PATHBREAKING

CORPORATE REPORT 2011

140 anniversary 1872 - 2012

TÜVRheinland®
Precisely Right.

TÜV RHEINLAND
PROFILE

Since it was founded in 1872, TÜV Rheinland has developed from a regional testing agency to a leading international provider of inspection services that is trusted by people and companies around the world. With new ideas, expertise, and a global network, we lend a hand in making products, services, systems, and people safer and more competitive. We support, develop, promote, test, and certify. In this way, we help to build a future that does lasting justice to the requirements of humankind and the environment.

INDUSTRIAL SERVICES

- Pressure Equipment and Materials Technology
- Elevators, Conveyor and Machine Technology
- Electrical Engineering and Building Technology
- Industrial Engineering Safety
- Civil Engineering
- Energy and Environment Technology
- Project Management and Supervision

MOBILITY

- Periodical Technical Inspection
- Driver's Licenses
- Car Services and Appraisal
- Engineering/Type Approval
- Rail
- Intelligent Transport Systems
- Aviation
- Maritime

PRODUCTS

- Softlines
- Hardlines
- Electrical
- Commercial
- Medical
- Solar/Fuel Cell Technology
- Food

LIFE CARE

- Occupational Health and Safety
- Health/Supply Management
- Medical Center Services

TRAINING AND CONSULTING

- Professional Training
- Schools
- HR Certification
- HR Management
- Business Consulting
- Publishing and Media
- R&D and Innovation Management

SYSTEMS

- Certification of Management Systems
- IT and Communications Systems Security
- TUVdotCOM, Web Services
- Second Party Services

PATHBREAKING

As a neutral, critical authority in globalized markets where the range of products keeps getting bigger and the product life cycles keep getting shorter, we create orientation and trust. You can rely on our word and our judgment! As a sought-after industrial and scientific partner, we make an essential contribution to the development of innovative answers to the great technological challenges of our time. We are finding a solution! Moreover, as part of society we take responsibility for humankind and the environment that goes far beyond the limits of our company. We exemplify sustainability!

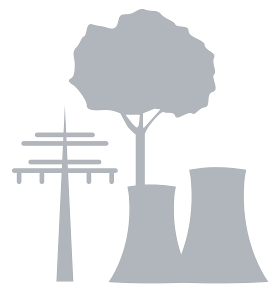
We have made our claim clear: we want to be the world's best sustainable and independent service group for testing, certification, consulting, and training – and in doing so, we keep blazing new trails.

Brazil, which recently became the sixth-largest national economy in the world, is one of TÜV Rheinland's most important foreign markets. Moreover, by acquiring Ductor and Geris, we have become the number two in the testing business in the largest country in South America. We are in an excellent position to benefit from the continually growing demand for quality, safety, and sustainability in industrial and infrastructural projects.

TÜV RHEINLAND AG FIGURES

In € millions	2007*	2008	2009	2010	2011
Revenues by Business Stream, unconsolidated					
Industrial Services	273	315	322	377	**453**
Mobility	264	289	295	311	**336**
Products	224	241	301	350	**372**
Life Care	55	59	64	55	**51**
Training and Consulting	114	139	150	160	**160**
Systems	107	117	116	123	**127**
Figures, consolidated (according to IFRS)					
Total Revenues	**984**	**1,100**	**1,181**	**1,303**	**1,417**
Germany	598	662	689	713	**734**
Abroad	386	438	492	590	**683**
Earnings before Interest and Taxes (EBIT) (in € millions)	74.6	91.4	91.9	112.1	**124.0**
Profit Margin (in %)	7.6	8.3	7.8	8.6	**8.8**
Net Capital Expenditure (in € millions)	81.2	71.8	66.5	78.9	**87.7**
Cash Flow (in € millions)	71.8	77.8	77.8	100.1	**112.3**
Equity Capital (in € millions)	139.6	214.4	236.2	288.6	**325.3**
Equity Ratio (in %)	16.0	19.0	19.7	22.2	**24.1**
Staff (Annual Average)	**12,085**	**12,987**	**13,804**	**14,412**	**15,961**
Germany	6,007	6,382	6,753	6,766	**6,774**
Abroad	6,078	6,605	7,051	7,646	**9,187**

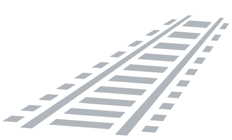
*According to the German Commercial Code.



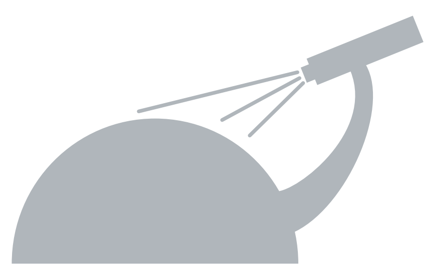
SUPPORTING CHANGE

Coal power will be an essential pillar of the global energy supply for decades to come. We are bringing technology that is considered antiquated into a new, sustainable age. Pages 24–29

BREAKING DOWN BOUNDARIES



The world is growing together and its residents' desire to move is growing along with it. As experts in all kinds of mobility, we make sure that people reach their goals – and that they do so in the most environmentally friendly and unimpeded way possible. Pages 30–35



EXPANDING HORIZONS

If you want to shape the future, you can't use the methods of the past. Our direction will bring you high-tech solutions that make testing more flexible, efficient, and precise – or simply possible. Pages 36–41

EXECUTIVE BOARD OF TÜV RHEINLAND AG

Thomas Biedermann
Chief Human Resources Officer

Stephan Schmitt
Chief International Officer

Dr.-Ing. Manfred Bayerlein
President and
Chief Executive Officer

Ulrich Fietz
Chief Financial Officer

Volker Klosowski
Chief Technology Officer

»Continual globalization and progressive industrialization in many regions of the world are drivers behind TÜV Rheinland's history of success.«

Dr. Manfred Bayerlein, President and Chief Executive Officer of TÜV Rheinland AG

FOREWORD

OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF TÜV RHEINLAND AG

Ladies and Gentlemen,
Dear Readers,

With »The future has a tradition« as our motto, TÜV Rheinland is celebrating its 140th anniversary this year. The best present of all is one that we have already given ourselves: with revenues of more than €1.4 billion, our EBIT for business year 2011 reached a record high of €124 million. Almost half of these revenues was received outside of Germany. Six of every ten of our employees work internationally. I think these numbers show that TÜV Rheinland has finally arrived among the global players.

But we are not satisfied with just being a member of that group. It is our clear goal to be the world's best sustainable and independent service group for testing, certification, consulting, and training.

We defined our path to get there in our Strategy 2017. Thus, we are working on a focused extension of our presence in global growth regions. Our most important future markets will be in Asia, India, the Middle East, South Africa, and South America. Yet in doing so, we will in no way neglect our roots in Germany and in European markets.

The healthy mixture of organic and external growth is also part of our strategic orientation. In 2011 alone, we invested more than €85 million in the construction and expansion of testing centers – primarily in our growth regions – and acquired four highly productive businesses. Likewise, we want to strengthen our classic service portfolio and expand our innovative range of products in 2012.

Our customers no longer simply expect various tests; they want complex solutions. We are therefore accelerating our transformation from a testing service to a provider of solutions. As a result, our work will make our customers more successful in business.

Our knowledge and our employees' commitment is still our most valuable asset. In the medium term, we want to add more than 2,000 new, highly qualified employees every year to support our growth and, in particular, we want to internationalize our management levels.

With the new positions of Chief International Officer and Chief Technology Officer, created during the reporting year, we have assembled an executive team that is up to the challenges ahead and represents our matrix structure on the Executive Board.

However, with all of our healthy economic ambition, there is one aspect that is close to my heart and which I would like to make quite clear: our actions will always demonstrate strict sustainable principles for the future, as we have documented through our Group policy and by signing the UN Global Compact. For over 140 years now, the name TÜV Rheinland has stood for responsibility, economy, safety, and resource efficiency – none of that will change in the future!

In the name of my colleagues on the Executive Board, I would like to offer my heartfelt gratitude to our employees. They are the ones who lend a face to our company. They are the ones who bring our promise of sustainable service to life. And they are the ones who surprise our customers every day with lasting solutions. It is exactly that added value which keeps our customers so satisfied – and TÜV Rheinland so successful.

I look forward to an eventful anniversary year with you in 2012. Happy reading!

Yours
Manfred Bayerlein

Dr.-Ing. Manfred Bayerlein
President and Chief Executive Officer of TÜV Rheinland AG

»TÜV Rheinland is particularly indebted to the capital city of Berlin. That is why TÜV Rheinland Berlin Brandenburg Pfalz e.V. is the sole shareholder.« Prof. Dr.-Ing. habil. Bruno O. Braun

FOREWORD

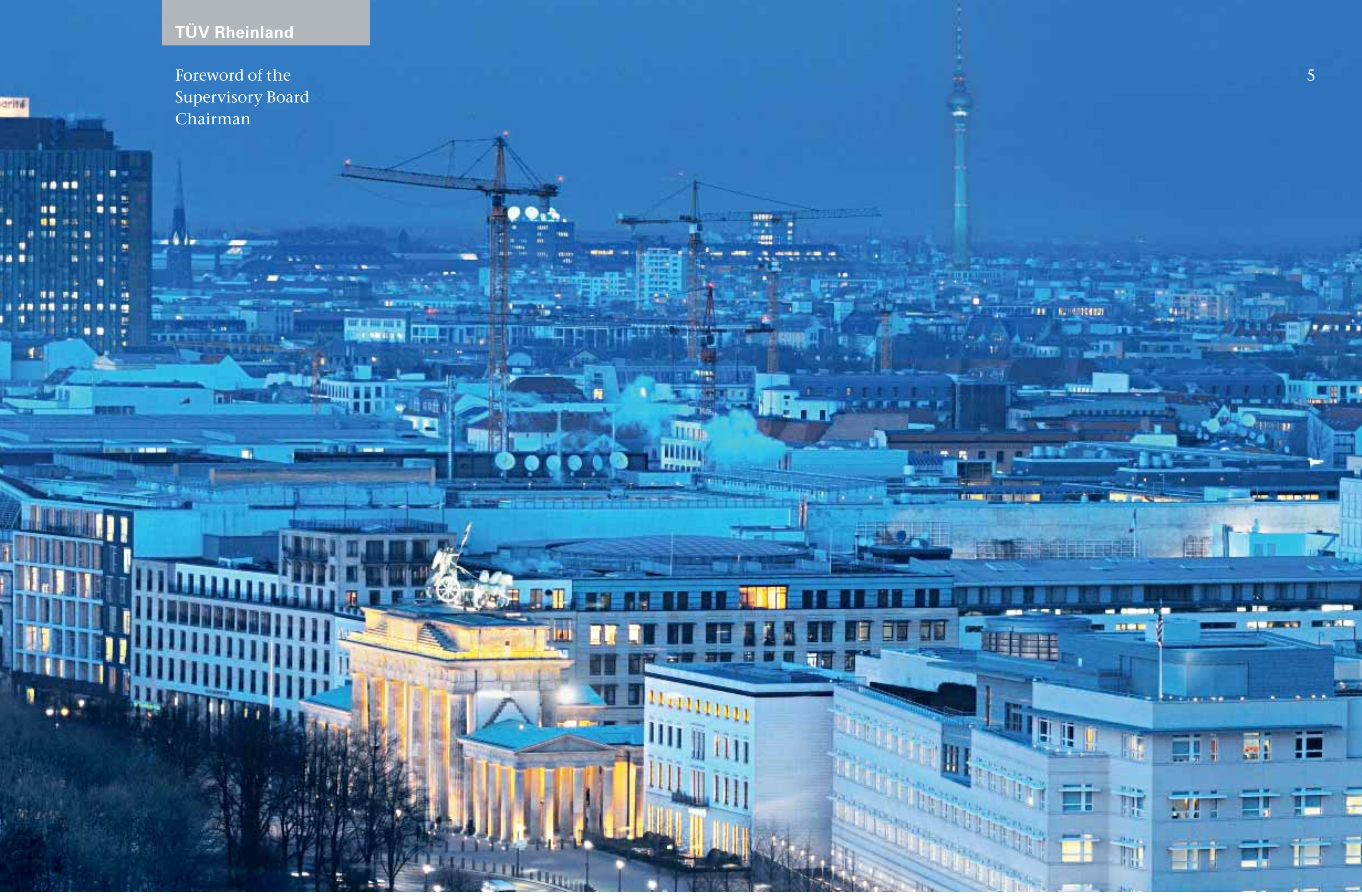
OF THE SUPERVISORY BOARD CHAIRMAN OF TÜV RHEINLAND AG

Dear Readers,

Despite the unpredictability of international economic developments, TÜV Rheinland AG finished 2011 with encouraging growth, building on the accomplishments in the previous year. Top values were again attained in revenues and income. More internationalization and development of technological competence are particularly important to ensure that we keep moving toward success in the future. That is why the Supervisory Board filled the chairman's seat on the Executive Board with Dr.-Ing. Manfred Bayerlein in August 2011 after Friedrich Hecker retired from the company by mutual agreement. That is also why we expanded the Executive Board to include appropriate fields of responsibility. For this, we appointed Stephan Schmitt as Chief International Officer and Volker Klosowski as Chief Technology Officer (as of January 1, 2012). Dr. Christoph Hack also retired. Thomas Biedermann was newly appointed as Chief Human Resources Officer and Director of Industrial Relations. The Supervisory Board would like to thank all of the retired Executive Board members for the work they have done.

Prof. Dr.-Ing. habil. Bruno O. Braun

TÜV Rheinland will keep relying on the talents and the cohesion of its employees. This goes for Germany and for locations around the world, where approximately 60 percent of our roughly 16,000 employees work.



Despite the growing importance of foreign markets, TÜV Rheinland is a German company at heart. We are particularly indebted to the capital city of Berlin. That is why TÜV Rheinland Berlin Brandenburg Pfalz e. V. is the sole shareholder. Interacting with policy and participation in the economic and socio-political dialog are the cornerstones of a successful future. Focusing on energy policy, for instance, demands our skill as a technical service provider and opens up new business fields. In times when a lack of qualified employees is becoming apparent, cross-sectional topics such as education and labor market policy are also critical. Ultimately, our success depends on our ability to build on skilled and technically experienced employees in Germany in the future.

In the last business year, the Supervisory Board has assisted the Executive Board in a consultative and monitoring capacity in accordance with the Articles of Incorporation and the law. All of the measures that required the consent of the Supervisory Board were discussed in detail at four meetings. The Supervisory Board of TÜV Rheinland AG was continually and comprehensively informed of the planning, economic development, financial position, and strategic orientation and restructuring of TÜV Rheinland AG. On December 31, 2011, the auditing firm PricewaterhouseCoopers Aktiengesellschaft audited the annual financial statements that were prepared by the TÜV Rheinland AG Executive Board as well as the Group management report including accounting. The audit of the annual financial statements, the status report, and the proposed appropriation of profits produced no objections. The Supervisory Board approved the annual financial statements.

I wish TÜV Rheinland AG, the Executive Board, and all of the employees permanent motivation and continued success in the years to come.

Yours

Prof. Dr.-Ing. habil. Bruno O. Braun
Chairman of the Supervisory Board of TÜV Rheinland AG

BIG BLADES KEEP ON TURNING / The steel giants stretch into the cloudless sky as though they were pulled by an invisible chain. The even motion of their rotors radiates a sense of calmness. You can almost forget what kind of unbelievable power they have inside. **/** As a partner to well-known manufacturers, our border and field-crossing solutions contribute to the enormous potential of wind power for developing and accelerating the global energy transformation.

A LICENSE TO FEEL COMFORTABLE / It's back! That feeling which reminds you of childhood – of the swing in the playground or the roller coaster at the amusement park. That tingle in your stomach, both wonderful and terrifying. Seventh floor, top of the building. There's nothing he'd like better than to take it again right away. **/** In more and more countries, we work on elevators for an undisturbed ride. We give informed advice from the construction phase and, as an authorized inspection agency, we also perform all of the necessary tests in ongoing operation.

THE ENTIRE WORLD A LITTLE CLOSER / An almost idyllic peace surrounds the enormous runway. Only the twittering of a few sparrows in the distance can occasionally be heard. It's a good day: the jet bridges were accepted without a hitch. They can come soon – the big birds. **/** From construction planning to ongoing operations, we ensure the efficiency and safety of modern airports. Apart from numerous safety checks, our services also include audits and management system certifications as well as employee training.


B06

WITH AN EYE FOR DETAIL / It was only a tiny deflection in the ultrasonic sound gradient, but it did not escape the watchful eye of an expert. Centimeter by centimeter, his gaze moves over the shining metal. And yes, he finds an extremely thin crack. **/** We optimize the availability, safety, and economy of industrial facilities in a number of industries by using technologically revolutionary material tests, precise damage analysis, and detailed reporting.

TOWARD THE SUN / One last check: the contacts on the terminals perfectly aligned. Even for him, an experienced engineer, this is an exciting moment. In a few minutes, he can tell the customer whether or not their months of development have paid off. **/** As the global market leader in photovoltaic module testing, we don't just have the best-equipped testing labs in the industry – we actually drive solar energy development in a lot of research projects.

FIRM IN THEIR TRACKS / The fully automatic train starts to move gently and almost silently. A lot of pilgrims from many different countries have waited decades for this day. You can imagine the hills of Arafat on the horizon in the misty morning air. **/** In the urban jungles of Singapore and São Paulo or in the Arab desert, our efficient international network has helped our customers develop modern and reliable rail systems for more than 40 years.

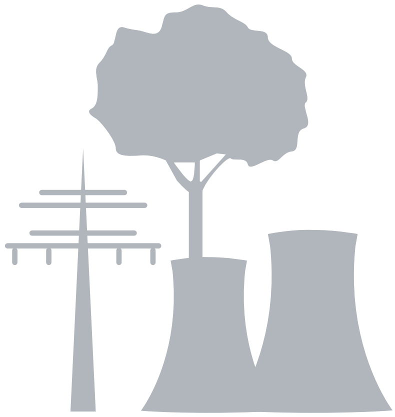
AMBASSADORS OF QUALITY / More than 100 kilograms relentlessly push deep into the backrest again. The squeaking gets louder. None of its predecessors have left this spot unscathed. It won't either – but it is the winner nonetheless. / A seal that you can trust: as a full-range supplier, we test and certify the safety, usability, and quality of technical facilities, investment products, and usable and consumable goods at 500 locations worldwide.

FREE RIDE TO THE FUTURE / The speedometer needle is pointing to 80 when a station wagon suddenly appears in the spray only a few meters ahead. It is much too late to react – for a person. The emergency brake assistant safely brings the 40-ton colossus to a halt. **/** From the first sketch to the finished product, we accompany car manufacturers in their complex innovation processes. Our expertise contributes to prevention of costly mistakes and bringing the future to the street sooner.


GER UB 564

BUILT ON RESPONSIBILITY / The gaze wanders up the gleaming facade. The eye looks for stability – but the higher it looks, the more the contours seem to blur. Something is different about these houses. Hamburg's dancing towers invite the senses to dance as well. **/** Modern buildings are more than concrete, glass, and steel – they hide complex electronic systems. Our comprehensive testing ensures that electronic and fire-protection flaws are identified and eliminated before the buildings are put to use.

BoA 2&3 in Neurath/TÜV Rheinland inspectors at work: heavy components are precisely assembled and tested under supervision at high altitudes.



SUPPORTING CHANGE

We Keep Coal Power Going at Full Steam

TÜV Rheinland's success story began on October 18, 1872, when the Dampfkessel-Überwachungs-Verein (Steam Boiler Inspectorate, or DÜV) was founded. 140 years later, testing boilers is still one of our most important Business Fields. Only the dimensions have changed a bit – and with the dimensions, the challenges as well …

Hey, BoA!

173 meters high, the two boiler houses tower over the Neurath power plant and even the cathedral in nearby Cologne. They are the heart of BoA 2&3, a lignite-fired power plant with optimized technology that took five years to build. Its efficiency of 43 percent makes it the most efficient lignite-fired power plant in the world. But before this powerful facility with its 2,200 megawatts of total output was able to be connected to the electricity grid the operator RWE and its project partners – sporadically including an up to 50-member construction and assembly monitoring team from TÜV Rheinland – had a few obstacles to overcome.

The dimensions of the construction alone meant uncharted territory in many respects. Many of the participants had never before worked at altitudes much higher than 170 meters. Moreover, for many of the components that were used – such as pumps, cooling water lines, or feed water tanks – proven standard dimensions could no longer be relied on due to the scale of the project.

In particular, our experts identified a considerable lack of quality and safety in heavy steel construction deliveries from the Far East. The task force that was assembled as a result worked for almost two years until the last defect was eliminated and all of the construction components passed the meticulous final checks.

Our assembly monitors also organized the truly Babylonian mess of languages on the construction site. They developed shorthand flash cards with the most important welding and procedural terms that were translated into five languages altogether. Since none of the assembly company's industrial employees spoke English, the cards quickly became an indispensable tool.

But the biggest challenge was hiding behind the simple term T24, a special kind of steel for high-temperature boiler tubes that was developed specifically for the new generation of power plants, but had never been tested on that scale before. As was previously the case in several other new-build plants in Germany, it also reacted in ways that were as unexpected as they were undesired in Neurath, depending on the processing and the procedure for putting them into operation. The resulting damage made numerous repairs and replacements necessary.

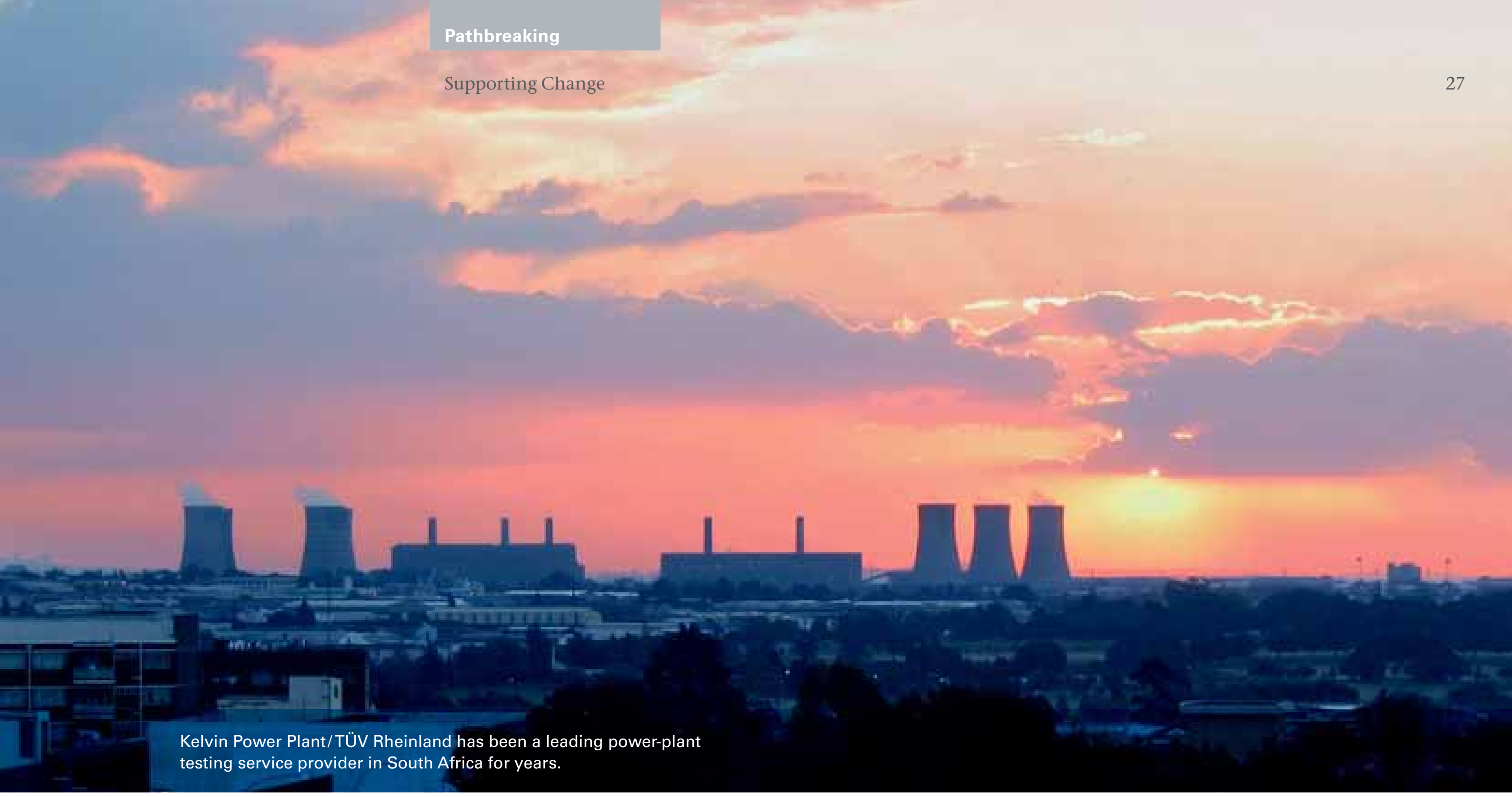
This raises the question: of all things, why work on a construction project which obscures everything that is unprecedented about it, yet requires experimentation with a new material? The answer is illustrated in a short chain of cause and effect: without new materials, there are no higher temperatures; without higher temperatures, there is no greater pressure; without greater pressure, no higher efficiency – and without higher efficiency, no lower emissions.

The current interdisciplinary working group in our Industrial Services Business Unit is not only motivated to solve an individual problem for the operator RWE. This is much more a matter of solving a problem concerning materials, in order to pave the way for technology that can make enormous strides in the worldwide fight against climate change. And we managed to make power plant history in the process: both of the new units at the Neurath power plant reached full load for the first time – with T24 – on November 29, 2011.

About a month later, our experts issued the hotly sought-after CE marking according to the European Pressure Equipment Directive for both boilers F and G. But that wasn't quite the end of their job: they still had to do operational tests on both boilers based on the national Ordinance on Industrial Safety and Health. TÜV Rheinland did this as well – in this case, as an authorized inspection agency – and brought it to a successful end in March 2012.

A Superlative Power Plant

- At 1,100 megawatts, the world's highest unit output for a lignite-fired power plant
- The largest coal boiler and tallest boiler houses in the world
- 900-kilometer pipework in each unit
- The largest power plant construction in Europe: over 4,000 employees during the peak assembly period



Kelvin Power Plant/TÜV Rheinland has been a leading power-plant testing service provider in South Africa for years.

An Export Hit – Experience

The events in Neurath were watched closely from about 9,000 kilometers to the east in India – and with good reason. India's impressive growth rates in recent years cannot obscure the fact that it is still, in many respects, a developing country. This also applies to electricity: about 400 million people still had no direct access to electricity in 2011, according to a study by the International Energy Agency. 60 percent of industrial users had to take their own precautions for a reliable energy supply. The figures explain: India's electricity problems are an enormous obstacle to the country's development.

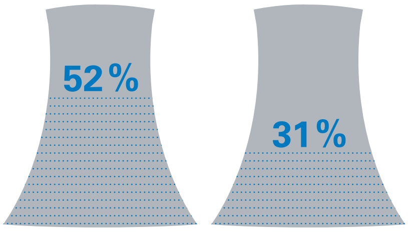
To date, about 40% of Indian households have no electrical connection.

Now the Indian government wants to take on that obstacle with a large-scale national energy renewal program. Over the course of this decade, old and inefficient coal-fired plants with a total output of about 27,000 megawatts will be comprehensively modernized, which will bring them up to OECD standards. This corresponds to about one fifth of the total installed output on the subcontinent. The government receives financial support for this from the World Bank. In 2009, it provided credit of over USD180 million, including a grant of more than USD45 million from the Global Environment Facility.

The power plants are on the agenda for an initial phase: in Bandel (West Bengal state), Koradi (Maharashtra state), and Panipat (Haryana state). Energy specialist and World Bank project team leader Mikul Bhatia optimistically explains that, »Modernizing these plants can improve their efficiency by about 10 to 15 percent. With that alone, we can reduce India's direct greenhouse gas emissions by almost half a million tons of CO_2 equivalent annually.«

Of course, such a broadly based modernization program is also an attractive sphere of activity for the power station specialists at TÜV Rheinland. So our Indian subsidiary, in close collaboration

Coal power in India



52% of India's energy needs are met by coal power.

Coal power plants in India currently reach an energy efficiency of only 31%.

with our Industrial Services division in Germany, applied right away for several assignments at the Koradi coal-fired plant.

For a powerful sales pitch, we have not only the experience we acquired in Neurath, but a current local reference project to tip the scales as well: over a period of three years, we have worked with Reliance Infrastructure Limited, a division of India's largest private conglomerate, to erect eight power station units with a total capacity of about 36,000 megawatts.

Our concrete task is to monitor the procurement of all of the boilers, turbines, and generators that the power plants need. What is peculiar about this assignment is that over USD eight billion worth of components will not be manufactured on Indian soil but in China by the Shanghai Electric Corporation. The employees at our subsidiaries in India and China worked together closely to win this important project and will continue their cooperation in the implementation phase.

Their success further confirms our strategy of developing groundbreaking solutions for the major challenges of today and tomorrow with our global presence and borderless exchange.

The Right Test at the Right Time

While we are gradually exposing our company to the Indian market, we have been among the well-established power plant test providers in South Africa for years. We have a particularly close partnership with Eskom, the largest electricity producer on the entire African continent and the number seven in the world.

So we are not just mandated to continue monitoring the five existing coal-fired plants, but we are also involved in the construction of two new generation power plants. In this case as well, our great wealth of experience in similar projects outside of South Africa has played a critical role in our winning the assignments.

But the South African energy giant does not only have global best-practice standards on its agenda for its new-build projects. The ongoing testing of Eskom's entire generation system will be optimized by introducing what is known as a risk-based inspection system (RBI). Simply put, RBI stands for testing at the right place at the right time. Instead of a rigid time frame and sweeping application of testing technology, we use flexible testing plans that are oriented to actual testing needs and the failure risks of particular plant components.

What might initially sound complicated has enormous savings potential for the operator in the power plant field: unnecessary tests can be dropped, downtime is minimized, and the reliability of electrical production is altogether increased. But a successful practice can only arise from this nice theory if the RBI management system also functions flawlessly. In the case of Eskom, the appropriate confirmation will take the form of a certificate from TÜV Rheinland.

Another step toward a sustainable future – even for coal power, which is so frequently criticized.

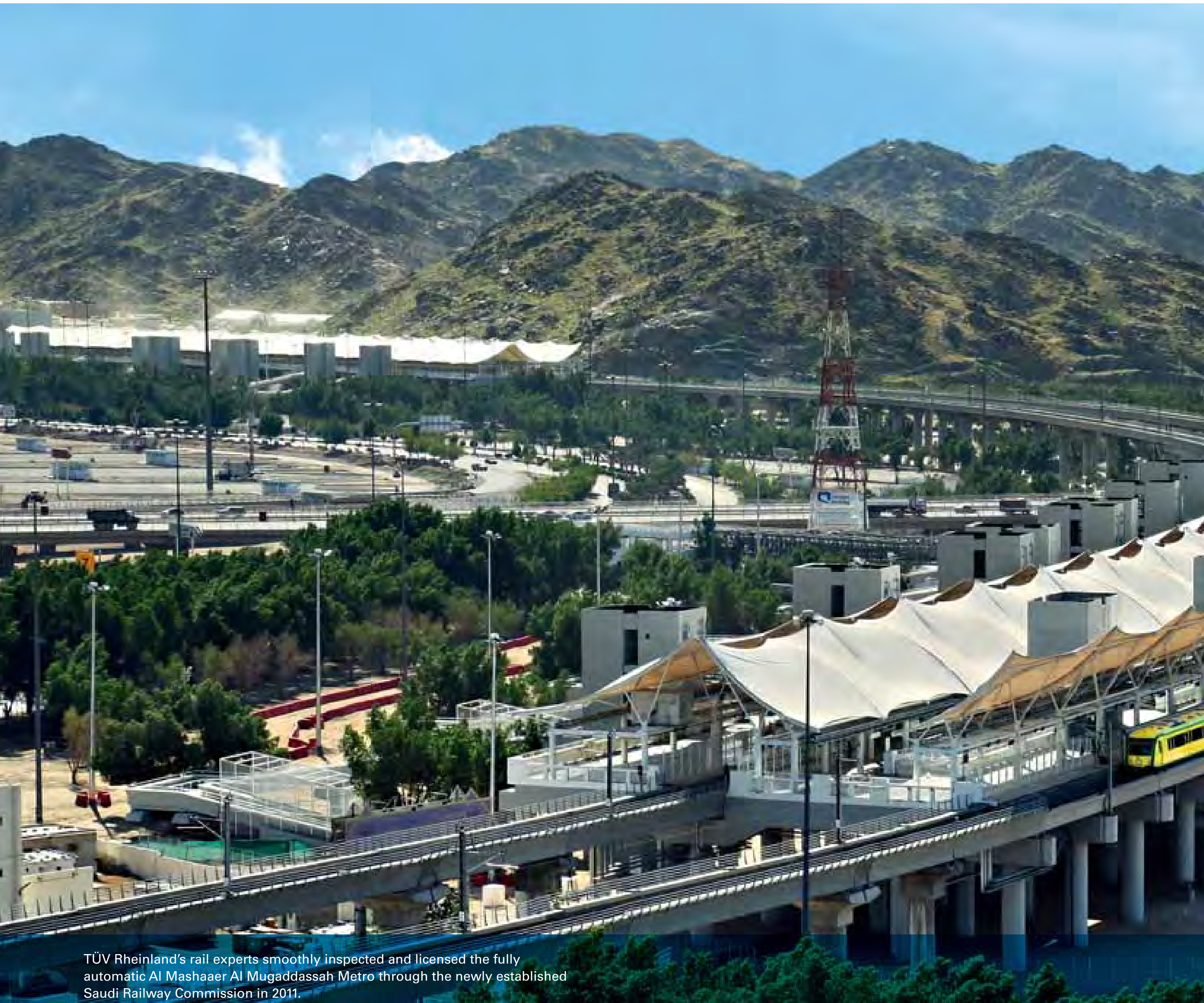
Unloved, but (Still) Indispensable

In the energy mix, coal is not necessarily among the general public's favorites – and there are reasons for that: compared with other fossil fuels like oil or gas, it releases the most greenhouse gases at about three tons of CO_2 emissions for every ton of anthracite or lignite coal used.

Nonetheless, it has been indispensable for worldwide energy production for decades. And, in all likelihood, it will continue to be indispensable until the production capacity of renewable energy and a network infrastructure oriented to decentralized production develops a corresponding (and, above all, reliable) base load to meet the continually increasing global hunger for energy.

So coal power is not an obsolete model. On the contrary: there is still a lot of potential in coal. CO_2 emissions can be reduced by more than one third by increasing efficiency to a level that is already technically achievable and will meet the existing demand. Carbon dioxide capture and underground storing processes that are currently being tested in pilot projects may drastically reduce greenhouse gas emissions even more.

Bird's-eye view of the large-scale power plant construction site in Neurath, North Rhine-Westphalia: TÜV Rheinland has been responsible for monitoring manufacturing and assembly here since 2006. The commissioning phase began in late 2011. Both units reached full load for the first time in November 2011.



TÜV Rheinland's rail experts smoothly inspected and licensed the fully automatic Al Mashaaer Al Mugaddassah Metro through the newly established Saudi Railway Commission in 2011.

BREAKING DOWN BOUNDARIES

We Are Always on the Go

For many people in established industrialized countries, a flight is just as commonplace as a car or train ride. However, people in developing countries really crave individual mobility – and more and more often, they live out the dream of owning their own car. Countless metropolitan areas are threatened with gridlock. Above all, there is the urgent need to organize movement in all of its various forms.

Wherever you look, the world of mobility is facing tremendous challenges. And when movement and challenges come together, we usually are not far behind ...

Where Have All the Buses Gone?

If you think about regions with their own railway culture, the Arabian Peninsula probably does not come to mind. And with good reason! It had always been that way until the Dubai Metro, the peninsula's first urban rail network, went into operation in 2009. Now the entire region seems to be getting a taste – and the center of the Islamic world is right out in front.

The hajj, the great pilgrimage in the last month of the Islamic calendar, ultimately leads more than three million people to the holy sites in the Saudi Arabian city of Mecca. It is an enormous logistical challenge for a city of 1.8 million residents – and it was already manageable even a few years ago when there were significantly fewer visitors. So in February 2008, the Saudi government decided to link the holy sites of Mecca, Mina, Arafat, and Muzdalifah with a railway line stretching 18 kilometers. No sooner said than done. The plan was implemented in a record-setting 21 months.

The Mecca Metro's HSEQ management system meets the highest safety and quality standards.

With the Mecca Metro rapid transit system, about 72,000 pilgrims per hour are transported along 18.1 kilometers of track to the holy sites in the Saudi Arabian metropolis of Mecca.

Did You Know That ...

we are also working on two exciting rail projects in Southeast Asia?

In Macau, we are assisting construction of the first section of the Macau Light Rail Transit – the first rail system of any kind in the former Portuguese colony – as an independent tester.

In Singapore, we are conducting a comprehensive study to assess how long the first generation of trains and their originally planned and nearly attained operating period of 30 years can be extended without compromising safety and reliability. For the first time, TÜV Rheinland's rail experts from three continents are working together on this project.

TÜV Rheinland's rail specialists made an essential contribution to the construction project's easy implementation. They not only supported and prepared the development of the HSEQ management system and the preparation of the system-wide safety case as well as operation and maintenance – they also took care of problem-free inspection and licensing through the newly established Saudi Railway Commission.

After a successful limited-capacity test run during the 2010 hajj, the fully automated Al Mashaaer Al Mugaddassah Metro was used at full capacity for the first time during the great pilgrimage of 2011: it transported up to 72,000 passengers per hour and, for that week, it became the most-used urban rail system in the world.

Anyone wandering through Mecca's streets at the time may have wondered why they were so empty. The Metro made more than 50,000 buses superfluous »along the way,« so to speak.

You've Grown!

As a hub for low-cost and charter flights as well as the location of the ILA Berlin Air Show, Berlin-Schönefeld Airport had quite a peaceful existence until a few years ago. But when the excavators turned up one day – and a team of TÜV Rheinland experts along with them – that calm disappeared for a while. The excavators' mission: to transform Berlin-Brandenburg's Schönefeld into the third-largest airport in Germany. The TÜV experts' mission: to ensure that this mammoth project runs smoothly in terms of both planning and implementation from the word go.

For more than four years, our employees have been constant residents of what is currently the largest airport construction site in Europe. While attention at the beginning is focused on the most efficient traffic, passenger, and luggage flows possible or the implementation of comprehensive management systems, practical testing comes into focus as opening day approaches: is the energy supply reliable? Will the fire alarms and extinguishers work in an emergency? Will any suitcases go astray along the labyrinth of more than 12 kilometers of conveyor belts?

The TÜV Rheinland team will know whether or not it has done its job well on the day of the official opening. But our mission at the Berlin-Brandenburg airport will not be finished – even after the planned opening on June 3, 2012. True to the motto »There's always room for improvement,« we will assist ongoing operations on-site into the future with a smaller team. Moreover, in the long run, it will surpass the currently planned 27 million passengers per year: depending on market developments, capacity can be expanded to up to 45 million passengers.

TÜV Rheinland is testing the optimal function of operations and emergency systems at the new Berlin-Brandenburg airport.

98 PERCENT
of the standards developed by German car manufacturers are covered by the TÜV Rheinland new test lab in Shanghai.

No More Ups and Downs in Quality

Even if China's automotive industry was not able to continue the genuinely breathtaking growth rates of the previous years in 2011, it is still something like the promised land primarily for German car manufacturers. Munich, Stuttgart, Ingolstadt, or Wolfsburg – for the construction and expansion of local production capacity toward the East, billions are flowing from all corners of the Republic. Supplier industries are also flourishing around the factories.

While Western manufacturers traditionally got most of their components through joint ventures with Chinese partners, purely local suppliers outside of the joint ventures are now increasingly driving the market. They are using unbeatably low prices as a lure, but how is their quality?

Since the end of the year, we have been able to answer that critical question in the first automotive component testing center belonging to a Western test service provider in China. Together with the German development service provider EDAG, we are building extensive laboratory capacity in Shanghai for testing parts and components from the local market. At 98 percent, we cover almost all of the standards that were developed by German manufacturers.

We try hard to attract these customers and to establish business relations also with the numerous suppliers. In many cases, those individual suppliers are facing the challenge of maintaining the good quality of their products with larger production quantities and time periods. That is another good reason for us to offer quality process consultation along with testing.

Total Satisfaction Center

Quality is at the heart of an entirely new service that we are offering together with the automotive technology division of the Dutch research institution TNO. More precisely: the quality of electric vehicles.

In the new European Electric Mobility Center (EEMC), a center of electric vehicle development expertise in Helmond, the Netherlands, we are opening up the world's first complete electric power engine testing environment to manufacturers and government institutions. Among others, the equipment includes a climatized battery testing chamber, the world's only climatized vehicle testing chamber with altitude simulation, battery and electric motor dynamometers, an all-wheel roller chassis dynamometer, and the most modern crash test facility among technical service providers worldwide.

In tandem with the points of contact within easy walking distance and numerous possibilities for considering what individual customers want, this infrastructure can give a manufacturer a decisive advantage in the race for mobility concepts of the future. The acronym EEMC could just as easily stand for Total Satisfaction Center because, taken to its logical extreme, the development partnership that we are offering extends from the idea up to the car's completion with all of the necessary certifications.

Dr. Thomas Aubel

Dr. Thomas Aubel is TÜV Rheinland's Executive Vice President Mobility and, in that capacity, he is responsible for the Mobility Business Unit worldwide.

WHAT ARE WE WAITING FOR?

A conversation with Dr. Thomas Aubel, TÜV Rheinland Executive Vice President Mobility

Dr. Aubel, electric mobility is widely popular as a concept. But the electric vehicles are still really exotic on our streets. How do you explain this discrepancy?

A lot of users seem to be waiting for a vehicle that matches their familiar wheels in both performance and purchase price. That – to be perfectly realistic – does not exist yet. But technically perfected vehicles that truly meet all of the demands of urban life – those definitely exist.

So the electric car of today is »only« a city car?

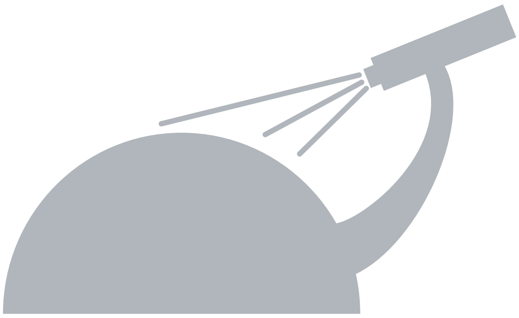
City car, you could say that. But why »only«? On a global level, only urban areas have a really big market already. Just think about cities that are really exploding in countries like China or India, where people in a growing middle class want to finally fulfill their dream of having their own car. The vehicles that are on the market right now can cover about 150 kilometers on electricity alone. Just think about how long you could manage with that if your daily commute was 12 kilometers, for instance. And if you'll allow me to make a kind of flippant remark, it's pretty rare for someone to drive more than 100 km/h in a city.

The technology is there. The infrastructure – meaning charging points – is growing. The whole package is reliable and dependable. So what are we waiting for? Now we have to bring the vehicles to the street! And with demand growing, soon we'll be at a whole different price level.

What role will TÜV Rheinland play in this growing industry?

We want to bring our core competencies to this field – and they have always been safety, reliability, and efficiency. Our approach goes far beyond just the vehicle itself. We want to help shape the total process chain – from environmentally friendly charge current production to having components professionally recycled at the end of their life cycle.

We already have decades of experience in a lot of these aspects. Renewable energy, electric motors, batteries – none of these are revolutionary new discoveries. They've just been combined in this form for the first time in electric mobility. That, incidentally, is where we and all of Germany as a tech center can be real trailblazers.



EXPANDING HORIZONS

We Have Also a Gentle Side to Reveal

We pull off stuffed teddy bears’ legs. Turn lights on and off with the patience of a saint until they give up the ghost. Or drop unchecked weights on brand-new solar modules. There is no escaping it: some of our test methods can be described as »rustic.« But please don’t make the mistake of thinking that there is only one way to do it!

For 140 years, the name TÜV Rheinland has stood for innovation and pioneering spirit. Shaping the future is a tradition for us – and you just can’t do that with the methods of the past. As a sought-after industrial and scientific partner, we constantly have our finger on the technological pulse of the moment. The result: high-tech solutions that make our tests more flexible, efficient, and precise … or make them possible in the first place.

So it’s high time for us to show you our gentle side. Or even three of them.

Pleasant Sounds

Anyone who has ever bought a high-quality wine glass knows the almost ceremonial ritual: the seller softly hits the edge with a fingernail and the glass gives off a sweet tone. The seller smiles with satisfaction: it’s flawless.

From a purely technical perspective, something has happened here that humanity has been practicing with all of its senses since the dawn of time: non-destructive material testing.

TÜV Rheinland's experts test in different places: products and building materials as well as state-of-the-art industrial manufacturing.

»High-tech solutions for non-destructive tests are an important growth area worldwide – and we, as TÜV Rheinland, are strategically investing in it.«
Dr. Dieter Hesel, Executive Vice President Industrial Services

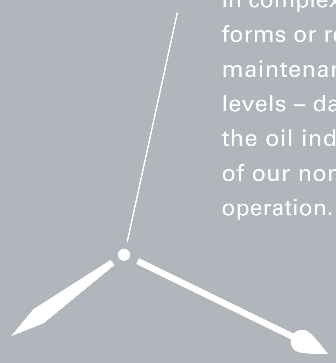
Its triumphant success as a technical service, however, would only really get under way later. In the mid-19th century, industrialization and its powerful need for raw and construction materials forced people to be economical. Constantly growing safety needs now had to be met with the least possible use of materials. From then on, construction sites and industrial facilities would push the limits of their productivity more and more frequently. Regular testing became indispensable.

Today, non-destructive testing is an essential component of quality assurance and control in almost every industrial field. But for a long time now, humanity has not been relying on just one sense. Instead, we use the most up-to-date technology that most people probably associate more – or even exclusively – with medicine: X-rays, ultrasound, CT scans, videoscopy and endoscopy.

Unlike in medicine, a 50-meter refinery column cannot simply be carted around smoothly on a hospital bed. So how does non-destructive testing happen on a large scale?

It starts with careful definition of representative control points. Here, the testers particularly focus on heavily stressed parts and neuralgic points like welding seams or support connections. The equipment's operating data is also an important source of information. Deviations from standard values are often an indication of wear or damage. The testers then trace these suspicions. It is preferable for them not to be afraid of heights because it is not unusual that some of the control points can only be reached with climbing equipment.

TÜV Rheinland Sonovation B.V. offers non-destructive tests particularly for the oil and gas industry. The acquisition of this special service provider gives TÜV Rheinland its best position in this growth market.



Time is Money

In complex plants like offshore drilling platforms or refineries, downtime costs due to maintenance can quickly reach six-figure levels – daily! So it only makes sense that the oil industry is one of the biggest fans of our non-destructive testing in ongoing operation.

The complicated part of the work does not actually start until all of the data has been collected: evaluation and interpretation. When more or less standard tools are used in the measuring phase, the software that is used for further data processing is one of a testing service provider's best-kept industrial secrets. Because the ability to formulate comprehensive, precise, and above all reliable statements about the condition of the entire facility out of a flood of numbers and curves is what separates the proverbial wheat from the chaff in this business.

Staying with that image, the Dutch TÜV Rheinland Sonovation B.V. is wheat of the finest quality. With the acquisition of this highly specialized service provider for the non-destructive testing of power plants and industrial sites, we can greatly expand our position in this significant global growth field in 2011. Sonovation's employees do not just strengthen our worldwide network of experts in the oil and gas sector, they also bring a whole range of innovative high-tech solutions to our service spectrum.

The New Ease of Testing

In Germany alone, more than 620,000 elevators transport people and products nearly around the clock. Serious accidents are, fortunately, very rare. Nonetheless, not even half of all elevator equipment passes the annual mandatory tests without any qualification. This was the result of an evaluation of more than 125,000 recurring elevator tests under our guidance alone in 2010.

Of course, not every small peculiarity represents a serious threat to life and limb, but about 8,000 elevators had serious defects all the same. Almost 400 units even needed to be taken out of service immediately. Thomas Pfaff, who is in charge of elevators at TÜV Rheinland, believes that careless remedial action after testing is a fundamental cause of this: »The dangers are often underestimated. But the attempt to save money come what may is really felt here.« And our expert has another alarming hypothesis: »In my view, by now roughly every fifth passenger elevator in Germany does not get the regular testing that the regulations call for anymore.«

TÜV Rheinland uses reliable high-tech methods to monitor elevator safety – for instance, in the new Berlin Central Station.

Did You Know That ...

the elevator-testing market in Germany is monitored by the Central Office of Federal States for Safety Technology (Zentralstelle der Länder für Sicherheitstechnik, or ZLS)? Only testing service providers that are accredited by the ZLS can perform recurring tests on elevator equipment as authorized inspection agencies. TÜV Rheinland has been part of this exclusive group since 2006. We also have comparable accreditations in Greece, Luxembourg, Spain, and Hungary.

A look at conventional testing procedures gives an idea of one cause for this test fatigue: elevator testing can be a burden in the truest sense of the word. Earlier load tests used test weights with a total volume of several hundred kilograms. Transporting them up and down not only cost a lot of time and money, but it also carried the continuous danger of accidents and damage.

It's a good thing that we have something against danger as a profession – and enjoy constructive, complicated jobs. After more than 3 years of development, we presented an innovative system for testing traction drives and hydraulic elevators in 2006 with LIFTIS® (Lift Inspection System), which made test weights completely superfluous. We continued developing LIFTIS® in 2011. The high-tech combination of specially developed software and a multifunctional test lever can be used for all legally required tests. With its help, not only can we significantly reduce the time spent on testing and therefore downtime as well, but with regular use, we can also make precise statements about the life of the elevator and its components. Incidentally, the full power of LIFTIS® can be seen in its interaction with SAP Mobile Engine, a system platform for mobile use. Thanks to it, not only can we leave the weights at home, but pen and paper as well: all of the data are entered right in the stairwell with a tablet PC and transferred to our mainframe. They can also be recalled for our customers later on at any time. Arguments that will certainly push operators who are reluctant to have their elevators tested to think it over.

We will also bring the overwhelming advantages of this total package to bear on our international expansion in the elevator testing business.

Simply Spectracular!

In a lot of circles, skinny is considered attractive. In this respect, the solar power industry is no exception: although there has not been much talk about thin-film technology due to the enormous cost reduction in crystalline photovoltaics, experts predict that it has a great economic future nonetheless.

Small wonder because, on top of its traditional strengths (minimal material usage, low cost of manufacture, extremely versatile usage possibilities), we can now add efficiency, which no longer needs to fear comparison with market-dominant multi-crystalline solar cells.

As the world market leader in photovoltaic module testing, we particularly offer thin-film module manufacturers in our Cologne solar testing center a new, highly attractive service: measurement of spectral sensitivity as well as quantum efficiency. These terms, which don't just sound complicated, hide data that can provide manufacturers with important information about the potential for optimizing their module designs. Because the modules are not destroyed in the testing process – not an obvious point at all – they can later be used as valuable calibration modules in module production.

As the global market leader in photovoltaic module testing, TÜV Rheinland counted approximately 500 international module manufacturers among its clients in 2011.

It is almost symbolic that the new spectral measuring station is rooted in the land of the rising sun. Developed by Japan's National Institute of Advanced Industrial Science and Technology (AIST), it is one of only two of its kind in the world. Its construction was supported by Germany's Federal Environmental Ministry as part of a research project on the long-term stability and performance characteristics of thin-film modules.

All crystalline photovoltaic module manufacturers can also look forward to our new achievement: thanks to our forward-looking technology, we can substantially reduce the unfortunately unavoidable uncertainties in test measurements.


SUSTAIN
ABLE
PATH

CSR MANAGEMENT

CSR – an Essential Part of Our Corporate Strategy

For over 140 years, the TÜV Rheinland brand has stood for quality, safety, and efficiency at the interface between people, environment, and technology around the world. Therefore, the concept of sustainability has always been deeply rooted in our business activity. Documented in our Mission Statement, this self-conception forms a kind of umbrella under which we actively exercise our social as well as ecological responsibility and interact with our interest groups (stakeholders). As such, we orientate ourselves to the values established in our Company Policy as well as universal principles and regulations. Our memberships in the UN Global Compact and in the IFIA (International Federation of Inspection Agencies), which are much more than lip service to shore up our reputation, play a significant part in that.

At the heart of how we see ourselves is the unconditional belief in upholding all of the laws and regulations that we are subject to in the course of our business activities. While other companies see their obligations as already fulfilled with this step, for us compliance is only the foundation that we build our sustainable business on.

Karl-Christian Bay, Founder of the Consulting Firm BAY

LINKING CSR AND COMPLIANCE AT TÜV RHEINLAND

A conversation with Karl-Christian Bay, Founder of the Consulting Firm BAY

Why do you consider the combination of CSR/ sustainability and compliance to be appropriate and forward-looking – and how should they best be organized within a company?

In my opinion, a credible belief in sustainability, which is ultimately expressed in sound, integrated reporting, is completely impossible without stable management structures and clear compliance guidelines. Thus, a compliance system that is adapted to the individual conditions in the company has to lay the foundation for adherence to laws and internal guidelines. It is then up to the company management to communicate this, to monitor, and also to sanction where necessary.

Meeting these demands requires at least a certain amount of integration of the systems and processes of all departments involved. Ultimately, complementary and tightly woven issues such as working conditions and environmental standards must also be uniformly controlled – regardless of whether this is in terms of »classical« compliance or »modern« sustainability. Of course, it is advisable to link both areas structurally, and TÜV Rheinland has already set a good example of doing so.

Why is that particularly important and valuable for TÜV Rheinland?

Any globally minded and oriented business should have an integrated corporate organization in order to fulfill the expectations of the various stakeholders. In TÜV Rheinland's particular case, there is of course also the fact that the business activity of a technically oriented inspection organization needs a particularly high degree of trust from the stakeholders – in this case, the clients in particular – in the quality of reporting. And this can hardly take place without an orientation to ethical values as an organizational principle. But the ethical values of a testing organization can hardly be separated from the ethical values of a company. Trust, integrity, and social responsibility must all be taken into account at the same time. And as we see it, this is the best way to create integrated structures.

»Trust, integrity, and social responsibility must all be taken into account at the same time.« Karl-Christian Bay

Organization of our CSR Activities

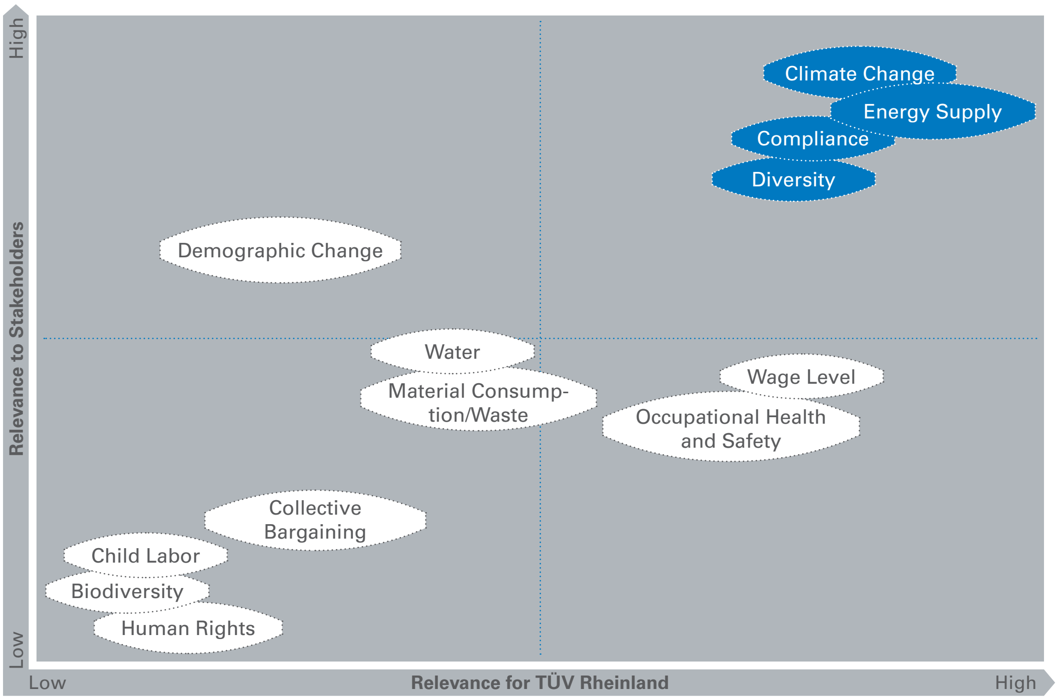
Since 2009, the organizational structure of our sustainability management has been outlined in a comprehensive CSR Guideline that forms part of the Group's quality management. The guideline was unchanged in 2011. Its states that management and control of CSR & Sustainability within the TÜV Rheinland Group are the responsibility of the Global Head of CSR & Sustainability, who reports directly to the CEO. His remit includes the following:

- Development and implementation of TÜV Rheinland's sustainability strategy
- Internal CSR and sustainability activities and projects
- Dialog and collaboration with institutions and initiatives such as the UN, UN Global Compact, GIZ, and the Code of Conduct Roundtable
- Committee work
- Steering committee of the German UN Global Compact Network
- Philanthropic commitment
- TÜV Rheinland Foundation

Four employees work in our CSR & Sustainability and Compliance Office at the Group's headquarters in Cologne. The office formulates, communicates, and monitors the company's CSR and sustainability strategy. In addition, it controls all Group-wide CSR projects, initiates internal and external activities, and is responsible for reporting to the UN Global Compact or writing the annual reporting section in the Corporate Report. It is assisted by regional and local CSR Officers as well as Business Unit CSR Officers. These officers adapt Group requirements to local cultures and communicate local CSR and sustainability activities to headquarters. At regular quarterly meetings and in quarterly reports, this information is summarized for the Group and is submitted to the Executive Board and the Group Executive Council at irregular intervals (at least twice a year).

With the growing need for solutions that address large-scale social challenges of our time in a viable and ecologically friendly way, sustainability is developing into an increasingly critical factor in our strategic success: we claim to be the world's leading responsible and sustainability-oriented technical service group. For that reason, the CSR & Sustainability Office intensely collaborated on developing and introducing services in 2011 as well.

TÜV RHEINLAND MATERIALITY MATRIX

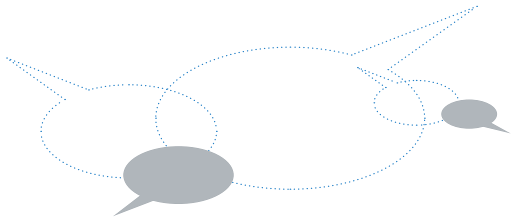


Knowing What's Important

We use a materiality matrix to identify sustainability issues of high priority for TÜV Rheinland; these are either issues that exert a great impact on us or issues that we believe we can positively influence. This matrix is based on the results of a comprehensive stakeholder survey that we carried out in 2009–2010. Two years later, it has lost none of its currency: the topics that are still the most relevant to us – climate change, energy supply, compliance, and diversity – remain unchanged.

After we presented an extensive image of the ecological and social influence of our business activities in our 2010 report, we formulated targets in 2011 adressing the focal points of our materiality matrix: we want to reduce TÜV Rheinland's specific CO_2 emissions – caused by indirect energy use from property and business travel as well as direct energy for heating and business travel – by 25% by 2020 (base year: 2010). Additionally, we have set a goal of reducing our energy use per employee in Germany by 20% within the same time frame. Moreover, we are focusing on diversity in management positions. We are working on making the management level more international as well as increasing the share of female managers.

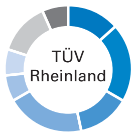
Our materiality matrix will again be the subject of a widely distributed stakeholder survey in 2012. We are also regularly getting important ideas to develop it further through the TÜV Rheinland Roundtable on Sustainability, which we have since established as another firm pillar of the dialog with our interest groups.



Second TÜV Rheinland Stakeholder Roundtable on Sustainability

The Second Roundtable on Sustainability was held on January 19, 2012, with representatives of important stakeholder groups. The meeting followed the premiere gathering on February 10, 2011, which was the start of a regular dialog on sustainability.

Stakeholder Roundtable
proportionate



- Employees
- Customers
- Suppliers
- Non-governmental organizations (NGO) and networks
- Science and research
- Federal corporations and government organizations
- Media
- Shareholders and controlling bodies

The conversation, moderated by two independent experts, focused on expanding TÜV Rheinland's sustainability strategy and goals at the Group and Business Stream levels as well as internal and external communication about our sustainability activities.

The participants see a great potential for sustainable development at TÜV Rheinland and will help the company through constructive criticism. Additionally, they agreed that the stakeholder forum contributes to strengthening TÜV Rheinland's strategic orientation to sustainable economics.

For example, we also planned an initial sustainability screening for all of our products and services, a suggestion also arising from the dialog forum in 2011. Based on these screenings, we will push collective marketing of sustainable products forward under a shared label in the future. We have other activities on our agenda – for example, a more profound portfolio analysis and further expansion of our internal communications.

In addition, the roundtable participants agreed on absolute confidentiality in order to make it possible to collaborate objectively, with complete trust, and as effectively as possible. The results will be published in due time upon mutual agreement.

An Eventful Reporting Year

We initiated and continued a whole series of measures inspired by our stakeholders' many constructive ideas in 2011: these included, among others, the structured analysis of our entire service portfolio with regard to sustainable services conducted by our steering committee Sustainability and Energy Efficiency. The framework for evaluating every service into three categories »positive influence«, »neutral«, and »negative influence« were 23 criteria taken from the fields of Environment, Social, and Responsible Corporate Leadership. These were developed in advance in consultation with the independent institute

Sustainability and Energy Efficiency

In 2010, we established the steering committee Sustainability and Energy Efficiency so that sustainability and CSR do not just remain lofty goals, but are firmly anchored in our corporate operations. Representatives of all of our Business Units, regional representatives, and employees from the CSR Office and Marketing discuss matters of energy and sustainability in an international context. Its activities currently focus on the systematic construction of our sustainable service portfolio and interdisciplinary coordination of corresponding development activities.

CSCP (Collaborating Centre on Sustainable Consumption and Production). The analysis will be an integral part of the development process for all of our corporate products in the future. It is our stated goal to position TÜV Rheinland as the testing service provider with the most comprehensive, successful, and innovative portfolio of sustainable services in global competition.

We also paid close attention to improving our internal communication. For that reason, we appointed ten new local CSR Officers who will support sustainability in every unit of our organization. In response, we are also intensifying reporting on the various local activities throughout the Group: upon agreement with their colleagues, the regional CSR Officers will present interesting projects and new services from their region on-site every six months. We will also use our employee newsletter inkontakt to circulate CSR topics more openly.

This year, we likewise published the international internal CSR newsletter again, which we use to keep our employees up-to date on trends, products, and internal measures around the world. We also increased and continued our presence in external publications with articles in the Global Compact Yearbook and CSR Made in Germany, published by the Federal Ministry of Labor and Social Affairs.

The German Sustainability Code

TÜV Rheinland was one of the first companies to issue a statement of conformity with the new transparency standard for sustainable economics. We want to use this to address our social responsibility and to transparently explain our business activity. We are convinced that the German Sustainability Code can make an essential contribution to making the nonfinancial reporting of German companies more measurable and comparable, articulating minimum requirements, and therefore increasing the quality of external communication. Ultimately, everyone will benefit from sustainable development.

http://www.nachhaltigkeitsrat.de/en/home/

Memberships and Networks

TÜV Rheinland is a member of various groups and associations. We signed the principles of the UN Global Compact in 2006 and pegged it to values and responsibilities in our corporate Mission Statement as well as our Company Policy. This particularly applies to the regulations and declarations on human and labor rights, children's rights, maintenance and sustainable protection of the environment, and fighting all forms of forced or compulsory labor and corruption.

Moreover, the values and principles of the UN Global Compact form a central guiding principle for our dealings with business partners. By actively participating in international projects – for example, in the field of environmental protection, training courses on compliance and the UN principles, or in discussions on the role of corporations in conflict regions – we are strengthening our position as a reliable and valuable partner that contributes to the implementation and dissemination of ethical business practices and sustainable development.

We are convinced that the UN principles must play a bigger role in everyday corporate activities. For that reason, we have taken an active role in the German Global Compact Network (DGCN) where we regularly participate in workshops. With the trustful collaboration in the workshops and coaching sessions that the network offers its participants, we are able to cultivate business relations and establish partnerships between companies, NGOs, and national as well as international institutions. It is not unusual for these contacts and partnerships to later produce joint activities outside of the Global Compact. TÜV Rheinland has been regularly selected as a member of the DGCN steering committee since it was established. The steering committee controls and is responsible for its programmatic orientation as well as the budget. The Foundation of the DGCN was also established in order to make financial transactions easier, and we have representatives on its advisory board.

Beyond the Global Compact, we are also engaged in a number of other significant initiatives:

- TÜV Rheinland has been active in the Code of Conduct Roundtable since 2006. The roundtable is concerned with the role of corporations in procurement from and outsourcing to developing countries and discusses current social and labor policy themes. The roundtable is also a multi-stakeholder forum, meaning that unions, corporations, associations, and nongovernmental organizations work together based on trust, which leads to joint initiatives, positions, and projects, where necessary. The secretariat and the organization are regulated by Germany's Federal Ministry for Economic Cooperation and Development (BMZ) through the Association for International Cooperation (GIZ).
- The position of German economic umbrella organizations regarding topics like CSR, sustainability, labor rights, and ILO standards is discussed and defined in the ad hoc CSR working group and the ILO working group of the Confederation of German Employers' Associations (BDA). As workshop participants, we regularly provide input and offer our expertise to the network.
- With our admission into the International Federation of Inspection Agencies (IFIA), the global umbrella organization for testing service providers, we have created a strong, industry-specific network on topics relating to ethics and compliance. The umbrella organization – which, among other things, confers about compliance regulations, professional ethic principles, and scientific standards and methods – is globally organized and sets standards for the entire industry. As one of its four largest members, we are represented in almost all of its working groups.
- In turn, the German testing companies have organized themselves into the TÜV Association (VdTÜV) representing these interests on a national level. TÜV Rheinland has once again been a member of the VdTÜV and its brand association since 2011.
- As an engineering company, it is no surprise that a number of our employees are members of the Association of German Engineers (VDI) and its president is the Chief Executive of TÜV Rheinland Berlin Brandenburg Pfalz e. V. and TÜV Rheinland AG's Supervisory Board Chairman Prof. Dr.-Ing. Bruno O. Braun.

COMPLIANCE

Legal Compliance and Values within TÜV Rheinland

In recent years, hardly a week goes by – so it seems – without a new corruption scandal, a breach of antitrust law, or data abuse coming to light. These cases clearly demonstrate the unavoidable necessity of a functioning compliance system in economic life. From a positive perspective, they can be an indication of how seriously and professionally companies of all sizes act to ensure compliance with the applicable legal and ethical regulations and to expose related violations.

The services of TÜV Rheinland enjoy the trust of its customers and the general public. We want to live up to that trust in our impartiality and integrity. With this in mind, compliance and the continual expansion of our compliance system are high on our list of priorities. We have voluntarily committed to a strict and ethical set of rules that not only requires us to abide by all of the applicable laws, but also goes well beyond the statutory requirements in many respects:

- By signing the UN Global Compact, we submitted to its ten basic principles and declared our support for preserving and supporting international human rights and the prevention of child and forced or compulsory labor.
- By joining the International Federation of Inspection Agencies (IFIA), we have pledged to systematically set up and improve a compliance system in accordance with the IFIA Compliance Code, which stipulates that the compliance system must be inspected annually by a third party for fulfillment of the requirements.
- In addition, our Code of Conduct makes it clear that we will not tolerate any corrupt behavior from our employees.

THE TEN PRINCIPLES OF THE GLOBAL COMPACT

Human Rights

- **PRINCIPLE 1:** Business of internationally proclaimed human rights; and
- **PRINCIPLE 2:** make sure that they are not complicit in human rights abuses.

Labor Standards

- **PRINCIPLE 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,
- **PRINCIPLE 4:** the elimination of all forms of forced labor, and compulsory labor;
- **PRINCIPLE 5:** the effective abolition of child labor, and
- **PRINCIPLE 6:** the elimination of discrimination in respect of employment and occupation.

Environment

- **PRINCIPLE 7:** Businesses should support a precautionary approach to environmental challenges;
- **PRINCIPLE 8:** undertake initiatives to promote greater environmental responsibility, and
- **PRINCIPLE 9:** encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- **PRINCIPLE 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

The Far-Reaching Sphere of Influence of the Compliance System

Our compliance program is outlined in the following guidelines:

- The TÜV Rheinland Code of Conduct
- The Compliance Guideline
- The Guideline on Preventing Conflicts of Interest and Corruption
- The Sponsoring and Donation Guideline

The overarching Code of Conduct and the supplementary guidelines are binding and obligatory for all employees and executives. The Code of Conduct is available on the TÜV Rheinland Web site, which also lists contact details.

By using e-recruiting tools on the internet, the importance of compliance is pointed out to every applicant in Germany at a very early stage of the recruiting process. Personnel departments across the Group are required to issue new employees copies of compliance documents and have them confirm receipt thereof. Furthermore, the UN Global Compact's principles form a part of the binding compliance training course and the two-day introductory seminar, »New at TÜV Rheinland.«

In addition to that, our compliance regulations and the UN Global Compact principles are an integral part of our General Purchasing Terms and Conditions, which are internally available on the intranet. Our suppliers can find the General Purchasing Terms and Conditions on our website. Our aim is to ensure that our procurement activities around the world always take anti-corruption regulations, human rights aspects, labor standards, and environmental protection into consideration. In our General Purchasing Terms and Conditions we also reserve the right to monitor the observation of our compliance requirements at any time through unannounced audits at our contractual partners' premises. In the event of a breach of our compliance requirements, we reserve the right of an extraordinary termination of contractual agreements.

We had preliminary talks with our suppliers about audits in 2011, and an initial on-site supplier audit took place in early 2012. The audit showed that we can rely on our supplier, who has commited himself to the principles of the UN Global Compact, just like us, and has introduced appropriate measures and regulations in its business processes, including its own procurement. For the first time in the context of a supplier self-disclosure, our procurement department launched a supplier self-assessment in 2011 regarding the UN Global Compact principles. This disclosure is an intrinsic part of supplier assessment by the responsible buyer.

Clear Organizational Structures and Tasks

The Chief Compliance Officer is in charge of the TÜV Rheinland compliance system. He reports directly to the CEO. In our worldwide compliance network, there are currently 61 Compliance Officers (COs): six Business Unit COs, seven regional, 44 local COs, and two Compliance Specialists in Greater China. The COs are appointed by the respective management. The TÜV Rheinland COs are the contact persons for compliance issues for the local employees and management.

The Compliance Officers report regularly to the Chief Compliance Officer on compliance matters in their areas of responsibility. The reporting channels are set up such that the Business Unit COs and the regional COs report directly to the Chief Compliance Officer. Local COs are required to report to their regional CO, who consolidates and reports to the Chief Compliance Officer. Once a year, the management of all of TÜV Rheinland AG's subsidiaries also declare to the Chief Compliance Officer that their employees have abided by the compliance rules and that possible compliance cases were dealt with according to the regulations.

In order to ensure a constant, constructive exchange in the CO network beyond the regular reporting obligations, there are regular face-to-face meetings with the Business Unit COs who are in Germany. Additionally, regular virtual meetings were organized and carried out with the regional COs in 2011.

Once a year, the Compliance Office submits a status report to the CEO and the Supervisory Board Chairman. In the annual management review the Executive Board makes recommendations for further developing measures of the compliance system, including the CSR and sustainability topics.

Employees are also able to submit ideas and make suggestions for improvements or give other advice with respect to advancing the compliance system by using the continuous improvement form on the intranet.

In order to identify our compliance risks and take customized, effective preventative measures, the COs were required to undertake a Compliance Risk Analysis in their areas of responsibility in 2011. For this purpose a risk matrix template was developed in collaboration with the COs in Germany and made available to the entire network. In a first step, the results of this inquiry will enable an overview of the Group's compliance risk exposure and, in a second step, the results will be used for continuous development of the compliance system and program. Since 2011, the Chief Compliance Officer has also been a member of TÜV Rheinland AG's risk management group.

Finally, a chartered accountant audits our compliance system annually.

Defined Procedure for Dealing with Compliance Cases

There is a defined procedure for possible incidents, which is described in the quality management system. The Compliance Office evaluates all cases and decides what further steps are to be taken on the basis of the Compliance Guideline. The Compliance Board – comprising the Executive Board, the Chairman of the Supervisory Board, a representative of the Works Council, and the Chief Compliance Officer – initiates key decisions on how to handle breaches. The employees in question are interviewed about the accusations and are given a hearing. If a suspicion is confirmed, criminal or labor law consequences may arise. The Group also reserves the right to sue for damages. In each individual case, we check whether organizational changes are required. In 2011, fines or government sanctions for breaches of statutory provisions were not imposed on companies in the TÜV Rheinland Group.

Business Partner Analysis

In collaboration with the Controlling and Business Intelligence units, a project was launched in 2011 that allows us to examine our business relationships with a risk-based master data analysis. The project will be advanced in 2012 and will provide a systematic overview of our business partners and their risk exposure with respect to a series of established criteria.

Intermediary contracts or contracts with consultants may only be concluded with the participation of the Compliance Office after set due diligence processes have been completed. From a certain size upward, these contracts are subject to approval by the Compliance Board. Further details are specified in work instructions and in the decision catalog.

Electronic and Classroom Training Courses

All of our employees are required to take part in compliance training. The central instrument used for this is an e-learning program that we activated in 36 countries since 2009. It is available to all staff in 18 of these countries while in the other 18 countries it is only available to the management, so far. The program is currently available in German, English, Spanish, Portuguese, and Chinese and it will soon be available in Polish, Russian, and French. 8,730 employees and managers have successfully completed the e-learning program since 2009. Moreover, classroom trainings on compliance were conducted in 2011 in Germany, including trainings specifically addressing corruption. Further classroom courses were held in Greater China. Finally, internal communication among Compliance Officers was increased. Altogether, five Compliance Officer training sessions were offered as online conferences.

Compliance Inquiries in 2011

In 2011, we registered a total of 140 compliance inquiries that included questions, intermediary contracting, and M&A activities alongside alleged compliance cases. Technical queries about compliance regulations and issues outside the scope of compliance were not considered in the survey. A total of 81 inquiries and submissions related mainly to questions of how to handle day-to-day compliance-relevant issues. Increasingly, we received inquiries from abroad. Typical issues included the following:

- Accepting gifts
- Accepting or declining invitations
- Critical customer relations (such as with arms manufacturers in countries other than Germany or the EU, or with customers or business partners in countries under international sanction)
- Demands by various customers for TÜV Rheinland companies to undertake commitments on ethical or social issues (such as to abide by labor standards and human rights or to commit to the UN Global Compact principles)

Of approximately 40 instances relating to alleged compliance cases, around 30 were of criminal law relevance. Among others, the following topics were subjects of cases:

- Accepting advantages/bribery
- Embezzlement
- Fraud
- Copyright infringement
- Fencing
- Section 17 UWG of Germany’s Federal Law

When wanting to express a concern, a direct contact with someone within the Group is not always possible or desirable. For cases of this kind, we have also set up an external telephone and e-mail compliance helpline. The helpline provides ombudsmanship services. A total of four instances of presumed compliance violation were received through our external helpline in 2011. These cases were resolved through the ombudsmanship services. In 2011, our helpline partner continued to be a renowned international law firm.

EMPLOYEES

An Employer with a Clear Profile

As a service provider, our success – and therefore our contribution to sustainable development – depends on the skills and commitment of our employees. Our personnel policy therefore aims to continuously promote both our employees' qualifications and their motivation. For us, knowledge becomes an asset as soon as it is used for the company's benefit.

We have clear expectations for our employees: reliability, conscientiousness, transparency, and enthusiasm are some of the key corporate values we have documented in the Group's Mission Statement and in our guiding principles. We are all TÜV Rheinland and each employee is the face and the ambassador of our company. The corporate culture that we embody is target-oriented, innovative, modern, and international. The way in which we deal with each other seeks to strengthen the ability to give and take criticism and expects everyone to be prepared to engage in constructive conflict.

We regard diversity in all of its facets as a strength that we would like to systematically expand. An essential part of the goal articulated by our human resources sector logically reflects this idea of diversity: we want to make our essential decision-making bodies to be as international as possible, support the employment of women, particularly in management positions, and create a working environment that matches the abilities of our older and more experienced employees. It goes without saying that we also want to maintain fair, uniform working conditions in our various regions and fields of activity.

Of course, this corporate culture also supports our reputation as an employer. The umbrella brand TÜV Rheinland is particularly well known in Germany and enjoys an excellent reputation. In the past, job applicants have perceived TÜV Rheinland as an employer offering stability and, above all, security, and we have managed to increasingly convince potential employees through our credible sustainable actions and the excellent development prospects in an international environment. A glance at how we have performed in current reputable employer rankings reveals that this image makes us even more attractive when the economy is undergoing hard times.

Model HR Management

Every year, the CRF Institute identifies the leaders in exemplary personnel management based on international standards. In 2011, we were again named »Top Employer« in their study.

Convincing Employer Branding

The consulting firm Universum regularly researches employer branding activities. We were ranked 30th most popular engineering employer in their 2011 German Professional Survey.

Top Employer for Engineers

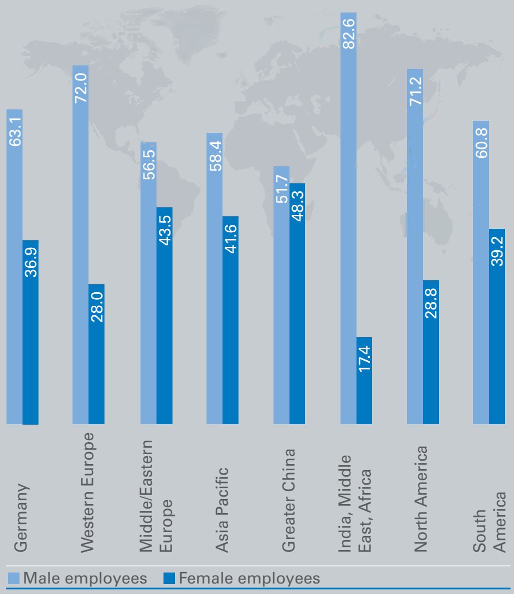
In 2011, we could also claim a spot among the top 100 most popular employers for engineers: research institute trendence's current Graduate Barometer ranks us at number 50.

Popular Among Employees, Too

Employees can anonymously rate their employers on the Internet platform kununu. Our employees have rated us so highly that kununu has named us a »Top Company«.

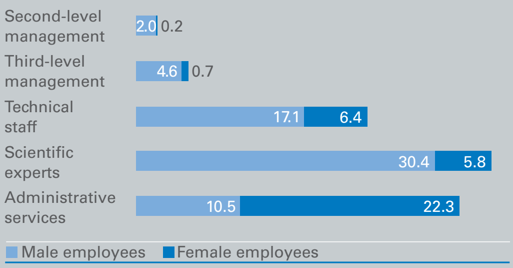
CENTRAL EMPLOYEE DATA*

Workforce by Gender
in %

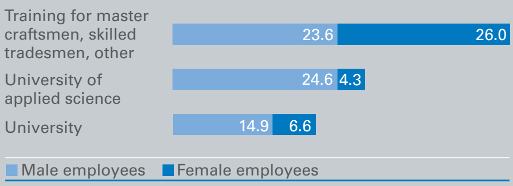


In Germany, 36.9% of our employees are female; abroad, the figure is 39%. 60% of our employees in Germany are between 30 and 50 years old. Abroad, that figure is 47.4%.

Employees by Function and Gender in Germany
in %

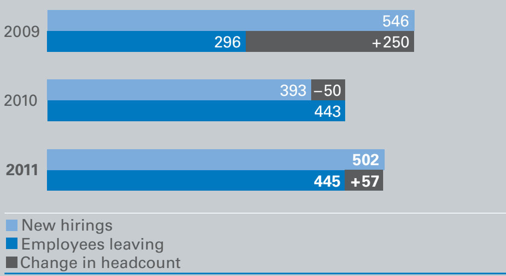


Vocational Training by Function and Gender in Germany
in %



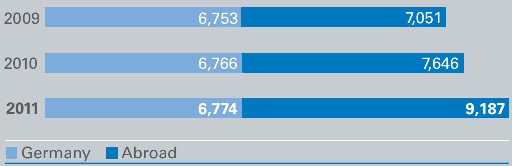
In Germany, 50.4% of our employees have college degrees. The nongraduates also include employees who are master and skilled tradesmen.

New Recruitments and Turnover Rate in Germany



The turnover rate in Germany was also below average for the German economy in 2011: 172 female employees and 273 male employees left the company.

Employees in Germany and Abroad
Full-time equivalent



Our annual average headcount in 2011 was 15,961 employees (full-time equivalent) (previous year: 14,412). Abroad, the number of employees increased by 20% to 9,187 due to acquisitions.

* All German employee information is based on per-head deadline information and all employee information about foreign companies is based on full-time equivalent deadline information (December 31, 2011). Deviations from this procedure are shown in the text. Capture efficiency is 90% among international companies.

Everything Under Control

Our employees are our most important asset. Appropriately, personnel management performs a function that is much more than merely an administrative one: it is a crucial success factor.

Our personnel management is divided into a total of seven areas of responsibility operating across departments and regions. The Chief Human Resources Officer is in charge of areas of responsibility that are globally oriented, with the aim of gradually aligning national and international matters and responsibilities. Four HR managers in the Business Units and seven regional HR managers form the interface with the operational divisions and ensure uniform implementation of our staffing strategy throughout the Group.

Our dynamic international expansion and numerous acquisitions in the past year have naturally led to a dynamic development of structures and responsibilities in personnel matters. Today, therefore, some areas of responsibility are already globally oriented, while others still focus on Germany. Now we want to gradually align them to create the basis for more efficient and stringent human resources practices.

TÜV Rheinland – a Global Group

Even if the name does not sound like it, with 500 locations in 61 countries, TÜV Rheinland is a real global player in the inspection industry. More than half of our employees work outside of Germany.

We want to use our internationalism as a strength and expand it in the coming years. Apart from an exchange of expert technical knowledge across borders, we consider a mutual transmission of cultural values just as valuable. Our global orientation should be present and felt every day by the greatest possible portion of our employees.

We particularly hope that our managerial staff will move in international circles. Longer assignments abroad are therefore an increasingly important personnel policy tool. But our employees without management responsibilities are also presented more frequently with opportunities for residencies abroad or collaboration in international projects with colleagues from around the world. In order to support internal rotation within the Group, setting up an international project and job exchange for 2012 is right at the top of our agenda.

We offer our employees a number of courses and seminars so that they can develop the necessary skills for their personal adventure abroad – these range from our in-house language program »let's go international« to intercultural training courses. And since a foreign assignment is ordinarily linked with a whole mountain of administrative work, a specialist in our human resources sector is available with help and advice for the employees concerned.

Our staff has also grown steadily over the past year: our annual average headcount in 2011 was 15,961 employees (previous year: 14,412). With growth in other countries by about 20% to 9,187 employees particularly through acquisitions, the trend of previous years toward increasing internationalization among our staff continued. But the number of employees increased over the previous year in Germany as well (full-time equivalent) from 6,766 to 6,774.

For a growing business, a high level of employee loyalty – and the safeguarding and expansion of knowledge that goes with it – is one of our foremost objectives in the human resources sector. Compared with the average figure for the German economy, our turnover rate of 6.4% in 2011 is low. In 2011, 172 female employees and 273 male employees left the company in Germany.

At 85.4%, the ratio of full-time employees in Germany was slightly higher than the previous year.

With respect to cultural diversity and regional origin, our employee structure in Germany (including management bodies) probably matches the German average due to our nationwide presence. By the same standard, our international locations favor local personnel. In almost all of our international companies, more than 80% of the staff is made of up local personnel.

In Germany as well as abroad, female employees comprise approximately 40% of our personnel. That proportion is lower in management positions. In South America, for example, 15% of management is already made up of women.

At almost 60%, most of our employees in Germany are between the ages of 30 and 50. That group represents 47.4% of our employees abroad, while 37% are even younger than 30. In Germany, 50.4% of our employees are university graduates. The nongraduates include master and skilled tradesmen.

Knowledge – Our Most Precious Resource

Knowledge is a resource that grows continually with new information, ideas, and experience. And for us, knowledge is THE factor in production par excellence. Its best application is at the moment when our collective knowledge is usable by every employee any time and anywhere in the world, and not to be tied to locations, Business Streams, or Business Fields. Knowledge management at TÜV Rheinland faces this formidable challenge.

In its role as what might be called the organization's collective memory, blueye – our international company portal – merges all TÜV Rheinland information and presents it on a uniform interface. The main focus of its content is on specialized information and information about marketing and sales.

In addition, we are motivating all of our employees to engage in networks, working groups, and specialty and project teams – inside and outside of our company. Aside from gaining and transferring knowledge, we also want this process to promote general communication among employees.

Something Is Going On Here

Successful staff development essentially thrives on an open and fair feedback culture. All of our top and second-tier executives around the world undergo a comprehensive annual management review. In Germany, structured employee performance reviews have also been institutionalized.

If you stop improving, you have stopped being good.

Regardless of whether it involves employee and customer satisfaction, our public image, or our economic performance, we can always claim that we are getting better. In doing so, we find our most reliable advisors within the company itself: our employees.

In 2011, we took our first global employee survey under the title together. For that kind of premiere, we are happy to say that 63% of our employees participated in the survey, which was translated into 20 languages. We were given good assessment for the criteria Motivation and Job Satisfaction as well as Customer Orientation and Company Image. Our employees nevertheless see room for improvement in the fields of Information on Company Goals and Profitability as well as Management and Change Culture.

We take this feedback very seriously and will soon implement a number of suggestions as corresponding measures on a global, regional, and local level in dialog with the appropriate officers in 2012. In the future, we will repeat the survey on a two-year cycle, which will establish it as a consistent element of our feedback culture. We use the Racer Group's external comparison, by which we were able to reach our top position in 2011. Another essential goal in this is to keep improving the response rate – because we can never get enough of constructive criticism in the sense of a culture of constant, active change and improvement.

Live and Learn

In all phases of their careers, we offer our employees a wide range of continuing education opportunities. As such, we consider it highly important that our training courses are consistently directed toward the needs of the Business Units and our corporate goals. Additionally, our further education sector's activities are becoming increasingly internationalized: employees from abroad are participating in training courses in Germany more and more frequently. Moreover, our international companies' interest in training concepts that have already been tested in Germany has noticeably increased.

To enable our employees to gain the best-possible access to important information and forward-looking qualifications, we rely on a flexible mix of tried-and-tested concepts (seminars, workshops, coaching sessions) and new approaches (e-learning, virtual classrooms). All employees around the world can access selected e-learning courses via the CONECT learning platform irrespective of their location, Business Stream, and learning times. Our in-house service provider, intr@in which has over 20 years of experience in education and training, takes care of the development, organization, administration, and management of our qualification requirements.

There was high demand in 2011, primarily for seminars and courses pertaining to project management. We have accordingly expanded our range of training courses in this direction. Alongside general work in project teams, these focus on methods for recognizing and managing conflicts or crises within a project.

In order to optimally assist our employees in the change to new software versions, we are increasingly using e-learning modules and live online seminars with adapted content and in numerous languages. In live online seminars, participants are connected to a virtual classroom and work on relevant challenges under a trainer's guidance.

We particularly want to motivate executives with more than five years of executive experience to get involved in an intensive exchange across regions and sectors with the executive workshop that was introduced in 2011. The event, which received high marks from the participants in the first two courses, will become an integral part of our executive development in the future.

Training and Further Education in Germany

	2010	**2011**
Trained employees	3,305	**3,325**
Training days for new experts	5,076	**4,674**
Seminar days for new employees	404	**633**
Further education days	9,962	**10,695**
Total training and further education days	**15,442**	**16,002**

Get Onboard!

A part of how we see ourselves as a company that acts responsibly is to enable young people to start their careers with a job-training qualification.

We train apprentices in a dozen careers at various German locations. Prospective clerks make up the largest portion of them. Likewise, it is also possible to start a career with us as an IT specialist, laboratory assistant, medical specialist, chef, or construction material tester. The number of apprentices we hire is subject to the demand specified by our Business Units. That way, all of our apprentices can count on at least six months of employment after they have qualified. In most cases, this leads to a longer-term relationship: about 90% join the company on a permanent basis.

We attract our apprenticeship applicants to the numerous development possibilities at TÜV Rheinland both in the conventional manner by advertising vacancies and by cooperation arrangements with schools, at company open days, and on guided tours of our facilities. In contrast to many other companies, we do not always base our recruitment choices on the best exam grades; we also try to take into consideration people who for a variety of reasons are unable to submit an immaculate résumé. That is why our selection procedure provides for both an aptitude test and a day spent gaining practical experience, during which we are able to observe the young people's commitment and practical skills. As a partner in the »Joblinge« initiative, we also want to enable selected youth without a high school diploma to be able to get an education.

With extensive contacts at universities and colleges – particularly in North Rhine-Westphalia – we are also considered an attractive employer among young academic professionals. We provide guided tours and lectures, take part in subject weeks, invite students to take part in the Night of Technology in Cologne, offer specialized internships, and supervise project assignments and bachelor's and master's degree theses. The internships abroad that we offer are also very attractive to students. Contacts established this way frequently lead to a contract of employment.

Together with the Südwestfalen University of Applied Sciences, the TÜV Rheinland Academy offers in-service degree courses in mechanical and electrical engineering. We even agree to finance the entire course of study for two employees each year through scholarships. As a part of the NRW Scholarship Program, we also support students at Cologne University and the Bonn-Rhein-Sieg University of Applied Sciences as well as the Hochschule Niederrhein University of Applied Sciences in Krefeld.

Choices at TÜV Rheinland

Our experience from countless job interviews and employee reviews shows that flexibility in the workplace is an increasingly important issue for many people. So it is our goal to give every employee as much flexibility as possible in our professional requirements so that they can organize their own optimum living and working situation.

Therefore, employees are not only more satisfied and motivated on the job, but also more productive. Because every job replacement, every long absence, and every reintegration of someone who has just returned comes with considerable costs for the company. There are no steps we can take to completely eliminate them, but we can at least reduce them substantially.

The Family and Career program is an important tool for gaining a clearer idea of our employees' needs and making them offers that correspond to their needs. It is divided into four subject areas: time management, workflow management, corporate culture, and family service. Our employees can take advantage of measures such as flextime, teleworking, working part-time during parental leave, maintaining contacts with the office, or arranging for kindergarten care.

Mission: Active and Healthy

Mens sana in corpore sano. The ancient Romans knew that top mental performance could only come from a healthy body. We have a number of preventive measures that help preserve our employees' health, performance, and quality of life over the long term.

In Germany, we offer an influenza vaccination every year, which 391 employees made use of in 2011. Other preventive measures relate to modern ailments such as lung cancer, problems with weight, back pains, and diabetes. In addition, we also have measures that are tailored to fit the special needs of specific job descriptions: employees who drive a vehicle as part of their work, for example, are offered health checks in Germany that focus on their vision, while employees who work at computer screens are also entitled to eye tests in accordance with computer workplace regulations.

Fruit Days and Dance Routines

The underpayment and widespread westward emigration of well-trained doctors is making the Hungarian health-care system itself into a chronic patient. More and more companies are responding to this development and jumping into the void left by the government with their own comprehensive health-care programs. Our Hungarian company TÜV Rheinland InterCert is one of those companies.

Thus, a wide selection of health-care measures is available to all of their employees – ranging from ECGs, various blood tests and skin and eye tests to flu shots. Motivation to regular activity is also part of prevention: dance enthusiasts can let off steam at scheduled zumba classes and the badminton group even brought home a set of medals from our sports day at our headquarters in Cologne. Additionally, annual bike and canoe tours not only improve fitness, but help to create a strong team spirit as well. Finally, we have lectures on healthy eating and a well-established fruit day to remind us to think about our well-being.

Our Hungarian employees have already set a new and ambitious goal in health-care matters for 2012: to use the profit from appropriate partners and supporters to pay for additional health-care programs. There is already an abundance of ideas for it.

Healthy eating and activity are also extremely important. Our extensive company sports activities in Germany comprising about ten athletic disciplines are augmented with 20 to 25 special sports projects a year, such as sailing tours, ski trips, and sponsored runs.

Feeling Good on the Job

Ensuring the health and safety of our employees while they do their work is our highest priority at all times. That is why our occupational safety management system applies to all companies across Germany and is part of our integrated ISO 9001:2000 management system. Furthermore, we ourselves are accredited certifiers of occupational safety management systems.

The core of our system is the Occupational Safety Management (OSM) Guideline, which we have augmented with subordinate guidelines, process descriptions, and forms. Responsibility for the development and upgrade of this system rests with the Group's full-time Occupational Safety and Radiation Protection Officer. In order to account for the increasingly powerful topical and organizational link between occupational safety and environmental protection management systems, we will combine both sectors into one HSE management system in 2012.

The basis of occupational safety is an accurate risk potential assessment for all activities. Risk assessments indicate which measures – such as instructions, personal protective equipment, and occupational medical checks – may be needed in each case.

The efficacy of these measures is assured in Germany by, among other things, a network of 35 Business Unit-related occupational safety committees (OSC) that meet four times a year. All of our employees in Germany are covered by these committees.

Around 75% of our employees in Germany have received personal instructions at least once with regard to the particular dangers that lie in their scope of activity.

Industrial accidents and accident-related downtimes are not recorded centrally in Germany, and in 2011 they were not yet being recorded in accordance with uniform criteria. Consequently, as in 2010, accidents involving up to three days off work were not comprehensively recorded. A new, computer-assisted accident reporting system is expected to gradually ensure full recording.

Among other factors, the improved recording of data can be seen to reflect the increase of accident-related downtimes in Germany, as compared to 2010. Moreover, this year's data by definition incorporates not only missed working days but also missed calendar days.

Companies outside Germany reported 105 injuries (accidents) in 2011.

Occupational Health and Safety in Germany

	2010	**2011**
Number of employees covered in %	97.3	**100**
Injuries	163	**135**
Injury rate*	13.3	**11.76**
Lost days due to accidents	1,154	**2,120**
Lost days per accident	9.5	**15.7**

* Industrial accidents per 1,000,000 working hours.

BUSINESS ECOLOGY

Committed to Environmental Protection

Environmental conservation is an integral part of our self-image as a company that acts sustainably. That's why it is anchored both in our Mission Statement and in our Company Policy on Values and Responsibility. But we follow up this abstract belief with action: our experts around the world employ their comprehensive technological know-how to develop solutions that, among other things, minimize negative environmental influences in many areas of our life and help to make them controllable. In this process, we act in a close dialog with partners in research, politics, civil society, and industry.

Our goal is to use an integrated approach to controlling all sustainability-related topics to the greatest extent possible at TÜV Rheinland. Our planned unification of our occupational safety management and environmental management sectors into one big HSE management unit in 2012 will bring us closer to that goal. HSE stands for health, safety, and environment – an indication that we are emphatically pushing for both a technical and a cross-border integration of our processes. Speaking of boundlessness: occupational safety and environmental protection have been organized into one joint HSE management unit in our Greater China Group region since 2011.

In the course of internationally aligning our organizational structures, we also decided in 2011 to have the quality management of all TÜV Rheinland companies with more than 50 employees certified by an outside expert in a joint ISO 9001-compliant certification. Along with five Business Units, the following countries in our Group regions were certified by the end of 2011:

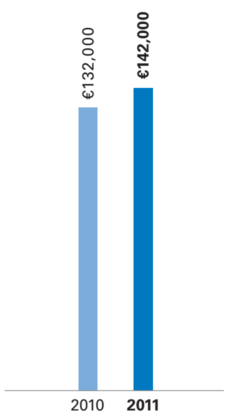
- Western Europe: Spain
- IMEA: India
- Asia Pacific: Indonesia, Japan, Malaysia, Singapore, Vietnam
- Greater China: China (mainland), Hong Kong, Taiwan
- North America: USA

Other German and international companies were also certified by various certification organizations in accordance with ISO 9001 outside of the Group network. In 2011, we altogether generated about 80% of our Group revenue in certified companies. The continuing alignment of our quality management systems will help simplify the cross-border collaboration and increase our process efficiency.

Alongside this, we also had our occupational safety and environmental management systems certified in accordance with the international standards ISO 14001 and OHSAS 18001. With its successful 14001/18001 certification, TÜV Rheinland Indonesia set a precedent in 2011 as the first company to do so in the Asia Pacific region.

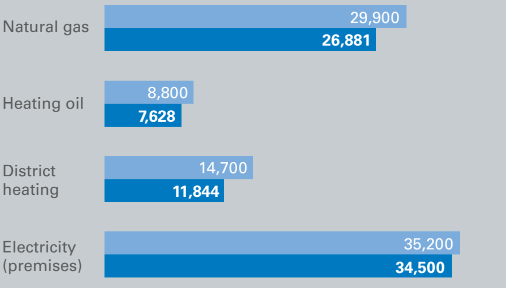
In 2011, a total of nine Environmental Management Representatives were active in Germany in addition to the Chief Officer. They monitor the observation of our Environmental Protection Guideline, promote ecological awareness among our employees, and ensure that neither the law nor valid environmental regulations are violated. We are not aware of any such breaches internationally in the year under review.

Expenditures for environmental management by the central Group



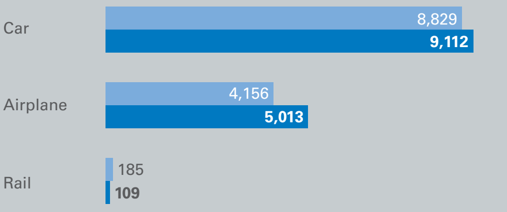
CENTRAL ENVIRONMENTAL DATA

Energy Consumption in Germany
in MWh



A decline was recorded in media consumed for heat energy as well as for the operational current use of offices and labs.

Business Travel in Germany
Emissions in metric tons of CO_2



The increase in CO_2 emissions shown in the use of motor vehicles is due to better data recording; however, in air travel it reflects more usage. **(Source: DB, Environmental Report 2011)**

CO_2 Emissions in Germany

in metric tons	2010	2011
Natural gas	5,968	**5,376**
Heating oil	2,329	**2,012**
District heating	3,949	**3,186**
Electricity (premises)	25,167	**22,185**

A reduction in CO_2 emissions coincides with the reduced use of heating media and electricity that cause them.

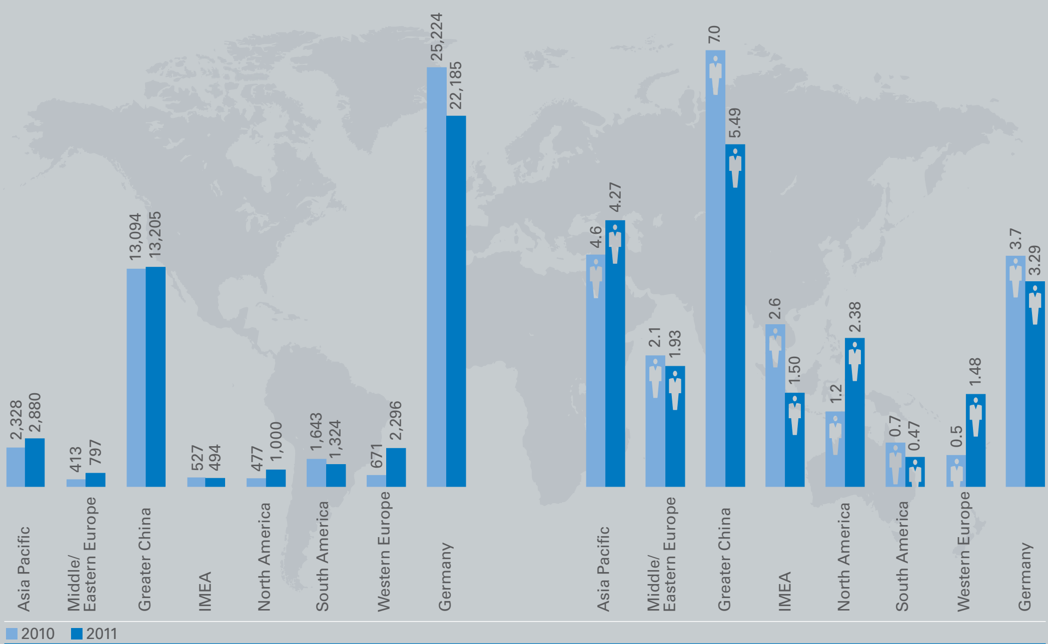
CO_2 Emissions

In thousands of metric tons of CO_2	2010	2011
Total	92.4	**101**
Directly	41.7	**51**
Indirectly	50.7	**50**
Germany	50.5	**47**
Directly	21.3	**21.5**
Indirectly	29.2	**25.5**

Total CO_2 emission declined sooner in Germany, while increased CO_2 emissions were recorded in the international companies due to the Group's growth.

Real Estate Electricity Consumption
in metric tons of CO_2

in metric tons of CO_2 per employee



The changes in the specific usage per employee show whether or not growth was predominantly caused by office or lab work.

Even Small Steps Lead to the Goal

As a service provider, we might at first glance appear to have a relatively manageable environmental relevance in comparison with companies involved in production. Our effects on the environment relate mainly to the use of our offices and testing facilities and to business travel.

Nonetheless, we see ourselves as responsible for contributing to environmental protection. So we have set ourselves the goal of reducing our CO_2 emissions per employee by 25% by 2020 (base year: 2010). We also want to reduce our energy use per employee by 20% during that same period in Germany. Yet goals – however ambitious they may be – will never change anything by themselves. Thus, we are increasing awareness among all of our employees that even many small improvements can add up to a respectable contribution to improving our environmental performance. A number of initiatives at our locations around the world show that this is not falling on deaf ears.

One successful example of making employees aware and getting them involved is the Green Hero initiative in our TÜV Rheinland Greater China Group region. It requires all employees to develop innovative ideas for more environmentally friendly operating procedures on a daily basis. With over 100 ideas submitted, the campaign has had a great response. Nearly half of the employees also participated in an online survey at the end to assess the catalog of ideas. The three best ideas were ultimately implemented through our Go Green activities and produced the following principles

- Environmentally friendly printing
- Stairs rather than elevator
- Reduced air-conditioning use
- Economical use of light
- Reduction of energy used by PCs

Go Green posters hanging everywhere in our office buildings now remind our employees of these principles daily – and of their chance to make a small contribution every day to a more environmentally friendly TÜV Rheinland.

Our North American locations are also currently developing programs to reduce energy use and waste. The Detroit office is a good example. Its employees had already developed an extensive catalog of steps they could take in 2011. Two awards beckon as an additional motivation: one for the most energy-efficient TÜV Rheinland office in North America and the other for the best idea for saving energy or reducing waste.

Against the backdrop of strained supplies after the earthquake and tsunami disaster, our employees in Japan achieved the almost unbelievable feat of reducing their energy use in the shortest time. Electricity usage at the Shin-Yokohama location dropped by about 40% in July and August 2011 over the same period in 2010. While this did not have a major impact on total electricity usage in Japan in 2011, the employees' efforts were seen as a great success and an important step in the right direction. Their colleagues from around the world were standing by with their combined expertise in efficient use of resources in offices.

Sherin Lin works at TÜV Rheinland (Guangdong) Ltd. in Greater China.

PRODUCT ECOLOGY

Green Solutions – the Globalization of a Clever Idea

»We have obviously struck a chord in the market.« That was project coordinator Robert Zorn's summary at the market launch of our Green Solutions campaign about a year ago. He had struck with the idea of combining sustainable services under one catchy title and marketing them together. But it wasn't just a chord in the Chinese market – it was our entire organization. It was the starting signal for a process that can definitely be described as self-discovery.

Under the leadership of our steering committee Sustainability and Energy Efficiency, we systematically recorded and assessed our extensive service spectrum throughout the Group based on sustainability criteria for the first time in 2011. The insight: there are really only a few companies that can meet the increasing worldwide need for solutions for an eco-friendly and sustainable economy with comparable knowledge and experience. The consequence: a global platform for TÜV Rheinland's sustainable services grew from the regional Green Solutions campaign. It will not only help us tremendously in offering more attractive service packages for our customers worldwide, but it will also inspire integrated thinking within our company.

All of our services that stand for more sustainability in business can be found at a single click at www.tuv.com/greensolutions.

Confidence at First Sight

Was my new cabinet made of sustainably produced wood? How much electricity does the new plasma TV consume? And will it ever be professionally disposed of? More and more consumers are taking sustainability into account in their purchasing decisions. But the purchased product often has no indication of whether or not the supplier's service commitment is met. With Green Mark, we provide shoppers with a valuable aid in decision making: manufacturers of consumer goods can confirm the sustainable characteristics of their products with a TÜV Rheinland certification mark.

2011 Environmental Track Record

Taking the main environmental parameters into account, the 2011 environmental track record for each TÜV Rheinland employee is as stated in the table.

At all levels of the company, we make it a priority to improve our energy efficiency and reduce our greenhouse gas emissions. Measures, expenditures, and investments are particularly focused on:

- Using more energy-efficient technology to run our buildings,
- Avoiding or at least reducing business travel,
- Reducing fuel usage and emissions by using more fuel-efficient company cars, and
- Using the most up-to-date technology to operate our IT centers, testing labs, and facilities.

In 2011, we calculate that business activities across our entire Group generated 101,000 metric tons of CO_2 emissions. Of this total, we generated 50,000 metric tons of CO_2 by using indirect energy such as electricity and district heating in our business premises and as a result of business travel by rail and public transportation. We were responsible for around 51,000 metric tons of CO_2 due to the consumption of direct forms of energy such as natural gas, fuel oil, and fuels for heating and business travel by car or air. These figures do not take commuter traffic into account.

TÜV Rheinland Environmental Track Record per Employee*

		Germany 2010	**Germany 2011**	Global 2010	**Global 2011**
CO_2	t	7.5	**6.94**	6.4	**6.33**
Energy	MWh	33.2	**32.5**	26.6	**26.9**
Business travel	km	11,300	**11,499**	13,100	**14,956**
Paper	kg	61.6	**61.3**	38.4	**41.7**
Water	l	18,100	**17,480**	14,800	**15,380**

* Full-time equivalence.

Energy

Direct energy sources include vehicle fuels, natural gas, and heating oil; indirect energy sources include electricity for electrical appliances and heating electricity. We use electricity for electrical appliances to power computers, lighting, and our technical facilities. We buy district heating from local power providers. Because of our global presence, we assume that TÜV Rheinland's electricity mix does not differ from the general local electricity mix. For that reason, we also fell back on the recognized GaBi database in 2011 to allow for national and local energy mixes in our calculations. TÜV Rheinland does not produce any energy of its own.

Based on the locations observed, projected electricity consumption in 2011 totaled around 34,500 megawatt hours (MWh) in Germany (previous year: around 35,200) including heating electricity. The projected overall electricity consumption by the Group's real estate amounts to around 62,000 MWh.

Currently, our largest project is the modernization of the so-called T Building at the site of our headquarters in Cologne. Acquired a few years ago, it is a building from the late 1970s consisting of three wings. Its interior was modernized and it is now an integrated office location at the Cologne site.

The A Wing was completely modernized according to plan in 2011. The B Wing will follow in 2012. Modernization will be completed by replacing the heating system and switching from heating oil to gas.

In all, we budgeted nearly €4 million in building modernization in Germany last year, especially in upgrading facades and windows.

Budget for Modernizing Buildings in Germany in 2011

Facade and window modernization	€2,889,000
Roof modernization	€694,000
Renovation of air-conditioning and ventilation equipment as well as modernizing electrical installations	€262,000
Renovation of heating equipment	€66,000

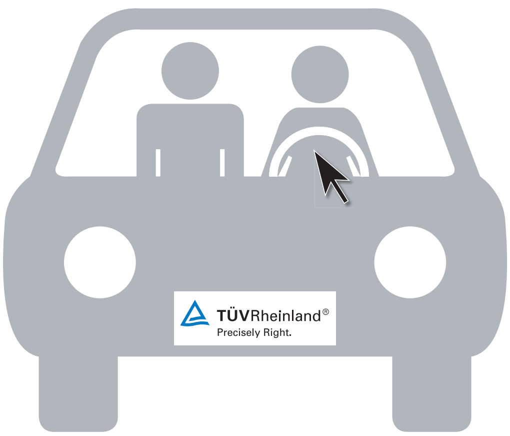
There is Real Estate and Then There is Real Estate

Since 2011, we have distinguished between so-called standard real estate and special real estate. Standard real estate does not have to meet extraordinary demands for operations. For operations on special real estate, on the other hand, we need approval in which specific monitoring and checking measures are clearly defined. For buildings or sections of buildings that are categorized as special real estate, we have decided to appoint an officer who is responsible for the checking measures associated with operation. Examples of our special real estate would be the petrol station on the property of our headquarters or the storage warehouse for special waste at the Nuremberg site.

Employee Mobility and Business Travel

Our sales activities, a large number of order completions on clients' premises, and the increasingly international structure of our Group make business travel essential. Wherever possible, however, we try to reduce our travel or to switch to more eco-friendly modes of transport. The corresponding ecological criteria are an integral part of our business travel regulations. To avoid business travel, increasing use is made of video conferences and WebEx meetings in place of physical meetings – particularly those that would otherwise require long-haul flights.

The goal of our mobility management is maximum mobility with the least-possible environmental impact. In order to identify additional optimization potential and new options for conduct, we participated in the effizient mobil project that the German Energy Agency (dena) initiated. Along with the extensive location analyses, the employee surveys also gave us important new insights. It became clear, for example, that our employees were very interested in car-sharing schemes. We immediately responded and initiated the intranet-based Roadshare Community – a ride-sharing exchange – which is available to all of our employees worldwide. They can use it to look for ride shares, place offers and requests for rides, and network with no hassle at all.



Efficient mobility with TÜV Rheinland: find car-sharing schemes all over the world via our intranet – simply click on the driver or fellow passenger shown in the »Roadshare Community« symbol.

Product Ecology

The most eco-friendly personal mobility possible is good – but helping others get beyond that is much better. We present three examples …

Since 2011, the Brazilian metropolis of São Paulo has been using the first driverless rapid transit rail system in its history as part of its daily struggle against gridlock in the high-traffic business district. TÜV Rheinland was contracted by the operator ViaQuatro to do the independent assessment of the railway protection system. The modern system allows high train succession frequency and, with it, high passenger turnover.

In the Green Logistics research project, we – along with a whole array of well-known partners from economics and science – have been devoted since 2010 to the question of how the eco-efficiency of transportation and intralogistics processes and systems can be made transparent and measurable. Our contribution primarily consists of drawing up standards and a corresponding certification process.

We have taken on the role of general coordinator in the MODSafe project that the European Commission initiated. The objective is to analyze the essential steps in the life cycle of public mass passenger transport systems in order to permanently align them on the European level similarly to the national rail systems. Alignment specifically would not only facilitate the new construction or modernization of local public transport systems and support forward-looking technologies, but also markedly improve the cost-benefit ratio for everyone involved – from manufacturers to operators to local authorities.

Business Travel and Company Cars

We extrapolate that our employees logged about 51 million kilometers of business travel by car (company car, rental car, private car) in Germany in 2011 (previous year: 50 million). As in the previous year, we assume that 70% of company car usage was for business purposes. Our roughly 970 leased cars in Germany accounted for an estimated 19.6 million kilometers (previous year: 20.8 million). For these business trips, our employees used an estimated 1.4 million liters of motor fuel. By issuing new company car regulations that included a CO_2 emission criterion for the first time, we had set ourselves the target for 2011 of reducing the specific fuel consumption of our fleet of company cars in Germany by 3% in comparison to 2010. If we consider the amount of motor fuel that was used by the full-time equivalent employees in 2011, we nearly reached this goal with 2.94%. We clearly improved our data collection with respect to fleet management over the previous year. Among other things, this optimization led to a 12 gram determined average fleet emission level of 182 grams of CO_2 per kilometer. An improved database will be available for the following year.

Our German employees logged around 26.8 million kilometers on business trips by air (previous year: 22.6 million). This figure includes both domestic and international flights. Including our international companies, we reached a total of 83.3 million air kilometers in the year under review. Airlines are currently calculating very different consumption figures per air kilometer. To make a comparison possible, we assumed that 0.07 liters was a realistic average figure for per capita kerosene consumption in 2011. On that basis, our 2011 kerosene consumption on business flights was around 5.9 million liters for the entire Group.

Our employees traveled around 4.8 million kilometers on long-distance Deutsche Bahn trains (previous year: 4.2 million), using 313 MWh of electricity in the process (previous year: 305). In addition, we participated in Deutsche Bahn’s (DB) bahn.corporate Umwelt-Plus program so that all business trips on DB have been climate and CO_2-neutral since September 2011.

Water

We have set ourselves the target of steadily reducing our water consumption and improving the quality of the waste water that we generate. The corresponding measures form an integral part of our environmental programs.

In 2011, we used 98,000 cubic meters of water drawn from the local grids for the properties in Germany that we investigated. This water is from local surface and groundwater reservoirs and is used for standard purposes – for example, in bathrooms, for cleaning purposes, and in the canteen. Projected for all German locations, this amounts to water consumption of around 118,000 cubic meters (previous year: around 123,000), or a per capita consumption of 17,500 liters (previous year: 18,100) in the reporting period.

Materials

As we do not produce or process raw materials or semi-finished products due to our business activities, we do not keep our own records of the materials used by weight and volume. We do, however, regularly register the quantities of paper that we order.

In 2011, we procured a total of 415 tons of paper in Germany. During the reporting year, we changed our standard paper brand to Multi-Copy, a product of sustainable forestry and which is FSC-certified.

Leasing companies in Germany supply us with over 2,000 laptop and desktop computers a year for a leasing period of three years. Using them for any longer does not make sense for us because the progress of technological development would lead to a heterogeneous and ultimately uneconomical fleet of equipment. A uniform IT base, in contrast, boosts the efficiency of our information management and the productivity of our workforce. It also significantly reduces the expense of remote maintenance.

Waste

All of our Business Units and employees throughout Germany take part in an active separation of all kinds of waste. Commercial and domestic waste, special waste, and recyclables are separated immediately after they come about and are stored in accordance with the relevant statutory requirements. Waste disposal is handled solely by regional waste disposal companies and by certified companies that specialize in hazardous waste and do not, as far as we are currently aware, conduct international business and therefore do not dispose of special waste by sending it across borders.

We have appointed a Group Waste Officer who monitors waste disposal processes across Germany. He is at the service of all the Business Units to advise them on all issues of waste disposal. He also coordinates and monitors waste disposal and is responsible for ensuring that relevant laws and regulations are observed. He is assisted by the Environmental Management Representatives and other local employees.

In the course of our ordinary business activities, we do not generate any further significant waste other than our documented waste, emissions, and waste water.

Relevant quantities and more significant categories of waste mainly occur at just a few main locations where they are recorded by quantity or weight. At smaller locations, the usual commercial waste and waste paper is disposed of by means of municipal garbage collection and waste quantities are not recorded. All that can be estimated is the number of bins, their volume, the collection schedule, and average density of a full bin. For the most part, the only hazardous waste that accumulates consists of old computer monitors, other electronic waste, and used chemicals. Certified waste disposal companies collect the scrap electronics for breaking up and recycling. Other hazardous waste occurs only in small quantities and is disposed of for recycling via refuse disposal operators.

Waste in Germany*
Essential Locations

in metric tons	2010	**2011**
Waste for recycling**	985	**715**
Paper**	437	**514**
Metal	51	**117**
Wood	174	**146**
Construction waste	206	**200**
Separator content	29	**20**
Electrical/Electronic waste	42.2	**48**
Other hazardous waste	10.7	**13**

* Based in part on assumptions and the estimates therein.
** Based on the stated volumes of waste bins and not weighed precisely.

SOCIETY

Yes to Openness and Fair Play

Satisfying our customers is one of our most important corporate objectives. We are in contact with them daily. We also expand our constructive dialog with our customers through comprehensive surveys that almost all of our Business Units carry out every other year. These not only help us to identify potential for improvement in our respective service areas and to decide on actions to take, but are also always an important source of inspiration for new product and service concepts. A new round of surveys is scheduled for 2012. It will show whether or not we have succeeded in further increasing our already high level of customer satisfaction.

Sensitive data security is an increasingly important aspect with respect to customer satisfaction and confidence. To ensure comprehensive data and information protection, we at TÜV Rheinland have established binding basic rules and guidelines that include, for example, requirements to be considered when using information and communication technology and when collecting, processing, or using personal data.

Marketing strategy and corporate identity likewise have a critical influence on our external perception. That is why both sectors are managed centrally at TÜV Rheinland. According to our own surveys, TÜV Rheinland is the best known of the three large TÜV organizations in Germany. Our marketing policy follows the fairness principle. We adhere to the IFIA's code in this regard and have written corresponding rules into the TÜV Rheinland Code of Conduct.

A Matter of Safety

Investigating products and services for their effects on health, safety, and the environment is one of our core competencies. We have now been in the market with some of our testing services for more than a century, which are therefore very well developed in terms of upholding health and safety standards.

In contrast to manufacturing companies, it is significantly more difficult for us as a service provider to carry out valid »impact assessments« of our products in relation to the environment, health, and society. But with the first ever systematic analysis of our service portfolio from a sustainability point of view, we have taken an important step during the year under review toward making the impact of our work comprehensible. In the future, sustainability aspects will be given greater emphasis in developing our portfolio. But we can also have an impact in the course of providing services. For example, we are working on reducing the environmental pollution that we generate by using remote diagnosis and e-learning products. This cannot be precisely quantified at the moment. In the course of the agreed inclusion of corresponding avoidance strategies in our environmental management and sustainability program, we will create the preconditions for close monitoring and quantification of all essential determining factors in 2012. This also means that nothing else stands in the way of operationalizing the goals that we want to implement starting in 2012.

Product labeling requirements or laws governing the usage of our products largely do not apply to our testing, training, and consulting services because the result of our testing is usually a seal, certificate, or expert report with no socio-ecological effects of its own. That said, the awarding of these seals, certificates, and expert reports is itself subject to high standards. They can be statutory standards and regional or industry-specific safety or functional standards, or they can just as easily be new scientific findings. We are only allowed to undertake many of our tests after acquiring a certificate of competence and after regular inspections by an accreditation body.

An erroneous or misleading award of our test marks can cost lives or threaten the Group's very existence. In order to ensure that all relevant standards are upheld and to ensure the integrity of the services that we provide, we have implemented a comprehensive compliance system. Additionally, through our work in associations (the VdTÜV, for example), we are working toward continually improving the quality of existing inspection systems. But due to diverse and even somewhat contradictory interests on the part of the participants, including legislators and corporate associations, such processes are usually lengthy.

Combining Strengths to Move Mountains

Regardless of whether they involve job creation, technology transfer, or improving production processes and living conditions, public–private partnership projects are playing an increasingly important role in the achievement of development policy objectives. Their recipe for success is as simple as it is effective: the best of everything! Because when several strong partners combine their individual strengths, they create the potential to move mountains.

We also participate in a whole range of PPP projects in developing and transition countries together with nonprofit institutions or state development agencies such as the German Investment and Development Society (DEG). The influence of these measures is monitored by the partner organizations.

Good Deeds en Masse

There are many ways that TÜV Rheinland takes social responsibility. Supporting philanthropic projects is one aspect of this engagement. In doing so, we think it is important that the projects we support suit us – because they embody the values that we represent, are closely linked to our business activity, or are established in our locations' local environment or markets. In other words, TÜV Rheinland doesn't just throw money around to see what might work out. We are engaged in areas that conform to the UN Global Compact's ten principles and support local social and cultural projects.

A Digital Shop Window for Quality

Incomparable performance, sensational price, and – as icing on the cake – the seal of approval of a seemingly neutral testing institution; in terms of offering products and services, companies and advertisers are hardly shy in making full-throated promises. Ultimately, this results in disappointed (or sometimes even deceived) customers. So it is no wonder that 88% of the people surveyed in an independent end-user study wanted trustworthy, independent third-party monitoring of advertising messages.

Our Internet platform TUVdotCOM offers proof of quality and consumer information at a mouse click and is available for manufacturers, purchasers, dealers, and end consumers in equal measure. This is where you will find all product properties, services, companies, systems, and personnel certifications tested by us, complete with their certificates and customer Web sites and an individual ID number. Our service offers reliable support for purchasing decisions at any time and in any place in 17 languages. Unfortunately, the only thing that you will not find there is full-throated promises ...

www.tuvdotcom.com

PPP PROJECTS*

Project	Country/ Region	Goal	Status
SEBSSR – Sustainable, Ecologically Balanced, and Safe Ship Recycling	Bang-ladesh	▲ To address health, safety, and social problems in the ship-recycling industry.	Completed (November 2011)
HSPM – Hazardous Substance Process Management	India	▲ To raise awareness about international food security standards as well as best management practices. ▲ Connection to international HSPM standards and best practices. ▲ Target group: raw material suppliers, battery manufacturers, packing material suppliers, recycling companies, et al.	Under preparation
Training Center for Local Industry Employees	India	▲ Construction of two environmental protection and technical course training centers.	Completed (February 2011)
Renewable Energy Courses	India	▲ Establishment and implementation of ongoing courses in the field of renewable energy.	Completed (December 2011)
REACH – Registration, Evaluation, Authorization, and Restriction of Chemicals	India	▲ The goal of the PPP project is to address the current problems in the leather, home textiles, and clothing industries including their raw material suppliers. The project is directed at the leather and home textiles industry in the state of Tamil Nadu, which includes Chennai, Ambur, Ranipet, and Karur.	Under preparation
Improving Housing Conditions for Low-Income People	India	▲ TÜV Rheinland and Ashoka are developing a sustainable rating system for affordable housing. This will assume responsibility for social concerns and make it possible for people who primarily work in the information sector to have their own home.	Under preparation
CHINA RATE	China	▲ The main objective of this project is to improve the exchange of knowledge and experience between companies to meet their Corporate Social Responsibility (CSR) and participation in the CHINA RATE program. Additionally, information publishing and sustainability reporting by businesses in accordance with the principles of the Global Reporting Initiative (GRI) will be supported.	Completed (June 2011)
SEEK – Solutions to Energy Efficiency Applications and Knowledge	China	▲ The project has three levels: awareness raising, construction of resources, and sustainability. TÜV Rheinland's goal is to support »understanding for the benefit of energy efficiency in business and the general public and to contribute to improvements in the following areas: local energy management and use of resources through an array of progressive measures. This happens through further education on energy efficiency, popularization, technical training, and a platform for exchanging experiences, et al.«	Completed (December 2011)

*The table shows a selection of our PPP projects with various German development organizations such as DEG, the German Gesellschaft für Internationale Zusammenarbeit GmbH (Corporation for International Collaboration, or GIZ), SEQUA, and Ashoka.

We concretely support projects and activities if they:

- ▲ Support education and science,
- ▲ Improve people's living conditions or help to ensure their survival, or
- ▲ Serve to safeguard aid and disaster-relief services.

Additionally, we acknowledge outstanding individuals who support the goals of the Global Compact with our International TÜV Rheinland Global Compact Award. It comes from the International Rheinland Prize for Environmental Protection, which we have granted since 1974. In 2011, the entrepreneur Dr. Michael Otto received the honor, which is worth €25,000.

We work with nonprofit aid organizations in many of our engagements. One of our important strategic partners is Engineers without Borders (Ingenieure ohne Grenzen e. V.). They plan their own technical aid projects and carry them out on-site, support other aid organizations and the needy with knowledge transfers in engineering problems, and do research and educational work

The Municipal Housing Secretariat in São Paulo is planning investments of USD 9.5 billion for the Favela Urbanization Project between 2009 and 2024.

BRAZIL: The Transformation of the Favelas

In just one century, São Paulo has grown from a city with 240,000 residents to the fourth-largest urban center in the world with more than 20 million residents. In many places, the city's infrastructure cannot keep up with such rapid development. The result: rapid expansion of the so-called favelas – slums with a completely underdeveloped infrastructure and often precarious hygienic conditions.

20 years ago, the city created a favela urbanization program that became the largest in all of Latin America in 2005. The objective: to meet these needs with official electric, water, and waste-water connections, paved roads, public spaces, and social and cultural institutions for the residents. The program is led by São Paulo's Municipality Housing Secretariat, which hires engineers, construction firms, and project managers for these projects. On board from the outset: engineers, architects, technicians, topographers, and project managers from our Brazilian subsidiary Ductor to support the Housing Secretariat. The conditions for long-term poverty reduction have already been created with their support in 50 slum areas since the project started.

In the current development program as well (expanding the water supply and the road network in the south and southeast of the city), officials rely on Ductor's expertise. For example, the employees have taken on process and cost management, among other things. They also familiarize the residents with the newly installed equipment in their houses. By the end of 2012, they will open up the prospect of a better life over the long term for a lot of people.

INDIA: A Small Housing Revolution

Enough money to live despite a lack of credit. What sounds like a paradox at first is a bitter reality for a lot of workers in India's informal sector. Excluded from the conventional real estate market due to their fluctuating income or lack of tax documents, a home of their own stays an in the field of sustainable technical development. We motivate our employees to get involved on a volunteer basis with one of the organization's many regional groups and to make their expertise available for nonprofit projects. We also financially supported Engineers without Borders in 2011 for the third year in a row. The proceeds from our 2010 Christmas donation meant that 12 schools in rural Mozambique were equipped with solar facilities. Now that they have electricity for the first time, the buildings can be used in the evening for adult education.

In conjunction with the US network engineering giant Cisco Systems, we are supporting another electrification project in Raichur, India. In social projects, Cisco is oriented to providing technical equipment for distance learning at underserved village schools. The solar equipment that we provided will create the energy necessary to operate the equipment. We are also planning to build sanitary facilities in a school with over 1,200 students in Bangalore, India.

Since 2008 we have taken part in an initiative launched by Germany's Federal Foreign Office and the Asia Pacific Committee of German Business to help rebuild schools in China's Sichuan province that were affected by a severe earthquake. After successfully completing a project in Sichuan, we have committed to another engagement in Yunnan province. It will involve

unfulfilled dream for most of them. Ashoka, the world's first and largest nonprofit organization in support of social entrepreneurship, has set a goal of breaking these market barriers. Several thousand housing units are built each year through their initiative, Housing for All, which are based on the needs of this special target group – as an initial foundation for a market that should be able to support itself and expand over the middle term.

Certification developed by TÜV Rheinland's and Ashoka's real estate experts will ensure that quality and safety do not fall by the wayside when affordable housing is built. The rating system is worked out in four project groups, each led by an expert. TÜV Rheinland India is therefore not only mainly responsible for the Energy and Environment project group, but also for monitoring the entire process. Our experts are also on the steering committee, which will ensure that regulatory provisions are adhered to and that the system can later be transferred to other regions of the world.

CHINA: Growth for FIT 5

With FIT 5 GREEN, we are starting a new chapter in the very successful story of our Factory Improvement Training, which we developed along with the consulting firm CSR Asia and Germany's InWEnt gGmbH (part of the German Corporation for International Collaboration since January 2011). While the original program focused on general aspects of responsible management and improvement of working conditions, FIT 5 GREEN is now dedicated to business ecology. The participating companies receive the necessary skills to not only sustainably improve their life cycle assessment, but also reduce costs in the process through the program's five modules: sustainability strategy, energy management, emissions management, eco-friendly production, and implementation capacity.

Dr. Michael Otto
Chairman of the Otto Group's Supervisory Board

»Supporting the goals of the Global Compact means much more than just joining a network. It's a matter of actively implementing the principle of sustainability in the network member's processes, mutual engagement for sustainable development on an international level, and supporting the public interest everywhere on earth. For the Otto Group and TÜV Rheinland, this engagement is just as self-evident as a long-standing tradition. That's why receiving the International Global Compact Award from TÜV Rheinland in 2011 was such a particular honor for me and strengthens me in my commitment to social and ecological issues.«

rebuilding school facilities that are in danger of collapse. The first construction segment is scheduled to be completed in May 2012.

Unfortunately, we are confronted time and again with events that do not permit long-term planning: on March 11, 2011, a serious earthquake shook the east coast of Japan. The tsunami that it caused devastated large sections of the Tōhoku region. In an immediate act of solidarity, our employees collected about €15,000. As in comparable crises in the past, the Executive Board doubled that donation. Together with the German state of Rhineland-Palatinate, we are investing that money in reconstructing a day-care facility in the community of Yamada.

Additionally, many employees from our Japanese subsidiary provided voluntary support on-site. They were involved in the Bikes for Japan project, for example, which transported donated bicycles to the affected regions in TÜV Rheinland trucks, or they repaired defective bikes directly on-site so that the residents could be mobile again. By the end of October 2011, our employees had provided more than 1,400 hours of valuable support.

They are representative of the many TÜV Rheinland employees around the world who were voluntarily engaged in 2011. Since 2009, our interactive online intranet platform has enabled them to exchange project experience with like-minded colleagues, propose new projects, or be inspired to get involved. In Germany during the year under review, we also started the pilot project Volunteering Day (Ehrenamtstag) in which individual employees from the Systems Business Stream were released from their work for an entire day so that they could dedicate themselves to their voluntary activities.

SUCCESS STORY FROM THE LAND ON THE CAPE


Class picture in South Africa: Professor Makalela has been the voluntary director of the Balang educational project for about 20 years.

When our former employee Herrmann Kerkhoff went on his first trip to South Africa in the early 1990s and met the then 15-year-old Leketi Makalela, he probably did not realize that this encounter was not just the start of an extraordinary friendship, but also of a remarkable project. Although he was very talented, Leketi had only received a basic primary education for economic reasons. Back home in Germany, Kerkhoff beat the drum and gave the boy a chance at something that seemed unattainable: a program studying English linguistics in South Africa and subsequent advancement in Michigan in the US.

About 20 years later, the Balang/Lesen project brought the two men back together. Balang financially and immaterially supports black African children from poor backgrounds who display a high willingness to learn and a great deal of development potential. While Kerkhoff and friends organized public support and collected donations in Germany, Leketi Makalela – who had meanwhile become an associate professor at the renowned Wits University in Johannesburg – led the project on-site with a small team of volunteers.

By the time their plan was first announced in 2010, the schools in the province of Limpopo reported an astounding 470 applicants who all met the criteria. Unfortunately, the 25 donors were only able to provide school uniforms and educational materials for ten children. The children also participate in a two-day workshop to uncover their strengths and specifically support them.

Even if their resources seem meager relative to the existing need, Kerkhoff and Makalela are certain of one thing: history can repeat itself! And as often as possible, if they have anything to do with it. We are glad to support them in that.

»The good that a person does in the world is not forgotten.« This is a quote from the multitalented world traveler Albert Schweitzer, which was chosen as the motto for the nonprofit organization Bonnievale Project. It supports street children and children from the townships in the city with the same name about 190 km east of Cape Town. Their support goes far beyond material needs. A day-care facility with a playground and a garden that is used to cultivate vegetables – all built with donations and the voluntary engagement of many helpers – gives the children what they need most: security and a permanent home.

For the 150 or so street kids, a spot in the day-care center also makes them eligible to attend a government-run school, because in South Africa an entrance card can only be issued with a permanent residence that is listed in the municipal registry. The children's families also benefit financially from this listing: it is also a specific precondition for applying for a family allowance. Last but not least, the project also creates a positive impulse for the region's labor market. Ten people have already found secure jobs at the day-care center.

That is an end result which also had a permanent impact on one of our employees during a stay in South Africa. With the active support of his family, he has been able to collect more than €2,000 donations since then. When he boards his flight back to South Africa in the summer of 2012, he will be bringing a whole set of soccer shoes and jerseys for »his« kids in Bonnievale. Albert Schweitzer would definitely take his legendary pith helmet off to a commitment like that.

»The good that a person does in the world is not forgotten.«
Albert Schweitzer, multitalented world traveler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GROUP MANAGEMENT REPORT

TÜV RHEINLAND AKTIENGESELLSCHAFT FOR 2011

Highlights

- The TÜV Rheinland Group has continued its previous success and made 2011 the most successful year in its history.

- We set records in 2011, including:
  - Revenues, including inventory changes, grew by 8.8% from €1,303 million to €1,417 million
  - Earnings before interest and taxes (EBIT) rose by 10.6% to €124.0 million (previous year: €112.1 million)
  - Earnings before tax (EBT) increased by 17.2% to €103.6 million (previous year: €88.4 million)
  - The profit margin improved from 6.8% to 7.3%
  - International sales account for 48.2% of revenue; international employees for 58.2% of the Group's headcount

- Dr. Manfred Bayerlein became CEO on September 1, 2011. As an Executive Board member and Chief Operating Officer, he was previously responsible for global business operations at TÜV Süd AG.

  At the same time, a decision was made to expand the Executive Board from three to five members by creating two new areas of responsibility: technology (Chief Technology Officer) and international (Chief International Officer). On the one hand, this is a continuation of a long-term business strategy at the TÜV Rheinland Group and, on the other hand, it accounts for increasingly technology-oriented and internationally networked markets. This reorganization will allow us to achieve strategic goals more quickly, optimize growth potential, and more firmly anchor the matrix organization in the Executive Board.

  Volker Klosowski, a long-time member of the TÜV Nord Executive Board, became Chief Technology Officer on January 1, 2012.

  Stephan Schmitt, who was previously Chief Regional Officer for TÜV Rheinland of North America, became Chief International Officer on October 1, 2011.

  Additionally, Thomas Biedermann became Chief Human Resources Officer and Director of Industrial Relations on October 1, 2011; Mr. Biedermann has previously been Chief Regional Officer at TÜV Rheinland in Western Europe. He is the successor to Dr. Christoph Hack who, after nearly 20 years of service on the TÜV Rheinland AG Executive Board, retired by his own choice.

- In 2011, TÜV Rheinland's investments reached €87.7 million, another record:

  - On July 1, 2011, TÜV Rheinland acquired the highly specialized Dutch testing service provider Sonovation Holding B.V. along with its seven subsidiaries. Founded in 1988 and headquartered in Oosterhout, the company has 50 employees and specifically performs nondestructive testing (NDT) for companies in the oil and gas industry. The Sonovation Group's revenue for the second half of 2011 was €4.7 million, contributing to our revenue growth. By acquiring Sonovation B.V., the TÜV Rheinland Group has strengthened its international NDT services beyond the United States and Germany, while significantly increasing its market share in the oil and gas sector. In the future, the company and its locations in the Netherlands, the United Kingdom, Belgium, and Germany will trade as TÜV Rheinland Sonovation.

- In December 2011, TÜV Rheinland became the majority shareholder in France's Société Européenne de Contrôle Technique Automobile S. A. (SECTA) in Courbevoie. In 2011, SECTA will still be prorated. Established in 1990, SECTA is the licenser for over 800 inspection centers for technical vehicle inspections throughout France. SECTA has 55 employees and its revenue for the 2011 business year was nearly €13.8 million. Majority participation will permit TÜV Rheinland a targeted expansion of its engagement in one of Europe's most significant automotive markets.

- As part of its nation-wide expansion strategy, the Mobility Business Stream acquired Prüfzentrum Kohl early in fiscal year 2011. With locations in Fürth and Nuremberg, this engineering company has annual revenues of about €4 million and employs almost 40 people. The company previously offered traditional services in vehicle inspection such as general/exhaust inspections, technical reports, and damage reports and assessments.

- In late December 2011, TÜV Rheinland also acquired the majority of AIA Services LLC's shares so that 80% of the company's shares now belong to the Group. Based in Houston, TÜV Rheinland AIA is a renowned inspection and testing service provider in accordance with ASME (American Society of Mechanical Engineers) standards. The company has 15 employees on average and its 2011 revenues amounted to €2.4 million.

- Likewise, in radioactive waste management, TÜV Rheinland in Korea acquired the engineering company L4S Engineering, which specializes in matters of radiation protection and safety analysis with respect to nuclear technology. The acquired company is based in Daejeon, has 14 employees, and is active internationally. Revenue of about €1.4 million is anticipated for 2012. TÜV Rheinland has been represented in Korea since 1987 and, after this acquisition, employs almost 100 people at its locations in Seoul, Daegu, Changwon, and Daejeon. The testing of telecommunications products, photovoltaic modules, electrical appliances, and consumer electronics as well as vehicle approval belongs to its most important services.

- TÜV Rheinland is also continuing its international expansion in growth markets by making targeted investments in testing centers:

  - Since October 2011, TÜV Rheinland has been testing electromagnetic compatibility and electrical products' interference resistance in the modern Electronics City technology park in Bangalore, India. Our investment for the test chamber – nearly 1,900 square meters in size – is €2.2 million. In two years, TÜV Rheinland has established a photovoltaics testing center, several labs for pollutant analysis and materials testing, as well as a chamber for measuring electromagnetic compatibility (EMC). This means that TÜV Rheinland in India has access to state-of-the-art lab facilities and can offer manufacturers various solutions for product testing not only for the Indian market, but also for markets around the world.

  - We opened a testing lab for automotive component testing and certification in November 2011 in collaboration with the EDAG Group, the third-largest automotive technology and design company in the world. This automotive component test center in Shanghai –17,000 square meters in size – is the first in China to earn the seal of approval from Western car manufacturers like Volkswagen, BMW, Daimler, and GM. In the first phase of the project, €2.4 million will be invested in state-of-the-art instruments and testing equipment. The Shanghai location, which employs 300 people, will be expanded further in 2012.

- The first internationally independent testing center for the growing Turkish furniture industry has opened in Inegöl. TÜV Rheinland is investing about €2 million in a furniture lab – initially 450 square meters in size – although it is expected to expand to up to 1,500 square meters in the coming year.

- The first textile and toy testing lab has opened in Bentonville, Arkansas. This brings North America into the worldwide consumer product testing network.

- Since April 2011, TÜV Rheinland has once again been a full member of the Association of TÜV e. V. – meaning that now all of the large TÜV companies in Germany are part of the association, which represents its members' interests in politics, administration, and finance. It also coordinates and links the member companies' expertise and is an important contact for technical safety, environmental protection, and sustainability in the decision-making centers of Berlin and Brussels.

- Environmental protection and the growing importance of renewable energy are increasingly prioritized in the TÜV Rheinland business strategy:

  - On November 11, 2011, TÜV Rheinland organized the first environmental protection event focusing on CO_2 emissions on the occasion of the opening of a new office in Shenzhen with the title »On the Path to a Green Future«. The event was an important occasion in TÜV Rheinland's 25-year presence in Greater China, and it moreover signaled our support for China's ecological strategy of producing less CO_2. On that particular occasion, TÜV Rheinland Greater China received the Asset Recovery Services (ARS) Greenmark certificate from Lenovo. Other businesses and the public will be encouraged to get involved in environmental protection as well.

  - On November 18, 2011, the Green Manufacturing Summit was organized by the German Chamber of Commerce in Shanghai. TÜV Rheinland supported the conference, which was attended by more than 140 high-ranking production company managers to exchange their views on sustainability.

- TÜV Rheinland successfully concluded the project that it had started in July 2009 to build a new, earthquake-proof school building for 1,200 students in the village of Renija. On 12 May, 2008, a magnitude 8 earthquake in Sichuan Province in southwestern China caused tremendous damage.

  To support the local population in the areas that needed it, TÜV Rheinland initiated two reconstruction projects. They involved two schools in Yunnan Province; these were damaged by landslides and considered unstable, so that students had to be taught in temporary structures. TÜV will cover the costs of reconstruction, hardware, and educational materials including a library.

- TÜV Rheinland was recognized twice at the League of American Communications Professionals (LACP) Vision Awards, the biggest international business report competition, for our Corporate Report 2010: the Silver Award within the industry and the TOP 50 German Annual Reports of 2010. The jury gave the award to the Corporate Report for its concept, design, frontispiece, and finance section.

- For the fourth time in a row, TÜV Rheinland is one of Germany's top employers. The company was recognized for outstanding and modern personnel management in the current study Top-Arbeitgeber Deutschland (Top Employers in Germany) 2011. TÜV Rheinland was convincing based on career opportunities criteria and training and development.

This image is confirmed by TÜV Rheinland's first global employee survey. The survey included several categories such as communication, promotion and development, motivation and work satisfaction, leadership and change culture, as well as customer orientation and image.

The employees' high level of motivation in the motivation and work satisfaction area was particularly unusual. Work satisfaction and fairness of workload also received positive assessments. The company's customer orientation and image had similar results: the work focuses on external and internal customers.

The Executive Board will analyze the survey results in greater detail in order to define additional steps together with the employees in 2012.

▲ On January 17, 2011, Rhineland-Palatinate Minister-President Kurt Beck awarded the state enterprise medal for outstanding service to the Rhineland-Palatinate economy and worldwide voluntary engagement to Prof. Dr.-Ing. Bruno O. Braun, TÜV Rheinland Berlin Brandenburg Pfalz e. V. CEO. Moreover, Minister-President Beck praised TÜV Rheinland's leading role in the social and ecological spheres.

Prof. Dr.-Ing. Bruno O. Braun has been the CEO of TÜV Rheinland Berlin Brandenburg Pfalz e. V. since 1993 and was CEO of TÜV Rheinland AG until 2009. Apart from his professional work as CEO of TÜV Rheinland Berlin-Brandenburg Pfalz e. V. and Chairman of the Supervisory Board of TÜV Rheinland AG, he also sits on numerous honorary committees. Furthermore, he is president of the Association of German Engineers (VDI) and Chairman of the German-Chinese Dialog Forum, an advisory body of the German federal government.

General Conditions

Macroeconomic Developments in 2011

Worldwide economic growth slowed significantly in late 2011 partly due to the European sovereign debt crisis, although the global economy was moving in a quite positive direction at the start of the year. One particular reason for this dynamic development was that energy and food prices did not increase or did so only to a limited degree.

All in all, the global gross domestic product increased by 3.8% in 2011 as compared with the previous year. The earthquake and nuclear disaster in Japan initially influenced the global economy starting in spring 2011. But the effects of the disaster on worldwide economics were altogether only limited or short-lived. Additionally, growth slowed due to the consolidations that occurred in the industrialized countries. Furthermore, industrial production stagnated in developing countries starting mid-year because, in many places, economic policy adhered to a restrictive course in order to reduce price pressure and the danger of inflation associated with it. Indicators for the global economic climate became even cloudier in the fourth quarter of 2011 and are now significantly below their long-term average.

USA: The US gross domestic product increased by 1.8% in 2011, after having grown by 2.8% in the previous year. The American economy is therefore steering a course of moderate growth. Again, causes for growth were stronger economic stimulus on the part of private households. Nonetheless, the labor market was still restrained. Growth rates could also be recorded in the Business Field. Compared to 2010, spending on equipment and software, in particular, rose sharply. Additionally, industrial construction investments registered a strong plus – in contrast to private residence investments which grew slowly.

The BRIC Countries: As TÜV Rheinland is present in the BRIC countries, the economic development of these countries is of particular importance for the Group. In 2011, the BRIC countries made a significant contribution to international economic expansion with their dynamic development. Of the four BRIC countries, Brazil brought up the rear in terms of economic development.

China: In China, the mild cooling-off period that started with the new year has continued. In 2011, the gross domestic product grew by 9.2% (previous year: 10.3%). On the one hand, the slow growth is due to the restrictive monetary and credit policies of the Chinese central bank, although investment growth has only moderately declined to date. On the other hand, retail sales are growing more slowly than before due to the continuously high inflation rate. Apart from these internal economic aspects, less dynamic exports have also contributed to the moderation in growth.

Brazil: Economic development in Brazil bore the hallmark of a strong revaluation of the domestic currency and high wage increases in 2011. As a result, industrial production markedly lost competitiveness. Brazil's gross domestic product altogether rose by 2.9% (previous year: 7.5%). Due to a less favorable assessment of the economic circumstances, Brazil's central bank reduced the prime rate by 100 basis points to 10.5%.

Europe: The economic situation in the eurozone has worsened since summer 2011, due to the sovereign debt crisis in Europe. In 2011, the gross domestic product increased by 1.6%, leaving it at about the same level as the previous year. Germany and France, in particular, contributed to growth and a moderate expansion of the European economy. Total economic output fell in the eurozone in the second half of the year, because investors and consumers postponed making decisions about expenditures. However, the European economy was supported by an expansive monetary policy. The flatter trend in growth at the end of the year was an expression of a number of mutually reinforcing factors: weakening of foreign demand, deepening of the sovereign debt crisis, high financial market volatility, and a constant worsening of business and consumer confidence. Domestic demand was particularly harmed by lower expansion of foreign trade and continuous turbulence in the financial markets.

Germany: The German economy grew somewhat slowly in 2011 as compared with the previous year. Gross domestic product increased by 3.0% in 2011 after having grown by 3.6% in the previous year. Despite robust economic growth in the summer, the German economy was increasingly burdened by Europe's debt and confidence crisis in the second half of the year. The financial cooling of foreign demand was mixed with the nervousness of the financial markets causing negative growth. Domestic demand was also hampered by this difficult situation, although the sustained positive developments on the labor market were an important support for private consumption. Employment continued to grow, particularly in the context of the increase in economic performance during the summer months. The ifo Business Climate Index improved in November for the first time in four months. The German economy developed comparatively well against a backdrop of international rejection.

Effects on Business: As a service provider in the TIC (testing, inspection, certification) sector, the TÜV Rheinland Group provides cross-industry products and services. As a result, it is largely independent of industry-specific trends. This particularly applies to the implementation of statutory tests and inspections. In many business areas, TÜV Rheinland is a market leader. Overall economic development in its principal markets Europe, Asia, and America may be important for TÜV Rheinland but is not, in view of its industrial and regional diversification, the sole determining factor.

Net Assets, Financial Position and Results of Operation

The TÜV Rheinland Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

Development of Revenues

Consolidated revenues, including inventory changes, broken down around the world as follows:

Revenues by Business Stream

in € millions	2010	2011
Industrial Services	377	**453**
Mobility	311	**336**
Products	350	**372**
Life Care	55	**51**
Training and Consulting	160	**160**
Systems	123	**127**
Other	–73	**–82**
Total	**1,303**	**1,417**

Revenues by Region

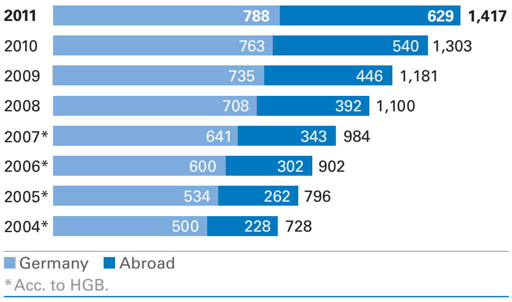
in € millions	2010	2011
Germany	763*	**788***
Europe (excl. Germany)	151	**165**
Asia (incl. IMEA**)	245	**274**
America	144	**190**
Total	**1,303**	**1,417**

* Includes € 53.7 million of exports (previous year: € 50.7 million).
** IMEA: India, Middle East, Africa.

TÜV Rheinland Group revenues (including inventory changes) totaled €1,417.0 million in 2011, amounting to a revenue increase of €114.2 million or relative revenue growth of 8.8% year on year.

These additional revenues (€112.2 million) were earned mainly in the range of existing services. Currency changes had a €2.9 million effect in comparison with the previous year, and enlargement of the basis of consolidation had a positive effect (€4.9 million) on revenue development.

Development of Revenues
(including inventory changes)
in € millions

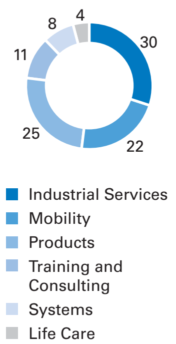


Domestic revenue growth was almost entirely organic. International revenue growth was largely organic and only minimally influenced by acquisitions such as that of Sonovation in the Netherlands. Growth was generated in nearly all regions.

The Industrial Services Business Stream again made the largest contribution to revenue growth in the TÜV Rheinland Group. In comparison with the previous year, revenue grew by €76.0 million or 20.2%. The Project Management, Energy and Environment Technology, and Pressure Equipment and Materials Technology Business Fields were the main contributors to the increase in revenue. The repeated significant revenue increase in the Project Management Business Field is attributable to constantly high demand in the infrastructure sector, but also to the consolidation effects connected with the Geris acquisition in the previous year.

Apart from generally increasing demand for testing and certification services, revenue growth in the Pressure Equipment and Materials Technology Business Field can also be attributed to the acquisition of Sonovation in the second half of the year. Internationally, the Business Field showed especially strong growth in the IMEA region (India, the Middle East, Africa), South America, Western Europe. It was primarily large-scale projects in South Africa and the Gulf region that had a positive impact in the IMEA region.

Revenues by Business Stream
in %



The Mobility Business Stream grew by €25.0 million or 8.0%. Dynamic growth in the traditional Vehicle Inspection and Car Services and Appraisal Business Fields were particularly decisive. In the Rail Business Field, the acquisition of Rail Sciences, Inc. in the second half of the previous year had a particularly positive, consolidation-related effect. The Mobility Business Stream achieved above-average growth rates in the IMEA regions and North America.

The Products Business Stream improved on its previous year's revenues by €22.0 million or 6.3%. This growth was due mainly to higher demand for testing services in the Solar, Softlines, and Medical Business Fields. On the one hand, this high dynamic is linked to the continually increasing demand for testing services for photovoltaic modules in the Solar segment and, on the other hand, to the targeted development of lab capacity in the Softlines segment. Apart from the traditionally strong growth region of Greater China, Middle and Eastern Europe as well as IMEA were also increasingly important for the growth of the Products Business Stream in 2011.

The Life Care Business Stream posted an overall revenue decline of 7.3% in 2011. This was due to the disposal of the Traffic Psychology Business Field in May of the previous year. Adjusted for this special item, the Business Stream preserved its revenue, predominantly in the Occupational Health and Safety Business Field.

In 2011, the Training and Consulting Business Stream was able to stabilize its revenue. While the Professional Training Business Field was increasingly burdened by restrictive allocation of public contracts, the HR Management and Business Consulting Business Fields were able to continue their dynamic growth.

In the Systems Business Stream, revenues rose by 3.3%, due primarily to growth achieved in the Customized Services or Second Party Audits and Information Security Business Fields. Internationally, revenues particularly increased in the Greater China and IMEA regions.

In Germany, the Business Units achieved 3.3% growth overall. In particular, Industrial Services, Mobility, Systems, and Products – the Business Units with the highest revenues – continued to post stable growth in 2011, whereas the Training and Consulting Business Unit stagnated partly due to the declining business of the Academy in Germany.

With revenues of €629 million, the Group's international subsidiaries clearly exceeded the previous year's total of €540 million by 16.5%. Taking exports from Germany into account, 48.2% of the Group's output was earned either internationally or with international customers. The main growth drivers were South America, IMEA, Greater China, and Middle and Eastern Europe. While revenue grew in the Asia Pacific region despite the nuclear accident in Japan and the flood disaster in Thailand, the North American region posted a slight decline in revenues primarily due to currency effects.

In Western Europe, revenues rose by 7.5%. The Netherlands reported the highest growth rate, partly due to the acquisition of Sonovation, as did Spain.

In Middle and Eastern Europe, revenues rose significantly again after a significant decline in the previous year, partly due to currency factors. Poland and Hungary, in particular, posted welcome growth.

The Asia Pacific region reported 7.4% growth in revenues, also partly due to currency factors. Revenues grew in all of the countries in this region, particularly in Korea, Thailand, and the Philippines.

In the Greater China region, revenues grew by 9.5% to the high growth rates of previous years due exclusively to organic factors. The Products Business Stream particularly contributed to this revenue growth.

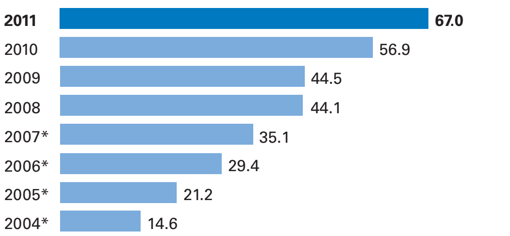
IMEA, currently the smallest region in terms of revenue, reported the Group's second-highest revenue growth rate: 40%. This was due mainly to the positive business developments in India, South Africa, the Gulf states, and Turkey.

In North America, revenues declined by 3.4%, which can be attributed to restrained allocation of public contracts, but also to changes in exchange rates.

Revenues in South America grew significantly by nearly 50%. This means that South America again has TÜV Rheinland's highest revenue dynamics. Consistently high demand for services in the Energy and Infrastructure sectors is the revenue driver for the region.

Development of Income

Consolidated Net Income for the Year
in € millions



*Acc. to HGB.

in € millions	2010	2011
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**154.7**	**171.2**
Amortization of intangible assets and depreciation of property, plant and equipment	–42.6	**–47.2**
Earnings before interest and taxes (EBIT)	**112.1**	**124.0**
Financial result	–23.7	**–20.4**
Earnings before tax (EBT)	**88.4**	**103.6**
Income taxes	–31.5	**–36.6**
Consolidated net income	**56.9**	**67.0**

Earnings before interest, taxes, depreciation, and amortization (EBITDA) rose by 10.7% from €154.7 million to €171.2 million.

Earnings before interest and taxes (EBIT) and earnings before tax (EBT) were once again significantly higher than in the previous year, up 10.6% and 17.2% respectively.

The Industrial Service, Systems, and Life Care Business Streams improved markedly on the previous year's figures with pleasing results. The Mobility and Products Business Streams reported stable results overall, but the Training and Consulting Business Stream's results declined significantly. Overall EBIT, however, exceeded the figure for the previous year by €11.9 million.

In 2011, earnings growth was concentrated in the regions Greater China, IMEA, and Middle and Eastern Europe. While Middle and Eastern Europe largely rebounded from their declines in 2010, the Asia Pacific region was particularly burdened as a result of the nuclear disaster in Fukushima and the flooding in Thailand.

Compared with the previous year, the quota of the cost of purchased services rose as a percentage of total output, from 12.6% to 12.8%.

The personnel expenses quota rose from 54.6% in the previous year to 55.5% in 2011 which, in relation to revenue growth, is due to a slightly above-average 10.7% increase in employee numbers.

The quota of other expenses fell from 22.9% to 22.1%.

The improvement in the financial result is predominantly due to a more favorable net funding figure for pension provisions and reduced loan interest rates.

Earnings before tax at €103.6 million showed considerable improvement on the previous year's €88.4 million.

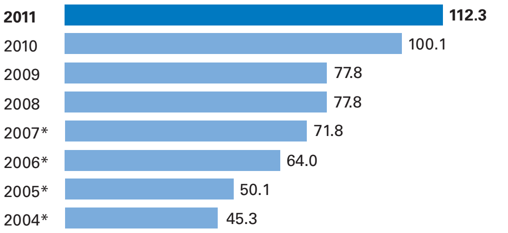
Income taxes totaling €36.6 million (previous year: €31.5 million) were due in almost equal amounts in Germany and internationally. The Group's tax ratio fell yet again, from 35.6% to 35.3%.

Consolidated net income for the year thereby significantly rose, by 17.8% from €56.9 million to €67 million.

Financial Position

The cash flow statement was prepared on the basis of the consolidated financial statements.

Gross cash flow
in € millions



* Acc. to HGB.

Gross cash flow was well above the previous year's level, at €112.3 million.

At €101.1 million, the operating cash flow decreased on the previous year (€114.8 million). In comparison with the previous year, a considerably reduced increase in liabilities and short-term provisions contrasts with a significant increase in the Group's net balance and continued improvement in management of receivables.

Taking the 2011 asset disposals into account, investments (including the increase in reinsurance cover) led on balance to a €83.1 million net outflow of funds that was financed entirely from the operating cash flow.

In financing activities, more current bank liabilities were redeemed than new noncurrent bank liabilities were entered into, and a dividend was paid to the shareholder. That led to a €–27 million net cash outflow from financing activity.

Liquid assets amounted to €93.2 million as at December 31, 2011. With financial liabilities dropping to €131.7 million, the Group's net financial liabilities were reduced to €38.5 million (previous year: €43.8 million).

The dynamic debt-equity ratio, which specifies the length of time required to repay the Group's financial liabilities, is less than a year in relation to EBITDA.

To ensure its ongoing solvency, the TÜV Rheinland Group maintains extensive current and noncurrent lines of credit, of which only a fraction was used as at December 31, 2011.

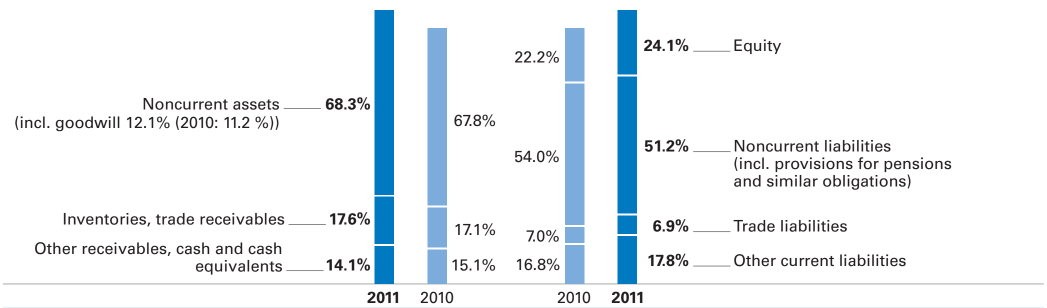
Balance Sheet and Capital Structure

The balance sheet total rose by 3.8% or €48.9 million to €1,348.5 million.

Noncurrent assets increased by €38.8 million overall. The main reasons for the increase in noncurrent assets were acquisition-related increase in goodwill and intangible assets as well as investments in property, plant and equipment. Goodwill and the intangible assets identified in connection with acquisitions increased by a total of €19.6 million. Investments in fixed assets (including intangible assets) totaling €72 million were accompanied by €47.2 million in depreciation and €2.3 million in net disposals. Actuarial reserve quotas increased by €4.4 million.

Current assets changed by €10.2 million, due primarily to a revenue and consolidation basis-related €16.3 million increase in trade receivables and to a €7.8 million decrease in liquid assets.

Balance Sheet and Capital Structure



Equity capital rose by €36.6 million to €325.3 million, the main factor being a €67 million transfer from consolidated net income for the year. By contrast, €19.2 million in actuarial losses – mainly incurred in connection with provision for old age – were taken into consideration as reducing equity capital. The €12 million dividend for the 2010 business year paid to the Group's shareholder TÜV Rheinland Berlin Brandenburg Pfalz e. V. also reduced equity capital. Other changes, such as negative impact from currency translation and positive impact from deferred taxes, had the effect of increasing equity capital by €0.8 million.

As a result, the equity ratio increased from 22.2% to 24.1% despite the higher balance sheet total.

If external financing of pension obligations were undertaken as part of a contractual trust arrangement (CTA), the TÜV Rheinland Group's equity ratio would amount to 29.8%.

Under noncurrent liabilities, the Group's pension provisions were reduced by €14.5 million to €555.9 million, due mainly to the 25 basis point discount rate reduction. On the other hand, noncurrent financial liabilities decreased to €16 million due mainly to repayments while other noncurrent liabilities declined due specifically to the reduction of residual price tranches for newly acquired companies to €7.5 million. The €23.6 million increase in current liabilities is the result of higher short-term provisions and trade liabilities along with a simultaneous increase in income tax liabilities.

Assets committed on a long-term basis along with some of the Group's current assets were financed by long-term capital (long-term asset cover: 110.3%).

Investments

The volume of investments in the business year, not including corporate acquisitions, totaled €72 million. Investments were made mainly in laboratories, software, and testing centers.

Numerous investments were made particularly in testing labs for the EMC, Softlines, Solar, Battery, Furniture, and Textile divisions. IMEA, Greater China, and Asia Pacific were their regional focal points.

In 2011, another focal point for investments was a Group-wide unification of the software landscape. The TÜV Rheinland Workplace project began a worldwide coordinated introduction of Microsoft products in order to standardize and improve the Group's IT infrastructure and to develop the international network further for the entire Group.

Furthermore, additional investments were made in the IPMS (Integrated Project Management System) and ICMS (Integrated Certification Management System) projects. IPMS and ICMS are uniform IT system solutions for mapping the entire value chain from tender preparation to order follow-up in the Products and Systems Business Streams.

The testing center network was reinforced particularly by the acquisition of the Kohl testing center in the Fürth and Nuremberg region. Moreover, in the course of deregulation of the Spanish automobile inspection market, which had started in 2010, TÜV Rheinland Iberica S. A. made further investments in automotive inspection locations.

Business Situation

The TÜV Rheinland Group continues to consolidate its position as one of the leading international service providers in the TIC (testing, inspection, certification) market.

Sustainable development of safety, quality, and efficiency is the Group's aspiration and guiding principle. TÜV Rheinland employees are guided in their work by the conviction that societal and industrial development is not possible without technical progress.

That is precisely the reason why the safe and responsible use of technical innovations, products, and plants is of decisive importance.

Industrial Services

The positive development of the Industrial Services Business Stream continued in 2011. In addition to Germany, the growth drivers were South America and IMEA. Western, Middle, and Eastern Europe posted very positive results after the economic crisis.

In Germany, the Group succeeded in expanding its inspection market in 2011 in the face of growing competition. The employees' market and customer orientation combined with their extensive technical competence is bearing fruit.

Industrial Services' broad service portfolio ranges from safety and energy efficiency in buildings and elevator testing to chemical plant inspection and major energy sector projects.

In 2011, this sector won commissions for major wind energy projects in Pakistan, China, and Germany for the first time. It signed contracts for new power plant projects in Turkey, India, Brazil, China, South Africa, Malaysia, the Philippines, and Germany; major projects were successfully completed, such as the Neurath power plant with 2 × 1,100 MW electric output.

Further inroads have been made into the oil and gas industry with the Nabucco pipeline project. The Nabucco pipeline will connect Central Europe with the world's largest gas reserves from the Caspian Sea region and the Middle East. In all, a 3,900-kilometer pipeline will run from the eastern border of Turkey through Bulgaria, Romania, and Hungary to Austria. Its maximum capacity will be 31 billion cubic meters of gas per year. Two million tons of steel will be processed for its construction. Natural gas will start to flow through the new pipeline in late 2017. This commission allowed TÜV to assert itself against the international competition. With its complex technology and environmental protection standards, this project will be very demanding on quality assurance, which TÜV is also responsible for.

By acquiring the company Sonovation in the Netherlands, a special service provider of progressive, non destructive testing, we now have experts available for complex challenges in this area worldwide. They offer, among other things, ultrasonic analyses, corrosion tests, and methods for determining wall thickness.

An essential breakthrough was also recorded in services in the global production chain for industrial facilities and their components. Today, TÜV Rheinland has access to a worldwide network of over 1,000 inspectors who specifically serve global customers and international projects.

Focal points in the year ahead are constant customer-oriented development of services for renewable and conventional energy supplies and for the oil and gas industry. Regional focal points are emerging markets (the so-called BRIC countries) and the regions where what were once state-controlled commissions, such as regular elevator tests, are being liberalized.

Mobility

The Mobility Business Stream grew again in 2011 – along with its customers. Existing Business Fields were expanded, new services developed and successfully brought to market, and new regions were conquered. Internationalization advanced with the stability of the German company as a pillar of support. In particular, the Vehicle Inspection, Car Services, and Appraisal Business Fields grew significantly. To reinforce this progress, additional personnel investments will be necessary.

In the automotive sector, the acquisition of the majority of shares in SECTA reinforced the French market. As a result, and as the only company in the industry, TÜV Rheinland gained market shares. Target markets for further company development of this core competency are Middle and Eastern Europe, Asia, Africa, and South America.

The internationalization of the after-sales business is expressed in the retention of German OEMs (original equipment manufacturers) and suppliers with regard to worldwide support for their dealer networks.

In addition, our entry into the Middle East regional market took place: in the future, all used cars imported to Saudi Arabia will be inspected for safety by TÜV Rheinland.

Rail activities also continued to develop in 2011. With the acquisition of Rail Sciences, Inc. in 2010 and the acceptance of important project bids in the United Arab Emirates and China, the size of the company in North America grew to double its previous volume. Alongside accident analysis and prevention, we now offer an extensive functional safety service portfolio.

Additionally, we have implemented innovative product ideas and brought them to market. TÜV Rheinland secures electrical components and systems with the new Automotive Component Test Center in Shanghai, and the link between OEM and suppliers is being established. Product safety will build mutual trust between the two and contribute to long-term corporate success on the part of all participants.

Activities concerning electromobility also moved forward. In addition to participating in model regions and the future showcase regions, TÜV Rheinland – together with TNO of the Netherlands – has invested in the European Electromobility Center in Holland. This site is capable of examining not only battery cells and packs, but also systems and whole vehicles with regard to safety, quality, and efficiency in realistic environments. It is currently the only testing facility of its kind in the world.

All activities were met with great interest on the part of current and potential customers at the IAA 2011 trade fair.

The strategic outline that was drafted in 2010 calls for a long-term business orientation that shows initial results and is therefore consistently pursued and implemented in the following years as well. The yearly business development investment of 5% of annual income demonstrates this clearly. That way the Mobility Business Stream sustainably contributes to creating opportunities to further develop the entire Group.

Products

In 2011, the Products Business Stream was able to continue its consistent growth. Meanwhile, more than half of its revenue is in China and the Asia Pacific region.

The largest change management process in TÜV Rheinland's history was overcome and completed in 2011 with the transition from a products and services segment to considering only products. This created clear performance transparency for customers and enabled internal process alignment and standardization by using what is known as the Integrated Project Management System (IPMS) platform. Altogether, this allowed us to significantly reinforce our competitiveness.

Through these enormous changes, all of our employees and organizational units from controlling to finance and management, from marketing, communication, and sales to experts and lab workers have faced major challenges in converting to product groups and products and were exemplary in their contribution to that transformation.

The Group's largest and most up-to-date integrated testing facility in Asia went into operation in the new TÜV Rheinland building in Shanghai in April 2011. Shanghai is now one of the TÜV Rheinland Group's six Global Technology Assessment Centers (GTAC) and it has all of the relevant testing equipment under one roof. For TÜV Rheinland's customers, this means faster and more efficient on-site service and shorter test cycles. Additional investments will also be made in China in 2012. That will mean a two-phase expansion of the equipment setup and testing capacity primarily in photovoltaics and consumer products.

TÜV Rheinland was able to expand its worldwide market leadership in testing and certifying solar modules and systems. This Business Field grew by 40% in 2011. Testing capacity in Japan will be expanded in 2012 to take the increased demand in the Solar sector into account.

TÜV Rheinland was also able to expand its global network by opening new textile and chemical labs in Bangladesh and the United States. In Turkey, a growth market, TÜV Rheinland invested in a new furniture lab in 2011 – a response to the customer desire for TÜV Rheinland experts on-site at all times. Additional investments in chemical and textile testing labs in India and Turkey are planned for 2012.

TÜV Rheinland was also able to maintain its market leadership in the number of CB certificates issued for electronic consumer products in 2011. The Products Business Stream is in an excellent position for current market trends such as testing 3-D screens, LED systems, wireless technologies, and lithium batteries. In 2012, the existing battery-testing labs in Nuremberg and Yokohama were replaced by state-of-the-art labs that test energy storage systems for electric bicycles, household appliances, tools, and electric vehicles.

Testing times were consistently lowered, and high testing quality was assured with the introduction of new IT process management worldwide.

In the future, TÜV Rheinland will be more strongly positioned as the leading service provider in energy efficiency and sustainability. Examples in this field would be corporate social responsibility, green services, climate protection, carbon footprint, life cycle assessment, and smart grid.

Life Care

Strategic realignment and improvement of processing and organizational structures also made progress in 2011. With regard to customers, the focus is on the traditional field of occupational health and safety, medical center services, and health and supply management. These Business Fields were expanded in Germany and, moreover, internationally marketed in selected target regions.

In the past year, Occupational Health and Safety expanded its proven, highly qualified range of new services concerning occupational health management. Together with the Products Business Unit, moreover, it successfully completed orders that included product safety and the occupational safety of machines and facilities.

Medical Center Services offer both operators and manufacturers medical equipment inspections and tests for the purpose of active safety and risk management.

In the last business year, the Health/Supply Management Business Field successfully placed new service offers: BEM Plus (Betriebliches Eingliederungsmanagement, or Occupational Integration Management) and H.E.A.T. (workplace analysis and assessment in accordance with the Health and Safety Directive 89/391/EEC) for work that entails exposure to heat. Additionally, the 15,000th person with health insurance was able to lawfully receive a psychological consultation for emotional, psychosomatic complaints, and drug addiction.

International activities included occupational safety management and health and safety coordination in large projects. Commissions in Brazil and Hungary should be emphasized.

Training and Consulting

In 2011, revenue in the Training and Consulting Business Stream reached the previous year's level on average. A decline in government orders contrasted with welcome growth in corporate and consumer business.

Public spending for qualification and retraining programs for job seekers was reduced particularly in the Training sector, due to robust economic development in Germany and additional positive labor market figures, leading to a marked decline in revenue at TÜV Rheinland. By contrast, there was increased demand for economics seminars, such as in the field of renewable energy, particularly photovoltaics. But newly instituted further training courses in e-mobility were also very well received by the market. However, these could not compensate for the decline in government-supported training.

In the past business year, the Consulting sector was also active in the management of complex information and communications technology projects. Coordination of the creation of the nationwide digital wireless network for the German police and other authorities and organizations with security tasks was among those projects, as was rollout support for the introduction of new health-insurance software. An emphasis on competency and commissions developed out of these Consulting fields in the past years, and we will be paying attention to them in the coming years as well.

The HR Services segment also posted welcome revenue increases in 2011. Expert Service – the temporary provision of experts with trade qualifications backgrounds to companies – contributed to that growth as did Engineering Services or the use of expert telecommunications engineering teams in projects within the telecommunications industry.

The international orientation of the Training and Consulting Business Stream continued in 2011 with a series of key contracts such as construction of a training center for the pharmaceutical industry in Kaluga, Russia, or consulting services for the automotive industry in China. This internationalization strategy will proceed consistently in 2012 and in subsequent years.

Systems

In addition to well-developing services in the fields of compliance, risk management, sustainability, service quality, data and information technology of non-accredited service, it was energy management certification with a focus on energy efficiency that had particularly positive results this year.

We took an important step toward internationalizing this service with the change from DIN EN 16001 to DIN ISO 50001. DIN EN 16001 describes the demands on an efficient energy management system. Definition of energy policy, formulation of energy goals, introduction of energy controlling, and implementation of more energy-efficient measures are important elements. Integral assessment continually improves energy consumption while fulfilling legal requirements. The German-language DIN EN ISO 50001 was published in December 2011. Early accreditation of this standard officially introduced the first globally valid guideline for certifying energy management systems. The European standard EN 16001 was simultaneously repealed.

Now a comprehensive energy-management system analysis and assessment can be offered to TÜV Rheinland customers worldwide.

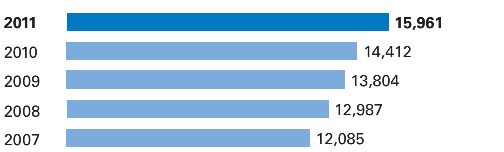
Systematic tracking and correction of procedural weaknesses make it possible to sustainably reduce energy costs and therefore significantly increase profitability for the customers.

The project Introducing ICMS (International Certification Management System) created a foundation for a globally standardized, SAP-based software and process platform. This platform will support and stabilize the international processes in the Systems Business Stream, and it will moreover make it possible to improve synergistic effects.

Employees

As at December 31, 2011, the TÜV Rheinland Group had 16,550 employees (100% capacity). Compared with the previous year, this represents a 9.6% increase based on German and international growth. Annual average employee numbers rose from 14,412 in 2010 to 15,961 in 2011. Personnel development abroad, with average growth of nearly 20%, is partly due to high organic growth in Asia, on the one hand, and acquisitions in Brazil and the Netherlands, on the other hand.

Total staff
(annual average)



Personnel work was reoriented in 2011 in terms of content and organization. This process involved, for example, installing the Global Process Development department to align global human resources (HR) processes between the Business Streams and global regions. HR development was further reinforced with respect to expert and management development. In Germany, the Service Center Approach – in which the personnel directors of a large Business Stream also look after smaller Business Streams – was further implemented. The recruiting function in Germany was further decentralized so that specific expertise is on hand for Business Stream-specific job interviews.

The internal TÜV Rheinland Management Academy was expanded with a management-development component. The top executives examined all facets of management over the course of a four-day seminar. The objective of the seminar was to strengthen the function of decision makers and to arouse a better understanding of this important role within the matrix organization. The leadership training courses in 2011 particularly addressed management competency, corporate culture and strategy, intercultural collaboration, and motivation.

The management review interviews that were introduced in 2010 were carried out for the second time in 2011. They are an essential component of management assessment and will serve to agree on future development measures. At the same time, possible internal successors or potential candidates discussed what they, in turn, see as the basis for future development measures.

TÜV Rheinland's leadership principles are based on an open corporate culture in which direct and rapid communication is prioritized and supported. It is based on responsible and consistent leadership, fairness, and openness toward employees and toward changes, as well as motivated and inspiring employee leadership. That way, the leadership relations create a spirit of innovation and the willingness and ability to change. The strengths and potential of all of our employees are determined in annual employee interviews and anonymous management assessments.

The first worldwide employee survey took place in late 2011 with very high participation. The survey consisted of eight different topic areas such as motivation, work satisfaction, or leadership and change culture. These allowed us to identify numerous strengths and certainly a few weaknesses as well. The employees' level of enthusiasm with respect to motivation and work satisfaction was particularly striking. Room for improvement, however, is seen in the field of corporate information with respect to internal communication. Targeted changes will be reviewed and initiated in every region over the coming months. The survey will be conducted at two-year intervals in the future. TÜV Rheinland also performed very well in an external expert assessment and will work on the potential that it identified.

In 2011, TÜV Rheinland was again designated TOP Employer in Germany. The Group has been among Germany's top 40 most popular employers for engineers for years. Particularly when the economy is good, competition in the industry for qualified employees is stronger than when the economy is weak. Nationally, TÜV Rheinland will therefore particularly reinforce its personnel marketing and recruiting because demographic change and a lack of experts are occurring to a greater extent. In other markets, the Group will emphasize its designation as a TOP employer in order to increase its international renown. A lot of employees consider the possibilities that a global company offers to be valuable and applicants will prioritize that quite highly. Unique introductory programs will support employees based on their specialty to enable them to get used to the environment quickly.

To make it even more attractive as an employer, TÜV Rheinland has flexible and modern job offers and professional models. These include closer collaboration with universities, stipends, part-time work, child care for children under three, occupational health management, international trainee programs, and project rotation.

Winning over highly qualified experts is extremely important to further strengthen TÜV Rheinland's position in international competition given the increasing demand for experts and managerial staff. Employees are a decisive factor of success: they are at the center of our services and their knowledge is the company's expertise.

Risk Management System and Corporate Governance

For a globally active company like TÜV Rheinland, a comprehensive internal control system (ICS) – in relation to IT-assisted business processes and effective and efficient risk management – is an indispensable control element marking the framework for management and monitoring. The ICS is mainly intended to ensure compliance with statutory requirements, TÜV-specific guidelines, and its corporate objectives.

In addition, risk management aims to identify and evaluate risks at an early stage so that suitable precautions, controls, and safeguards can be put in place and proactive countermeasures can be initiated. TÜV Rheinland AG's Executive Board is responsible for the Group's risk management system. In accordance with German law, the tasks of the Executive Board Chairman and the Supervisory Board Chairman are strictly separate and distinct from one another.

A documented procedure in the framework manual and a detailed description in the planning manual define the risk management process. These documents are available around the world in several languages on the company's intranet. In particular, an interdisciplinary risk management group has been established at TÜV Rheinland AG in this context.

Several statutory initiatives were launched in recent years to improve corporate governance. In keeping with international standards, the Corporate Sector Supervision and Transparency Act (KonTraG) requires the Executive Board to take suitable measures to ensure that developments which might pose a threat to the company's continued existence are made identifiable at an early stage. This requirement is taken into account by an effective ICS and TÜV Rheinland's early risk-warning system. Based on a risk-oriented audit approach, the Group's Corporate Audit Department checks the ICS of TÜV Rheinland companies around the world in accordance with international auditing standards such as those of the Institute of Internal Auditors (IIA) and the German Institute of Internal Auditors (DIIR).

Furthermore, information gained from the semiannual risk reports of the German and international TÜV Rheinland companies is analyzed in detail. All of this information is then aggregated to create a Group report which is appraised from portfolio viewpoints. Risk determination is based on risk indicators that are specific to TÜV Rheinland. The different risks can be arranged under the headings of market/customer, processes, employees, finance, and miscellaneous such as legal framework conditions. Risk quantification is based on the anticipated result – or, in other words, the likelihood of the risk occurring.

Dealing with risks is also a part of the ongoing reporting process. Reporting is geared continuously to the requirements of the matrix structure and takes business-specific early indicators into account. The Executive Board is informed of significant circumstances by means of ad-hoc statements.

Wherever necessary – such as in 2011 in light of the economic clouds and turbulence on the financial markets – scenarios are drawn up and stress tests are implemented in order to make risks transparent, assess them financially, and define suitable sales, earnings, and liquidity safeguards as countermeasures. In line with stated priorities, these measures are followed up systematically in regular reports and internal audits, for example, and as a part of regular reviews. Within this framework, further measures may be initiated.

Risk management thus forms an integral part of the Group's standard planning and control processes and is incorporated in the TÜV Rheinland information and communication system. It is continuously developed further and adapted to changing framework conditions. Risk management is therefore suitable for identifying risks at an early stage that pose a threat to the Group's continued existence and for taking appropriate countermeasures.

The Group abides by the basic principles of good corporate governance that is focused on the legal and practical framework of managing and supervising the company. In particular, it has professional compliance management with a prevention remit that sets out the relevant framework for the Group. Specifically, this framework includes the TÜV Rheinland Code of Conduct, a Compliance Guideline, Anticorruption Guideline, Sponsorship Guideline, and setting up a compliance hotline.

TÜV Rheinland is convinced that a good corporate governance system is of great importance for its sustainable success and that the implementation and observance of these guidelines make a material contribution to permanently building up the trust placed in the Group by all interest groups.

Value Management and Business-Relevant Environmental and Social Factors

In the 2011 business year, the TÜV Rheinland Group systematically extended and intensified its corporate social responsibility activities on the basis of the principles of the UN's Global Compact initiative and of the IFIA.

The internal quality, occupational safety, environmental, and data protection management systems were integrated and expanded further on a global level. Additionally, external verification and certification was continued. By implementing them, TÜV Rheinland hopes to optimize and standardize its processes and operations and thereby make a preventative contribution to risk management. The existing and likewise externally inspected compliance program was enhanced with additional components. In particular, these included the expansion of international training sessions and systematization of risk analysis for business partners.

Within the framework of an IT project, automation around compliance risk assessment was integrated into the controlling routines. The project will be pursued further in 2012. Moreover, the compliance and social responsibility (CSR) sector was absorbed into the risk management group so that »soft issues« and reputation risks could be better portrayed in risk assessment. The TÜV Rheinland Group hopes that this will strengthen its internal risk management and deepen and expand its ethical principles.

Despite the financial crisis in Europe and a global economy that is developing unevenly, sustainability and ecology were still high on the corporate and political agenda in 2011. In Europe, climate protection was more clearly defined by the continuation of emissions trading, the introduction of a CO_2 charge for airlines, and separate national regulations such as the introduction of E10 fuels or tightening of upper emission limits for trucks.

As ever, an array of new business opportunities arose for TÜV Rheinland and they were specifically taken advantage of in 2011. Additional energy management accreditations and certification accreditation in accordance with the sustainability ordinance were acquired. The increased demand for services that will document the environmental and social compatibility of products led to the expansion of industry and company-specific sustainability tests and monitoring commissions. Additionally, the life cycle and ecological efficiency analyses were refined further.

The Industrial Services Business Stream benefited from the increasing demand for low-emission power plants. The extent to which Germany will enact its decision to leave the nuclear energy economy cannot yet be definitively determined at the moment. Risks due to the gradual cessation of specific engineering expertise, on the one hand, confront the monitoring of decommissioning measures and thus a demand for a different kind of expertise, on the other hand.

For the Mobility Business Stream, there are new business opportunities in relation to reducing the emissions of vehicle fleets and in electromobility. The TÜV Rheinland Group provides and develops services along the entire electromobility value chain.

Topics like quality, reliability, and brand protection are becoming increasingly relevant for the German economy due to high consumption up to the end of 2011, particularly in Germany. For that reason, demand for innovative TÜV Rheinland services is growing.

In 2011, TÜV Rheinland was able to begin developing its product portfolio under the overall heading of »sustainability« with IT-supported and scientifically assisted analysis. An initial rough evaluation showed revenue of about €630 million in sustainable services in 2011. This means services that essentially serve to improve environmental or social conditions. The internal assessment tools are to be revised and refined for the future.

TÜV Rheinland expects two basic trends to arise in 2012 as outlined below.

For one, the murky global economic prospects may lead to a change or postponement in the demand for sustainable products. On the other hand, the basic political conditions show a clear trend toward demanding more compliance from and sustainable performance by businesses. With the adoption of ISO 26000, organizations and businesses have access to a global guide for systematically managing social responsibility and sustainability on all levels. It represents a voluntary basis for accepting social responsibility. The expectation that this will be applied was emphasized by the European Commission's demands for a binding obligation to report and publish regarding specific environmental and social sustainability indicators. A corresponding regulation is expected in 2012.

The adoption of the German Sustainability Code established a national tool for disclosure that is becoming increasingly important in Germany.

These trends open up new perspectives for TÜV Rheinland in assisting and certifying businesses in the fields of sustainability and compliance and provide new motivation for small and medium-sized businesses.

Opportunity and Risk Report

In connection with risk management, special attention is paid to opportunities and risks that are not explicit elements of planning.

Important aspects result from TÜV Rheinland's global orientation and primarily relate to customers and markets and to legal and political framework conditions.

Externally oriented opportunities are mainly associated with product innovations in individual Business Streams and Fields. Prominent examples are new services in connection with e-mobility, supply chain services, energy efficiency and smart power grids, and data transmission (wireless, broadband). Increased acquisition of large-scale orders such as support for infrastructure projects opens up cross-divisional potential so that customers can be offered comprehensive package solutions.

Major opportunities also continue to exist in the ongoing dynamic development of international markets. Special mention must be made here of the Brazilian, Chinese, and Indian economies. Strong growth stimuli are also generated by a number of Next Eleven countries such as Indonesia, Korea, and Turkey as well as South Africa. At the same time, TÜV Rheinland's global position ensures a certain balancing of risks – something which proved its worth during an economic crisis, for example.

In addition to penetration of the markets that are currently relevant to TÜV Rheinland, the development of new markets is of special importance. Apart from further South American and Asian countries, these include the Persian Gulf. Developments in both directions will be systematically supported by increased M&A activities.

Noteworthy opportunities also result from internal measures. These include both optimization and consistent implementation of the matrix structure. An appropriate organizational structure takes overall responsibility for individual Business Streams into account.

Reduction of complexity in all areas opens up further potential in the form of a lean management approach. This includes the pooling of operating activities and of administrative functions. Company mergers are intended to streamline and harmonize workflows and to realize cross-selling potentials and efficiency improvements such as by implementing shared service centers and in-house banking or cash pooling solutions. On the other hand, specific portfolio streamlining can lead to value enhancement. Last year, for example, an Industrial Services Business Stream company with comparatively low relevance to the Group's core business was sold.

There is also potential to be tapped in developing and implementing cross-divisional IT tools such as for project management. The same goes for specific efficiency projects – for example, in IT.

The business opportunities that arise for TÜV Rheinland from the growing importance of corporate social responsibility in companies around the world have already been dealt with in the Value Management and Business-Relevant Environmental and Social Factors section.

Relevant risks naturally first arise from changes in the legal framework conditions. In Spain, for instance, deregulation moves may lead to growing and, increasingly, international competitive pressure and loss of market shares in the Mobility Business Stream. On the other hand, this opens up additional potential for TÜV Rheinland by providing an opportunity for supraregional operations. In Germany, the Mobility and Industrial Services Business Streams show that a systematic market and service offensive in saturated markets is a suitable means of ensuring survival in the face of predatory competition.

Risks may arise from internal business activity as well as through external factors. In the case of the French company Poly Implant Prothèse's (PIP) breast implants that are potential health hazards, TÜV Rheinland was named as a Notified Body in connection with conformity assessment procedures according to the European Directive for Medical Devices for CE labeling. PIP had continually deceived TÜV Rheinland in that they were using a silicon gel to produce implants that was not permitted for that purpose. Immediately after becoming aware of the fraud case, TÜV Rheinland withdrew its certification and initiated a legal action against PIP. Responsibility, including legal liability, on the part of TÜV Rheinland was therefore ruled out.

A change in labor market policy in Germany (instrument reform, labor market services) may have a deleterious effect on the training business. This risk is countervailed, however, by potential in the private seminar and consulting business and by anticipated international growth, especially in the BRIC countries and the Persian Gulf. Furthermore, the temporary employment sector also offers growth potential.

In Middle and Eastern Europe, ambitious growth and yield targets continue to face relatively difficult economic framework conditions which are countervailed by strategic and operational changes. However, a change of this kind will at least temporarily involve a risk of falling margins.

General imponderables exist with regard to the stability of the European financial system and the euro. In this regard, the high proportion of international business has a risk-reducing effect. Also, progressive consolidation in the TIC industry combined with pressure on prices and margins and fiercer competition increasingly pose a challenge. TÜV Rheinland is responding to economic risks with scenario planning, which involves existing counteracting measures that can be applied as necessary. This course of action has proven its worth in past years.

The associated risks will be manageable or their unwanted effects will be weakened by TÜV Rheinland's distinctive business and regional diversification as well as its systematic risk management. Due to the integration of risk management into TÜV Rheinland's management information system, risk is controlled by appropriate evaluation on a universal basis in all businesses and Business Streams as well as on the Group level.

The Executive Board has set up a risk unit to which the Controlling, Finance, Corporate Audit, Legal, Quality Management, Compliance, and Insurance Divisions belong. Its remit is to analyze and evaluate the individual opportunity and risk reports. Targeted countermeasures are undertaken comprehensively at an early stage to minimize risks and strengthen opportunities. In addition to market, customer, and competition issues, this particularly relates to internal processes (such as integration tasks after M&A transactions) and to personnel in terms of the shortage of qualified staff, for example. Continuous action tracking and updating of opportunity and risk reports in the course of the year are obligatory.

TÜV Rheinland counteracts liquidity risk by means of active financial management, the overriding objective of which is to ensure that all Group companies are solvent at all times. This specifically includes systematic working capital management and cash pooling. Financial derivatives are used to hedge currency and interest rate risks.

As far as possible, risks are hedged by taking out insurance cover to minimize at least their financial consequences.

Outlook

Future Economic Conditions

Global economic expansion will slow somewhat in 2012. Economic experts at the International Monetary Fund (IMF) anticipate 3.3% growth in the global gross domestic product. Due to Europe's sovereign debt crisis, the financing terms for banks and corporations around the world will worsen and cause many consumer and investments expenditures to be postponed. The poor capital situation in private households in the United States and some European countries will continue to keep savings rates high, creating a burden on the development of consumer spending. Due to the sovereign debt crisis, fiscal policy in Europe and the United States will tend to be contractive and have additional negative effects on global economic development. Several of the euro countries threatened by the debt crisis and whose economies are expected to shrink in the coming year are particularly affected by this. The gross domestic product of developing countries will increase by 6.1% in 2012 and represents a stabilizing element for the global economy. Altogether, the global economy will have positive developments during the outlook period, although the rate will slow further relative to last year and individual economic spheres will perform quite differently.

The European economy will be quite subdued in 2012 due to the debt crisis and the attendant restrictive financial policy. Along with unfavorable financial conditions, the poor sales prospects within the eurozone and the restrained economy point toward a decline in corporate investments. Due to the instability with respect to the debt crisis and declining real wages, the best-case scenario is that consumption will stagnate. Slow stimulation of total economic activities is expected in the second half of 2012. Short-term interest rates will hold at a constantly low level of 1%, contrasted with long-term interest rates which are expected to rise slightly. Altogether, gross domestic product is expected to stagnate in the eurozone in 2012.

The German economy's upturn will diminish considerably with an expected gross domestic product growth rate of 1% in 2012. The reason for this development is the anticipated decline in exports, which are burdened in part by the global economic situation and by the varied efforts at consolidation and savings within the eurozone in response to the sovereign debt crisis. In contrast, it is expected that private consumption will expand due to good labor market conditions and the still quite favorable income situation. After important indicators for Germany – like the ifo Business Climate Index – had deteriorated considerably during the course of the year, the business climate stabilized toward the year's end. Business prospects are considered more positive altogether. The condition of the labor market will continue to improve and the unemployment rate is expected to drop to 6.7%. The budget deficit will continue to recede as a result of the consolidations such that the deficit rate in the coming year will be about 0.9%. Germany's upturn will generally deteriorate – however, unlike many of its European partner countries, Germany is not expected to fall into a recession. Yet this estimate is based to a considerable degree on the manageability of the European debt crisis and the attendant sustained calming of the financial markets.

TÜV Rheinland Group Forecast

Against the backdrop of diminished global economic growth, the TÜV Rheinland Group expects to be able to continue on its successful course in 2012. Forecast scenarios show that even in the event of a crisis like we saw in 2009, the TÜV Rheinland portfolio is robust enough to avoid significant declines in revenue or income.

In the expected going concern about the global economy, revenue growth in 2012 is expected to be similar to what it was in 2011. The annual result will also continue to rise as will the employee headcount.

High growth is expected in the Industrial Services Business Stream, which will be driven predominantly by international business and new acquisitions. Germany's domestic market continues to show positive development at its already high level. The focus markets remain energy, oil, gas, and infrastructure. China, Asia Pacific, and IMEA are expected to have the highest growth.

The Mobility Business Stream will post slightly below-average growth. In Germany, vehicle inspections are seen as having potential due to the reversed scrapping incentive effect. Strong growth is expected in Asia due to new testing labs (battery and automotive component testing). Additionally, the Rail Business Field is developing well in China and North America.

Above-average growth is expected for the Products Business Stream. This applies to business in Germany and international regions. In this, the new labs in the IMEA region will make a significant contribution. In addition to the traditional Business Fields, services in the innovative wireless communication, LED, and smart grid fields will provide additional growth. The worldwide introduction of our new control software is particularly giving our customers an additional advantage.

The Life Care Business Stream plans attractive growth for 2012. In Germany, this applies to the core business of occupational safety/health management and to the new services in the fields of pharma safety, H.E.A.T. (analysis of thermal stress at the workplace), and emergency management.

International revenue will improve – in Europe but also worldwide, with participation in major facility construction projects across Business Streams.

The Training and Consulting Business Stream will grow considerably in the current year, which will help the German Academy business stabilize in the public sector. Strong growth stimuli are coming from the HR Management Business Field and from the new consulting services Telco Solutions and IT Services and Security.

The share of international business will increase significantly, particularly in Europe and China.

The Systems Business Stream, which focused on accredited and non-accredited certification of management systems, expects significantly increasing growth in the 2012 business year. This is particularly expected in the international regions Asia Pacific, South America, and China. Both proven and new standards such as supply chain management, food safety, and energy management will contribute to this. Non-accredited services like mystery shopping, compliance, and service quality will also improve considerably.

Events After the Reporting Period

Volker Klosowski has been the Chief Technology Officer at TÜV Rheinland AG and head of the Systems Business Stream in Germany since January 1, 2012.

Executive Board

Dr.-Ing. Manfred Bayerlein
Chief Executive Officer (since September 1, 2011)

Thomas Biedermann
Chief Human Resources Officer and
Director of Industrial Relations
(since October 1, 2011)

Ulrich Fietz
Chief Financial Officer

Volker Klosowski
Chief Technology Officer (since January 1, 2012)

Stephan Schmitt
Chief International Officer (since October 1, 2011)

Friedrich Hecker
Chief Executive Officer (until August 31, 2011)

Dr. Christoph Hack
Chief Human Resources Officer
(until September 30, 2011)

CONSOLIDATED FINANCIAL STATEMENTS
TÜV RHEINLAND AKTIENGESELLSCHAFT FOR 2011

Consolidated Income Statement

In '000 €	Note	2010	2011
Revenues	(10)	**1,301,585**	**1,417,790**
Inventory changes		1,295	**–751**
Cost of purchased services		–164,207	**–181,826**
Operating performance		**1,138,673**	**1,235,213**
Personnel expenses	(11)	–711,561	**–786,537**
Amortization of intangible assets and depreciation of property, plant and equipment	(12)	–42,566	**–47,231**
Other expenses	(13)	–298,293	**–312,616**
Other income	(14)	25,863	**35,208**
Operating result		**112,116**	**124,037**
Interest income		15,042	**17,377**
Interest expenses		–39,145	**–37,957**
Other financial result		428	**188**
Financial income	(16)	**–23,675**	**–20,392**
Earnings before tax		**88,441**	**103,645**
Income taxes	(17)	–31,497	**–36,626**
Consolidated net income		**56,944**	**67,019**
Thereof attributable to:			
TÜV Rheinland Aktiengesellschaft equity holders		54,724	**63,932**
Non-controlling interests	(18)	2,220	**3,087**
Earnings per share in €	(19)	**1,564**	**1,827**

Consolidated Statement of Comprehensive Income

In ’000 €	2010	**2011**
Actuarial profit/loss	–2,998	**–19,194**
Available-for-sale financial assets (securities)	–10	**–27**
Gain or loss on foreign currency translation	11,299	**–1,761**
Cash flow hedges	14	**–493**
Deferred taxes	961	**6,223**
Other comprehensive income	**9,266**	**–15,252**
Consolidated net income	**56,944**	**67,019**
Consolidated comprehensive income	**66,210**	**51,767**
Thereof attributable to:		
TÜV Rheinland Aktiengesellschaft equity holders	63,750	**49,055**
Non-controlling interests	2,460	**2,712**

Consolidated Balance Sheet

In '000 €	Note	2010-12-31	**2011-12-31**
Assets			
Intangible assets	(20)	185,646	**210,303**
Property, plant and eqipment	(21)	394,751	**404,138**
Other financial assets	(25)	261,706	**265,539**
Other noncurrent assets	(26)	15,896	**12,151**
Deferred tax assets	(17)	23,830	**28,489**
Noncurrent assets		**881,829**	**920,620**
Inventories	(27)	11,780	**11,729**
Trade receivables	(28)	209,874	**226,134**
Income tax receivables	(28)	10,604	**12,463**
Other receivables and other current assets	(28)	84,516	**84,367**
Cash and cash equivalents	(29)	100,920	**93,157**
Current assets		**417,694**	**427,850**
Total Assets		**1,299,523**	**1,348,470**
Equity and liabilities			
Issued capital		35,000	**35,000**
Capital reserves		23,802	**23,802**
Other reserves		220,107	**255,616**
Non-controlling interests	(18)	9,738	**10,853**
Equity	(31)	**288,647**	**325,271**
Provisions for pensions and similar obligations	(32)	541,407	**555,865**
Other long-term provisions	(33)	15,464	**13,479**
Noncurrent liabilities	(34)	130,880	**107,363**
Deferred tax liabilities	(17)	13,764	**13,489**
Noncurrent liabilities		**701,515**	**690,196**
Short-term provisions	(33)	59,551	**64,778**
Income tax liabilities	(34)	18,747	**24,990**
Trade liabilities	(34)	90,427	**92,423**
Other current liabilities	(34)	140,636	**150,812**
Current liabilities		**309,361**	**333,003**
Total equity and liabilities		**1,299,523**	**1,348,470**

Consolidated Cash Flow Statement*

In ’000 €	2010	2011
Consolidated net income	**56,944**	**67,019**
Amortization/write-ups of intangible assets and depreciation/write-ups of property, plant and equipment	42,566	**47,231**
Depreciation/write-ups of financial assets	498	**147**
Change in long-term provisions	57	**–2,066**
Change in deferred tax assets and liabilities	133	**1,291**
Profit/loss from the disposal of intangible assets and property, plant and equipment	418	**–98**
Other non-cash income/expense	4	**–9,335**
Change in inventories, receivables, and other assets	–39,108	**–11,528**
Change in liabilities and short-term provisions	53,239	**8,395**
Cash flow from operating activities	**114,750**	**101,056**
Payments for investments in		
Intangible assets and property, plant and equipment	–64,853	**–71,971**
Financial assets	–25,110	**–19,033**
Shares in fully consolidated companies (less cash and cash equivalents taken over)	–5,642	**–10,486**
Receipts from disposal of		
Intangible assets and property, plant and equipment	2,790	**2,419**
Financial assets	16,660	**13,579**
Shares in fully consolidated companies (less cash and cash equivalents disposed of)	0	**2,395**
Cash flow from investing activities	**–76,155**	**–83,097**
Payments to equity holders	–12,300	**–12,000**
Payments to minority interests	–1,319	**–2,047**
Receipts from bank borrowings	25,209	**19,345**
Payments from lending from banks	–29,982	**–32,329**
Cash flow from financing activities	**–18,392**	**–27,031**
Change in cash and cash equivalents	**20,204**	**–9,073**
Change in cash and cash equivalents related to currency translation and consolidation	–1,474	**1,310**
Cash and cash equivalents at beginning of period	82,190	**100,920**
Cash and cash equivalents at end of period	**100,920**	**93,157**

* For further details see Note (39).

Statement of Changes in Equity*

In '000 €	Issued capital	Capital reserves	Retained earnings
As at 2010-01-01	**35,000**	**23,802**	**174,695**
Recognized income and expenses	0	0	52,712
Dividends paid	0	0	–12,300
Changes in basis of consolidation	0	0	0
Minority transactions	0	0	–302
As at 2010-12-31/2011-01-01	**35,000**	**23,802**	**214,805**
Recognized income and expenses	0	0	51,296
Dividends paid	0	0	–12,000
Changes in basis of consolidation	0	0	–489
Minority transactions	0	0	–928
Other changes	0	0	0
As at 2011-12-31	**35,000**	**23,802**	**252,684**

* For further details see Note (31).

Other reserves					
Foreign currency translation	Available-for-sale financial assets (securities)	Cash flow hedges	Equity before minority interests	Non-controlling interests	**Total equity**
–5,488	**0**	**–259**	**227,750**	**8,419**	**236,169**
11,020	–10	28	63,750	2,460	**66,210**
0	0	0	–12,300	–1,319	**–13,619**
11	0	0	11	3	**14**
0	0	0	–302	175	**–127**
5,543	**–10**	**–231**	**278,909**	**9,738**	**288,647**
–1,887	–17	–337	49,055	2,712	**51,767**
0	0	0	–12,000	–2,047	**–14,047**
–129	0	0	–618	376	**–242**
0	0	0	–928	74	**–854**
15	0	–15	0	0	**0**
3,542	**–27**	**–583**	**314,418**	**10,853**	**325,271**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR UNDER REVIEW 2011

General Information

(1) Fundamentals

The TÜV Rheinland Group is a leading international service provider that offers services in the Industrial Services, Mobility, Products, Life Care, Training and Consulting, and Systems Business Streams. Its services cover the areas of consulting, testing, certification, and training.

TÜV Rheinland Aktiengesellschaft (AG) – headquartered at Am Grauen Stein, 51105 Cologne, Germany – is registered as the Group's parent company in the commercial register of the Cologne District Court under HRB 23392.

The TÜV Rheinland Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable by publicly traded companies in the European Union and with the further applicable requirements of Section 315a of the German Commercial Code (HGB). The TÜV Rheinland AG Executive Board referred the consolidated financial statements for the reporting year 2011 to the Supervisory Board on March 12, 2012.

The reporting currency is the euro (€), and the reporting unit is €'000 (thousands of euros).

(2) Basis of Consolidation

In addition to TÜV Rheinland AG, Cologne, the consolidated financial statements cover 47 German (previous year: 49) and 78 international (previous year: 76) subsidiaries in which TÜV Rheinland AG directly or indirectly holds a majority of the voting rights or otherwise exercises control over their financial and business policies.

No German companies (previous year: one) and three international joint ventures (previous year: three) were included in the corresponding capital stock.

Furthermore, as in the previous year, one international associate was included in the consolidated financial statements.

The basis for consolidation was enlarged by the first-time inclusion of seven international and two German affiliated companies, five of which were acquisitions and four newly founded. The basis for consolidation was reduced by five German and five international companies due to either mergers or disposals.

The affiliated companies, joint ventures, and associates included in the consolidated financial statements are listed in Note (43) along with the consolidation mode. The comprehensive list of the Group's shareholdings included in the Notes is published in the electronic edition of the German Federal Gazette (Bundesanzeiger).

(3) Acquisitions

Effective July 1, 2011, the TÜV Rheinland Group acquired all of the shares in Sonovation Holding B.V. (including three fully consolidated subsidiaries), a Dutch company headquartered in Oosterhout. It provides highly specialized non-destructive testing services for power plants and industrial facilities. The purchase price was €10,821 thousand and is being paid in six interest-bearing tranches. Acquisition-related costs totaled €190 thousand and are stated as expenses incurred during the reporting period.

Intangible assets totaling €1,709 thousand were stated as a part of the purchase price allocation. Goodwill amounted to €6,580 thousand as at July 1, 2011.

The acquisition will expand the Group's worldwide network of experts in the energy industry and in industrial facility safety testing while reinforcing its activities in the oil and gas sector.

The consolidated financial statements include revenue from Sonovation Holding B.V. (including three fully consolidated subsidiaries) amounting to €4,712 thousand and income totaling €346 thousand for the period July 1 to December 31, 2011. If the acquisition had been made at the beginning of the reporting period, revenue amounting to €9,654 thousand and income totaling €938 thousand would have been realized.

Furthermore, as at December 28, 2011, the share of voting rights in the US-based company TUV Rheinland AIA Services LLC, Houston, TX, was increased from 25.2% to 80.2% to further expand the Pressure Equipment and Materials Technology Business Field and, as a result, was fully consolidated for the first time. A gain of €943 thousand was expected in the course of reassessing the holdings before the initial consolidation at fair value.

Additionally, as at January 1, 2011, the share of voting rights in DIN GOST TÜV Berlin-Brandenburg Gesellschaft für Zertifizierung in Europa mbH, Berlin, was increased from 50% to 51% to further expand the Electrical Business Field and, as a result, was fully consolidated for the first time. A gain of €2,013 thousand was expected in the course of reassessing the holdings before the initial consolidation at fair value.

Moreover, effective January 31, 2011, the testing center Kohl e. K., Fürth, was taken over through acquisition of essential company assets and rights.

At the time of acquisition, the assets and liabilities of the companies acquired in 2011 are as follows:

In '000 €	Sono-vation Group	TUV Rheinland AIA Services, LLC	DIN GOST TÜV Berlin-Brandenburg Gesellschaft für Zertifizierung in Europa mbH
Noncurrent assets	2,369	0	267
Cash and cash equivalents	1,395	238	132
Other current assets	3,108	333	1,217
Noncurrent liabilities	944	0	20
Current liabilities	1,688	377	902

(4) Consolidation Methods

(a) Subsidiaries

Subsidiaries are all companies, including special-purpose vehicles, in which the parent company TÜV Rheinland AG holds a controlling interest, control being defined as the ability to set a company's financial and business policy in order to derive benefit from it. This is regularly the case when the shareholding exceeds 50 percent. The existence and effect of potential voting rights that can be currently exercised or converted are taken into consideration when assessing whether the possibility of exercising control exists.

Subsidiaries are principally included in the consolidated financial statements (full consolidation) from the point in time when the opportunity to exercise control has been transferred to TÜV Rheinland AG. They are deconsolidated at the point in time when this opportunity ceases to apply. The balance sheets of subsidiaries acquired are prepared according to the purchase method. The acquisition costs correspond to the fair value of the assets offered, the equity instruments issued, and the debts incurred or taken over at the time of the transaction plus costs directly attributable to the acquisition. Transactions between Group companies are eliminated. In the case of unrealized losses, these are seen as an indicator of the need to conduct an impairment test of the asset transferred. Subsidiaries' accounting and valuation methods were amended wherever required to ensure uniform accounting principles across the Group.

(b) Associates

As at the end of the reporting period, one company (previous year: one) on which TÜV Rheinland AG can exercise material influence was included in the consolidated financial statements pursuant to IFRS. The equity method as per IAS 28 was used for this associate.

(c) Joint Ventures

Joint ventures are companies managed jointly by at least two shareholders. TÜV Rheinland AG states holdings in joint ventures by means of quota consolidation as per IAS 31. As in the previous year, all of the capital stock listed under Note (43) corresponds to the voting rights held.

(5) Currency Translation

The annual financial statements of consolidated companies prepared in foreign currencies are translated into euros on the basis of the functional currency concept. As the foreign subsidiaries are independently operating companies, the local currency is considered to be the functional currency. Balance sheet items are therefore translated as a matter of principle at the mid-market rate on the reporting date. Equity capital is the exception; it is translated at historic rates. Income and expense items are stated at annual average exchange rates. Currency differences arising from the translation of annual financial statements are treated as having no effect on profit or loss and are stated under equity capital as other reserves.

The exchange rates of the most important currencies for currency translation developed as follows:

	Closing exchange rate		Annual average exchange rate	
	2010-12-31	**2011-12-31**	2010	**2011**
Brazilian real (BRL)	2.2102	**2.4158**	2.3314	**2.3222**
Chinese renminbi (CNY)	8.7697	**8.1485**	8.9782	**8.9911**
Japanese yen (JPY)	108.5936	**100.1168**	115.9928	**110.7745**
US dollar (USD)	1.3282	**1.2938**	1.3270	**1.3920**
New Taiwan dollar (TWD)	38.9163	**39.1929**	41.8693	**40.9807**
Hong Kong dollar (HKD)	10.3382	**10.0513**	10.3101	**10.8348**
Chilean peso (CLP)	621.5312	**671.9091**	675.9031	**670.9588**

(6) Accounting Policies

The financial statements of TÜV Rheinland AG and its subsidiaries are included in the consolidated financial statements in accordance with the Group’s standard recognition and measurement. Statements are prepared as at the reporting date. Assets and liabilities are subdivided in the balance sheet according to their due dates as either noncurrent (due dates more than a year after the reporting date) or current. The income statement is prepared according to the nature of expense method, i. e. by cost categories. All expenses for goods and services incurred in the year under review are shown against the income earned. Income and expenses do not necessarily occur in the same reporting year; this is taken into account using the changes in inventory method, allocating work in progress to the reporting period at cost of manufacture.

Revenues consist mainly of income earned from services and are stated, insofar as the criteria are fulfilled, in accordance with the percentage of completion (PoC) method as per IAS 18.20 in combination with IAS 11.22 et seq. For the most part, revenues are stated when the risk arising from the service provided is transferred to the customer. Revenues are also booked in accordance with the stage of completion of orders.

Goodwill is analyzed at least once a year for signs of impairment in accordance with IAS 36, with the impairment tests being carried out on the basis of cash-generating units. The TÜV Rheinland Group’s cash-generating units are, in accordance with the management approach, the individual Business Streams (Industrial Services, Mobility, Products, Life Care, Training and Consulting, and Systems).

The calculation basis is the cash-generating unit's value in use. It is calculated by means of the discounted cash flow (DCF) method with data from the medium-term or strategic planning approved by the management. No goodwill write-ups are made.

Goodwill is stated in the functional currency of the foreign unit acquired.

Negative differences are recognized in profit or loss after a further review.

Other acquired intangible assets, such as software and accreditations are carried at cost. Assets identified as a part of purchase price allocations, such as contractual relations with customers, brand rights, and bans on competition, are stated as acquired intangible assets at fair value on receipt, insofar as the criteria of IFRS 3 and IAS 38 are fulfilled.

Internally generated intangible assets, such as software or development projects, are stated at cost of manufacture if they fulfill the capitalization criteria of IAS 38. Costs of manufacture are costs directly attributable to the development stage and borrowing costs if IAS 23 requires them to be capitalized. Research costs are recorded as current expenses.

Intangible assets with a finite useful life are amortized on a straight-line basis over a period of between 3 and 20 years. If there are indications of impairment and if the recoverable amount is lower than the amorticed costs of acquisition or manufacture, impairments of the intangible assets are recognized. If the reasons for these impairments no longer apply, corresponding write-ups are undertaken. Intangible assets with an indefinite useful life are not subjected to systematic amortization, but are checked for impairment at least once a year.

Property, plant and equipment is stated at either cost of acquisition or cost of manufacture (including borrowing costs if IAS 23 requires them to be capitalized) less scheduled or extraordinary depreciation. Scheduled depreciation is principally undertaken in accordance with the straight-line method. Buildings and building components are depreciated over 80 years at most and other property, plant and equipment are depreciated over between 3 and 15 years. In Germany, low-value assets are included in an annual compound item at the time of addition and one fifth of the amount is depriciate in the first year and one fifth in each of the next four years. If there are indications of impairment and if the recoverable amount is lower than the amortized costs of acquisition or manufacture, impairment of the property, plant and equipment is recognized. If the reasons for this impairment no longer apply, corresponding write-ups are undertaken.

If, from an economic viewpoint, the majority of risks and opportunities in connection with rented or leased fixed assets are transferred to the tenant (lessee), these items must be recognized in the lessee's IFRS balance sheet in accordance with IAS 17 and a corresponding liability must be stated for the finance lease.

Rental agreements that, from an economic viewpoint, do not transfer the majority of risks and opportunities in connection with the leased assets are classified as operating leases.

In accordance with IAS 27 in combination with SIC 12, LGA Grundstücks GmbH & Co. KG and TÜV Rheinland Grundstücksgesellschaft mbH & Co. KG were classified as special-purpose leasing vehicles for TÜV Rheinland AG's consolidated IFRS financial statements due to the majority of risks being borne or the majority of opportunities being gained.

On the basis of the IAS 39 categories, financial assets are classified as loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss. The held-to-maturity financial assets category does not occur at the TÜV Rheinland Group. Classification depends on the purpose for which the financial assets were purchased. The management specifies the classification of financial assets on first stating them and reviews it on every reporting date. The initial measurement of financial assets is at fair value. Ordinary market purchases are stated uniformly on the trading date. The TÜV Rheinland Group does not make use of the fair value option.

Receivables stated as trade receivables, other receivables, and other assets are classified as loans and receivables in accordance with IAS 39. They are subsequently valued at amortized cost using the effective interest method.

Securities and investments in companies that are mainly stated under other financial assets and in which a material influence is not held are classified as available-for-sale financial assets in accordance with IAS 39. If these securities or shares are traded in an active market, the fair value is the market price on the reporting date. If there is no active market, the fair value is established by means of suitable valuation techniques. Assets for which there is no fair value or a fair value cannot be established are carried at cost of acquisition. Changes in fair value are shown without effect on profit or loss in the consolidated statement of comprehensive income. On disposal, the proceeds stated in the consolidated statement of comprehensive income are transferred to the income statement.

If there is objective evidence of a material or permanent impairment of assets classified as loans and receivables or as available-for-sale financial assets, they are impaired and recognized in profit or loss.

Financial derivatives that are not part of effective hedge accounting as per IAS 39 are classified as financial assets or liabilities at fair value through profit or loss. First-time and subsequent measurements are at fair value, with changes recognized in profit or loss. Financial derivatives that form part of effective hedge accounting are also stated at fair value in either the income statement or the consolidated statement of comprehensive income, depending on the nature and characteristics of the hedge.

At the TÜV Rheinland Group, financial derivatives are used in principle to hedge currency and interest rate risks. The fair value of interest rate swaps is established by means of third-party bank appraisals based on the respective DCF valuation techniques. The requisite parameters are, without exception, market values.

Financial derivatives are stated in the balance sheet from the time when the company becomes a party to the contractual provisions.

The TÜV Rheinland Group uses hedge accounting in accordance with the relevant IAS 39 provisions to hedge future cash flow. The effective portion of the change in market value of the derivative used as a hedge is stated in the consolidated statement of comprehensive income. The ineffective portion and changes in market value of derivatives that do not fulfill the requirements of hedge accounting are stated directly in the income statement.

Actuarial reserve quotas shown under other financial investments are reimbursements as defined in IAS 19 and are stated at fair value in accordance with this standard. Income from reimbursement claims is shown in the financial result. Actuarial profit is taken into consideration in the consolidated statement of comprehensive income.

Tax deferrals and accruals are undertaken on temporary (and quasi-permanent) differences between the values stated in the IFRS and fiscal balance sheets and on certain consolidation measures. Tax deferrals are also made on loss carryovers, interest carried forward, and tax refund entitlements insofar as they are reasonably certain to be realized. Tax deferrals are not undertaken, however, if they result from the first-time statement of an asset or a liability in connection with a transaction that is not a merger and, at the time of the transaction, influenced neither the pretax profit nor the taxable profit (tax loss). The TÜV Rheinland Group states deferred tax liabilities resulting from temporary differences in connection with shareholdings in subsidiaries and associates, except when it can decide the time when the temporary differences will be reversed, and it is unlikely that the temporary differences will be reversed in the foreseeable future due to this influence. Tax deferrals are determined on the basis of the tax rates that are expected to apply at the time of realization. Deferred tax assets are written down if future realization of the tax advantages is unlikely. This is assessed on the basis of taxable income in the years ahead as planned and considered to be likely by the company in question. Deferred tax assets and liabilities are offset in the balance sheet insofar as the offset conditions are fulfilled. Deferred tax assets and liabilities are stated as noncurrent items.

Inventories are stated at the lower of cost of acquisition or manufacture and – to the extent available – net realizable value. The cost of manufacture of work in progress comprises the cost of materials used, third-party services, directly attributable personnel costs, other direct costs, and overhead attributable to the provision of services. The net realizable value is the estimated sale proceeds realizable in the normal course of business less the estimated necessary selling expenses.

Trade receivables and other receivables are subsequently valued at amortized cost of acquisition. If necessary, however, appropriate measurement allowances are made. Use is made of both specific and collective valuation allowances with recourse in both cases to a valuation allowance account. Irrecoverable receivables are impaired. To establish flat-rate specific valuation allowances, financial assets for which a potential write-down requirement exists are grouped by similar default properties and jointly investigated for allowances and written down if required. In establishing future expected cash flows, consideration is given not only to contractually provided cash flow, but also to historic experience of default.

Receivables from service agreements that have yet to be invoiced are stated using the PoC method in accordance with IAS 18.20. The stage of completion per order is calculated on the basis of the ratio of costs incurred to calculated total costs (the cost-to-cost method). If the result of a construction contract cannot be reliably established, income is only stated to the amount of costs incurred (the zero-profit method). Impending losses from work in progress are taken into account if they are foreseeable and deducted directly from the receivables involved. If the result is a negative balance, it is stated under liabilities from PoC. Advance payments received toward customer orders are stated under current liabilities.

Other receivables and other assets are stated at cost of acquisition less impairment. Individual valuation allowances are undertaken within the scope of the anticipated credit risks.

Cash and cash equivalents are allocated to the loans and receivables category in accordance with IAS 39 and comprise cash and other current liquid financial assets with an original term of three months at most. They are stated at a fair value that corresponds to their nominal value.

Noncurrent assets held for sale are individual assets held with the intention of disposal. They are stated at the lower of the carrying amount or fair value less cost of sale.

Provisions for pensions and similar obligations are stated for defined benefit pension plans in accordance with the actuarial entitlement cash value procedure or the projected unit credit method. Future obligations are assessed using actuarial processes and a prudent assessment of the relevant parameters. Provisions for pensions are created on the basis of pension plans for old age, disability, and survivor benefit commitments. The TÜV Rheinland Group's commitments vary according to the legal, fiscal, and economic circumstances in the country in question and, as a rule, are based on the employee's length of service and remuneration. Commitments consist of both current and projected pensions. Pension commitments are offset against plan assets in the balance sheet.

Actuarial profits or losses are the result of inventory changes and deviations of actual trends, such as income and pension increases, from the valuation assumptions. They are stated, taking deferred taxes into account, in the consolidated statement of comprehensive income. The service cost is stated under personnel expenses. Interest expenses and income from plan assets or reimbursement claims are shown in the financial result. The expert reports on the basis of which pension provisions are calculated are almost exclusively those drawn up by Heubeck AG, Cologne.

Other provisions are created insofar as legal or actual obligations to third parties due to past events exist that are likely to lead to an outflow of funds and the amount involved can be reliably estimated.

Long-term provisions are stated at the present value of the probable cash outflows with accrued interest added for the period leading up to when they are expected to be utilized.

If an estimate is amended and the estimated commitment is reduced as a result, the provision is appropriated accordingly. Insofar as contractual dismantling and removing obligations exist within the TÜV Rheinland Group, these commitments are recognized with the relevant asset, and the additional scheduled depreciation and interest expense arising from pro rata contributions to the provision will affect the income statement.

Trade liabilities, other financial liabilities, and nonderivative liabilities shown under other liabilities are stated at fair value less transaction costs on first mention and are subsequently carried at amortized cost using the effective interest method.

The accounting and measurement of financial derivatives with negative fair values corresponds to the accounting and measurement of financial derivatives with positive fair values.

(7) Estimates

Drawing up consolidated financial statements requires assumptions or estimates to be made in respect of various items for measurement in the balance sheet, for the statement of contingent liabilities, and for the statement of income and expenses. They relate especially to pension commitments and other reserves, to the amount of goodwill, and to the statement of deferred tax assets for loss carryovers. The actual figures can differ from these estimates.

Impairment tests of goodwill are undertaken at least once a year on the basis of the smallest cash-generating unit that has been allocated to the goodwill and of the management's approved three-year operational plan, assuming long-term growth rates for the reporting units in question over the following period. Not even a ten percent reduction in the derived cash flows, on which the calculation of the value in use of the cash-generating units is based, would lead to extraordinary amortization.

Obligations arising from defined benefit pension commitments and from the following year's pension costs are calculated on the basis of the actuarial parameters mentioned in Note (32). The change in parameters would not, however, influence the current year's consolidated profit because actuarial profits and losses are stated in the consolidated statement of comprehensive income.

For the other balance sheet items, a change in the basis of the original estimate leads to a change in the balance sheet item in question that affects net income. Details of the exercise of discretionary judgment are included in the individual notes.

(8) First-Time Application of Accounting Standards

The following IASB pronouncements were applied for the first time in the year under review:

- Revised version of the IAS 24 »Related Party Disclosures«;
- Revised version of IFRS 1 »First-time Adoption of International Financial Reporting Standards«;
- »Improvements to International Financial Reporting Standards« (published in 2010);
- Revised version of IFRIC 14 »IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction« (Amendment: »Prepayments of a Minimum Funding Requirement«);
- IFRIC 19 »Extinguishing Financial Liabilities with Equity Instruments«.

The amendments to IAS 24 revised the definition of related parties. Furthermore, an exemption provision was added for companies that are managed by public sector entities. Moreover, IAS 24 includes clarifications of the definition of transactions that must be reported.

The revised versions of IFRS 1 contain exemption provisions for repayment with equity instruments and for details of financial instruments.

The blanket standard »Improvements to International Financial Reporting Standards« makes IASB changes to various IFRS.

The revised version of IFRIC 14 relates to businesses that are subject to minimum funding provisions, which does not apply to the TÜV Rheinland Group.

IFRIC 19 defines how a repayment with equity instruments is to be carried out in a renegotiation of terms of credit.

All of the aforementioned rule changes have no effect on the TÜV Rheinland Group's assets, financial position, profitability, or cash flows.

(9) Accounting Standards Not Applied

For the IFRS consolidated financial statements as at December 31, 2011, no interpretations, new, or revised standards were applied voluntarily that are mandatory for reporting years beginning on or after January 1, 2012. The standards and interpretations in question are as follows:

- Revised version of IFRS 7 »Financial Instruments: Disclosures« (Amendment: »Reclassification of Financial Assets«);
- Revised version of IAS 1 »Presentation of Financial Statements«;
- Revised version of IAS 19 »Employee Benefits«;
- Revised version of IAS 12 »Income Taxes«;
- Revised version of IAS 27 »Consolidated and Separate Financial Statements«;
- Revised version of IAS 28 »Investments in Associates«;
- Revised version of IFRS 1 »First-time Adoption of International Financial Reporting Standards«;
- IFRS 9 »Financial Instruments«;
- IFRS 10 »Consolidated Financial Statements«;
- IFRS 11 »Joint Arrangements«;
- IFRS 12 »Disclosure of Interests in Other Entities«;
- IFRS 13 »Fair Value Measurement«;
- Revised version of IAS 32 (Amendment: »Offsetting Financial Assets and Financial Liabilities«);
- Revised version of IFRS 7 (Amendment: »Disclosures – Offsetting Financial Assets and Financial Liabilities«);
- Revised versions of IFRS 9 and IFRS 7 (Amendment: »Mandatory Effective Date and Transition Disclosures«);
- IFRIC 20 »Stripping Costs in the Production Phase of a Surface Mine«.

Additionally, the TÜV Rheinland Group does not, as yet, apply IFRS 8 (Operating Segments); applying it is mandatory only for publicly traded companies.

The pronouncements listed above will first be adopted in the TÜV Rheinland Group when their application becomes mandatory. Application of International Financial Reporting Standards presupposes that the European Union endorses them, which is not yet the case in every instance. The regulatory changes relating to the last 15 items listed above have yet to be endorsed by the European Union.

These amendments will probably have no material effect on the presentation of the TÜV Rheinland Group's assets, financial position, profitability, or cash flows.

Notes to the Income Statement

(10) Revenues

Revenues are earned in the individual consolidated Business Streams and regions as follows:

Revenues by Business Stream

In '000 €	2010	2011
Industrial Services	377,145	**453,323**
Mobility	310,674	**335,801**
Products	350,360	**372,080**
Life Care	54,625	**51,477**
Training and Consulting	159,889	**159,522**
Systems	123,155	**126,615**
Total	**1,375,848**	**1,498,818**
Intra-Group revenues and central functions/Other	–74,263	**–81,028**
Total	**1,301,585**	**1,417,790**

Revenues by Region

In '000 €	2010	2011
Germany	762,298	**787,104**
Europe (excluding Germany)	150,355	**164,916**
Asia (including India, the Middle East, and Africa)	244,710	**275,904**
America	144,222	**189,866**
Total	**1,301,585**	**1,417,790**

Revenues mainly relate to service agreements. They include the proceeds of service agreements not yet definitively invoiced, totaling €29,874 thousand (previous year €29,197 thousand), which were realized according to the percentage of completion.

(11) Personnel Expenses

In '000 €	2010	2011
Wages and salaries	594,352	**657,431**
Social security and other benefit costs	104,489	**117,479**
Pension expenses	12,720	**11,627**
Total	**711,561**	**786,537**

The TÜV Rheinland Group's personnel expenses include €22,270 thousand (previous year: €24,125 thousand) for employees whose contracts are with LGA KdöR. Group employees are for the most part salary earners.

Employee Capacity
Annual Average

	2010	2011
Group employees	14,412	**15,961**
of which with LGA KdöR	344	**321**
of which with companies included proportionately	231	**219**

(12) Amortization of Intangible Assets and Depreciation of Property, Plant and Equipment

In '000 €	2010	2011
Scheduled amortization/ depreciation		
of intangible assets	5,355	**7,268**
of property, plant and equipment	36,816	**39,955**
Total	**42,171**	**47,223**

Extraordinary depreciation and amortization totaling €8,000 (previously year: €395,000) was undertaken in the year under review, of which €8,000 (previous year: €250,000) was of property, plant and equipment and nil (previous year: €145,000) was of intangible assets.

(13) Other Expenses

Other expenses totaling €312,616 thousand (previous year: €298,293 thousand) consist mainly of rents, leases, leasing costs, travel costs, postage costs, real estate maintenance and advertising costs, consumables, auditing and consulting costs, repair and maintenance costs, vehicle costs, and impairment losses on exchanges. This item also includes other tax expenses totaling €6,020 thousand (previous year: €4,426 thousand).

(14) Other Income

Other income amounting to €35,208 thousand (previous year: €25,863 thousand) consists mainly of income from the reversal of provisions, exchange rate gains, income from services, income from reducing valuation allowances on receivables, other services, and rental income and income from ancillary business. Also included is a gain of €2,013 thousand from reassessment at fair value of the shares of DIN GOST TÜV Berlin-Brandenburg Gesellschaft für Zertifizierung in Europa mbH prior to the first full consolidation.

(15) Amortization of Goodwill

As in the previous year, no amortization of goodwill was required.

(16) Financial Result

In '000 €	2010	2011
Interest income*	3,942	**4,684**
Interest expenses from financial liabilities	–11,003	**–10,026**
Net funding figure for pension provisions	–17,042	**–15,238**
Net interest income	**–24,103**	**–20,580**
Write-downs on investments	–501	**–148**
Profit (loss) from dividend distributions/profit and loss transfer agreements	221	**159**
Profit (loss) from other securities	177	**211**
Profit (loss) from financial derivatives	531	**–34**
Other financial result	**428**	**188**
Total	**–23,675**	**–20,392**

* Excluding interest income included in the net funding figure for pension provisions.

The net funding figure for pension provisions is the interest costs of pension obligations after deduction of income from plan assets and reimbursements.

Total interest expenses from financial assets and financial liabilities not carried at fair value through profit or loss in the year under review amounted to €9,993 thousand (previous year: €10,510 thousand). Total interest income was €4,684 thousand (previous year: €3,369 thousand).

(17) Income Tax

In '000 €	2010	2011
Actual taxes	32,419	**36,918**
Deferred taxes	–922	**–292**
from temporary differences	–763	**1,214**
from loss carryovers	–159	**–1,506**
Total	**31,497**	**36,626**

The following TÜV Rheinland Group reconciliation combines the individual, company-related reconciliation statements with their country-specific tax rates, taking consolidation measures into account. The anticipated tax expense is reconciled to the actual tax expense.

Reconciliation

In '000 €	2010	2011
Earnings before income tax	88,441	**103,645**
Anticipated tax rate	32 %	**32 %**
Anticipated income tax expenditure	**27,926**	**32,917**
Tax rate differences	–2,001	**–4,232**
Tax increases due to non-deductible expenses	3,846	**3,581**
Tax arrears payments/refunds for previous years (including tax effect of trade tax)	–92	**1,024**
Losses for which no tax assets could be stated in the previous year, plus changes in valuation allowances	–335	**2,244**
Effect of tax rate changes	–5	**228**
Other differences	2,158	**864**
Stated income tax expenditure	**31,497**	**36,626**
Actual tax burden	**35.6 %**	**35.3 %**

The rate paid by the parent company TÜV Rheinland AG was taken as the anticipated tax rate. It amounts to 31.575% and consists of the German corporation income tax rate (15.0%) plus the 5.5% solidarity surcharge and an average trade tax rate of 450%. Foreign tax rates range from 8.4% to 40.07%.

Tax deferrals and accruals result from the following balance sheet items and loss carryovers:

	Deferred tax assets		Deferred tax liabilities	
In '000 €	2010-12-31	**2011-12-31**	2010-12-31	**2011-12-31**
Noncurrent assets	9,724	**10,508**	27,542	**27,978**
Current assets	9,994	**11,660**	9,663	**11,105**
Noncurrent liabilities	37,439	**37,175**	12,750	**10,049**
Special reserve with an equity portion	0	**0**	373	**217**
Current liabilities	5,911	**5,120**	2,833	**1,606**
Total	**63,068**	**64,463**	**53,161**	**50,955**
Offsetting per tax group	–39,397	**–37,466**	–39,397	**–37,466**
Deferred taxes on valuation differences	23,671	**26,997**	13,764	**13,489**
Deferred taxes on fiscal loss carryovers	2,278	**3,124**	0	**0**
Impairment of deferred taxes	–2,119	**–1,632**	0	**0**
Total	**23,830**	**28,489**	**13,764**	**13,489**

The sum total of deferred tax assets consists of €5,870 thousand (previous year: €6,245 thousand) in current deferred tax assets and €22,619 thousand (previous year: €17,585 thousand) in noncurrent deferred tax assets. The sum total of deferred tax liabilities consists of €1,207 thousand (previous year: €2,836 thousand) in current deferred tax liabilities and €12,282 thousand (previous year: €10,928 thousand) in noncurrent deferred tax liabilities. Of the deferred taxes, €–4,534 thousand (previous year: €1,432 thousand) was offset against equity capital.

In the year under review, deferred taxes on actuarial profits or losses of €–6,059 thousand (previous year: €947,000) were stated in the consolidated statement of comprehensive income. In addition, €–164,000 (previous year: €14,000) in deferred taxes was stated in the consolidated statement of comprehensive income in the year under review in respect of cash flow hedges.

Within the TÜV Rheinland Group, unused tax carryovers totaling €29.694 thousand (previous year: €29,428 thousand) existed as at the end of the reporting period. Of this total, €1,506 thousand in deferred tax assets was recognized. Loss carryovers are for the most part not time-limited.

No deferred tax liabilities were created for temporary differences in shareholdings in subsidiaries and associates amounting to €2,863 thousand (previous year: €2,288 thousand) because the TÜV Rheinland Group is able to control the time course of the reversal, and the temporary differences will not be reversed in the foreseeable future.

(18) Non-Controlling Interests

In '000 €	2010	**2011**
Shares in profits	2,813	**3,444**
Shares in losses	–593	**–357**
Total	**2,220**	**3,087**

Losses attributable to non-controlling interests relate mainly to TÜV Rheinland (Wuxi) Automotive Testing Co. Ltd. in Shanghai, China, and TÜV Rheinland Agroisolab GmbH in Jülich, Germany; profits relate mainly to LUXCONTROL S.A. in Esch/Alzette, Luxembourg, and TUV Rheinland/CCIC (Ningbo) Co. in Ningbo, China.

(19) Earnings per Share

	2010	**2011**
Earnings share of equity holder TÜV Rheinland AG (in '000 €)	54,724	**63,932**
Number of shares as at 12-31 (in thousands)	35	**35**
Earnings per share (in €)	**1,564**	**1,827**

Potential shares that might dilute the result were not issued by TÜV Rheinland AG in the previous year, so diluted and basic earnings per share are the same.

Notes to the Balance Sheet

(20) Intangible Assets

In '000 €	Goodwill	Acquired Concessions, industrial property rights and similar rights
Acquisition/manufacturing costs		
As at 2010-01-01	**162,968**	**57,985**
Currency changes	2,591	1,745
Changes in basis of consolidation	248	0
Addition by acquisitions	8,455	6,949
Additions	107	3,650
Disposals	1,335	2,101
Reclassifications	0	784
As at 2010-12-31/2011-01-01	**173,034**	**69,012**
Currency changes	–1,817	444
Changes in basis of consolidation	–527	–187
Addition by acquisitions	13,194	1,709
Additions	6,817	2,409
Disposals	0	642
Reclassifications	0	278
As at 2011-12-31	**190,701**	**73,023**
Amortization		
As at 2010-01-01	**27,430**	**32,534**
Currency changes	0	1,514
Changes in basis of consolidation	–229	0
Scheduled amortization	0	4,962
Impairment costs	0	85
Disposals	0	2,080
Reclassifications	–1	–161
As at 2010-12-31/2011-01-01	**27,200**	**36,854**
Currency changes	0	503
Changes in basis of consolidation	–246	–130
Scheduled amortization	0	6,228
Disposals	0	652
Reclassifications	0	–84
As at 2011-12-31	**26,954**	**42,719**
Carrying amount as at 2011-12-31	**163,747**	**30,304**
Carrying amount as at 2010-12-31	145,834	32,158

intangible assets			
Other intangible assets	Internally generated intangible assets	Advances paid	Total
412	**3,133**	**979**	**225,477**
7	469	49	**4,861**
0	0	0	**248**
0	0	0	**15,404**
10	1,477	3,380	**8,624**
11	0	40	**3,487**
66	356	–857	**349**
484	**5,435**	**3,511**	**251,476**
0	256	2	**–1,115**
0	0	0	**–714**
0	0	0	**14,903**
20	179	9,628	**19,053**
8	193	0	**843**
0	0	–278	**0**
496	**5,677**	**12,863**	**282,760**
20	**858**	**244**	**61,086**
–3	19	0	**1,530**
0	0	0	**–229**
19	316	58	**5,355**
60	0	0	**145**
0	0	0	**2,080**
180	5	0	**23**
276	**1,198**	**302**	**65,830**
0	88	0	**591**
0	0	0	**–376**
80	903	57	**7,268**
10	194	0	**856**
0	84	0	**0**
346	**2,079**	**359**	**72,457**
150	**3,598**	**12,504**	**210,303**
208	4,237	3,209	**185,646**

The goodwill carrying amounts are allocated to the following Business Streams that are, at the same time, cash-generating units:

In '000 €	2010-12-31	2011-12-31
Industrial Services	64,426	**74,717**
Mobility	39,112	**45,282**
Products	12,380	**13,374**
Life Care	7,748	**7,792**
Training and Consulting	1,606	**1,712**
Systems	20,562	**20,870**
Total	**145,834**	**163,747**

The concessions include a brand with an indeterminate useful life and a carrying amount of €10,675 thousand that is being subjected to an impairment test at the cash-generating unit level. It is a company brand of which the useful life was estimated as indeterminate, due to its comprehensive importance for the company and its long history.

The internally generated intangible assets are software and development projects.

The impairment test of intangible assets, including goodwill, did not require any write-downs. A balanced average discount rate of 5.62 percent was used across the Group to establish value in use. An annual growth rate of 1.5 percent was forecast after the planning period.

Research and development expenditure totaling €59,000 (previous year: €1,109 thousand) was recorded in the income statement for the year under review.

(21) Property, Plant and Equipment

in '000 €
Acquisition/manufacturing costs
As at 2010-01-01
Currency changes
Changes in basis of consolidation
Addition by acquisitions
Additions
Disposals
Reclassifications
As at 2010-12-31/2011-01-01
Currency changes
Changes in basis of consolidation
Addition by acquisitions
Additions
Disposals
Reclassifications
As at 2011-12-31
Depreciation
As at 2010-01-01
Currency changes
Changes in basis of consolidation
Scheduled depreciation
Impairment costs
Disposals
Reclassifications
As at 2010-12-31/2011-01-01
Currency changes
Changes in basis of consolidation
Scheduled depreciation
Impairment costs
Disposals
Reclassifications
As at 2011-12-31
Carrying amount as at 2011-12-31
Carrying amount as at 2010-12-31

Land and buildings	Technical plant and machinery	Other plant, operating and office equipment	Advances paid and plant under construction	Total
382,891	**136,441**	**120,246**	**6,076**	**645,654**
5,849	5,896	2,617	460	**14,822**
0	–1,327	–9,718	0	**–11,045**
0	0	1,241	26	**1,267**
19,030	12,668	12,153	12,378	**56,229**
11,026	5,860	8,218	–30	**25,074**
3,624	4,814	1,309	–10,096	**–349**
400,368	**152,632**	**119,630**	**8,874**	**681,504**
–1,300	1,412	–329	163	**–54**
0	–245	–325	0	**–570**
69	741	21	0	**831**
11,011	18,245	12,531	11,131	**52,918**
2,224	2,586	4,777	2,155	**11,742**
4,484	5,693	486	–10,663	**0**
412,408	**175,892**	**127,237**	**7,350**	**722,887**
108,689	**78,492**	**89,148**	**916**	**277,245**
1,768	3,097	1,693	106	**6,664**
0	–1,279	–9,647	0	**–10,926**
12,474	14,300	9,937	105	**36,816**
0	0	250	0	**250**
10,353	5,534	7,509	–123	**23,273**
34	96	–153	0	**–23**
112,612	**89,172**	**83,719**	**1,250**	**286,753**
334	1,531	145	–103	**1,907**
0	–207	–259	0	**–466**
13,595	15,229	10,938	193	**39,955**
0	3	5	0	**8**
1,801	2,804	4,598	205	**9,408**
3	137	–140	0	**0**
124,743	**103,061**	**89,810**	**1,135**	**318,749**
287,665	**72,831**	**37,427**	**6,215**	**404,138**
287,756	63,460	35,911	7,624	**394,751**

(22) Investment Property

In the year under review, as in the previous year, the TÜV Rheinland Group held no investment property.

(23) Investments Accounted for Using the Equity Method

The consolidated financial statements of TÜV Rheinland AG include one associate (previous year: one) that was accounted for using the equity method. The investment is of no material significance for the presentation of the TÜV Rheinland Group's assets, financial position, or profitability.

(24) Joint Ventures

The key balance sheet and earnings parameters of joint ventures are as follows in relation to the share held by TÜV Rheinland AG:

In '000 €	2010	2011
Noncurrent assets	3,720	**3,434**
Noncurrent liabilities	2,089	**1,802**
Current assets	3,944	**3,646**
Current liabilities	2,900	**3,024**
Revenues	9,686	**9,837**
Operating income	117	**70**
Operating expenses	8,843	**8,604**
Financial income	26	**5**
Financial expenses	26	**34**

(25) Other Financial Assets

In '000 €	2010-12-31	2011-12-31
Shares in affiliated companies	1,243	**1,426**
Other investments	1,817	**924**
Noncurrent securities	4,259	**4,438**
Actuarial reserve quota on the basis of reinsurance policies	254,387	**258,751**
Total	**261,706**	**265,539**

In the year under review, impairment losses totaling €148,000 (previous year: €501,000) were incurred. These mostly relate to other investments.

(26) Other Noncurrent Assets

Other noncurrent assets totaling €12,151 thousand (previous year: €15,896 thousand) include no impairment losses.

(27) Inventories

In '000 €	2010-12-31	2011-12-31
Raw materials, consumables, and supplies	1,630	**1,945**
Work in progress	9,397	**8,678**
Finished goods and goods for resale	326	**376**
Advance payments for inventories	427	**730**
Total	**11,780**	**11,729**

(28) Receivables and Other Current Assets

In '000 €	2010-12-31	2011-12-31
Percentage of completion receivables	41,838	**42,098**
Other trade receivables	177,319	**195,023**
Trade receivable impairments	–9,283	**–10,987**
Trade receivables	**209,874**	**226,134**
Income tax receivables	**10,604**	**12,463**
Receivables from affiliated companies	55,927	**51,454**
Receivables from associates	792	**535**
Market value of financial derivatives	0	**144**
Other securities	30	**30**
Other receivables and assets	27,767	**32,204**
Other receivables and other current assets	**84,516**	**84,367**

In '000 €	2010-12-31	2011-12-31
Other trade receivables	**177,319**	**195,023**
of which neither impaired nor past due	127,061	**125,650**
of which past due but not impaired		
due within 180 days	25,897	**47,077**
due within 181 to 360 days	5,595	**3,628**
due in over 360 days	3,039	**2,873**
of which impaired	15,727	**15,795**

Within the TÜV Rheinland Group, trade receivables have been sold to an external credit institution since 2006 as part of an asset-backed securities transaction. As the disposal requirements of IAS 39 were not fulfilled due to the retention of opportunities and risks (credit risks), the transaction was carried in the same way as a secured loan with the result that the IFRS receivables in question have remained in the Group and continue to be included in the balance sheet. The carrying amount of receivables sold as at the end of the reporting period was €16,501 thousand (previous year: €16,493 thousand), and after deducting reserves €15,000 thousand (previous year: €14,999 thousand).

Impairment of trade receivables has developed as follows:

	Individual valuation allowances		Global valuation allowances		Total	
In '000 €	2010	**2011**	2010	**2011**	2010	**2011**
Impairment as at 01-01	**7,978**	**6,459**	**679**	**2,824**	**8,657**	**9,283**
Addition	2,021	**1,328**	761	**1,219**	2,782	**2,547**
Use	760	**201**	710	**470**	1,470	**671**
Reversal	899	**435**	54	**52**	953	**487**
Other changes*	–1,881	**161**	2,148	**154**	267	**315**
Impairment as at 12-31	**6,459**	**7,312**	**2,824**	**3,675**	**9,283**	**10,987**

* Change in basis of consolidation, change in exchange rates, and reclassifications.

(29) Liquid Assets

As in the previous year, this item consists of cash on hand, checks, and credit balances with banks that are available within three months.

(30) Noncurrent Assets Held for Sale

In the year under review, no noncurrent assets were held by the TÜV Rheinland Group that are classified as noncurrent assets held for sale in accordance with IFRS 5.

(31) Equity Capital

As in the previous year, TÜV Rheinland AG's issued capital amounts to €35,000 thousand and is divided into 35,000 registered shares, each with a value of €1,000.

The capital reserve consists mainly of the premiums charged on various capital increases since 1993.

Other reserves are the retained earnings and miscellaneous other reserves. Of the retained earnings, the past results of companies included in the consolidated financial statements are stated unless previously distributed. In addition, retained earnings include the net proceeds of adjustments, not recognized in profit or loss, of the first-time adoption of IFRS. They also include the effect of offsetting actuarial profits and losses from pension obligations/plan assets and reimbursement claims against equity capital.

Miscellaneous other reserves include differences arising from currency translation, not recognized in profit or loss, of the annual financial statements of international subsidiaries and the effects of taking items classified as assets available for sale directly to equity. In this regard, in the year under review, earnings of €43,000 (previous year: €0) were transferred from equity capital or from the consolidated statement of comprehensive income to the income statement. Miscellaneous other reserves also include the actual amounts transferred to equity capital in cash flow hedges.

In addition to ensuring the company's continued existence as a going concern, the TÜV Rheinland Group's capital management relating to IFRS equity capital as stated in the balance sheet aims to earn adequate interest over and above capital costs and thereby to permanently increase the corporate value.

TÜV Rheinland AG's Articles of Incorporation make no special capital requirement provisions.

(32) Provisions for Pensions and Similar Obligations

Occupational pensions at the TÜV Rheinland Group consist mainly of defined benefit plans. There are also defined contribution plans.

For defined contribution plans, the company pays contributions to state or private pension insurers on the basis of contractual provisions. In Germany, the pension schemes involved are Zusatzversorgungskasse der bayerischen Gemeinden, Munich; Ruhegehalts- und Zusatzversorgungskasse des Saarlandes, Saarbrücken; and Versicherungsanstalt des Bundes und der Länder, Karlsruhe. Current contributions, including employer's contributions to the statutory pension insurance, are stated as personnel expenses. In the year under review, contributions to defined contribution pension plans totaled €1,492 thousand (previous year: €1,509 thousand).

The defined benefit plans in Germany are partly civil service-like overall provision systems toward which statutory pension insurance counts. The overall provision systems were closed for new employees in 1986. The systems were amended between 2000 and 2004 for employees who still qualified for the overall provision system.

Pension obligations relating to employees who have joined the Group since 1986 are based on the so-called split pension formula. The pension entitlement is based on qualifying length of service and qualifying income, with different percentages applying above and below the earnings ceiling. This pension plan was closed for new employees between 1993 and 1998 and amended for existing employees between 2000 and 2004.

Since January 1, 2007, there has been a defined contribution plan for new employees and for employees with no previous occupational pension entitlement.

With the exception of some reinsurance cover and €13.5 million (previous year: €13.9 million) in assigned reinsurance policies, there are no assets that fulfill the requirements of plan assets as defined in IAS 9.7. However, reinsurance policies according to IFRS reimbursement rights by the terms of IAS 19.104A et seq. have been taken out for the majority of direct pension obligations.

A 0.5 percent increase or decrease in the discount rate would lead to a reduction or increase in pension obligations by €28 million (previous year: €28.9 million) or €29.9 million (previous year: €29.6 million), respectively. Differences between the assumed salary and pension trend and actual wage tariff increases and deviations between anticipated and actual income from plan assets in the year in question also have an effect, but to a much lesser extent.

Defined benefit pension plan expenses break down as follows:

	2010			2011		
In '000 €	Germany	Abroad	Total	**Germany**	**Abroad**	**Total**
Current service cost	5,339	828	6,167	**5,255**	**1,142**	**6,397**
Interest expense	28,163	274	28,437	**27,991**	**74**	**28,065**
Anticipated income from plan assets	89	21	110	**749**	**23**	**772**
Anticipated income from reimbursements	11,100	0	11,100	**12,059**	**0**	**12,059**
Amortization of retroactive service cost	0	0	0	**0**	**2**	**2**
Plan reduction/Settlement	0	0	0	**0**	**–25**	**–25**
Net pension expense	**22,313**	**1,081**	**23,394**	**20,438**	**1,170**	**21,608**

The amounts that must be stated in the balance sheet are as follows:

	2010-12-31			2011-12-31		
In '000 €	Germany	Abroad	Total	**Germany**	**Abroad**	**Total**
Pension obligations not financed via a fund	515,648	4,708	520,356	**527,806**	**2,792**	**530,598**
Pension obligations financed via a fund	32,512	5,353	37,865	**33,429**	**8,900**	**42,329**
Pension obligations	**548,160**	**10,061**	**558,221**	**561,235**	**11,692**	**572,927**
Plan assets	–15,615	–1,199	–16,814	**–15,744**	**–1,308**	**–17,052**
Retroactive service cost	0	0	0	**0**	**–10**	**–10**
Pension provisions stated in the balance sheet	**532,545**	**8,862**	**541,407**	**545,491**	**10,374**	**555,865**

In assessing the defined benefit obligation, variables that determine the actual cost of payments made after retirement are taken into account. In addition to the biometric parameters used – the 2005 G Klaus Heubeck tables (with statements on mortality, survivors, and disability) – these are mainly financial assumptions in respect of, for example, the discount rate and future salary and payment levels.

The main assumptions are as follows:

	2010		2011	
	Germany	Abroad	**Germany**	**Abroad**
Actuarial interest rate	5.25%	2.69%	**5.00%**	**1.86%**
Wage and salary trend	2.25%	3.19%	**2.25%**	**3.87%**
Increase in short-term payments	2.00%	–	**2.00%**	**–**
Yield of plan assets	4.81%	2.00%	**4.79%**	**2.00%**
Yield of reimbursements in following year	4.75%	–	**4.76%**	**–**

Taking the respective calculation basis into account, the position as regards the main provision and fund-financed pension commitments is as follows:

In '000 €	2010 Germany	2010 Abroad	2010 Total	2011 Germany	2011 Abroad	2011 Total
Defined benefit obligation as at 01-01	**550,505**	**7,672**	**558,177**	**548,160**	**10,061**	**558,221**
Addition to plan assets	0	0	0	**0**	**0**	**0**
Short-term service cost	5,339	828	6,167	**5,255**	**1,142**	**6,397**
Interest expense	28,163	274	28,437	**27,991**	**74**	**28,065**
Actual payments	–36,944	–276	–37,220	**–37,456**	**–406**	**–37,862**
Transfer	546	126	672	**0**	**172**	**172**
Company purchase/sale	–1,021	0	–1,021	**–262**	**0**	**–262**
Plan reduction/settlement	0	–389	–389	**0**	**–25**	**–25**
Salary conversion	337	0	337	**577**	**0**	**577**
Exchange rate effects	0	1,775	1,775	**0**	**405**	**405**
Actuarial (profits)/losses	1,235	51	1,286	**16,970**	**269**	**17,239**
Defined benefit obligation as at 12-31	**548,160**	**10,061**	**558,221**	**561,235**	**11,692**	**572,927**
Plan assets as at 01-01	**1,720**	**927**	**2,647**	**15,615**	**1,199**	**16,814**
Transfer	13,590	0	13,590	**0**	**0**	**0**
Company purchase/sale	–14	0	–14	**–205**	**0**	**–205**
Plan reduction/settlement	0	0	0	**0**	**0**	**0**
Contributions to plan assets	337	85	422	**577**	**89**	**666**
Anticipated income	89	21	110	**749**	**22**	**771**
Payments	–3	0	–3	**–34**	**0**	**–34**
Exchange rate effects	0	179	179	**0**	**–3**	**–3**
Actuarial profits/(losses)	–104	–13	–117	**–958**	**1**	**–957**
Plan assets as at 12-31	**15,615**	**1,199**	**16,814**	**15,744**	**1,308**	**17,052**
Present value of reimbursements as at 01-01	**261,913**	**0**	**261,913**	**254,386**	**0**	**254,386**
Contributions	8,018	0	8,018	**5,336**	**0**	**5,336**
Reimbursements	–11,293	0	–11,293	**–12,069**	**0**	**–12,069**
Transfer	–12,851	0	–12,851	**0**	**0**	**0**
Company purchase/sale	–1,057	0	–1,057	**–57**	**0**	**–57**
Anticipated income	11,100	0	11,100	**12,059**	**0**	**12,059**
Actuarial profits/(losses)	–1,444	0	–1,444	**–1,000**	**0**	**–1,000**
Present value of reimbursements as at 12-31	**254,386**	**0**	**254,386**	**258,655**	**0**	**258,655**

At the end of the reporting period on December 31, 2011, equity capital included actuarial losses totaling €13,416 thousand (previous year: profits totaling €5,011 thousand).

The assets of the present value of reimbursements and plan assets include reinsurance policies with Alters- und Hinterbliebenen-Versicherung der Technischen Überwachungs-Vereine-VVaG, Essen; ERGO Lebensversicherung AG, Düsseldorf; and DBV Deutsche Beamtenversicherung Lebensversicherung AG, Wiesbaden. In Germany, the fair value of plan assets and part of the reimbursements as per IAS 19.104 or IAS 19.104D is determined in accordance with the defined benefit obligation amount. Anticipated income from reimbursements and plan assets is based on average yields.

Actual income from reimbursement claims totaled €11.1 million (previous year: €10.6 million) and actual income from plan assets was €–209,000 (previous year: €432,000).

For 2012, reinsurance premiums are expected to amount to €9.5 million (previous year: €5.8 million).

IAS 19.120A (p) requires a five-year history of defined benefit obligations to be stated from January 1, 2007:

In '000 €	2007-12-31	2008-12-31	2009-12-31	2010-12-31	**2011-12-31**
Defined benefit pension plans					
Defined benefit obligation	538,700	533,346	558,177	558,221	**572,927**
Plan assets	2,375	2,062	2,647	16,814	**17,052**
Funding status	**536,325**	**531,284**	**555,530**	**541,407**	**555,875**
Experience adjustments					
of the defined benefit obligation	4,776	–431	5,868	1,235	**2,973**
of the plan assets	34	0	239	–104	**1,065**

(33) Other Provisions

	2010-12-31		**2011-12-31**	
In '000 €	Total	of which current	**Total**	**of which current**
Personnel provisions	50,719	38,436	**57,459**	**45,504**
Miscellaneous provisions	24,296	21,115	**20,798**	**19,274**
Total	**75,015**	**59,551**	**78,257**	**64,778**

Personnel provisions mainly involve variable remuneration of employees and management, including applicable social security contributions, obligations arising from partial retirement agreements, benefits, and anniversary payments. Noncurrent provisions will also be utilized within the next five years for the most part.

Provisions developed as follows in the year under review:

In '000 €	**Opening balance**	Addition	Use	Reversal	Other changes*	**Closing balance**
Personnel provisions	**50,719**	49,056	30,064	11,611	–641	**57,459**
Miscellaneous provisions	**24,296**	15,515	11,078	7,646	–289	**20,798**
Total	**75,015**	**64,571**	**41,142**	**19,257**	**–930**	**78,257**

* Change in basis of consolidation, exchange rate, and account balancing with actuarial reserves.

In the year under review, as in the previous year, there was no material accrued interest on non-current provisions.

(34) Liabilities

	Noncurrent		Current		Total	
In '000 €	2010-12-31	**2011-12-31**	2010-12-31	**2011-12-31**	2010-12-31	**2011-12-31**
Income tax liabilities	**0**	**0**	**18,747**	**24,990**	**18,747**	**24,990**
Trade liabilities	0	**0**	66,291	**70,068**	66,291	**70,068**
Advance payments for orders	0	**8**	24,136	**22,355**	24,136	**22,363**
Trade liabilities	**0**	**8**	**90,427**	**92,423**	**90,427**	**92,431**
Liabilities due to banks	109,458	**93,435**	35,210	**38,250**	144,668	**131,685**
Liabilities to affiliated companies	0	**0**	301	**656**	301	**656**
Liabilities to associates	0	**0**	1,083	**514**	1,083	**514**
Other tax liabilities	5,770	**141**	23,779	**34,920**	29,549	**35,061**
Social security liabilities	3,278	**2,411**	12,655	**17,366**	15,933	**19,777**
Miscellaneous liabilities	12,374	**11,368**	67,608	**59,106**	79,982	**70,474**
Other liabilities	**130,880**	**107,355**	**140,636**	**150,812**	**271,516**	**258,167**
Total	**130,880**	**107,363**	**249,810**	**268,225**	**380,690**	**375,588**

(35) Legal Proceedings

TÜV Rheinland AG and its subsidiaries are not involved in legal proceedings that could have a material effect on the Group's economic or financial position. Appropriate provision has been made for charges arising from other legal proceedings.

(36) Other Financial Obligations

The following minimum lease payments will fall due in the future in relation to existing rental, lease, and leasing agreements:

In '000 €	2010-12-31	**2011-12-31**
Future rental, lease, and leasing agreement obligations		
Due within a year	42,037	**55,806**
Due within 1 to 5 years	76,423	**86,695**
Due in over 5 years	31,279	**48,615**
Total	**149,739**	**191,116**

The future obligations listed are for the most part rent for business premises. Leasing expenses in the year under review totaled €65,244 thousand (previous year: €62,788 thousand) and consisted mainly of rent for premises in connection with operating leases.

Other Disclosures

(37) Additional Disclosures on Financial Instruments

Based on the balance sheet items, the following tables present the measurement of financial instrument categories pursuant to IFRS 7 for the year under review and the comparison year:

In '000 €	Carrying amount as at 2011-12-31	Financial assets/ liabilities at fair value through profit or loss	Available-for-sale financial assets stated at fair value with no effect on income	Financial assets/ liabilities valued at amortized cost	No IAS 39 valuation category
Assets					
Noncurrent assets					
Other financial assets	265,540				
Securities	4,438		4,438		
Investments	2,350			1,973	377
Financial instruments unrelated to the remit of IFRS 7	258,752				258,752
Other noncurrent assets	12,151				
Other assets	12,034			12,034	
Financial derivatives	117	117			
Current assets					
Trade receivables	226,134			226,134	
Other receivables and other current assets	84,367				
Other receivables	54,638		30	54,608	
Financial derivatives	144	144			
Non-financial assets	29,585				29,585
Liquid assets	93,157			93,157	
Liabilities					
Noncurrent liabilities					
Noncurrent liabilities	107,363				
Liabilities due to banks	93,435			93,435	
Trade liabilities	8				8
Other liabilities	10,602			10,133	469
Financial derivatives	765				765
Non-financial liabilities	2,553				2,553
Current liabilities					
Trade liabilities	92,423			70,068	22,355
Other current liabilities	150,812				
Liabilities due to banks	38,250			38,250	
Other liabilities	811			656	155
Financial derivatives	30				30
Non-financial liabilities	111,721				111,721
Sum total by IAS 39 valuation category		**261/ 0**	**4,468**	**387,906/ 212,542**	

In '000 €	Carrying amount as at 2010-12-31	Financial assets/ liabilities at fair value through profit or loss	Available-for-sale financial assets stated at fair value with no effect on income	Financial assets/ liabilities valued at amortized cost	No IAS 39 valuation category
Assets					
Noncurrent assets					
Other financial assets	261,706				
Securities	4,258		4,258		
Investments	3,060			3,060	
Financial instruments unrelated to the remit of IFRS 7	254,388				254,388
Other noncurrent assets	15,896				
Other assets	15,757			15,757	
Financial derivatives	139	139			
Current assets					
Trade receivables	209,874			209,874	
Other receivables and other current assets	84,516				
Other receivables	58,277		30	58,247	
Non-financial assets	26,239				26,239
Liquid assets	100,920			100,920	
Liabilities					
Noncurrent liabilities					
Noncurrent liabilities	130,880				
Liabilities due to banks	109,458			109,458	
Other liabilities	11,965			11,633	332
Financial derivatives	409				409
Non-financial liabilities	9,048				9,048
Current liabilities					
Trade liabilities	90,427			66,291	24,136
Other current liabilities	140,636				
Liabilities due to banks	35,210			35,210	
Other liabilities	1,686			1,384	302
Non-financial liabilities	103,740				103,740
Sum total by IAS 39 valuation category		**139/ 0**	**4,288**	**387,858/ 223,976**	

The measurement of financial assets and liabilities is undertaken in accordance with the availability of relevant information on the basis of the three-stage fair valuation hierarchy specified in IFRS 7. In the first stage, the listed market prices for identical assets and liabilities in active markets are directly observable. In the second stage, the valuation is based on techniques into which parameters observable in the market flow. The third stage provides for the use of valuation techniques that fall back on input factors that are not observable in the market. All derivative financial assets and liabilities come under stage 2. Securities can also be allocated to this stage.

The fair value of liabilities due to banks was €3,037 thousand above the carrying amount in the year under review (previous year: €2,645 thousand). For current loans and receivables and financial liabilities at amortized cost of acquisition, the carrying amount is assumed to be close to the fair value.

The net gain/loss by valuation category is as follows:

In '000 €	2010	2011
Financial assets/liabilities at fair value through profit or loss	531	**261**
Loans and receivables	–2,336	**162**
Available-for-sale financial assets	–313	**60**
Financial liabilities valued at amortized cost	–10,267	**–9,699**
Total	**–12,385**	**–9,216**

Changes in the market value of derivatives are recorded under financial assets and liabilities stated at fair value through profit or loss. They are stated under other financial result. Loans and receivables contain write-downs on receivables and interest on receivables and loans granted. Write-downs on receivables are stated under other operating income or other operating expenses. In contrast, interest from receivables and loans granted is stated as interest income. Available-for-sale financial assets include valuation allowances on securities that are shown under other financial result. Interest on loans received is recorded under financial assets at amortized cost and is stated as interest income.

(38) Financial Risks

The TÜV Rheinland Group is exposed to financial risks in the form of credit risks, liquidity risks, and market risks. Due to the integration of risk management into the TÜV Rheinland Group's management information system, risk is controlled by appropriate evaluation on a universal basis in all companies at on the Group level. The Executive Board has set up a risk management unit and instructed it to carry out an analysis and assessment of individual risk and opportunity reports. Comprehensive, early, and systematic countermeasures are undertaken to minimize risks and strengthen opportunities.

Credit risks exist in operational business, in available-for-sale financial assets, and in financial derivatives. For service transactions in operational business, securities are agreed, credit information is secured, or use is made of historic data from previous business relations, especially about payment behavior, to avoid credit risks subject to the nature and amount of the service in question. Identifiable risks are covered by appropriate valuation allowances that are oriented to actual references in the individual instance or the maturity structure and to actual bad debt losses in the past.

The maximum credit risk for trade receivables, receivables based on percentage of completion, and loans is their carrying amount as at December 31, 2011. Past due trade receivables that are past due are listed in Note (28).

The maximum credit risk for available-for-sale financial assets and financial derivatives is equivalent to their market values as at December 31, 2011.

Financial derivatives are only concluded with counterparties that have a high rating and with whom a default on the contractual obligation is not to be expected.

The fundamental market risks for financial instruments are currency and interest rate risks.

Financial derivatives may only be concluded in connection with a hedged item. To limit risks, subsidiaries are not allowed to purchase securities.

The TÜV Rheinland Group uses derivatives to hedge the risk of interest rate changes and currency risks. For interest hedging, the Group also applies the provisions of IAS 39 on cash flow hedge accounting. In the process, the variable interest cash flows of different loans are protected from variable reference interest rate fluctuations. To ensure that the aim of risk management is fulfilled, the Group documents the effectiveness of hedges at the time of designation (prospective effectiveness) and on every reporting date (retrospective effectiveness).

In relation to a nominal amount of €1,146 thousand, a loan is hedged against fluctuations in the three-month Euribor reference interest rate. The hedge instrument is an interest rate swap with a nominal amount of €1,146 thousand as at the reporting date and contracted to run until August 29, 2014, which corresponds to the hedged item in its fundamental terms and conditions – above all, the nominal amount, the variable market interest rate, interest rate adjustment, and interest due dates. The interest rate swap is stated as at the reporting date at a fair value (»dirty price«) of €–64,000 (previous year: €–102,000). The interest payments hedged are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland Group's profits and losses. In the year under review, a sum after deferred taxes of €25,000 (previous year: €21,000) was recorded under equity capital, so no ineffective sums were shown in the income statement.

Also, a loan with a nominal amount of €15,000 thousand is hedged against changes in the three-month Euribor reference interest rate by means of an interest rate swap with the same nominal value. The hedge instrument runs until September 30, 2015, and corresponds to the hedged item in its fundamental terms and conditions – above all, the nominal amount, the variable market interest rate, interest rate adjustment, and interest due dates. The interest rate swap is stated as at the reporting date at a fair value (»dirty price«) of €–185,000 (previous year: €–139,000). The interest payments hedged are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland Group's profits and losses. In the year under review, a sum after deferred taxes of €–201,000 (previous year: €0) was recorded under equity capital. A sum of €30,000 was shown in the income statement due to the ineffectiveness of the hedge accounting.

The TÜV Rheinland Group has also hedged a loan with a nominal amount of €10,000 thousand against fluctuations in the three-month Euribor reference interest rate. The hedge instrument is an interest rate swap with an identical nominal amount that is contracted to run until September 30, 2016, which corresponds to the hedged item in its fundamental terms and conditions – above all, the nominal amount, the variable market interest rate, interest rate adjustment, and interest due dates. The interest rate swap is stated as at the reporting date at a fair value (»dirty price«) of €–156,000 (previous year: €0). The interest payments hedged are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland Group's profits and losses. In the year under review, a sum after deferred taxes of €–107,000 (previous year: €0) was recorded under equity capital, so no ineffective sums were shown in the income statement.

In connection with hedge accounting, a loan with a nominal amount of €331,000 is also hedged against changes in the three-month Libor reference interest rate. For this, an interest rate swap that has a nominal amount of €331,000 as at the reporting date and corresponds to the hedged item in its fundamental terms and conditions was contracted to run until June 30, 2012. The interest payments are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland Group's income. The fair value of the interest rate swap as at the reporting date is €–4,000 (previous year: €–31,000). In the year under review, a sum after deferred taxes of €16,000 (previous year: €38,000) was recorded under equity capital. Ineffective sums were not shown in the income statement.

The TÜV Rheinland Group has also hedged a loan with a nominal amount of €2,835 thousand against fluctuations in the three-month Libor reference interest rate. The hedge instrument is an interest rate swap with a nominal amount of €2,835 thousand that corresponds to the hedged item in its fundamental terms and conditions and runs until August 30, 2016. The interest rates are settled quarterly and have a chronologically corresponding effect on the income statement. The fair value of the interest rate swap as at the reporting date is €–276,000 (previous year: €–276,000). In the year under review, a sum of €0 (previous year: €–31,000) after deferred taxes was recorded under equity capital. No ineffective sums were due.

The TÜV Rheinland Group has also hedged two loans with respective nominal values of CLP 453,000 thousand and $4,500 thousand with foreign exchange transactions against the risk of exchange rate fluctuations. The foreign exchange transactions have identical nominal amounts and run to October 21, 2013, and June 28, 2012, respectively. The foreign exchange transactions are shown as at the reporting date with a fair value of €–79,000 (previous year: €0) and €–30,000 (previous year: €0). In the year under review, sums after deferred taxes of €–20,000 (previous year: €0) and €16,000 (previous year: €0) were recorded under equity capital, so no ineffective sums were shown in the income statement.

The market value of these interest rate swaps would change by €721,000 (€–721,000) in the event of a shift in the yield curve of +100 (–100) basis points. Interest rate risks also exist for fixed income securities. A one percent increase in the interest rate would not, however, lead to a material change in market value.

The action framework for currency management is laid down in internal guidelines. Currency risks do not, for the most part, exist within the TÜV Rheinland Group because individual Group companies largely conduct their operational activities in their respective functional currencies. Currency risks run in operational business may be hedged by the use of financial derivatives. Currency risks as at the reporting date were investigated by means of sensitivity analyses. In trade receivables and liabilities, a revaluation of the euro by ten percent against all currencies as at the reporting date would have only a minor effect on the result for the year and on equity capital. As at the reporting date, the TÜV Rheinland Group held no significant currency derivatives.

To manage liquidity risks within the TÜV Rheinland Group, there is always an up-to-date liquidity plan and a sufficient liquidity reserve in the form of cash and credit lines. Bank deposits are held only at banks with a high credit rating. Risks are minimized for current securities by diversification of the issuers. As at December 31, 2011, the maturity structure of expected undiscounted cash flow (interest and repayment of principal) was as follows:

In '000 €	Liabilities due to banks	Trade liabilities	Other*	Total
Due within a year	46,345	70,068	811	**117,224**
Due in second year	22,201		11,367	**33,568**
Due in third year	20,094			**20,094**
Due in fourth year	20,150			**20,150**
Due in fifth to tenth years	27,601			**27,601**
Due after tenth year	10,912			**10,912**

* Other includes €485,000 in noncurrent net payment outflows from financial derivatives.

The amount of €46,345 thousand due to banks (and due within a year) includes lines of credit for unlimited periods and therefore with significantly longer due dates.

(39) Cash Flow Statement Disclosures

Cash and cash equivalents in the cash flow statement comprise all liquid assets stated in the balance sheet, i.e. cash on hand, checks, and credit balances with banks, that are available within three months. There are no restrictions on the disposal of cash and cash equivalents.

The cash flow from operating activities includes the following payments:

In '000 €	2010	2011
Interest paid	10,168	**9,974**
Interest received	3,836	**4,664**
Income tax paid	31,278	**48,391**
Income tax received	7,936	**10,604**
Dividends received	211	**160**

(40) Related Party Disclosures

The related parties of the TÜV Rheinland Group are TÜV Rheinland Berlin Brandenburg Pfalz e. V. (TÜV Rheinland AG's sole shareholder) and all of the companies that are not fully consolidated in the Group's financial statements. Individual related parties are members of the Executive Board and Supervisory Board, Executive Vice Presidents and Business Unit Officers in Germany, and international Chief Regional Officers.

In 2011, TÜV Rheinland Group companies maintained the following business relationships with TÜV Rheinland Berlin Brandenburg Pfalz e. V.:

In '000 €	2010	2011
Services provided to the e.V.	12,024	**11,757**
Services received from the e.V.	14,568	**14,262**
Receivables as at 12-31	53,707	**48,262**
Liabilities as at 12-31	38	**437**

Services received are mainly tenancies and general and financial services. Transactions are charged at market rates.

Service relations between the TÜV Rheinland Group and other related parties are of minor importance.

Supervisory Board Remuneration

The members of the Supervisory Board received a total of €921,000 in remuneration in the year under review (previous year: €790,000).

No loans were made to Supervisory Board members in the year under review.

(41) Events After the Reporting Period

The TÜV Rheinland AG Executive Board proposes to the Annual Shareholder's Meeting that a dividend of €15.6 million be paid to the sole shareholder, TÜV Rheinland Berlin Brandenburg Pfalz e. V., from the 2011 balance sheet profit of €47,155,392.33, and that €20 million be allocated to retained earnings, with the remaining €11,555,392.33 being carried forward to new account.

Volker Klosowski has been the Chief Technology Officer at TÜV Rheinland AG and head of the Systems Business Unit in Germany since January 1, 2012.

(42) Auditors' Fees and Services in Accordance with Section 314 HGB

The fees stated for the audit of the consolidated annual financial statements in the year under review break down as follows:

	Group auditors		Other		Total	
In '000 €	2010	**2011**	2010	**2011**	2010	**2011**
Fees for audit of annual financial statements	1,025	**1,163**	346	**243**	1,371	**1,406**
Fees for other audit services	61	**94**	0	**10**	61	**104**
Fees for tax consultancy services	143	**201**	85	**29**	228	**230**
Fees for other services	184	**439**	9	**0**	193	**439**
Total	**1,413**	**1,897**	**440**	**282**	**1,853**	**2,179**

(43) Companies Included

Fully consolidated companies in Germany

Company name	Company domicile	Capital stock in %*
AMD – TÜV Arbeitsmedizinische Dienste GmbH TÜV Rheinland Group***	Berlin	100
DIN CERTCO Gesellschaft für Konformitätsbewertung mbH	Berlin	80.2
DIN GOST TÜV Berlin-Brandenburg Gesellschaft für Zertifizierung in Europa mbH	Berlin	51
FSP-Fahrzeug-Sicherheits-prüfung Leitung und Service GmbH**	Geltow	47
FSP-Schaden- und Wertgutachterdienst GmbH**	Geltow	47
Gemeinnützige Gesellschaft TÜV Rheinland Bildungswerk mbH	Berlin	100
LCH Eurocontrol GmbH	Hamburg	56
LGA InterCert Zertifizierungs-gesellschaft GmbH***	Nuremberg	100
Luxcontrol GmbH	Hamburg	56
Sonovation GmbH	Böhlen	100
TÜV Fahrzeug-Lichttechnik GmbH TÜV Rheinland Group***	Berlin	100
TÜV Immobiliengesellschaft Berlin GmbH	Cologne	83.94
TÜV International GmbH – Unternehmensgruppe TÜV Rheinland***	Cologne	100
TÜV Media GmbH***	Cologne	100
TÜV Pfalz Anlagen und Betriebstechnik GmbH***	Kaisers-lautern	94
TÜV Pfalz GmbH***	Kaisers-lautern	94
TÜV Pfalz Verkehrswesen GmbH***	Kaisers-lautern	94
TÜV Rheinland Agroisolab GmbH	Jülich	76.7
TÜV Rheinland Akademie GmbH***	Berlin	100
TÜV Rheinland Cert GmbH***	Cologne	100
TÜV Rheinland Consulting GmbH***	Cologne	100
TÜV Rheinland Energie und Umwelt GmbH***	Cologne	100
TÜV Rheinland Fahrzeugüber-wachung GmbH Brandenburg/ Berlin***	Potsdam	94

Fully consolidated companies in Germany

Company name	Company domicile	Capital stock in %*
TÜV Rheinland Grebner Ruchay Consulting GmbH	Frankfurt	81.35
TÜV Rheinland Grundstücks-gesellschaft mbH & Co. KG	Grünwald	100
TÜV Rheinland Grundstücks-gesellschaft Nürnberg mbH & Co. KG	Grünwald	94.9
TÜV Rheinland Immobilien-gesellschaft mbH & Co KG***	Cologne	88.36
TÜV Rheinland Industrie Service GmbH***	Cologne	100
TÜV Rheinland Insitu Calibration GmbH	Cologne	100
TÜV Rheinland InterTraffic GmbH	Cologne	94
TÜV Rheinland i-sec GmbH***	Cologne	100
TÜV Rheinland Kraftfahrt GmbH***	Cologne	94
TÜV Rheinland Leben und Gesundheit GmbH***	Cologne	100
TÜV Rheinland LGA Bautechnik GmbH***	Nuremberg	100
TÜV Rheinland LGA-Beteiligungs GmbH***	Nuremberg	100
TÜV Rheinland LGA Products GmbH***	Nuremberg	100
TÜV Rheinland Pension Fund GmbH***	Cologne	94
TÜV Rheinland Personal GmbH	Cologne	100
TÜV Rheinland Plus GmbH**	Cologne	47.94
TÜV Rheinland Schaden- und Wertgutachten GmbH***	Cologne	94
TÜV Rheinland Schniering GmbH***	Essen	100
TÜV Rheinland Service GmbH***	Cologne	100
TÜV Rheinland Systeme GmbH***	Cologne	100
TÜV Rheinland Werkstoff-prüfung GmbH***	Peitz	100
TÜV Saarland Automobil GmbH	Sulzbach	70.41
TÜV Saarland Kfz-team GmbH	Saarbrücken	55.62
VTÜ Versicherungsvermittlung GmbH***	Cologne	100

Fully consolidated companies in other countries

Company name	Company domicile	Capital stock in %*
AUTESTS	Riga	80
Benelux NDT & Inspection Supplies B.V.	Oosterhout	100
DUCTOR Implantacao de PROJETOS Ltda.	São Paulo	100
GERIS Engenharia e Serviços Ltda.	São Paulo	100
ICICT Serveis S.L.	Sabadell	100
ITACS Pty. Ltd.	Bowden	100
LRTDEA – TÜV Rheinland Grupa, SIA	Riga	83.3
LUXCONTROL S.A.	Esch/Alzette	56
Ogres Servisa Centrs	Riga	100
PT TUV Rheinland Indonesia	Jakarta	90
Sonovation B.V.	Oosterhout	100
Sonovation Holding B.V.	Oosterhout	100
TÜV Akademia Polska Sp. z o.o. Unternehmens-gruppe TÜV Rhld./BB	Zabrze	100
TUV DCTA SAS	Montrouge	100
TUV FRANCE SAS- GROUPE TÜV RHEINLAND	Montrouge	100
TÜV International RUS OOO	Moscow	100
TÜV International s.r.o. Prague	Prague	100
TUV Rheinland AIA Services, LLC	Houston	80.17
TUV Rheinland AIMEX Ltd.	Taipei	100
TÜV Rheinland Andino S.A.	Santiago de Chile	100
TÜV Rheinland Arabia LLC	Jeddah	60
TÜV RHEINLAND ARGENTINA S.A.	Buenos Aires	100
TUV Rheinland Australia Pty. Ltd.	South Melbourne	100
TÜV Rheinland Bangladesh Pvt. Ltd.	Dhaka	100
TÜV Rheinland Belgium NV	Antwerp	90
TÜV Rheinland Bulgaria GmbH	Sofia	100
TÜV Rheinland Canada Inc.	Toronto	100
TÜV RHEINLAND CHILE S.A.	Santiago de Chile	100
TÜV Rheinland China Ltd.	Beijing	100

Fully consolidated companies in other countries

Company name	Company domicile	Capital stock in %*
TÜV RHEINLAND COLOMBIA S.A.S.	Bogotá	100
TUV RHEINLAND DE MEXICO S.A. DE C.V.	Mexico City	100
TÜV Rheinland do Brasil Holding Ltda.	São Paulo	100
TÜV Rheinland do Brasil Ltda.	São Paulo	100
TÜV Rheinland Egypt Ltd.	Cairo	99
TÜV Rheinland EPS B.V.	Niekerk	100
TÜV RHEINLAND FRANCE SAS	Montrouge	100
TÜV Rheinland Guangdong Ltd.	Guangzhou	100
TUV RHEINLAND HONG KONG LIMITED	Hong Kong	100
TÜV Rheinland Ibérica Holding SA	Madrid	100
TÜV Rheinland Ibérica Inspection, Certification & Testing S.A.	Barcelona	100
TÜV RHEINLAND IBERICA, S.A.	Madrid	100
TUV Rheinland Immo SAS	Montrouge	100
TUV Rheinland India Private Ltd.	Bangalore	100
TUV Rheinland Industrial Solutions, Inc.	Caledonia	100
TÜV Rheinland Inspection-Services (Pty.) Ltd.	Pretoria	74
TÜV Rheinland InterCert d.o.o. Serbia	Belgrade	100
TÜV Rheinland InterCert Kft.	Budapest	100
TÜV Rheinland Italia S.r.l.	Pogliano Milanese	100
TUV Rheinland Japan Ltd.	Yokohama	100
TÜV Rheinland Korea Ltd.	Seoul	100
TÜV Rheinland Luxemburg GmbH	Luxembourg	100
TUV Rheinland Malaysia SDN BHD	Subang Jaya	100
TUV Rheinland Middle East FZE	Dubai	100
TÜV RHEINLAND NAVARRA SA	Pamplona	100
TÜV Rheinland Nederland B.V.	Amsterdam	100
TUV Rheinland North America Holding, Inc.	Boston	100

* The share of the voting rights corresponds to the stated capital stock.
** Fully consolidated by virtue of corporate body rights.
*** Recourse is made to Section 264 (3) HGB for this company.

Fully consolidated companies in other countries

Company name	Company domicile	Capital stock in %*
TUV Rheinland of North America, Inc.	Newtown	100
TÜV Rheinland Perú S.A.C.	Lima	100
TÜV Rheinland Philippines, Inc.	Manila	100
TÜV Rheinland Polska Sp.z o.o.	Warsaw	100
TÜV Rheinland Portugal Inspeccoes Tecnicas, Ltda.	Algés	100
TUV Rheinland PTL LLC	Tempe	85.26
TÜV Rheinland Quality Services (Pty.) Ltd.	Pretoria	100
TUV Rheinland Rail Sciences, Inc.	Scottdale	100
TÜV Rheinland Romania S.R.L.	Bucharest	100
TÜV Rheinland Shanghai Co., Ltd.	Shanghai	100
TÜV Rheinland Shenzhen Co., Ltd.	Shenzhen	100
TÜV RHEINLAND SINGAPORE PTE. LTD.	Singapore	100
TÜV Rheinland Slovensko s.r.o.	Bratislava	100
TUV RHEINLAND TAIWAN LTD.	Taipei	100
TUV Rheinland Thailand Ltd.	Bangkok	100
TÜV Rheinland Türkiye A. S.	Istanbul	100
TUV Rheinland UK Ltd.	Solihull	100
TÜV Rheinland Ukraine GmbH	Kiev	100
TÜV Rheinland Vietnam Co. Ltd.	Ho Chi Minh City	100
TÜV Rheinland (Wuxi) Automotive Testing Co., Ltd.	Shanghai	70
TÜV Rheinland/CCIC (Ningbo) Co., Ltd.**	Ningbo	50
TÜV Rheinland/CCIC (Qingdao) Co., Ltd.	Quingdao	55

* The share of the voting rights corresponds to the stated capital stock.
** Fully consolidated by virtue of corporate body rights.
*** Recourse is made to Section 264 (3) HGB for this company.

Joint ventures included

Company name	Company domicile	Capital stock in %*
Auteko & Latvija GmbH	Riga	49
SECTA S.A.	Courbevoie	50.51
TÜV Rheinland TNO Automotive International B.V.	Helmond	47

Associates included

Company name	Company domicile	Capital stock in %*
CDN Serviços de Água e Esgoto S/A	Rio de Janeiro	32.5

Non-consolidated companies in Germany

Company name	Company domicile	Capital stock in %*
autocon GmbH	Düsseldorf	100
BNDT Prüftechnik GmbH	Böhlen	100
Deutsche TÜV GmbH – Unternehmensgruppe TÜV Rhld./BB	Cologne	100
Deutsche TÜV GmbH Mitte	Cologne	100
FMG Fuhrparkmanagement GmbH	Tübingen	100
TRB GmbH	Cologne	88.36
TÜV 1 GmbH – Unternehmensgruppe TÜV Rhld./BB	Cologne	100
TÜV Alliance GmbH	Cologne	100
TÜV Berlin Brandenburg Gesellschaft von KFZ-Sachverständigen mbh	Cottbus	100
TÜV Berlin Brandenburg Verwaltungs-GmbH	Berlin	95
TÜV Berlin GmbH	Berlin	100
TÜV Ostdeutschland Sicherheit und Umweltschutz GmbH	Halle	100
TÜV Pfalz Consulting GmbH	Kaiserslautern	94
TÜV Rheinland AUTO EUROSERVICE GmbH	Cologne	94
TÜV Umwelt Berlin-Brandenburg GmbH	Berlin	100
TÜV Union Deutschland GmbH	Cologne	100
TÜV WEST AG	Cologne	50
www.tuv.com GmbH TÜV Rheinland Group	Cologne	100

Non-consolidated companies in other countries

Company name	Company domicile	Capital stock in %*
LC LUXCONTROL asbl	Esch/Alzette	56
Luxcontrol Nederland B.V.	Brielle	94
SEINCOSA S.L.	Barcelona	100
Sonvation Ltd.	Cheshire	100
Sonovation NV	Antwerp	100
Sonovation Products & Systems B.V.	Oosterhout	100
TÜV Quality Control Ltd.	Cairo	83
TUV Rheinland/ANTAEAN Co., Ltd.	Kunshan	50
TÜV RHEINLAND BELGIUM A.S.B.L.	Antwerp	100
TUV Rheinland Mandy Ltd.	Fuzhou	75
TÜV Telecom Services, INC.	Houston	100
TÜV ZSSM GmbH	Moscow	100
VRF Entwicklungsgesellschaft für chemische Industrie und Systemsicherheit Kft.	Budapest	65

* The share of the voting rights corresponds to the stated capital stock.
** Fully consolidated by virtue of corporate body rights.

AUDIT OPINION

Audit Opinion

We have audited the consolidated financial statements – consisting of the balance sheet, income statement, statement of income and accumulated earnings, statement of changes in shareholder's equity, cash flow statement, and the notes – as well as the Group management report for the fiscal year from January 1 to December 31, 2011, prepared by TÜV Rheinland Aktiengesellschaft, Cologne. Preparation of the consolidated financial statements and Group management report according to IFRS as applicable in the EU and, additionally, to German commercial law regulations pursuant to Section 315a (1) of the German Commercial Code (HGB) is the responsibility of the company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on the audit we have undertaken.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into consideration the generally accepted accounting principles as set out by the German Institute of Public Auditors (IDW). These standards require us to plan and perform audits in such a way that misstatements and violations materially affecting the presentation of assets, financial position, and profitability results in the consolidated financial statements in accordance with the applicable accounting rules and in the Group management report are detected with reasonable certainty. Knowledge of the Group's business activities and of its economic and legal environments, and expectations of possible misstatements are taken into account when determining auditing procedures. The effectiveness of internal control mechanisms related to accounting and evidence supporting the disclosures in the consolidated financial statements and in the Group management report is assessed mainly by checking random samples. The audit includes the assessment of the annual financial statements of the companies included in the Group accounts, the delimitation of the Group companies being consolidated, the accounting and consolidation principles used, and the significant estimates made by the Executive Board, as well as the evaluation of the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not find any irregularities with the exception of the following qualification: contrary to IAS 24.17, as well as Section 315a (1) in conjunction with Section 314 (1) 6 (a) and (b) of the German Commercial Code (HGB), the emoluments of the management employees in key positions and the total earnings of the present and former members of the Executive Board were not stated in the notes.

In our opinion, based on what we learned from our audit, the consolidated financial statements comply with IFRS as applicable in the EU and with the German commercial law regulations additionally applicable pursuant to Section 315a (1) of the German Commercial Code (HGB). The consolidated financial statements give a true and fair view of the assets, financial position, and profitability of the Group in accordance with these regulations. The Group management report is consistent with the consolidated financial statements conforming to the statutory regulations and overall provides an accurate and fair view of the financial status of the Group and of the opportunities and risks attendant on its future development.

Cologne, March 12, 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Menke
Auditor

Thomas Husemeyer
Auditor

CORPORATE BODIES

Supervisory Board

Shareholder representatives on the Supervisory Board

Prof. Dr.-Ing. habil. Bruno O. Braun,
Cologne, Chairman
CEO, TÜV Rheinland Berlin Brandenburg Pfalz e. V.

Dipl.-Wirtsch.-Ing. Heinz-Werner Binzel,
Langenselbold, Managing Director, Energy & Water Consulting International GmbH

Dr. jur. Hermann H. Hollmann,
Cologne, Board Member,
Ford-Werke GmbH

Dipl.-Ing. Bodo F. Holz,
Meerbusch, Advisory Council Chairman,
Management Engineers GmbH & Co. KG

Dr.-Ing. Herbert Lütkestratkötter,
Essen

Dr. jur. Gerd Schäfer,
Tribsees/Landsdorf, attorney,
CMS Hasche Sigle

Employee representatives on the Supervisory Board

Dipl.-Ing. Reiner Schon,
Berlin, Acting Chairman
TÜV Rheinland Industrie Service GmbH

Rechtsanwalt Jan Bley,
St. Augustin, TÜV Rheinland Aktiengesellschaft, attorney

Angelika Hecker,
Moers, Wage Scale Secretary, ver.di North Rhine-Westphalia

Dipl.-Pädagoge Gerhard Meusel,
Cologne, TÜV Rheinland Consulting GmbH

Dipl.-Ing. Johannes Scholz,
Frechen, TÜV Rheinland Kraftfahrt GmbH

Dr. Wolfgang Uellenberg-van Dawen,
Berlin, Divisional Director Politics and Planning,
Federal Administration ver.di

Executive Board

Dr.-Ing. Manfred Bayerlein
Chief Executive Officer (since September 1, 2011)

Thomas Biedermann
Chief Human Resources Officer and
Director of Industrial Relations
(since October 1, 2011)

Ulrich Fietz
Chief Financial Officer

Volker Klosowski
Chief Technology Officer (since January 1, 2012)

Stephan Schmitt
Chief International Officer (since October 1, 2011)

Friedrich Hecker
Chief Executive Officer (until August 31, 2011)

Dr. Christoph Hack
Chief Human Resources Officer
(until September 30, 2011)

Cologne, March 12, 2012

TÜV Rheinland Aktiengesellschaft

Executive Board

Dr.-Ing. Manfred Bayerlein
Chairman

Thomas Biedermann
Chief Human Resources Officer and
Director of Industrial Relations

Ulrich Fietz
Chief Financial Officer

Volker Klosowski
Chief Technology Officer

Stephan Schmitt
Chief International Officer

VERIFICATION STATEMENT

Certification of Independent Audit

To TÜV Rheinland AG, Cologne

This statement is a translation from the German original. It was translated on behalf of TÜV Rheinland, and therefore is not authoritative. The verification statement refers to the German original report. In case of doubt, the German original shall prevail.

Based on a contractual agreement, we have conducted an audit to establish a limited assurance about the statements on corporate social responsibility (CSR) made by TÜV Rheinland AG, Cologne, in the chapter »Sustainable Path« on pp. 44–78 of its Corporate Report for the business year 2011. The audit for the chapter »Business Ecology« on pp. 63–70 and the statements on occupational health and safety on p. 62 relate to information provided about TÜV Rheinland Group companies in Germany.

Responsibility of the Legal Representatives

TÜV Rheinland AG's Executive Board is responsible for compiling the aforementioned chapters of CSR information in keeping with the criteria listed in the Sustainability Reporting Guidelines Vol. 3 (pp. 7–17) of the Global Reporting Initiative (GRI):

- Materiality,
- Stakeholder inclusiveness,
- Sustainability context,
- Completeness,
- Balance,
- Clarity,
- Accuracy,
- Timeliness,
- Comparability, and
- Reliability.

The responsibility consists of selecting and applying appropriate methods of data collection used in drawing up the aforementioned chapters on CSR and of confirming that assumptions and estimates on individual CSR statements are plausible under the circumstances. It also comprises the conception, implementation, and maintenance of systems and processes insofar as they are of importance for compiling the aforementioned chapters of details about CSR.

Auditor's Responsibility

Our task is to make an assessment on the basis of the work we have undertaken as to whether we have become aware of circumstances that lead us to assume that the statements on CSR for the 2011 business year made in the above-named chapters of the Corporate Report for 2011 do not comply in material respects with the criteria of the GRI's Sustainability Reporting Guidelines Vol. 3 (pp. 7–17). In addition, we were instructed to make recommendations on the basis of our audit findings on the further development of CSR management and CSR reporting.

We conducted our audit with due regard for the International Standard on Assurance Engagements (ISAE) 3000, which requires us to abide by our professional duties and to plan and implement the commission with due regard for the principle of materiality so as to be able to make our assessment with a limited degree of certainty.

In an audit to establish »limited assurance,« the audit activities are less extensive than those undertaken in an audit to establish a sufficient degree of certainty such as is required for annual financial statements in accordance with Section 317 of the German Commercial Code (HGB), so that a correspondingly lower degree of certainty is achieved.

The choice of audit activities is subject to the auditor's judgment. In the course of our audit we undertook, amongst others, the following activities:

- An inspection of the documents on CSR strategy, CSR management, and stakeholder dialog along with obtaining an understanding of the topic-finding process for the CSR report;
- Interviews at the Group's headquarters in Cologne with employees who are responsible for compiling the aforementioned chapters on CSR (the responsible areas include CSR and Sustainability, Human Resources, Occupational Health and Safety, and Radiation Safety, Global Process Management, and Compliance) or for supplying details of the processes used to draw up CSR statements and consolidate data, and of the internal control system relating to these processes;
- An on-site visit to TÜV Rheinland Shanghai Co., Ltd., Shanghai; TÜV Rheinland Immobiliengesellschaft GmbH & Co. KG, Cologne; and the conduct of site-related interviews and surveys;
- An inspection of the documentation of the implementation and suitability of the systems and processes used to record, analyze, and aggregate statements on CSR and spot checks to obtain an understanding of them;
- A comparison of selected details in the »Compliance« section with the respective requirements of the anti-corruption reporting guidelines of the UN Global Compact and Transparency International;
- An analytical assessment of selected CSR data;
- Spot checks of the evidence provided in support of individual CSR details, including inspection of internal documents, external reports, invoices, and analysis of data generated as reports by the IT systems (conversions, estimates, and projections).

Judgment

On the basis of our audit to establish a »limited assurance,« we have not become aware of any circumstances that lead us to believe that the statements on CSR for the 2011 business year in the aforementioned sections of the Corporate Report for 2011 do not comply in material respects with the criteria of the GRI's Sustainability Reporting Guidelines Vol. 3 (pp. 7–17).

Supplementary Notes – Recommendations

Without prejudice to our audit findings outlined above, we make the following recommendations on further development of CSR management and CSR reporting:

- Further development of uniform, Group-wide, and documented definitions of CSR statements and data collection procedures;
- Strengthening defined and documented internal control procedures on central and upstream level.

Düsseldorf, March 12, 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Bröcher
Auditor

pp Nicole Kummer

ABOUT THIS REPORT

TÜV Rheinland Presents its Second Integrated Corporate Report.

The entire report is based on the internationally recognized IFRS and Global Reporting Initiative (GRI) reporting standards, the principles of the Global Compact, and the anti-corruption guidelines of the UN and Transparency International. It takes into account the Group companies included in the consolidated financial statements. Reference has been made to GRI Guideline (G3) dated October 2006 which comprises over 120 indicators that describe both the company and its output and the report itself. Furthermore, this report is in accordance with the COP Advanced Level of the UN Global Compact.

The GRI Content Index lists the indicators in the current GRI Guideline that were raised in TÜV Rheinland's 2011 Sustainability Report.

The previous Sustainability Report was published in April 2011 and the annual publication frequency is to be maintained in the future.

Methodology Used in the Report

The reporting period is the business year 2011. If, at the time of publication (deadline: February 26, 2012), the final figures for 2011 were not yet available, comparable annual figures for 2010 have been used as the basis.

Environmental Indicators

Germany:

Of the more than 300 properties in Germany, only office locations with 20 or more employees were covered in the past year, as were motor vehicle testing centers with more than three employees. Due to certain changes from the previous year, the survey covers 71 sites (previous year: 80), but despite the smaller number of locations, more than 80 percent of the Group's employees in Germany are included. The data collected was then projected for the entire workforce in Germany and the figures were rounded up or down. Other bases of calculation are stated separately. The use of standardized datasets such as GaBi leads to a retroactive adjustment of individual figures for 2009. These figures are therefore only comparable in the overall view. Several figures were newly aggregated. Although some details are lost in the process, it nonetheless permits reliable long-term comparisons and goals to be formulated; estimates and assumptions are identified as such.

International Companies:

To achieve a global coverage of key figures for environmental protection, data was collected from all seven TÜV Rheinland regions. Each of the international companies that has an environmental or an occupational health and safety management system or that has more than 50 employees was considered at the company level. This covered 80 percent of the employees in international companies. The data collected was then projected for the entire workforce in international companies and the figures were rounded up. Other bases of calculation are stated separately. Data for economic factors and personnel information cover all of the Group's consolidated companies.

For readability purposes, we use the term employee throughout; it should be clear that this means all male and female colleagues. Furthermore, if not listed in full-time equivalent (FTE) numbers, details concerning employee structure are based on numbers of employees. Both refer to the cutoff date figures (December 31, 2011) unless otherwise indicated. Capture efficiency is 90% among international companies.

The present TÜV Rheinland Sustainability Report takes full account of the Global Reporting Initiative's (GRI) reporting framework. The report corresponds to the highest GRI application level (Application Level A+), as the GRI has confirmed in the course of an inspection. The figures stated in the report were audited by PricewaterhouseCoopers subject to the limitations stated in the verification statement.

GRI INDEX

GRI Index
UN Global Compact/Transparency International Reporting Guidance on Anti-Corruption

Indicators		Corporate Report and Web References	Comments	UNGC Principles
1	**Strategy and Analysis**			
1.1	Statements from the most senior decision makers of the organization	pp. 3–5		
1.2	Description of key impacts, risks, and opportunities	pp. 47–49, 98, 99		
2	**Organizational Profile**			
2.1	Name of the organization		TÜV Rheinland AG	
2.2	Primary services	Reporting pp. 80, 89–93, www.tuv.com		
2.3	Operational structure, including main divisions	pp. 89–93, 138–140, 152		
2.4	Location of organization's headquarters		Am Grauen Stein, 51105 Cologne, Germany	
2.5	Names of countries with major operations	pp. 83–85		
2.6	Nature of ownership and legal form			
2.7	Markets served	pp. 86–87, www.tuv.com		
2.8	Scale of the reporting organization	p. 56		
2.9	Significant changes regarding size, structure or ownership	pp. 89, 108–109		
2.10	Awards received in the reporting period	Page 55		
3	**Report Parameters and Limits**			
3.1	Reporting period	Page 146		
3.2	Date of most recent previous report	Page 146		
3.3	Reporting cycle	Page 146		
3.4	Contact point for questions regarding the report or its contents	Editorial Information, www.tuv.com/en/corporate/about_us_1/sustainability_1/cat_sustainability_2.jsp		
3.5	Process for defining report content	pp. 47, 58, 59, 65	Topics that are defined as essential are introduced on page 47. They are the basis for this report.	
3.6	Boundary of the report	Page 146		
3.7	Limitations on the scope or boundary of the report	Page 146		
3.8	Basis for reporting on joint ventures, subsidiaries, and other entities	Page 146		
3.9	Data measurement techniques and bases of calculations	Page 146		
3.10	Re-statements of information provided in earlier reports	Page 146		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Page 146		
3.12	GRI content index	pp. 147–151		
3.13	External assurance for the report	pp. 144–145		
4	**Governance, Commitments, and Engagement**			
4.1	Governance structure and responsibility for sustainability	pp. 46, 51, 52		1–10
4.2	Independence of the Chair of the highest governance body	Page 143	In keeping with German law, the job of the President and CEO is strictly separate from that of the Supervisory Board Chairman.	1–10
4.3	Details of organizations that have no unitary board structure		Not applicable.	1–10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		In accordance with Germany's Work Constitution Act, the employees are represented by staff representatives on the Supervisory and Management Boards.	1–10
4.5	Linkage between compensation for members of the highest governance body and the organization's sustainability performance		At the Executive Vice President level, support for sustainable services is partly a component of goal setting – therefore it has an effect on the amount of compensation.	1–10
4.6	Processes in place to ensure conflicts of interest are avoided	pp. 51, 71		1–10
4.7	Qualifications and expertise of the members of the highest governance body concerning sustainability	http://www.tuv.com/en/corporate/about_us_1/organisation_bodies/organisation_bodies.jsp		1–10
4.8	Internally developed statements of mission or values and codes of conduct	p. 51		1–10

Indicators		Corporate Report and Web References	Comments	UNGC Principles
4.9	Procedures of the highest governance body for overseeing the organization's management of economic, environmental, and social opportunities and risks	pp. 44, 46, 51		1–10
4.10	Processes for evaluating the highest governance body's own environmental performance		Because sustainability is an integral part of our business model, we do not have specific procedures for sustainability performance assessment.	
4.11	Implementation of the precautionary approach	pp. 44, 48, 51, 71		7
4.12	Externally developed initiatives to which the organization subscribes or endorses	pp. 49, 51		1–10
4.13	Memberships in associations	pp. 49, 51		1–10
4.14	List of stakeholder groups engaged by the organization	p. 48		
4.15	Basis for identification and selection of stakeholders with whom to engage	pp. 47, 48		
4.16	Approaches to stakeholder engagement	pp. 47, 48		
4.17	Response to key topics and concerns of the stakeholders	pp. 47, 48		
	Economic			
	Economic Performance Indicators			
	Management Approach			1, 4, 6, 7
EC 1	Direct economic value generated and distributed	Page 102		
EC 2	Financial implications and other risks and opportunities of climate change	pp. 96–98	The business risks and opportunities were indicated, but they cannot be precisely quantified.	7
EC 3	Coverage of the organization's defined benefit plan obligations	Page 117		
EC 4	Significant financial assistance received from government		For technical reasons, we cannot prove the extent to which we receive financial contributions from the government.	
EC 5*	Range of ratios of standard entry level wage compared to local minimum wage		Because our employees are all highly educated, we set our wage systems above the legal minimums.	1
EC 6	Policy, practices, and proportion of spending on locally-based suppliers	p. 52	As a service provider, purchasing products is less relevant and primarily concerns office supplies.	
EC 7	Procedures for local hiring	p. 58	By the same standard, our international locations favor local personnel. This also applies to management positions.	6
EC 8	Infrastructure investments and services provided primarily for public benefit	pp. 72–74		
EC 9*	Significant indirect economic impacts	p. 72		
	Environmental Performance Indicators			
	Management Approach	p. 63		7, 8, 9
EN 1	Materials used by weight or volume	p. 69	Unlike manufacturing companies, we only use consumable materials as a service provider.	8
EN 2	Percentage of materials used that are recycled input materials	p. 69		8–9
EN 3	Direct energy consumption by primary energy source	pp. 64, 69		8
EN 4	Indirect energy consumption by primary energy source	p. 64		8
EN 5*	Energy saved due to conservation and efficiency improvements	pp. 64, 65, 68		8–9
EN 6*	Initiatives to provide energy-efficient or renewable energy-based products and services	p. 68		8–9
EN 7*	Initiatives to reduce indirect energy consumption and reductions achieved	pp. 64–68		8–9
EN 8	Total water withdrawal by source	p. 69		8
EN 9*	Water sources significantly affected by withdrawal of water	p. 69		8
EN 10*	Percentage and total volume of water recycled and reused		Our waste water figures correspond to the volume of water withdrawn from local authority grids. There is no additional waste water. We dispose our waste water via local authority sewers and the waste water is properly processed.	8–9
EN 11	Land in, or adjacent to, protected areas.		All land at our German locations that is adjacent to utilizable or green spaces. They are treated as gardens but are not considered protected or restored habitats.	8
EN 12	Significant impacts of services on biodiversity		Being service provider, we do not emit harmful substances like those of traditional manufacturing companies. Our real estate, therefore, does not impose any more of a burden on the environment than other urban development areas.	8
EN 13*	Habitats protected or restored		All land at our German locations is adjacent to utilizable or green spaces. They are treated as gardens but are not considered protected or restored habitats.	8
EN 14*	Strategies, current actions, and future plans for managing impacts on biodiversity		As a service provider, this is not a significant issue for us. This is also apparent through our materiality matrix.	8
EN 15*	Conservation list species with habitats affected by services		All of our German properties are in urban areas where, to the best of our knowledge, no endangered species currently live.	8

Indicators		Corporate Report and Web References	Comments	UNGC Principles
EN 16	Total direct and indirect greenhouse gas emissions by weight	pp. 64, 66		8
EN 17	Other relevant indirect greenhouse gas emissions by weight	p. 69		8
EN 18*	Initiatives to reduce greenhouse gas emissions	pp. 64, 65, 68		7–9
EN 19	Emissions of ozone-depleting substances by type and weight		The cooling systems are state of the art and operate without CFCs. Our business activities produce only CO_2 emissions but no other relevant air emissions.	8
EN 20	NOx, SOx and other significant air emissions by type and weight		The cooling systems are state of the art and operate without CFCs. Our business activities produce only CO_2 emissions but no other relevant air emissions.	8
EN 21	Total water discharge by quality and destination		Our waste water figures correspond to the volume of water withdrawn from local authority grids. There is no additional waste water. We dispose our waste water via local authority sewers and the waste water is properly processed.	8
EN 22	Total weight of waste by type and disposal method	p. 70		8
EN 23	Total number and volume of significant spills	p. 70		8
EN 24*	Waste deemed hazardous under the terms of the Basel Convention	p. 70		8
EN 25*	Effects of discharges of water on ecosystems		We do not release any waste water into natural waterways and at present do not keep records of the amount of rainwater discharged through sealed surfaces.	8
EN 26	Initiatives to mitigate environmental impacts of services	pp. 64, 66–68		7–9
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category		As a service provider, we do not need packaging for our products. Our packaging materials are limited to the postal envelopes, etc. that we use to send our inspection reports in. Our customers can dispose of these in wastepaper bins to have them recycled.	8–9
EN 28	Fines for noncompliance with environmental laws and regulations	p. 63	We are not aware of any such breaches internationally in the year under review.	8
EN 29*	Significant environmental impacts from transport	pp. 68, 69		8
EN 30*	Total environmental protection expenditures	p. 67		7–9
	Labor Practices and Employment			
	Management Approach	pp. 55–57		1, 3, 6
LA 1	Total workforce by employment type, employment contract, and region	pp. 56, 58		
LA 2	Total number and rate of employee turnover by age group, gender, and region	pp. 56, 58	In the 2011 reporting year in Germany, 273 male employees and 172 female employees left the company (including retirement, expiration of contract, etc.). Our newly hired employees in Germany were predominantly between 30 and 50 years old. More detailed reporting is not currently possible because appropriate data will only become available through gradual unification of the personnel systems.	6
LA 3*	Benefits provided to full-time employees	Page 80	In addition to actual basic compensation, we provide additional payments in a number of our German companies, predominantly based on collective bargaining. These include a Christmas bonus, holiday pay, and capital-forming payments. Other payments, such as a company pension plan and Group accident insurance, are granted throughout the company based on consolidated agreements.	
LA 4	Percentage of employees covered by collective bargaining agreements		The compensation for about 65 percent of our employees in Germany is subject to a collective bargaining agreement.	1, 3
LA 5	Minimum notice periods regarding significant operational changes		The minimum notice period for operational changes is four weeks.	3
LA 6*	Percentage of total workforce represented in formal joint management-worker health and safety committees	p. 62		1
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 62		1
LA 8	Measures in place to provide assistance regarding serious diseases	p. 61		1
LA 9*	Health and safety topics covered in formal agreements with trade unions	p. 62		1
LA 10	Average hours of training per year per employee by employee category	pp. 58–60		
LA 11*	Programs for skills management and lifelong learning	p. 60		
LA 12*	Percentage of employees receiving regular performance and career development reviews	p. 58		
LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, and minority group membership	pp. 56, 58		1, 6

*Additional indicator

Indicators		Corporate Report and Web References	Comments	UNGC Principles
LA 14	Ratio of basic salary of women to men by employee category		At TÜV Rheinland, an employee's wage is oriented to the employee's work activities, qualifications, and professional experience. As such, we do not make any nonobjective decisions with regard to wages.	1, 6
	Human Rights			
	Management Approach			1–6
HR 1	Investment agreements that include human rights clauses or that have undergone human rights screening	pp. 51, 52	In the year under review, we acquired company shares or companies through M&A activities including in the Netherlands. In the latter, compliance and the principles of the UN Global Compact were observed and audited.	1–6
HR 2	Percentage of suppliers and contractors that have undergone screening on human rights	p. 52		1–6
HR 3*	Employee training on policies and procedures concerning human rights	p. 54		1–6
HR 4	Incidents of discrimination and actions taken		No cases of discrimination in Germany were reported during the year under review.	1–2, 6
HR 5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at risk		In all of our companies, employees' right to establish or participate in organizations is permitted in accordance with local laws.	1–3
HR 6	Principles and measures taken to contribute to the elimination of child labor	pp. 49, 51	Due to the nature of our business activities, there is no compliance risk with regard to child labor or forced labor in the performance of our activities. Nonetheless, the prohibition on child labor and forced labor is an integral part of our guidelines and a regular subject of compliance trainings.	1–2, 5
HR 7	Principles and measures taken to contribute to the elimination of forced or compulsory labor	pp. 49, 51	Due to the nature of our business activities, there is no compliance risk with regard to child labor or forced labor in the performance of our activities. Nonetheless, the prohibition on child labor and forced labor is an integral part of our guidelines and a regular subject of compliance trainings.	1–2, 4
HR 8*	Security personnel training concerning human rights		Not relevant.	
HR 9*	Incidents involving rights of indigenous people and actions taken		Not relevant.	
	Society			
	Management Approach			10
SO 1	Programs that assess the impacts of operations on communities	p. 72		
SO 2	Business units analyzed for risks related to corruption	p. 52		10
SO 3	Employee training in anti-corruption policies	p. 54		10
SO 4	Actions taken in response to incidents of corruption	p. 54		10
SO 5	Public policy positions and participation in public policy development and lobbying	p. 49		1–10
SO 6*	Total value of financial and in-kind contributions to political parties and politicians		As in previous years, we did not support any political parties in 2011.	10
SO 7*	Legal actions for anti-competitive behavior		We conform to anti-competitive regulations and no legal actions have been taken against us in this regard.	
SO 8	Fines for noncompliance with laws and regulations	p. 53		
	Product Responsibility			
	Management Approach			1, 8
PR 1	Life cycle stages in which health and safety impacts of products are assessed	p. 71		1
PR 2*	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts	p. 71		1
PR 3	Type of product information required by procedures	pp. 71, 72		8
PR 4*	Incidents of non-compliance with regulations and voluntary codes concerning product and service labeling	p. 71		8
PR 5*	Customer satisfaction, including results of surveys	p. 71		
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	p. 71		
PR 7*	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications		We did not receive any fines in 2011 for unfair competition or competition-related violations.	
PR 8*	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	p. 71	There were no legitimate complaints relevant to breaches of customer privacy or losses of customer data during the period under review.	1
PR 9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services		No significant fines for non-compliance with laws concerning the provision and use of products and services were issued.	
	UNGC/TI Reporting Guidance on Anti-Corruption			
	Commitment and Policy			
B 1	Publicly stated commitment to work against corruption	p. 51		
B 2	Commitment to be in compliance with all anti-corruption laws	p. 51		
D 1	Publicly stated formal policy of zero tolerance for corruption	p. 51		

Indicators		Corporate Report and Web References	Comments	UNGC Principles
D 2	Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption			
D 3	Carrying out risk assessment of potential areas of corruption	pp. 52, 53		
D 4	Detailed policies for high-risk areas of corruption	p. 51		
D 5	Policy on anti-corruption regarding business partners	pp. 52, 53		
	Implementation			
B 3	Translation of anti-corruption commitment into actions	pp. 51–54		
B 4	Support by the organization's leadership for anti-corruption	pp. 51–53		
B 5	Communication and training on the anti-corruption commitment for all employees	pp. 52–54		
B 6	Internal checks and balances to ensure consistency with the anti-corruption commitment	p. 52		
D 6	Communication and other actions taken to encourage business partners to implement anti-corruption commitments	pp. 52, 53		
D 7	Management responsibility and accountability for implementation of the anti-corruption measures or policy	pp. 52, 53		
D 8	Human resources procedures supporting the anti-corruption measures or policy	pp. 52–54		
D 9	Communications channels (whistle-blowing) and follow-up mechanisms for possible reporting of concerns or seeking advice	p. 54		
D 10	Internal accounting and auditing procedures related to anti-corruption	p. 53		
D 11	Participation in voluntary anti-corruption initiatives	p. 51		

*Additional indicator

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **TÜV Rheinland AG** has presented its report "Corporate Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 9th 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

The "+" has been added to this Application Level because TÜV Rheinland AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

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A matrix organization is implemented at TÜV Rheinland AG:

The Executive Vice Presidents are responsible for the global strategic alignment of their respective Business Streams, run global and transnational business development, and exercise executive authority over quality, products, innovations, and processes. The Chief Regional Officers are responsible for business operations in their respective regions and ensure quality in sales, production, and service. The Business Unit Officers are in charge of business operations and quality assurance for Business Units in Germany. All three levels jointly prepare the content of important Executive Board decisions.

GROUP EXECUTIVE COUNCIL

The Group Executive Council is TÜV Rheinland AG's highest operational management team below the Executive Board. It is composed of TÜV Rheinland AG's Executive Board, Executive Vice Presidents, Chief Regional Officers, and Business Unit Officers in Germany.

The TÜV Rheinland Group comprises more than 120 companies. The operational parent company is TÜV Rheinland AG, the shares of which are entirely in the possession of TÜV Rheinland Berlin Brandenburg Pfalz e.V.

In accordance with Germany's Work Constitution Act, the employees are represented by staff representatives on the Supervisory and Management Boards.

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