

Sustainability Report 2011



The Report

Information

Expansion of the Scope of Consolidation, see Chapter 2.2, page 13

Information

GRI Index, see page 86

Our Aspiration

This report is the second Sustainability Report by Voith GmbH.

We aim to keep our company's stakeholders updated once a year on the progress we are making in our fields of activity. These include Sustainable Business Practices, Environmental Protection, Product Responsibility, Employees and Society. This report focuses on explaining our strategies, solutions and measures as well as presenting our key figures.

Reporting Method

The report is oriented towards the G3.1 Guidelines of the Global Reporting Initiative (GRI). According to our own assessment, the report meets Application Level B requirements.

To determine the key sustainability topics for our report, we conducted materiality analyses in 2009 and 2010.

Reporting Period and Report Scope

The Sustainability Report 2011 is based on fiscal 2010/11, which at Voith starts on October 1 and ends on September 30 the following year. The deadline for content submission for this report was April 30, 2012.

Unless otherwise stated, the facts, figures and information in this report refer to the Voith Group as a whole with its global Group Divisions Voith Hydro, Voith Industrial Services, Voith Paper and Voith Turbo. The degree of consolidation is 87 percent of the Group's sales, 88 percent of the Group's created value and 84.2 percent of the Group's employees (40 175 employees at 98 locations) unless otherwise indicated in the report.

Data and Information Gathering

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

Comparability of Facts, Figures and Information

By expanding the scope of consolidation and switching to collecting employee figures based on headcount (previously full-time equivalents, FTEs), the figures in this report for fiscal 2010/11 are not comparable with the previous year's figures or with figures published in our Annual Report.

Some figures (particularly in the area of employees) were collected for the first time for this report. For this reason – as in other areas – it is not yet possible to report a three-year trend.

Owing to the new calculation bases and updated information, we needed to correct previous figures on the environment (such as emissions, energy consumption, water and waste) and expenditure on social engagement. The corrections are indicated at the relevant points in the report.

Forward-looking Statements

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

Additional Comments

For improved readability, we refrain from referring specifically to both genders in this report. This is not a value judgment and all forms are to be understood as gender-neutral. The term "service company" describes the business activity of the Group Division Voith Industrial Services (VI). This Sustainability Report is available in German and English. Please visit our website at www.voith.com and read our Annual Report for further and more extensive information.

We expect to publish our next Sustainability Report in the spring of 2013.

“Companies that consider the final stage in everything they do, and in doing so make sustainability their mission’s theme, will count among the leaders in their markets.”

Hubert Lienhard

Contents

The Report, Contents, Foreword

The Report	Cover
Contents	2
Foreword	4



3 Sustainable Profitable Growth 17

3.1 Business Strategy	18
3.2 Compliance	20
3.3 Supplier Management	21



6 Responsibility for Employees 45

6.1 Demographic Change: Challenges and Opportunities	46
6.2 Diversity and Equal Opportunities	48
6.3 Occupational Health and Safety	50
6.4 Training and Further Education Programs and Long-Term Employment	54



1 Group Portrait and Philosophy	7
1.1 Structure and Markets	8
1.2 Company Values	9



2 Sustainable Management	11
2.1 Our Claim, Fields of Activity and Strategic Goals	12
2.2 Organization	13
2.3 Stakeholder Dialog	15



4 Responsibility for the Environment	25
4.1 Voith's Environmental Organization	26
4.2 Material Efficiency and Resource Protection	28
4.3 Energy Efficiency, Climate Protection, Emissions	32



5 Product Responsibility	37
5.1 Innovations	38
5.2 Product Quality and Safety	40
5.3 Customer Satisfaction	42



7 Responsibility for Society	57
7.1 Education, Social Affairs, Sport and Culture – Our Sponsorship Projects	58

Miscellaneous	63
Facts and Figures	64
Goals and Achievement	80
GRI Index	86
Imprint/Contact	Cover

Foreword



Ladies and Gentlemen, Business Partners and Friends of Voith,

At Voith, sustainable business practices and corporate success belong inseparably together. As a family-owned company with a history stretching back 145 years, we are focusing our thinking and actions more than ever before on achieving the goal of sustainability.

Today we see the key drivers of our company's future growth as lying in both the world's developing regions, which requires considerable infrastructure investment, and in the global efforts we are making to use available resources responsibly. Voith solutions, technologies and products answer the key global challenges of the 21st century:

- Renewable energy: In times of advancing climate change, the need for eco-friendly electricity from renewable sources will increase.
- Mobility/urbanization: In the globalized world, an increasing number of people and goods are mobile and they need modern, environmentally friendly transport systems.
- Last but not least: All industries have an ever increasing need for environmentally and resource friendly technologies.

We have been addressing these mega-trends for many years now. In some cases, we have followed these developments since the start, and shaped and influenced them with our innovations and technologies. Today, we can be found in all four corners of the globe where infrastructure is being built and where key industries that support national economies are being upgraded, maintained, expanded, modernized and equipped with state-of-the-art technology.

As part of this we combine all our initiatives and projects with our aspiration for responsible growth and the creation of sustainable infrastructures. We see ourselves as a company that delivers more than 'just' products alone. Through our thinking and actions, we make valuable contributions to basic services required by people and industry, to proper living standards as well as to the sustainable economic and social development of national economies.

This goal was and is a key part of our understanding of Voith's self-commitment. It goes hand in hand with our organization's progressive focusing on sustainable business practices. We have defined six fields of activity which besides sustainable business management and striving for profitable growth also include the four fields of responsibility for our products, employees, society and the environment.

For the Voith Group's second Sustainability Report, we revised the set of data and questions we collected on the six fields mentioned based on GRI guidelines and in some cases noticeably expanded them. We intend to intervene and take control even more quickly in key sub-areas. This is why we now collect data in certain topic areas on a monthly basis (such as in the area of energy) or on a quarterly basis (such as in the areas of water and waste).

Our second Voith Sustainability Report is a milestone: It shows what we have achieved. It explains where we are today. It reports on our success stories and addresses topics we are continuing to work on and where we need to improve. We consider the fact that we shot straight into the Top 40 in the IÖW/future sustainability ranking for 2012 with our sustainability reporting activities as proof that we are on the right track.

We will not slacken our efforts. Our Board of Management's stated goal remains to make Voith a leader in terms of corporate sustainability – with the additional goal of making Voith the benchmark for our industry in this area.

Companies that place sustainability at the heart of their corporate strategy and make it their corporate mission's theme will count among the best and most successful companies in their markets and industries in the coming years.

And Voith, the family-run corporation, will be there with them.

I would be delighted if you could continue to accompany us on this journey!

Sincerely yours,



Hubert Lienhard



1

We aim to give equal importance to incorporating economic, ecological and social aspects into our company management and operational processes.

Group Portrait and Philosophy

With over 40 000 employees, sales of 5.6 billion euros and operations in over 50 countries around the world, today Voith is one of the biggest family-owned companies in Europe and counts among the market leaders in its industry. Founded in 1867, Voith has never forgotten who to thank for this success: Our shareholders, customers and employees.

Voith is a global technology group. With our broad portfolio of systems, products and industry services, we serve five key markets: Energy, Oil & Gas, Paper, Raw Materials, and Transport & Automotive. A large proportion of the global volume of paper is produced using Voith paper machines. Globally, one quarter of the electricity generated from hydro power is produced thanks to our technologies and services. Our drive components are used all over the world both in industrial plants and on railways, roads and water. At the same time, we are one of the leading providers of technical services.

Our employees drive forward technological developments in the company. We have been in business for over 140 years and it is their ideas, motivation and engagement that have made us so successful over that period. People have always been at the heart of our company's philosophy and our daily activities – and we take responsibility for our employees, customers, suppliers, business partners and shareholders.

Our claim and philosophy: Voith – Engineered Reliability

Our goal is to be our customers' preferred business partner. As a reliable partner to key industries, we intend to set benchmarks with what we do.

Voith – Engineered Reliability – it is our guiding principle. It summarizes our canon of values and encompasses our aspiration to contribute to the positive, sustainable development of societies and national economies. We intend to achieve this by offering reliable and high-quality technologies and always acting in a fair and open way as well as with integrity towards our employees, partners and customers.

Our Voith values, with trust at their heart, form the basis of our activities just like our long-term strategies. Based on these two pillars, we intend to further expand our engagement in our markets.

At the same time, sustainability is a key part of our business strategy. We aim to give equal importance to incorporating economic, ecological and social aspects into our company management and operational processes.

Information

Structure and Markets, see Chapter 1.1, page 8

Company's history, see: www.voith.com/history

Company Values, see Chapter 1.2, page 9

1.1 Structure and Markets

Corporate structure

Voith GmbH, headquartered in Heidenheim/Brenz, Germany, is the Group's operative management holding. It is 100 percent owned by the Voith family. The Board of Management of Voith GmbH is responsible for the Group's strategic management. The Shareholders' Committee and the Supervisory Board act as advisory and supervisory bodies. The operative business is bundled in four Group Divisions: Voith Hydro, Voith Industrial Services, Voith Paper and Voith Turbo. Each of the Group Divisions has its own legally independent holding company that governs the activities of their subsidiaries' businesses.

As a complete supplier in the area of hydro power, Voith Hydro is the reliable partner to all power-plant operators around the world. This does not just apply to traditional hydro power but also to generating power from the oceans. Voith Industrial Services is a leading service provider to key industries. As a partner and systems supplier to the paper industry, Voith Paper develops and produces technologies and products covering the entire paper-production process. Voith Turbo is a leading supplier of drive, coupling and braking systems for industrial, rail, road and marine applications.

Markets with long-term growth prospects

With our four Group Divisions, we are actively represented in the following markets:

Energy

As a provider of technologies and services for various types of power plant, and above all as a complete supplier of hydro-power technologies, we play a leading role in the energy market. Electricity suppliers around the world trust the high quality and reliability of Voith products and services.

Oil & Gas

We provide reliable and efficient technologies and services to extract, transport and process oil and gas. In doing so, we are making an important contribution to safeguarding the supply of these raw materials to national economies all over the world.

Paper

The global paper industry relies on Voith paper machines and systems to process fibers when producing commodity and specialty paper. We are making a key contribution in the area of paper production with resource-friendly, innovative technologies and products, and take care of the maintenance of systems as a service partner.

Raw Materials

Voith technology is used to extract ores, coal and other raw materials above and below ground, as well as to transport and process raw materials in steel mills and refineries.

Transport & Automotive

Voith technology makes it possible to transport people and goods in rail and commercial vehicles, on the water and in the air. Our engineers develop reliable, resource-friendly and low-emission products. Voith service specialists work with all major automobile manufacturers, ensuring their production processes are seamless, efficient and cost-saving.

1.2 Company Values

All our activities are built on trust. This maxim is supported and supplemented by our values of professionalism, respect for the individual, collegue-ship, openness, reliability and integrity. We summarize our canon of values in our claim “Voith – Engineered Reliability”. This encompasses our aspiration to provide reliable and high-quality technology on a sustainable basis and, at the same time, to always act fairly, openly and with integrity when dealing with our employees, partners and customers.

At the same time, our values form the basis of Voith as a brand. They are the core of our Corporate Identity and an elemental part of our Corporate Philosophy. They make us unique and differentiate us from our competitors. Lastly, our values underpin our success as they support us in achieving our corporate goals.

Trust as a brand value

As a maxim, trust is the foundation stone of the Voith brand and our promise to our stakeholders. It is only possible to gain this trust when our stakeholders know what we stand for and what we strive to achieve. Through our activities, we intend to maintain, and better still strengthen, our stakeholders’ trust in and loyalty to us.

Voith values as a binding element

With these values, we ensure that we act according to the same business principles and adopt the same philosophy the world over. In doing so, we marry the tradition of a family-owned company with the culture of a global group.

Our values are the element that connects the owner family, management, employees, customers and partners. We see ourselves as a true interest group driven by ideas of performance and mutual respect. We interact closely with the Voith family, which owns the company. In regard to our employees, we focus on long-term employment relationships and attach great importance to offering them challenging tasks and prospects for their personal development. We maintain long-term partnerships with our business partners, customers and suppliers that often span several generations. True to our values, we also seek out open dialog with important stakeholders and target groups including financial-services providers and investors, universities and research institutes, NGOs and interested members of the general public.

Our values are binding

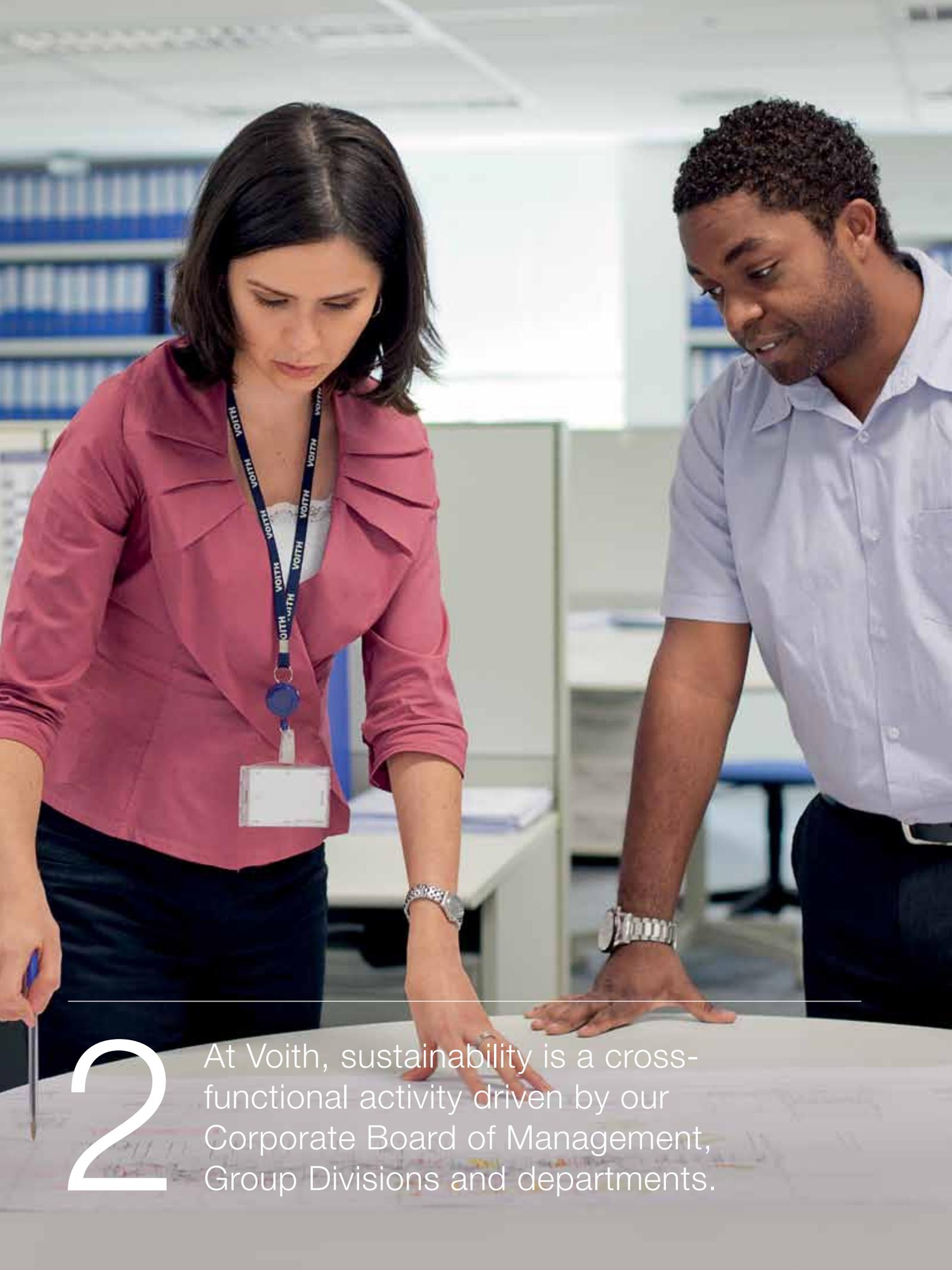
Our Voith Code of Conduct defines and summarizes appropriate corporate behavior for our employees. The aim of our Code of Conduct is to provide our employees with a guide for their actions and in doing so enable them to meet our own high standards. We continually update our rules and procedures and adapt them to meet current requirements.

Information

Code of Conduct,
see [voith.com/
codeofconduct](http://voith.com/codeofconduct)

Compliance,
see Chapter 3.2,
page 20

Our values are the basis for sustainable business development.



2

At Voith, sustainability is a cross-functional activity driven by our Corporate Board of Management, Group Divisions and departments.

Sustainable Management

Sustainability is an integral part of our company and embedded in the operative business of our Group Divisions. As a family-owned company with a history extending back over 145 years, our efforts to achieve the goal of sustainability influence our thinking and actions more than ever before. We see it as our task to fulfil the obligation to conduct business in a way that is ecologically clean, fair and with long-term success.

Tradition and innovation – as a technology group, we unite both. We value our long-standing tradition and at the same time we develop strategies to ensure we are always one step ahead of market developments. This also applies to the topic of sustainability which has always been a natural part of our corporate responsibility activities. As a global group, the task that now lies ahead of us is to strategically embed, effectively manage and continually drive forward this self-commitment. To achieve this, we have created structures and organizations.

Like with all our strategic decisions, we also have our eyes trained on the megatrends when it comes to our sustainability strategies. These give rise to opportunities and risks for our Group. Identifying and managing these is the challenge we face to create values on a sustainable basis.

“Our obligation is to conduct environmentally compatible, clean and fair business with long-term success: This triad is our foundation.”, says Dr Hubert Lienhard, President and CEO. We intend to conduct business that is sustainable in every regard in order to open up opportunities for future generations instead of spoiling those prospects. We are not only striving for technological leadership in our industry; we also intend to be leaders when it comes to our company’s sustainability.

With this understanding of sustainability, we are carrying on the tradition and style of the family-owned company while at the same time setting ambitious goals for the future.

Information

Our Claim, Fields of Activity and Strategic Goals for Sustainability, see Chapter 2.1, page 12

2.1 Our Aspiration, Fields of Activity and Strategic Goals

We see sustainability as the obligation to conduct business cleanly, fairly and with long-term success. This is our triple goal. In doing so, we are carrying on the tradition and style of the Voith family. To open up opportunities for future generations and not ruin those prospects, we intend to conduct business that is sustainable in every regard.

The growing shortage of resources, climate change, urbanization, mobility, globalization and, last but not least, demographic change are the megatrends of our age. As driving forces in our globalized world, these megatrends influence our company and, in doing so, our strategy too. If we intend to be sustainable, we need to identify and manage the resulting opportunities and risks to create values on a sustainable basis.

In the same way as we are striving for technological leadership in our industry, we also intend to be leaders in the area of sustainability. We see sustainable business methods as an opportunity to continue building on our company's success, avoid potential business risks and exploit new opportunities. This is why we have embedded sustainability in our company as a major principle of our activities. It runs through our entire added-value chain and defines every process and procedure.

Our fields of activity in the area of sustainability

The diagram on the right shows the individual fields of activity we are engaged in. Our key focus areas are:

Product responsibility

Our customers have high expectations on us and our products. Through our innovations and high-quality machines, systems and services, we meet their requirements and justify the trust they place in us. This way, we ensure our customers remain loyal to us and strengthen our market position in the long term.

Responsibility for the environment

By ensuring our production is as resource-friendly as possible, we save costs and at the same time contribute to protecting the environment.

Responsibility for our employees

It is important that we are a fair and dependable employer that people like to work for. As such, our employees' safety accounts for a large share of our sustainability activities. Similarly, our sustainable and foresighted activities also include securing emerging talent and qualified personnel, and ensuring they remain loyal to us.

Our strategic goals

We have made substantial progress in the area of sustainability over the past few years. Nevertheless, we still have a long way to go to get to where we want to be. We have defined further strategic goals and management ratios in our individual fields of activity which allow us to measure the degree to which we have already achieved our goals. We continually develop these whereby we, for instance, will also include other areas in the future.

Information

Goals and Achievement, see page 80

Fields of activity: Sustainability



Fields of activity for which we have published initial goals and which we can be benchmarked against.

2.2 Organization

Sustainability is a cross-functional activity

Sustainability is a cross-functional activity driven by our Corporate Board of Management, Group Divisions and departments. Following a resolution by our Board of Management, we launched our Corporate Sustainability central function in the first quarter of 2009 to systematically embed and strategically focus our Group's sustainability activities. In autumn 2009, we added the Corporate Sustainability Council as a steering committee. In the reporting year 2010/11, we established further organizational structures.

Sustainability-management structures and responsibilities

In just two years, we established a sustainability organization which follows the divisional structure of the Voith Group and includes all Group Divisions.

1. Central function: Corporate Sustainability

On behalf of our CEO, our Corporate Sustainability central function sets out the structure and guidelines for our Group's sustainability activities and organization. It also pursues the topic strategically as well as manages and drives forward the activities in our Group. The duties and responsibilities of our Corporate Sustainability central function are summarized in a Group Directive.

The management of the Corporate Sustainability central function reports directly to the CEO.

The central function advises our Group Divisions and Group companies on all subject-specific issues relating to sustainability. It also manages our Corporate Environment, Corporate Occupational Safety, Work Environment Management and Corporate Sustainability Office areas which in turn manage the departments in our Group Divisions. In addition, our Corporate Sustainability central function advises and supports our Group Divisions in filling managerial posts in the area of sustainability.

One of the most important tasks of our Corporate Sustainability central function is to establish the bases for an integrated and consistent definition of sustainability goals across our Group Divisions and company levels. The departments in the particular Group Division implement these Group goals in their relevant operating units. At the same time, they define the application and use of Group-wide, strategic tools. Examples of these include our Voith sustainability database and management-reporting tool as well as additional sustainability-relevant data-collection tools to manage hazardous substances. Furthermore, the central function is responsible for coordinating the occupational health and safety as well as environmental and health protection of the Group companies at our location in Heidenheim and for providing occupational health services in Heidenheim and Crailsheim (Germany).

2. Corporate Sustainability Council

We established our Corporate Sustainability Council in autumn 2009 as the central steering and controlling committee for sustainability at Voith. Our Corporate Sustainability Council formulates decision-making bases for our Corporate Board of Management. In addition, it is the interface to the organization for the operative implementation of sustainability in our Group Divisions and also monitors the achievement of goals. The Council comprises sustainability representatives from our Group Divisions who report to the relevant General Manager of the particular Group Division. The Council is headed-up by the Corporate Sustainability central-function management team.

In its controlling and monitoring function, our Corporate Sustainability Council coordinates the seamless process of collecting sustainability data. It monitors the incorporation of our strategies, programs, goals and measures to implement sustainability in our Group Divisions and contributes to knowledge-sharing through its regular sessions.

In fiscal 2010/11, the Corporate Sustainability Council held twelve sessions.

The Corporate Sustainability Council maintains close contact with our departments. Department managers also take part regularly in Council sessions. They present the sustainability targets they have devised and report on the extent to which associated measures have been implemented and what the next steps will be.

Incorporating sustainability strategies as well as devising and implementing programs, goals and measures is the task and part of the responsibility of the operating units of our Group Divisions and departments such as Human Resources and Purchasing. Besides this, managers are asked to appear before the Council and present their own ideas on sustainability and to drive these forward in consultation with the Council.

Corporate Sustainability Office

Our Corporate Sustainability Office manages our sustainability communications. As such, the Office is responsible for sustainability reporting as part of our sustainability reports, internal communications and for sustainability-relevant topics on our company's website. Incoming enquiries on the full range of sustainability topics are also pooled and coordinated here.

As an administrative function, our Corporate Sustainability Office safeguards the functionality of our sustainability database and management-reporting tool, and further develops these.

Cutting-edge data-collection and evaluation software

Since fiscal 2008/09, we have been collecting all the data and information we generate on operative environmental protection, the various relevant environmental and material key figures as well as data on the employment situation of employees at site

level. We do this using our sustainability database which is based on the Global Reporting Initiative's Sustainability Reporting Guidelines. Our operating units are responsible for collecting the data.

We gave our sustainability database an extensive update in fiscal 2010/11 and expanded it to include additional key figures. Most notably, we further developed the questionnaires from the environment, material and HR areas.

Since fiscal 2009/10, our Group Divisional Administrators, who report to the relevant members of the Corporate Sustainability Council, have been ensuring that the data-collection process runs smoothly. At their regular meetings, they coordinate the collection of global sustainability data and support database users under the guidance of the Corporate Sustainability central function.

While data is collected in the first step using our sustainability database, this data can be evaluated using our new management-reporting tool. The data is updated on a quarterly basis, with energy key figures even being updated on a monthly basis. At site level, the key figures from the ecological target area (CO₂, freshwater, waste) are reported in absolute values; at Group Division and Group level, they are presented in specific figures. Diagrams make the changes versus the previous year transparent. In addition, a traffic-light system indicates the level to which the particular goal has been achieved.

We developed our management-reporting tool in fiscal 2010/11 and will gradually roll it out within our Group in fiscal 2011/12.

Our goals

We intend to present further key figures on occupational health and safety and occupational health management using the management-reporting tool up to 2012/13.

Information

Goals and Achievement, see page 80

2.3 Stakeholder Dialog

Our company's key stakeholders

The Voith family, Shareholders' Committee, Supervisory Board and Works Council, customers, employees, suppliers, investors, universities and research institutes as well as NGOs and interested members of the public – including the media, politicians and associations – are all stakeholders that place wide-ranging demands on our company both at a local and global level.

How we have been conducting dialog to date

We are in contact with our stakeholders on a variety of topics, at all levels and in assorted ways. For instance:

With our employees

Through corporate and operational codetermination, our employees have an opportunity to exert an influence. Annual employee dialogs also provide the chance for individuals to express their concerns. Furthermore, our employees can actively contribute their ideas and suggestions for improvement on a wide range of topics, including sustainability, through our ideas management system. Among other contribution methods, we have set up a dedicated e-mail address for this purpose: ideas@voith.de. We recognize the best ideas by offering incentives and through special awards.

With our customers

On the one hand, we are in direct dialog with our customers through our often very close collaboration during the course of everyday business. On the other hand, we collect feedback from our customers by conducting customer surveys. We review our customers' satisfaction on a regular basis. To enable us to do this, there are processes in place in all areas of our business which allows us to measure, analyze and report on our customers' satisfaction.

As an active member of associations such as the German Engineering Federation (VDMA), the Federation of German Industry (BDI), the German Association for Materials Management, Purchasing and Logistics (BME/AMMPL) and the International Hydropower Association (IHA), we engage in dialog with a variety of interest groups.

How to get in touch with us

We encourage our stakeholders to get in touch with us at any time to share their wishes, questions and suggestions with us on the topic of sustainability. They can do this either in person or in writing, such as by emailing our dedicated address: sustainability@voith.com. It will soon be possible for them to engage in direct dialog with us via our homepage. As such, to support stakeholder dialog we are currently updating our website to show who the appropriate points of contact are for our Group's individual fields of activity.

Establishing systematic and international stakeholder dialog

We aim to further systematize and expand our dialog with stakeholders. We plan to initiate stakeholder dialogs which are targeted on the megatrends that are also of strategic relevance to our company. We aim to expand these dialogs to include all countries and regions where we are active. To achieve this, we plan to devise a program. In relation to this, we are currently looking very closely at which experts and change leaders are important to our stakeholder dialog activities at a global level.

Our goals

In fiscal 2011/12 and also 2012/13 we plan to promote internal dialog through our Sustainability Strategy at introductory events for new employees, as well as at work safety, health and environmental protection congresses in Asia, North and South America. Our aim is to achieve a common, shared understanding. The same applies to our Voith Academy for Voith managers.

In fiscal 2012/13, we plan to establish a process of direct dialog on our homepage between stakeholders and the appropriate points of contact at Voith for the relevant topics. By 2014, we plan to develop a program to establish a systematic, international process of stakeholder dialog.

Information

[Measuring Customer Satisfaction, see Chapter 5.3, page 42](#)

[Goals and Achievement, see page 80](#)

[Occupational Health and Safety, see Chapter 6.3, page 50](#)

[Voith Academy, see Spotlight page 49](#)



3

Our business success confirms that we are on the right track with our company's long-term and sustainable strategy.

Sustainable Profitable Growth

A long-term business strategy, a systematic risk management system, compliance with statutory and internal company regulations and fair business relationships were and are the foundation for sustainable and highly profitable growth and the success of Voith.

We intend to continue being a dependable partner that all our interest groups can count on – whether shareholders, employees, customers, business partners, NGOs or politicians. Among other considerations, we will achieve this through a long-term plan and strategy.

Systematic risk management

Long-term planning also means monitoring macro-economic developments closely to identify potential risks to the company, employees, society or the environment right from an early stage and – if necessary – implement counter measures. This allows us to avert risks in good time and draw the right conclusions from them to utilize the opportunities provided. At the same time, our risk management system's stated overriding goal is to permanently maintain Voith's financial independence as a family-owned company.

Compliance

All our activities are carried out on the principle of trust. Building on this, we expect all our employees to uphold existing laws as well as our company-internal rules. This applies Group-wide and at all levels of hierarchy. In doing so we intend to permanently strengthen the trust of our stakeholders and maintain the reputation of the Voith brand.

Supplier management

We also expect our suppliers and service providers along the entire procurement and supply chain to comply with recognized environmental and social standards.

Financial development in fiscal 2010/11

The figures for our successful fiscal 2010/11 show that we are on the right track with our strategy. All Group Divisions grew, within a very cautious macro-economic environment. We increased our sales by eight percent to 5 594 million euros (previous year: 5 198 million euros) and also increased all our other key performance figures.

Outlook

At the time of reporting, the economic situation is still very volatile and is marked by persistent global uncertainties. While we expect modest global economic growth this fiscal year, we anticipate sales to increase slightly overall in fiscal 2011/12 – even despite the corrected forecast of our Group Division Voith Paper. This Group Division is suffering structural and market-related falls in business with graphical paper machines. These are holding back the business development of our overall Group. We expect three of our four Group Divisions to increase their sales and profits in fiscal 2011/12, with the figures of all four Group Divisions to report profitability.

Information

Business Strategy, see Chapter 3.1, page 18

'Risks and opportunities' in our Annual Report 2011, pages 121–127; Sustainability Report 2010, pages 18–21

Compliance, see Chapter 3.2, page 20

Supplier Management, see Chapter 3.3, page 21

Information

'Management Report' in our Annual Report 2011, pages 83–91, 'Forecast Report' in our Annual Report 2011, pages 128–131 and 'Forecast' in our Interim Report 2012, pages 26–27

3.1 Business Strategy

Our company’s long history shows that we are on the right track with our sustainable-growth business strategy. Our business success is based on four sustainable pillars which have been carefully established over the decades: Our balanced product portfolio, our global presence, our power of innovation and our financial independence as a family-owned company.

Balanced product portfolio

Starting with our original core business – machine and plant engineering – we have systematically expanded our product and service portfolio over recent years, thereby firmly establishing ourselves in our core markets of paper, energy, oil and gas, raw materials, transport and automotion.

To expand a portfolio that satisfies market demands in the long term, it is essential to identify the megatrends of the future and to gear up to meet them early on. This is why with our product portfolio we now offer solutions for increasing mobility and urbanization, the growing demand for renewable energies and for resource friendly means of production.

Each of our Group Divisions makes a considerable contribution to our overall sales.

Thanks to our diversified product and service portfolio, as well as our presence which is balanced regionally, we can hold our ground even when the overall market conditions are difficult and continue to grow – as we have proven in the financial crisis of recent years.

Global presence

Voith is an international company. We set ourselves the goal of establishing ourselves in all growth regions of the world by setting up development and production sites to enable us to supply each local market directly from its own center and to contribute to the value created locally – whether in the form of native management teams, local supply chains or access to local funding sources.

The emerging markets, in other words regions such as China, India and Brazil, are becoming increasingly important to the global economy thanks to the growth potential in the areas of income, productivity, living standards – and last but not least, due to their demographic development. Consumption in these countries continues to increase. To share in the resulting growth opportunities and to contribute to the value created there, we have established new offices, production sites and service centers over the past few years, especially in Asia and Brazil, and hired employees.

Great power to innovate

Globally we hold many thousands of active patents, with hundreds of new ones being added each year. In fiscal 2010/11, our R&D expenditure was around 259 million euros – accounting for 4.6 percent of our Group sales. Compared to the year before, expenditure fell slightly by 2 percent.

Information

‘Research and Development’, see Annual Report 2011, pages 115–116; Innovative Products, see Chapter 5.1, page 38

Total sales 5 594 million euros

By Group Division



By region



Financial independence

Voith has been in the ownership of the Voith family ever since it was founded in 1867. It is of central importance to our Board of Management, Supervisory Board and shareholders that Voith grows profitably in the long term so that it can be passed on strengthened to the next generation and with its financial independence intact.

Accompanied by a suitable dividend policy, our Group has the financial muscle to achieve continual and attractive growth rates whose development can be planned over long periods. With an equity share of 22.1 percent (year before: 18.8 percent) and a stable financial situation, a solid basis exists for our Group's continued successful development.

Small is beautiful

All of our business partners who contribute to the value-added chain must comply with current environmental and social standards, with further requirements applying in many regions. Among these, customers in the USA expect us to comply with regulations set out in a state program to support small businesses.

Somasundram Pillai, Procurement Manager at Voith Hydro in York (USA), is continually searching for qualified small businesses from which goods and services can be procured both for public and private hydro power projects. "Naturally, small businesses only get awarded the contract when the service and price offered is comparable to that of other companies. By following this approach, we give small and minority-run businesses the chance to get involved in our project", explains Pillai.

The US government has been supporting Small Business Enterprises (SBEs) since as far back as the 1950s with programs designed to allow all citizens, regardless of origin, age and gender, to participate in business life. This now also includes Minority Business Enterprises (MBEs) – businesses in the ownership of or managed by economically disadvantaged groups including women, people with

disabilities or citizens of African, Asian, Hispanic or First Nation descent.

Voith Hydro in York has been focusing its supplier management system on this goal for over 60 years now. Our Procurement employees regularly take part in training and information events, enabling them to select qualified SMBs and MBEs in a targeted way. Voith Hydro keeps its customers regularly updated about its suppliers and the proportion of SBEs and MBEs involved in the scope of supply. In most years, they account for up to a quarter of the overall procurement volume. "Many of our European colleagues are completely unfamiliar with this type of business support and are impressed by the simple yet efficient approach", says Pillai. And from the employees' viewpoint too, the long-term and positive collaboration with small businesses is a success for everyone involved.



Spotlight

3.2 Compliance

Information

Equal opportunities are set out in Clause 3.2 of our Code of Conduct.

Code of Conduct, see www.voith.com/codeofconduct

Trust, dependability and fairness are the values on which the Voith family has always built its company. These are the values we follow and on which the relationships with our customers, business partners and employees are based. We uphold these values and expect our employees to do the same. This is why in October 2009 we set out our values in our Code of Conduct for all to read. It is binding across the Group and it sets out the most important rules for dealing with customers, business partners as well as when it comes to interacting with others in the company.

Our organization of compliance

Our Compliance Committee is responsible for establishing, further developing and coordinating our organization of compliance, and for regularly reviewing applicable compliance regulations and for coordinating training courses. We established the Committee in 2007/08 as part of our existing organization of risk management. The Compliance Committee comprises the relevant Heads of Corporate Office, Head of Corporate Law, Head of Corporate HR Management and Head of Company Audits. The Committee is chaired by the Head of Corporate Office who reports directly to the Chairman of the Voith Corporate Board of Management. In accordance with our other organization of risk management, the Chief Financial Officers (CFOs) of our Group Divisions and our individual Group companies serve as the respective compliance representatives in their units. They are responsible for implementing our organization of compliance in their areas. All compliance representatives are prepared for their duties in multi-day training courses. Our employees are obliged to attend training events which are tailored to their particular activity and each employee's needs.

Dealing with issues and violations

If an employee suspects our Code of Conduct is being violated, they can report this. We offer them various ways to do this, from which they are free to

choose. They may report a violation to their direct supervisor, the HR executive responsible for the employee, the relevant Group company's compliance representative or a member of the Compliance Committee. Besides this, we also set up a helpdesk and an e-mail address which employees can use to report violations. If the employee reports anything, this does not count against them in any way at all – complaints submitted anonymously are also investigated.

Compliance in fiscal 2010/11

There were only a few violations of our Code of Conduct in the previous fiscal year. They were dealt with immediately, followed up systematically and sanctioned by appropriate measures. To date, we have trained 24 059 employees, equating to 59 percent of our workforce, on compliance-related topics. In addition to on-site training, since September 2011 we have also offered an eLearning training course which also reaches those employees for whom no on-site training is envisaged due to the type of activity they are involved in. In the previous reporting year, we pointed out that we would have our compliance management system (CMS) certified in accordance with the standard IDW EPS 980. The first phase of certification by a major auditing firm has now been concluded successfully. This confirmed that all the elements that are necessary to implement an effective compliance management system are in place globally in the Voith Group. Phases 2 and 3 of IDW EPS 980 certification still need to be completed and are currently being planned. This also gives rise to the additional goals for the current and next fiscal year.

Our goals

We expect to complete certification phases 2 and 3 (implementation of our CMS and review of its effectiveness) by 2013. By the end of 2012, we plan to instruct or train all our employees either by means of on-site training or eTraining. In addition, we will continue to ensure export control compliance by holding and continuing to hold supporting training courses.

3.3 Supplier Management

As a manufacturer, we process products and raw materials from all over the world. In fiscal 2010/11, we sourced goods and services worth some 3.28 billion euros from 96 different countries. We purchased around 67 percent from direct suppliers in OECD countries, mainly Europe and North America, with similarly high statutory social and environmental standards to those in Germany. South America accounted for 21 percent of our purchasing volume, with Asia and the rest of the world accounting for 12 percent. In future, the share of goods procured from the Asian market will increase considerably.

Our drive for sustainable business practices requires that our suppliers also comply with recognized environmental and social standards. This is why our goal is to have a transparent supply chain based on partnerships.

Our contract-awarding procedure

Before we add a new supplier to our pool, we check it and its environmental and social standards. Since fiscal 2009/10, new suppliers register themselves in our supplier portal. Based on a set of questions, we ask for key fundamental information on the topic of sustainability including compliance. This allows us to establish whether the company has a sustainability strategy, a Code of Conduct, an employee training program as well as what its car-

bon footprint is. Furthermore, we also like to know whether the company has implemented environmental, occupational health and safety as well as quality management systems that can be audited and whether standards exist that sub-suppliers to the potential supplier need to meet. We ask the supplier to upload its management systems' relevant certificates to our database.

The result: Our buyers have online access to global business, product and capacity information of the individual suppliers in a single database.

The key factor as to whether we work with the supplier remains the quality of its products and systems which we review through specimen pieces, initial samples, audits and visits or on-site inspections.

Environmental and social standards are firmly embedded in our Delivery Conditions

As soon as we award a contract, suppliers are required to accept our General Conditions of Purchase (AEB) and the Voith Code of Conduct. This sets out that suppliers must comply with all statutory provisions relating to environmental protection and labor law and that bribery, corruption and child or forced labor will not be tolerated. Alternatively, suppliers must provide proof that they have their own relevant regulations and give assurances that they will uphold these.

Trust, dependability and fairness are the values that underpin the relationships with our customers, business partners and employees.

Active assessment of suppliers

To be sure that suppliers meet our quality, safety and environmental-protection criteria even after they have been added to our database and once a business relationship has been established, supplier monitoring is a core building block of our supplier management system.

Based on defined measurement criteria, we regularly assess the quality of the business relationship and the service provided by a partner. Our assessment criteria are: Quality, Logistics, Commercial Technology and Social Components. We rank them according to six criteria ranging from “excellent” to “undesirable”.

In terms of the Social Components, the effectiveness and depth of the quality, environmental and occupational health and safety management system are important to us. On the one hand, this is demonstrated through internationally recognized certificates such as ISO 9001, OHSAS 18001 and ISO 14001, but it can also be monitored as part of on-site visits or audits. Particularly with suppliers who cannot provide proof of certificates or recognized systems, we satisfy ourselves of the quality of suppliers’ processes, systems and products by visiting and auditing them. The focus of the audits and their frequency are agreed at operating Group level and modified if required.

Since fiscal 2008/09 we have been following a product category concept. As part of this, we specify goals and procedures for product categories, and define suppliers that are preferred both Group-wide and by the individual Group Divisions.

We support our suppliers

The strengths and weaknesses of our individual suppliers are reflected in the results of our supplier assessment. For us, they form the starting point to support our suppliers, if necessary, through targeted measures in continuing their positive development.

Non-compliance: What happens if Voith’s directives are not observed?

If suppliers do not comply with our environmental, safety and social standards, we warn them about this and initially give the supplier a chance to improve. If there is no improvement within a certain period despite several notifications and warnings, the business relationship ceases and the supplier is blacklisted.

Dialog and training

We encourage direct dialog with our suppliers on environmental and social standards. We inform our partners about organizational changes and new requirements in particular during our supplier visits and our Supplier Seminars. The frequency at which we hold our Supplier Seminars depends on the Group company, Group Division or product group.

Engaging in dialog with other companies is also important to us. This is why we are members of the Registered Association for Materials Management, Purchasing and Logistics (BME/AMMPL).

Before we add a new supplier to our pool, we scrutinize it and its environmental and social standards.

Our supplier management system in fiscal 2010/11

Our supplier database has proven itself as a research tool that increases the transparency of award procedures. To record information even more precisely, we are currently revising the set of questions for registering to be a member of our supplier pool.

In dialog with our suppliers

To maintain dialog with our suppliers, we developed a communications strategy for Purchasing and our suppliers. We have an intranet and Internet site, we are planning a Supplier Award and we have "Purchasing News", a newsletter which also explains the relevance of sustainability and compliance to purchasing.

Furthermore, we have a Purchasing Training School in which buyers are informed about sustainability in procurement and the challenges arising from that. In addition, we also held supplier seminars.

Our goals

Data acquisition

We are working on raising the quality of our purchasing data. To obtain a better overview of key materials we procure, we created a material score for plastics and coating materials, semi-finished products and electronics. We will have achieved a further improvement in the data pool and increased the acquisition share to 80 percent as early as fiscal 2012/13. Our goal is to achieve a 95 percent degree of coverage by 2015.

Supplier assessment

To ensure maximum quality, the number of assessed suppliers will rise steadily. For fiscal 2011/12, we intend to purchase 85 percent of our goods and services (based on invoice volume) from assessed suppliers. In a semi-annual report, the assessment

results are discussed by the Purchasing Steering Committee at Corporate Board of Management level and new goals are derived for future fiscal years.

In our Sustainability Report 2010 we announced our intention to assess 50 percent of our suppliers by fiscal 2012/13, rising to 80 percent by fiscal 2014/15 and taking into account social and environmental aspects. We replaced this target with the above-mentioned goal as monitoring goods and services purchased from assessed suppliers is of greater relevance to us. The goal is to increase this target successively. In 2010/11, we did not fully achieve our goal of procuring 80 percent of goods and services from assessed suppliers. This is why we increased our goal to 85 percent by 2011/12.

Assessing suppliers as part of supplier audits

Sustainability aspects are also to be monitored in future when we assess suppliers. In fiscal 2011/12, we will develop a strategy to include social and environmental issues Group wide.

Voith Supplier Award

From 2013 onwards, we plan to honor suppliers for exemplary services with our Voith Supplier Award. We are currently working on the idea with a view to also including sustainability aspects.

Conserving resources through local sourcing

Asia, especially China, is increasing in importance as a market partner. In fiscal 2010/11 alone we increased the number of local suppliers by 28 percent compared to the previous fiscal year. This equals a purchasing volume of around 400 million euros. Through a "local sourcing" quota, we intend to avoid long delivery distances and in doing so minimize resulting CO₂ emissions. This key figure is part of our internal reporting system and serves as a management ratio for producing market development strategies that are specific to the business division.



4

Acting ecologically is synonymous with acting economically. It involves the entire value chain.

Responsibility for the Environment

Voith requires vast considerable quantities of metal, plastics and energy to manufacture its products. This is why rising prices on the raw material and energy markets are of great importance to us. The growing shortage of raw materials requires us to consider new technologies and adopt new approaches.

We are taking responsibility for the environment through progressive thinking and acting. Through this, we intend to safeguard the continued existence of our business for our customers, employees and the Voith family on the one hand – and on the other, contribute in a wider context to preserving an appropriate environment for humankind in the long term.

Group Directives and operational implementation

In 2003, we set out and implemented binding environmental standards that apply to our entire Group and all stages in the value chain to continually reduce our ecological footprint. We summarized our company-specific environmental standards in our Group Directive No. 01/02 which we recently updated in October 2011. We have set out our understanding of environmentally-aware actions, and how we are implementing environmental protection measures within our Group, in seven guiding principles:

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

Strategic approach

We have identified CO₂ emissions, waste and fresh-water consumption as strategic fields of action in environmental protection. In 2010, the Voith Corporate Board of Management set out three specific reduction targets for this purpose based on fiscal 2008/09.

CO₂ emissions

CO₂ emissions in relation to annual sales (t/€ millions) will be reduced by 10 percent by fiscal 2015/16.

Waste

Waste in relation to annual sales (t/€ millions) will be reduced by 10 percent by fiscal 2015/16.

Freshwater consumption

Freshwater consumption in relation to annual sales (m³/€ thousand) will be reduced by 5 percent by fiscal 2012/13.

To achieve our top-level Group targets, we developed sub-targets and specific ecological-economic action plans for our individual Group Divisions. Our new management reporting database tool shows us the target achievement rate in the individual Group Divisions. The new tool also allows us to electronically report the key figures as well as the steps and initiatives taken in relation to the defined Group targets.

Information

Management Reporting Tool see Chapter 2.2, page 14

4.1 Environmental Organization at Voith

Corporate Environment

We expanded and restructured our Group's environmental organization in the reporting period. Now, the central department Corporate Environment is responsible at Group level for all environment-related issues. It operates as a sub-department of our Corporate Sustainability division, which in turn reports directly to the Chairman of the Corporate Board of Management. The environmental organizations at Group level assist in implementing environment-related activities and measures. These also report directly to the relevant Group Division's Board of Management.

Corporate Environment's stated aim is creating measurable added value based on eco-compliance by merging economic principles with ecological aspects. To create this value, Corporate Environment pursues a multi-dimensional approach and is subdivided into the four focus areas of Eco Technologies, Ecological Business Management (EBM), Eco Standards and Environmental Protection Heidenheim.

1. Eco Technologies

The purpose of the Eco Technologies focus area is to combine existing knowledge gained from internal projects that have an ecological-economic benefit with construction and development knowledge – and make this combined knowledge accessible across the Voith Group. Among other benefits, this mutual exchange of knowledge allows usage opportunities of our products within the Voith Group to be identified.

In addition, Eco Technologies conducts studies and pilot projects to identify market trends and new technologies, and evaluate them with regard to their ecological-economic opportunities for use in products and production. Our Ecological Business Management, Mergers & Acquisitions (M&A) and other divisions can rely on the expert knowledge of Eco Technologies – particularly in the subject areas of energy and resources. While Ecological Business Management focuses on production and the down-

stream elements of the value chain, Eco Technologies focuses on the upstream elements of the value chain. This is because Research & Development (R&D), Construction and Purchasing in particular have a considerable influence on the energy and resource efficiency in the production and environmental impact of a product. For this reason, Group-wide energy and resource-efficiency training courses have been offered since autumn 2011.

We established the overall organization in fiscal 2010/11 and defined its vision, mission and strategy. Furthermore, we launched a current-status analysis in the area of technologies for our Group and kick-started initial pilot projects on topics such as wind power, solar power and material efficiency in production.

Our goals

In fiscal 2012/13 we intend to implement a pilot project on eco-technology transfer within Voith. In fiscal 2012/13 we will develop a standard methodology to raise material efficiency in production. And by fiscal 2013/14 we aim to complete an analysis on what impacts the shortage of raw materials has on Voith.

2. Ecological Business Management

Our vision is to have CO₂-free facilities. Ecological Business Management (EBM) is intended to help us achieve this aim by identifying and implementing ecological-economic potentials for improvement, as a result of focusing on production and the associated processes and technologies. The key tool of EBM is the analysis of energy, material and water flows at our facilities.

We rolled out EBM as a pilot project back in fiscal 2008/09. In fiscal 2010/11 we conducted eight additional energy, material and water-flow analyses at our global locations. We now intend to gradually expand EBM to cover all Group Divisions. In the reporting year 2010/11, we transferred our EBM approach to a further Group Division.

Information

Goals and Achievement, see page 80

Information

EBM, see Voith Sustainability Report 2010, page 68

We focused on our three large production sites in São Paulo (Brazil), Shanghai (China) and York (USA), with analyses in Mississauga (Canada) and Heidenheim supplementing the work. We conducted a pilot project in a further Group Division at our location in Garching (Germany), which supports the ongoing roll-out of the EBM methods in this Group Division in fiscal 2011/12.

Our goals

In our 2010 Sustainability Report, we set ourselves the goal of successively transferring the EBM methods across all Group Divisions in fiscal 2010/11. At the close of fiscal 2010/11, EBM has become fully established in two Group Divisions; in another Group Division, application of the methods has been initiated in a pilot project at one location. For fiscal 2011/12, we now plan to integrate fully the EBM methods in all Group Divisions.

3. Eco Standards

The purpose of the Eco Standards focus area is to support our business divisions and locations in implementing and complying with environmental regulations. Eco Standards handles the specialist management of the environmental management organization; this is embedded in our integrated labor, health and environmental management systems. In this regard, we are guided by the international standards ISO 9001, ISO 14001 and OHSAS 18001.

Environmental management systems and plant representatives support our individual locations in complying with environmental regulations and standards. Compliance with our environmental Group Directive and legislation is checked by means of internal and external audits. This enables us to ensure uniformly high quality and an environmental standard for our production processes and products.

In the reporting year, we produced an Eco Compliance strategy for the Voith Group which will be rolled out across Germany in fiscal 2012/13 by means of special software, with roll-out to the rest of the world following by 2013/14. Our Group structure is itemised within the software right down to plant and department level – with the special en-

vironmental regulations and requirements assigned correspondingly to the various levels. If legislation is changed anywhere in the world, information is provided centrally by a legal database and the new regulation is then forwarded directly to the affected plants or department managers. The database also generates a corresponding inspection task – whose processing status can be tracked in the system.

In addition, our Corporate Environment department has offered global training courses on specific environmental regulations since autumn 2011; the first courses are planned to commence at the start of 2012. Besides legislation such as the German Recycling and Waste Act (Kreislaufwirtschafts- und Abfallgesetz), training is given on the fundamentals of environmental management and on conserving energy and resources in the plant. One particular focus of the training courses is on hazardous substances and the safe handling of these. Besides Safety and Environmental representatives, managers as well as employees from Purchasing, Construction, Incoming Goods, Warehousing and Distribution make up the target group: They have a direct influence on the procurement, use as well as the secure shipment of these materials and substances in our company.

Our goals

We will roll out our Eco Compliance strategy with accompanying software in Germany by fiscal 2012/13, and globally by fiscal 2013/14 at all major Voith locations. By fiscal 2013/14 we aim to roll out a hazardous substance management process based on a global standardized hazardous substance database.

4. Environmental Protection Heidenheim

At our location in Heidenheim, Germany, our central Corporate Environment department is also responsible for local operational environmental protection. The Plant Representative for Emissions Protection, Groundwater Protection, Waste and Hazardous Substances performs this role for all companies located at the site. As a pilot project, we started rolling out our described Eco Compliance software at Heidenheim in fiscal 2010/11.

Information

Goals and Achievement, see page 80

4.2 Efficient Use of Materials and Protection of Resources

The global shortage of resources is confronting us with a huge challenge: We need to develop alternative technologies if we are to ensure the future availability of sufficient natural resources to humankind. This is why we are working on strategies and solutions to increase resource efficiency and raise the recycling rate in production and administration.

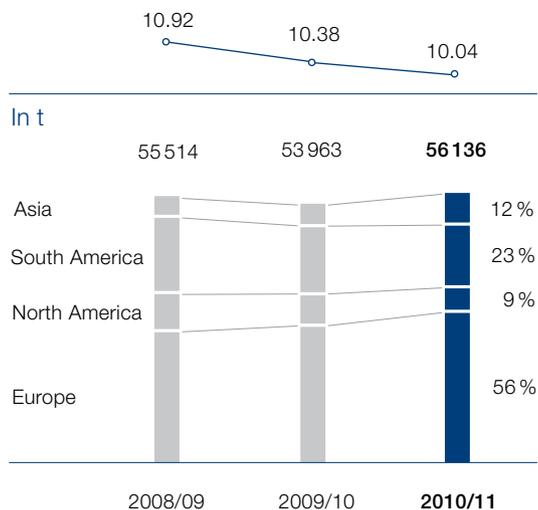
Waste in fiscal 2010/11

We generated 56 136 tonnes of waste in the reporting year, of which the majority (70 percent) was non-hazardous and the remaining 30 percent was hazardous. Compared to the year before, this represents an increase of 1 333 tonnes of non-hazardous waste and 840 tonnes of hazardous waste in absolute terms.

The specific quantity of waste we generated in fiscal 2010/11 was 10.04 tonnes/million euros of sales. As the amount of waste we generated in fiscal 2010/11 remained almost unchanged versus the previous year despite an increase in sales, this resulted in a fall in the core waste/sales indicator of around 3 percent versus the previous year, thereby confirming the continual downward trend.

Waste

Specific value in t/€ million in sales



Information

Facts and Figures, see page 71–72

Diagram

By region, excl. Africa (<1%).

Compared to fiscal 2008/09, we reduced our effective waste volume by 8.1 percent by fiscal 2010/11. This means we are on the right track to meeting the goal we set ourselves in our 2010 Sustainability Report of reducing our waste volume in relation to our annual sales by 10 percent by fiscal 2015/16.

Largest waste volumes at our our Mechanical Engineering locations

When analyzed by region, it is clear that the largest waste volumes are generated at our production locations in Europe and South America. Series production is not usually possible at our machine production locations, which are predominantly situated in Europe; this is why waste volumes are unavoidably high. That said, we are always endeavoring to enter into small-scale series production wherever possible and practical. For example, we operate a foundry in the South American city of São Paulo, which produces large volumes of casting sand.

On the other hand, many of our plants in Asia and North America manufacture consumer goods from plastics, thereby producing waste with a correspondingly low weight.

Practical examples: How we reduce waste

To draw comparisons and derive systematic approaches to reducing waste volumes, we regularly compare the waste we produce at selected locations. This involves calculating and comparing quantities, classes, sorting grades and prices on the recycling market.

The waste rates and prices of specific waste fractions are then provided to all sites for comparison purposes using SharePoint.

Casting sand, which is required for the casting process at our foundry, accounts for over 40 percent of the total waste volume in São Paulo, Brazil. To save casting sand, we use it multiple times over by processing it mechanically and storing it where it is protected against moisture. By doing this, as well as by increasing our sand-storage capacity and op-

timizing our mold-manufacturing process, we achieved a 30 percent saving in the volume of casting-sand waste we generated over the last two fiscal years. Compared to fiscal 2008/09, we generate around 4,500 tonnes less casting sand waste each year.

In spring 2011 we put a highly energy-efficient vacuum distillation system into operation in Heidenheim. This removes water from the emulsion waste and in doing so reduces the volume of waste to 15 percent of the original volume. The removed water is mainly used again in the coolant circuit and the remainder is discharged to the sewage system. This results in a 70 percent saving in environmentally hazardous waste. We are now also planning to install a vacuum distillation system in São Paulo in fiscal 2011/12.

Our goals

We aim to reduce our waste volume in relation to annual sales (t/€ millions) by 10 percent by fiscal 2015/16 with fiscal 2008/09 as the benchmark year. In relation to the target value, we reduced our waste by 8.1 percent in fiscal 2010/11.

Water consumption in fiscal 2010/11

In total, we consumed 1 661 287 m³ of freshwater in the reporting year. In this regard, freshwater includes all surface water, groundwater and mains water – rainwater and geothermal water are not reported. Groundwater (46 percent) and water from the communal water supply (45 percent) account for the greatest share of our freshwater consumption, with the remaining 9 percent accounted for by surface water (cooling water from the sea for our plant in Högsjö, Sweden).

Our specific freshwater consumption in the reporting year 2010/11 was 0.3 m³/€ thousand in sales – roughly a 3 percent reduction compared to the year before. This fall in freshwater consumption in absolute terms is thanks to us improving our production capacities and increasing sales.

Compared to fiscal 2008/09, we reduced our effective freshwater consumption by 16.3 percent. This means we already achieved our target last year – and have even exceeded it – of reducing our effective freshwater consumption in relation to annual sales by 5 percent by fiscal 2012/13.

Protecting water and conserving biodiversity

Several of our production sites are directly next to or within water conservation areas. This applies in particular to our sites in Heidenheim and Mönchengladbach which are located within a water-conservation area, and Manchester and São Paulo which are directly next to a water-conservation area.

By taking extensive safety measures and thanks to our environmental management systems, we ensure that water quality is protected and diversity at all our sites is conserved.

Our site in Heidenheim has multiple wells from which cooling and drinking water is drawn. To ensure the sustainability of the water supply, we have implemented assorted protection mechanisms such as collection sumps; we have also rolled out extensive incident and emergency plans in collaboration with local authorities. Handling substances that are hazardous to water is subject to strict regulations, so so we are happy to say that the water bat *Myotis Daubentonii* has even established itself in the area which bears testament to our environmental protection effort.

In Mönchengladbach, Germany, we build drying systems and web-deflector systems, among others, for paper machines. To prevent groundwater contamination, we took safety precautions that meet statutory requirements. We are not planning to build on or cover over any new surfaces, as we are committed to reducing sealed ground surfaces to an absolute minimum.

In Manchester, Great Britain, our site neighbors a Natura 2000 protection area. Here, we uphold the applicable environmental regulations.

Information

Facts and Figures, see page 69–70

Our site in São Paulo is directly next to a Permanent Protection Area (PPA) and even incorporates some of it. Besides conserving biodiversity, the protected green corridors serve mainly to protect the groundwater.

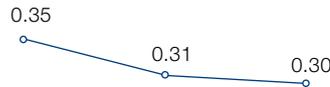
Information

Facts and Figures, see page 70–71

In Tranby, Norway, our site is situated near two nature-protection areas. The Gjellebekkmyrene nature reserve, which among other things is famous for its plant diversity, lies just a few hundred meters away. Also close by is the Tranby Landskapsvernområde, a former army drill ground that was declared a nature-protection area back in 1978 because of its diversity.

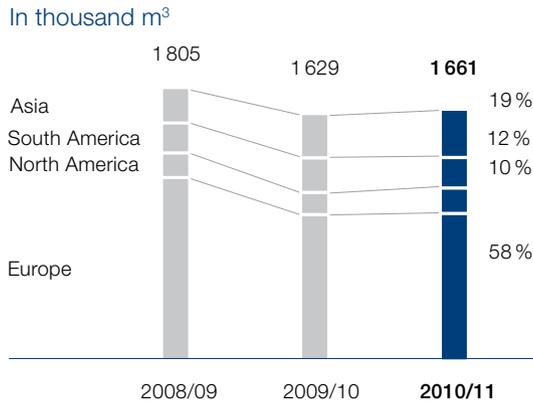
Freshwater Consumption

Specific values in m³/€ thousand in sales



Diagram

By region, excl. Africa (<1%).



Highest freshwater consumption in Europe

Of the total amount of freshwater we consume globally, 58 percent is consumed in Europe. This is due to the fact that this is where the majority of our production sites are located and because we are running three pilot paper machines in Heidenheim, Ravensburg and St. Pölten. We consume 19 percent of our freshwater in Asia – a relatively high proportion due to open water cycles. To reduce our freshwater consumption, we have introduced measures in this region to close water cycles. South America accounts for 12 percent of our global

freshwater consumption. The main driver behind this is our foundry in São Paulo. North America accounts for 10 percent, with the drivers here being yarn and press-fabric production.

Wastewater volumes in fiscal 2010/11

We generated 1.598 million m³ of waste water. 40 percent of the water was discharged into rivers, lakes or soil, with the remaining 60 percent discharged into the waste water system.

Practical examples: How we save water

Comparing our sites and sub-sites allows us to identify weaknesses such as water leakages and rectify them based on solutions implemented successfully at our other sites. At the same time, we are raising awareness of the topic of saving water among our employees across the Group by providing training courses on energy and resource efficiency.

In Kunshan (China) we manufacture clothing for paper machines. As part of an Ecological Business Management input-output analysis, the water consumption per kilogram of product produced was compared with other sites. It showed that our water consumption is comparatively high because of a leakage which was first discovered as a result of this analysis and which has now been rectified. As a result of this, we saved around 51 100 m³ of freshwater in fiscal 2010/11.

Since 2010, we have been using processed water for cooling purposes in São Paulo from our own wastewater treatment plant instead of freshwater – resulting in savings of 8 000 m³ of freshwater. Various analyses have shown that this savings potential can be expanded to include further processes such as foundry cooling.

After we had identified that a particularly high volume of water was being used in our shower rooms in Shanghai we will now modernize the sanitary building in fiscal 2011/12. By using more efficient shower heads, automatic water cut-off valves and more efficient toilet flush systems, we expect to achieve annual water savings of around 40 600 m³.

Our goals

In this reporting year, we have already achieved and even exceeded our goal of reducing our effective freshwater consumption. We aim to reduce our freshwater consumption in relation to annual sales (m³/€ thousands) by 5 percent by fiscal 2012/13 based on fiscal 2008/09 as the benchmark year. In relation to the target value, we have already re-

duced our freshwater consumption by 16.3 percent in fiscal 2010/11. As such, we have set ourselves a new freshwater-reduction goal: We aim to reduce our freshwater consumption in relation to annual sales (m³/€ thousands) by 5 percent by fiscal 2015/16, based on fiscal 2010/11 as the benchmark year.

Information

Goals and Achievement, see page 80

Conserving resources

When the two-week visit by the environmental experts from headquarters to identify economic-ecological efficiency potentials was announced, Osvaldo San Martin, Chairman of the Board of Management of Voith Hydro in São Paulo, really looked forward to the teamwork and results. Our Brazilian site is now the twenty-fourth in our Group to practice our Ecological Business Management approach.

“I didn’t expect that improvements could be initiated in such a short period”, says Camila Hashizume who, in September 2011, worked together in an interdisciplinary team together with colleagues from Heidenheim. The project aim was to uncover production efficiency potentials based on an input-output analysis involving a comprehensive review of all plants and processes. Site visits and extensive discussions of the analysis results as well as energy, water and waste data contributed towards ensuring the international team pulled quickly in the same direction. In particular, there was a shared desire to achieve ecological and economic progress.

Within a few days, the colleagues from Heidenheim were also familiar with the procedures locally and knew which raw materials are used in production and which ones leave the site as waste. Whether energy used for the melting furnaces in the foundry or the wastewater from the canteen, the team investigated all processes in great detail. After two weeks, the joint closing presentation to site management showed where as well as how quickly and



efficiently consumption can be reduced. The use of a vacuum distillation system, for instance, will allow us to achieve annual emulsion-waste reductions of around 280 tonnes a year – this represents 90 percent of current emulsion-waste quantities which currently have to be disposed of at great expense. At the same time, some of the removed water can be fed back into the coolant circuit. And if cleaned wastewater is used in future in the coolant circuits instead of freshwater, this will also save costs and be beneficial to the environment at the same time.

At the end of the day, the project team’s work produced suggestions for measures which yielded financial savings as well as ecological benefits – all without the need for large investments. Osvaldo San Martin says it is a classic win-win situation: “It doesn’t always have to be expensive technology which makes business practices more efficient.” In doing so, São Paulo has proven once again that creative thinking is what matters. Utilizing this doesn’t just lead to the best results, it also has a lasting effect on motivating those involved.



4.3 Energy Efficiency, Climate Protection and Emissions

Voith actively promotes climate protection. We aim to increase our energy efficiency in the Group and in doing so reduce our CO₂ emissions. To help us achieve this, we are continually developing efficient processes and technologies to achieve our vision of CO₂-free facilities.

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

How we calculate our data

Since October 2011, we have been logging both our primary energy consumption of sources of energy such as natural gas, oil and liquid gas as well as our secondary energy consumption of electricity, heat and steam, etc. each month; however, we do not include geothermal energy in our considerations. Furthermore, since fiscal 2010/11 we have also been logging other forms of energy consumption arising from the shipment of products as well as our employees' business trips. As such, this allows us to cover all three application areas of the Greenhouse Gas (GHG) protocol of the GHG Protocol Initiative.

The CO₂ emissions we generate are calculated according to the energy source, based on specific CO₂ factors. We obtain these from a database which provides us with regional and location-specific values for each of our energy sources.

Besides CO₂ emissions, since this reporting year we have also started logging other greenhouse gas emissions such as CH₄, N₂O, HCF, PFC and SF₆ across the Group in a uniform and structured way, calculated as CO₂ equivalents based on conversion factors.

In principle, as we only use very small amounts of welding, protective and other process gases, these are not relevant to us. The only exceptions are our site in Laakirchen which uses kerosene and São Paulo, which uses acetylene – process gases we surveyed using an energy questionnaire.

In future, all greenhouse gas emissions that are calculated as CO₂ equivalents using conversion factors and depicted in a database will be described as CO₂ emissions to simplify matters.

Production-based energy consumption and CO₂ emissions in fiscal 2010/11

In total, we consumed 602 758 MWh of energy, which equates to 192 368 MWh of primary energy and 410 390 MWh of secondary energy, for all production and administration sites Group wide. We covered around 14 percent of our overall energy consumption from renewable energies.

We generated 188 376 tonnes of CO₂ as a result of the power we consumed for production purposes. This comprises 48 322 tonnes of direct CO₂ emissions as a result of our primary energy consumption and 140 054 tonnes of indirect CO₂ emissions as a result of our secondary energy consumption. This represents an increase of 7 013 tonnes compared to the year before. This is mainly attributable

Information

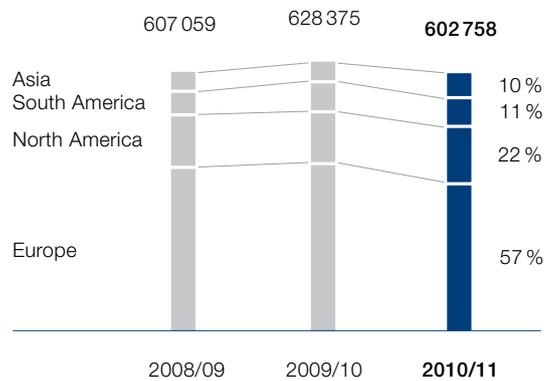
Facts and Figures, see page 66–69

Diagram

By region, excl. Africa (<1%).

Production-based energy consumption

in MWh



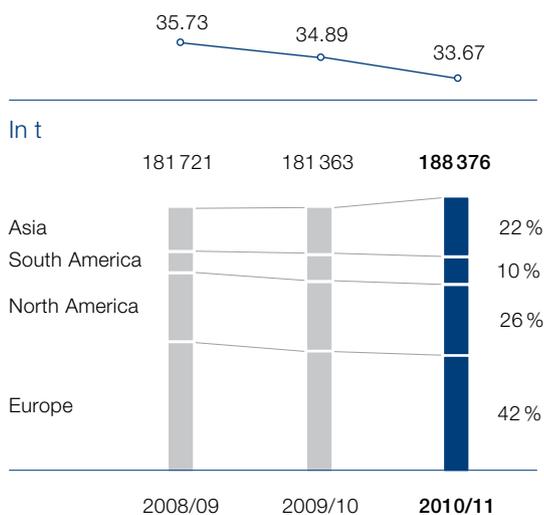
to an extension to the scope of reporting to include three Asian locations which generate a comparatively high share of electricity through coal.

Overall, we saved around 9 600 MWh of energy and around 3 850 tonnes of CO₂ compared to the previous year by optimizing our production processes through changes in our employees' behavior and by using improved equipment.

Our effective CO₂ emissions in fiscal 2010/11 were 33.67 tonnes/million euros in sales. This represents a fall of 3.5 percent versus the previous year. Despite sales growth of 7.6 percent in the same period, we achieved lower growth in terms of our energy consumption thanks to the savings measures described above.

Production-based greenhouse gas emissions

Specific value in t CO₂/€ million sales



Compared to fiscal 2008/09, we reduced our specific CO₂ emissions by 5.8 percent. As such we are confident that we will achieve our aim of reducing our effective CO₂ emissions in relation to sales by 10 percent by fiscal 2015/16.

The regional distribution of CO₂ emissions shows that we generated 42 percent in Europe. This is because the majority of our sites are based in Europe and they also have high levels of vertical

manufacturing. We generate a quarter of our emissions in North America, followed closely by Asia with a share of 22 percent and with 10 percent generated in South America.

Practical examples: How we are reducing our energy consumption

We are working continually towards reducing our energy consumption and with it our CO₂ emissions. In the reporting year, we introduced and implemented multiple projects to achieve this.

At our site in St. Pölten we exchanged our heating system's previous gas boiler with a new, redimensioned boiler. We also modified the heat-distribution network connected to it. In addition, we installed a centralized control and information system. The site's heating plan also allows for heat to be recovered from various systems and compressors as well as the use of solar-thermal heating.

In addition, we reduced the network temperature to an average of 20 °C, allowing us to save 133 500 tonnes of CO₂ and around 10 GWh of energy each year – a saving equivalent to 30 percent of our site's previous overall emissions.

At our site in Ravensburg (Germany) we replaced our central heating system with a modern woodchip-fired power plant which went into operation at the start of 2012. By using woodchip from the surrounding region for heating purposes, we are reducing our CO₂ emissions resulting from our use of primary energy for heating to a minimum.

We are saving around 1 700 tonnes of CO₂ each year as a result – a saving equivalent to approximately 30 percent of our overall site emissions for primary and secondary energy.

Machines in standby mode consume electricity unnecessarily. As we can now fully power-down our machines using a kill switch, we have been able to reduce our standby power consumption at our site in Heidenheim. In doing so, we are saving around 609 MWh of power and reducing our CO₂ emissions by around 150 tonnes a year.

Information

Facts and Figures, see page 66–69

Diagram

By region, excl. Africa (<1%).

Our intention right from the outset was to expand our production site in Kunshan in the most environmentally friendly way possible and factored that into the planning in addition to energy, water and waste-efficiency criteria. To do this, we produced a comprehensive turnkey energy plan which we will use with the aim of increasing our energy efficiency and minimizing our fossil-fuel use at the same time. This includes heat-recovery measures to pre-warm process stages. We also plan to use a natural gas-powered combined power plant as well as a photovoltaic system.

In terms of lighting, we are achieving energy savings by using efficient lighting and also through our attempts to make the best possible use of daylight with roof openings to let natural light in.

The only non-renewable source of energy we continue to use in Kunshan is natural gas; however, compared to oil and coal and so on, it has a low effective CO₂ factor. To enable us to utilize renewable sources of energy in this area too, we investigated biogas availability for the site; however, at the moment availability cannot be guaranteed.

At our site in Kunshan, we are saving around 6 000 tonnes of CO₂ as a result of these measures.

In São Paulo we conducted an input-output analysis in the reporting year which allowed us to identify considerable savings potentials. As a result of this, CO₂ emissions at the site are being reduced by around 800 tonnes a year thanks to various heat-saving measures. Among other approaches, here we are using waste heat from the compressors to heat the showers, as well as new lighting models and focusing on reducing standby-power wastage.

We have also reduced our energy consumption in the foundry thanks to efficient re-melting of casting remnants, coupling waste heat to the molding shop's drying process and ensuring molds are of the correct design – resulting in a savings potential of 155 tonnes of CO₂ per year.

Our goals

We aim to reduce our production-based CO₂ emissions in relation to annual sales (t/€ millions) by 10 percent by fiscal 2015/16 based on fiscal 2008/09 as the benchmark year. Based on this target value, we achieved 5.8 percent in the reporting year.

Transportation-related emissions in fiscal 2010/11

Product-shipment emissions

As a company with a global manufacturing base, we transport materials and products on a daily basis. As a result, our carbon footprint includes all CO₂ emissions generated by shipping products. A large proportion of these is generated in Germany and the shipments that originate from there.

For this purpose we ran a pilot project to determine our CO₂ emissions and to gain an overview of our product shipment-specific CO₂ emissions. We asked our ten largest logistics companies about the level of CO₂ emissions generated as a result of our contracts.

Based on our inbound and outbound materials data as well as the associated shipment and greenhouse gas emissions factors from Germany's Federal Environment Agency's Probas and Tremod databases, we calculated our CO₂ emissions to be around 55 615 tonnes for fiscal 2010/11. One main factor for this is our high share of truck shipments.

Information

Facts and Figures, see page 68–69

Road, rail, air: Business-travel emissions

We do not just emit greenhouse gases by shipping products; we also cause them through the emissions our employees produce as a result of business travel. This is why we try to avoid unnecessary travel wherever possible.

All our employees book their business travel through a central service provider for business-travel management, in accordance with our internal "Authorized Business Travel" Group Directive. Greenhouse gases for booked air, rail or hire-car trips are determined centrally through this service provider, with its own Carbon Calculator providing the basis for the data. Emissions are calculated using the formula: emissions factor * distance in kilometers.

We calculate the fuel consumption of our company cars and the corresponding CO₂ emissions using fuel cards which our employees use in German-speaking countries to refuel their company cars. In other countries, the individual site records our company cars' fuel consumption locally in our sustainability database. Globally, we generated around 15065 tonnes of CO₂ in fiscal 2010/11 through business travel by road.

In the reporting year, we calculated our greenhouse gas emissions generated as a result of our global business travel using our service provider in Germany. We included all distances driven using company and hire cars, by rail and by air. This produced a CO₂ emissions figure of 32251 tonnes – the greatest share of which, at around 51 percent, is accounted for by long-haul flights.

What we are doing to prevent transport-related emissions

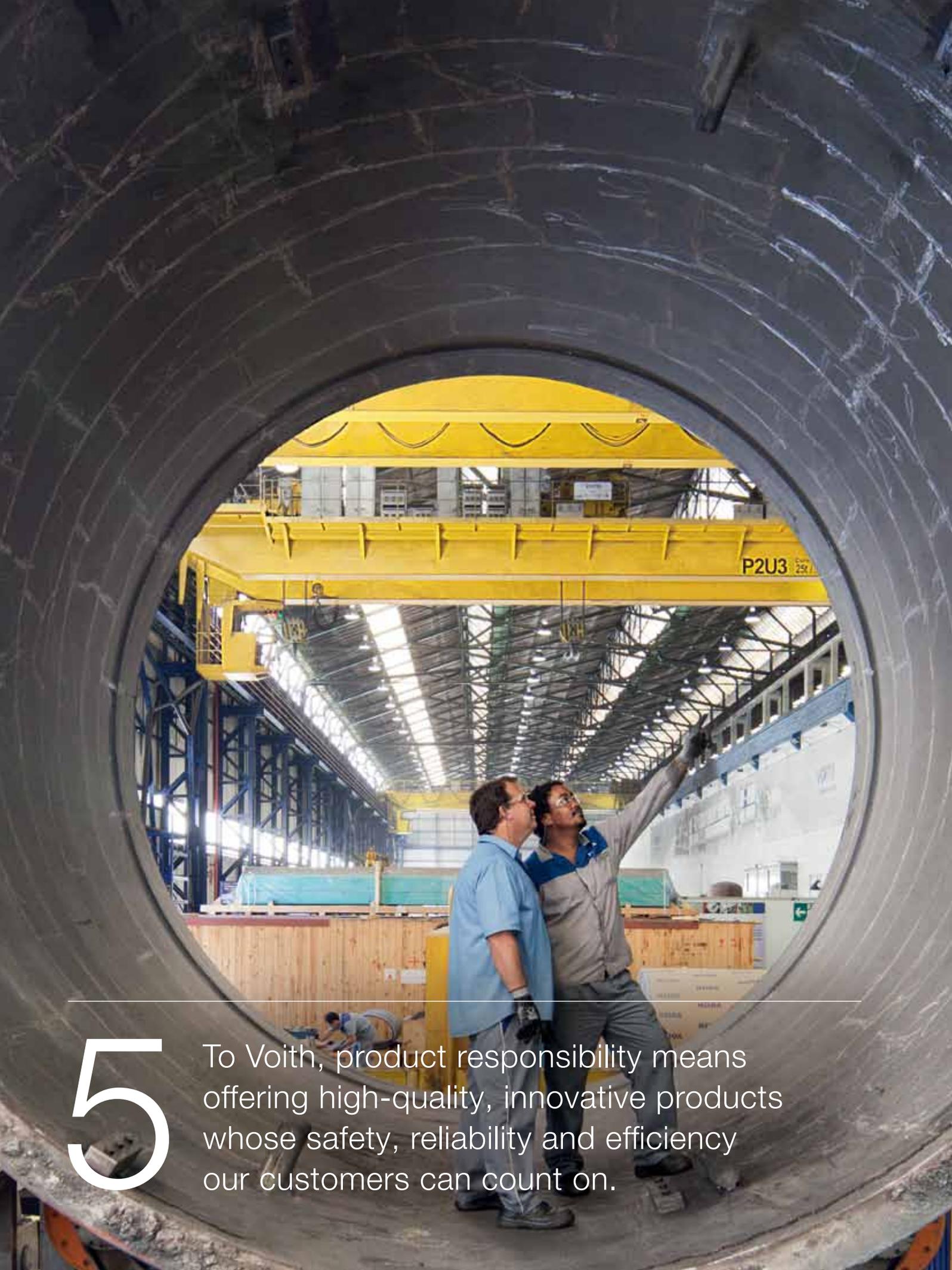
Product shipment

Thanks to us asking our logistics companies, we established that they are committed to continually updating their vehicle fleets. Leasing and hire models contribute automatically towards rejuvenating the vehicle fleet, with newer and more environmentally friendly trucks gradually replacing old and less fuel-efficient vehicles which results in a reduction in CO₂ emissions.

Business travel

To ensure our business travel generates as little CO₂ as possible, our service provider reports the CO₂ emissions for each quote – whether by road, rail or air – in a transparent way. This allows our employees to opt for a more environmentally friendly mode of transport right from when the quote is produced, as they can see what emissions they will generate for each means of transport. When creating travel requests for business trips, a check must be carried out to see whether alternative options for holding a meeting exist, such as by video conference. Video conferencing rooms at many of our locations as well as video telephony on the PC are contributing towards us reducing business travel and the resulting CO₂ emissions.

We have reduced our energy consumption through optimizing our production processes by improving the equipment we use and our employees' behavior.



5

To Voith, product responsibility means offering high-quality, innovative products whose safety, reliability and efficiency our customers can count on.

Product Responsibility

Product development and product responsibility are two sides of the same coin at Voith. We develop products and services that are used at key points in our customers' products. This places high expectations on safety, reliability and efficiency.

Three aspects form the basis to implement our understanding of product responsibility:

Innovative products

We focus on having a diversified and attractive product portfolio. We look very closely at future-oriented developments that are aligned with the requirements of our markets and relevant megatrends. We design our products to be environmentally friendly by reducing the resources and energy they consume during operation. This is why we employ various analyses and corresponding benchmarks right from the product-development phase. We also analyze key systems across their entire life cycle for their environmental impact, and in doing so we look for potential areas for improvement.

As a result of this, we offer a paper-machine solution in the form of our Integrated EcoMill. This allows material-flows in paper products to be closed, thereby reducing the consumption of fresh fibers and water. Against the background of the megatrend of urbanization and the growing demands for mobility and goods transportation, we are working intensively on products that make transport chains more efficient and reliable. We are doing this by developing, among other things, wear-resistant and low-emission braking systems and hybrid-drive technologies as well as air compressors that can reduce vehicles' fuel consumption. As a technology leader we are also contributing to generating regen-

erative energy in the area of hydro power to supply eco-friendly electricity. Our involvement in harnessing ocean energies is of special note here.

Quality and safety

We guarantee the quality and safety of our products right from the development stage through a stringent system of quality assurance. We implemented an integrated Group-wide risk and quality management system that sets out clear goals, processes and methods in developing and manufacturing our products. Our risk and quality management system, competent and experienced employees, documented acceptance criteria for commissioning, and the best possible customer support are the most important factors to ensure product quality. Our safety performance remains consistently high right across our global product presence and highly diversified portfolio.

Customer dialog

Our customer relationships focus on the long term and trust. We carry out customer satisfaction surveys to understand the needs of our customers even better. They are an important tool for all of our Group Divisions to record and evaluate systematically their level of satisfaction. Through our customers' feedback we are able to identify potentials for improvement and adapt our products specifically to meet our customers' needs.

Information

Innovations, see Chapter 5.1, page 38

Product Quality and Safety, see Chapter 5.2, page 40

Customer Satisfaction, see Chapter 5.3, page 42

5.1 Innovations

Voith is contributing to the sustainable development of national economies and society. With our products, we orient ourselves on the major, global megatrends. A key part of our company's success is therefore based on our innovative and highly diversified product portfolio.

As a diversified group of companies, Voith's business portfolio has a broad spectrum. Responsibility for product development is thus organized in different ways within our Group Divisions and adapted to meet the needs of our markets and industries.

Our future-proof product portfolio is one of our four pillars within our long-term growth strategy.

Research and development

As a technology group, we invest an above-average amount in research and development compared to other companies in our industry.

Environmental protection and resource efficiency are an integral component of this. That is why our product innovations must always be environmentally and resource friendly. Among other things, we implement these through new processes and materials. For instance, we are using carbon fiber-reinforced plastic components and integrating new technologies into existing products such as our SteamTrac solution for combined power plants. At the same time, we aim to continually optimize our products so that every new model is always more efficient than its predecessor.

In fiscal 2010/11 we integrated energy efficiency as a binding product-development criterion in two Group Divisions.

Products with added value

As a company, we intend to contribute to making growth and development sustainable. This is why we are working on products so that global energy needs can be met securely in the long term with renewable and environmentally friendly energies. Of special note here are our products which harness ocean energies that have so far been underexploited (wave and tidal power).

Another focus of our research and development work is on developing new solutions for drive systems in industry, marine, rail and road. We also manufacture technical components that allow energy and resource efficiency to be increased once retrofitted.

Tools for environmentally friendly product development

To develop energy efficient as well as environmentally and resource friendly products, we systematically analyze the environmental impact of existing and new products. We do this, for instance, by conducting benchmarks and comparisons, market and trend analyses as well as material-efficiency analyses. Besides energy consumption and waste, the aspects we investigate also include the impact our products and their production have on the environment.

Environmental technologies are relevant to the entire Group. This is why in October 2011 we formed an Eco-Innovation Team with our Group Directive which is intended to optimize our cross-Group Division innovation process in relation to environmental topics. Besides representatives from our central Eco Technologies function, the team also includes corporate strategy representatives as well as the R&D and innovation departments from our Group Divisions. The team identifies and prioritizes which focus topics are to be tackled next, and coordinates networking activities with other companies, universities and institutes.

Information

Research and Development Expenditure, see Chapter 3.1, page 18; Annual Report 2011, pages 115–116

We conduct Life Cycle Assessments (LCA) for selected systems and products across their entire life cycle, from the raw materials to disposal of the end product – in accordance with DIN EN ISO 14040. These analyses include every environmental impact that the applied materials have prior to and during production, that the resulting products have while in use, when the products are recycled or disposed of, and when a system is finally decommissioned. At the same time, the associated upstream and downstream processes, such as the production of raw materials, supplies and merchandise, are also factored in. We define the environmental impact as being anything that is relevant to the environment that is consumed, such as ores, crude oil and water, as well as anything that is generated, such as waste, emissions and wastewater.

For example, over the past few years we have conducted a Life Cycle Assessment using a specialized piece of software including an accompanying database for one of our paper machines. The results of this are currently being evaluated as part of a doctoral thesis.

The results of the LCA provide the underlying data for deriving potentials for improvement for similar products and implementing these systematically. This data also supports those responsible for our eco-management system in checking national and international thresholds and standards.

Our goals

We intend to further increase product energy efficiency at Voith. In fiscal 2012/13, we also intend to define and integrate it into our two remaining Group Divisions as a binding criterion in product development.

Innovations at Voith

Sustainable paper production

Each year, around 400 million tonnes of paper are produced around the world – and the figure is growing. Producing paper is energy and water intensive, which is why resource-friendly production procedures are especially important here. The highest possible recycling rates in terms of the resources used in producing paper can be achieved using our Integrated Eco Mill solution, which is based on closed resource and energy cycles.

Urbanization and environmentally friendly mobility and transportation

More and more people are living in cities. More and more goods are being shipped globally. Our society and economic development demand ever-increasing mobility. To keep the environmental impact of buses and trucks as low as possible, we developed the next generation in hydrodynamic retarders. The retarder reduces both brake wear and the dust emissions that accumulate when braking.

In November 2011, we won the European Transport Prize for Sustainability for our new secondary water retarder. This award recognizes companies in the transport industry that combine economic success with social responsibility and eco-friendly activities.

To reduce the amount of waste our customers generate, and to ensure that waste is disposed of and recycled correctly, we charge a deposit on our retarder. Under this scheme, parts or complete systems that are replaced are returned to us.

Our DIWAhybrid system is another example of where our products are being used for environmentally friendly mobility. The German Federal Ministry of Transport, Building and Urban Development's "Electromobility" development project supports eight regions with funding to roll out public-service buses that use hybrid drives. We developed the Urbino 18 DIWAhybrid together with bus manufacturer Solaris. In this bendy bus with its parallel hybrid drive, a 150-kilowatt electric motor assists

Information

[Goals and Achievement, see page 80](#)

the diesel motor. The “Supercap” system with its wear-free, high-performance condensers stores energy, saves fuel and reduces wear. Eleven of these buses are already in use, operated by the regional German public-transport operator Bochum-Gelsenkirchen Straßenbahnen AG.

Hydro power

Water represents an incredible force that can be harnessed to supply people and industry with clean energy. Our product portfolio covering the conventional use of hydro power includes small-scale hydro power machines as well as complete hydro power plants. We are also working intensively on making ocean energy usable. After all, there is still a lot of previously untapped potential to generate climate-friendly energy in additional ways, especially from wave and tidal power.

We developed a 110-kilowatt pilot turbine for one of the world’s largest planned tidal-power parks, the Seaturtle Tidal Park in Jeollanam-do, Korea. It was put into operation in spring 2011 and is currently undergoing successful testing there.

How we are reducing the environmental impact of hydro power plants

Hydro power is a resource and environmentally friendly way to generate power. That said, large infrastructure projects such as large-scale hydro power installations have an unavoidable impact on the environment. Our quality management system ensures that ISO (ISO 14001 and OHSAS) environmental protection standards and specifications are complied with during production and installation of our solutions.

Our designs for fish-friendly turbines, rotors which improve the oxygen content of water, and equipping machines with oil-free components are examples of how we are able to minimize the impact our solutions have on the environment and wildlife.

5.2 Product Quality and Safety

Product safety at Voith

We are known for the quality and longevity of our plants, systems, drives, equipment and services – with the safety of our products being a key quality characteristic.

Product safety means ensuring that products work correctly and safely at all times. To enable us to guarantee that product quality and safety remain consistently high with our global product presence and strong diversification, we implemented a Group-wide risk and quality management system. This sets out clear goals, processes and methods for developing and manufacturing our products.

Our management system for technical risks and quality (TRQM) establishes the organizational, human resource and technical framework conditions necessary to implement our high standards of quality and safety.

Responsibility for our TRQM system stretches right up to Corporate Board of Management level. It leads from the matrix of our global organization from the local and regional level, the reporting paths of our operating units through to the overarching holding function in the Group Division.

Our TRQM system is set out in a Group-wide directive. Our individual Group Divisions and companies shape this directive and define it according to their product-specific requirements. The processes in our Group Divisions are also subject to specific policies in some cases. For instance, Voith Hydro Engineering has set out its product-safety rules in a Safety Policy covering the entire life cycle of a product.

Two Group Divisions have already implemented these types of specific process-oriented standards. They describe all the processes: From engineering to procurement, manufacturing and project management to commissioning. Not only are these documents accessible on the Intranet to all employees

(such as our Blue Book and Process Book) – regular employee training courses are also offered on implementing processes and regulations.

How we guarantee our quality

Our TRQM system and Group Division-specific standards set out suitable methods and tools to guarantee the quality of our products. Among other standards they are based on ISO 9001/9004.

Consequently, we calculate, analyze and simulate various operating states during product development. For example, we frequently subject our water turbines to model tests to prove the performance, efficiency and safety of the machines in addition to computer-based calculations at our Brunnenmühle Research and Development Centre in Heidenheim, Germany.

In many areas, we utilize the latest FMEA (Failure Mode and Effect Analysis) methods. We validate the results of the analyses and the measures derived from these in relevant test programs. In this context, we employ statutory, customer, industry and Voith-specific norms.

Our TRQM system also outlines procedures for taking decisions that entail risks. Extensive checklists ensure that regulations are worked through in a binding manner and complied with. We continually further develop these checklists which also include compliance with safety regulations. Every employee who contributes to these checklists receives corresponding training.

Competent employees, great quality

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

Stringent commissioning criteria

Voith products are subject to stringent acceptance criteria. These demand compliance with international and regional norms, and in some cases industry and customer-specific norms (such as CE conformity markings).

Our quality management system sets out which markings we have to apply to our products. These specifications are based on statutory regulations and customer requirements. At the same time, the type of marking and information differs depending on the product. All this is contained in our product datasheets which provide information on the origin of components, what they comprise, how to use the product safely as well as dispose of it and on the product's environmental and social impact.

How we support our customers

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

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

5.3 Customer Satisfaction

At Voith, customer satisfaction is an integrated process

We review our customers' satisfaction on a regular basis. By employing various processes, our company's business divisions measure, analyze and document our customers' level of satisfaction. To give an example, for this purpose Voith Paper's Process Book has a "customer satisfaction" process which describes related procedures and responsibilities. Such processes are part of our integrated risk and quality management system. We review its effectiveness at regular intervals as part of the ISO 9001 certification process.

How we engage in dialog with our customers

We assess customer satisfaction in different ways within the Group. It includes conducting face-to-face or telephone interviews as well as written or online surveys.

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

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

The typical structure of our customer analyses

The majority of our customer satisfaction analyses typically features the following three aspects:

To determine the initial situation, we ask how satisfied customers currently are and check how happy they are overall, based on their experiences with our products and services.

We determine the relevance of individual customer-satisfaction factors. By analyzing how greatly individual products and service parameters (such as delivery punctuality and customer service) affect overall customer satisfaction, we can distinguish between what matters the most and what matters the least.

Following that, from the findings we derive the areas in which we can achieve improvements from the customers' perspective. This allows us to work towards continually improving customer satisfaction.

An example from fiscal 2010/11

Apart from regular performance review meetings where we discuss the quality of and satisfaction with our services together with our customers, each Group Division conducted annual customer-satisfaction surveys of its key customers in fiscal 2010/11. The goal here is to determine Voith's position among various stakeholder groups from the customers' perspective. To obtain further findings, we launched a Voice-of-the-Customer (VoC) process with our American customers.

We ask our customers on a regular basis to define how satisfied they are. Their feedback allows us to identify potentials for improvement and adapt our products to specifically meet their needs.

Energy-saving potentials for paper producers

To reduce energy and resource use in paper production and to identify savings potentials, Voith Paper implements the Life Cycle Assessment (LCA) process. Using this process, the Group records the environmental impact of its paper machines, enabling customers to benefit from products with considerably lower CO₂ emissions and save costs at the same time.

An LCA analyzes the environmental impact of a product over its life cycle: From the resources used, through its manufacture and shipment, to use and disposal. Among other factors, the consumption of raw materials and the emissions of harmful substances are recorded. CO₂ emissions in particular have increased in importance over the past few years. Reported as the carbon footprint, they show what impact a product has on the climate. An increasing number of Voith Paper customers are asking for energy-saving production processes – after all, the industry is one of the most energy-intensive industrial sectors.



The LCA proved to be no small feat: Comprehensive data on the weight, material composition and the associated environmental impact had to be gathered on each component. This produced a transparent environmental footprint which also provided information on energy and resource-savings potentials. The results showed that by far the greatest share of the environmental impact was caused during the product-usage phase, in other words while producing paper. As such, the most important climate-protection approach lies in developing energy-saving technologies and products for paper production, something that applies to both new machines and retrofitting existing installations. This is why we are also focusing our research and development activities on such solutions. With our Integrated EcoMill (IEM) solution, Voith Paper designs its installations to suit customer needs and location requirements right from the planning phase.

“One goal is to optimize external and internal paper-production material flows by incorporating energy generation, raw-material sourcing and modes of transport in the planning phase”, explains Ewald Budweiser, Division Manager Mill Design. In doing so, with our EcoMill solution we are supporting our customers not just in treating the environment and climate responsibly, but also reducing their costs by a considerable margin in light of increasing energy prices.

At the same time, we also work closely with the CEPI – the umbrella organization of the European paper industry. Our experts also helped create the industry-wide climate program which the organization presented in November 2011. The CEPI Roadmap 2050 shows ways in which the sector can reduce its CO₂ emissions by 80 percent by 2050.



Spotlight



6

The basis for collective growth is a working environment shaped by responsibility, security, fairness and trust.

Responsibility for Employees

People are at the heart of our company's philosophy: We take responsibility for our employees as it is only thanks to their engagement, motivation and abilities that we can develop further and grow together. We aim to be a fair employer with high performance expectations that people in every country in which we are active like to work for and forge long-term careers with.

In the year of the financial crisis and those following, we achieved stable growth when the market was in a highly nervous phase. This is growth we intend to secure in the future, too. Qualified and productive employees are the basic requirement for us to achieve this.

Globally we had 40 691 full-time equivalent employees (FTEs) and employed 47 728 people in fiscal 2010/11.

We employ around 65 percent of our employees in Germany and the rest of Europe, around 26 percent in America and around 9 percent in Asia.

Based on our growth targets, we anticipate we will need additional headcount up to fiscal 2015/16. The forecasted headcount requirement forms the basis of our HR policy. Factors such as demographics, attrition and the number of available qualified personnel determine the HR policy measures that we tailor specifically to individual countries.

Finding qualified personnel and securing their loyalty

A key focus of our HR policy is on promoting emerging talent and bringing potential qualified personnel into contact with us at an early stage and inspiring them about our company.

Promoting diversity and equal opportunities

As an employer we are responsible for ensuring all our employees have equal opportunities. Our aim is to promote our employees' diversity for the benefit of the individual, the company and society. To do this, we launched our Diversity project which focuses on the topics of age, gender, cultural background and working conditions. Following an initial analysis phase, we aim to define region-specific fields of action and derive goals and measures.

Through flexible working hours and child support we make it easier for our employees to balance their work and family life.

Secure jobs, healthy employees

We are a fair employer with high performance expectations. Through various health-promotion as well as health and safety schemes, we aim to ensure our employees stay productive.

Lifelong learning

Through our various further education programs, we ensure our employees continuously develop in both a professional and personal regard.

Information

Percentages and figures based on 40 175 full-time equivalents (see report scope in the front cover)

Finding qualified personnel and securing their loyalty, see Chapter 6.1, page 46

Diversity and Equal Opportunities, see Chapter 6.2, page 48

Secure jobs, healthy employees, see Chapter 6.3, page 50

Learning – for life, see Chapter 6.4, page 54

6.1 Demographic Change: Challenges and Opportunities

Information

Detailed age-structure analyses in all Group companies, see Facts and Figures, page 78

A global strategy to deal with different regional challenges, see Chapter 6.2, page 48

Establishing health and knowledge management systems, see Chapter 6.3, page 50

Our focus is on long-term employment relationships. Most of our employees spend their entire working lives with us, from being trainees to retirees. During their time with us, they gain experience and a wide range of competencies; these are invaluable assets we need and intend to retain.

Against the backdrop of demographic change, we are confronted with the challenge of offering our employees attractive positions if they perform well that adapt flexibly to their particular situation. To do this, we employ various Group-wide measures to balance work and family life such as in the areas of health management, personnel development and further education. We modify the measures such as recruiting and health management according to the requirements of the individual regions and the particular age structure.

Responding promptly to demographic change

Through our 356 Group companies located in 50 countries, we are represented on all continents. At our various locations, demographic change has had

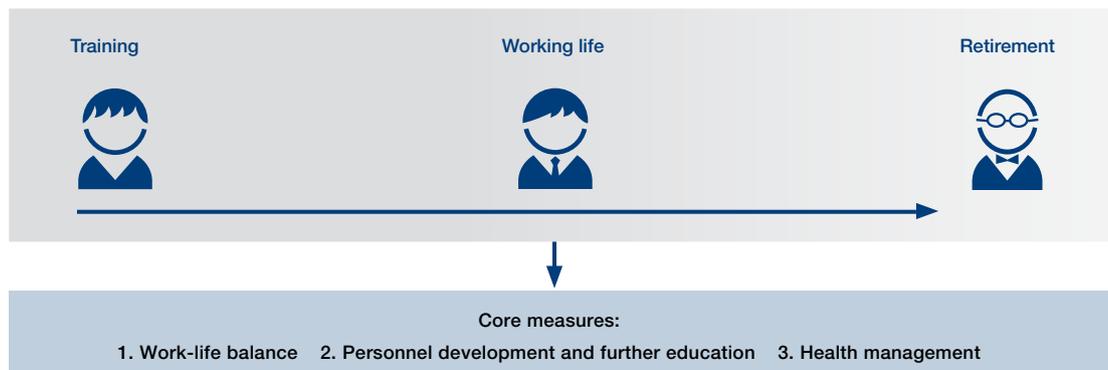
varying degrees of impact. We are responding to these with country-specific programs and initiatives.

In the first step, we produce detailed age-structure analyses in all Group companies. We are currently working on a global strategy to deal with the challenges that arise in the different regions.

In countries such as Germany, where demographic change is already taking place, we are focusing on establishing health and knowledge management systems, as well as recruiting new employees.

Countless collaborations and international personnel marketing programs at universities around the world ensure that students come into contact with us early on and choose us as an employer. In Germany for instance, every member of our Corporate Board of Management has sponsored at least one German university to raise awareness of Voith as an attractive employer. In the coming fiscal year, we plan to offer similar programs in other regions such as China.

Demographic change



Measures in fiscal 2010/11

Targeting emerging talent

We regularly invite emerging talent to get to know us directly where we are based. One example is at our site in Appleton (USA) in October 2010. Here, paper-technology students spent a whole day at our company gaining a practical insight into paper production. Furthermore, they were able to discuss potential internships, apprenticeships and career opportunities with the Voith employees there.

In China, we organized various campus recruitment events at universities near key locations in Shanghai. In November 2010, a large number of students attended a company day at Nanjing Forestry University. The university teaches various fields of study focusing on paper production. And in December 2010, we organized a mechanical-engineering and energy-technology recruitment campaign at Zhejiang University.

Getting across the fun of technology to children

At our location in Heidenheim, Germany, we held our first technology workshop for our employees' children in the Fall holidays 2010. Around two dozen sixth-graders were able to put their manual skills to the test over the course of several days at our commercial-technical vocational-training workshop.

In summer 2011, together with other leading companies we exhibited at the IdeenExpo ideas exhibition in Hanover, Germany, to bring the world of technology closer to over 300 000 students. As part of this exhibition, we held workshops for school classes and taught the principles of metalworking, locomotive technology and pneumatics.

In balance: Work and family

In fiscal 2010/11, 511 of our employees took advantage of parental leave as granted by law. This figure comprises 253 men and 258 women. We want the people who work for us to be able to achieve the best possible work-life balance.

Together with Kindervilla e. V., since 2002 we have been supporting working mothers and fathers in Heidenheim. Kindervilla currently offers 45 childcare places for children aged between one and six. Every Voith employee can apply for a childcare place for each of their children in this age group. To offer a larger number of young families the chance of childcare, we will more than treble the number of childcare places in 2012.

Together with Paul Hartmann AG and the town of Heidenheim, we are also involved in establishing the Bildungshaus Silcherschule children's center. From September 2012 we will offer 110 childcare places, of which 25 will be after-school childcare places, for our employees' children aged between one and ten. A total of 155 childcare places will then be available for our employees' children.

Flexible working hours

It isn't just parental leave or guaranteed child-care places that make it easier for parents to balance their work and family life: Flexible working hours also contribute to this. This is why we offer a range of part-time working models for employees – it is even possible for them to combine working from their home office with working on-site. Many of our employees can structure their working hours flexibly in consultation with colleagues and managers, and in doing so adapt them to their particular family situation. In Germany we offer our employees mainly full and part-time models.

In Germany, working-hour models with fixed starting and finishing hours only exist where this is unavoidable due to process and cost reasons. For example, this concerns shift work and working on expensive processing machines.

Fixed working-hour models are the norm only in our Industrial Services business division. As services companies, we work in a service-oriented way and therefore our working hours depend on those of our customers in this area.

6.2 Diversity and Equal Opportunities

Information

Detailed age-structure analyses in all Group companies, see Facts and Figures, page 78

Voith is a family-owned, international company. We unite people of different cultures under one roof. It is our aspiration to be seen as a domestic company with German roots in the regions where we are active. Cultural diversity and a balance between young and old as well as the genders are the basis for our company's creativity and growth.

Our ability to deal with the varying requirements the different cultures pose to us is a key factor in our economic success. Here is an example: To harness the full potential in growth markets such as China or India, we need a greater number of local products – in other words, tailored solutions to suit special local needs and specific requirements in the relevant countries. We can only develop and produce such products there with local employees and a local management team.

Different cultures, generations and genders also mean different perspectives, viewpoints, experiences and ways of life. We intend to promote this mix in an even more targeted way in future.

We see the diversity of our employees across all hierarchical levels as an advantage in international competition. At the same time, we are responsible for ensuring our employees can openly express their individuality and culture without needing to fear discrimination or prejudices.

We do not tolerate discrimination

We attach great importance to treating all our employees equally. We expect all employees to embrace this. We do not tolerate discrimination or harassment on the basis of gender, culture or any other personal characteristic. We see guaranteeing everyone equal opportunities as an important part of the responsibility we have towards our employees.

At Group level, our Compliance Committee monitors the implementation of and compliance with our equal opportunities policy. At Group Division level, our organization of compliance, such as our compliance representatives, monitors this.

Our employees are remunerated based on their qualifications and performance, not on criteria such as gender or other characteristics.

Actively promoting employee diversity

We have set ourselves the aim of promoting employee diversity. We intend to achieve this on the one hand through intercultural training courses and on the other by staffing the top-management team at our local operating units with as many local people as possible.

Our employee distribution in fiscal 2010/11

On the review date of September 30, 2011, 8 382 women worked at Voith. This equates to a share of 21 percent.

In machine and plant engineering, in fiscal 2010/11 the share of women was 16 percent and 25 percent in the service business.

Even though 21 percent of our employees are female, this is not reflected at all levels yet. In our Senior Management Circle, the share of women is still much lower at the moment. Only three of the 90 employees in the top management team were women in fiscal 2010/11. This equates to a share of 3.3 percent. We have set ourselves the aim to change this in the next few years and actively promote women's careers. In relation to cultural diversity we have already achieved success in our Senior Management Circle with members coming from over 13 different nations.

Information

Gender distribution see Facts and Figures, page 74

Information

Equal opportunities are set out in Clause 3.2 of our Code of Conduct.

Code of Conduct, see voith.com/code-ofconduct

Our goals

We intend to increase the share of women at senior management level to 10 percent by fall 2015. Furthermore, we will develop a global diversity strategy in fiscal 2011/12. This is intended to identify region-specific fields of action and set out corresponding goals and measure to increase diversity following an initial analysis phase. At the same time, various diversity characteristics will play a role. Depending on the regional result of the analysis phase, we intend to place emphases on these diversity dimensions:

Gender, Age, Cultural Background and Working Environment. Previous goals from the range of diversity topics will be reviewed in relation to this and if necessary revised or disregarded.

To increase the percentage of female employees, from 2015 in Germany we will hire the same ratio of female graduates applying for an engineering position that corresponds to the gender distribution in the relevant final year of study. This means the gender ratio for the particular final year will be the indicator for the share of women graduates that we will need to hire.

Voith Academy: A manager's experience

R. Krishna Kumar joined Voith in 1996 as a construction engineer. Today he is Vice President of Fabric and Roll Systems India in Faridabad. After he joined our company and following initial training in Heidenheim, he held various management positions. Since the start of 2012, he has been taking part in Voith Academy seminars. The Academy's program has been specially developed for our top management.



1. What is unique about our corporate culture?

What is special is the management's focus on values. Voith awards management responsibility to professional managers who can make business decisions within Voith's value-oriented framework. This is both an enormous responsibility as well as a challenge that motivates managers to take up management positions instead of just adopting an authoritarian management style.

2. Did you benefit from the Voith Academy's range of offerings?

All four modules contributed to us fulfilling our management duties in the best way possible. I found the Voith Fundamentals module to be particularly helpful with making everyday business decisions. The

fact that the Academy's seminars are held by members of the Corporate Board of Management lends further importance to the events.

3. Did the participants establish personal contacts?

Through the Voith Academy I got the chance to work with managers from all over the world – managers with whom I would never have otherwise come into contact. The training courses offer lots of starting points to cooperate with other participants as well as members of the Corporate Board of Management. I have now struck up a friendship with a few of the participants, and if our schedules allow it we arrange to exchange experiences from time to time.



Spotlight

6.3 Occupational Health and Safety

We have obligations towards our employees. This is why it is important to us to create jobs and processes that are safe and do not make them ill.

Thanks to our occupational health and safety measures, we are reducing our accident rate; furthermore, by promoting health we are maintaining and improving the health and performance of our employees. In light of demographic change and the lack of qualified personnel, this is critical to Voith. Furthermore, as a result of this we are reducing the number of days lost and raising our employees' productivity.

Occupational health and safety management at Voith

As a company, we are responsible for our employees. Safeguarding their health is a top-most priority for us. This is why occupational health and safety has been firmly embedded in our Group goals ever since 2009.

Our seven guiding principles for safety-conscious behavior are:

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

To optimize health and safety as well as the preventative safety measures, we developed a comprehensive management system in 2009 and implemented it at all our production locations.

The most important core elements of our management system include establishing incident investi-

gation procedures and creating an internal audit system to identify potential hazards and to resolve them before accidents happen. Our Corporate Safety Management department is responsible for implementing, rolling out and monitoring the management system.

Getting to the root cause of accidents prevents them

Every accident is recorded and immediately reported to line managers. Serious incidents must also be reported to the Board of Management within 24 hours. The accident is then systematically investigated by a team comprising those affected, senior managers and safety experts. This is then documented in a detailed incident report. The results and any ensuing rules or measures are then clearly communicated to all employees.

Another tool we employ to reduce the number of accidents and to that ensure safety regulations and safety at work procedures are complied with are location-based audits. The areas to be audited are identified locally by the particular Group company itself. They are audited by representatives from other departments within the same company approximately every two months.

In addition to location-based audits, we introduced a Group-wide Corporate Safety Audit System for which the Group is responsible. Through this, checks are performed at individual locations to determine whether implemented measures are being pushed through and how they can be improved.

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

Improving employees' awareness of hazards

Most accidents are caused by risky behavior. To reduce the number of work accidents over the long term, all employees must be trained to act safely. In this regard, managers bear a special responsibility for safety in the workplace. All managerial employ-

ees are thoroughly informed, made aware and trained. They pass on their knowledge to their staff so that they can also act safely. At the same time, managers are not just responsible for training all employees on occupational safety: They must also actively involve all of them when it comes communicating about accidents.

Health management pilot project

Ever since joining Voith's health-management pilot project, Wolfgang Berger knows one thing for certain: "With my fitness program, I'm on the right track." At our location in Salzgitter, Germany, a team of experts is currently taking a close look at the workforce's need for health-promotion measures. As soon as the results are available, the offering will then be expanded to suit and launched in the summer.

From the office to the jogging treadmill in five minutes. Many Voith employees visit our own on-site fitness studio as a welcome change to the everyday challenges they face. A pilot project now aims to provide a more accurate picture of how well our previous offering of health-promotion measures is tailored to meeting our employees' needs and show where potentials for improvement lie. Since September 2011, a team headed up by project manager Carsten Tempski has been accompanying the project on site. 80 employees and managers got involved as Health Ambassadors and motivated 300 colleagues to take part in an extensive survey and a follow-on health check.



The survey aimed at providing a comprehensive overview of employees' resources, workloads and opportunities to achieve a balance. At the same time, total anonymity was guaranteed thanks to a coding system and the involvement of external service providers. The project team analyzed the participants' health status and derived trends and topics from that which were relevant to the entire location. The respondents found out their result a little later as part of personal consultations. A team of doctors explained the results and proposed recommendations on how to improve fitness. "The participants were able to decode their evaluated surveys using a code and then either show

it to their doctor or bring it with them to the consultation", says Tempski explaining the system.

Now the entire location has something to look forward to: In April 2012, the team presented the anonymized and extrapolated results and then devised the measures. From summer onwards, all 600 employees in Salzgitter will benefit from the new offerings such as health courses and ergonomically-enhanced workplaces. The team will use the experiences gained with the project methodology to adapt the health-promotion offering at further Voith locations.



Spotlight

In our Sustainability Report 2010 we announced our intention to train all our employees either through health and safety seminars or information events within a year following the introduction of our management system. As we have not yet achieved this goal, we are planning follow-up training sessions for 2012 at our locations in China, York (USA), São Paulo as well as our major offices in Germany including Heidenheim and Crailsheim. At the same time we will teach our employees how to safely handle hazardous substances, tools and equipment as well as safely dispatch hazardous goods.

Occupational Health and Safety in Fiscal 2010/11

We record all work accidents that result in a loss of work lasting for a day or more. Our figures show that we are continually improving in terms of occupational health and safety: In the reporting year, there were 4.7 work accidents per 1 million working hours. As a result, we were able to cut work accidents by 30 percent compared to fiscal 2009/10. Back then, there were 6.7 accidents per 1 million working hours. Compared to fiscal 2008/09, we have been able to reduce work accidents by 66 percent (13.9 accidents per 1 million working hours) – and even achieved an 80 percent reduction versus fiscal 2006/07 (22.8 work accidents per 1 million working hours).

With a rate of 4.7 per 1 million working hours, we have achieved the target we set ourselves in fiscal 2010/11 of reducing work accidents to below 5 per 1 million working hours – and even beat it. The fact that we managed to reduce the number of work accidents between fiscal years 2009/10 and 2010/11 by a further 30 percent is mainly thanks to us introducing our occupational health and safety management system at our individual locations.

Maintaining and improving our employees' health

We intend to systematically promote the health and wellbeing of our employees. The steps taken to

achieve this at our locations may be completely different. This is unavoidable due to different statutory and social framework conditions. As an international Group, we are about to define a standard that is appropriate and meaningful for our employees wherever they are based. We consider it important to develop an integrated approach which links together occupational health, safety and medicine as well as health promotion.

Developing long-term strategies – achieving convergence

By 2015, we intend to launch a global health management system with the aim of maintaining our employees' productivity.

To achieve this goal, we first need to better understand the current situation at our global locations.

To gain a more detailed overview of local requirements and the existing or planned measures, in this reporting year we reviewed 23 locations in Germany and Austria as part of the first step. We collected the data using quantitative and qualitative questionnaires.

To further expand our knowledge, in fiscal 2011/12 we will systematically review the current or planned health-promotion measures at our global locations. The findings we gather will serve as the basis for defining and prioritizing fields of action, developing standards and deriving measures.

To keep our managers regularly updated on relevant developments in their area of responsibility, we intend to establish a standardized reporting system which we will continually further develop up until fiscal 2012/13.

We will complement this by developing an indicator system that maps both the health and productivity of our employees and the potential risks and costs, as well as the structure of our occupational health management system.

First pilot project

A health-promotion pilot project has been running since August 2011 at our location in Salzgitter, Germany. In January 2012, the project started to establish how healthy our employees are there. They are asked on a voluntary basis about the state of their health and undergo a physical examination. Based on the results of the pilot project, by fiscal 2011/12 we will derive general health-promotion measures for the workforce to maintain our employees' productivity over the long term.

Eat healthy, keep fit

Eating healthily is important to stay productive and healthy. Everyday, our canteen at our location in Heidenheim prepares food for 1 600 employees. Since November 2010, the canteen has stuck to its commitment not to use flavor enhancers, preservatives or food colorings. Furthermore, preference is given to local produce as well as sourcing meat and fish from certified suppliers. Since March, 2012, 100 percent of the fish served in the canteen comes from MSC-certified stocks.

To maintain our high quality standards, we also inspect the shops and the relevant suppliers. With the assistance of an independent hygiene institute based in Ulm, Germany, we are working on a comprehensive auditing system for ourselves.

In parallel, we are aiming to achieve Job&Fit certification from the German institute for nutrition, the Deutsche Gesellschaft für Ernährung e.V. We are already working on implementing the system in the menu.

Our goals

Occupational health and safety

In 2011/12, we will continue and optimize the occupational health and safety campaign we initiated in 2009/10. To validate our data, we will collect accident statistics from across all our locations and determine relevant indicators. Furthermore, we plan to hold symposiums on occupational health and safety where best-practice examples from the individual health, safety and environmental audits will be presented and discussed. Our mid-term goal is to reduce our accident rate to less than two accidents per million working hours.

Preventative health promotion

We plan to systematically review current or planned health-promotion measures at our global locations by 2011/12, run a pilot project to promote the health of our employees including a health check, derive health-promoting measures by 2011/12 as well as develop and introduce a standardized reporting system for managers by 2012/13.

Healthy food

During fiscal 2011/12, we will devise an auditing system that will be implemented at the canteen at our Heidenheim location by fiscal 2012/13. For fiscal 2011/12, we also intend to certify the canteen in Heidenheim according to the Job&Fit criteria of the German institute for nutrition, the Deutsche Gesellschaft für Ernährung e.V.

At Voith, managers are responsible for accident prevention as well as health and safety.

6.4 Training and Further Education Programs and Long-Term Employment

Our customers' feedback on their satisfaction with our products and services drives and motivates us. We aim to continue meeting our customers' expectations in the best way possible. To achieve this, it is important that our employees are motivated to engage in lifelong learning and continually keep their knowledge up-to-date. To support this, we offer our employees a wide-ranging program of internal and external training courses.

In addition, we consider experienced-based learning – that is, independently putting into practice and passing on experiences and know-how from experienced high performers to newcomers – as an important part of the learning process. This is where our needs and those of our employees meet in a positive way: Our employees want to gain specialized and wide-ranging professional skills over the years, while we in turn require skilled and experienced employees to develop our products and deliver our services. This typically results in long-term working relationships.

As a fair employer with high performance expectations, in addition to possessing good basic qualifications we expect our employees to be willing to engage in lifelong learning and acquire and expand their specialist, social and intercultural skills that they require for their particular job. We support these through various on and off-the job personnel development measures.

Our Voith Leadership Concept

Our Voith Leadership Concept places the relationship between employees and managers at its heart. After all, a good relationship has a positive impact on work and enables managers to get to know employees better and encourage them in a more targeted way. The core elements of our Voith Leadership Concept are the employee and goal agreement dialog. While the orientation and indi-

vidual contribution to achieving corporate goals is discussed during the goal agreement dialog, the employee dialog focuses on the collaboration with employees and managers, professional objectives and career prospects as well as the need for development measures. The results of these dialogs form the basis from which we determine both the individual's and our employees' general further education requirements.

Further education at Voith

Our further education offering follows a three-tiered approach. Our Voith Academy is situated at the top-most level: It was established in 1999 as the central development program for senior executives. Members of our Corporate Board of Management are the main speakers. At the second level, training courses are offered through the Voith Management School for specific employee target groups such as managers with leadership responsibilities and project managers. In the global Voith organization, training courses are organized in agreement with the individual regions. Finally, at the third level are Voith Training Courses with their wide-ranging further education offering. These general seminars are open to all employees. In addition to these three Voith-internal further education opportunities, we also work together with external further education providers.

Across our Group we offer our employees and managers courses on the topic areas of environmental and resource management, occupational health and safety, compliance, project management and the Voith Leadership Concept. This global offering is complemented by region-specific further education courses. Besides the aforementioned seminar topics, we offer training courses in the areas of IT, occupational health and safety, health, environmental protection, data protection and quality management as well as language, business and persuasive presentation skills courses.

In addition to vocational further education we have been offering an organized program of initial training in different careers at our location in Heidenheim for over 100 years now. As a result we – in the truest sense of Dr Hanns Voith's philosophy – offer young people great career opportunities right from the outset.

Training and further education at Voith in fiscal 2010/11

We are continuously expanding our further education offering and it is well liked by our employees. 3 914 employees at our German locations have participated in further education programs and completed over 132 000 hours of training. This equates to an increase of 14.5 percent versus the year before. Our expenditure on further education has increased from 2.3 million euros to 3.1 million euros, equating to a rise of around 30 percent.

We determine and agree individual further education requirements as part of daily work and results. Furthermore, the employee dialog in particular serves to examine development needs and opportunities and to agree measures.

We held employee dialogs – focusing on the topics of “job and work environment”, “manager-employee collaboration” and “development aspects” – with 88 percent of our employees in fiscal 2010/11.

Compared to last year, the number of apprentices remained stable and continues to stay high at 1 245 apprentices and students.

Attractive working environment, secure opportunities

We are an employer who offers an attractive working environment and which challenges and encourages its employees. We are a company that people like to stay with. Indeed, it is not unusual for people to spend their entire working lives at Voith.

In the reporting year, the average length of service across the Group was 8.2 years. However, there are large variations in this figure depending on the region and business area. Short-lived, booming labor markets such as those in China and Brazil are highly dynamic. Thanks to their rapid growth, there are a multitude of attractive job offerings and promotion opportunities. As a result, this leads to qualified personnel switching employers comparatively frequently in these regions. This is also reflected in our figures: In fiscal 2010/11, the average length of service in Europe and North America was much longer than in South America and Asia.

The Group-wide dismissal rate is 7.8 percent (machine and plant engineering 3.6 percent and service business 11.7 percent).

Our goals

By fiscal 2012/13, we will expand and improve our training programs especially for managers. In addition, in our talent-management process we will focus more strongly on the regions and on cross-Group development opportunities. In order to also use the information as part of human resources development in a targeted way, we will further drive forward the implementation of a uniform human resources IT system.

Information

Training and further education, see Facts and Figures, page 77

Length of service and employee-turnover rate, see Facts and Figures, page 75



7

Voith's business success brings with it an even stronger awareness of our obligation to take responsibility for our customers, employees and for society.

Responsibility for Society

Entrepreneurial success is in line with social responsibility. To Voith, this means taking responsibility, not just for our customers, but also our employees and society. Improving people's lives as well as providing opportunities for individuals is a key concern of the Voith founding family and forms the basis of the way we do business – something that has remained unchanged during the course of our global expansion.

Voith and our foundations

Voith's social engagement ranges from providing financial assistance, aid and sponsorship projects, through to corporate volunteering activities. On the one hand, we provide this through Voith GmbH, partly in cooperation with nonprofit organizations, and on the other through nonprofit and independent foundations: The Hanns Voith Foundation and Fundação Voith in Brazil. While the latter was established in 2004, the Hanns Voith Foundation is steeped in almost 60 years of tradition.

The Hanns Voith Foundation and Fundação Voith have incomes of around 700 000 and 400 000 million euros respectively available to them. Fundação Voith finances itself from financial contributions from the local Voith subsidiaries. The Foundation's Board of Management and the Foundation Council decide on the use of allocations to the Hanns Voith Foundation.

Project sponsorship criteria

Our sponsorship aid is intended to go to projects that are recognized as being nonprofit and which are applicable both internationally and intercultur-ally. In addition, it must be ensured that the project achieves a broad-based effect, benefits the local community and raises the attractiveness of the Voith location to the local population. Irrespective of these rules, Voith provides help in emergency humanitarian situations that demand urgent action. A final and overriding criterion for all projects and aid is that we must be convinced of the recipient's integrity. We have established the following guide-lines for how we distribute our sponsorship aid: 30 percent to 40 percent of funds is for schools, training and science; around 20 percent to 25 percent is for social projects; and 15 percent to 20 percent each is for sport and culture projects.

Transparency and traceability

Our donations and sponsorship activities must be traceable, transparent and lawful at all times – something we have committed ourselves to up-holding through our Group Directives and our Code of Conduct. Donations to political parties require the approval of the Corporate Board of Management and the Shareholders' Committee. In the reporting year, we donated 78 000 euros to political parties.

Information

Cooperation with not-for-profit organizations see Chapter 7.1, page 58

Embedded in our organization

On behalf of the CEO, our Corporate Office coordinates our Group-wide social engagement activities. Our sponsorship activities are managed by Group Communications. Our individual Group Divisions can independently launch their own aid and sponsorship projects. Ultimately, the management teams of the particular sites are in the best position to judge where our help is needed most urgently at a local level, thanks to their contacts with local communities. The amount we can contribute as part of our social engagement activities is regulated: It must not fall below or exceed a lower and upper limit, whereby the amount is calculated as a percentage of the minimum and maximum percentage share of our earnings before tax. If they exceed a certain amount, financial sponsorships need to be approved by a senior management unit. This can be done by the management of the respective subsidiary, the Group Division as well as the Voith Corporate Board of Management or – as a final instance – by the Shareholders’ Committee. Our Corporate Office provides information semi-annually on what amounts have been paid out, who received these and what the sponsorship focus areas were. Once a year, the head of the Corporate Office, who is also Chairperson of the Compliance Committee, reports directly to the Voith Corporate Board of Management.

Information

Organization and reporting channels, see Chapter 2.2, page 13

7.1 Education, social affairs, sport and culture – our sponsorship projects

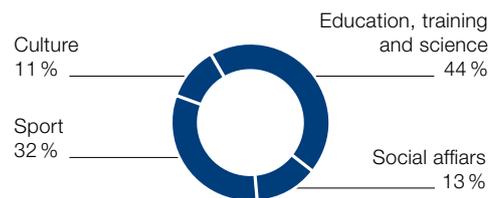
True to the tradition of Dr Hanns Voith, Voith, the Hanns Voith Foundation and Fundação Voith actively get involved for the benefit of society. In doing so, they focus on young people in particular, as we want to offer them a good future.

We contributed around 2.4 million euros in the reporting year for sponsorship projects – a 45 percent increase on last year’s amount. This figure includes contributions of 0.3 million euros by the Hanns Voith Foundation and 0.4 million euros by Fundação Voith.

In terms of expenditure, around 1.5 million euros went on donations and around 0.9 million euros on sponsorship.

Sponsorship aid – 2010/11 total €2.369 million

By project



As the graphic shows, the largest share of around 44 percent of our sponsorship aid went to education. A further 13 percent went to social affairs, and 11 percent was spent on culture. In the reporting year we contributed 32 percent of our overall sponsorship aid to sport.

We are involved in the areas of education, social affairs, sport and culture. By doing this, we are actively making a contribution to offering young people in particular a good future.

1. Education opens up the future

Only a good academic education and vocational training will enable young people to find their way in society. As such, it was always a special concern of Dr Hanns Voith to promote the education and training of young people – a vision that we share.

It is especially important to us to support schools and universities. We have already supported many large projects in the past with which we bring the joy of learning and of natural sciences closer to – and also promote technical research among – children, youths and young adults.

In addition, we are investing in vocational training at Voith to enable us to offer young people a skilled start in life, both within the Voith Group as well as in the broader labor market. Our key activities in this area include sponsoring schools, universities and training institutions.

Promoting school education

Together with eight other companies we founded the Knowledge Factory in 2005 in Ludwigshafen – an initiative that now includes 90 companies supporting school education at our German locations.

In addition, we sponsor global school partnerships: In Austria as part of the TopTechnik program, in the USA within the Adopt-a-School Program (for example at West Monroe High School) and in Brazil through our cooperation with Escola Estadual Conjunto Habitacional Voith and Friedrich von Voith School in São Paulo.

Voith as a study partner

We have so far endowed three professorships at German universities. One for engineering and materials technology at Aalen University (2003), one for hydro power at Stuttgart University in cooperation with EnBW Baden-Württemberg AG (2008) and one for automation in module process technologies for paper and plastics at Munich University of Applied Sciences (2009).

At Vienna University, we also donated a pump turbine model to the hydrodynamic laboratory and we are financing two positions for scientific assistants.

In the USA, we are a member of the Industry Advisory Council (EIAC) of York College in Pennsylvania. And in Asia, we are a cooperation partner of Nanjing Forestry University where we have provided grants, sponsored lecturers and cooperate in joint projects. The Voith foundations also offer grants in Germany and Brazil.

Our commitment to vocational training

Providing all young people with a good start in professional life – this is the goal that we pursue through our vocational training programs. Every year since 1972, we have prepared up to fifty youths with learning difficulties and young people with no proper school qualifications in Heidenheim and enabled them to gain their official graduation certificates.

Fundação Voith in Brazil is equally committed through its Formare program. We also collaborate with the AHK-Chien Shiung Vocational Training Center just northwest of Shanghai, where since 2007, 50 mechanical/electronic engineers and 50 toolmakers are trained every year. Here we offer our own workshops for practical training.

Education helps children and young people progress: Education projects 2010/11

Through our involvement, we are raising the quality of school lessons and supporting research and teaching at universities. In fiscal 2010/11, we and our foundations supported countless education establishments, initiatives and projects with a total of 1 051 839 euros. As part of this, the International School Ulm/Neu-Ulm, the Verein Freie Waldorfschule in Heidenheim, the Schüler-Ingenieur-Akademie in Heidenheim, the European Business School in Oestrich-Winkel, the American Academy in Berlin, the Förderkreis des Forschungsinstituts für anwendungsorientierte Wissensverarbeitung e.V., Ulm (1982), the Technik ist Zukunft gGmbH initiative in Frankfurt am Main and the Technische Universität München in Munich each received contributions of over 10 000 euros.

In the previous reporting year, we announced our goal of integrating our sponsorship of kindergartens and schools in Heidenheim into a Zukunftsakademie (Academy of the Future) from fiscal 2010/11 onward. For organizational reasons, we will implement this goal together with the town of Heidenheim in fiscal 2011/12.

**2. Global social engagement:
For better living standards**

Besides our involvement in education, we also aim to improve the overall living standards of people across the world and tackle poverty. This is why we regularly finance projects in Africa, South America and Asia, as these help give people perspectives in life.

Sometimes, there is a need to give immediate assistance, for instance in the event of natural catastrophes such as earthquakes, floods and tsunamis. When called for, we provide help – fast. Following

the devastating earthquakes and tsunami that hit Japan, we helped the victims of the natural catastrophe and the reactor disaster by donating 100 000 euros to the school in Motomiya shi Kaikei Kanrisha in Fukushima. Through this, the school now generates its electricity from solar power.

We attach equal importance to offering people of different cultures the chance to discuss and collaborate, and in doing so break down prejudices and develop an understanding of each other. Our hope is for cultures to get along peacefully – so to encourage contact between cultures, since 2003 we have offered two grants in Asia and South America for the school exchange program AFS Interkulturelle Begegnungen e.V.

People need people: Social projects 2010/11

Voith, together with its foundations, contributed 471 879 euros in the reporting year to supporting social institutions and projects.

As part of this, we supported the Ithembelihle School in South Africa which teaches over 140 physically disabled children.

In Brazil we supported the “Oficinas Tela Brasil – Cinema” project in the reporting year. In this project, 20 young people aged 12 and older learn how to produce videos and short movies.

We also supported a further project in Brazil: “O Palco em Cena – Introduction to Cinema”. The project, in which 35 young people between the ages of 15 and 18 take part, motivates them to try acting and helps establish theater groups.

We are also financing social projects in Germany such as the “Freunde schaffen Freude e. V.” initiative in Heidenheim, which helps mentally and physically disabled people as well as lonely people.

3. Sport unites

We actively promote sport for all, and support a variety of local sports clubs and competitions around the world. The shared experience of sport strengthens team spirit and fairness – values that have always been important to us.

Health and a sense of community:

Sports projects 2010/11

In the reporting year, we supported sports clubs and initiatives with 754 017 euros. The primary aims of our long-term sponsorship activities are first to promote the level of recognition of the Voith brand, and second to play our part as a corporate citizen to raise the attractiveness of our locations and the respective regions with a wide variety of sport offerings.

At our headquarters in Heidenheim, we support the football club 1. FC Heidenheim which plays very successfully in Germany's third highest professional football league.

Furthermore, we have been Principal Sponsor of Heidenheim's fencing center for many years now. Sportsmen and sportswomen from this Federal training center also managed to achieve huge national and international success in the reporting year, including multiple German championships and high rankings in key global fencing tournaments. Furthermore, we also sponsor Heidenheim's baseball team, which has been enjoying success for years now in the highest German divisions, as well as the women's soccer team TSV Crailsheim.

Besides our main activities in the area of sport, we also sponsor many different smaller sporting projects at our locations in Germany and across the world. In this regard, we are pleased that Fundação Voith – as announced in our 2010 Sustainability Report – has included sport in its sponsorship activities.

4. Cultural engagement

Culture touches the soul. Giving people, especially children and youths, access to music and the arts was one of Dr Hanns Voith's special concerns. In this respect we support classical music at the highest level and are introducing young people to it. In the areas of art and culture, we are also actively involved in preserving ice-age art in Lonetal, an archaeological ice-age time capsule in Germany, and provide assistance to the support association. We also assist the Austrian Papermaking Museum and the Heidenheim Art Museum.

Music makes you happy:

Cultural projects 2010/11

We contributed 260 027 euros to cultural projects in the reporting year, with our focus remaining on supporting classical music. We provided financial support in Heidenheim to the Opernfestspiele, Schiller Secondary School's new chamber choir, the town's philharmonic orchestra, the Voith Orchestra as well as the international music-school academy, the Kulturzentrum at Kapfenburg Castle and the Association of Arts and Culture of the German Economy at the Federation of German Industries, Berlin.

Corporate volunteering at Voith

Our employees volunteer within assorted not-for-profit projects. Doing this encourages them to find out more about local issues and become active members of the community. One example: We make our apprentices more aware of the concept of social responsibility through their active involvement in local projects. As part of this, in fiscal 2010/11 twenty apprentices helped out for two days in the community of Hindelang where they created a biotope.

Our goals

Our goal remains to raise awareness of the work of the Hanns Voith Foundation through extensive PR work. It is a goal we will pursue with even greater determination, particularly as it is the 60th anniversary of the Hanns Voith Foundation in 2013. In

addition, the Hanns Voith Foundation will be providing greater support to university graduates in fiscal 2013/14 by awarding sponsorship prizes in our individual business fields. In fiscal 2012/13, the Hanns Voith Foundation will also be providing financial support to up-and-coming engineers through grants.

Providing education opens up the future

Through a large number of educational and cultural projects the Voith Foundation is supporting and encouraging disadvantaged children and young people in São Paulo. Social responsibility has a very long tradition in Brazil, as we have been active at our location in São Paulo for over 40 years.



The pupils from Friedrich von Voith School are beaming with pride: As members of the Bachiana Jovem orchestra which we sponsor, they have just performed the first concert of their lives at Voith's Christmas celebrations in Jaraguá, to the west of the Brazilian capital. The orchestra is just one of eight projects that were realized in 2011 with the help of the Foundation. All aim at providing local youngsters with an understanding of education, culture and environmental awareness. From 2004, the year the Foundation was established, until 2010, we financed projects with a total of US\$2 million – an investment that has paid dividends. “9 000 disadvantaged people benefit in Jaraguá from the 550 000 US dollars we contributed

to social projects in 2011”, calculates Gilson de Campos, President of the Voith Foundation Brazil.

Our Formare program, which has also been running since 2004 and which accounts for 15 percent of the annual budget, is the centerpiece of our Foundation's engagement. Each year 20 young people are prepared for the world of work by taking part in 10-month courses. “Formare was a turning point for me. I discovered that learning is closely linked to good and proper action, and your inner attitude is more important than a lot of other things. This made an adult out of me”, is how Ananda Oliverira describes her experience. She was one of the youngsters who took part in the Formare program in 2011. Once they have completed the program, many quickly gain work – with many also gaining employment at Voith.

The program also thrives on the voluntary involvement of Voith employees who pass on their technical and commercial knowledge in the courses. Currently, 80 employees are active as voluntary teachers. Claudio Gorge, production engineer at Voith Hydro is one of them: “Doing this has helped me to develop my team skills and sharpen my awareness of people. We too can learn a great deal from the youngsters – not just them from us.”



Spotlight

Miscellaneous

Facts and Figures

1. Group Portrait and Philosophy	64
2. Sustainable Management	65
3. Sustainable Profitable Growth	65
4. Responsibility for the Environment	66
6. Responsibility for Employees	74
7. Responsibility for Society	79

Goals and Achievement	80
------------------------------	-----------

GRI Index	86
------------------	-----------

Fresh and recycled complement each other perfectly	92
---	-----------

Imprint/Contact	Cover
------------------------	--------------

Remarks:

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

1. Group Portrait

Economic Indicators

In € million	2010/11	2009/10	2008/09
Sales	5 594	5 198	5 085
Operational result before non-recurring result	416	353	324
Income before tax	322	234	155

Reference: Voith Group

Sales Markets

In %	2010/11	2009/10	2008/09
Germany	21	20	22
Rest of Europe	27	29	29
America	23	24	23
Asia	27	25	24
Other	2	2	2

Reference: Voith Group

Procurement Markets

In %	2010/11	2009/10	2008/09
Germany	37	36	n.a.
Rest of Europe	25	24	n.a.
North America	5	8	n.a.
South America	21	19	n.a.
Asia and the rest of the world	12	13	n.a.

Reference: Voith Group

Profile of Business Divisions

In € million	Voith Hydro	Voith Industrial Services	Voith Paper	Voith Turbo
Sales	1 228	1 006	1 827	1 520
Operational result	90	40	143	163

Reference: Voith Group

2. Sustainable Management

Existing Voith-location Certifications

Number	2010/11	2009/10	2008/09
ISO 14001	56	n.a.	n.a.
ISO 9001	76	n.a.	n.a.
OHSAS 18001	52	n.a.	n.a.

Reference: Voith Group

3. Sustainable Profitable Growth

Compliance

In %	2010/11	2009/10	2008/09
Employees trained in relation to compliance	59	n.a.	n.a.
Trained compliance representatives	100	100	n.a.

Reference: Voith Group

Compliance Training Courses in Fiscal 2010/11

	Number of training courses/instruction sessions	Type
Senior executives of the upper four info levels	237	One day
New managers at the Voith Academy	49	Half day
Sales employees	372	One day
Purchasing employees	225	One day
Service employees	86	One day
Decentralized training by compliance representatives	6 299	> 1.5 hours
Instruction by manager	7 263	> 0.5 hours

Reference: Voith Group

4. Responsibility for the Environment

Energy Consumption

Production-based Energy Consumption by Region

In %	2010/11	2009/10	2008/09
Asia	10	8	8
South America	11	11	9
North America	22	19	20
Africa	< 1	< 1	< 1
Europe	57	62	63
In MWh			
Total	602 758	628 375	607 059

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

Production-based Primary Energy Consumption by Renewable and Non-renewable Energy Sources

In MWh	2010/11	2009/10	2008/09
Direct energy consumption	192 368	219 251	223 325
In %			
Non-renewable energy sources	99.8	99.8	99.7
Natural gas	85	72	71
Heating oil	9	7	13
Petrol	0	0	0
Diesel	< 1	18	13
LPG	6	3	3
Other	0	0	< 1
Renewable energy sources	0.2	0.2	0.3
Ethanol*	90	100	100
Hydrogen**	10	0	0
Other	0	0	0

* Used as fuel in São Paulo

** Used in production (thermal coating)

In fiscal 2010/11, a switch was made from heating oil and diesel (standby generators) to natural gas and LPG.

Production-based Secondary Energy Consumption by Renewable and Non-renewable Energy Sources

In MWh	2010/11	2009/10	2008/09
Indirect energy consumption	410 390	409 124	383 734
In %			
Non-renewable energy sources	79.0	78.4	80.8
Heating oil	6	6	6
Nuclear	17	17	16
Natural gas	47	50	49
Coal	22	20	20
Other	8	7	9
Renewable energy sources	21.0	21.6	19.2
Wind	3	3	1
Water	77	77	79
Other	20	20	20

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

Energy Generated Ourselves

In MWh	2010/11	2009/10	2008/09
Electricity for own use	3 868	2 990	1 609
of which sold to other organizations	324	451	0
Heating for own use	1 622	13	13
of which sold to other organizations	0	0	0
Steam for own use	23 633	n.a.	n.a.
of which sold to other organizations	0	0	0
Total	29 124	3 003	1 623

The increase in the overall amount of energy we generate ourselves is attributable to increased energy generation at the combined power plant (CPP) in Kiel, Germany, and steam generation at fabric and roll locations.

Transportation-related Energy Consumption for Business Travel

In MWh	2010/11	2009/10	2008/09
Air (long haul)	59 656	51 203	41 363
Air (short haul)	2 425	1 841	1 646
Rail	487	481	485
Road	51 893	56 982	48 869
Total	114 461	110 508	92 364

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

Greenhouse Gas Emissions

Production-based Greenhouse Gas Emissions

In t CO ₂	2010/11	2009/10	2008/09
Direct greenhouse gas emissions	48 322	48 794	49 989
Indirect greenhouse gas emissions	140 054	132 569	131 732
Total	188 376	181 363	181 721

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

Production-based Greenhouse Gas Emissions by Region

In %	2010/11	2009/10	2008/09
Asia	22	19	17
South America	10	10	8
North America	26	25	26
Africa	< 1	< 1	< 1
Europe	42	45	49
In t CO ₂			
Total	188 376	181 363	181 721

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

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

Specific Production-based Greenhouse Gas Emissions

In t CO ₂ /€ million sales	2010/11	2009/10	2008/09
Total	33.67	34.89	35.73

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

Transportation-related Greenhouse Gas Emissions

In t CO ₂	2010/11	2009/10	2008/09
Air (long haul)	16 402	14 078	11 372
Air (short haul)	667	507	453
Rail	117	115	116
Road	15 065	16 543	14 188
Total	32 251	31 243	26 129

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

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

Transportation-related Greenhouse Gas Emissions

In t CO ₂	2010/11	2009/10	2008/09
Total	55 615	n.a.	n.a.

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

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

Water Consumption

Water Consumption by Region

In %	2010/11	2009/10	2008/09
Asia	19	18	13
South America	12	14	11
North America	10	9	9
Africa	< 1	< 1	< 1
Europe	58	59	67
In m ³			
Total	1 676 962	1 629 310	1 804 672

The increase in water consumption in Asia is attributable to the expansion in production capacity.

Water Consumption by Source

In m ³	2010/11	2009/10	2008/09
Surface water	149 306	145 089	111 113
Ground water	769 965	789 812	1 018 452
Rain water	12 897	n.a.	n.a.
Wastewater sourced from other companies	2 778	n.a.	n.a.
From the communal water supply	742 017	694 408	675 107
Total	1 676 963	1 629 309	1 804 672

Freshwater Consumption*

In m ³	2010/11	2009/10	2008/09
Total	1 661 287	1 629 310	1 804 672

* Freshwater includes all surface water, groundwater and mains water. Rain water and geothermal water is not monitored.

Specific Freshwater Consumption

In m ³ /€ thousand sales	2010/11	2009/10	2008/09
Total	0.30	0.31	0.35

Wastewater**Wastewater Discharges**

In m ³	2010/11	2009/10	2008/09
Total	1 598 230	1 484 487	1 684 930

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

Treated and Untreated Wastewater by Discharge Type

In m ³	2010/11	2009/10	2008/09
Total treated wastewater	266 108	266 277	192 793
In %			
of which discharged into the public sewage water system	67	72	61
of which discharged into surface water	33	28	39
of which discharged into ground water	0	0	0
of which sent to another company for reuse	0	0	0
In m ³			
Total untreated wastewater	1 332 121	1 218 209	1 492 137
In %			
of which discharged into the public sewage water system	59	56	63
of which discharged into surface water	32	37	32
of which discharged into ground water	9	7	5
of which sent to another company for reuse	1	0	0

Significant* Direct Wastewater Discharges in Fiscal 2010/11

Location	Discharge location	Protection status	Further information
Gommern (Germany)	River Elbe	-	63 percent of wastewater discharged back into the natural water cycle.
Heidenheim (Germany)	River Brenz	Water protection area according to WFD, Federal Water Act (§§ 50–53), Zone III/IIIA (Zone II/IIA TB Mergeltetten, not legally binding)	42 percent of wastewater discharged back into the natural water cycle. Water previously withdrawn for cooling. The discharged water is subject to stringent checks as the location is in a water protection area.
Högsjö (Sweden)	Lake Högsjö	-	93 percent of wastewater discharged back into the natural water cycle. Water previously withdrawn for cooling.
Ibarra (Spain)	Río Oria	-	44 percent of wastewater discharged back into the natural water cycle.
Karawang (Indonesia)	Green areas	-	20 percent of wastewater is used to water green areas.
Kirchseeon (Germany)	Lake Eggelburg	-	71 percent of wastewater discharged back into the natural water cycle.
Krefeld (Germany)	Green areas	-	25 percent of the spring water is used to water green areas.
Noida (India)	Yamuna River	-	96 percent of wastewater discharged back into the natural water cycle.
São Paulo (Brazil)	River Persus	Permanent Protection Area (PPA), national legislation (Brazil)	Up to 77 percent of wastewater discharged back into the water cycle. We have a wastewater treatment plant there which treats the water for discharge. The location neighbors a water protection area.
Wimpassing (Austria)	River Schwarza	-	34 percent of cooling water discharged back into the Schwarza.

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

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

Waste

Waste by Region

In %	2010/11	2009/10	2008/09
Asia	12	9	8
South America	23	26	28
North America	9	12	14
Africa	< 1	< 1	< 1
Europe	56	53	49
In t			
Total	56 136	53 963	55 514

Specific Waste Weight

In t/€ million sales	2010/11	2009/10	2008/09
Specific waste weight	10.04	10.38	10.92

Waste Reuse and Disposal by Method

In t	2010/11	2009/10	2008/09
Reused waste	36 459	n.a.	n.a.
Reused	875	n.a.	n.a.
Recycled	27 640	n.a.	n.a.
Composted	188	n.a.	n.a.
Recovered (for thermal recovery among other things)	5 579	n.a.	n.a.
Other methods of reuse	2 176	n.a.	n.a.
Disposed waste	19 677	n.a.	n.a.
Incinerated	5 488	n.a.	n.a.
Disposed of at external site*	14 189	n.a.	n.a.
Disposed of on works site	0	n.a.	n.a.
Other methods of disposal	0	n.a.	n.a.
Total	56 136	53 963	55 514

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

Hazardous and Non-hazardous Waste

In t	2010/11	2009/10	2008/09
Hazardous waste	17 111	16 271	17 753
Non-hazardous waste	39 025	37 692	37 762
Total	56 136	53 963	55 514

Biodiversity

Locations in or Neighboring Protected Areas in Fiscal 2010/11

Voith Heidenheim, Germany	
Location	Heidenheim, Baden-Württemberg
Type of operations	Production, services, administration
Area	0.33 km ²
Type of protected area	Water protection area (freshwater, ground water, drinking water)
Location in relation to protection area	Located in the water protection area and encompasses an area rich in biodiversity (water bat <i>Myotis Daubentonii</i>)
Protection status	Water protection area according to WFD, Federal Water Act (§§ 50–53), Zone III/IIIA (Zone II/IIA TB Mergelstetten, not legally binding)
Voith Paper Krieger GmbH & Co. KG, Germany	
Location	Mönchengladbach, North Rhine-Westphalia
Type of operations	Production, administration
Area	0.015 km ²
Type of protected area	Water protection area (drinking water)
Location in relation to protection area	Located in the water protection area
Protection status	Water protection area according to WFD (EU Directive), Zone 111a, "Hoppbruch" drinking water protection area
Voith Paper Ltd., UK	
Location	Manchester
Type of operations	Production, administration
Area	0.024 km ²
Type of protected area	Freshwater, ground water
Location in relation to protection area	Neighbors a Natura 2000 protection area
Protection status	Rochdale Canal (inland water body): European legislation, designated by Natura 2000 as a Special Area of Conservation (SAC)
Voith Paper Máquinas e Equipamentos Ltda., Brazil	
Location	São Paulo
Type of operations	Production, foundry, administration
Area	0.34 km ²
Type of protected area	Green corridor along the River Persus to maintain biodiversity and protect ground water
Location in relation to protected area	Neighbors a Permanent Protection Area (PPA), a protected green corridor to protect ground water
Protection status	Permanent Protection Area (PPA), national legislation (Brazil)
Voith Paper Fabrics AS, Norway	
Location	Lier, Tranby
Type of operations	Administration, warehousing
Area	0.0016 km ²
Type of protected area	"Gjellebekkmyrene-Naturreservat" (marsh) and "Tranby Landskapsvernområde" (former army drill ground)
Location in relation to protected area	Neighbors two nature protection areas
Protection status	National legislation (Norway)

6. Responsibility for Employees

Consolidation Scope

Consolidation Scope for Employee Numbers in Fiscal 2010/11

Headcount*	2010/11
Group employee headcount	47 728
of which employees included in the data analysis	40 175

* In contrast to the Annual Report, in the Sustainability Report the number of employees is reported in terms of headcount not full-time equivalents (FTEs).

Workforce Structure

Employees by Region and Gender in Fiscal 2010/11

Number	Voith Group	Europe	North America	South America	Asia	Africa
Women	8 382	5 786	935	867	765	29
Men	31 793	20 285	3 235	5 268	2 916	89
Total	40 175	26 071	4 170	6 135	3 681	118

Full-time and Part-time Employees by Region and Gender in Fiscal 2010/11

Number	Voith Group	Europe	North America	South America	Asia	Africa
Full time	32 026	18 152	4 092	6 006	3 658	118
of which are women	5 211	2 650	908	859	765	29
of which are men	26 815	15 502	3 184	5 147	2 893	89
Part time	8 149	7 919	78	129	23	0
of which are women	3 171	3 136	27	8	0	0
of which are men	4 978	4 783	51	121	23	0
Total	40 175	26 071	4 170	6 135	3 681	118

Workforce Fluctuation

Newly hired Employees* by Gender, Age Group and Region in Fiscal 2010/11

Number	Voith Group	Europe	North America	South America	Asia	Africa
Women	2 814	1 892	196	297	422	7
Men	7 752	4 790	781	1 465	697	19
< 30 years old	4 064	2 276	309	805	668	6
30-50 years old	5 088	3 436	430	789	415	18
> 50 years old	1 414	970	238	168	36	2
Total	10 566	6 682	977	1 762	1 119	26

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

Employees Leaving the Company in Fiscal 2010/11

In %	Total	Machine and plant engineering	Service business
At employee's initiative	7.8	3.6	11.7
At Voith's initiative	n.a.*	2.1	n.a.*

Reference: This data was not recorded using our sustainability database. It therefore covers 38819 employees instead of 40175.

We have identified employee fluctuation in the Industrial Services Division as a field for action and are also working in this business area to minimize it.

* At the time of publication this key figure could not be reliably defined.

Employee retention

Newly hired Employees who Left Voith again within Twelve Months* by Gender, Age Group and Region in Fiscal 2010/11

Number	Machine and plant engineering	Europe	North America	South America	Asia	Africa
Women	62	16	4	19	23	0
Men	703	75	27	510	91	0
< 30 years old	374	46	10	246	72	0
30-50 years old	348	39	18	249	42	0
> 50 years old	44	7	3	34	0	0
Total	765	91	31	529	114	0

Number	Service business	Europe	North America	South America	Asia	Africa
Women	922	819	88	5	10	-
Men	1 957	1 495	325	9	128	-
< 30 years old	1 203	1 024	115	5	59	-
30-50 years old	1 247	1 013	156	8	70	-
> 50 years old	428	276	142	1	9	-
Total	2 879	2 314	413	14	138	-

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

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

In years	Total			Machine and Plant Engineering			Service Business		
	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09
Europe	9.23	8.71	n.a.	14.93	15.48	n.a.	5.63	4.54	n.a.
North America	8.24	7.86	n.a.	13.57	14.34	n.a.	4.11	3.28	n.a.
South America	4.95	4.33	n.a.	7.28	8.18	n.a.	2.61	0.93	n.a.
Asia	5.19	6.05	n.a.	5.85	7.13	n.a.	2.53	1.85	n.a.
Other	8.00	8.00	n.a.	8.00	8.00	n.a.	n.a.	n.a.	n.a.

Reference: This data was not recorded using our sustainability database. It therefore covers 45 033 employees.

Service business: There were many new hirings in 2009/10 meaning the average length of service of the overall workforce fell. In fiscal 2010/11, fewer new hirings were made, which is why the average length of service increased compared to 2009/10.

Machine and plant engineering: The trend towards a shorter length of service is attributable to employees with many years of service retiring as well as a relatively high number of new hirings. In Asia especially, we hired many new employees as a result of our expansion in production which led to shorter lengths of service.

Work-Life Balance

Parental Leave in Fiscal 2010/11

Number	Voith Group	Europe	North America	South America	Asia	Africa
Total parental leave take-up	511	396	17	65	30	3
Women	258	210	6	26	16	0
Men	253	186	11	39	14	3
Employees returning to Voith following parental leave	353	259	15	61	15	3
Women	118	83	4	22	9	0
Men	235	176	11	39	6	3
In %						
Employees returning to Voith following parental leave	69.1	65.4	88.2	93.8	50.0	100.0
Number						
Returning employees who were still employed after twelve months	276	200	12	55	6	3
Women	103	78	3	16	6	0
Men	173	122	9	39	0	3
In %						
Returning employees who were still employed after twelve months	78.2	77.2	80.0	90.2	40.0	100.0

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

Training and Further Education

Further Education

In €	2010/11	2009/10	2008/09
Total expenditure	3 071 386	2 352 563	1 699 688

Reference: Voith Germany (in part)

Vocational Education

Number	2010/11	2009/10	2008/09
Apprentices and interns	1 246	1 232	1 196

Reference: Voith Group

Diversity

Women in Senior Managerial Positions

Number	2010/11	2009/10	2008/09
On the Board of Management	0	0	0
Total number of members of the Board of Management	7	7	7
On the Supervisory Board	4	5	3
Total number of members of the Supervisory Board	20	20	20
In the Senior Management Circle	3	4	3
Total number of employees in the Senior Management Circle	90	88	89
In %			
On the Board of Management	0	0	0
On the Supervisory Board	20	25	15
In the Senior Management Circle	3.3	4.5	3.3

Reference: Voith Group

Employees by Age Group and Region in Fiscal 2010/11

Number	Voith Group	Europe	North America	South America	Asia	Africa
< 30 years old	8 609	4 795	693	1 844	1 263	14
30-50 years old	21 844	14 239	1 949	3 396	2 185	75
> 50 years old	9 722	7 037	1 528	895	233	29
Total	40 175	26 071	4 170	6 135	3 681	118

Proportion of Disabled Employees

In %	2010/11	2009/10	2008/09
Proportion of disabled employees	3.25	3.1	n.a.

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

Occupational Health and Safety**Work Accidents**

Number	2010/11	2009/10	2008/09
Work accidents	344	480	921
Work accidents per 1 million working hours (frequency rate)	4.7	6.7	13.9
Work accidents resulting in fatalities	0	n.a.	n.a.

7. Responsibility for Society

Not-for-profit Engagement

Donations

In € million	2010/11	2009/10	2008/09
Voith Group	1.669	n.a.	n.a.
Hanns Voith Foundation	0.3	n.a.	n.a.
Fundação Voith	0.4	n.a.	n.a.
Total	2.369	n.a.	n.a.

Reference: Voith Group

Sponsorship Aid by Project

In %	2010/11	2009/10	2008/09
Education (schools, education and science)	44	n.a.	n.a.
Social affairs	13	n.a.	n.a.
Sport	32	n.a.	n.a.
Culture	11	n.a.	n.a.
In € million			
Total	2.369	n.a.	n.a.

Tax Paid

Taxes Paid by Region

In € thousand	2010/11	2009/10	2008/09
Germany	47 122	n.a.	n.a.
Rest of Europe	17 383	n.a.	n.a.
America	29 204	n.a.	n.a.
Asia	14 690	n.a.	n.a.
Other	3 992	n.a.	n.a.
Total	112 390	107 654	127 293

Reference: Voith Group

Goals and Achievement

Sustainable Management

Goals from the Sustainability Report 2010 and their level of achievement

Strategic goals and measures	Deadline	Status in fiscal 2010/11	
		Description	
Expansion of sustainability management			
Definition of additional key indicators	FY 2010/11	In addition to the economic and environmental indicators in the Sustainability Report 2010, target areas and fields of activity were defined for the area of social affairs. Work is underway on implementing them in KPIs.	Started
Definition of measures for implementing sustainability	FY 2010/11	The measures stated on pages 68/69 of the Sustainability Report 2010 have been implemented operationally and further measures are being developed and implemented (see Chapters 3, 4, 5, 6, 7).	Achieved
Involving employees in the process through training	FY 2010/11	In FY 2010/11, over 200 employees across the world were trained on how to use the sustainability database. In addition, an extensive global training offering on the topic of sustainability was introduced (see Chapters 4.1 and 6.4).	Achieved
Systematic integration of stakeholder dialogs	FY 2010/11	In the reporting year, initial steps were taken to systematically integrate stakeholder dialog. Among other things, we are currently determining which experts and change initiators are important globally for Voith's stakeholder dialog activities. In the coming years, we intend to produce a concept to systematically integrate stakeholder dialog (see "New Goals").	Started
Extending the scope of the sustainability database	FY 2010/11	The scope was extended to include environmental and personnel aspects in particular. Furthermore, additional operating units were included in the scope (see Chapter 2.2).	Achieved
Establishing Group-wide eco-standards	FY 2010/11	The Group-wide eco-standards are summarized in our Environment Group Directive which was updated in October 2011.	Achieved
Developing Group Directives (sustainability management)	FY 2010/11	The duties and responsibilities of the Corporate Sustainability central function are described in the "Voith Group Organization" Group Directive which was updated in October 2011 (see Chapter 2.2).	Achieved
Including "Sustainability" in the agenda of the Voith Advisory Committee ("Beirat")	FY 2010/11	In one Group Division, sustainability has been included in the agenda of the Advisory Committee meetings. In two other Group Divisions, the topic features regularly on the agenda of the Group Division Board of Management meetings.	Started

New goals

Goal	Selected measures	Deadline
Improving stakeholder communication		
Establishing direct points of contact in relation to sustainability topics for external stakeholders	Naming points of contact for the relevant fields of activity on the Voith homepage	2012/13
Establishing a common understanding of sustainability in the company		
Holding events on the topic of sustainability and integrating it into existing events	Positioning the topic of sustainability at induction events for new employees in Germany	2011/12
	Positioning the topic of sustainability at induction events for new employees around the world	2012/13
	Positioning the topic of sustainability at the HSE symposium for German-speaking countries and at relevant symposiums in Asia, South America and North America	2012/13
Integrating the topic of sustainability in training and further education programs	Holding training events on the topic of sustainability at the Voith Academy	2012/13
Improving the management of sustainability topics		
Expanding the management reporting tool to include further KPIs	Inclusion of occupational health and safety KPIs and further KPIs from the area of social affairs in the management reporting tool	2012/13
Systematically integrating and internationalizing stakeholder dialog		
Developing a global concept	Stakeholder dialog based on company-relevant megatrends	2014/15

Sustainable Profitable Growth

Goals from the Sustainability Report 2010 and their level of achievement

Strategic goals and measures	Deadline	Status in fiscal 2010/11	
		Description	
Ensuring and improving compliance and anti-corruption measures			
Implementation of on site training program	Sep. 2011	Group-wide on-site training courses have been held; so far, 59 percent of all employees across the Group have been trained (see Chapter 3.2)	Achieved
Implementation of eLearning platform	Sep. 2011	Platform implemented (see Chapter 3.2)	Achieved
Certification of the Voith Compliance Management System	FY 2010/11	Initial phase of certification by an auditing firm completed successfully (see Chapter 3.2). Phases 2 and 3 yet to be completed. As such, a new deadline has been set for the goal (see "New Goals").	Partially achieved
Ensuring compliance with environmental and social standards in Voith supply chains*			
Development of a concept to include social and environmental issues when assessing suppliers	FY 2011/12	Voith has started developing a consecutive, three-stage concept that includes social and environmental issues in the General Conditions of Purchase, supplier self-assessment, supplier assessment and supplier audit. Implementation into the General Conditions of Purchase has already begun (see Chapter 3.3).	Started
Assessment of 50 percent of suppliers including social and environmental aspects	FY 2012/13	The goals were no longer pursued in the reporting period. The goals were replaced as monitoring purchased goods and services from assessed suppliers is of greater relevance to Voith (see Chapter 3.3 and "New Goals").	Replaced
Assessment of 80 percent of suppliers including social and environmental aspects	FY 2014/15		
Increasing the share of goods and services procured from assessed suppliers to 80 percent	FY 2010/11	61 percent of goods and services are procured from assessed suppliers. The calculation only includes the results of the supplier assessment; supplier self assessments were not included. As such, the goal was not achieved, so the goal was increased to 85 percent by 2011/12 (see "New Goals").	Not achieved
Improving data quality			
Producing a material score for 80 percent of materials purchased to improve the available data quality	2012/13	In fiscal 2010/11, an interdisciplinary project team was formed which, under the leadership of Purchasing, defined material score requirements, and started integrating the current situation into the processes and systems of the individual Group Divisions.	Ongoing
Producing a material score for 95 percent of materials purchased to improve the available data quality	2015	In fiscal 2010/11, an interdisciplinary project team was formed which, under the leadership of Purchasing, defined material score requirements and started integrating the current situation into the processes and systems of the individual Group Divisions.	Ongoing
Honoring exemplary suppliers by expanding the Voith Supplier Award to cover the entire Voith Group			
Inclusion of all suppliers (the Supplier Award was originally only awarded by Voith Hydro in São Paulo)	2012	From 2013 Voith plans to honor suppliers for exemplary service with the Voith Supplier Award. The concept is also to include sustainability aspects (see Chapter 3.3).	Started

* In future we will list supplier management goals under the topic area of "Sustainable Profitable Growth" instead of under "Product Responsibility".

New goals

Goal	Selected measures	Deadline
Ensuring compliance		
Certification of the Voith Compliance Management System	Conducting certification phases 2 and 3 (implementation of the CMS and review of its effectiveness)	2013/14
Informing employees about compliance	Holding instruction and training courses (on-site or eTraining) for all employees	2012/13
Informing employees about export controls	Holding training courses	2012/13
Procurement from assessed suppliers		
Increasing the share of goods and services procured from assessed suppliers to 85 percent (based on invoice volume)	Expansion of supplier assessment	2011/12

Responsibility for the Environment

Goals from the Sustainability Report 2010 and their level of achievement

Strategic goals and measures	Deadline	Status in fiscal 2010/11	
		Description	
Waste in relation to annual sales (t/€ million) will be reduced by 10 percent by fiscal 2015/16 (base year: FY 2008/09)			
Utilization of recyclable materials	FY 2015/16	In the reporting year, we already reduced the amount of waste by 8.1 percent through various measures (see Chapter 4.2). In the coming years, we intend to further strengthen our efforts to tackle and implement the defined strategic measures to achieve this.	Ongoing
Direct recycling within Voith	FY 2015/16		
Developing additional measures	FY 2015/16		
By fiscal 2012/13, freshwater consumption in relation to annual sales (m³/€ thousand) will be reduced by 5 percent (base year: FY 2008/09)			
Closing water cycles (via reuse and recycling)	FY 2012/13	In the reporting year, we reduced the amount of freshwater used by 16.3 percent through various measures (see Chapter 4.2). As the goal was achieved ahead of schedule, we decided to increase the goal (see "New Goals").	Achieved (early)
Developing additional measures	FY 2012/13		
CO₂ emissions in relation to annual sales (t/€ million) will be reduced by 10 percent by fiscal 2015/16 (base year: FY 2008/09)			
Develop a Group Directive for the modification and construction of energy-efficient buildings	FY 2015/16	In the reporting year, we already reduced production-related CO ₂ emissions in relation to annual sales by 5.7 percent through various measures (see Chapter 4.3). In the coming years, we intend to tackle and implement the defined strategic measures to achieve this even more vigorously.	Ongoing
Utilization of renewable energies	FY 2015/16		
Conversion to low-emission energy carriers (e.g. natural gas and power mixes which generate lower emissions)	FY 2015/16		
Promoting Ecological Business Management in all Group Divisions	FY 2010/11	In the reporting year, EBM was implemented in two Group Divisions. EBM implementation in the remaining two Group Divisions is to be carried out in the coming fiscal year. As such, a new deadline has been set for the goal (see "New Goals").	Started

New goals

Goal	Selected measures	Deadline
Reducing product-based energy and resource consumption		
Developing a standard methodology to increasing material efficiency in production	Pilot project to increase material efficiency	2012/13
Determining the impact the global shortage of raw materials has on Voith	Performing an analysis	2013/14
Reducing specific freshwater consumption in relation to annual sales (m ³ /€ thousand) by 5 percent based on fiscal 2010/11	Continuation of measures described in Chapter 4.2	2015/16
Implementation and compliance with environmental regulations		
Introduction of the Eco-Compliance concept incl. associated software in Germany	Roll-out of special software to link environment-relevant legal databases with follow-on legal updates provided to location, system and division representatives	2012/13
Introduction of the Eco-Compliance concept incl. associated software globally		2013/14
Introduction of a uniform global hazardous substances management process	Introduction of a global hazardous substances database	2013/14
Promoting Ecological Business Management in all Group Divisions	Implementation in the two remaining Group Divisions	2011/12

Product Responsibility*

Goals from the Sustainability Report 2010 and their level of achievement

Strategic goals and measures	Deadline	Status in fiscal 2010/11	
		Description	
Increasing product energy efficiency			
Including product energy efficiency as a separate criterion in the development process and technical risk checklist	2011/12	In the reporting year, two Group Divisions have already integrated product energy efficiency as a binding criterion in product development	Started

New goals

Goal	Selected measures	Deadline
Energy and resource efficient products		
Assessment of products and services in relation to energy and resource efficiency	Development of tools and models to assess products and services in relation to energy and resource efficiency	2012/13
Introduction of resource friendly technologies	Running an internal pilot project on eco-technology transfer	2012/13
Assessment of the development processes of products and services in relation to energy and resource efficiency	Assessment of the development processes for products and services	2013/14

* In future we will list supplier management goals under the topic area of "Sustainable Profitable Growth" instead of under "Product Responsibility".

Responsibility for our Employees

Goals from the Sustainability Report 2010 and their level of achievement

Strategic goals and measures	Deadline	Status in fiscal 2010/11	
		Description	
Promoting staff diversity within the company			
Improving the awareness of senior executives (amongst others through intercultural training programs)	Permanently	Career prospects and development measures are determined based on the employee dialog. They are based on the global Voith further education offering complemented by regional-specific further education offerings such as language courses and intercultural training courses (see Chapter 6.4).	Ongoing
Increasing the number of foreign senior executives from all cultural groups	Permanently	In fiscal 2011/12, a comprehensive global diversity strategy will be developed which will identify region-specific fields of action and set out corresponding goals and measure to increase diversity following an initial analysis phase (see also "New Goals"). At the same time, various diversity characteristics will play a role. Depending on the regional result of the analysis phase, we intend to place emphases on these diversity categories: Gender, age, cultural background and working environment. Previous goals from the range of diversity topics will be reviewed in relation to this and, if necessary, revised or disregarded.	Ongoing
Developing additional measures	Permanently		Ongoing
Increasing the number of women in senior management positions from the current 4.5 percent to 10 percent			
Defining key indicators for gender distribution	Fall 2015		Ongoing
Analysis, assessment and modification of HR processes	Fall 2015		Ongoing
Setting quotas for women by Group Division	Fall 2015		Ongoing
Creating goal agreements with HR executives	Fall 2015		Ongoing

Implementing the Voith Leadership Concept

Every employee will have an employee and goal agreement dialog each year with their supervisor	2015	88 percent of employees have had an employee dialog. 86 of employees in machine and plant engineering have had a goal agreement dialog (see Chapter 6.4).	Ongoing
--	------	--	---------

Promoting a work-life balance

Increasing the number of childcare places in Heidenheim's daycare facility by a further 110	2012	Together with Paul Hartmann AG and the City of Heidenheim, we are also involved in establishing the "Bildungshaus Silcherschule" children's center. From September 2012, we will offer 110 childcare places, of which 25 will be after-school childcare places, for our employees' children aged between one and ten. In total, 155 childcare places will then be available for our employees' children (see Chapter 6.1).	Started
Developing additional measures	Permanently	Many employees are able to arrange their working hours flexibly (see Chapter 6.1).	Ongoing

Reducing work accidents per 1 million working hours to less than 5 (in the medium term to < 2)

Implementing a uniform occupational health and safety management system	2011	The occupational health and safety management system has been implemented at all production locations around the world (see Chapter 6.3).	Achieved
Setting up an accident investigation program	2011	Accident investigation programs have been established as part of implementing the occupational health and safety management system (see Chapter 6.3).	Achieved
Developing an internal audit system for early recognition and elimination of risks	2011	An internal audit system has been established as part of implementing the occupational health and safety management system (see Chapter 6.3).	Achieved
Generating accident statistics for all locations and defining key statistics	2011	Accident statistics for all locations and relevant key statistics have been further development and harmonized.	Achieved
Conducting symposiums on occupational health and safety	2011	In June 2011, another HSE symposium was held for German-speaking countries in Heidenheim. In fiscal 2011/12 and 2012/13, regional HSE symposiums will be offered for the first time in North America, South America and Asia.	Started

Establishing a worldwide health management system

Continuous monitoring of age structure development within the Group	2015	In fiscal 2010/11, age structures in the regions were calculated and reported for the first time (see Chapter 6.1).	Ongoing
Setting up a statistical system for occupational health management	2015	In fiscal 2010/11, we started to compile goals and KPIs for occupational health management together with a research institute. At the same time, the state of health of our employees at an exemplary location was recorded as part of a pilot project to derive subsequent health promotion measures.	Ongoing
Developing a holistic concept for occupational health management	2015	Building on this, new goals to establish an occupational health management system were defined (see "New Goals").	

New goals

Goal	Selected measures	Deadline
Recruiting		
Collaborating with universities	Strengthening collaboration between individual members of the Corporate Board of Management and universities in key markets (such as China).	2012/13
Diversity		
Developing a diversity concept	Conducting analyses to determine region-specific fields of activity and setting corresponding goals and measures to increase diversity so that the focus can be placed on the diversity categories of "gender", "age", "cultural background" and "working environment" depending on the regional result of the analysis phase.	2011/12
Increasing the proportion of women	Hiring graduates applying for engineering positions in the same gender ratio as the gender distribution in the particular final year (see Chapter 6.2).	From 2015
Reducing work accidents per 1 million working hours to less than 5 (in the medium term to < 2)		
Conducting symposiums on occupational health and safety	Conducting symposiums on occupational health and safety where best-practice examples from the individual health, safety and environmental audits are presented and discussed.	2011/12
Running an occupational health and safety campaign	Continuing and optimizing the occupational health and safety campaign launched in 2009/10.	2011/12

Maintaining and improving our employees' health

Developing an occupational health management system	Conducting a systematic review of current or planned health promotion measures at our global locations	2011/12
	Running a health promotion pilot project including a health check and deriving health promotion measures	2011/12
	Developing and implementing a standardized reporting system for managers	2012/13
Promoting healthy nutrition	Developing an auditing concept at the canteen at our location in Heidenheim	2011/12
	Implementing the auditing concept at the canteen at our location in Heidenheim	2012/13
	Certifying the canteen in Heidenheim according to Job&Fit criteria of the German institute for nutrition (Deutschen Gesellschaft für Ernährung e.V.)	2011/12

Responsibility for Society

Goals from the Sustainability Report 2010 and their level of achievement

Strategic goals and measures	Deadline	Status in fiscal 2010/11	
		Description	
Increasing public perception of the Hanns Voith Foundation			
Intensifying public relations	FY 2010/11	Various measures were carried out including refreshing the Hanns Voith Foundation website, mentioning and describing the Foundation as part of sustainability presentations and in assorted printed media.	Ongoing
Integrating sponsorships of kindergartens and schools in Heidenheim within the "Zukunftsakademie" (Academy for the Future)			
	FY 2010/11	For organizational reasons, we will implement this goal together with the town of Heidenheim in fiscal 2011/12 (see "New Goals").	Started
Promoting sport in Brazil			
Developing a Fundação Voith concept for including sports in its activities	FY 2010/11	Promoting sports was included in the activities of Fundação Voith (see Chapter 7.1).	Achieved

New goals

Goal	Selected measures	Deadline
Encouraging emerging talent		
Sponsoring students enrolled in engineering courses	Awarding of scholarships	2012/13
Sponsoring graduates	Awarding sponsorship prizes in the individual business areas of Voith	2013/14

GRI Index

Organization and Reporting Profile	Comment	Status		Reference	
		reported	fulfilled		
1. Strategy and Analysis					
1.1	Statement of the Corporate Board of Management on the importance of sustainability	●	✓	4-5, 11-12	
1.2	Impact of business operations, as well as risks and opportunities	●	✓	4-5, 11-15; AR 121-126	
2. Organization Profile					
2.1	Name of organization	●	✓	7-9	
2.2	Major brands, products and services	●	✓	7-9	
2.3	Operational structure	●	✓	7-9	
2.4	Headquarters location	●	✓	7-9	
2.5	Countries of operation	●	✓	voith.com/locations	
2.6	Ownership structure and legal form	●	✓	8	
2.7	Markets served	●	✓	8, 64	
2.8	Scale of the organization	●	✓	64; AR 83-91, 111-114	
2.9	Significant changes regarding size, structure or ownership	No significant changes	●	✓	Comment
2.10	Awards received	●	✓	39; AR 115	
3. Report Parameters					
3.1	Reporting period	●	✓	Inner front cover	
3.2	Date of most recent report	The Sustainability Report 2010 was published in May 2011	●	✓	Comment
3.3	Reporting cycle	●	✓	Inner front cover	
3.4	Contact for questions regarding this report	●	✓	Inner back cover	
3.5	Process for defining report contents	●	✓	Inner front cover	
3.6	Report scope	●	✓	Inner front cover	
3.7	Limitation on report scope	●	✓	Inner front cover	
3.8	Reporting basis	●	✓	Inner front cover	
3.9	Methods of data collection and basis of calculations	●	✓	Inner front cover, 14, 32	
3.10	New descriptions and information	●	✓	Inner front cover	
3.11	Changed reporting parameters compared to previous years	●	✓	Inner front cover	
3.12	GRI Index	Present	●	✓	
3.13	External verification of report	Only the reported economic indicators have been verified externally. They were verified by the auditing firm Ernst & Young as part of auditing of the Annual Report 2011.	●	✓	Comment
4. Corporate Governance, Responsibilities and Commitment					
4.1	Governance structure of the organization	●	✓	8; AR 8-9, 14-15, 77	
4.2	Independence of chairman of the most senior management body	●	✓	8; www.voith.com/organization	
4.3	Number of independent members in most senior management body	Irrelevant indicator as Voith has a Supervisory Board that monitors the Board of Management.	○ ¹	✓	www.voith.com/organization; comment
4.4	Codetermination of employees and shareholders	Voith GmbH is entirely family-owned. The Voith family exercises its codetermination right through the Shareholders' Committee. At management level, employees can submit recommendations to the Board of Management through the Supervisory Board. Half of the Supervisory Board comprises representatives elected by employees. At the operational level, there are Works Councils elected by employees which represent employee interests vis-à-vis the management.	●	✓	8; www.voith.com/organization; comment

Organization and Reporting Profile	Comment	Status		Reference	
		reported	fulfilled		
4.5	Relationship between remuneration of Management Board and sustainability performance of the organization	○ ³	✓		
4.6	Mechanisms for avoiding conflict of interests	●	✓	20	
4.7	Expertise of members of most senior managing body in economics, environmental and social affairs	●	✓	voith.com/cbm	
4.8	Corporate philosophy, code of conduct and sustainability principles	●	✓	9, 20	
4.9	Examination of sustainability performance by most senior managing body	●	✓	13–14	
4.10	Assessment of performance of most senior managing body regarding sustainability	○ ³	✓		
4.11	Consideration of precautionary principle	By monitoring the product life cycle and the entire value chain, risks are identified early on and can be eliminated	●	✓	26–27, 38–39, 40–41, 50–51
4.12	Support of external economic, ecological and social activities	●	✓	15	
4.13	Memberships in associations and lobby groups	●	✓	15	
4.14	Involved stakeholder groups	●	✓	15	
4.15	Basis for selection of stakeholders	●	✓	15	
4.16	Approach towards stakeholder engagement	●	✓	15	
4.17	Key topics of stakeholders	●	✓	15	

Management Approach and Performance Indicators	Comment	Status		Reference	
		reported	fulfilled		
Economy					
Management approach					
EC 1	Directly generated and distributed commercial value	●	✓	17–19, 23, 45, 57–58	
EC 2	Financial impact of climate change	n.d.			
EC3	Company's benefit plan obligations	●	✓	AR 181	
EC4	Financial assistance received from government	n.d.			
EC5	Relation of standard starting salary (by gender) and local minimum wage	n.d.			
EC6	Business policies and practices, proportion of expenditure on local suppliers	●	✓	21, 23, 64; AR 26	
EC7	Recruitment of local employees and share in management positions	Voith does not report the percentage of local managers. We intend to report this information in fiscal 2013/14.	○ ²	✓	48, 74–75
EC8	Development and impact of investments for public welfare	n.d.			
EC9	Indirect economic impact	n.d.			
Environmental Protection					
Management approach					
EN1	Materials applied	n.d.			
EN2	Share of recycled materials	n.d.			
EN3	Direct energy consumption	●	✓	32–35, 66–67	
EN4	Indirect energy consumption	●	✓	32–35, 66–67	
EN5	Energy savings	●	✓	32–35, 66–67	
EN6	Energy-efficient products and services	Our products are mainly sub-components used in customer-specific end-to-end systems. The components used individually influence the end-to-end system's power consumption. As such it is not possible to provide quantified information on our products' energy-saving reductions.	○ ¹	✓	38–40; comment

Management Approach and Performance Indicators	Comment	Status		Reference
		reported	fulfilled	
EN7 Initiatives to reduce indirect upstream/downstream energy consumption		n.d.		
EN8 Water withdrawal by source		●	✓	39–40, 79–80
EN9 Water sources significantly affected by withdrawal of water	Voith does not withdraw a quantity of water from surface water that exceeds 5 percent of its average total volume each year at any of its locations.	●	✓	
EN10 Recovered and recycled wastewater		●	✓	39–41, 69–70
EN11 Locations in or neighboring protected areas		●	✓	29–30, 73
EN12 Impact on the biodiversity of protected areas or areas with high biodiversity	Our production processes do not have any impact on biodiversity in protected areas or areas with high biodiversity. For the first time in fiscal 2010/11, we recorded – and will record each year from now – whether our locations are in or near protected areas and whether these areas are affected. We are working towards reducing the impact our hydro power machines and systems have on biodiversity.	●	✓	40; comment
EN13 Protected and restored natural habitats		n.d.		
EN14 Strategies for biodiversity	As part of a biodiversity review of our locations (see EN12) conducted in fiscal 2010/11, we established that our business activities had no negative impact on biodiversity, meaning there is no necessity for strategic management.	○ ¹	✓	Comment
EN15 Affected animal species and plant varieties	Several of our production locations are directly next to or within water-conservation areas. Our location in Heidenheim is the habitat of a water bat that has been awarded the status of “least concern” on the IUCN Red List.	●	✓	29, 73, comment
EN16 Direct and indirect greenhouse gas emissions		●	✓	32–35, 68–69
EN17 Other relevant greenhouse gas emissions		●	✓	32–35, 68–69
EN18 Reduction of greenhouse gases		●	✓	32–35, 68–69
EN19 Ozone-depleting emissions		n.d.		
EN20 NO _x , SO ₂ and other significant emissions		n.d.		
EN21 Wastewater discharge	Voith reports the quantity of treated and untreated wastewater by discharge location. Information on the wastewater pollution level and treatment methods have already been recorded in the reporting year and will likely be available in fiscal 2011/12.	○ ²	✓	29–31, 70–71; comment
EN22 Weight of waste		●	✓	28–29, 71–72
EN23 Release of harmful emissions	During the fiscal year, there were no incidents in production, warehousing or transport where significant harmful emissions were released or might have been released.	●	✓	Comment
EN24 Transported, imported, exported and treated hazardous waste	Voith does not transport any hazardous waste. All waste is collected from the Voith location by recycling/disposal companies or logistics companies commissioned by them. Voith does not currently record the quantity of hazardous water that is treated. We intend to report this information in fiscal 2011/12.	○ ²	✓	71–72; comment
EN25 Water bodies significantly affected by wastewater discharges		●	✓	71
EN26 Measures to reduce the environmental impact of products		●	✓	38–40
EN27 Share of products for which packaging materials are taken back	Indicator irrelevant for Voith as products require only very little packaging	○ ¹	✓	Comment
EN28 Significant fines and sanctions for non-compliance with environmental laws	Fines and sanctions for non-compliance with environmental laws not reported.	●	✓	Comment
EN29 Environmental impact due to transport	Voith does not currently record potential transport-related emissions of ozone-depleting substances, pollutants, chemicals, waste and noise. We intend to report this information in fiscal 2011/12.	○ ²	✓	69, 34–35; comment
EN30 Environmental-protection expenditure and investment		n.d.		

Management Approach and Performance Indicators	Comment	Status		Reference	
		reported	fulfilled		
Labor Practices and Decent Work					
Management approach		●	✓	20, 45	
LA1	Entire workforce by employment status, gender and region	Following aspects are not currently reported: – Number of employees with temporary and indefinite contracts, by gender – Number of employees with indefinite contracts, by full and part time employment and gender We intend to report this information in fiscal 2012/13.	○ ²	✓	74; comment
LA2	Staff fluctuation		○		55, 75
LA3	Benefits that are only granted to full-time employees		n.d.		
LA4	Number of employees governed by collective agreements		n.d.		
LA5	Reporting deadline regarding significant operational changes	Different rules apply to reporting deadlines around the world. They are governed by either statutory or collectively agreed regulations. Voith abides by the regulations regarding significant operational changes that apply at the relevant locations.	●	✓	Comment
LA6	Number of employees represented in industrial safety committees	75 percent of the global workforce is actively involved in industrial health and safety via committees comprising equal numbers of employees and safety experts.	●	✓	Comment
LA7	Injuries, occupational diseases, days lost and absenteeism, and number of work-related fatalities	Following aspects are not currently recorded: – Frequency of work-related accidents by region and gender – Days lost and total absenteeism – Occupational diseases We intend to report this information by 2015.	○ ²	✓	52–53, 78; comment
LA8	Health care, advice and training	Our health management system is currently being established. As such, it is not yet possible to provide specific information on the offering for employees and their dependents. We intend to report this information by 2015.	○ ²	✓	50–53; comment
LA9	Industrial health and safety agreements with unions		n.d.		
LA10	Training and further education programs	Following aspects are not currently recorded: – Differentiation of training expenditure by gender We intend to report this information by 2013. The Code of Conduct precludes any form of unequal treatment.	○ ²	✓	54–55, 77; www.voith.com/ codeofconduct; comment
LA11	Knowledge management and lifelong learning	Our support programs for employees exiting the company (such as owing to age) differ at a local level and cannot be reported owing to the complexity of the data.	●	✓	54–55; comment
LA12	Performance assessment and development planning	Voith does not record the gender of employees involved in an employee or goal agreement dialog as the discussions are not gender related. We preclude any gender discrimination in Our Code of Conduct. Our goal of holding an employee and goal agreement dialog with every employee each year from 2015 applies 100 percent to male and 100 percent to female employees.	●	✓	54–55; comment
LA13	Diversity of overall workforce and managing bodies	The following information is not reported for internal reasons: – Employees and managers belonging to a minority group – The age of our managers	○ ³	✓	48–49, 74, 77, 78; comment
LA14	Equal remuneration of men and women	The basic salary for men and women is the same. The following aspects are not reported for internal reasons: – The ratio of the salary actually paid (including age-related and performance-related remuneration components, etc.) between women and men. The Code of Conduct precludes any form of unequal treatment.	○ ³	✓	www.voith.com/ codeofconduct; comment
LA15	Return to work rate following parental leave		●	✓	76

Management Approach and Performance Indicators	Comment	Status		Reference	
		berichtet	fulfilled		
Human Rights					
Management approach	The management and reporting to uphold the rights of indigenous people are not immediately relevant for Voith, as Voith's business activities currently do not pose any potential risk.	○ ¹	✓	20, 21–23, 48, 54–55, www.voith.com/codeofconduct; comment	
HR1	Human rights aspects of investment contracts	n.d.			
HR2	Review of key suppliers and business partners for compliance with human rights	We currently do not report the number of suppliers declined due to human rights violations. We intend to report this information by the end of fiscal 2012/13.	○ ²	✓	21-23
HR3	Staff training on human rights issues		●	✓	20, 22, 54–55, 65
HR4	Number of incidents of discrimination and measures taken		n.d.		
HR5	Business activities of Voith and its suppliers that endanger freedom of association and collective bargaining	Through our Code of Conduct and corresponding compliance system, we intend to preclude endangering freedom of association and collective bargaining, child labor as well as forced and compulsory labor for our own business activities. We see a risk in procuring goods and services from our suppliers and service providers. This is why we are currently establishing a supplier management system with which we intend to ensure compliance with fundamental environmental and social standards.	●	✓	20, 21; www.voith.com/codeofconduct; comment
HR6	Business activities of Voith and its suppliers involving the risk of child labor	See HR5	●	✓	20, 21; www.voith.com/codeofconduct; comment
HR7	Business activities of Voith and its suppliers involving the risk of forced or compulsory labor	See HR5	●	✓	20, 21; www.voith.com/codeofconduct; comment
HR8	Training of security personnel for human rights issues that are relevant for business activities		n.d.		
HR9	Incidents of violation involving rights of indigenous people	See management approach	○ ¹	✓	
HR10	Review of business activities for impact on human rights		n.d.		
HR11	Complaints due to human rights infringements		n.d.		
Society					
Management approach		●	✓	15, 20, 57	
SO1	Impact of business activities on communities or regions		n.d.		
SO2	Business divisions investigated for corruption risks		n.d.		
SO3	Employee training regarding anti-corruption	In fiscal 2010/11, 990 compliance representatives, senior executives and specialists in sales and procurement were trained centrally. Through decentralized training by the local compliance representatives and senior executives, an additional 13562 people were trained globally. 23790 people have been trained so far. This equates to 59 percent of the workforce.	●	✓	20, 65; comment
SO4	Incidents of corruption and measures taken		n.d.		
SO5	Political position and participation in public opinion-forming and lobbying		n.d.		
SO6	Donations to parties and politicians		●	✓	57
SO7	Complaints due to anti-competitive behavior		n.d.		
SO8	Fines and sanctions for infringing legal provisions	No significant fines	●	✓	Comment
SO9	Negative impacts on local communities		n.d.		
SO10	Prevention of negative impacts on local communities		n.d.		

Management Approach and Performance Indicators	Comment	Status		Reference
		reported	fulfilled	
Product Responsibility				
Management approach	Protection of customer data is guaranteed by a corresponding passage in the Code of Conduct and Group Policy 01/03 (Data Protection and IT Information Security). We abide by legal requirements for our advertising and marketing. The Compliance Committee monitors compliance.	●	✓	20, 37; comment
PR1 Examined life cycle stages regarding health and product safety	As a manufacturer of products designed to work for as long and as safely as possible when in customer use, we have developed a concept that covers our entire product range and all life cycles of our products. These phases include research and development, production, product labeling, use by the customer and disposal/recycling.	●	✓	38–39; comment
PR2 Incidents of non-compliance with regulations concerning health and safety of products		n.d.		
PR3 Legal obligation to provide information on products and services		●	✓	41
PR4 Non-compliance with legal and voluntary obligations to provide information on products and services		n.d.		
PR5 Survey of customer satisfaction	No customer surveys were conducted at Group level in the reporting year.	●	✓	42; comment
PR6 Adherence to laws, standards and voluntary codes of conduct regarding advertising	We abide by legal requirements for our advertising and marketing. The Compliance Committee monitors compliance.	●	✓	Comment
PR7 Non-compliance with legal and voluntary obligations regarding advertising	In the reporting year, there were no infringements of legal or voluntary obligations regarding advertising.	●	✓	Comment
PR8 Justified data protection complaints	In the reporting year, there were no complaints due to data-protection infringements and no instance of data theft.	●	✓	Comment
PR9 Significant fines due to non-compliance with laws and regulations regarding acquisition and use of products		○ ³	✓	

Indications and Abbreviations

Indicators in black = core indicators

Indicators in gray = additional indicators

Unless stated otherwise, the page numbers given in the "Reference" column refer to this Sustainability Report 2011 produced by Voith. Other page references may also refer to the Annual Report 2011 produced by Voith (AR). Furthermore, in some cases a specific reference is made to the Corporate Website at www.voith.com. You will find a corresponding comment for references to the "Comment" column.

Current status of the reporting of indicators:

● = Fully reported

○ = Partially reported (indicating an official non-reporting reason)

○ = Not reported (indicating an official non-reporting reason)

n.d. = No data collected

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

1 = Not important or not applicable for Voith

2 = No information and data currently available at Voith as this is not yet included in our data-collection systems.

Please refer to the indicator comment in the table for details on when it is likely to be possible to report this data and information.

3 = Reporting not allowed/proprietary to Voith

For further information on the reasons why information was not reported under GRI Guidelines see the Global Reporting Initiative website at: <https://www.globalreporting.org/reporting/reporting-support/reporting-resources/content-index-and-checklist/Pages/default.aspx>

Fresh and recycled complement each other perfectly

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

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

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

Recycled fibers also need replenishing with fresh fibers

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

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

Imprint

Published by

Voith GmbH
Group Communications
St. Pöltener Straße 43
89522 Heidenheim
Germany
Phone: +49 7321 37-0
Fax: +49 7321 37-7000
E-mail: info@voith.com
www.voith.com

Contact

Contact

Voith GmbH
Andrea Linke
Head of Corporate Sustainability
E-mail: sustainability@voith.com

Environmentally Friendly Production

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

The Respecta Silk recycled paper we used for the Voith Sustainability Report 2011 is made from at least 60 percent secondary fibers and was produced using a Voith paper machine.

Printed in Germany, © Voith GmbH,
September 2012

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

www.voith.com

VOITH
Engineered Reliability