

Voith Group  
Code of Conduct

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# Acting in Compliance with Voith Values

## Dear Employees,

Back in 1927, Voith expressed its principles of business conduct as follows: "In the business world one must be ethical, decent and honest. If a contracting party or a competitor behaves unfairly, this does not give us the right to deviate from this principle."

Over the years these words have constituted the very core of our value system, and they have guided us in everything we do. Voith's values define the character of our relations with our business partners, customers and suppliers as well as our relations with our shareholders, the Voith family. The basic honesty of all those who work at Voith is the essence of what we call "Engineered Reliability", which is the foundation of our reputation in the business world.

We are confident that by upholding and preserving these values we can look forward to continued success.

Many years ago, having committed ourselves to this high standard of conduct, we established rules and procedures to ensure compliance throughout the company. These rules and procedures are continuously updated and adapted to current statutory requirements. All of our employees have access to them, for instance via the Intranet.

The Voith Group is growing at a rate that few other enterprises can match. It has now expanded to the point where the Board of Management, working together with other levels of management in the divisions and operative companies, has found

it necessary to review the existing organizational capacity for ensuring compliance with Voith's values. We have therefore decided to establish a Compliance Committee that will be responsible for regularly updating and revising these rules and making sure that they are implemented without exception.

By establishing the Compliance Committee the Board is making it clear that each and every employee is expected to adhere to Voith's values. At the same time it is assuming that our managers will live in accordance with these values and communicate them to others. The managers are the ones to whom our employees should first turn if they have any questions on these issues.

In this connection we emphasize once again that unlawful behavior like corruption and bribery is punishable under German law and that of most other countries, regardless of whether it occurs in domestic or international business transactions and whether it involves public officials or private individuals. Any employee who commits such an act not only runs the risk of criminal prosecution but also does serious harm to Voith's interests, damaging the reputation of the Group and all its employees.

As the Voith Board of Management we therefore do not tolerate any form of bribery, corruption, discrimination or any other offense against our fundamental values. Should there still be a violation against these basic rules, we will rigorously pursue such violation and undertake all necessary measures.



Dr. Hubert Lienhard  
(President & CEO)



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(Finance & Controlling)



Martin Hennerici  
(Voith Industrial Services)



Bertram Staudenmaier  
(Voith Paper)



Dr. Roland Münch  
(Voith Hydro)



Carsten J. Reinhardt  
(Voith Turbo)

# 1. Introduction and statement of principles

**The trust that we receive from our customers, owners, employees and the public depends critically on the conduct of each individual in the company. It is based upon strict compliance with the law and with all of our internal rules.**

Voith is aware of its responsibility to society, and it acts accordingly. We recognize the duty of our company and our employees to serve the common good. The purpose of this Code of Conduct is therefore to summarize the norms that must be observed by Voith employees worldwide in order to ensure the continuation of the company's long tradition of honesty and decency. The Code is also meant to serve as a guide to employees, helping them to act within their own responsibility for the good of the company. This responsibility is both a privilege and a duty. Each employee must ensure that his or her conduct is always in keeping with the rules set forth here. Our managers must not only communicate these rules in an effective manner, they must lead by example and demand compliance from their subordinates. They are the first to be consulted if there are any questions about this Code.

This Code of Conduct is part of our risk management system as set forth in Corporate Guideline 03/01, which has the purpose of protecting Voith and each of its employees. The Code describes a minimum standard which can be augmented regionally in accordance with stricter local legal requirements and cultural customs. In cases where, in addition to this Code, Voith has issued separate corporate guidelines on special matters, they shall remain applicable as supplementary regulations. The currently valid corporate guidelines are available on the Compliance Intranet page, where they can be printed out.

This Code is valid for all employees of the Voith Group worldwide. In addition, Voith expects other persons hired by the company (trainees, consultants) to adhere to it.

The regulations contained in this code shall be applicable to relationships between each of the companies in the Voith Group and its employees. It shall not constitute a basis of third-party rights.

The Compliance Committee shall have final authority to decide any disputed issues related to this Code.

This Code of Conduct replaces the previous Corporate Guideline 01/07.

## 2. Cooperation with customers, suppliers and other business partners

Besides expecting high-quality products and services, our customers, suppliers and other business partners expect a high degree of professionalism and integrity in our dealings with them. For this reason, our communications and contractual relationships should always be characterized by correctness, honesty and transparency.

### 2.1 Fair competition

Voith observes the rules of fair competition and supports all efforts to preserve a free market and open competition, both nationally and internationally. Voith will therefore not pursue any contract if doing so would violate applicable laws.

#### 2.1.1 Agreements, cartels and waivers of competition

All employees are required to obey the laws against restraint of trade. Formal or informal agreements with competitors for the purpose of obstructing competition are therefore prohibited. The same applies to behavior based on tacit understandings. Accordingly, it is not permitted to demarcate sales areas or divide up customers with a competitor, nor may there be any agreements or exchanges of information with competitors concerning prices, supply relationships, business terms, capacities, market shares, profit margins, costs, customer data, bid contents or bidding behavior.

In the event that Voith achieves a dominant market position, such position must not be exploited in an illegal manner.

All proposed agreements with competitors must be submitted in advance to the responsible legal department for review and presented to the CFO of the Group division for approval. If the legal department concludes that the agreement in question cannot be concluded, the respective CFO is not permitted to give approval. In this case the matter must be forwarded to the Compliance Committee.

## **2.1.2 Corruption and bribery**

Voith will not tolerate corruption or bribery in any form. All of its business activities must be conducted in a spirit of honesty and responsibility. As early as 2001, the company recognized and signed the Rules of Conduct to Combat Extortion and Bribery in International Business Transactions (1998 revised version), issued by the International Chamber of Commerce (ICC).

### **2.1.2.1 Offering and granting benefits**

As competitors we rely on the quality and performance of our products and services. We therefore do not allow any agreements or supplementary agreements that involve granting benefits, either directly or indirectly, to individuals or organizations in connection with arranging, awarding, approving, implementing or paying for contracts. This applies in particular to agreements with business partners, their employees and officers, but it extends to third parties as well. The same holds true for the granting of benefits in dealings with public authorities. Such payments are unacceptable whether they are in the form of money or goods. The granting of benefits to an individual can also be unacceptable if the individual only benefits indirectly, for example if payments are made to a family member or if payments (such as donations) are made to a third party and the individual's social or political standing is enhanced as a result.

Gifts and invitations are permitted only if they are not large enough in terms of value, financial scope or otherwise to improperly influence the recipient's actions or decisions or to create a state of obligation on the part of the recipient. When issuing invitations to an event or gathering, it must additionally be ensured that the event is of a size and type that is customary in business circles or that it is specifically related to business activities. Especially strict standards must be applied in the case of public officers. Monetary gifts are prohibited under all circumstances.

Compensation to third parties, in particular agents, brokers and other mediators, in the form of commissions or other payments must be plausible and bear a reasonable proportion to the work performed. Such compensation must be provided in an amount which does not suggest that it is being used to circumvent the rules on granting benefits. Agreements with agents, brokers, consultants and other advisors, including all later amendments, must be made fully in writing and commit the contracting parties to observe the above principles at all times and abstain from bribery. Such agreements must be approved by the CFO of the respective Group division before they are concluded.

### **2.1.2.2 Demanding and accepting benefits**

Although it is customary among business partners to exchange gifts of a limited size, the acceptance of gifts can damage the reputation of our company and lead to conflicts of interest. For this reason our employees are strictly prohibited from demanding or accepting personal benefits such as services or inappropriate invitations, whether for their own advantage or for that of individuals or institutions close to them. Occasional gifts of a small value are an exception. Gifts of money are not allowed under any circumstances. Offers of gifts or benefits must be refused and reported to the supervisor. The rules set forth in 2.1.2.1 apply here accordingly.

### **2.1.2.3 Donations and sponsoring**

Voith receives requests for donations from a wide range of organizations and institutions. Donations must be made in a transparent manner, which means that the recipient and the intended use must be known. Payments to private bank accounts are not permitted. No donations may be made to organizations that could damage Voith's reputation. When donations are granted, the rules set forth in 2.1.2.1 and 2.1.2.2 above must be observed; this applies in particular to donations made near the time when a contract is awarded or donations related in content to a contract. Donations of all kinds to political parties require the approval of the Board of Management.

In the case of sponsoring there must be a reasonable relation between the amount of support and the performance agreed in return.

Additional details are contained in Corporate Guideline 01/08 (Donations and Sponsoring).

### **2.1.3 Patents and intellectual property rights**

In order to maintain our competitiveness, we must continue to develop our proprietary technology by creating inventions and improving our know-how. Protection of our technology by means of intellectual property rights is therefore becoming increasingly important.

No employee is allowed to disclose new knowledge or company secrets in any form to third parties. All employees must respect valid intellectual property rights of third parties. No employee is allowed to obtain secrets from third parties or make unauthorized use of such secrets.

Details are contained in Corporate Guideline 03/06 (Protection of Technologies Used in the Voith Group).

## **2.2 Selection of suppliers and service providers**

Voith conducts fair and unbiased examinations of all offers submitted by its suppliers. The assessment, awarding and handling of a contract must be based on strictly professional criteria and be carried out in a transparent manner. It is not allowed under any circumstances to give undue preference to a supplier or impede its efforts to win a contract.

When selecting business partners, Voith demands that they too shall respect the values set forth in this Code. Infringement by a partner can lead to termination of the business relationship.

## 3. Management and employees at Voith

**Productivity and humanity must go hand in hand to ensure sustained success in an enterprise. Voith's economic success is dependent on the help and co-operation of its employees worldwide.**

### 3.1 Leadership and trust

All of our employees are required to adhere to this Code, and our management personnel must set an example. Voith cultivates an atmosphere of trust in which its managers are responsible for providing sufficient supervision to prevent any violations of the Code.

### 3.2 Tolerance and equal opportunities

Voith respects human rights worldwide. As a company with a global reach it works with employees and business partners of many different nationalities, cultures and customs. It does not tolerate unequal treatment (discrimination), harassment or degradation in violation of the law. In particular, it does not tolerate discrimination on account of race, ethnic origin, gender, religion or worldview, political opinions, age or gender identity.

### 3.3 Fair working conditions

Voith gives its employees fair pay and provides fair working conditions in compliance with all statutory requirements. It rejects all forms of forced labor and child labor, and it will not obstruct lawful employee representation.

### 3.4 Avoidance of conflicts of interest

It is important to Voith that its employees do not have conflicts of interest or loyalty in the course of their work. Such a conflict can occur if, for example, there are business transactions between Voith companies and employees or members of their families. Any such transaction must be disclosed in advance to the employee's superior.

#### 3.4.1 Outside employment

If an employee intends to take up gainful work on the side, he or she must obtain written consent from his or her manager. For managers, written consent must be obtained from the Advisory Board and Human Resources.

#### 3.4.2 Political activities

Voith does not participate in activities involving political parties. However, under no circumstances will it deter its employees from taking part in appropriate political activities during their nonworking hours. We expressly welcome our employees' involvement as citizens in the affairs of society and their participation in social and charitable activities. Employees who are engaged in such activities do so as private individuals. We expect them to make sure that there are no conflicts of interest with their work.

### 3.5 Protection of assets

Voith requires its employees to protect the tangible and intangible assets of the company. These assets include property, production equipment and inventory stocks; securities and cash; office equipment and supplies; information systems and software; and patents, trademark rights and know-how. Violations of the law such as fraud, theft, embezzlement and money laundering will be prosecuted. With regard to acceptance of business risk see Corporate Guideline 03/01 (Risk Management and Quality Management).

Machinery and equipment may only be used for work-related purposes unless private use is expressly permitted. Internet users must take care not to retrieve or transmit any information that could incite racial hatred, glorify violence or other crimes, or have an offensive content.



## 3.6 Use of information

We expect employees to take appropriate care when using company information.

### 3.6.1 Confidentiality

Confidentiality must be maintained concerning in-house matters that have not been disclosed to the public. This also applies to inventions and other kinds of know-how. These are essential to the long-term success of the Voith Group. Employees must therefore not pass information about new discoveries or company secrets in any form to third parties. This also applies after termination of employment.

### 3.6.2 Privacy and information security

The global electronic exchange of information is essential for effective work and business success in general. But besides having benefits, electronic communication can pose risks to privacy and data protection. Official documents and data storage media must therefore be protected from access by third parties at all times. Both managers and employees must take effective protective measures against these risks, and this is an important component of IT management.

Details are contained in Corporate Guideline 01/03 (Information Security and Privacy).

### 3.6.3 Insider knowledge

It is not permissible to derive personal advantage or advantages for others through the use of in-house knowledge. The same applies to unauthorized disclosure of such knowledge.

### 3.6.4 Correct reporting

When making oral or written reports for in-house or external use, employees are obligated to state the truth. Manipulation of content is prohibited.

## 3.7 Occupational safety, health, environmental protection and sustainability

Voith makes every effort to protect the life and health of its employees and deal responsibly with resources and hazardous materials. All employees must avoid hazards in the workplace, minimize harm to the environment and use resources economically. In developing and manufacturing our products we adhere to the principles of sustainability and environmental compatibility.

Details on environmental protection are contained in Corporate Guideline 01/02, and details on health and occupational safety are contained in Corporate Guideline 01/06.

## 3.8 Quality

The market success of our products and services is inseparably linked with their quality. Our motto "Engineered Reliability" demands maximum creativity, skill and care on the part of our employees and demonstrates to our customers and third parties that we maintain high standards.

We will not tolerate deliberate or negligent conduct that results in diminished quality.

## 4. Implementation of the Code of Conduct

### 4.1 Compliance organization

Voith has established a Compliance Committee which is responsible for implementing and enforcing the Code of Conduct.

The Voith risk management system (Corporate Guideline 03/01) provides for CFOs to act as compliance officers at the divisional level. They serve as contacts and are responsible for implementing the Code of Conduct. Within the individual Voith companies this task is assumed by the CFO or a manager appointed by the CFO of the responsible Group division.

### 4.2 Advice

Voith provides its employees with information to help them comply with the law and the Code of Conduct. In particular, this includes training sessions on specific topics and selected areas of risk. If employees nevertheless have questions, they can submit them to the CFO of the company or Group division, to the responsible legal or human resources department or to the members of the Compliance Committee. In addition, Voith has established a help desk to answer questions of this kind. The relevant contact data and further relevant information on the subject of compliance can be found on the Voith Intranet "Compliance" application.

### 4.3 Complaints and reports of misconduct

Any employee can and has the right to report a violation or suspected violation of the Code of Conduct to Voith. At the employee's discretion, the contact for this purpose can be the direct supervisor, the responsible human resources employee, the CFO of the company, the CFO of the Group division or any member of the Compliance Committee. The necessary contact data will be made available throughout the Group through suitable channels, including publication on the Compliance Intranet page.

An employee who on the basis of tangible evidence honestly believes that the Code of Conduct has been or might have been violated and who makes use of the right to report this to Voith will not suffer any kind of retaliation. In each such case, Voith will take the necessary steps to protect the employee against such retaliation. To the extent possible and legally permissible, Voith will maintain confidentiality about the identity of any employee who follows this procedure to report a violation or suspected violation of the Code of Conduct. The same applies to the identity of employees who cooperate in the investigation of such violations or suspected violations.

### 4.4 Implementing regulations

Voith will issue additional regulations concerning the implementation of selected items in this Code of Conduct. These regulations will also deal with questions about interpretation and approval procedures.

The Voith Group Code of Conduct is available in several languages. In the event of any differences or contradictions between the different versions, the German version shall take precedence.

The latest version is available on the Internet at [www.voith.com/compliance](http://www.voith.com/compliance)

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