (Excellence in Project Execution), which focuses on process and product standardization as well as even greater customer orientation.

The Voith Paper Quality Management system comprises various modules. Standard Operating Procedures (SOPs) outline the processes and set out how the results are evaluated and correspondingly documented, particularly in relation to potential impacts on health, safety and the environment. To continually improve processes (Operational Excellence), Voith Paper uses a range of tools such as 8D reports in quality management, root cause analyses, and its Design of Experiments.

In the reporting period, one of the focus areas for Voith Paper was the further roll-out of its Modular Key Component project, which targets the consistent improvement of product quality. Under this project, paper machine components are harmonized irrespective of the paper grades to be produced, resulting in a reduction in mechanical engineering variance. This way, components can be

#### Product portfolio

##### 1.1 Group Portrait

used more universally and can be better combined, resulting in a drop in the error rate and an increase in quality. The other area Voith Paper focused on in the reporting period was the production and material quality of suppliers' products, which always need to meet the same high standards we expect of our own products.

Voith Turbo maintains a uniform and comprehensive quality management system, which is also certified to ISO 9001. All employees are trained on quality issues and consistently implement this system.

Several quality programs are currently running at Voith Turbo to increase the reliability of its products even further. At the same time, Voith Turbo seeks a close relationship with customers to allow their experience of daily system operation to be incorporated into further product development.

### **Extensive Risk and Quality Management System**

Voith products and services are respected around the world for their safety, quality and reliability. The principles underpinning how we deal with risks and maintain quality are set out in a binding Group Directive, which our Group Divisions and their companies define in more detail and supplement.

We document and certify our activities according to the ISO 9001 standard, which we also supplement with many of our own methods.

Using our Group-wide Technical Risks and Quality Management System (TRQM), we control targets, processes and methods for the development and production phases. Our Group Divisions are responsible for implementation, while the relevant Quality Assurance departments ensure process

compliance. With the help of clearly defined KPIs (Key Performance Indicators), a Group-wide Operational Excellence initiative places an even stronger focus on the quality of our products and processes.

Our TRQM system and Group Division-specific standards lay the basis for meeting the requirements of the international ISO 9001 quality management standard, to which virtually all Voith locations are certified. Our TRQM system also outlines procedures for decisions that entail risks. We train our employees on requirements and standards and make the relevant information available to them through our internal databases or via internal communication channels.

Our TRQM system also defines how to meet relevant statutory product documentation requirements, and how products are to be labeled. Besides internal technical documentation, operating instructions also provide information on the intended use of our products as well as on how to handle them in a technically and environmentally safe way. Furthermore, we provide our customers with the relevant know-how through training courses. To do this, we analyze and simulate various operating states as early as the development stage, make computer-based calculations, and perform model tests regarding the performance and safety of our products.

We evaluate the effectiveness of our quality assurance measures in our respective Group business lines by using Division-specific KPIs as well as internal and external audits. We also involve our suppliers closely in these activities.

**Challenge: Long Service Life**

A long service life is a key quality attribute of Voith machines and systems, which is why Voith Turbo gear systems and Voith Hydro turbines are often in operation for decades. Because of this, our Group Divisions are faced with the challenge of supplying spare parts even after many decades of operational use.

To address this, in the reporting period Voith Turbo developed an obsolescence management system, which identifies, manages and controls the natural and artificial aging or non-availability of a product, not least from an innovation viewpoint. To give an example, Voith Turbo offers a system for use in buses that allows driveline monitoring over the entire life cycle. The bus operator is informed automatically of any impending malfunctions, which in turn improves operational reliability and almost completely rules out spontaneous vehicle failures.

As part of its Life Cycle Partnership program, Voith Hydro supports power plant operators both with spare parts and services such as the repair and modernization of existing plants. At over 15 locations in Asia, Europe as well as North and South America, experts are on hand to perform regular maintenance and in emergency situations also to provide help at short notice to maintain plant availability and avoid expensive downtimes.

Voith Paper is currently developing systems which use sensors to forecast the service life of products. This approach improves operational reliability and almost completely rules out sudden system failures. Automated monitoring systems have already been launched with the OnCare product family and are now being expanded.

## Papermaking 4.0 – Networked Solutions for Greater Efficiency and Lower Resource Consumption

Papermaking 4.0 encapsulates our efforts to raise our efficiency, productivity and quality along the entire paper production value chain, also at existing plants.

The principle is just as simple as it is effective: Using cutting-edge sensors, paper machine processes are made transparent, can be stabilized by means of actuators and controls, and ultimately future-optimized. We make this possible by interconnecting numerous sub-processes and supporting them with

key parameters such as quality-related data from stock preparation, or from finished products. This also prevents excessive use of precious resources, while the savings in terms of energy, chemicals, fibers and time increase the overall value added.

### 3.1.1.2 Technological Expertise and Innovation

Research and development have always been highly valued at Voith. The success of our business hinges on our technological expertise and the ability to constantly apply our know-how to innovations that create genuine added value for our customers.

Driven by this awareness, since fiscal year 2014/15 we have progressively rolled out and established the function of the Chief Technology Officer to all of our Group Divisions. By doing so, we intend to proactively meet challenges in our markets, particularly the advance of digitization, and use these as opportunities for our company.

All of our Group Divisions involved in mechanical and plant manufacturing have a strong patent base: The Voith Group currently holds several thousand active patents and many hundreds were added in this reporting year alone. In fiscal year 2014/15 our R&D expenditure totaled €210 million

(previous year: €216 million). This is distributed more or less equally over our Group Divisions, with cross-Group development activities also included in this expenditure. Measured against Group revenues of €4,302 million based on continued activities, the Group dedicated 4.9% of its revenues to R&D in the reporting year (previous year: 5.2%).

We fully intend to remain highly competitive in all our Group Divisions, and work constantly to defend and strengthen the leading position we hold in many markets. The digital transformation in particular, frequently referred to as “Industry 4.0”, offers immense opportunities for our Group Divisions. They are working consistently to leverage the potential of Industry 4.0 in their own production processes and in specific products for their customers.

As an example, in the reporting period Voith Paper established a process to identify trends and assess their scope. In terms of the market, the central trends that emerged included ecological



**OnEfficiency DIP stabilizes and optimizes the de-inking process in paper manufacturing.**

One example of this is the de-inking process, which is greatly influenced by the varying quality of the raw material. Manual correction of

this is labor-intensive and is always performed too late, resulting in both sub-optimal yield and the imprecise matching of bleaching chemicals to the specific conditions. With OnEfficiency DIP, resources in the production process can be used efficiently and in a controlled way, with correspondingly positive effects on operating costs.

OnEfficiency DIP detects process fluctuations in real time and adjusts the subsequent process proactively, meaning that quality fluctuations can be counteracted through real-time process adaptation and the precise dosing of bleaching chemicals.

## Papermaking 4.0

### 2.2 Conserving Resources

sustainability and further globalization. In terms of Industry 4.0-related technological development, focus areas include the further automation as well as the digitization of production. This is why this Group Division is focusing in particular on the opportunities presented by digitization, and aims to turn these into competitive advantages under the overarching Papermaking 4.0 strategy. Specific fields of action will be defined to tap into the trends identified during the course of fiscal year 2015/16.

In the reporting period Voith Hydro established an Industry 4.0 task force to leverage the opportunities of the digital transformation for the Group Division. These lie particularly in the digitization of production and the analysis of Big Data. Among its activities, Voith Hydro is currently working on further developing its existing monitoring and diagnostics systems so that customers only need to have their Voith machines serviced when required and when it suits the particular operating model.

Voith Turbo is also focusing on the new opportunities that the macro-trends Industry 4.0 and the Internet of Things offer for this Group Division as well as its products and services. In all business units, initiatives are underway to make “smart & connected” products – and to develop business models and services that build on this. An example of this is preventative maintenance: By using cutting-edge sensor technology, critical system components can be monitored continuously to avoid unplanned outages to a very great extent.

### 3.1.1.3 Customer Dialog and Cooperation

We systematically involve our customers to improve our quality constantly. As an example, in fiscal year 2014/15 Voith Turbo extensively analyzed customer satisfaction. The evaluation showed above all that customers’ need for ever-shorter delivery times is a challenge. Corresponding improvement projects were proactively implemented, also in shopfloor management, where production employees and managers discuss the current production status several times a day and take corresponding measures immediately if problems arise. As early as the end of the reporting period, progress was evident in terms of delivery times and delivery reliability, with a considerable reduction in production lead times achieved in the majority of products. As an example, the lead time for Vorecon variable-speed planetary gears has fallen from between 12 and 14 months to 7 to 9 months.

We support our customers in many areas through special training courses and consulting services, that also focus on how to operate our products in the most efficient and resource-friendly way possible. For instance, when it comes to existing systems we investigate areas of potential to increase the efficiency of hydropower turbines and generators. When optimizing paper machines we work closely with customers to improve their use of raw materials through recycling, as well as to reduce electricity consumption based on energy audits. Our aim is to develop energy and water-efficient products and further reduce overall operating costs. We also offer training courses on the correct use of drives, turbines, pumps and compressors – either at our training center or directly on-site at the customers’ locations. In the reporting year we delivered around 5,100 hours of training Group-wide (previous year: around 1,300 hours).

## Voith Turbo Crailsheim Receives MX Award

In November 2015 Voith Turbo Crailsheim in Berlin, Germany received the Manufacturing Excellence (MX) Award 2015 in the Process Innovation category. The jury commented: "This production facility developed very strongly in terms of its procedures, and through its culture of continuous improvement it delivered solid proof that the available potentials are being leveraged promptly". The award is given in recognition of the activities and measures which were successfully implemented over recent years at the Crailsheim location, as part of Voith's Group-wide Operational Excellence (OPEX) initiative.

Recent history shows how much can be achieved if the culture of constant improvement is fully embraced. The future also holds huge potential for optimization at the Crailsheim facility, which will secure the long-term competitiveness of the location.

The aim now is to further instill the OPEX philosophy and the principle of continuous improvement into the administrative areas and among suppliers. Industry 4.0 also offers us additional opportunities to optimize processes both internally and at a local level with customers.



Voith Turbo, Crailsheim

### 3.1.1.4 Resource Conservation and Energy Efficiency

We want our products to make a contribution towards conserving resources and protecting the environment – and in doing so, to meet our customer's demands, statutory requirements and ultimately our own stated aim. Our goal is for our products to become increasingly environmentally and resource-friendly, both in terms of production processes and in the subsequent utilization phase.

### Eco Technologies Assesses Energy and Raw Material Efficiency

We predominantly supply components which, as part of an overall system, have different impacts on the energy and material balance. We employ a range of tools to achieve an even more detailed evaluation of our products' energy and raw-material efficiency.

Our Eco Technologies team drives the analysis and evaluation of our products and services through

## StreamDiver Premiers in Sweden

After extensive rehabilitation work, the Bruksfors hydropower plant, located around 700 kilometers (approx. 430 miles) north of Stockholm, Sweden, is now equipped with a 250 kW StreamDiver turbine.

Commissioned at the start of 2015, it was the first commercial project to enter into service using this environmentally friendly compact turbine from Voith. The StreamDiver is a new type of turbine generator unit for small hydropower plants, which reduces the impact of construction on the environment to a minimum, does not affect water quality, and at the same time minimizes maintenance effort and costs. This opens up future opportunities to utilize locations to generate power where the construction of conventional hydropower plants was previously impossible, due to factors such as low heads or environmental protection reasons.



Illustration of StreamDiver in the hydropower plant.

energy and resource efficiency aspects. To achieve this, Eco Technologies relies on collaboration with other companies, universities and research centers with the aim of identifying economic and environmental trends, as well as analyzing the level of maturity and cost-effectiveness of technologies available on the market to Voith. The team also assesses the risks that arise for the Group from using certain materials, and develops measures to counter these risks.

Our Eco Technologies team also supports the cross-divisional Eco Innovation process: This comprises employees from Corporate Environment, the Group Divisions' R&D Departments, Product Management and Corporate Strategy.

### Resource-friendly Products in All Group Divisions

The primary aim of all our Group Divisions is to conserve resources and to minimize the environmental impact of our products. Here too, we pursue a decentralized management approach to provide products that best meet the specific requirements of the markets in question. To achieve this, for many years now we have conducted Life Cycle Assessments (LCAs) for selected products in compliance with ISO 14040 and 14044.

### Voith Hydro

Hydropower is a renewable energy and, despite its unavoidable impacts on nature, remains one of the most eco-friendly ways to generate electricity. Voith Hydro works tirelessly to further minimize the latent environmental impacts, for instance by using air-cooled generators to avoid warming the water. Particularly when it comes to large systems and equipment, our customers also focus on their own energy requirements and material use during the utilization phase to optimize their operating costs. Especially in Scandinavia, avoiding the use of oil

in bearings and runners is an important topic for our customers.

The Voith HyEco seal is awarded to our latest technical solutions for sustainable energy generation from hydropower. All Voith HyEco products, systems and services deliver greater efficiency, lower resource usage and the greatest possible eco-compatibility, depending on the usage profile in the power plant. With HyEco, we look at the complete life cycle of new and existing large and small hydropower plants. To document the minimal environmental impact of our components and entire hydropower plants, such as their excellent energy payback ratio or their low carbon footprint, we also perform LCAs in accordance with ISO 14040. In addition, we develop environmentally sound solutions for the automation of hydropower plants and provide services for all plant components.

To avoid harming the local fish population, Voith developed Minimum Gap Runner (MGR) technology as part of the Advanced Hydropower Turbine System (AHTS) program established by the US Department of Energy. The MGR blades are contoured to a fully spherical hub and periphery, so that the design gap remains constant across the pitch range. The advantages of this minimized gap are a positive impact on fish survival rates and improved turbine efficiency. Over the past decade, MGR technology has been implemented at several large axial flow units in the field.

#### **Voith Paper**

To Voith Paper, resource conservation means above all reducing the specific consumption of water as well as electrical and thermal energy per tonne of paper. Moreover, it also means reducing fiber losses and achieving time savings in terms of producing paper for customers through having the most efficient systems possible.

Voith Paper is increasingly relying on renewable materials, and is working systematically on closing material, water as well as auxiliary cycles. In doing so, we intend to further reduce the environmental impacts of paper production while increasing the cost-effectiveness of plants at the same time. The aim is to generate the greatest added value for our customers by operating our machines in the most resource-friendly way possible, and by designing them to be as efficient as they can.

Voith Paper achieved further progress in the reporting period in terms of its energy efficiency and in reducing the environmental impacts of its products and services. Among them:

- Thanks to its OnEfficiency DIP technology and the use of virtual controls (Papermaking 4.0), Voith Paper customers are achieving savings in terms of fiber as a raw material of up to 3% and up to 5% in terms of energy\*.
- Using a greatly extended hydraulic press zone in a tissue machine, thermal energy consumption reductions of 4% can be achieved\*.

#### **Papermaking 4.0**

##### **2.2 Conserving Resources**

\* Savings potential based on established standard.

### Voith Turbo

Voith Turbo also follows the principle of offering increasingly energy-efficient and environmentally friendly product generations. It focuses on the impact of using Voith components on the total cost of ownership (TCO). There are two levers here – the efficient use of materials in production on the one hand, and the continuous improvement of system efficiency on the other. Here, Voith Turbo aims to adopt a continual process of improvement in which customers are also involved. The topic of resource conservation through increased efficiency is a key aspect of related customer discussions, whether during the tendering phase, or on handover of the product.

In the reporting period Voith Turbo achieved progress in terms of its energy efficiency and in reducing the environmental impacts of its products and services.

Here are just a few examples of our many measures and product developments to improve resource efficiency and reduce the environmental impacts of our products and services:

- With Vorecon 2020, a further development of our successful Vorecon gears, a special torque converter with an adjustable guide blade improves efficiency in the partial load range and increases power density. Losses are reduced by 25% while 32% less oil is consumed compared to traditional Vorecon gears. Ultimately, the higher power density offers greater power transfer and a more efficient system configuration.
- The AeroMax package reduces the power loss of our industrial gears by 30% and oil consumption by 20%. To achieve this, our turbo parallel shaft gear units feature integrated inner housings which allow separate lubrication and cooling of the gear teeth. This is combined with highly optimized, low-loss bearings which require 20% less lubricating oil. The inner housing lowers friction

## Voith Honored with Baden-Württemberg Environmental Technology Award

We successfully participated in the Baden-Württemberg Environmental Technology Awards with our HydroSeal product, taking second place in the category “Technologies for Emission Reduction, Treatment and Separation”.

Since 2009 the Ministry of Environment, Climate and Energy of Baden-Württemberg has awarded the Environmental Technology Award every two years for excellent and innovative products in environmental technology.

HydroSeal, a Voith Paper product, is a new sealing-strip system with an integrated

lubricating water supply for suction rolls in a paper machine. Compared to previous sealing-strip systems, Voith’s new design (for which several patents have been filed) saves water and energy at the same time, while also yielding a number of additional process advantages for customers. The environmental benefit is immense: With the modification

losses on the extremely high-speed gear, thus reducing the ventilation energy requirement.

- For our DIWA bus transmissions we collaborate with a number of mineral-oil suppliers to offer our own custom lubricating oils, which extend oil change intervals by 50% (from 120,000 to 180,000 km/approx. 75,000 to 112,000 miles). This reduces maintenance costs and less waste oil is generated as a result.

### Recycling and Reuse

Materials recycling and reuse has always been a core topic in paper production. Voith Paper is also always looking for opportunities to increase the recycling rate of its own production processes, and to reuse materials wherever possible.

As an example of this, in felt production pure polyamide fibers are reused as standard in the production process. In the Fabric & Roll Systems Business Line, Voith Paper is currently rolling out

the process of recycling virgin and fresh PPS polymer production waste. PPS is used for dryer fabrics and is produced as a byproduct of processing at the location. Furthermore, Voith Paper is also currently reviewing the cost-effectiveness of recycling used materials – in other words, products used and contaminated through use. If this material is fit for reuse under technical and economic considerations, Voith Paper aims to recycle this material.

Hydropower plants are designed to last for generations. While many operate reliably for decades, they may no longer be operating at their peak and at optimum cost-effectiveness. Voith Hydro is specialized in bringing these plants up to date in terms of technology by modernizing and overhauling components, machines and systems. By doing this, plant efficiency and availability can often be increased considerably. Furthermore, utilities can provide considerably more eco-friendly electricity



**Marc Erkelenz, Voith Paper, with the award-winning product HydroSeal.**

of only one suction roll, savings in fresh and wastewater of up to 20,000 m<sup>3</sup>/year (comparable to approx. 8 Olympic swimming pools), and about 1 million kWh/year (the equivalent annual energy consumption of approx. 667 people) can be achieved – depending on the size and type of the machine.

as a result of extensive modernization measures. Voith Hydro supports customers as a service partner throughout the plant's life cycle.

Voith Turbo products are extremely durable. Consequently, their reparability is a central requirement right from the product development stage. They can even be repaired if they suffer more extensive damage, such as from overvoltage events. Furthermore, there is a huge market for used and refurbished products such as housings, wheelsets, retarders and gears.

**Digital Solutions box**

1.1 Group Portrait

**3.1.2 Outlook**

We expect environmental protection legislation to further tighten in future, and customer demands to continue to rise regarding the environmental and resource efficiency of our products. This is something that affects all of our Group Divisions. The rising complexity of the challenges confronting many of our customers in their markets is increasingly leading them to decide on obtaining solutions from a single supplier.

In the coming years, we see Industry 4.0 opening up huge opportunities for all three Group Divisions involved in mechanical and plant manufacturing. With the founding of our Group Division Digital Solutions, we intend to bundle existing know-how in our Group, develop new digital business models and further expand our technological leadership in the coming years.

**3.2 Sustainability in the Supply Chain**

**3.2.1 Management Approach**

Sustainability does not stop at the factory gates. Our understanding of corporate responsibility also includes our suppliers, as we want to ensure sustainability is at the heart of our supply chain. To achieve this we attach great importance to long-term, trusting relationships with our suppliers. Our stakeholders also considered these aspects as material to the way we manage sustainability.

**Procurement Challenges**

Controlling complex, heterogeneous supply chains remains a core challenge for Voith's Purchasing. Owing to the multitude of suppliers and the fluctuating supplier base, we can only provide reliable information on tier 1 of our supply chain.

Extensive statutory regulations, such as the EU chemicals regulation REACH and the hazardous substances directive RoHS, combined with the somewhat unclear legal situation, place high demands on our business. Among these challenges, the SVHC (Substances of Very High Concern) list is being constantly updated. Another is currently posed by ongoing legislation concerning "conflict minerals" within the EU.

National regulations additionally exacerbate the challenges in procuring materials. Our Trade & Compliance Department ensures that Voith, as a globally active Group, complies with respective national regulations relating to customs duties and export restrictions.

In the reporting period we saw an increase in the number of customer enquiries concerning the origin of the goods we procure. We took organizational steps to answer these questions promptly, accurately and comprehensively, and have now created a position responsible for the central collection and answering of such enquiries.

### **Risk Map for Greater Transparency**

With the help of a study by the Swiss Federal Institute of Technology (ETH) Zurich, we gather information on key economic, social and environmental risks in our supply chain. These are underpinned by public sources of information such as the UN Global Water Report or Transparency International's Corruption Index.

We launched the project as planned in October 2015 with the aim of producing a geographical risk map. By the end of fiscal year 2015/16 this will allow us to derive suitable concepts and strategies, as well as concrete measures for Voith. By doing so, we aim to penetrate our supply chains in even greater detail and depth, and define the complex topic of sustainability in the supply chain and make it clearer.

The study focuses on our key material groups and regions, with special attention devoted to countries with especially critical conditions. Our analysis centers on risks associated with complying with social or ecological standards, as well as on compliance risks in our supply chain.

### **Organization**

Our Purchasing organization is divided into centralized and decentralized as well as strategic and operational responsibilities. Strategic Purchasing is responsible for supplier and material-group management and concludes framework agreements. It only conducts individual negotiations

once a specific value threshold has been passed. Below this threshold, Operational Purchasing conducts individual negotiations and deals with day-to-day business such as placing and following up orders.

Since we established our four Global Business Services Centers in Heidenheim, York, São Paulo, and Kunshan, we have gradually been transferring responsibility for the strategic and operational purchasing of non-production materials to these centers, which will coordinate this process in future. By contrast, production materials are procured directly by our various Operating Units around the world.

Sustainability topics are mainly assigned to our Corporate Strategic Purchasing (CSP) Department. Corresponding activities are coordinated across Divisions by the Global Purchasing Board (GPB) with representatives from the Group Divisions, and relevant topics are identified internally within the Group.

### **Consistently High Purchasing Volumes**

In fiscal year 2014/15 we procured materials and services to the value of around €2.5 billion. The spectrum of goods we procure is as broad as our own product portfolio: In terms of production materials alone, it ranges from the procurement of a one-millimeter nut to a 250-millimeter thick steel sheet, and from special customer-specific lacquering to electrical cable custom-made for Voith. In terms of purchasing volumes, as in the previous year the material group structural components accounted for the majority of the production materials we procured in the reporting period. This was followed by electrical/electronic, subcontracting and cast parts.

**Total Purchasing Volume of the Voith Group: €2,540**

in € millions



**“Local for Local” Principle**

As an international company we work with suppliers from 84 countries. The majority of products are provided by European suppliers, with Germany accounting for 40% alone. However, in line with the principle “local for local” we intend to consistently increase our local purchasing volumes in order to reduce transport-related CO<sub>2</sub> emissions and strengthen local relationships with suppliers. We continue to focus on Asia, where we have set up various new facilities in recent years. The task now is to establish local know-how and develop working relationships with regional suppliers, where our new training center in Kunshan near Shanghai will make a decisive contribution by covering the resulting training requirement locally.

**Requirements, Values and Standards**

We demand very high standards of ourselves – and this is something we also expect of our suppliers, especially in regard to resource conservation and

social responsibility. We have made this aim part of our Purchasing Guiding Principles and set specific goals, with our Voith Purchasing Manual outlining the requirements on our employees.

As a Group Voith is required to guarantee that orders are reviewed, awarded and processed transparently. Compliance with local environmental protection and labor laws as well as strict avoidance of corruption and forced labor form the fundamental principles of our day-to-day business, and consequently also apply to our suppliers.

Our fundamental understanding of partnership, and our requirements relating to compliance as well as environmental and social standards, are outlined in our Code of Conduct and our General Purchase Conditions (GPCs). Our GPCs are the basis for contractual agreements with our suppliers and also ensure that their sub-suppliers abide by these requirements. Our GPCs are available

on the Internet and also contain a reference to our current Code of Conduct. We also provide additional country-specific versions that ensure that local purchasing processes always take special country-specific aspects into account, for instance regarding payment terms, environmental standards and customs requirements.

### **Extensive Training**

Our Purchasing Training Program, developed specifically for purchasing, ensures that our employees are always updated in terms of legal compliance, using IT tools, or negotiating with suppliers.

Local trainers also address special cultural and local aspects through face-to-face training sessions, ensuring our employees are prepared as well as possible for their international working environment. The training modules also cover sustainability and compliance aspects.

In the reporting period our Purchasing Training Program was expanded to include Asia and South America, with many courses taking place in China and Brazil. The training measures at our North American locations are currently in the planning phase, although fixed dates have already been agreed.

To ensure all Voith Buyers around the world receive the best training, in the reporting period we created a position with central responsibility for the Purchasing Training Program. This position's duties include producing a training catalog, making training documents available in other languages as quickly as possible, and increasing participation in e-learning courses.

### **3.2.2 Supplier Selection and Evaluation**

Through our long-term, trusting collaboration with our suppliers we aim not only to work out especially cost-effective solutions but also to optimize our purchasing processes under consideration of sustainability aspects.

To mitigate risks in the purchasing process we require our suppliers and third-party service providers to provide regular Supplier Self Assessments (SSAs). In fiscal year 2014/15 we transacted 61.7% of our invoicing volume with suppliers listed in our system as having an up-to-date and approved SSA. Through centralized processing, in future we also intend to ensure that meaningful and suitable information is collected from our core suppliers. The findings of the aforementioned ETH Zurich study will also be incorporated into this process.

### **Evaluating Supplier Performance**

In addition to the self-assessment, once a year employees from the specialist departments as well as Purchasing evaluate those suppliers with whom we place the largest order volumes. We use a standardized process based on transparent criteria, which ensures the results can be compared across the Group. This reveals suppliers' strengths and weaknesses, as well as potential risks. Our supplier evaluation is also used as the basis for specifying preferred suppliers with whom we wish to collaborate as strategic partners.

Although our Preferred Supplier Lists do not not commit us to purchasing from selected suppliers, it is intended to encourage our employees to make extensive use of individual supplier relationships. The main selection criteria for qualification

as a Preferred Supplier are product range, availability, pricing, and quality.

In the reporting period we evaluated 3,814 suppliers. As a result, we transacted 62% of our invoicing volume with suppliers listed in our central supplier database as having an up-to-date and approved evaluation – a level we fully intend to continue to maintain.

In the reporting period we modified our supplier evaluation criteria and, in particular, revised our sustainability criteria that we use to calculate our sustainability ratio. The changes will be incorporated into our supplier database once we roll-out the new system.

Based on the existing criteria, the partners we evaluated in the reporting period achieved an average sustainability ratio of 84%.

### **Rigorous Action on Violations**

Violations of contractual standards by individual suppliers, such as environmental requirements or social standards, initially trigger an official warning from Voith to desist and a formal demand for specific improvements. If these are not achieved, Purchasing is required to terminate the business relationship and block the supplier.

This approach is part of the Blocked Supplier Concept that we implemented throughout the Group in the reporting period. In fiscal year 2014/15 fifteen suppliers were blocked Group-wide, with only one of those suppliers blocked because it had violated social or environmental standards.

Suppliers can also report violations of sustainability standards in the supply chain on their own initiative. Like our employees, they can also use our anonymous Compliance Helpdesk. In the reporting period we are pleased to report that we received no voluntary declarations nor were we informed by suppliers of any violations by competitors or sub-suppliers.

### **Systematic Data Management**

The results of our supplier evaluations and the data from self-assessments and contracts are stored in our central SupplierManagement@Voith (SM@V) database. It serves as a reference and tool for our buyers, helps increase transparency in the supply chain, and mitigates risks in the purchasing process. To further increase the system's performance, through improved interfaces to our ERP (Enterprise Resource Planning) system for instance, we are currently searching for a new system provider.

The Voith database for work and hazardous substances, which we launched in fiscal year 2013/14, enables us to make material declarations and supports the uniform, centralized handling of manufacturers' safety data sheets and product information. Our suppliers are required by law to provide us with their Safety Data Sheets. In future, once we have developed a suitable system our suppliers will also be asked automatically to declare the substances in and compositions of the products they supply.

### **Use of Conflict Minerals**

The EU has still not clearly defined its position on the US's Dodd-Frank Act concerning the use of conflict minerals. To prepare in good time for the new regulations, in fiscal year 2013/14 we established a working group consisting of representatives from Purchasing, the Legal Department, and the central function Corporate Sustainability. The aim is to record and evaluate all information centrally, including related customer enquiries, and prepare action recommendations for Voith.

### **3.2.3 Outlook**

Our new risk map will enable us to penetrate our supply chain in even greater depth and define what action is required. This will then allow us to devise specific concepts and strategies for our supplier-management, self-assessment and supplier-evaluation processes.



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Even though the proportion of our overall workforce working in Asia and the Americas is increasing, we still continue to employ over half our workforce in Europe. As a vocational training pioneer we have lived up to our responsibility to train the coming generation of skilled workers. An example of this is our headquarters in Heidenheim, where we have invested around €16 million in the Voith Training Center: This was inaugurated in 2014 and also serves as the further education center for Voith employees and managers.

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## 04 Responsibility for Our Employees

Voith has a special responsibility towards its employees, not least because of our long tradition as a family company. It has been proven time and again over almost 150 years of Voith business history: Qualified, motivated employees are the engine that powers our success. This is why we work hard to deserve the long-term loyalty of our employees. To achieve this, we aim to offer them an attractive working environment and personal development opportunities tailored to their personal circumstances and career paths.

## 4.1 Management Approach

### Challenges and Focus Areas

Increasing digitization in business and society poses new challenges not only to our employees and their skills profile, but also to our Human Resources (HR) area. Maintaining our global presence continues to demand our attention, as does the ever-increasing internationalization of our business. Labor market requirements and statutory frameworks around the world are continually changing, and this presents our HR area with fundamental challenges.

### Responsible Group Restructuring

Continuing in the tradition of our family-owned company, we aim to make the consequences of our Group's transformation process as socially acceptable as possible for our employees.

To achieve this, we work closely with employee representatives at our individual locations to find solutions that best meet the local circumstances. In the reporting year we have already concluded various location-specific agreements. Employees who are affected by location closures will, where possible, be offered the opportunity to take on a new role in another area of our company.

### Voith as an Employer

At the end of fiscal year 2014/15 20,981 employees were working for the Voith Group, within the continued business activities of Voith Hydro, Voith Paper and Voith Turbo (previous year: 21,967 employees, -4.5%). This is equivalent to 20,223 full-time equivalent (FTE) jobs excluding apprentices. As at the review date, 20,094 (17,253 FTE) employees worked at our Group Division Voith Industrial Services, which has been sold. This represents a

fall of 2.1 % compared with the end of 2014 (19,684 employees; +2.1 %; 18,359 FTE jobs).

Around 54 % of our employees (FTE jobs excluding apprentices) work in Europe, 25 % in the Americas, 20 % in Asia and 1 % in other regions of the world. In the reporting period the share of women in the Group fell to 17.5 % (previous year: 17.7 %). The number of employees on temporary contracts also dropped by 15 % to 2,475.\*

### Clear Alignment on Focus Areas

As early as fiscal year 2012/13 we initiated a multi-year transformation process under our Group-wide success program Voith 150+. With this extensive package of measures, we intend to further develop HR work at Voith in a qualitative respect, and make internal processes more streamlined and efficient.

Through this, we aim to ensure that we can assign sufficient numbers of suitably qualified employees in all markets in a timely manner (availability). Furthermore, we are implementing measures that will ensure our employees reach the highest possible level of qualification and are optimally motivated during their careers at Voith (effectiveness).

Many of our HR activities are required to meet these objectives. In doing so, they also address the four focus areas derived from our materiality analysis:

- Personnel development, training and further education
- Occupational health and safety
- Leadership
- Diversity and equal opportunity.

### Matrix

#### 1.2 Strategy and Organization

\* Unless stated otherwise, all figures relate to the Voith Group and its continued activities of Voith Hydro, Voith Paper and Voith Turbo.

### **Value-oriented Corporate Culture**

Clear values shape our corporate culture and therefore Voith's identity. They are an integral part of our training programs, such as our standard training programs for prospective managers, and also serve as the benchmark for our employees' annual appraisal.

We have always firmly believed in the concept of lifelong learning, and support our employees in their professional development. The equal status of all employees, observance of human rights in accordance with the UN Universal Declaration of Human Rights, and action against discrimination are mandatory guiding principles for our company and are anchored within our Code of Conduct.

Our Group-wide success program Voith 150+ also builds on this corporate culture in terms of making Voith fit for the future. As such, we want to encourage open discussion even more strongly and make further progress in the areas of diversity and inclusion.

### **Upholding Employee Rights Globally**

All of our employees have the right to form unions. Indeed, freedom of association is an integral part of our Code of Conduct.

In the reporting period 97% of our employment relationships in Germany were covered by collective agreements, and globally this figure stood at 74%.

Local employee representatives are involved in discussions between Group management, employees and local HR departments. Within the individual countries, relationships are structured

in accordance with national laws, collective wage agreements and company agreements. Our compliance processes ensure that agreements are also upheld.

Our Corporate Board of Management or the local management team communicate fundamental changes to employees at all our sites in a timely manner. Within this, we strive to inform employees as early as possible via a number of communication channels, especially the intranet, video and telephone conferencing, notice boards, employee magazines and other employee media.

In Germany, the decision-making process is subject to co-determination if fundamental changes are made to the company. Implementation of the measures that have been taken is supported by the respective locations' Works Councils.

### **New Operating Model Creates Freedom**

In the reporting year we commenced with the implementation of our new operating model for HR. Four Global Service Centers around the world handle tasks such as payroll, time management, and HR administration for the particular region using a service approach that is uniform across the Group. This lays the basis for Voith-wide standardization, automation, and at the same time the modernization of HR processes – including the expansion of self-service options for employees and managers. It also reduces the workload on our managers and HR experts, which gains us precious time to give our managers more personalized support and gives us freedom to devote ourselves to strategic tasks such as succession management and staff development.

We pool our know-how on strategic HR topics and define Voith-wide standards at three global competence centers. The employees at the competence centers serve as points of contact and advisors to their internal business partners.

To measure the success of our activities we are currently devising a stringent monitoring system and defining the KPIs. Our aim is to complete this process by the end of fiscal year 2015/16. As part of our Group-wide success program Voith 150+ we check our progress on meeting our objectives on a monthly basis, and in parallel our HR area monitors the implementation status.

#### **Group-wide Personnel Information System**

Powerful HR IT systems are a key prerequisite for well-functioning processes and making informed HR-related decisions. In a multi-year project we have developed an HR information system that allows us to map all relevant HR processes globally. We are pleased to say that we completed the roll-out in the reporting year as planned. Both our HR experts and managers in the business units now use our uniform global People Excellence Platform (pep.) and in doing so have access to high-performance tools.

pep. contains basic information on the level of qualification and development paths of all of our employees around the world. In addition, it maps the organizational structure of all Voith business units. The system brings transparency to reporting lines and expert knowledge, making it easier to form virtual teams across national borders and Group Divisions.

We also steer our entire talent management process using the new platform, from employee recruitment, through appraisals and performance reviews, to professional development and succession planning. Last but not least, pep. is the central source of information for HR reporting at Voith.

## 4.2 Attractive Employer

### Challenges in Attracting Talent

Voith has a presence at many locations around the world, where the competition for qualified employees is intense. To win in the global war for talents, we present ourselves as a modern, forward-looking employer. As part of this we are progressively increasing our activities on the social Web, without neglecting personal contact.

We intend to spur on the professionalization of our recruitment process by successively adjusting and standardizing it. In this regard we achieved important milestones in the reporting year, including the standardization of our recruitment process in Germany and the roll-out of our pep. recruiting module. Alongside process efficiency, benefits include self-service options for applicants as well as integration into the Talent Management Platform.

However, owing to our ongoing transformation process, the challenges we face in recruiting employees have changed significantly. Among them, the number of employees we need to attract will fall, and we will require hardly any unskilled employees.

In the reporting period we already hired fewer employees in the retained Group Divisions owing to these restructuring measures. We also did everything possible to reassign employees from Group Divisions that were affected by the restructuring measures, particularly in administration functions.

### Appealing to New Talent at an Early Stage

We address students directly, and offer them an insight into our company as a potential employer through collaborations and international HR marketing campaigns at universities. We also award scholarships and sponsor competitions in the regions where we are active.

### First-rate Training and Education

We have been actively involved in offering first-rate vocational training for over 100 years, placing great emphasis on interdisciplinary learning and the integrated provision of social and specialist expertise.

Today we train young people in over 40 commercial, technical and industrial professions, and we usually hire them after they have completed their vocational education. In the reporting year we employed 889 apprentices (previous year: 1,015), 827 of whom work in Germany, including 406 in Heidenheim.

Of the current 87 students in dual-track training, 62 are enrolled in technically focused courses and 25 in commercial courses.

Our two training centers in Heidenheim and Kunshan, China, testify to the high regard Voith has for training and education. They serve as further education centers for employees and managers, and as multi-functional buildings they bring cutting-edge training programs together with architecture, construction, building technology and design, within an innovative overall approach. In the reporting year the first 19 employees successfully completed their one-year training program in Kunshan – and we hired all of them.

We also recruit trainees with technical or business administration qualifications worldwide. Our Global Graduate Program offers practical experience combined with training, coaching and expert mentoring, as well as the opportunity to work in various Group Divisions and regions, so this is a perfect way to get a foot on the career ladder in our company. In the reporting period we hired 10 trainees locally under our Global Graduate Program.

## Society

### 5.2 Projects and Activities

## Achievement Honored with an Award

In November 2015 no less than 116 top apprentices were recognized for their outstanding performance by the Association of Chambers of Commerce and Industry of Baden-Württemberg.

They are the best graduates of their year, chosen from 47,000 candidates. And once again, one of our apprentices was among the award winners: Tim Trabert from Voith Turbo in Crailsheim was recognized as being this German state's top apprentice in the profession of Technical Product Designer.

"With the great importance it places on education and its consistently high-quality training, Voith is safeguarding the career prospects of many young people. And as in the case of Tim Trabert, when you add a high level of motivation, ability and effort into the mix, such exceptional achievements are also possible", said Herbert Benesch, apprentice at Voith Turbo in Crailsheim. It goes without saying that Tim Trabert will continue on his career track

at Voith: He was hired by Voith Turbo and is now producing CAD drawings as a Technical Product Designer.



Herbert Benesch and Tim Trabert (right), Voith.

### Continued Professional Development of Employees

Lifelong learning is part of Voith's corporate culture. We develop and challenge our employees in equal measure, and support them in their continued development.

Employees and managers always have access to internal and external training as well as further education courses. We provide this not only to ensure that their knowledge is up to date, but also to

prepare them for future responsibilities. The range of subjects covers occupational health, safety and the environment, technology, IT, quality assurance, languages, business, as well as leadership and personality. We also offer targeted training courses at the Voith Management School for Purchasing, Finance and HR employees as well as for project managers.

Our personnel development measures are always tailored to the particular challenges of the region,

field of work and management level. To determine the training and further education requirements of our employees, we derive focus areas from each Group Division's strategy. In addition we define individual development plans in the annual employee appraisals, which are aligned with day-to-day business requirements.

In the reporting period our personnel information system pep. also enabled us to optimize the management of our further education measures around the world. In fiscal year 2014/15 14,505 employees (previous year: 3,443) across all Voith locations took up our further education offerings. In doing so, they completed 171,991 hours of further education (previous year: 97,056 hours). We achieved this immense year-on-year increase as the roll-out of pep. means that e-learning courses can now also be evaluated. Furthermore, all employees now undergo compliance training.

To measure the success of each training course, and to constantly improve our training offering, we ask participants for feedback on their experiences. The results are then passed on to the trainers and HR. In addition, the participant's supervisor is asked to rate the success of the training measure.

#### **Leadership at Voith – Focus on Development and Feedback**

Managers at Voith are expected to lead their staff in a way that enables them to fulfill their responsibilities in meeting joint objectives, and which at the same time allows their own talents to unfold and develop further. Managers are familiarized with the relevant leadership tools at various Leadership Training courses. The core tools are employee appraisals and performance reviews, which enable us to determine our employees' personal and

general further education requirements. Whereas the performance review is used to discuss the orientation and each employee's individual contribution to achieving the company's objectives, with the employee appraisal the relationship between employee and manager is also a topic for discussion, as are personal career objectives and prospects as well as potential further education needs. In the reporting period, 83% (previous year: 84%) of Voith employees involved in mechanical and plant manufacturing participated in such a discussion.

As an international company we value a Group-wide, uniform understanding of our corporate and management culture. We are still faced with the challenge of selecting managers systematically worldwide and developing them in a targeted way, so in principle we strive to fill management positions with local employees.

At the same time we place considerable value on temporarily reassigning our managers abroad as a development step, so that they can gain international experience. In this regard we follow our 3x2 principle: Over the course of their career at Voith, our managers are expected to gain experience in two Divisions, two functions and two regions.

Through our Voith Leadership Program we offer our managers the chance to prepare in a detailed, targeted way for their task. The program conveys the principles of our leadership model and provides the corresponding management knowledge and skills – all tailored to the requirements of the various management levels. These programs are compulsory for all managers with supervisory roles and are supplemented with personalized training and development measures, coaching sessions and support from coaches or mentors.

We review the performance of our managers as part of our annual Management Review, in which we also assess individual potential and derive corresponding development measures.

Over the coming years the requirements on our managers will change and grow. Consequently, they must seize the opportunities that digitization offers to Voith. At the same time, working at Voith will be increasingly shaped by greater team self-management: As such, we intend to encourage autonomy, and strengthen motivation and engagement.

To prepare our managers to meet these challenges, in the reporting period we devised a new further education format: the Business Forum Leadership. This two-day event focuses on topics arising from daily management practice as well as key aspects of the personal work/life balance for managers. Following experiences gained from the first pilot event in November 2015, the final scope will now be agreed before we offer the event on a regular basis.

#### **Performance-based Remuneration**

The compensation we pay our employees is in line with the market, gender-independent, and based on their level of qualification and performance. Remuneration models and other benefits vary by region. At our German locations, the level of wages and salaries is generally regulated under collective bargaining law. At our international locations, we ensure that we comply with minimum-wage requirements and that these secure a decent standard of living for our employees.

In Germany we offer our employees additional benefits such as a company pension scheme,

disability and invalidity pensions, group accident insurance, and company healthcare. However, these general conditions are not offered across the board: For historical reasons, their scope of application and variants differs at the individual Group companies and businesses. Wherever such benefits are offered, they are in principle available to all employees regardless of their gender or employment relationship.

#### **Long-term Collaboration**

We want to secure the long-term loyalty of our employees – and we are making clear progress in this area, as the typical period of employment in the reporting year rose to 12.5 years (previous year: 12.2 years). The average period of employment is highest at Voith Germany, where employees remain for 16.7 years. This is followed by our European locations (excluding Germany) with an average of 12.5 years, and then the Americas with 10.5 years. In the rapidly growing markets of Asia, and especially China, we have hired many employees in recent years. Correspondingly, the average period of employment there is currently lower, at 6.5 years.

As forecast, the turnover rate at Voith rose in the reporting period at 12.4% (previous year: 7.4%). Over half of the attrition rate (6.9%; previous year: 4.3%) is due to employees terminating the employment relationship. As part of exit interviews, we ask these employees why they are leaving Voith, and record their feedback: 45% of interviewees stated personal reasons for changing companies; 43% gave no details. Only 9% wanted to take their next step on the career ladder outside of Voith, with a mere 3% giving wages and working conditions as the reason.

### **Promoting Diversity and Equal Opportunities**

Voith's workforce is highly diverse, with employees from over 120 nations. They all contribute their personal experience and are at different stages in their lives. This diversity enriches our corporate culture and contributes to our business's success. This is because innovation can only arise from the interplay of different skills, backgrounds and perspectives.

We recognize the equality of every individual and foster respect for all colleagues and business partners. We do not tolerate any discrimination on the basis of gender, culture, age, belief or other personal characteristics.

Equal treatment is enshrined in our Code of Conduct, and the implementation of and compliance with it is monitored at every Group level by the Compliance Committee. In the reporting period we are pleased to announce that we received no reports of discrimination.

We promote diversity and equal opportunities within the Group through our Diversity&Inclusion Program. In the reporting year we held awareness workshops at almost all locations outside of Europe to raise awareness of these matters on the upper four management levels. In doing so we have reached around 30% of management staff so far, and participants' evaluation of these measures has been overwhelmingly positive. In fiscal year 2015/16 we intend to fully roll-out the Diversity&Inclusion Program for this target group in the region of Europe too. In the reporting year we already launched the second phase at our Chinese locations, with workshops for information levels 5 and 6.

Increasing the proportion of women in our company, especially in management positions, remains especially important to us. In fiscal year 2014/15 3,680 women (previous year: 3,880) were employed at Voith, equating to 17.5% of our workforce. In the Voith Senior Management Circle, the proportion of women currently stands at 7.3% (previous year: 6.3%). Nine nations continue to be represented in this circle.

### **Bringing Balance to Work and Family Life**

Balancing work and family is very important to us, as we want to offer our employees an attractive working environment that adapts flexibly to their personal situation. In this regard the aspect of caring for family members is also increasingly gaining in importance.

A key element of our family-friendly HR policy is flexible working time models. We also try our utmost to meet employee requests and offer them working time variability, where they can choose between different working models: These range from remote working or a home office, through part-time hours, to job sharing. Special working time regulations apply to individual departments and specific employee groups. The scheduling of personal working hours can be arranged on an individual basis that takes account of business requirements and personal needs.

Furthermore, we help our employees achieve a better work/life balance through our offering of assorted company daycare centers. At several of our locations in Germany we offer our employees childcare places for their children under the age of ten. Heidenheim offers 160 places and Sonthofen offers around 10 places for children of pre-school

age. Priority is given to applications from Voith employees. In addition, Sonthofen, Heidenheim and Crailsheim each have their own parent-child workroom, enabling parents to bring their children to work with them should they have difficulty finding someone to look after their children at short notice.

In fiscal year 2014/15, 304 employees (previous year: 459) took advantage of statutory parental leave.

To ease the burden on our employees in their private life, our intranet site Family & Work offers information on regional offers in Germany on the topic of Children & Work and Caring & Work. For many years now we have collaborated with an external service provider to offer all of our employees in Germany the opportunity to obtain information via telephone and e-mail on the topic of caring. Furthermore, they can use Voith-organized services to arrange childcare. The response to this offering has been thoroughly positive and demand is increasing.

### **Outlook**

The task facing HR today is to support the change process at Voith with forward-looking strategies and organizational structures, which are driven forward by our Group-wide success program Voith 150+. To meet this challenge, in the coming years we intend to continuously qualify our HR staff to steer jointly with the Management also in volatile times and expand our HR information system, among other measures. To further promote diversity within our company, in fiscal year 2015/16 we will drive forward the Europe-wide roll-out under our Diversity&Inclusion Program. This means we will have reached the majority of our managers by the end of the fiscal year.

## 4.3 Occupational Health and Safety

Health and safety in the workplace have maximum priority at Voith. By optimizing workplaces and processes we intend to prevent accidents and work-related illnesses as far as possible. From as early as 2009, reducing the frequency and severity of accidents has been anchored in our corporate goals.

### 4.3.1 Organization Occupational Health and Safety Restructured

As part of our Group-wide success program Voith 150+, we began to extensively restructure our cross-divisional functions in the reporting year. In line with our new organizational model, we also reorganized Health, Safety and Environmental protection (HSE).

The responsibilities for occupational health and safety, as well as the frameworks guiding our actions, are documented in our new HSE Group Directive. This also incorporates our previous Group Policies on Occupational Safety/Health. The Group Directive outlines the binding minimum requirements and standards for the Group, and also includes Standard Operating Procedures on Occupational Safety (SGDs). The Center of Competence HSE will also revise these SGDs as it takes over this task: This means they will be combined and consolidated with our Standard Operating Procedures on Environmental Protection (EGDs). In future, 23 Health, Safety and Environmental Protection Standard Process Instructions (SPI) will replace these; we have already produced 5 SPIs so far.

### Joining Forces with Employee Representatives

We pursue a collaborative approach regarding occupational health and safety, whereby we involve employee representatives when making key decisions. Company agreements on occupational health and safety, as well as on preventing addiction, complement the regulations in our HSE Group Directive.

A Safety Committee comprising employee and employer representatives meets every month at each production location, and works to develop the annual occupational safety program and implement it in monthly actions.

Our locations are required to incorporate fundamental occupational safety topics into the program. At the same time, they are expected to additionally allow for the individual hazards which they identify through accident and incident analyses. In relation to this, reports on near-miss incidents are becoming increasingly important.

### 4.3.2 Occupational Safety Safety in the Workplace Affects Everyone

Our occupational safety program includes every employee. Information and targets are cascaded down from the Board of Management to the relevant managers and further down to employee level.

Managers with supervisory roles have a particular responsibility in this regard: They have a clear duty to train their staff and actively communicate current developments. Employees must be given documented instruction at least once a year, with centrally prescribed training documents supporting this process.

#### HSE box

1.2 Strategy and  
Organization

In the reporting period, virtually all operations managers and 80% of administrative managers received occupational safety training. We also involve our service providers in our activities through our Occupational Safety Directive “Coordination of Visitors and Contractors”.

These training sessions are required by law and are documented. Besides verbal or written instruction, pilot projects have allowed us to gather positive experiences over recent years in the area of online instruction, which we are now also gradually rolling out using our global HSE IT tool hse+. We consider the initial focus areas to be decentralized organizations, such as site construction, and service or sales employees. Another advantage: Our online training tool allows us to perform quality reviews, for instance in the form of questionnaires.

Production employees' awareness of the topic of occupational safety is raised on a daily or weekly basis through short, high-impact presentations. Beyond the annual instruction we provide, with these five- to ten-minute presentations on current topics we aim to keep the topic of occupational safety at the forefront of their minds as they go about their daily work.

#### **Documenting, Analyzing and Preventing Accidents**

At Voith, all accidents are immediately recorded, reported to the manager with supervisory responsibility, and then published on our intranet. In the event of serious incidents, the Corporate Board of Management is informed directly within 24 hours.

Every accident is then studied and documented by an investigation team, which comprises those affected, managers with supervisory roles, and safety experts. The accident definitions are described in detail in the Group manual, and are

made comparable with other Voith companies internationally. Serious incidents are also re-investigated separately at our newly established Center of Competence HSE.

We monitor the development of occupational safety on a monthly basis through accident analyses, audits and other measures. This allows us to take immediate steps if serious incidents occur, or if specific types of accident increase in number. The first step we take in every instance is to issue a global HSE Flash News (information on the accident/incident focus areas in occupational health and safety) to promptly inform all affected employees.

In the reporting period we continued to focus on reporting near-miss accidents. Through doing so we intend to take more preventative action – especially in view of the continual decrease in accident numbers.

To ensure our standards are implemented globally, in the reporting period we launched a local network of experts and translated the guidelines and standards into the relevant national languages. This network regularly shares experience at a local level, thereby ensuring that know-how is transferred quickly between locations.

#### **Progress in the Reporting Period**

In the reporting period we made further progress in terms of occupational safety.

We systematically reduced potentially high risks by establishing a standardized procedure for safe energy-activation, thereby creating an important safety component in ensuring the safe use of our production systems. Through the rapid roll-out and thorough, systematic implementation at our locations, we set standards that ensure the

performance of repairs, maintenance and adjustments to our complex systems and machines are now performed much more safely. This is an important step, also considering the further automation of our production systems as part of Industry 4.0.

Alongside addressing hazards at our locations, in fiscal year 2014/15 we began systematically analyzing activities outside our locations and improving them in terms of occupational safety. One of our focus areas was on site construction and services. To benefit from external experience, we actively take part in German Engineering Federation VDMA working and project groups on the topics of “HSE Management in Plant Manufacturing” and the “Guide to Introducing a Travel Risk Management System”. Together with the specialist areas, we will then adapt the results obtained to Voith’s specific requirements through internal working groups. We are also working alongside the German Institute for Standardization on compiling the new ISO 45001: Here we can contribute our experience as well as benefit from external stimuli.

Besides reducing “classic” occupational accidents, in future we aim to put greater effort into achieving a reduction in the number of work-related illnesses that are a direct result of our operational activities. In this regard, in the reporting period we focused on two projects: running a pilot project on back problems and noise-induced hearing impairment.

In fiscal year 2015/16 our Occupational Safety and Internal Medical Care departments jointly produced a detailed training course on arranging the working environment at workplaces ergonomically. This course was initially offered at Heidenheim, as part of a pilot project. These departments will target noise-critical areas in production and manufacturing, run corresponding training courses in these areas, and take technical steps where necessary.

### Improving – Year by Year

Since implementing our management system at all production locations in 2009, we have continually improved in terms of occupational safety. As an example, the frequency rate, which we calculate according to the international standard – the number of accidents per 1 million working hours – has fallen continuously. In fiscal year 2014/15 we improved with a frequency rate of 1.5 (previous year: 2.0). This corresponds to 57 notifiable accidents (previous year: 82). In the reporting period we are pleased to announce that there were no fatalities as a result of occupational accidents.

We also achieved a considerable improvement in terms of the accident severity rate. In the mid-term we aimed to achieve a value of under 350 lost hours per 1 million hours worked. We are pleased to announce that we already achieved this goal in fiscal year 2014/15. The value now lies below 273 lost hours (previous year: 396), thus clearly proving that besides the absolute number, the severity of accidents has also fallen considerably. Both are key indicators for the effectiveness of our program.

Through providing uniform tools and audits, as well as detailed information, we intend to involve employees and managers even more closely in these activities. With our new HSE IT tool hse+ we aim to further optimize the transparency of our actions and derive measures in an even more targeted way.

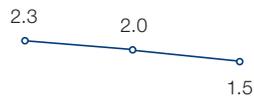
As part of our new central structures, HSE experts in all regions received extensive training on using hse+. From fiscal year 2015/16 onwards we will map audit-planning, audits, hazardous substances, compliance and hazard assessments uniformly and transparently worldwide in hse+.

**hse+**

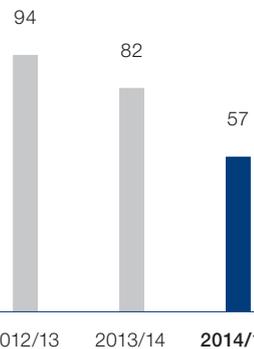
2.3 Protecting Our Environment

### Frequency Rate\*

specific figure in accidents per 1 million working hours



### Absolute figures

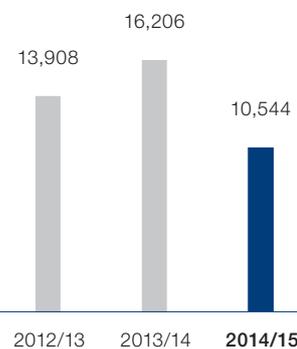


### Severity Rate\*

specific figure in hours lost per 1 million working hours



### Absolute figures



\* Data excluding the discontinued Group Division Voith Industrial Services.

### 4.3.3 Occupational Health

#### Prevention Takes Priority

We systematically promote the health of our employees, focusing on illness prevention in particular. We want our employees to stay fit for work and retire healthily at the end of their professional lives. To achieve this aim, we focus on four fields of action in which we achieved the following progress in the reporting period:

- Ergonomic and safe working environment**  
 Within our ergonomics campaign we targeted office workers in particular. As part of workplace inspections we informed them about ergonomics and advised them on optimally arranging their workspace layout at their desks. In the production area, the information focused mainly on dealing with heavy components and loads. The pilot measure in Heidenheim ran for nine months: At

the 64 events held, 970 employees took part and were informed and advised on questions relating to ergonomics on a one-to-one basis directly at their workplaces. The feedback was so positive that we now plan to offer this event at other locations. Furthermore, in fiscal year 2015/16 we will run an ergonomics campaign in the area of machine workshops. Alongside this, we have already started rolling out the next measure: With a campaign on the topic of "Emergency Management" we aim to ensure that an optimally functioning rescue chain is always in place in the event of an emergency.

- Health promotion and illness prevention**  
 In this field of action, the campaigns are run on the initiative of the individual locations, as part of their respective annual programs. In the reporting year the focus lay on skin-cancer screening,

and the offering of a vaccination certificate check. We have planned many activities for the future, including a focus campaign on the topic of “Back Health”.

Future measures will be developed as pilots in the Center of Competence HSE in Heidenheim, then rolled out to all German locations and implemented via the new central organizational structure.

- **Support in the event of illness and stress**

Thanks to our cooperation with an external service provider, our employees can obtain information and support relating to the care of family members and childcare. We are currently continuing to work on implementing robust processes at our locations. Following that – insofar as it is permitted under data protection legislation – we will establish a central reporting system on this topic. In addition, we will have completed the implementation of the standardized occupational reintegration management system in the current fiscal year.

- **Corporate culture and leadership**

Occupational health and safety are fundamental aspects of our corporate culture. To assist our managers with this task, we developed and introduced a corresponding reporting system in the reporting year: This provides robust KPIs on a quarterly basis on the development of our employees’ health, such as their illness rate. At our locations with an above-average illness rate, we offer seminars on preventative healthcare.

With seminars on the topic of “Leadership & Health”, in the reporting year we also started to make our managers more aware of the topic of health management. In the reporting year we conducted 26 seminars, which attracted around 350 participants in total. In addition, we are planning further events at a number of locations in Germany.

#### **4.3.4 Outlook**

The improvement in the frequency and severity rates testifies to the positive impact of our activities. A regular comparison with benchmark companies also proves that we have further consolidated our strong position in the area of occupational safety – and this was recently verified in the respective oekom research rating, where we achieved the top score of A+.

By restructuring our HSE organization under our Group-wide success program Voith 150+, over 95 percent of our employees around the world are supported on the topic of HSE by internal full-time experts. In doing so, we expect to achieve a considerable and lasting improvement in the quality of the support we provide. At the same time, we will keep working to improve the efficiency of our occupational safety activities.



We believe firmly that business success goes hand-in-hand with social engagement. This is why for many years we have lived up to our responsibility towards society as a corporate citizen, especially at our locations. Consequently, our CSR activities have a regional focus centered around Europe and focus on Germany in particular.

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## 05 Responsibility for Society

Active social engagement has always been very important to Voith. Wherever we are located around the world, we want to contribute to the positive development of society. As part of this, we provide targeted support at a local level and focus our activities on the key areas of sports, education, social affairs and culture.

## 5.1 Management Approach

As a company we want to contribute to promoting the common good, which is why active social engagement is an integral part of our understanding of sustainability.

The nature and scope of our engagement have been documented since 2008 in our Donations and Sponsorship Group Directive, which we updated in fiscal year 2014/15. Our engagement continues to focus on sports, education, social affairs and culture, which we support either by providing direct financial assistance or through in-kind donations. The Group Directive also outlines the financial frameworks of our spending commitments. The budget is based on the previous year's earnings before tax (EBT), limited to a maximum of one percent of EBT or at least two-thirds of the volume of funding in the year before last. By simplifying our approach we aim to ensure our engagement is continuous – even at times when our company's development is volatile.

When updating our Group Directive we paid particular attention to the issue of transparency in our donation and sponsorship policy, as this topic is important to many of our stakeholders.

Indeed, in our Code of Conduct we pledge to be transparent and act lawfully. To illustrate this, any donations we make to political parties require the approval of our Shareholders' Committee.

We record our donation and sponsorship activities in our internal controlling system and update it every six months, covering all our global activities and across all business units. Once a year, the Head of the Legal Department informs the Corporate Board of Management about how funds have been allocated across the entire Voith Group.

### Organization of our Engagement

Our Legal Department coordinates our social engagement activities, and Corporate Communications controls our sponsorship activities. We

have many sponsorship goals – mostly communication-based – besides funding, for which we receive an agreed consideration. Individual Group Divisions can also launch and run their own assistance and sponsorship projects, provided they comply with the Group Directive.

Besides the local Voith companies, our individual social engagement activities are managed predominantly by two organizations:

- Voith GmbH, Heidenheim
- Fundação Voith, Brazil. Since 2004 Voith has helped social projects in Brazil through this foundation.

We also support numerous initiatives and projects in coordination with the Hanns Voith Foundation. Through its activities, this independent foundation regularly engages in a large number of local and supraregional initiatives, and also provides financial support as annual donations to various projects.

### Project Selection Based on Clear Criteria

We set Group-wide criteria for selecting individual projects: To qualify for assistance, above all we must be convinced the recipient's project is a worthy one, and of their integrity. We also take into consideration the regional relevance and the appropriateness to our business segments, our values and our corporate culture. The frequency and volume of previous contributions is also factored in, as is the focus on distributing them as widely as possible. Irrespective of this, in humanitarian emergencies that demand urgent action we provide help quickly and directly. An example of this is our donations and in-kind contributions as part of our earthquake disaster assistance activities in Nepal in fiscal year 2014/15.

Besides this, our sponsorship activities always focus on the appropriateness of the contribution, the consideration we receive in return, and the benefit to Voith.

## 5.2 Projects and Activities

In fiscal year 2014/15 we kept up our social engagement activities in a period that was shaped in particular by the restructuring of our Group.

In fiscal year 2014/15 Voith and Fundação Voith spent around €2.8 million on social engagement activities (previous year: €1.84 million). Of this, Fundação Voith contributed €13,000, which represented a further year-on-year fall owing to the challenging economic situation in Brazil.

The considerable increase in overall funding was due primarily to one-time effects in the area of sponsorship. We also further improved the Group-wide recording of activities, so now even more activities are documented.

We provided €0.87 million in the form of donations, while €1.93 million was used for sponsorship measures. We spent the greatest share on sports (65%), followed by education (26%), social projects (5%) and cultural projects (4%). In the reporting year we made no contributions to political parties or political organizations.

### Geographical Distribution of Donations 2014/15 total €0.87 million



#### 5.2.1 Sports Engagement

Voith sponsors professional and amateur sports, and supports sports clubs and events around the world. In the reporting year we spent €1.82 million in this area. At our company's headquarters, we sponsor the sports club 1. FC Heidenheim 1864 e.V. This includes sponsoring the naming rights to the Voith Arena and supporting the club as the principal sponsor of the shirts and perimeter boards. By doing so, we aim to increase Voith's recognizability in particular. In addition, we sponsor the fencing center of the Heidenheimer Sportbund 1846 e.V. (HSB – Heidenheim Sports Association) as well as the local HSB baseball team, who were crowned German champions in the reporting year. We believe support for local initiatives is an

### Engagement with Tradition – the Hanns Voith Foundation

Under the slogan “Create Opportunities, Shape the Future”, the Hanns Voith Foundation has been dedicated to improving the prospects of young people for over 60 years.

Founded in 1953 to mark the 40th anniversary of service of the former director Hanns Voith, the organization is active in the fields of education, culture, the countryside and welfare, science and research, promoting international understanding,

and development aid. The independent foundation supports institutions and projects such as the Heidenheim Waldorf School, the Förderverein Eiszeitkunst (Friends of Ice Age Art Association), the Olympics 2016 project of the fencing section of the Heidenheim Sports Association, the Heidenheim Art Museum, and the town of Heidenheim's primary school project to promote physical exercise.

investment in the attractiveness of the region – one which benefits both the regional citizens and our employees.

In Brazil we are active in integrating mentally and physically challenged people through sports. For this purpose, in the reporting year we provided the local Jari foundation with €10,150 in funding.

### 5.2.2 Education Engagement

A good education and training form the basis for the best development opportunities in life. This is why we support kindergartens, schools and universities around the world, and in doing so are continuing the tradition of Dr. Hanns Voith.

As in the previous year, among our funding activities we donated €20,000 to the European Business School in Oestrich-Winkel, Germany and €14,000 to the German Institute for

Standardization. We also donated €42,000 to the Wissensfabrik – Unternehmen für Deutschland (Knowledge Factory – Companies for Germany), which is active as an intermediary between business, educational establishments and the science community.

The Zukunftsakademie (Academy of the Future) in Heidenheim, which we have worked with for many years as part of our talent sponsorship program, will be sponsored in future by the Hanns Voith Foundation.

Twelve years have passed since we began supporting the Germany-wide business@school education initiative of The Boston Consulting Group (BCG). It gives senior high school students the opportunity to get a closer look at business, including hands-on experience, over the course of one school year.

## Integration Initiative “We Together” – Voith is On Board

Voith is one of the initiators of the integration initiative “Wir Zusammen” (We Together) of German industry. It pools projects that have been introduced by 36 German companies over the last few months to help refugees integrate into their new surroundings.

Voith participates in the initiative with a training scholarship to make it easier for youngsters to enter the labor market. In cooperation with Heidenheim Technical College, up to eight refugees can start their first year of training as industrial mechanics with other Voith apprentices. During this time they will be accompanied by qualified Voith training experts and obtain a range of qualifications, which – depending on their previous knowledge, suitability, interest and personal

development – will enable them to either continue their training into the second year, enter the first year of a different apprenticeship, or go straight into a job.

The potential recipients of the training scholarship will be selected by Voith once they have successfully completed an internship and their preparatory qualification will start in the fall. Since last year, a young Syrian has already been participating in the scheme.

In fiscal year 2014/15 fifteen Voith employees volunteered their services to support the initiative, providing the necessary practical link with their knowledge and experience. In doing so, they supervised around 50 students in ten groups at three Heidenheim high schools.

Last but not least, we provide endowments for professorships at several German universities. By doing so, we aim to contribute – without influencing the research content or teaching practices – to the training of new academic talent and promote research in scientific areas relevant to Voith.

Our long-standing cooperation with schools and universities has also proven its worth in Europe, the US, India, China and Brazil. These activities include our support for the Adopt-a-School program in the US, and the cooperation between Escola Estadual Conjunto Habitacional Voith and the Friedrich von Voith School in São Paulo, Brazil.

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#### Research for the Future – Voith Endowed Professorships in Germany

- University of Stuttgart – Professor in Fluid Mechanics and Professor in Railway Vehicle Technology
  - University of Applied Sciences Munich – Professor in Paper Technology
  - Baden-Wuerttemberg Cooperative State University – Graduate School Ostwürttemberg
  - Ulm University of Applied Sciences – Professor in Hydraulics
- 

A particular focus of our activities lies traditionally on our headquarters in Heidenheim where, through our training program for instance, we cooperate with the Sonderberufsfachschule Hanns Voith (special vocational college) and



Othman Mousa (left) on a training assignment for his preparatory qualification with his training supervisor.

Othman Mousa came to Germany in 2014 and says: “I am happy to be here at Voith and can learn something new every day. The trainers are really a great help. Voith is like a new family to me.”

“Whether the people who have come to us will be able to integrate depends mainly on their acquisition of language and professional skills. Only if they master the language and obtain expert knowledge will they be able to get permanent work. Voith has therefore decided to give young refugees an opportunity to settle in our country with the help of its training scholarship. Their colleagues at the workplace are, in our opinion, the best integration helpers”, says Dr. Hubert Lienhard, President & CEO Voith GmbH.

where we also get involved as a good neighbor in numerous other activities.

In fiscal year 2014/15 the Hanns Voith Foundation provided funding to the project “Place of Learning by the Brenz”, which we supported the previous year by giving people first-hand experience of ecological restoration by the River Brenz.

#### Children's Future Organization

[www.cfo-kinderdorf-nepal.de/index.php/home-en](http://www.cfo-kinderdorf-nepal.de/index.php/home-en)

### 5.2.3 Social Affairs Engagement

Our wish is to improve people’s living conditions around the world and promote intercultural exchange. At the same time, many of our employees volunteer their spare time to assist people who need their help. Among our activities in this area, we support them by granting temporary paid release from work and providing them with materials or equipment that is no longer required.

Among the projects we support is a Children’s Village in Nepal: This is run by the Children’s Future Organization (CFO), which is involved in improving children’s chances in life and access to educational opportunities. Inspired by the initiative of one of our employees and his wife, who have now supported the project for six years, numerous Voith colleagues are now actively engaged in the project – from the Heidenheim Voith training workshop, Voith apprentices, through Gastro Voith and Voith Turbo Crailsheim, to the Hanns Voith Foundation. The organization now enjoys widespread public support and has been able to greatly expand its activities as a result. One of its latest projects includes the construction of a Craftsmen’s School.

However, at the end of April 2015 Nepal was hit by a major earthquake and several after-shocks. Thankfully, the houses in the children’s village escaped virtually unscathed, although neighboring villages in the region of Dhading suffered badly.

Under the banner of “Voith Employees for Nepal”, a project team from Voith organized spontaneous aid, Voith locations around the world joined the campaign. Numerous fund-raising activities and collections were launched for in-kind contributions such as blankets, and the first container of aid supplies arrived in the catastrophe-hit region soon after the devastating earthquake. This was followed in October 2015 sending a further container with 9.5 tonnes of relief aid.

### 5.2.4 Cultural Engagement

We want to give as many people as possible access to culture. As an example in the reporting period we provided financial support to various institutions in Heidenheim, including the Opera Festival with a €72,000 donation.

## “From Acting to Understanding” – the Special Vocational College Hanns Voith

Since as long ago as 1946, Voith has been the only industrial company in the German state of Baden-Württemberg to fulfill the socio-political responsibility of taking disadvantaged youngsters and preparing them for training schemes and the world of work.

What initially started as a vocational preparation and training course has now become an institution and recognized since 2004 as the Sonderberufsfachschule Hanns Voith. The aim of the institution is to support special-needs youngsters in their development, to encourage them individually and thus open up opportunities for training placements or work. The concept is a success story: Over 90 percent of students are taken on after one year of vocational preparation, with over 80 percent of them going into a training scheme. And we are proud to say that since 1972 Voith has helped 1,351 youngsters from the district to lead a structured life.

The three classes of the special vocational college each comprise 10 students.

Around 90% of the students are vocational-preparation and training-school leavers with learning difficulties or conduct disorders, and almost 10% are high-school leavers. The multi-disciplinary college comprises six teachers and educators, and a principal who is also Head of Technical Training at Voith.

Under the slogan “From Action to Understanding” the college focuses on integrated personal development. Specialist, performance and social competencies as well as emotional

skills are specifically supported, with a focus on self-learning in the three fields of work: metalworking, household and gardening technology, and services. The students can also complete their junior high school education here and gain their school-leaving certificate. At the same time, the youngsters are an integral part of the Voith business and take personal responsibility for tasks such as the

“Young Gifts Old” project, in which they make gift boxes for former employees, and “Quick Response” assignments, where they help Voith colleagues at short notice with various tasks.

The sponsor of the private college is a non-profit association comprising seven Voith companies based in Heidenheim, which cover

a significant amount of the costs for the fee-free special vocational college. The college receives its core funding from the German state of Baden-Württemberg.

A special highlight for the students of Sonderberufsfachschule Hanns Voith was the opening of the new training center in 2014: At the 2,400 m<sup>2</sup> workshop, all Voith apprentices and the students from the special vocational college work together in an interdisciplinary way.



**Young people in vocational training at the Special Vocational College Hanns Voith.**



# 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 places have been rounded up or down.

# Sustainable Management\*

## Key Economic Figures

in € millions	2014/15	2013/14	2012/13
Sales	4,302	4,168	5,728
Operational result before non-recurring items	270	235	310
Income before taxes	-23	54	98

## Direct economic value generated and distributed

in € millions	2014/15	2013/14	2012/13
Direct economic value generated (=revenues)	4,302	4,168	5,728
Economic value distributed			
Operating costs	2,840	2,537	3,412
Employee wages and benefits	1,434	1,424	2,154
Payments to providers of capital	73	106	71
Payments to government	48	59	27
Community investments	n. d.	n. d.	n. d.
Economic value retained	-93	41	63

## Sales Markets

in %	2014/15	2013/14	2012/13
Germany	11	11	20
Europe excluding Germany	27	29	27
Americas	29	31	27
Asia	28	25	23
Other	5	4	3

## Purchasing Volume by Procurement Market

in € millions	2014/15	2013/14	2012/13
	2,540	2,473	2,339
Regional distribution of purchasing volume (in %)			
Germany	40	42	36
Europe excluding Germany	22	21	22
Americas	22	27	28
Asia	15	10	14
Other	1	0	0
Number			
Different countries of origin for suppliers	84	82	77

n. d. = no data.

\*Excluding the discontinued Group Division Voith Industrial Services; previous year's value adjusted; value for 2012/13 includes the Group Division Voith Industrial Services.

## Business Area Portraits in Fiscal Year 2014/15<sup>1)</sup>

in € millions	Voith Hydro	Voith Paper	Voith Turbo
Sales	1,313	1,506	1,470
Profit from operations	101	58	91

## Certifications at Voith Locations

Number	2014/15	2013/14	2012/13
ISO 14001	58	58	69
ISO 9001	68	70	83
OHSAS 18001	60	60	69
Degree of Coverage based on Employees (in %)			
ISO 14001	70.0	72.8	82.7
ISO 9001	74.4	82.3	92.0
OHSAS 18001	71.1	76.5	83.5

## Compliance

in %	2014/15	2013/14	2012/13
Employees trained in compliance	100	100	100
Managers trained in compliance	100	100	100

## Compliance Training Sessions in Fiscal Year 2014/15

Number	Modus	2014/15	2013/14	2012/13
Management from the upper four levels, new managers at the Voith Academy, Sales, Sourcing	One day	391	580	913
Decentralized training by compliance officer	> 1.5 h	857	1,043	2,209
Training by supervisor	> 0.5 h	1,457	1,165	2,891

## Training on Compliance in Fiscal Year 2014/15

Number	Persons trained	Sessions	Type
Management, Sales, Sourcing	391	20	One-day
Compliance officers	28	2	Two-day

## Expenditures for Employees<sup>2)</sup>

in € millions	2014/15	2013/14	2012/13
Wages and salaries	1,188	1,170	1,753
Social security contributions, retirement pensions, and assistance	245.7	254.0	401.7

<sup>1)</sup> Deviation from overall sales through reconciliation (2014/15: €13 million).

<sup>2)</sup> Data includes the Group Division Voith Industrial Services (see Annual Report 2015, p. 140).

# Responsibility for the Environment\*

## Energy Consumption and Greenhouse Gas Emissions

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

	Energy used		
	Unit	2014/15	2013/14
Direct energy consumption of the Voith vehicle fleet	MWh	23,684	30,290
Company cars	%	23	20
Logistics	%	77	80
Volatile greenhouse gas emissions		n. a.	n. a.

Direct energy consumption in production	MWh	154,013	170,215
Natural gas	%	81	80
Heating oil	%	3	5
Diesel	%	6	6
LPG	%	9	9
Biomass/biogenic energy sources	%	< 1	< 1
Other renewable energy sources and captive generation of renewable energy	%	0	0
Other	%	0	0

### Indirect Energy Consumption/Greenhouse Gas Emissions (Scope 2)

	Energy used		
	Unit	2014/15	2013/14
Indirect energy consumption (purchased and captive, only if the fuels are not included above)	MWh	338,345	358,199
Electricity	%	80	81
Long-distance heating	%	20	19
Steam	%	< 1	< 1

Energy sold	MWh	343	299
Electricity	%	100	100
Heat energy	%	0	0
Steam	%	0	0

n.a. = not available.

Energy use (total, renewable, non-renewable); total biomass + renewable energy sources; total energy use for own fleet from non-renewable energy sources was 1,857,748 GJ.

Transport-related greenhouse gas emissions were converted using the conversion factors for passenger transportation provided by the ProBas database of the German Federal Environment Agency.

Transport-related greenhouse gas emissions for the carriage of goods comprise greenhouse gas emissions based on our inventory additions and subtractions data and associated transportation activities. Transportation-related greenhouse gas emissions calculated using the emission factors provided by the ProBas database of the German Federal Environment Agency.

\*Excluding the discontinued Group Division Voith Industrial Services; previous year's value adjusted; value for 2012/13 includes the Group Division Voith Industrial Services.

<sup>1)</sup>Excluding volatile greenhouse gas emissions. We plan to collect data on volatile greenhouse gas emissions from fiscal year 2015/16 onwards.

Greenhouse gas emissions				
2012/13	Unit	2014/15	2013/14	2012/13
63,914	t CO <sub>2</sub> e	6,652	8,563	18,178
14	%	22	19	13
86	%	78	81	87
n. a.	t CO <sub>2</sub> e	n. a.	n. a.	n. a.

197,041	t CO <sub>2</sub> e	32,792	36,424	42,405
79	%	77	76	75
7	%	5	7	9
6	%	8	8	8
7	%	10	10	8
< 1	%	< 1	< 1	< 1
0	%	0	0	0
< 1	%	0	0	< 1

Greenhouse gas emissions				
2012/13	Unit	2014/15	2013/14	2012/13
406,378	t CO <sub>2</sub> e	121,583	127,888	143,673
77	%	92	92	91
21	%	8	8	9
< 1	%	< 1	< 1	< 1

283	t CO <sub>2</sub> e	167	145	137
100	%	100	100	100
0	%	0	0	0
0	%	0	0	0

## Scope Overview

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

■ Production-related energy

A Is not recorded at present

**Indirect Energy Consumption/Greenhouse Gas Emissions (Scope 3)<sup>1)</sup>**

	Energy used		
	Unit	2014/15	2013/14
Business travel	MWh	59,860	52,688
Rail	%	< 1	< 1
Car (not belonging to the Voith fleet, e.g. hired cars)	%	6	7
Flight (short-distance)	%	2	3
Flight (long-distance)	%	91	90
Logistics (upstream and downstream)	MWh	133,542	99,750
Rail	%	< 1	< 1
Truck	%	9	10
Ship	%	5	9
Flight	%	86	81

Note: Only the stated uses of energy and greenhouse gas emissions have as yet been able to be recorded with reference to Scope 3. We are working to include other significant uses of energy and sources of emissions in our calculations.

**Total Energy Consumption/Greenhouse Gas Emissions**

	Energy used		
	Unit	2014/15	2013/14
Production-related energy consumption	MWh	492,358	528,414
Total for business travel	MWh	65,322	58,686
Scope 1	%	8	10
Scope 3	%	92	90
Total for logistics	MWh	151,763	124,043
Scope 1	%	12	20
Scope 3	%	88	80
Energy consumption for Scope 1 + Scope 2 + Scope 3	MWh	709,443	711,143
Scope 1	%	25	28
Scope 2	%	48	50
Scope 3	%	27	21

**Specific Production-related Energy Consumption/Greenhouse Gas Emissions (Scope 1 and 2)<sup>2)</sup>**

	Energy used		
	Unit	2014/15	2013/14
Specific Energy Consumption/Greenhouse Gas Emissions (Scope 1 and 2)	MWh/€ million sales	114.4	126.8

<sup>1)</sup>Excluding commuting to work by employees; greenhouse gas emissions through the use of products and services sold; greenhouse gas emissions through water consumption; greenhouse gas emissions through waste disposal.

<sup>2)</sup>Data excluding the discontinued Group Division Voith Industrial Services.

Greenhouse gas emissions				
2012/13	Unit	2014/15	2013/14	2012/13
59,231	t CO <sub>2</sub> e	16,417	14,441	16,346
<1	%	<1	<1	<1
8	%	6	7	9
3	%	2	3	3
88	%	92	90	88
120,647	t CO <sub>2</sub> e	36,575	27,398	32,990
<1	%	<1	<1	<1
7	%	11	11	8
7	%	5	9	8
85	%	84	79	84

Greenhouse gas emissions				
2012/13	Unit	2014/15	2013/14	2012/13
603,419	t CO <sub>2</sub> e	154,374	164,312	186,079
68,244	t CO <sub>2</sub> e	17,896	16,076	18,799
13	%	8	10	13
87	%	92	90	87
175,548	t CO <sub>2</sub> e	41,748	34,327	48,716
31	%	12	20	32
69	%	88	80	68
847,205	t CO <sub>2</sub> e	214,018	214,714	253,592
31	%	18	21	24
48	%	57	60	57
21	%	25	19	19

Greenhouse gas emissions				
2012/13	Unit	2014/15	2013/14	2012/13
126.5	t CO <sub>2</sub> e/€ million sales	35.9	39.4	38.5

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

	Energy used		
	Unit	2014/15	2013/14
Total energy consumption/greenhouse gas emissions	MWh	492,358	528,414
Germany	%	37	36
Europe excluding Germany	%	14	14
Americas	%	34	36
Asia	%	14	13
Other	%	< 1	< 1

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

	Energy used		
	Unit	2014/15	2013/14
Total	MWh	25,400	19,667

## Material Consumption

### Materials Used by Weight

in t	2014/15	2013/14	2012/13
<b>Total materials/raw materials used</b>	<b>161,739</b>	<b>124,412</b>	<b>172,989</b>
in %			
Raw material	34	34	32
Semifinished products	55	52	55
Packaging	8	11	9
Auxiliaries	3	3	4
<b>Total renewable materials</b>	<b>10</b>	<b>10</b>	<b>8</b>
<b>Total non-renewable materials</b>	<b>90</b>	<b>90</b>	<b>92</b>

### Share of Secondary Raw Materials in Total Materials Used

in %	2014/15	2013/14	2012/13
Raw material	47	45	41
Semifinished products	49	46	42
Packaging	84	74	74
Auxiliaries	53	55	46
<b>Total</b>	<b>50</b>	<b>49</b>	<b>44</b>

Greenhouse gas emissions				
2012/13	Unit	2014/15	2013/14	2012/13
603,419	t CO <sub>2</sub> e	154,374	164,312	186,079
40	%	25	25	28
16	%	7	7	10
32	%	36	38	35
12	%	31	29	26
< 1	%	< 1	< 1	< 1

Greenhouse gas emissions				
2012/13	Unit	2014/15	2013/14	2012/13
5,098	t CO <sub>2</sub> e	11,003	8,519	1,679

## Water Consumption

### Water Consumption by Region

in %	2014/15	2013/14	2012/13
Germany	55	48	41
Europe excluding Germany	10	13	15
Americas	18	21	24
Asia	17	17	20
Other	< 1	< 1	< 1
in m <sup>3</sup>			
<b>Total</b>	<b>1,395,991</b>	<b>1,351,772</b>	<b>1,305,196</b>

### Water Consumption by Source

in m <sup>3</sup>	2014/15	2013/14	2012/13
Surface water	90,431	119,402	120,767
Groundwater	817,995	714,541	541,124
Rainwater	12,465	15,193	6,943
Wastewater from other companies	0	0	0
From municipal water utility	487,565	517,829	643,305
<b>Total</b>	<b>1,408,455</b>	<b>1,366,965</b>	<b>1,312,139</b>

### Freshwater Consumption

in m <sup>3</sup>	2014/15	2013/14	2012/13
<b>Total</b>	<b>1,395,991</b>	<b>1,351,772</b>	<b>1,305,196</b>

### Specific Freshwater Consumption

in m <sup>3</sup> /€ thousand sales	2014/15	2013/14	2012/13
<b>Total</b>	<b>0.32</b>	<b>0.32</b>	<b>0.27</b>

### Percentage and Total Volume of Reused Water

in m <sup>3</sup>	2014/15	2013/14	2012/13
<b>Total</b>	<b>131</b>	<b>134</b>	<b>108</b>
As a % of total water withdrawn	< 1	< 1	< 1

## Wastewater

### Wastewater Discharge

in m <sup>3</sup>	2014/15	2013/14	2012/13
<b>Total</b>	<b>1,215,153</b>	<b>1,197,244</b>	<b>1,213,086</b>

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

### Treated and Untreated Wastewater by Method of Discharge

in m <sup>3</sup>		2014/15	2013/14	2012/13
<b>Total treated wastewater</b>		<b>99,576</b>	<b>101,877</b>	<b>156,035</b>
Discharged into the public sewage system	in %	59	56	54
Discharged into surface water	in %	37	40	44
Discharged into groundwater	in %	5	4	3
Reused at another company	in %	0	0	0
<b>Total untreated wastewater</b>		<b>1,115,577</b>	<b>1,095,367</b>	<b>1,057,051</b>
Discharged into the public sewage system	in %	43	51	57
Discharged into surface water	in %	26	29	33
Discharged into groundwater	in %	31	20	10
Reused at another company	in %	< 1	< 1	< 1

### Wastewater Quality

in t		2014/15	2013/14	2012/13
Biological oxygen demand (BOD)		13	14	9
Chemical oxygen demand (COD)		40	44	32
Total suspended matter content		8	8	11
Heavy metals		< 1	< 1	< 1
Nitrogen		< 1	< 1	< 1
Phosphorus		< 1	< 1	< 1

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

<sup>1)</sup> Data excluding the discontinued Group Division Voith Industrial Services.

### Significant<sup>1)</sup> Direct Wastewater Discharge in 2014/15

Location	Destination	Protection status	Other information
Heidenheim	Brenz River/ Groundwater	Water protection area acc. to WRRL, WHG (§§ 50–53), Zone III/IIIA (Zone II/IIA TB Mergelstetten, not yet final)	84% of wastewater is returned to the natural water cycle. The water was previously used for cooling purposes. The discharged water is subject to strict observation, as the location is in a water protection zone.
Garching	Groundwater	–	88% of wastewater is returned to the natural water cycle.
Högsjö (Sweden)	Lake Högsjö	–	94% of wastewater is returned to the natural water cycle. The water was previously used for cooling purposes.
Ibarra (Spain)	Río Oria	–	57% of wastewater is returned to the natural water cycle.
Hyderabad (India)	Groundwater	–	100% of wastewater is returned to the natural water cycle.
Noida (India)	Yamuna River	–	100% of wastewater is returned to the natural water cycle.
São Paulo (Brazil)	Perus River	Permanent Protection Area (APP), national law (Brazil)	92% of wastewater is returned to the natural water cycle. We have purification equipment locally with which the water is treated for discharge. The location is adjacent to a water protection zone.
Wimpassing (Austria)	Schwarza River	–	48% of cooling water is returned to the Schwarza.

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

## Waste

### Waste by Region

in %	2014/15	2013/14	2012/13
Germany	37	37	43
Europe excluding Germany	8	8	8
Americas	38	41	35
Asia	17	14	13
Other	< 1	< 1	< 1
in t			
<b>Total</b>	<b>43,108</b>	<b>45,820</b>	<b>49,574</b>

### Specific Waste Weight<sup>2)</sup>

in t/€ million sales	2014/15	2013/14	2012/13
<b>Total</b>	<b>10.0</b>	<b>11.0</b>	<b>10.3</b>

<sup>1)</sup> "Significant" is considered to be wastewater discharged to surface water and to groundwater that exceeds 5% of the total water volume of the observed unit.

<sup>2)</sup> Data excluding the discontinued Group Division Voith Industrial Services.

**Reclaimed and Removed Waste by Method**

in t	2014/15	2013/14	2012/13
Reclaimed waste	27,958	28,921	32,163
Reused	217	244	350
Recycled	21,656	22,695	25,633
Composted	179	244	163
Recovered	4,538	4,334	4,886
Other reclamation	1,368	1,404	1,131
Removed waste	15,153	16,899	17,411
Incinerated	2,772	2,737	3,511
Dumped at an external site <sup>1)</sup>	12,381	14,162	13,900
Dumped at a company site	0	0	0
Other removal	0	0	0
<b>Total</b>	<b>43,111</b>	<b>45,820</b>	<b>49,574</b>

**Hazardous and Non-hazardous Waste**

in t	2014/15	2013/14	2012/13
Hazardous waste	8,689	9,376	9,813
Non-hazardous waste	34,419	36,444	39,761
<b>Total</b>	<b>43,108</b>	<b>45,820</b>	<b>49,574</b>

**Imported, Transported and Exported Hazardous Waste**

in t	2014/15	2013/14	2012/13
Total weight of transported hazardous waste	8,689	9,376	9,813
Total weight of imported hazardous waste	0	0	0
Total weight of exported hazardous waste	0	0	0
Total weight of hazardous waste transported nationally and internationally between Voith locations	0	0	0
Share of hazardous waste transported across borders (in %)	0	0	0

<sup>1)</sup>Foundry sand waste from the foundry in São Paulo; waste disposal in the US.

## Air Pollutants

### Production-related Air Pollutants

in t	2014/15	2013/14	2012/13
Chlorofluorocarbons (CFCs) <sup>1)</sup>	< 1	< 1	< 1
Hydrochlorofluorocarbons (HCFCs) <sup>1)</sup>	< 1	< 1	< 1
Halon <sup>1)</sup>	0	0	0
Methyl bromide (CH <sub>3</sub> Br) <sup>1)</sup>	n. s.	n. s.	n. s.
Volatile organic compounds (VOCs)	70	100	104
Non-methane volatile organic compounds (NMVOCs)	70	100	104
Persistent organic pollutants (POPs)	n. s.	n. s.	n. s.
Hazardous air pollutants (HAPs)	n. s.	n. s.	n. s.
Dust emissions	17	11	8
Respirable fraction	n. a.	n. a.	n. a.
Heavy metals	n. s.	n. s.	n. s.
Nitrogen oxides (NO <sub>x</sub> )	n. s.	n. s.	n. s.
Sulfur oxides (SO <sub>x</sub> )	n. s.	n. s.	n. s.
Sulfur hexafluoride (SF <sub>6</sub> )	0	0	0

### Air Pollutants from Production-related Energy Consumption

in t	2014/15	2013/14	2012/13
Chlorofluorocarbons (CFC) <sup>1)</sup>	< 1	< 1	< 1
Hydrochlorofluorocarbons (HCFCs) <sup>1)</sup>	< 1	< 1	< 1
Halon <sup>1)</sup>	< 1	< 1	< 1
Methyl bromide (CH <sub>3</sub> Br) <sup>1)</sup>	n. a.	n. a.	n. a.
Volatile organic compounds (VOCs)	395	421	462
Non-methane volatile organic compounds (NMVOCs)	27	29	31
Persistent organic pollutants (POPs)	< 1	< 1	< 1
Hazardous air pollutants (HAPs)	18	19	20
Dust emissions	33	35	38
Respirable fraction	12	13	14
Heavy metals	< 1	< 1	< 1
Nitrogen oxides (NO <sub>x</sub> )	365	394	422
Sulfur oxides (SO <sub>x</sub> )	819	885	930
Sulfur hexafluoride (SF <sub>6</sub> )	< 1	< 1	< 1

n.s. = not significant.

n.a. = not available.

<sup>1)</sup>Ozone-depleting substances in t CFC11 equiv.

**Air Pollutants from Business Travel**

in t	2014/15	2013/14	2012/13
Chlorofluorocarbons (CFC) <sup>1)</sup>	< 1	< 1	< 1
Hydrochlorofluorocarbons (HCFCs) <sup>1)</sup>	< 1	< 1	< 1
Halon <sup>1)</sup>	0	0	0
Methyl bromide (CH <sub>3</sub> Br) <sup>1)</sup>	n. a.	n. a.	n. a.
Volatile organic compounds (VOCs)	57	56	210
Non-methane volatile organic compounds (NMVOCs)	13	13	49
Persistent organic pollutants (POPs)	< 1	< 1	< 1
Hazardous air pollutants (HAPs)	1	1	2
Dust emissions	2	2	6
Respirable fraction	2	2	5
Heavy metals	< 1	< 1	< 1
Nitrogen oxides (NO <sub>x</sub> )	91	82	152
Sulfur oxides (SO <sub>x</sub> )	24	24	89
Sulfur hexafluoride (SF <sub>6</sub> )	< 1	< 1	< 1

**Air Pollutants from Transport of Goods**

in t	2014/15	2013/14	2012/13
Chlorofluorocarbons (CFC) <sup>1)</sup>	< 1	< 1	< 1
Hydrochlorofluorocarbons (HCFCs) <sup>1)</sup>	< 1	< 1	< 1
Halon <sup>1)</sup>	0	0	0
Methyl bromide (CH <sub>3</sub> Br) <sup>1)</sup>	n. a.	n. a.	n. a.
Volatile organic compounds (VOCs)	107	97	132
Non-methane volatile organic compounds (NMVOCs)	25	23	31
Persistent organic pollutants (POPs)	< 1	< 1	< 1
Hazardous air pollutants (HAPs)	< 1	< 1	< 1
Dust emissions	5	4	6
Respirable fraction	4	4	5
Heavy metals	< 1	< 1	< 1
Nitrogen oxides (NO <sub>x</sub> )	233	195	244
Sulfur oxides (SO <sub>x</sub> )	77	86	99
Sulfur hexafluoride (SF <sub>6</sub> )	< 1	< 1	< 1

n. a. = not available

<sup>1)</sup>Ozone-depleting substances in t CFC-11 equiv.

# Responsibility for Products and Supply Chains\*

## Procured Production Materials by Value

In € millions	2014/15	2013/14	2012/13
Total purchasing volume production materials	1,830	1,770	1,824
Electricals/electronics	171	156	197
Cast parts	138	141	136
Subcontracting	149	129	119
Structural components	253	247	277
Steel/semifinished products	59	51	84
Welded structures	84	78	81
DIN/standard components	50	46	53
Roller bearings	38	34	38
Hydraulics	39	37	39
Forged metal parts	35	31	38

## Active Suppliers

Number	2014/15	2013/14	2012/13
<b>Total</b>	<b>21,543</b>	<b>22,555</b>	<b>approx. 40,500</b>
Regional distribution in %			
Germany	33.9	33.9	44.7
Europe excluding Germany	21.6	20.8	17.2
Americas	28.3	29.8	27.2
Asia	14.8	14.1	9.7
Other	1.4	1.4	1.2

## Suppliers Who Have Filled Out a Self-assessment

Number	2014/15	2013/14	2012/13
Initial self-assessment	2,156	1,400	n.r.
Supplier self-assessment ratio (in %) (share of the invoice volume obtained from suppliers for whom there is a valid self-assessment)	61.7	36.0	3.8

n.r. = not recorded

\*Excluding the discontinued Group Division Voith Industrial Services; previous year's value adjusted; value for 2012/13 includes the Group Division Voith Industrial Services.

### Evaluations of Existing Suppliers

Number	2014/15	2013/14	2012/13
Evaluations (individual processes)	4,655	6,386	8,279
Suppliers evaluated	3,814	4,890	5,861
Share of invoice volume placed with evaluated suppliers (in %)	62	71	76
Sustainability ratio (out of 100) since fiscal year 2012/13 (in %)	84	74	80
Volume of invoices with suppliers for whom an up-to-date, approved supplier evaluation was available (in € millions)	947	1,188	1,330

# Responsibility for Our Employees\*

## Consolidation Scope

### Consolidation Scope for Employee Numbers

Number	2014/15	2013/14	2012/13
Employees Group-wide in FTE	20,223	20,943	43,134
Employees Group-wide as a headcount <sup>1)</sup>	20,981	21,967	47,111
Employees included in data analysis	20,981	21,967	42,482

## Workforce Structure

### Employees by Age Group and Gender<sup>2)</sup> in Fiscal Year 2014/15

Number	Voith Group	Europe excluding Germany			Americas	Asia	Other
		Germany	Germany	Germany			
Women	3,680	1,482	646	783	724	45	
Men	17,301	6,853	2,575	4,460	2,760	653	
< 30 years	3,142	1,005	323	899	790	125	
30–50 years	11,599	4,332	1,820	2,681	2,288	478	
> 50 years	6,240	2,998	1,078	1,663	406	95	
<b>Total</b>	<b>20,981</b>	<b>8,335</b>	<b>3,221</b>	<b>5,243</b>	<b>3,484</b>	<b>698</b>	

### Full-time and Part-time Employees by Age and Gender in Fiscal Year 2014/15

Number	Voith Group	Europe excluding Germany			Americas	Asia	Other
		Germany	Germany	Germany			
Full-time	19,662	7,730	2,933	5,143	3,162	694	
Women	2,888	956	475	767	647	43	
Men	16,774	6,774	2,458	4,376	2,515	651	
< 30 years	2,996	981	306	879	705	125	
30–50 years	10,846	3,975	1,642	2,620	2,134	475	
> 50 years	5,820	2,774	985	1,644	323	94	
Part-time	1,319	605	288	100	322	4	
Women	792	526	171	16	77	2	
Men	527	79	117	84	245	2	
< 30 years	146	24	17	20	85	0	
30–50 years	753	357	178	61	154	3	
> 50 years	420	224	93	19	83	1	

\* Excluding the discontinued Group Division Voith Industrial Services; previous year's value adjusted; value for 2012/13 includes the Group Division Voith Industrial Services.

<sup>1)</sup> Unlike in the Annual Report, employee figures in the Sustainability Report are represented by headcount, rather than by FTE (full time equivalents).

<sup>2)</sup> Due to part-time work the regional distribution in headcount and FTE (full time equivalents) is different to the Annual Report.

### Employees with Temporary and Permanent Employment Contracts by Gender in Fiscal Year 2014/15

Number	Voith Group	Europe excluding			Americas	Asia	Other
		Germany	Germany	Germany			
Permanent employment contract	18,506	8,069	3,119	5,123	1,519	676	
Women	3,154	1,412	628	760	310	44	
Men	15,352	6,657	2,491	4,363	1,209	632	
Temporary employment contract	2,475	266	102	120	1,965	22	
Women	526	70	18	23	414	1	
Men	1,949	196	84	97	1,551	21	
Temporary employees	776	386	123	249	14	4	
Women	127	59	19	40	9	0	
Men	649	327	104	209	5	4	

### Collective Bargaining Agreements

in %	2014/15	2013/14	2012/13
Number of employees covered by collective bargaining agreements	74	71	74
In Germany	97	92	84

## Workforce Fluctuation

### Employees who Left the Company in Fiscal Year 2014/15 on Own Initiative

in %	
Total	12.4
At the employee's initiative	6.9
At the employer's initiative	4.0
Other	1.5

### Newly Employed Employees Who Left Voith within Twelve Months by Gender, Age Group, and Region in Fiscal Year 2014/15

Number	Voith Group	Europe excluding			Americas	Asia	Other
		Germany	Germany	Germany			
Voith Group	386	39	30	219	97	1	
Women	73	9	6	30	28	0	
Men	313	30	24	189	69	1	
< 30 years	182	17	15	91	59	0	
30–50 years	157	18	10	91	37	1	
> 50 years	47	4	5	37	1	0	
<b>Total</b>	<b>386</b>	<b>39</b>	<b>30</b>	<b>219</b>	<b>97</b>	<b>1</b>	

## Average Employment Length by Region

in years	2014/15	2013/14	2012/13
Voith Group	12.47	12.18	8.15
Germany	16.66	16.38	9.80
Europe excluding Germany	12.49	12.67	7.50
Americas	10.49	10.05	6.62
Asia	6.52	6.01	5.36
Other	8.24	7.80	5.97

## Work-life Balance

### Parental Leave in Fiscal Year 2014/15

Number	Voith Group	Germany	Europe excluding Germany	Americas	Asia	Other
<b>Employees entitled to parental leave</b>						
Total	17,231	7,287	2,488	4,843	2,073	540
Women	2,825	1,155	475	715	448	32
Men	14,406	6,132	2,013	4,128	1,625	508
<b>Total parental leave take-up</b>						
Total	304	284	16	3	1	0
Women	61	54	5	1	1	0
Men	243	230	11	2	0	0
<b>Employees who returned to Voith after parental leave</b>						
Total	299	282	15	2	0	0
Women	57	52	5	0	0	0
Men	242	230	10	2	0	0
<b>Employees who returned to Voith after parental leave who are still at Voith 12 months after returning</b>						
Total	214	209	5	0	0	0
Women	38	37	1	0	0	0
Men	176	172	4	0	0	0
<b>Return to work rate (in %)</b>						
Total	98	99	94	67	0	-
Women	93	96	100	0	0	-
Men	100	100	91	100	-	-
<b>Retention rate among employees who took parental leave (in %)</b>						
Total	72	74	33	0	-	-
Women	67	71	20	-	-	-
Men	73	75	40	0	-	-

## Occupational Safety

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

As a % (of the headcount)	2014/15	2013/14	2012/13
Voith Group	75	75	75

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

Work accidents (number)	2014/15	2013/14	2012/13
Voith Group	57	82	181
Germany	30	40	95
Europe excluding Germany	7	20	39
Americas	14	11	33
Asia	6	11	12
Other	0	0	2
Work accidents resulting in fatalities <sup>1)</sup>	0	0	1
<b>Frequency rate</b>			
Voith Group	1.5	2.0	2.3
Germany	2.0	2.6	3.1
Europe excluding Germany	1.4	3.7	2.6
Americas	1.4	1.0	1.5
Asia	0.7	1.3	1.1
Other	0	0	5.4
<b>Severity rate</b>			
Voith Group	273	396	425.1
Germany	167.5	235.4	401.4
Europe excluding Germany	391.2	458.6	316.1
Americas	286.8	579.4	624.9
Asia	389.8	459.4	204.8
Other	0.0	0.0	1,298.7
<b>Absenteeism rate in hours</b>			
Voith Group	1,157,058	1,233,146	2,654,348
Germany	658,078	720,790	1,445,441
Europe excluding Germany	171,446	181,664	479,907
Americas	245,478	237,031	637,407
Asia	77,946	90,281	91,594
Other	4,111	3,380	0
<b>Ratio of days lost in %</b>			
Voith Group	3.0	3.1	3.4
Germany	4.5	4.6	4.8
Europe excluding Germany	3.3	3.3	3.2
Americas	2.4	2.3	2.9
Asia	1.0	1.1	0.8
Other	1.4	1.0	0.0

The following aspects are not currently recorded: Frequency of work-related accidents and gender; occupational illnesses. We intend to report this information by 2016.

<sup>1)</sup>Regrettably, in FY 2012/13 a car accident resulted in death.

## Training Courses in Occupational Safety

In %	2014/15	2013/14	2012/13
Operations managers	approx. 100	approx. 100	n. r.
Administrative managers	80	75	n. r.
Trained service providers	n. r.	n. r.	n. r.

## Training and Education

### Vocational Training

Number	2014/15	2013/14	2012/13
Apprentices and students at cooperative universities	889	1,015	1,197
in Germany	827	918	940
at the Heidenheim location	406	437	270

### Training and Further Education Hours<sup>1)</sup>

Total number of hours	2014/15	2013/14	2012/13
Voith Group	171,991	97,056	127,379
Men	144,828	n. r.	n. r.
Women	27,163	n. r.	n. r.
The Corporate Board of Management, Executive Team, Senior Management Circle; Regional Directors/Chairpersons, Board of Management of operating units, heads of product groups, managers in Group management functions	9,728	n. r.	n. r.
Mid- and lower-level management	19,384	n. r.	n. r.
All other employees	142,879	n. r.	n. r.
Number of employees who underwent further training	14,505	3,443	3,915
<b>Total expenditure of Voith Group</b>	<b>2,998,737</b>	<b>2,938,946</b>	<b>2,932,230</b>

### Performance and Career Development

Employees who received performance and career development reviews (in %)	2014/15	2013/14	2012/13
Voith Group	82.9	n. r.	n. r.
Men	83.6	n. r.	n. r.
Women	79.6	n. r.	n. r.
The Corporate Board of Management, Executive Team, Senior Management Circle; Regional Directors/Chairpersons, Board of Management of operating units, heads of product groups, managers in Group management functions	96.2	n. r.	n. r.
Mid- and lower-level management	96.1	n. r.	n. r.
All other employees	82.0	n. r.	n. r.

n. r. = not recorded.

<sup>1)</sup>Data excluding the discontinued Group Division Voith Industrial Services.

## Diversity

### Diversity in Senior Management Circle

Women in Senior Management Circle	2014/15	2013/14	2012/13
Number of women in SMC	6	6	7
Total number of SMC members	82	96	92
in %			
Proportion of women in SMC	7.3	6.3	7.6

### Distribution of Women and Men at Management Level

Number	2014/15	2013/14	2012/13
<b>Corporate Board of Management, Executive Team, Senior Management Circle</b>			
Men	82	88	99
Women	6	6	7
< 30 years	0	0	n. r.
30–50 years	36	44	n. r.
> 50 years	52	50	n. r.
Non-German members	26	28	n. r.
<b>Regional directors/chairpersons, Management Board of operating units, heads of product groups, managers in Group management functions</b>			
Men	342	326	398
Women	30	28	40
< 30 years	1	0	n. r.
30–50 years	199	205	n. r.
> 50 years	172	149	n. r.
Non-German members	199	182	n. r.
<b>Mid- and lower-level management</b>			
Men	684	671	691
Women	79	76	76
< 30 years	3	4	n. r.
30–50 years	470	460	n. r.
> 50 years	290	283	n. r.
Non-German members	449	448	n. r.
<b>Total (across all management levels)</b>			
Men	1,108	1,085	1,188
Women	115	110	123
< 30 years	4	4	n. r.
30–50 years	705	709	n. r.
> 50 years	514	482	n. r.
Non-German members	674	658	n. r.

n. r. = not recorded.

### Diversity in the Workforce

in %	2014/15	2013/14	2012/13
Men	82.5	n. r.	n. r.
Women	17.5	n. r.	n. r.
< 30 years	15.0	n. r.	n. r.
30–50 years	55.3	n. r.	n. r.
> 50 years	29.7	n. r.	n. r.
Non-German members	61.7	n. r.	n. r.

### Employment Ratio of People with Disabilities

in %	2014/15	2013/14	2012/13
Employment ratio of people with disabilities	3.8	4.3	3.8

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

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

n. r. = not recorded.

# Responsibility for Society\*

## Not-for-profit Engagement

### Donations and Sponsoring

€ in millions	2014/15	2013/14	2012/13
Voith Group	2.79	1.81	0.95
Fundação Voith <sup>1)</sup>	0.01	0.03	0.43
<b>Total</b>	<b>2.80</b>	<b>1.84</b>	<b>1.38</b>
Hanns Voith Foundation	0.43	0.48	0.40

### Sponsorship Aid by Project

in %	2014/15	2013/14	2012/13 <sup>2)</sup>
Education	26.4	21.0	20.5 (28.5)
Social affairs	4.9	8.0	14.1 (14.9)
Sport	64.9	62.6	58.1 (45.1)
Culture	3.8	8.4	7.2 (11.5)
in € millions			
<b>Total</b>	<b>2.80</b>	<b>1.84</b>	<b>1.38</b>

## Taxes Paid

### Taxes Paid by Region<sup>3)</sup>

in € thousands	2014/15	2013/14	2012/13
Germany	40,478	29,892	-11,468 <sup>4)</sup>
Europe excluding Germany	12,904	18,695	22,437
Americas	21,766	15,190	16,999
Asia	16,457	18,035	13,617
Other	1,774	2,696	3,407
<b>Total</b>	<b>93,379</b>	<b>84,508</b>	<b>44,992</b>

\* Excluding the discontinued Group Division Voith Industrial Services; previous year's value adjusted; value for 2012/13 includes the Group Division Voith Industrial Services.

<sup>1)</sup> Adjusted to revenue situation.

<sup>2)</sup> Figures in brackets include the Hanns Voith Foundation.

<sup>3)</sup> Data includes the Group Division Voith Industrial Services (see Annual Report 2015, p. 112).

<sup>4)</sup> The excess of tax refunds from tax payments made in Germany is based on a series of interim audits at domestic companies, which have now been concluded and which led to tax reimbursement.

# Delimitation of the Significant Topics

## Sustainable Management

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

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

# Goals and Goal Achievement

## Sustainable Management

Subject area	Goals	Measures	Date	Details	Status
<b>Integration of sustainability in the Group's strategy</b>	Firm establishment of sustainability at the company	Consolidation of existing databases	FY 2014/15		Achieved
		Incorporation of the "Sustainability" agenda item in the Voith Advisory Committee's agenda	FY 2013/14		Rescheduled: FY 2015/16
		Holding training courses on the topic of sustainability at the Voith Academy	FY 2013/14		Rescheduled: FY 2016/17
		Inclusion of the topic of sustainability at induction events for new employees	FY 2013/14		Rescheduled: FY 2016/17
		Conception and implementation of initial measures from the sustainability communications model	FY 2014/15		Achieved
					Ongoing
<b>Dialog with the company's stakeholders</b>	Establishment of stakeholder dialog based on megatrends relevant to the company	Re-running of survey/ incorporation into strategic process	FY 2015/16	Results will be incorporated into the Sustainability Report 2016	Ongoing

Goals have not yet been assigned to the following topic areas:

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

## Responsibility for the Environment

Subject area	Goals	Measures	Date	Details	Status
<b>Energy efficiency in production</b>	Reduction of specific energy reduction of 20% (base year: 2011/12)		FY 2017/18	Status 2014/15: Reduction of 9% achieved (absolute reduction 15%)	Ongoing
		Hot-spot analyses on cross-location focus areas as well as at the locations with the greatest drivers of consumption. Raising of employees' awareness through targeted communication campaigns	FY 2017/18	Status 2014/15: Identified potential of the measures is 78% in terms of the absolute volume of savings expected to be achieved by 2017/18	Ongoing
		Consideration of energy efficiency with the modification of existing and construction of new buildings	FY 2015/16	Included in new Real Estate Management Group Directive	Achieved

Subject area	Goals	Measures	Date	Details	Status
<b>Material efficiency in production</b>	Reduction of specific waste volume by 25% (base year 2011/12)		FY 2017/18	Status 2014/15: Reduction of 6% achieved (absolute reduction 13%)	Ongoing
		Hot-spot analyses on cross-location focus areas as well as at the locations with the greatest drivers of consumption. Raising of employees' awareness through targeted communication campaigns	FY 2017/18	Status 2014/15: Identified potential of the measures is 71% in terms of the absolute volume of savings expected to be achieved by 2017/18	Ongoing
		Development of a standard methodology to raise material efficiency in production	FY 2014/15		Achieved
<b>Water efficiency in production</b>	Reduction of specific freshwater consumption by 10% (base year 2011/12)		FY 2017/18	Status 2014/15: Reduction of 9% achieved (absolute reduction 15%)	Ongoing
		Hot-spot analyses on cross-location focus areas as well as at the locations with the greatest drivers of consumption. Raising of employees' awareness through targeted communication campaigns	FY 2017/18	Status 2014/15: Identified potential of the measures is 194% in terms of the absolute volume of savings expected to be achieved by 2017/18	Ongoing
Goals have not yet been assigned to the following topic areas:					
<b>Reduction in emissions/pollutants</b>		Integration of the hazardous materials databases of all production locations (Americas, Asia, rest of Europe) into the central hazardous materials database	FY 2015/16		Ongoing
		Roll-out of Eco Compliance model incl. associated software globally	FY 2014/15		Achieved
		Systematic implementation of the rolled-out Eco Compliance model to Voith locations (mapping and management of environment-related facilities incl. statutory provisions, requirement approvals, etc., legal obligations and responsibilities)	FY 2015/16		New
<b>HSE management system</b>		Population and use of a global HSE IT system within the Voith Group	FY 2015/16		New
		Certification of the global HSE management system in accordance with ISO 14001 and OHSAS 18001	FY 2016/17		New

## Responsibility for Products and Supply Chains

Subject area	Goals	Measures	Date	Details	Status
<b>Sustainable supply chain</b>	Managing risks/ opportunities in the supply chain	Supplier Self-Assessment ratio (SSA ratio): Indicator introduced with the aim of purchasing 80% of the goods and services Voith procures (based on invoice volume) from suppliers who have provided an up-to-date self-assessment	FY 2014/15	Fluctuating supplier basis, strong need for training and explanation	Partially achieved
		Risk analysis study; creation of a risk map	FY 2015/16	Initial results in March 2016; as planned, the study will be completed in fiscal year 2015/16	Ongoing
		Revision of evaluation criteria in the supplier database regarding compliance with environmental and social standards	FY 2014/15	The criteria were revised, but could not be incorporated in the current system. As such, they will now be implemented in the new supplier management system	Partially achieved
		Standardization of standards (GPC)	FY 2014/15		Achieved
		Further development and roll-out of Purchasing Training Program in Asia and South America	FY 2014/15		Achieved
		Development of a suitable strategy to cluster supply chain risks and correspondingly structure supplier self-assessments	FY 2015/16		New
		Selection of a robust and comprehensive supplier management system	FY 2015/16		New
		Roll-out of Purchasing Training Program in North America	FY 2015/16		New
<b>Energy efficiency of the products</b>		Assessment of development processes of products and services regarding energy and resource efficiency	FY 2014/15		Achieved
		Include "product energy efficiency" as a criterion in the development process and risk checklist	FY 2014/15		Achieved

Goals have not yet been assigned to the following topic areas:

- Quality of our products and services
- Guarantee of maximum product safety
- Customer dialog and cooperation
- Long service life of products
- Technological expertise and innovation
- Minimizing products' environmental impacts
- Long-term, trusting supplier relationships

## Responsibility for Our Employees

Subject area	Goals	Measures	Date	Details	Status
<b>Occupational health &amp; safety</b>	Reduction of work accidents to under 350 lost hours per 1 million working hours		Medium-term		Ongoing
		Implementation of an international process that is also tailored to local issues in corporate integration management	FY 2014/15	Review started	Rescheduled: FY 2015/16
		Roll-out of standardized Works Doctor support (Germany)	FY 2016/17		Ongoing
<b>Diversity and equal opportunities</b>	Embedding of diversity & inclusion in the corporate culture	D&I Awareness Workshops for managers	FY 2014/15	Awareness-raising campaign will be continued in the current fiscal year in EMEA	Partially achieved
		Increasing the share of women in senior management positions to 10%	FY 2014/15	Increased versus the previous year, but target not achieved; see Facts and Figures	Not achieved
<b>Personnel development/ training and further education</b>		Annual feedback appraisal with all employees: Degree of coverage: 100% of employees	FY 2014/15	See Facts and Figures	Partially achieved
		Mapping of complete performance process in pep.	FY 2014/15	The process now takes place in pep. for all employees	Achieved
		Global roll-out of pep. recruiting module	FY 2014/15	The module is now being used in all large countries (Germany, Brazil, China and the USA), i.e. around 75% of employees are covered	Partially achieved
		Updating of recruitment process to allow for developments in mobile recruiting	FY 2015/16		Ongoing

# GRI Index

## General Standard Disclosures

### Organizational and Report Profile

Indicators	Comment	Reference
<b>Strategy and Analysis</b>		
G4-1	Statement from the most senior decision-maker of the organization	6–7
<b>Organizational Profile</b>		
G4-3	Name of the organization	2
G4-4	The primary brands, products, and services	9–14
G4-5	The location of the organization's headquarters	10
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	AR 2015: 114–115
G4-7	The nature of ownership and legal form	10–11
G4-8	Markets served	10–14, 88
G4-9	Scale of the organization	10–14, 88, 103, AR 2015: 106–112
G4-10	Total workforce	Supervised workers such as temps are currently not logged groupwide in our employee data system. We are investigating possibilities to record information on supervised workers throughout the Voith Group. 64, 103–104
G4-11	The percentage of total employees covered by collective bargaining agreements	65, 104
G4-12	Description of the organization's supply chain	59–60, 88
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	2, 10, 64
G4-14	The organization's precautionary approach or principle	As a family-owned company with a long-term focus, Voith is committed to a precautionary approach. This is anchored in our Health, Safety and Environmental Protection (HSE) Group Directive. HSE Group Directive
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	Voith implements the principle of sustainability in its core processes. 65
G4-16	Memberships of associations	Since February 2014 Dr. Lienhard has held the position of Chairman of the Asia-Pacific Committee of German Business. Please refer to our Sustainability Report 2013 for details of further memberships. SR 2013
<b>Identified Material Aspects and Boundaries</b>		
G4-17	Entities included in the report	2, AR 2015: 114–115
G4-18	Definition of the report's content	18, 20
G4-19	Material Aspects identified in the process for defining the report's content	18, 20
G4-20	Material Aspects within the organization	111
G4-21	Material Aspects outside the organization	111
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	2, 10
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	2, 10

Indicators	Comment	Reference
<b>Engagement of stakeholders</b>		
G4-24	Stakeholder groups engaged by the organization	18, 20
G4-25	The basis for identification and selection of stakeholders with whom to engage	18, 20
G4-26	Approach to stakeholder engagement	18, 20
G4-27	Key topics and concerns raised by stakeholders	18, 20
<b>Report Profile</b>		
G4-28	Reporting period	2
G4-29	Date of the most recent previous report	2
G4-30	Reporting cycle	2
G4-31	Contact point	4, 124
G4-32	GRI Content Index	116–123
G4-33	Assurance	2
<b>Governance</b>		
G4-34	Governance structure of the organization	10, AR 2015: 31–35
<b>Ethics and Integrity</b>		
G4-56	The organization's values, principles, standards and norms of behavior	21–23, 58–59
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	21–23
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	21–23

## Specific Standard Disclosures

### Economic performance indicators

DMA* and Indicators	Comment	Reference
<b>Aspect: Economic Performance</b>		
G4-DMA	Management Approach	80, AR 2015: 85–94
G4-EC1	Direct economic value generated and distributed	81–85, 88–89, 110
G4-EC3	Coverage of the organization's defined benefit plan obligations	AR 2015: 164–175
G4-EC4	Financial assistance received from government	No significant financial assistance from government was received in the reporting period.

\*Disclosures on Management Approach.

DMA* and Indicators		Comment	Reference
<b>Aspect: Materials</b>			
G4-DMA	Management Approach		26–30, 38
G4-EN1	Materials used		34–35, 94
G4-EN2	Secondary raw materials		34–35, 94
<b>Aspect: Energy</b>			
G4-DMA	Management Approach		26–27, 28–30
G4-EN3	Energy consumption within the organization		30–34, 90–95
G4-EN4	Energy consumption outside of the organization		30–34, 90–95
G4-EN5	Energy intensity		30–34, 92–93
G4-EN6	Reduction of energy consumption		30–34, 94–95
G4-EN7	Reductions in energy requirements of products and services		51–56
<b>Aspect: Water</b>			
G4-DMA	Management Approach		26–30, 38–39
G4-EN8	Total water withdrawal by source		95
G4-EN10	Percentage and total volume of water recycled and reused		37, 95–96
<b>Aspect: Emissions</b>			
G4-DMA	Management Approach		28–30, 38
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		30–34, 90–95
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)		30–34, 90–95
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		30–34, 90–95
G4-EN18	Greenhouse gas (GHG) emissions intensity		30–34, 90–95
G4-EN19	Reduction of greenhouse gas (GHG) emissions		30–34, 94–95, 99–100
G4-EN20	Emissions of ozone-depleting substances (ODS)		99–100
G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions		42–43, 99–100
<b>Aspect: Effluents and Waste</b>			
G4-DMA	Management Approach		26–27, 28–30, 38–41
G4-EN22	Total water discharge by quality and destination		37–38, 96–97
G4-EN23	Total weight of waste by type and disposal method		34–36, 97–98
G4-EN24	Total number and volume of significant spills	Voith is not aware of any significant incidents.	
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention, Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		34–36, 97–98
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		43, 96

\*Disclosures on Management Approach.

DMA* and Indicators	Comment	Reference
<b>Aspect: Products and Services</b>		
G4-DMA	Management Approach	26–27, 46–56
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	46–56
<b>Aspect: Compliance</b>		
G4-DMA	Management Approach	21–23
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Voith is not aware of any significant incidents.
<b>Aspect: Transport</b>		
G4-DMA	Management Approach	33–34
G4-EN30	Significant environmental impacts of transport	33–34
<b>Aspect: Supplier Environmental Assessment</b>		
G4-DMA	Management Approach	56–61
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	59–61
<b>Aspect: Environmental Grievance Mechanisms</b>		
G4-DMA	Management Approach	38–42, 56–61
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	38–43, 56–61
<b>Social Performance Indicators</b>		
<b>Labor Practices and Decent Work</b>		
<b>Aspect: Employment</b>		
G4-DMA	Management Approach	64–72
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	71, 104
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	70
G4-LA3	Return to work and retention rates after parental leave, by gender	105

\*Disclosures on Management Approach.

DMA* and Indicators	Comment	Reference
<b>Aspect: Labor/Management Relations</b>		
G4-DMA	Management Approach	64–66
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	65
<b>Aspect: Occupational Health and Safety</b>		
G4-DMA	Management Approach	73–77
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	106
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	73–77, 106–107
<b>Aspect: Training and Education</b>		
G4-DMA	Management Approach	64–72
G4-LA9	Average hours of training per year per employee by gender, and by employee category	107
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	67–72
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	69
<b>Aspect: Diversity and Equal Opportunity</b>		
G4-DMA	Management Approach	64–66, 71–72
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	71–72, 108–109, AR 2015: 35, <a href="http://voith.com/en/group/organization-159.html">http://voith.com/en/group/organization-159.html</a>
<b>Aspect: Equal Remuneration for Women and Men</b>		
G4-DMA	Management Approach	70
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	This data is confidential and so Voith does not report it.
<b>Aspect: Supplier Assessment for Labor Practices</b>		
G4-DMA	Management Approach	56–61
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	When reviewing existing and new suppliers, Voith always takes their working practices into consideration. A separate evaluation of the percentage of new suppliers that have been reviewed is not available.

\*Disclosures on Management Approach.

DMA* and Indicators	Comment	Reference
<b>Aspect: Labor Practices Grievance Mechanisms</b>		
G4-DMA	Management Approach	22, 60
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	22, 60

## Human Rights

### Aspect: Investments

G4-DMA	Management Approach		21–23, Code of Conduct: <a href="http://voith.com/de/coc-english.pdf">http://voith.com/de/coc-english.pdf</a>
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Global respect for basic human rights is enshrined in our Code of Conduct. All investment decisions are subject to this code.	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	The Voith Code of Conduct is an integral part of our compliance training.	23, 69

### Aspect: Non-discrimination

G4-DMA	Management Approach		71
G4-HR3	Total number of incidents of discrimination and corrective actions taken		71

### Aspect: Freedom of Association and Collective Bargaining

G4-DMA	Management Approach		57–61, 64–66, Code of Conduct: <a href="http://voith.com/de/coc-english.pdf">http://voith.com/de/coc-english.pdf</a>
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Voith did not receive reports of any significant incidents in the reporting period.**	60, 64–66

### Aspect: Child Labor

G4-DMA	Management Approach		21, Code of Conduct: <a href="http://voith.com/de/coc-english.pdf">http://voith.com/de/coc-english.pdf</a>
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Voith did not receive reports of any significant incidents in the reporting period.**	60, 64–66

\*Disclosures on Management Approach.

\*\*The reported blacklisting of a supplier was due to incompatibility with Voith values.

Neither the right to collective bargaining nor measures to prevent child, forced and/or compulsory labor were affected.

DMA* and Indicators		Comment	Reference
<b>Aspect: Forced or Compulsory Labor</b>			
G4-DMA	Management Approach		21, Code of Conduct: <a href="http://voith.com/en/coc-english.pdf">http://voith.com/en/coc-english.pdf</a>
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Voith did not receive reports of any significant incidents in the reporting period.**	60, 64–66
<b>Aspect: Security Practices</b>			
G4-DMA	Management Approach	We ensure our employees are protected mainly by working together with external service providers. Like all our service providers, they are subject to Voith's General Purchasing Conditions. Like Voith's own security personnel, they are likewise obligated to comply with the Code of Conduct.	AEBs, Code of Conduct: <a href="http://voith.com/de/coc-english.pdf">http://voith.com/de/coc-english.pdf</a>
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Security service providers are obligated to support compliance with the Code of Conduct by suitable means. Voith does not currently have any data on training held by our service providers.	
<b>Aspect: Supplier Human Rights Assessment</b>			
G4-DMA	Management Approach		59
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		59–60, 101–102
<b>Aspect: Human Rights Grievance Mechanisms</b>			
G4-DMA	Management Approach		22, 60
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		22, 60
<b>Society</b>			
<b>Aspect: Anti-corruption</b>			
G4-DMA	Management Approach		21–23, Code of Conduct: <a href="http://voith.com/en/coc-english.pdf">http://voith.com/en/coc-english.pdf</a>
G4-SO4	Communication and training on anti-corruption policies and procedures		22–23
<b>Aspect: Public Policy</b>			
G4-DMA	Management Approach		21–23, 80
G4-SO6	Total value of political contributions by country and recipient/beneficiary		81

\*Disclosures on Management Approach.

\*\*The reported blacklisting of a supplier was due to incompatibility with Voith values. Neither the right to collective bargaining nor measures to prevent child, forced and/or compulsory labor were affected.

DMA* and Indicators		Comment	Reference
<b>Aspect: Anti-competitive Behavior</b>			
G4-DMA	Management Approach		21–23, Code of Conduct: <a href="http://voith.com/en/coc-english.pdf">http://voith.com/en/coc-english.pdf</a>
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	For reasons of confidentiality, the number and type of complaints is not communicated externally.	22
<b>Aspect: Compliance</b>			
G4-DMA	Management Approach		21–23
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Voith is not aware of any significant incidents in the reporting period.	
<b>Aspect: Supplier Assessment for Impacts on Society</b>			
G4-DMA	Management Approach		21–23, 56–60
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society		56–60
<b>Aspect: Grievance Mechanisms for Impacts on Society</b>			
G4-DMA	Management Approach		22, 60
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		22, 60
<b>Product Responsibility</b>			
<b>Aspect: Customer Health and Safety</b>			
G4-DMA	Management Approach		46–51
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		46–51
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Voith is not aware of any significant incidents in the reporting period.	
<b>Aspect: Product and Service Labeling</b>			
G4-DMA	Management Approach		47
G4-PR5	Results of surveys measuring customer satisfaction		50
<b>Aspect: Compliance</b>			
G4-DMA	Management Approach		21–23
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Voith is not aware of any significant incidents in the reporting period.	

\*Disclosures on Management Approach.

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### **Further Information**

This report is also available in  
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[www.voith.com/de/konzern/  
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[www.voith.com/en/group/  
sustainability-178.html](http://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. Available online at:  
[http://www.voith.com/en/group/facts-  
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## Environmentally Friendly Production

All CO<sub>2</sub> 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 CO<sub>2</sub> emissions will be saved in the future and the Voith Sustainability Report will be CO<sub>2</sub>-compensated.



The Respecta Silk recycled paper we used for the Voith Sustainability Report 2015 is made from at least 60% secondary fibers and was produced using a Voith paper machine.



This Sustainability Report is also available in German. These versions and further information can also be downloaded from the Internet.

[www.voith.com](http://www.voith.com)

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