



**POWERFUL**  
CORPORATE REPORT 2013



As a growth market and bridge to the African continent, South Africa plays a key strategic role for TÜV Rheinland. Together with our strong team, we are supporting the Rainbow Nation on their path to a sustainable future.

## TÜV RHEINLAND AG GROUP FIGURES

in € millions	2009	2010	2011	2012	2013
<b>Revenues</b>					
Industrial Services	322	377	453	488	494
Mobility	295	311	336	366	397
Products	301	350	372	396	391
Life Care	64	55	51	55	58
Training and Consulting	150	160	160	194	221
Systems	116	123	127	118	124
<b>Figures, consolidated (according to IFRS)</b>					
<b>Total Revenues</b>	<b>1,181</b>	<b>1,303</b>	<b>1,417</b>	<b>1,531</b>	<b>1,601</b>
Germany	689	713	734	756	826
Abroad	492	590	683	775	775
Earnings before interest and taxes (EBIT) (in € millions)	91.9	112.1	124.0	113.2	117.1
Profit margin (in %)	7.8	8.6	8.8	7.4	7.3
Net capital expenditure (in € millions)	66.5	78.9	87.7	83.2	75.7
Cash flow (in € millions)	77.8	100.1	112.3	108.0	107.1
Equity capital (in € millions)	236.2	288.6	325.3	291.8	312.0
Equity ratio (in %)	19.7	22.2	24.1	20.1	21.3
<b>Staff (annual average)</b>	<b>13,804</b>	<b>14,412</b>	<b>15,961</b>	<b>17,218</b>	<b>17,947</b>
Germany	6,753	6,766	6,774	7,035	7,328
Abroad	7,051	7,646	9,187	10,183	10,619

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## A FORCE FOR GROWTH

We utilize our skills and expertise wherever the major challenges of our time demand sustainable solutions. We rely on diversity, which creates a broad foundation for our regional and operational growth. And we search for the right partners who we can work with as a strong unit to achieve even more. [Pages 24–29](#)

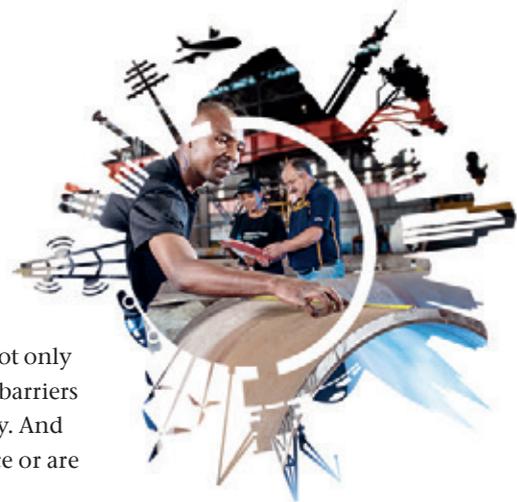


## A FORCE FOR CHANGE

We believe that with our knowledge and dedication, we can be a powerful force for positive change. We possess the creativity and innovative spirit to successfully break new ground. And we understand that change lives from dialog and consensus, which we promote in a variety of ways. [Pages 30–35](#)

## A FORCE FOR UNITY

We facilitate the transfer of knowledge around the world which not only benefits our company, but also society as a whole. We break down barriers that stand in the way of developing a more sustainable community. And we dedicate ourselves to the people today that need expert advice or are simply looking for a sympathetic ear. [Pages 36–41](#)





# TÜV RHEINLAND

## PROFILE

Since its founding in 1872, TÜV Rheinland has developed from a regional testing agency to a leading international provider of testing, inspection, and certification 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, 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
- ▲ Elevator, Conveyor, and Machine Technology
- ▲ Electrical Engineering and Building Technology
- ▲ Supply Chain & Integrity Services
- ▲ Civil Engineering
- ▲ Energy and Environment
- ▲ Project Management and Supervision

### MOBILITY

- ▲ Periodical Technical Inspection
- ▲ Driver's License
- ▲ 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 and Supply Management
- ▲ Medical Center Services

### TRAINING AND CONSULTING

- ▲ Professional Training
- ▲ Schools
- ▲ Personnel Certification
- ▲ Personnel Management
- ▲ Business Consulting
- ▲ Publishing and Media
- ▲ R & D and Innovation Management
- ▲ Information Security

### SYSTEMS

- ▲ Certification of Management Systems
- ▲ Customized Services

# EXECUTIVE BOARD

OF TÜV RHEINLAND AG (as of April 1, 2014)



Ralf Scheller

Stephan Schmitt

Ulrich Fietz  
(Spokesman)

Thomas Biedermann

# INFORMATION

The Supervisory Board appointed the long-term Chief Financial Officer Ulrich Fietz as Spokesman of the Executive Board with effect from April 1, 2014.

TÜV Rheinland is a global technical service provider. In addition to the strong domestic market, the increasingly fast-growing international business is in focus, especially in the emerging markets of South America and Asia, in the USA and increasingly in the countries of the Middle East and Africa. This development will be reflected more clearly than before in the Executive Board.

The Supervisory Board has appointed Ralf Scheller to the Executive Board as a second Chief International Officer alongside Stephan Schmitt as of April 1, 2014. In future, the Executive Board will comprise the two Chief International Officers, the Chief Human Resources Officer Thomas Biedermann and the Chief Financial Officer, who will simultaneously perform the role as Spokesman of the Executive Board.

Dr. Manfred Bayerlein, CEO of TÜV Rheinland AG since September 2011, left the company by amicable mutual consent at the end of March. The Supervisory Board thanks Dr. Bayerlein for his dedication. Under his leadership, TÜV Rheinland continued its good long-term revenues performance and increased revenues from €1.42 billion in 2011 to more than €1.6 billion in 2013. At the same time, the strategy for 2017 he initiated as CEO laid the foundation for accelerated profitable growth. The Supervisory Board wishes Dr. Bayerlein every success and all the best for the future.

The Chief Technical Officer Volker Klosowski also left the company. He resigned his post at the end of March of his own volition and by agreement with the Supervisory Board in order to take on new professional challenges. The Supervisory Board thanks Volker Klosowski for his dedication and wishes him every success and all the best for the future.

The Supervisory Board wishes the Executive Board every success in implementing the strategy and achieving the targets for the current year.

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



# EXECUTIVE BOARD

OF TÜV RHEINLAND AG

**Ulrich Fietz**  
Chief Financial  
Officer

**Volker Klosowski**  
Chief Technology  
Officer

**Dr.-Ing. Manfred Bayerlein**  
Chief Executive Officer

**Stephan Schmitt**  
Chief International  
Officer

**Thomas Biedermann**  
Chief Human Resources  
Officer

*Ladies and Gentlemen,  
Dear Reader,*

During the past few months, we have taken over a truly leading position in our industry: TÜV Rheinland is now one of the world's three largest independent information security providers. We strengthened our company in this area because we are confident that as IT plays an increasingly larger role in business and daily life, we need to expertly occupy this key field as a neutral provider of testing, inspection, and certification services, and closely intertwine it with our other skills.

Through strategic acquisitions in the field of IT Security and other Business Fields, we achieved important milestones in the previous business year. But the successful launch of innovative services – such as in the field of intelligent, non-destructive testing or new certifications for online applications – also brought us closer to our goal: to be the best sustainable, self-financed, and independent provider of testing, inspection, and certification services in the world.

The previous business year was also successful as far as revenue and income were concerned – despite operating in a fiercely competitive business environment, TÜV Rheinland once again achieved all of its major goals. We generated record revenues of 1.6 billion euros, despite facing adverse conditions in different markets and individual sectors. At 117 million euros, EBIT also exceeded last year's excellent result.

As a result, our company grew organically at a rate ahead of the industry average. All of our company's regions and Business Streams turned a profit, and the number of new orders we received increased significantly. And we are particularly happy about being able to hire 700 new full-time employees in 2013. For the first time ever, our company has more than 18,000 employees around the world – a new record.

In 2013, we invested approximately 76 million euros, slightly less than in the previous year; investments were made in new testing capacities and company locations, for example. The largest individual investment was in Cologne, where we carried out sustainable construction and prepared for further growth with a new office building and a new type of power station.

This is because a fixed part of our strategy is our unwavering commitment to sustainable operations and the principles of the UN Global Compact. Our goal is to play a role in shaping a sustainable future that satisfies both mankind's and the environment's needs. As in previous years, we provide a detailed look at our wide range of sustainable activities in the CSR section of this corporate report.

On behalf of the Executive Board, I would like to sincerely thank all of our employees, whose performance in 2013 was once again remarkable. With their technical expertise, their knowledge of the market, and their unbridled enthusiasm, they are the key to the success of TÜV Rheinland AG and also guarantee our continued existence and further growth in this fiercely competitive environment.

I hope you find the information in this Corporate Report both informative and inspirational. Happy reading!

*Yours  
Manfred Bayerlein*

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



## FOREWORD

BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF TÜV RHEINLAND AG

*Dear Readers,*

Despite a subdued economic recovery and a challenging competitive environment, 2013 was a successful business year for the TÜV Rheinland Group. The company succeeded in increasing both revenues and EBIT compared to the previous year.

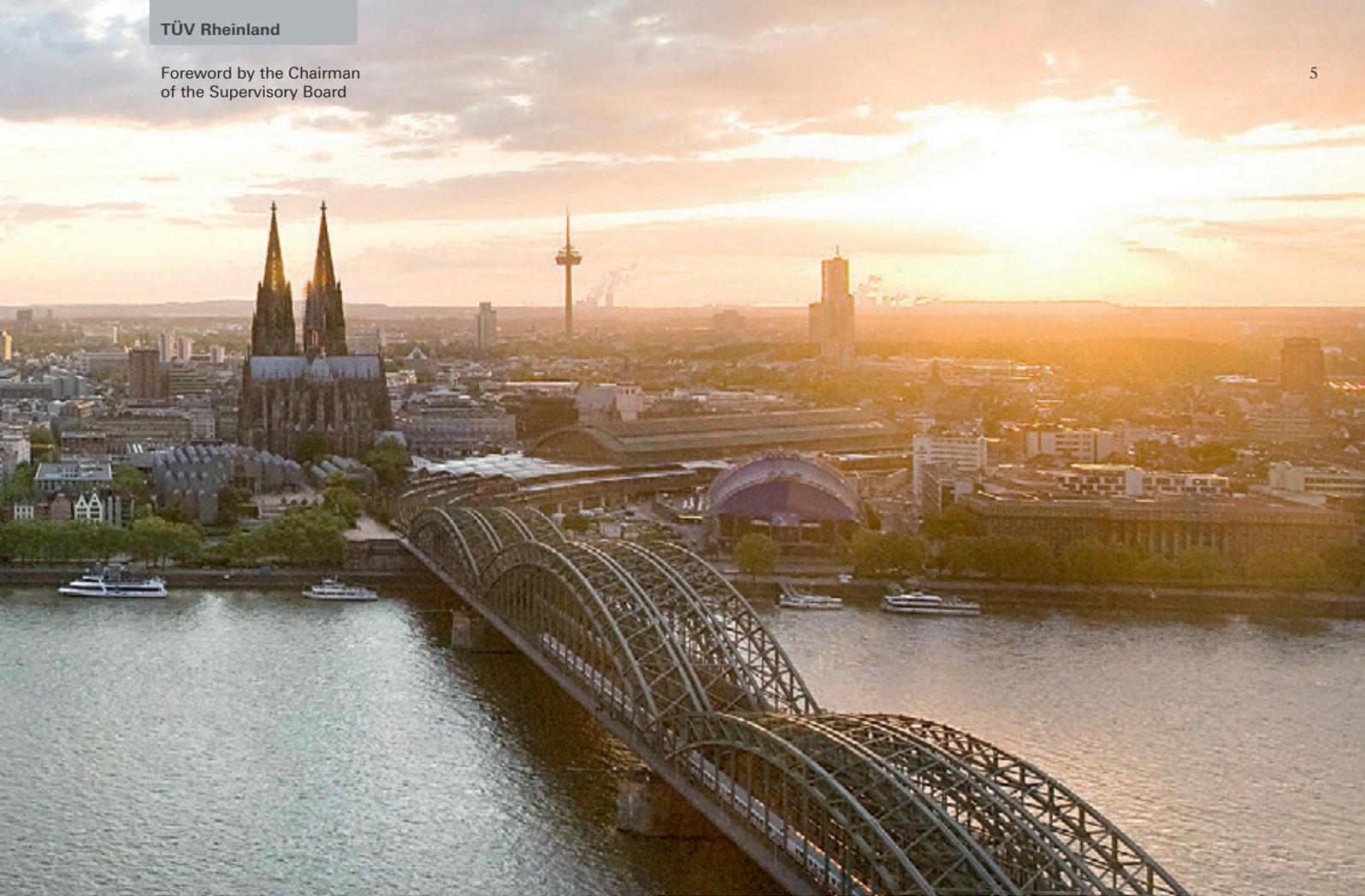
A total of around 18,000 employees at close to 500 different locations work on bringing people,



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

technology, and the environment into harmony with one another for a safe future worth living in. Competent male and female engineers from TÜV Rheinland are rising to the challenges of our time around the world. They offer innovative solutions for current societal developments and new technological advancements. One example is the growing importance of IT security for companies in a wide variety of industries. In this strategically important Business Field, TÜV Rheinland has successfully provided testing and certification services since the turn of the millennium, which the company has since expanded.

Speed and innovative ability are crucial to growing further in globalized and regional markets as well as entering new markets. TÜV Rheinland's international focus, the knowledge of local markets possessed by the Group's international subsidiaries, and the extensive range of services it provides make TÜV Rheinland flexible in its



ability to respond to the needs of markets and clients. With its employees' expertise and wealth of experience, the company has an excellent strategic position from which to continue growing internationally in challenging economic environments.

In the previous business year, the Supervisory Board assisted the Executive Board in a consultative and monitoring capacity in accordance with the articles of incorporation and the law, and thoroughly discussed a variety of the Executive Board's plans during three meetings. All of the measures that required the consent of the Supervisory Board were discussed in detail in these meetings. The Supervisory Board of TÜV Rheinland AG was continuously and comprehensively informed of the planning, economic development, financial position, and continued implementation of the TÜV Rheinland AG Group's Strategy 2017. In this context, the work done by the board's committees played a key role. The shareholder representatives on the Supervisory Board were elected in April 2013. Dr. Herbert Lütkestratkötter left the Supervisory Board, while Dr. Rolf-Martin Schmitz, Deputy Chairman of the Executive Board and Chief Operating Officer

of RWE AG, joined the board. All other shareholder representatives were reelected.

The auditing firm PricewaterhouseCoopers audited the annual financial statements dated December 31, 2013, including the management report and accounting, prepared by the Executive Board of TÜV Rheinland AG. The audit of the annual financial statement, the management report, and the proposed appropriation of profits produced no objections. The Supervisory Board adopted the annual reports.

The Supervisory Board would like to thank the Executive Board, the members of management around the world, and all the Group's employees for their excellent work during the previous year. I wish for the continued success of TÜV Rheinland AG and all of the Group's companies in overcoming future challenges for the good of society and the company.

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

# HELLO SOUTH AFRICA

The rainbow nation. A country that unites the entire world within it. These descriptive terms not only refer to a country with several hundred years of tumultuous history, but also the most economically important and most advanced country on the entire African continent. And the history of TÜV Rheinland on the southern tip of Africa has also been 40 years in the making. As a part of our global network, more than 100 employees at four locations provide a wide range of consulting and certification services.

On the following pages, you will discover an extremely special kind of South African diversity.







With a goal of 8.4 gigawatts of solar power capacity by 2030 and a stable regulatory framework, South Africa is considered the most attractive new photovoltaic market in the world. As the world's leading provider of testing, inspection, and certification services for the solar industry, we offer investors and plant operators in the country on the cape the entire range of services related to the safe, reliable, and profitable operation of their solar power systems.



Despite increased police patrols and omnipresent road safety campaigns, South Africa's streets are some of the most dangerous in the world. One of the roots of the problem is the inadequate analysis of the cause of accidents. As part of our »Crash Scene Investigation Trainings«, we familiarize participants with internationally accredited methods of accident analysis and documentation.





A telephone line can be life-saving in an emergency, especially in the sparsely populated regions of South Africa. That's why we support telecommunications providers such as Vodacom with a variety of services for the purpose of maintaining and expanding their network infrastructure. Furthermore, we have certified the company pursuant to ISO 14001, the international family of standards for environmental management.







Tourism is one of the engines driving South Africa's economic growth, and the spa segment is particularly booming. Not every location with a spa sign out front actually offers the ability to really unwind and relax, however. With our »International Spa Standard« test mark, we offer hotel operators and spa facilities the ability to credibly position themselves as a high-quality provider of spa services.



Coal is the unrivaled leader in the South African energy mix, holding a share of around 85 percent. The ambition to get much more than just energy out of this »black gold« is what kicked off Sasol's success story in 1950. We support the company, which has since grown into the country's second-largest industrial group, with a wide variety of inspection and certification services.





Despite less than three percent of South Africa's gross domestic product being generated from agriculture, the country is the world's third-largest exporter of agricultural products. With certifications pursuant to the internationally accredited ISO 22000 food safety standard, we get local producers like Cape Olive Products fit for their successful entry into the world market.







Industrial products generate the lion's share of South Africa's export income. Capital-intensive sectors like the chemical industry have a significant need for material testing, since production losses mean enormous costs. We meet this need with a wide range of classic and innovative methods – from purely visual inspections to non-destructive ultrasound testing.





Whether the Garden Route or Krüger National Park – the most beautiful areas of South Africa are best explored on your own by car. But in a country with a comparatively high road risk, renting a vehicle is a matter of trust. Trust which, like in the case of the rental company Avis, can be promoted over the long-term with a quality management system we have certified pursuant to ISO 9001.





A growing number of IT criminals are taking control of servers and consumer devices with increasingly sophisticated methods. As the world's third-largest independent information security provider, we reliably protect companies and private individuals from cyber espionage and data theft.



# A FORCE FOR GROWTH

If you have ambitious goals, you not only need to think big, but also think smart. We utilize our skills and expertise wherever the major challenges of our time demand sustainable solutions. We rely on diversity, which creates a broad foundation for our regional and operational growth. And we search for the right partners who we can work with as a strong unit to achieve even more.

## End of the Line for Data Thieves

The IT sector has traditionally been a reliable source for anyone looking for interesting growth stories. Need a current example? In 2020, we will have about 50 times as much data to process as we do today. And even more data also obviously means even more interesting data. Often this interest is not expressed by reputable sources. Cyber espionage and data theft are booming like never before.

While the search for confidential data was once like the proverbial search for a needle in a haystack, in recent years cyber criminals have drastically improved their methods. The classic virus has long been retired, replaced by what's known as Advanced Persistent Threats – attacks tailored to one specific target that are carried out over longer periods of time and are not discovered



by conventional virus scanners or firewalls. But what can companies, government agencies, and scientific institutions do when classic forms of protection fail?

The ideal solution would be to get in touch with the world's third-largest independent information security provider: TÜV Rheinland. Two acquisitions recently turned the »IT Security« success story into a true growth story. With the acquisition of the Munich-based company Secaron AG, in November 2013, we advanced to become the leading independent provider of information security services in the German market. With 140 employees and 30 million euros in annual

revenue, we reached our first goal. But the next growth spurt came only a few weeks later – in January 2014, the acquisition of the American IT specialists OpenSky Corporation doubled our employees and revenue in this field. By acquiring OpenSky, we also created a strategically important toehold in the United States, currently the world's largest market for IT security. We expect that over the next ten years, no less than 80 billion euros will be invested in »cyber security« in America alone.

An extensive range of services, from strategic consulting to conceptual design and process optimization to the implementation, operation, and certification of IT systems, puts us in the position to profit substantially from the expected growth in this market. Despite these steps, we do not view our international expansion as anywhere near complete. This is because our vision is to provide a comprehensive range of services across the globe to clients active worldwide in a wide range of industries – from municipal companies and industrial firms to logistics companies to financial and IT service providers. As you can see, we are already writing the next chapter of our growth story.

And speaking of across the globe – e-commerce has turned the entire planet into one big shopping mall. But the allure of digital shopping comes with risks that are not to be underestimated – and which many consumers only become aware of after the bargain they found is joined by many other unexplained items on their credit bill.

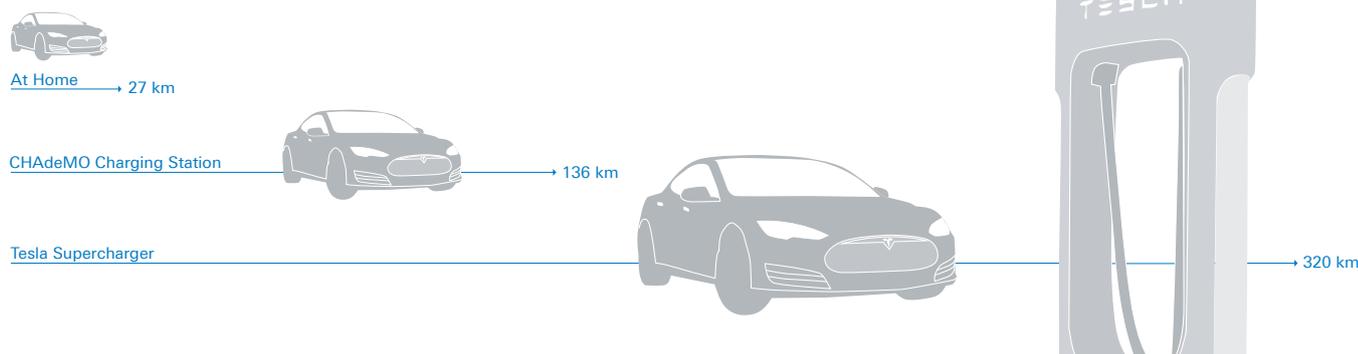
With our new service »Certify your Online Shop«, we help e-commerce companies build consumer confidence, which is the most important success factor. Our experts evaluate all of a company's processes – both online and on-location – under the criteria Security, Privacy, Order Process, Transparency, and Compliance. Upon successfully completing the audit, the company earns the TÜV Rheinland »Certified Onlineshop« mark, which is valid for three years. With annual monitoring audits, we ensure that the online shop continuously improves the level of security it has achieved. We particularly view our new mark of approval as an outstanding tool to make it easier for start-ups to enter the market.

### Check Your App!

The topic of »IT Security« is not only on companies' minds, but increasingly on consumers' minds as well. This is due to the many little digital helpers which – in the hands of millions – make life easier or more entertaining. Unfortunately, data theft from apps is more of the rule than the exception. In a 2013 study of 500 apps, our experts came to a shocking conclusion: around 40 percent of apps accessed data from smartphones and tablets without it being necessary for the app's normal operation and without the user knowing or even consenting to this access.

Our new »Check Your App« testing procedure now puts an end to clandestine data theft. The apps tested and found to be reputable only use – with the user's consent – the data the app absolutely needs to provide the desired function. To answer the question of whether you can trust that new route planner or streaming service, you soon will only need to take a look at our free online database [www.checkyourapp.de](http://www.checkyourapp.de) – and we guarantee that our website won't touch your data.





### 30 MINUTES THAT MAKE ALL THE DIFFERENCE

Now suitable for long trips: with Tesla's Supercharger system, electric cars can recharge their batteries in half an hour with enough »juice« for an approximately 300 kilometer trip. In the same amount of time, an outlet at home can only provide power for a tenth of that distance.

### Full of Energy

In contrast, a market breakthrough plays the leading role in our next growth story:

It wasn't only the excruciatingly long charging times that previously stood in the way of electric vehicles' growth into a mass-market technology. This could be overlooked in the city, where drivers usually take shorter trips and leave the car parked for longer periods voluntarily. But a long trip with an electric vehicle theoretically turned a journey of a couple hundred miles into multi-day odyssey. With its »Supercharger« system, American industry pioneer Tesla has now robbed electric vehicle critics of one of their most powerful arguments. These 120-kilowatt stations can recharge a Tesla »Model S« with enough power for a 250-300 kilometer drive – and completely free of charge for the driver, too.

And employees from our Mobility Business Stream were right in the middle of this small revolution. They developed the necessary certifications for the inspection and labeling of the »Supercharger Battery«. In this context, Tesla's plans for the domestic market are quite ambitious – the company's goal is for the American network to reach 98 percent of the population, as well as parts of Canada, by 2015. By testing charging stations for conformity and safety, our experts are also working on the ambitious expansion of the European rapid-charging network which, incidentally, Deutsche Bahn is heavily involved in. Specific plans for expanding the successful collabora-

tion to other parts of the world are expected to be drawn up as early as this year. Should individual electric transportation finally rise from its slumber thanks to the »Supercharger,« we can justifiably claim that we played a role in waking it up.

Whether for electric cars, light electric vehicles like pedelecs and e-scooters, laptops, or smart-phones – an improved charging infrastructure does not diminish the importance of making continuous advancements to battery technology. Battery-powered devices' thirst for power



Vibrations, shock, overcharging, abnormal temperatures, moisture, or high-altitude simulations – we systematically push power storage systems to their limits at our three battery testing labs.



#### »FUTURE MEGACITIES« RESEARCH PROJECT

Within the scope of the »Future Megacities« program, innovative solutions for sustainable urban development are being tested in these future megacities:

- 1 CASABLANCA, MOROCCO**  
Urban agriculture as an integrated factor in climate-optimized urban development
- 2 ADDIS ABABA, ETHIOPIA**  
Income generation and climate protection through the sustainable utilization of municipal waste
- 3 GAUTENG/JOHANNESBURG, SOUTH AFRICA**  
Energy as the key element for integrated climate protection
- 4 TEHERAN-KARAJ, IRAN – YOUNG CITIES**  
Development and implementation of energy-efficient city structures
- 5 HO CHI MINH CITY, VIETNAM**  
Strategies for climate-friendly and energy-efficient urban development and housing supply
- 6 HYDERABAD, INDIA**  
Complex transformation of climate and energy toward sustainability
- 7 URUMQI, CHINA**  
Model city for central Asia: Resource efficiency
- 8 HEFEI, CHINA**  
R&D of sustainable transportation solutions
- 9 LIMA, PERU**  
Sustainable water and sewage management in urban growth centers

seems to increase uncontrollably as their level of performance increases. So what we need is more power, but without any compromises when it comes to safety and reliability. And another thing – can we make them even smaller and lighter? The challenges that battery manufacturers face often seem like trying to fit a square peg into a round hole. Preventing their efforts from literally ending in smoke and flames – as we have seen in many prominent cases recently – is something we can play a role in, particularly in the interest of our clients.

We have already supported lithium-ion battery and battery pack producers for many years at our specialized battery testing labs in Osaka and Shenzhen, helping them meet the market's high standards with testing and certification services. We responded to growing worldwide demand in 2013 by opening a third state-of-the-art laboratory in Nuremberg. Since then, we have tested the robustness and electrical capacity of larger,

higher-capacity batteries at this approximately 500-square-meter facility. Thanks to numerous contracts from clients such as Li-Tec, Leclanche, Mastervolt, Miele, Siemens Automotive, and Diehl, our German battery experts were working in a highly-charged environment – just like it should be – soon after opening.

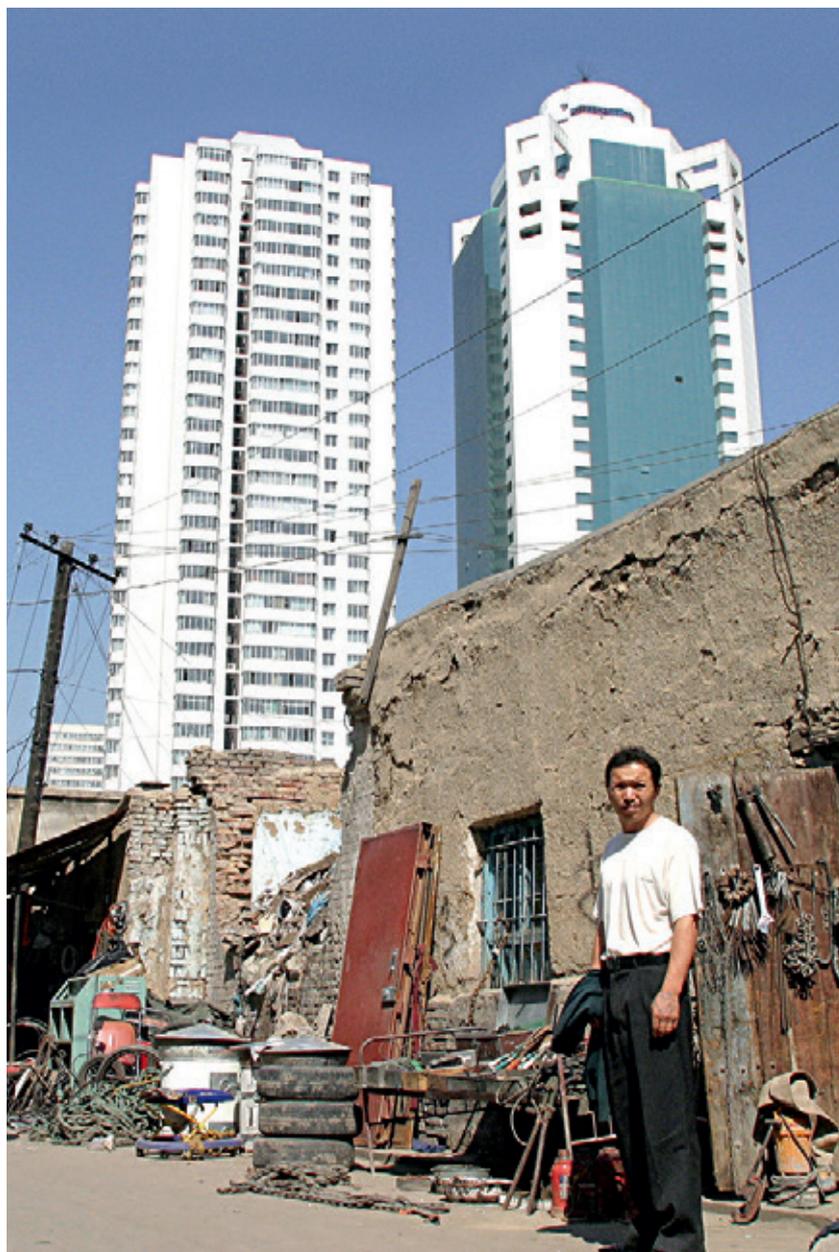
### Megatrend: Megacity

The approximately 30 megacities located around the world – defined as metropolitan areas with more than 10 million residents – are viewed as one of the more intimidating sides of the »growth« phenomenon. And yet experts say that the age of megacities had only just begun. According to the United Nations, in 2050 almost two-thirds of the world's population will live in cities. And in this context, today's metropolitan areas will most likely have an almost magnetic effect on immigrants.

The rise of enormous cities requires rapid and constructive solutions in areas such as climate protection and energy supply, transportation and infrastructure, and construction and living. Challenges that we want to grow with and overcome. As a partner in the »Future Megacities« program launched by the German Ministry for Education and Research, specialists from TÜV Rheinland work on innovative and above all sustainable urban development concepts. The laboratory: Nine future megacities in Africa, Asia, and South America.

During the initial phase of the program, our team was primarily focused on evaluating and selecting research approaches, and now the team is managing the transfer of knowledge for the various audiences, supporting communication between different projects, and helping publicize the results to as wide an audience as possible. The results of all projects will be prepared and analyzed in 2014, so that in the future, they can serve as a role model and inspiration to many growing metropolitan areas.

Older buildings' seemingly insatiable appetite for energy not only results in needlessly high emissions and operating costs in megacities. Outdated heating systems, unsealed windows, and badly insulated walls are literally burning and leaking hard cash – to say nothing of the environmental effects. As a result, sustainable building design is a field with significant growth potential. With



In only a few decades, Urumqi grew from a traditional regional marketplace with less than 100,000 residents to a modern Central Asian metropolis with a population of around 2.7 million.

the acquisition of ifes GmbH, the Institute for Applied Energy Simulation and Facility Management, we significantly strengthened our position in this field. The company, headquartered in Cologne, specializes in the sustainable development of energy and climate concepts as well as the certification of properties in accordance with various internationally recognized standards. By acquiring this company, we succeeded in closing a hole in our range of services for the real estate industry, and in the future will be able to offer our clients all the major services along the entire value chain from one source.

A young child in a winter coat and hat stands in a field, holding a small airplane, with a large wind turbine in the background. The child is in the foreground, looking up at the sky. The wind turbine is tall and white, with a green section near the base. The sky is blue with some clouds. The ground is covered in frost or snow.

Time for things to change – sound ideas are needed that think ahead in order to guarantee supply security for the generations of tomorrow. A challenge that we, as the »Energy TÜV«, are more than welcome to face.



# A FORCE FOR CHANGE

**It may not be a new insight, but it is still applicable today: changes begins as an idea. We believe that with our knowledge and dedication, we can be a powerful force for positive change. We possess the creativity and innovative spirit to successfully break new ground. And we understand that change lives from dialog and consensus, which we promote in a variety of ways.**

## **Vive la révolution!**

If there was an award for the world's largest and most challenging change project, the global energy revolution would definitely be one of the finalists. This is because the goal of reducing the consumption of fossil fuels will change more than just the way we generate electricity. The energy revolution will change how we live and travel, it will destroy entire industries and create new industries in their place. When it comes to the cataclysmic changes taking place in the energy sector, the often overused term revolution actually appears reasonable for once.

Now if there was another award for the company that was contributing to the progress and success of the global energy revolution in a wide variety of ways – well, a testing and certification provider you may have heard of with roots in Cologne would certainly be a promising candidate. We are energetic in our desire to more clearly position our comprehensive expertise worldwide in this area.

In contrast, the German wind power industry recently seemed to lose some of this energy – massive problems in connecting the offshore parks to the onshore grid, the insecurity regarding future subsidy regulations, and the exorbitant number of certifications required, which has been heavily criticized by many companies, all had a noticeable effect on further development. In 2013, we launched our »Wind Steering Committee«, which is a forum created for the long term which gives companies the opportunity to openly discuss these issues and their feelings with our experts, and together work on joint positions and solutions. In turn, receiving information right from the source will help us systematically enhance our range of services for this industry.

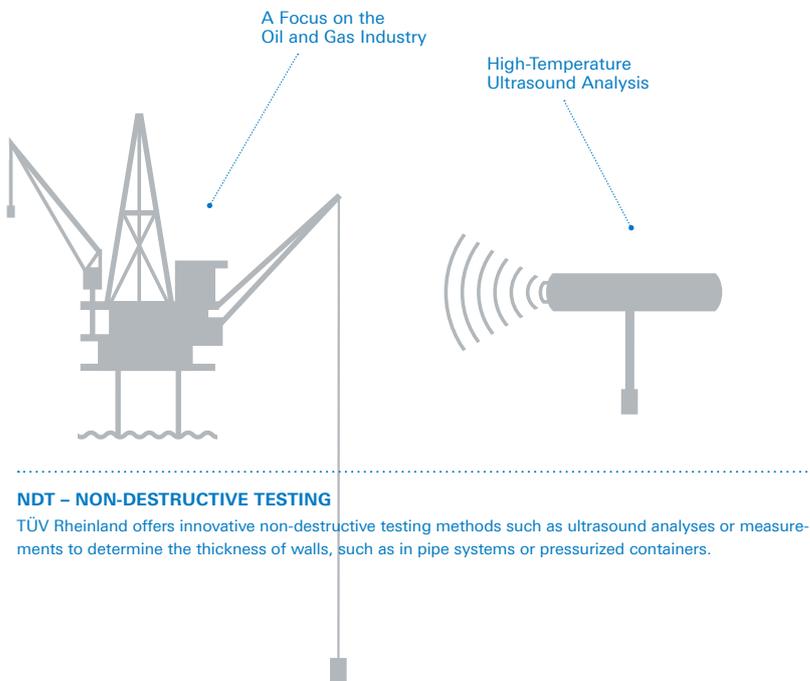
In contrast, the up-and-coming wind turbine manufacturers from the Asian region have not yet experienced these headwinds. Already spoiled by rapidly increasing demand in their local markets, Chinese and Indian producers are increasingly setting their sights on the global market. And the certifications they need to export their products are increasingly coming from us. For example, together with our strategic partner the China General Certification Center, in September 2013 we issued the first »dual« certificate to wind turbine manufacturer Goldwind, opening

the doors to both its domestic and the international market with only one certification process. With the Indian company Powerwind, we also acquired a major new client for type certification on the subcontinent. After holding a leading global role for many years as a service provider for the photovoltaic industry, we are now making strides to gradually expand our position in the international wind power market

### Gentle as a Lamb

There are moments when the fact that nothing changes actually represents a groundbreaking change. Using non-destructive testing – or NDT for short – an entire field conducts research for exactly these moments. And it isn't only a joy for the ears when gentle ultrasound replaces a screeching angle grinder. It's a magical moment when for the very first time, a refinery column as high as a tower can be inspected for material defects during ongoing operations. Faster, more cost-effective, and highly reliable, NDT is becoming increasingly popular – including at TÜV Rheinland – and rightly so.

After reaching the necessary critical mass to successfully operate in the international market through the acquisition of Dutch specialist Sonovation in 2012, we continued our expansion into the field of non-destructive testing in the summer of 2013 with the acquisition of the Hungarian company Minell Quality Control and Services Ltd. With this transaction, we set our sights



### E3 – Energy Expertise Everywhere

Feasibility studies for investors, plant monitoring, efficiency analyses, project management, component testing, certification, and more – we admit, with our extensive range of services for the energy sector, it's easy to lose track of things. Thankfully, our new »Energy Expertise Everywhere« campaign, or E3 for short, helps us keep track of everything. Divided into five areas: oil and gas, conventional power plants and nuclear power plants, renewable energy, smart energy, and energy efficiency, the E3 website uses case studies to give visitors a comprehensive look at our wide-ranging portfolio of services.



[www.tuv-e3.com](http://www.tuv-e3.com)

## »WE WANT TO BE THE BACKBONE OF INTERNATIONAL DEVELOPMENT.«

An interview with Dr. Hans Berg, Executive Vice-President, Industrial Services, at TÜV Rheinland.

**In an environment that is changing dynamically, companies must also constantly question their own positioning. How does the Industrial Services Business Stream need to change to remain as successful as it has been?**

A brief look back will help in this context. In contrast to our Products Business Stream, Industrial Services not only grew organically, and as a result, in a comparatively orderly way over the course of several decades, but also rapidly as a result of acquisitions. Speaking athletically, we're a fairly diverse team with incredible potential that now needs to get attuned to one another to be the best team possible.

**What's currently on your training schedule?**

We want to be the backbone of TÜV Rheinland's international development. This means the most important thing is to continue systematically improving our international collaboration. This includes clearly defining processes and areas of responsibility as well as specifically enhancing local leadership skills. Another incredibly important aspect is the question of how to utilize accreditations we hold in various countries as productively as possible in a global context. And last but not least, we also see significant opportunities for development in the field of knowledge management.

**And where does Industrial Services see the most important playing fields in the coming years?**

We're lucky that countless megatrends support our business. I'm thinking of the globalization of trade, for example, which is leading to increasingly complex value chains. In addition, the enormous demand worldwide in the field of infrastructure, energy, as well as sustainability in all of its facets are topics that we are focused on. This broad range of topics also entails risks. In the end, people juggling too many balls at once may be doing a lot of different things, but not many things successfully.

**So setting priorities is the name of the game?**

Exactly right! When it comes to industries, we are clearly focusing on energy and infrastructure, and the field of industrial components is also an area of great interest to



us. In general, our goal needs to be to offer services that cover a project's entire life cycle – from early planning to demolition. We are one of only a few service providers worldwide that can achieve this goal, but we need to market this strength much more actively. When it comes to our regional focus, we are specifically looking for markets where a large number of investments are being made, yet there is a lack of local technical expertise. In addition to these areas, we are also focused on the key countries in global supply chains: South Korea, Japan, China, and India, as well as the established Western European nations and the United States.

**In closing, allow us to pose a personal question: What is your recipe for successfully shaping change processes?**

First and foremost: don't simply change for change's sake! It is important to preserve things done well – and at Industrial Services, there are quite a few. Then – listen, understand, and form your own opinions. And if afterwards you determine that change is needed, set priorities and pursue them systematically and with perseverance. Another thing that's important: do not act from the infamous ivory tower. We have numerous excellent people out there that I would really like to involve in the process as we go down this path together.



»What, me worry?«: Many SMEs are either much too easy-going in the face of potential dangers and risk, or seem to operate with this as their motto.

primarily on Central and Eastern Europe, where Minell already holds a promising position outside of its domestic market in Austria and Russia.

In the meantime, a good distance further southeast, our Egyptian subsidiary acquired the largest order in its history – in the field of NDT. Our experts used ultrasound to carefully examine five spherical tanks with an impressive diameter of more than 16 meters. And they are ready for further daunting challenges – even if at the end of the day, barely anyone even knows that they were there at all.

#### **Driving School for Companies**

A low awareness for risk meets a high propensity for risk – when it comes to risk management, many German SMEs behave just like a typical

student driver. This startling result was recently brought to light by our representative »TÜV Rheinland Risk Study«. Of the 605 companies surveyed in total, not even half of them had a system in place to measure and evaluate their activities to minimize risk.

But having a risk management system that exists on paper is far from a guarantee that the company will drive through the next business curve without swerving off the road. Instead of carefully looking over their shoulder, our risk specialists often described companies as having tunnel vision. This is because most only monitor risks that could have a direct impact on the company's finances: the competitive situation, the economy, a lack of skilled employees, or tax regulations. But many managers suppress a key fact in this

regard – that these are the exact factors that they more or less have no control over. In contrast, individual areas where company executives have significant room to take action – such as the environment, employee safety and health, or rules of succession – are usually completely overlooked as sources of risk. High time for a trip to driving school – at TÜV Rheinland.

With our newly developed »Sustainable Corporate Management« standard, we play a key role in securing the future of companies, particularly SMEs, by making sustainable operations something that can be planned and measured for the first time. The comprehensive test mark judges a company both in accordance with business as well as environmental and social aspects. Companies that want to receive certification must face a critical look at their operations in seven different areas: social responsibility, environmental protection and energy, occupational safety, quality assurance, information security, as well as the adherence to legal stipulations.

### Make Your Mark!

Even if it sounds strange – simplification is the hardest of all change processes. This is something we also experienced when developing our new, standardized test mark. About a year after its official introduction, we can look back and say: the hard work paid off. Clients, consumers, and institutions like customs authorities repeatedly attest to the benefits that we hoped to achieve during the design phase:

**More certainty** – anywhere the mark is used, you can be absolutely sure that testing was carried out in accordance with independent rules.

**More transparency** – information about products, raw materials, manufacturers, production processes, and working conditions as well as the scope of testing we carried out can be accessed at any time from any place using the integrated QR code.

**More advertising value** – the modern design and significantly increased recognition value make the already strong TÜV Rheinland brand even more popular.

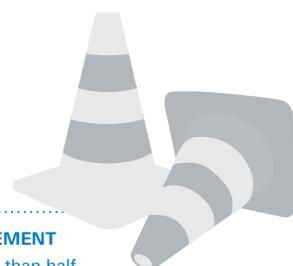


An actual test mark with the space for additional information, keywords related to the range of services, the web address, and the ID number.

For the very first time, our audit allows a conclusive statement to be made about the quality of a company's sustainability management, since it is built on individual aspects of international standards, such as ISO 9001 (quality management), ISO 50001 (energy management), and ISO 27001 (information security). The simple rule here is: all or nothing! If even only one of the defined knock-out criteria is not fulfilled, the company needs to correct it before it can receive certification. Once the company has finally received certification, employees, customers, and investors can be sure that this company has furnished serious proof of its future viability.

48%

52%



### CONSTRUCTION SITE RISK MANAGEMENT

In the »TÜV Rheinland Risk Study«, less than half of the companies surveyed reported that they measure and evaluate measures to minimize risk.





To provide vocational training at the Cairn Center of Excellence (CCoE), the Indian oil and gas producer Cairn relies on TÜV Rheinland as an experienced partner with global expertise in training concepts.



Three years after the nuclear disaster in Fukushima, Japan is once again enjoying crowds of tourists.

### You Need to Finally Relax!

A fascinating culture, impressive landscapes, vibrant cities, and exotic delicacies – there are many good reasons to travel to the land of the rising sun. As a result of the tragic events of March 11, 2011, the day of the earthquake and nuclear disaster in Fukushima, they immediately lost their weight for travelers from around the world, however. The fear of nuclear radiation completely shut down the Japanese tourism industry. Three years later, the number of visitors from many countries has once again reached its earlier level – yet German tourists remain cautious.

This restraint is completely unfounded, however, as radiology experts from TÜV Rheinland proved in black and white for the second time in 2014. On behalf of JF Tours, the largest German organizer of trips to Japan, our experts measured the concentration of radioactive materials and radiation levels at more than 35 tourist destinations and along most major travel routes. And the verdict is in: the level of radiation measured is completely harmless. As a result, certification of a »radiologically safe environment« issued to JF Tours in 2013 for its trips to Japan was extended for a further year. This means that with this independently verified and certified level of safety in the back of their minds, German tourists in Japan can now once again focus on the important things – a fascinating culture, impressive landscapes ...

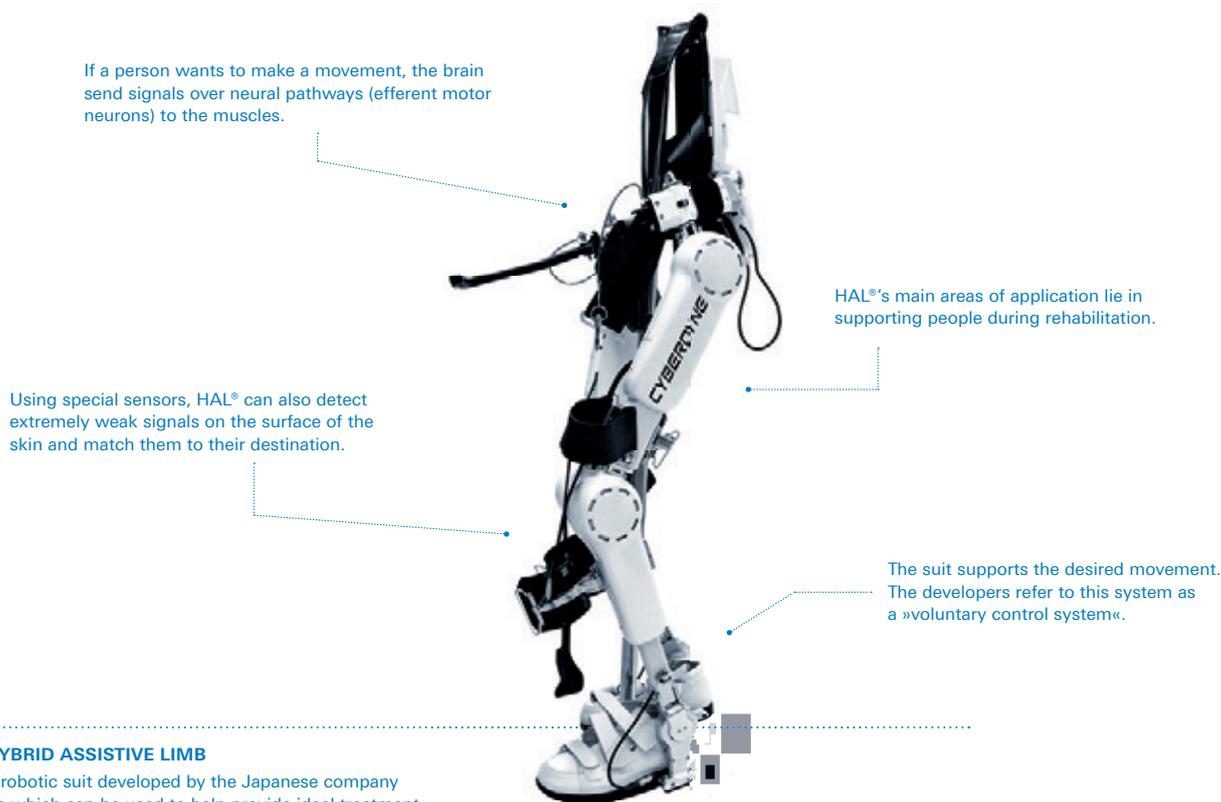
safety as well as make efforts to ensure that the companies involved outfit their staff with adequate safety equipment.

What do the Mexican highlands have to do with the Hungarian lowlands in this context? Well, that's where this job originated from – or more precisely, the city of Győr. This is because back when Audi expanded its Hungarian factory, we successfully monitored that project with regard to safety and occupational health, paving the way for future projects with the company. So it only makes sense that our project manager on the Hungarian project now regularly flies to Mexico to share his specific knowledge and experience with this client with his colleagues there.

In contrast, the transfer of knowledge is much worse in the Indian economy – in the shadow of an academic class that is known worldwide for being highly qualified, around 80 percent of the Indian labor force does not have a level of training that meets market needs. The consequence is that in 2020, India will not have the estimated 50 million skilled workers that the country will need. This is an enormous handicap for many Indian companies, which are increasingly focusing on the more challenging global market.

Cairn, one of India's largest oil and gas producers, is also suffering from this lack of qualified staff – and counteracting it with a joint project carried out with our Training and Consulting Business Stream. As part of a partnership initially laid out for a period of six years, the »Cairn Center of Excellence« (CCoE) will be established in the city of Jodhpur in the Indian state of Rajasthan, and in its first two years of operation will offer vocational training to more than 1,000 trainees. The training plan includes practical activities such as the installation and maintenance of energy systems, the inspection and repair of vehicles, welding, as well as seminars on management systems and soft skills like time management.

As an experienced partner with worldwide expertise in training concepts, we will operate the CCoE, develop the curricula in accordance with



#### HAL® – HYBRID ASSISTIVE LIMB

HAL® is a robotic suit developed by the Japanese company Cyberdyne which can be used to help provide ideal treatment to paraplegics, among other things. TÜV Rheinland issued an EC certificate to Cyberdyne in early August 2013, which was the company's »ticket« to the European market.

German standards of engineering and education, as well as provide the required skilled employees. We are absolutely convinced that concepts such as the CCoE will catch on in other emerging nations affected by a lack of skilled workers, and as such, will play an important role in the further international expansion of our activities in the Training and Consulting Business Stream.

#### Accessible Minds at Work

The automatic sliding doors at the supermarket. The telescoping ramp on the bus. It's images like these that most people think of when they hear the word »accessibility«. Images which prove that the path to actual inclusion not only means overcoming countless physical, but also many mental barriers. Well then let's get started...

Buildings and other structures, modes of transportation, technical items of daily use, information processing systems, services, and recreational activities are usually only considered accessible when they can be used and accessed by all people in the usual way without particular difficulty and without the help of others.

Which means that creating a truly accessible living environment requires far more than just a few structural measures. It requires an awareness of the issue, innovative spirit, and cooperation between a variety of disciplines – from medicine to engineering, from architecture to information technology. And it requires smart minds who can keep an overview of and coordinate this complex network of relationships. Sounds once again like the perfect job for us.

A fascinating example of what's possible when a variety of different high-tech disciplines cooperate in the name of accessibility is simply named HAL®, and is not reminiscent of the science fiction classic »2001: A Space Odyssey« for nothing. Behind the term »Hybrid Assistive Limb« is a one-of-a-kind, nerve-controlled robotic suit which intercepts the brain's movement impulses and can then support the wearer's motion. Standing up, walking, and even going up the steps – HAL® opens up new treatment options and a path back to self-dependence for many patients, particularly paraplegics and people that have suffered a stroke.



In addition to outstanding career prospects, young professionals particularly expect the right work-life balance. TÜV Rheinland supports companies in establishing the corresponding health management system.

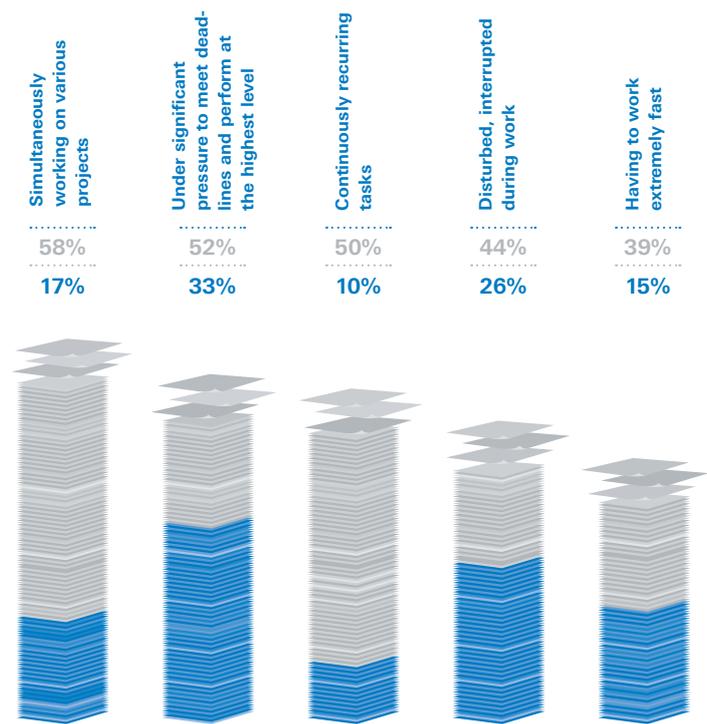
In Japan, where HAL® was developed by Dr. Yoshiyuki Sankai and the company he founded, Cyberdyne, hundreds of these systems are already in use in clinics, rehabilitation centers, and retirement homes. And thanks in part to TÜV Rheinland, the success story can now also continue in Europe. This is because by issuing the necessary EC certification, our Japanese medical team basically issued the robotic suit its passport. Barriers to the system's long-term, global success? Currently none in sight.

### A Return to a Healthy Balance

One relationship that is quite obviously spiraling out of balance for an increasing number of people is the relationship between work and private life. Modern communication technologies have blurred the once clear lines between office and home, between the workday and free time. We are always available – in some way. Always on duty – in some way. Although invisible, stress and trouble at work weighs down on us like a massive boulder, following us home in our briefcase, and once there often mixes with our personal issues into an overwhelming cocktail of problems. This is a vicious spiral that ends when nothing seems to work anymore.

According to the official »Stress Report« by Germany's Federal Institute for Occupational Health and Occupational Medicine, in 2012 more than 53 million sick days resulted from mental-health disorders in Germany alone. The economic cost in euros from this loss of productivity stretched into the double-digit billions. An increasing number of companies have analyzed their sick leave statistics and annual reports and found that a pronounced emphasis on high achievement has resulted in the exact opposite of its actual goal. But there is still good news – a trend of this nature does not need to be a one-way street.

The employees in our Life Care Business Stream will show you the path back to a healthy balance. Their comprehensive approach particularly relies on prevention. As experience shows, often management not only lacks the »antennas« needed to pick up on their employees' health, but also sets the worst possible example when it comes to their way of working and lifestyle. So it comes as no surprise that the »Healthy Management« seminar is one of the most popular in the range of services we provide. And since a healthy mind feels best in a healthy body, health days and medical check-ups are also some of the proven tools in our toolbox.



#### STRESS IN DAY-TO-DAY WORK

As the »2012 Stress Report« shows, people perceive pressure to meet deadlines and perform at the highest level as well as repeated interruptions during work as stressful.

 frequently
  stressed

But what about situations where it is too late for prevention? This is where EAP and BEM come into the mix. The abbreviation EAP stands for Employee Assistance Program – an advisory service that employees can contact anonymously in the event of personal or professional problems, either by calling a hotline or making a personal appointment. Our professionally-trained consultants make an initial diagnosis and work with the affected employee to find a suitable way to overcome the issue. Within the scope of Occupational Reintegration Management (known as »Betriebliches Eingliederungsmanagement« or BEM in German), we support companies in working with employees who are often sick or out sick for long periods of time – to keep together what belongs together.

#### A Changing Working World

According to the »2012 Stress Report«, the following trends are particularly responsible for increasing the mental pressure on employees, especially those in industrial nations:

- ▲ **Tertiarization** – the trend toward a service society which involves an increase in mental and interactive activities and is associated with increasing emotional and cognitive demands
- ▲ **Informatization** – the increasing penetration of modern communication technologies in the working world, which increasingly enable and demand us to complete tasks unhindered by time and place restrictions, and as such, blur the lines between work and free time
- ▲ **Subjectivization** – the development of new forms of management that are characterized by increasing self-responsibility for processes and the success of operations with or without agreements on objectives
- ▲ **Acceleration** – the continuous acceleration of production, service, and communications processes with tasks of increasing complexity and increasing learning requirements
- ▲ **New modes of working** – the expansion of professional insecurity in discontinuous employment relationships as an expression of constant change processes, accompanied by the growing instability of social relationships in conjunction with job rotation and career changes





## CSR MANAGEMENT

### COMMITTED TO SUSTAINABILITY

»Ultimately, operating in a sustainable manner is about future viability – ours and that of our clients.«

Dr.-Ing. Manfred Bayerlein

For over 140 years, TÜV Rheinland, as a partner to business and civil society, has stood for quality, safety, and efficiency in conjunction with people, the environment, and technology. We are absolutely certain that only those companies which operate in a fully sustainable manner will be successful over the long term. We operate as a for-profit enterprise, yet never lose sight of our social and environmental responsibility. This self-image is explicitly reflected in our central goal as a company, a goal which all of our employees are committed to: becoming the world's best sustainable and independent service provider for testing, inspection, certification, consulting, and training.

Our Strategy 2017 is the foundation from which we pursue this goal. In harmony with this overarching strategy, our sustainability strategy and its main topics of emphasis play a key role in its implementation. As such, we render services to

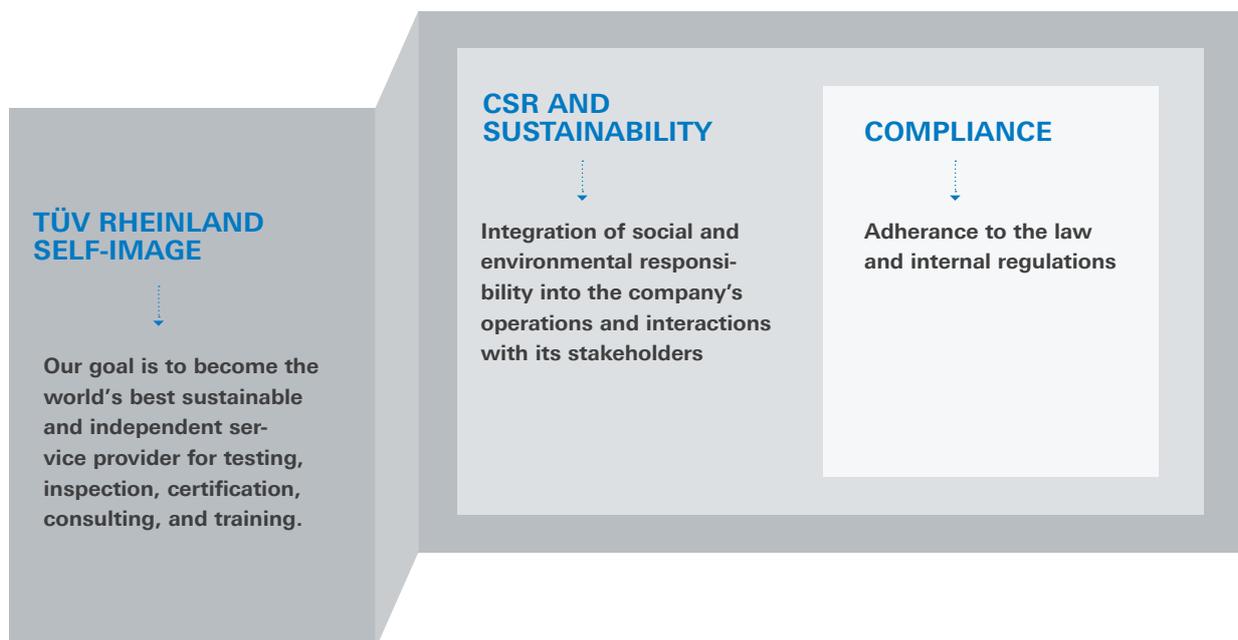
our clients which help them make their products and processes more efficient, more sustainable, and ultimately, viable for the future. By critically examining our own energy and resource consumption we can identify areas that have the potential to further increase efficiency. In doing so we can help make our Group even more profitable. In addition, our sustainable human resource management secures and strengthens our most important success factor of all – our employees' skills and motivation. Last but not least, operating in a sustainable manner is important for the purpose of maintaining and expanding the trust and confidence of all stakeholders in the TÜV Rheinland brand. The reputation of the company and the TÜV Rheinland brand is one of our most important corporate values. We actively work towards preserving this value both Group-wide and at the association level. Our new test mark also plays a key role in this regard, by significantly increasing transparency, for example through the inclusion of a QR code.

### ORGANIZATION AND MANAGEMENT OF OUR CSR ACTIVITIES

At TÜV Rheinland, CSR and sustainability activities are managed and guided by our Corporate CSR and Compliance department. In this con-

#### PARTNER TO BUSINESS AND CIVIL SOCIETY

TÜV Rheinland has been a partner to business and civil society for over 140 years.



text, the Group's Global Head of CSR & Sustainability reports directly to the Chief Executive Officer. The Corporate CSR and Compliance department at the company's headquarters in Cologne formulates, communicates, and monitors TÜV Rheinland's CSR and sustainability strategy. From here it manages all Group-wide CSR projects, initiates internal and external activities, and is responsible for reporting according to the UN Global Compact within the corporate report. Regional and local CSR officers as well as the individual German Operations' CSR officers ultimately integrate the company's guidelines into the respective culture and provide information about local CSR and sustainability activities. During regularly scheduled meetings, these officers discuss their experiences, share information, and collect it for the Group.

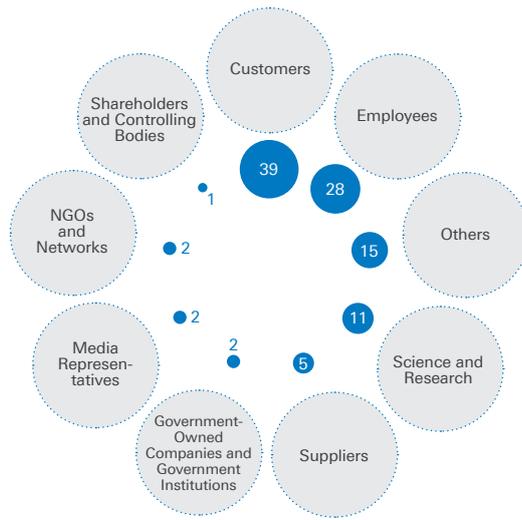
A comprehensive CSR policy was drawn up in 2009 which outlines the organizational structure of our sustainability management. This policy was not changed during the reporting year. We continue to push ahead as scheduled with our efforts to consolidate our occupational health and safety and environmental management systems into an integrated HSE (health, safety, and environment) management system. In addition, at our company headquarters and German subsidiaries, we successfully passed the recertification audit pursuant to ISO 9001 (quality), OHSAS 18001 (occupational health and safety), and ISO 14001 (environmental protection). Recertification and new certifications in accordance with the aforementioned standards also took place at various foreign subsidiaries. Furthermore, a privacy management system is also a component of our Group's quality management. In addition, TÜV Rheinland AG and TÜV Rheinland Japan Ltd. were the first of our Group's companies to become certified pursuant to ISO 27001 (information security).

### FEEDBACK IS ALWAYS WELCOME

Suggestions and feedback from our stakeholders – regarding our goals, planned measures, as well as completed projects – provide us with important impulses for improving our corporate and sustainability strategy. The better we are at tailoring this strategy to the needs and interests of our stakeholders, the more successful TÜV Rheinland will operate in its markets.



When selecting stakeholders, we make it a priority to take the different stakeholder groups into account as comprehensively as possible and involve representatives of all stakeholder groups with which we have a relationship.



**PARTICIPANTS IN THE STAKEHOLDER SURVEY (IN %)**

Due to technical reasons, multiple answers are recorded as two distinct answers, which is why the total is more than 100%.

A key component in the reporting year was our second comprehensive stakeholder survey. Between November 2012 and April 2013, participants had the opportunity to comment on the topics »sustainability strategy« and »sustainability communication« within the scope of expert interviews by telephone as well as an online sur-

vey. Over 3,000 customers, suppliers, employees, representatives from the world of science, and members of non-governmental organizations (NGO) participated. Our customers and employees were the two most strongly represented stakeholder groups, comprising 39% and 28% of participants, respectively.

Overall, TÜV Rheinland is perceived as a predominantly sustainable company. Nearly 80% of those surveyed confirmed that sustainability is of key importance to our corporate strategy. Both employees and customers rated our sustainability management as better than our competitors. We also received a high rating for our compliance activities, whereas our stakeholders believe that we have room for improvement when it comes to our company’s activities on behalf of our employees and protecting the environment. Our stakeholders believe that TÜV Rheinland has the greatest opportunity to influence sustainable development in our core area of business, since the services provided by TÜV Rheinland help improve safety and efficiency as well as resource-friendly operations. As such, we help companies become viable for the future. And according to the participants, we can also create positive incentives in our role as internal and external disseminator.

**ACTIVELY COMMITTED TO THE UN GLOBAL COMPACT**



WE SUPPORT

We signed the principles of the UN Global Compact back in 2006 and made them a fixed part of the corporate mission statement and Company Policy on Values and Responsibility. This applies to the regulations and declarations on human and labor rights, the preservation and sustainable protection of the environment, and combating corruption. The values and principles of the UN Global Compact also serve as key guidelines for our relationships with business partners.

Based on our belief that the UN principles need to play a greater role in companies’ day-to-day operations, we also took on an active role in the German Global Compact Network (DGCN). With over 250 participating companies, the DGCN is the world’s second largest UN Global Compact network and advocates for the implementation of the UN Global Compact principles in Germany. Through the trustful collaboration in the workshops

and coaching sessions that the network offers its participants, we are able to cultivate contacts and establish partnerships between companies, NGOs, and national as well as international institutions, in order to advance the spread of ethical business practices and sustainable development.

In October of 2013, our CSR and Sustainability Manager was elected to the network’s steering committee, where she represents our company. Together with company representatives from BASF, Daimler, and RWE, representatives from organizations in the realm of civil society, as well as participating federal ministries, we are responsible for the strategic focus of the DGCN in the next two years. Furthermore, we are also represented in the DGCN foundation’s advisory board, which among other duties manages the donations that the network receives.

**OBLIGATION MEETS OPENNESS**

The knowledge gained from our stakeholder surveys plays an indispensable role in identifying the issues that are relevant to TÜV Rheinland. We center our sustainability strategy, including our sustainability goals and program, around issues that are viewed as particularly relevant both from our internal perspective as well as by our stakeholders.

Our desire to continuously improve TÜV Rheinland's sustainability performance is also reflected in the following two sustainability goals formulated at the end of 2011:

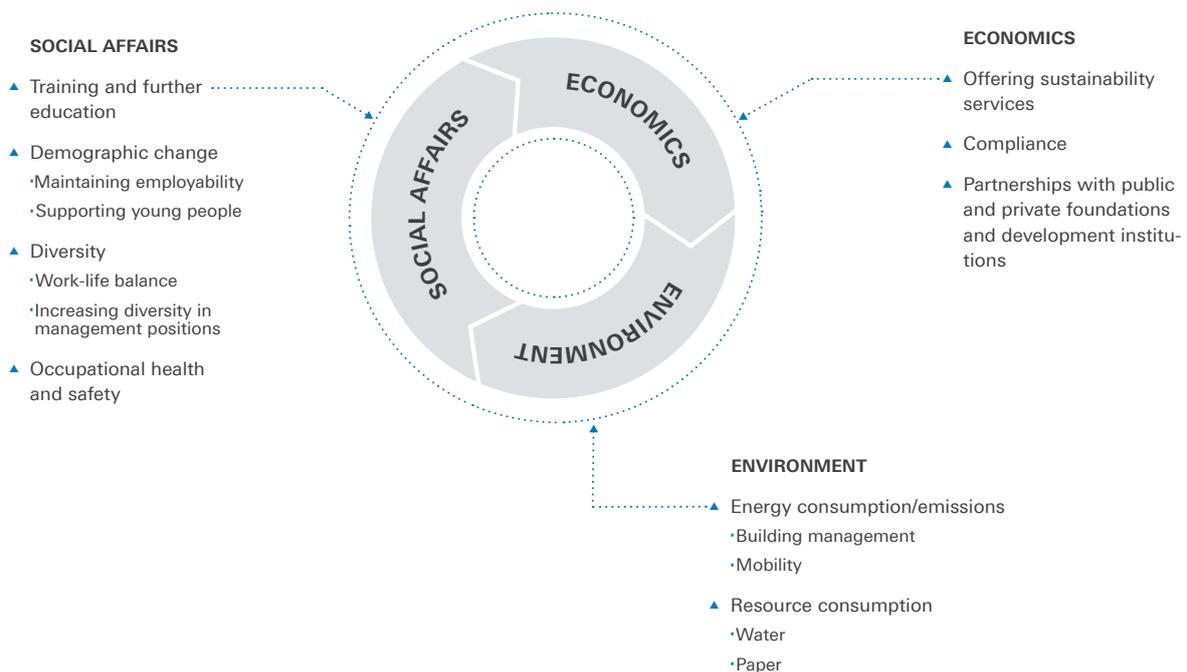
- ▲ Using our 2010 levels as a starting point, we want to reduce our specific CO<sub>2</sub> emissions by 25% and our energy consumption per employee in Germany by 20% by the year 2020.
- ▲ We want to make management more international and increase the number of female managers employed by the Group.

In order to achieve these goals through real operational changes, we have – in close collaboration with the individual departments and the Group's own CSR network – begun developing a list of measures. In addition to Group-wide measures, this package also includes numerous local and regional projects, in order to best take individual local conditions into account. We report on our progress both in the section about employees on page 52 as well as in the »Environment« section on page 66 of this corporate report.

Facing up to one's own responsibility as a company also means making the company's operations transparent and understandable for others. In 2012, we were one of the first companies that published a compliance statement with the German Sustainability Code, a transparency standard for sustainable business operations. In the reporting year we also published a compliance statement for the 2012 corporate report.

**SELECT SUSTAINABILITY GOALS**  
Diversity and cutting energy consumption and CO<sub>2</sub> emissions are the focus of our CSR program.

**THE SUSTAINABILITY STRATEGY'S KEY AREAS OF ACTIVITY**



## MEMBERSHIPS AND NETWORKS

Beyond the UN Global Compact, we are committed members of a variety of other key initiatives, in which we advocate for mutual goals together with other institutions active in civil society.

- ▲ As a member of the International Federation of Inspection Agencies (IFIA) – the global umbrella organization for testing service providers – we have access to a strong, industry-specific network on topics relating to ethics and compliance, which forms the framework of our compliance management system. This umbrella organization is a global leader and sets standards for the entire industry. As one of the five largest members, we are represented on the board by our CEO Dr.-Ing. Manfred Bayerlein as well as in almost all expert groups.



- ▲ With the selection of our Chief Technology Officer Volker Klosowski for the board of the CEOC (Confederation of Inspection and Certification Organizations), we have also been represented in the highest body of our industry's most important European association since 2013. The CEOC represents the interests of its members vis-à-vis the European Union as well as all European and international associations and organizations that deal with standards, norms, and accreditation.



- ▲ In contrast, the German testing organizations have joined to form the TÜV Association (VdTÜV), which represents their interests at the national level. TÜV Rheinland has once again been a member of the VdTÜV since 2011. In June 2013, VdTÜV members elected CEO Dr.-Ing. Manfred Bayerlein to head the association's board for a period of two years.



- ▲ Among other associations, Dr.-Ing. Bayerlein represents the VdTÜV on the board of directors of the Federation of German Industries (BDI). The board elected him as chairman of the association in the reporting year. In his role as chairman of the VdTÜV's board, he also represents the interests of our German industry organization. As an umbrella association, the Federation of German Industries represents German industry and industry-related services providers in Germany and the interests of over 100,000 companies with nearly eight million employees vis-à-vis political bodies and the public.

- ▲ Furthermore, TÜV Rheinland is also a member of the TÜV Markenverbund e.V. association, an alliance of technical inspection associations. The key goal is to preserve the TÜV brand's value.

- ▲ TÜV Rheinland has been active in the Round Table Codes of Conduct 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 issues. This is a multi-stakeholder forum where unions, corporations, associations, and non-governmental organizations collaborate with one another, leading to joint initiatives, positions, and projects, if necessary.

# COMPLIANCE

## COMPLIANCE WITH LAWS AND VALUES AT TÜV RHEINLAND

TÜV Rheinland is active around the world as a testing and inspection service provider. As a result, adhering to a variety of statutory provisions is of fundamental importance to us. In every country in which we operate, we work towards ensuring that our employees carry out their duties in accordance with the applicable laws as well as our own internal company guidelines. This is what our clients around the world place their trust in.

In our Company Policy and mission statement, the Executive Management pledges themselves to expertise, reliability, integrity, incorruptibility, and openness, as well as corporate, social, environmental, and economic responsibility. We view this commitment as an obligation for all our employees to carry out their duties in harmony with these values. Furthermore, all managers of our subsidiaries are required to submit an annual statement officially confirming that they operated in adherence to the compliance program and reported any violations of the program to the Chief Compliance Officer.

TÜV Rheinland has been a member of the International Federation of Inspection Agencies (IFIA) since 2007 and a member of the UN Global Compact since 2006. Our compliance management system, which has been implemented across the entire company for several years, is evaluated according to the IFIA's criteria. We particularly embrace the issues of integrity, prevention of conflicts of interest, confidentiality, fair competition, and anti-corruption. Our compliance management system is evaluated annually by an external, independent auditing firm according to the IFIA guidelines. The final report is submitted to the IFIA. We use the recommended actions listed in this report to make continuous advancements and improvements to our compliance management system.

## THE COMPLIANCE MANAGEMENT SYSTEM'S FAR-REACHING SPHERE OF INFLUENCE

We have included several globally binding guidelines and recommended actions in our compliance management system. TÜV Rheinland employees must adhere to the following documents, among others:

- ▲ Code of Conduct
- ▲ Compliance Guideline
- ▲ Guideline for the Prevention of Conflicts of Interest and Corruption
- ▲ Company Policy on Values and Responsibility

All of these documents are available to our employees on the company's intranet. To meet our own obligations and responsibility with regard to transparency, some documents are also accessible on the Internet. We have made all provisions applicable across the Group available to our employees in both German and English. In order to reach a majority of our staff, several guidelines have also been translated into the respective country's local language. For example, our compliance guidelines are currently available in nine different languages.

In order to familiarize potential new employees in Germany with the company's applicable compliance rules, we explain our most important compliance documents to them during the application process. In addition, compliance is also the topic of a talk given as part of our voluntary two-day seminar »New at TÜV Rheinland«. Starting in 2014, employees who begin working for TÜV Rheinland outside of Germany will learn about the company and also be familiarized with compliance during an electronic training seminar of the same name.

When entering into business relationships with TÜV Rheinland, we have defined general terms and conditions of purchase for our suppliers, and we work toward getting these companies to accept them. Within the scope of these terms, suppliers agree to adhere to applicable laws, human rights, and the principles of the UN Global Compact. In



### SUSTAINABILITY STRATEGY

Within the field of economics, compliance is one of the key areas of activity in our sustainability strategy.

### »NEW AT TÜV RHEINLAND«

Starting in 2014, employees that begin working for TÜV Rheinland outside of Germany will learn about the company and also be familiarized with compliance during an electronic training seminar of the same name.

addition, our suppliers also submit a statement of adherence to applicable laws, human rights, labor norms, and anti-corruption measures within their own company. If a supplier violates these rules, we reserve the right to immediately terminate our contractual relationship without notice.

Back in 2012, we introduced a »Blacklist of Countries« at the Group-wide level. According to these guidelines, business relationships with companies from these countries of risk are subject to various approval mechanisms. The list is continuously evaluated and adapted to current political developments. As a result, conducting business in several countries is only permitted under certain conditions, or is prohibited entirely. In this context, we focus on our employees' safety, and possible financial risks are sufficiently taken into account.

#### COMPLIANCE OFFICER MEETING

Due to the positive feedback, the third meeting is already planned for 2014.

### MERGERS AND ACQUISITIONS

TÜV Rheinland pursues a strategy that includes both organic as well as inorganic growth. Prior to an acquisition, one of our top priorities is giving sufficient consideration to compliance risks. Our Corporate Compliance Office has developed a questionnaire that we successfully use within the legal due diligence process. After an acquisition, compliance plays an important role in the post-merger integration process, in order to ensure that the acquired company is integrated into the Group as quickly and comprehensively as possible. In 2013, the Corporate Compliance Office also developed a checklist for this phase.

### ORGANIZATION

The Chief Executive Officer of TÜV Rheinland stands at the top of our compliance organization. The Chief Compliance Officer reports to him regularly or immediately in urgent cases. Building on this, we have established a system of compliance officers within the Group. In addition to the Corporate Compliance Office at our company's headquarters, 58 employees around the world are currently responsible for carrying out duties pertaining to compliance issues. For example,

employees are responsible for the company's German Operations, regional compliance officers are responsible for various regions of the world, and local compliance officers serve as points of contact in the different countries. They all report to the Chief Compliance Officer on a regular basis regarding compliance matters in their respective areas of responsibility. We also support the continuous dialog and exchange of ideas and experiences between our compliance officers by holding training seminars and get-togethers, which are organized by the Corporate Compliance Office. In addition, the second global Compliance Officer Meeting was held in the summer of 2013. During this one-day event at our headquarters, all participants discussed current developments in the field of compliance. In talks and workshops, they also presented compliance measures that have been implemented locally. As a result of the positive feedback and the beneficial discussion, the next meeting is already planned for 2014.

The company's risk management activities are managed centrally from company headquarters. The Chief Compliance Officer is a member of the Group-wide risk team, which also includes employees from the Legal, Management Accounting, Internal Auditing, and Finance departments. Evaluating risks to our operations is carried out based on objective criteria.

In order to ensure that compliance measures are systematically implemented and continuously monitored, the Corporate Compliance Office regularly discusses issues with Internal Auditing. Compliance is also a relevant component of the corporate audit's current inspection catalog.

### DEFINED PROCEDURE FOR DEALING WITH COMPLIANCE CASES

Our proven system for dealing with compliance cases stipulates that the respective compliance officer is initially responsible for taking the required steps at the local level. In this context, the employee may also avail themselves of legal advice from the Corporate Legal department or external attorneys, if needed. The Corporate Compliance

Office is informed of the matter and provides support and advice to the local compliance officer. By doing so, we can guarantee that the matter is dealt with transparently and that all necessary measures are taken. In certain cases, TÜV Rheinland's Compliance Board is also involved in the matter as the highest decision-making body. If, after finishing our internal investigation, we discover a severe case of employee misconduct, we reserve the right to take legal action – under both criminal and labor law.

### COMPLIANCE CASES IN 2013

During the previous year, the Corporate Compliance Office handled a total of 88 compliance cases. The majority were general inquiries regarding compliance issues in day-to-day work. The inquiries received can be particularly attributed to the following categories:

- ▲ Accepting gifts/invitations from business partners
- ▲ Critical relationships with customers
- ▲ Customer relationships with companies from »risk countries«
- ▲ Ethics

Some of the cases of suspected misconduct reviewed by the Corporate Compliance Office pertained to criminal actions. The investigated cases typically pertained to the following areas:

- ▲ Fraud
- ▲ Bribery/corruption
- ▲ Incorrect testing
- ▲ Theft

Our employees have access to a compliance helpline which can be used to provide anonymous information about employee misconduct. It is available to employees of both domestic and international companies in the Group, and is serviced by external attorneys who handle all calls in a strictly confidential manner. In 2013, a total of three cases were reported using this helpline.

### TRAINING SEMINARS

In order to familiarize them with this topic, all new employees must complete a mandatory compliance training seminar. We have been using a Group-wide e-learning program on compliance for this purpose since 2009. The training is now available in nine different languages, ensuring that we reach as many employees as possible. At the end of 2013, a total of 15,714 employees had completed this mandatory compliance training. During the training seminar, specific cases are used to familiarize them with the issues of anti-corruption, the code of conduct, and human rights.

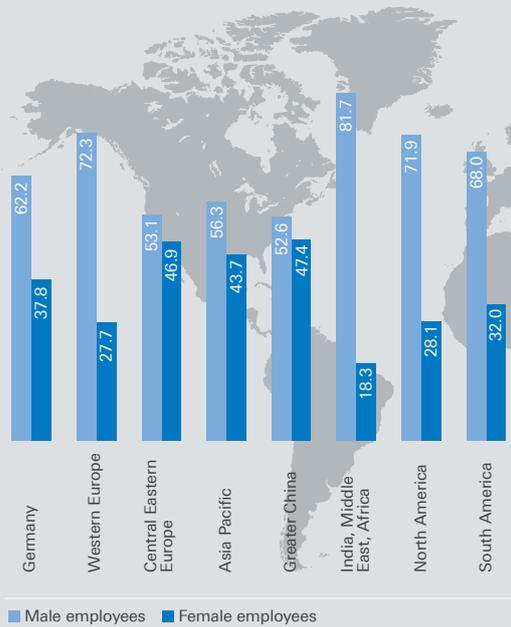
In addition to the electronic compliance training seminar, in 2013 the Corporate Compliance Office carried out a variety of in-person trainings related to specific events, in which new managers and company officers (both national and international) were informed of their rights and duties. By carrying out their day-to-day activities, they play a key role in ensuring that employees are constantly aware of the importance of compliance in their daily work. In addition, we also organized several in-person seminars for individual Business Streams in order to raise employees' awareness and understanding of compliance.

#### COMPLIANCE SEMINAR

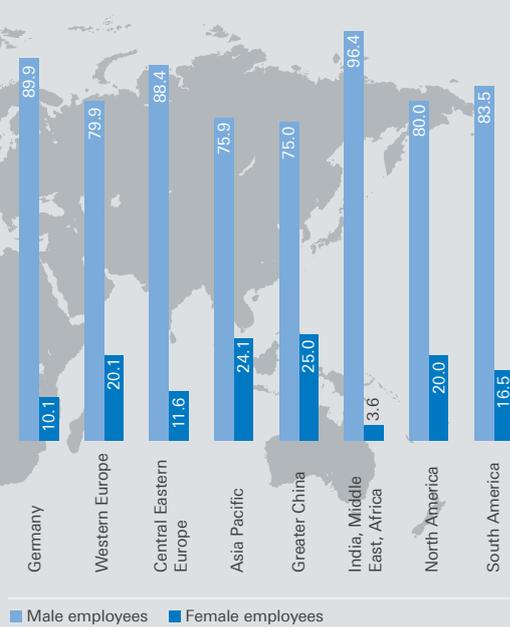
A total of 15,714 employees have successfully completed the training seminar as of the end of 2013.

# KEY EMPLOYEE DATA\*

## Workforce by Gender in %



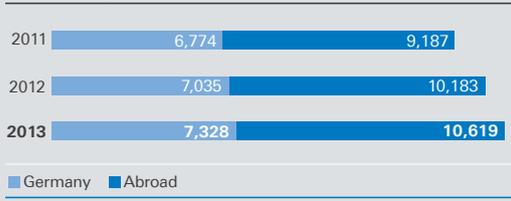
## Management by Gender in %



In Germany, 37.8% of our employees are female; abroad, this figure stands at 36.2%. A total of 58.6% of our employees in Germany are between 30 and 50 years old. Abroad, this figure stands at 58.3%.

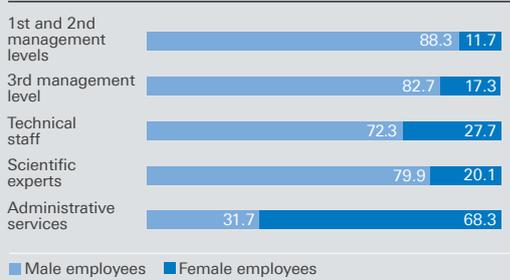
Due to the successive standardization of management definitions, comparisons with the previous year are only possible to a limited extent.

## Employees in Germany and Abroad Full-time equivalent



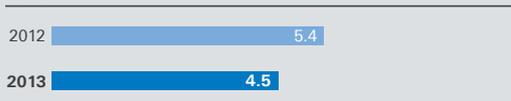
In 2013, we employed an average of 17,947 employees (previous year: 17,218 employees). With growth of nearly 4.3%, we continued the trend towards an increasingly international workforce.

## Employees by Function and Gender in Germany in %



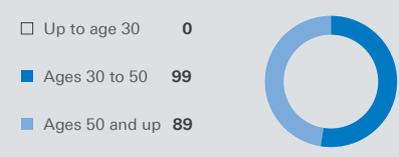
The generally low percentage of women in technical careers, which applies all the way from vocational training programs to management levels, is also reflected in our employee structures.

## Employee Turnover Rate in Germany in %



In 2013, our employee turnover rate remained low, standing at 4.5%. The average length of employment is about 10.3 years. In this context, in 2013 a total of 217 men and 131 women left the company.

## Age Distribution in Germany 1st and 2nd levels of management



\* All employment statistics for Germany are based on per employee data as of the reporting date, and all employee information about foreign subsidiaries is based on full-time equivalent data as of the reporting date (December 31, 2013). Deviations from this practice are stated in the text. The statistics apply to 90% of foreign subsidiaries.

## EMPLOYEES

### WE HAVE MAJOR PLANS – AND MUCH TO OFFER

The long-term success of a company is built on the quality of its products. Our main product is a technical inspection service. The quality of this service – and its success – is determined by the expert knowledge, innovative spirit, integrity, and commitment of our employees. As such, the fundamental goal of our human resource (HR) policy is to continuously support the professional development and commitment of each individual employee.

As part of our Strategy 2017 – which, among other things, sets forth a significant increase in the size of our staff to 32,000 employees in total – we have also specified the following focal points for our HR policy in the coming years:

- ▲ The systematic promotion of diversity in our staff
- ▲ Improving our company's internal feedback culture
- ▲ Enhancing TÜV Rheinland's employer branding

As a result, the key areas of activity and goals of our sustainability strategy are reflected in our human resource strategy: making our levels of management more international and increasing the number of female managers.

### OUR WORKFORCE IN FACTS AND FIGURES

Our workforce once again grew steadily over the past year: we had an average of 17,947 employees in 2013 (previous year: 17,218 employees). With nearly 4.3% growth at our companies outside of Germany to a total of 10,619 employees, we continued the trend towards an increasingly international workforce which we have seen in recent years. But the number of employees in Germany increased over the previous year as well (full-time equivalent), rising from 7,035 to 7,328.

For a growing business, employee loyalty – and as a result, safeguarding and developing this knowledge – is one of the key objectives in human re-

sources. Compared with the average figure for the German economy, our turnover rate of 4.5% in 2013 remains low.

At about 85%, the percentage of full-time employees in Germany was about the same as in 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 Germany and abroad, female employees comprise approximately 40% of our workforce. The share of women in management positions is lower; in Germany the upper levels of management (1st and 2nd levels) are comprised of 11.7% women – abroad, this figure stands at 16.3%.

Most of our employees in Germany and abroad are between the ages of 30 and 50 – this group comprises 60% of the total workforce. Our employees' level of education in Germany continues to be high, with 50% holding university degrees.

### SUCCESS FACTOR: HUMAN RESOURCE MANAGEMENT

At TÜV Rheinland, human resource management fulfills much more than simply an administrative function – it is a key success factor. That is why we constantly strive to optimize existing structures and processes and in doing so, create the foundation for even more efficient human resource activities.

By concentrating human resource development activities at the new Competence Center Human Resource Development, in Germany we are pursuing the goal of establishing uniform standards for the development and implementation of human resource development measures. We expect that the new organization will result in shorter lines of coordination, new conceptual ideas, a more intensive exchange of knowledge and skills, as well as higher quality vocational and advanced training activities. The same also applies to our newly created Competence Center Recruitment, in which recruiters from all divisions of the com-

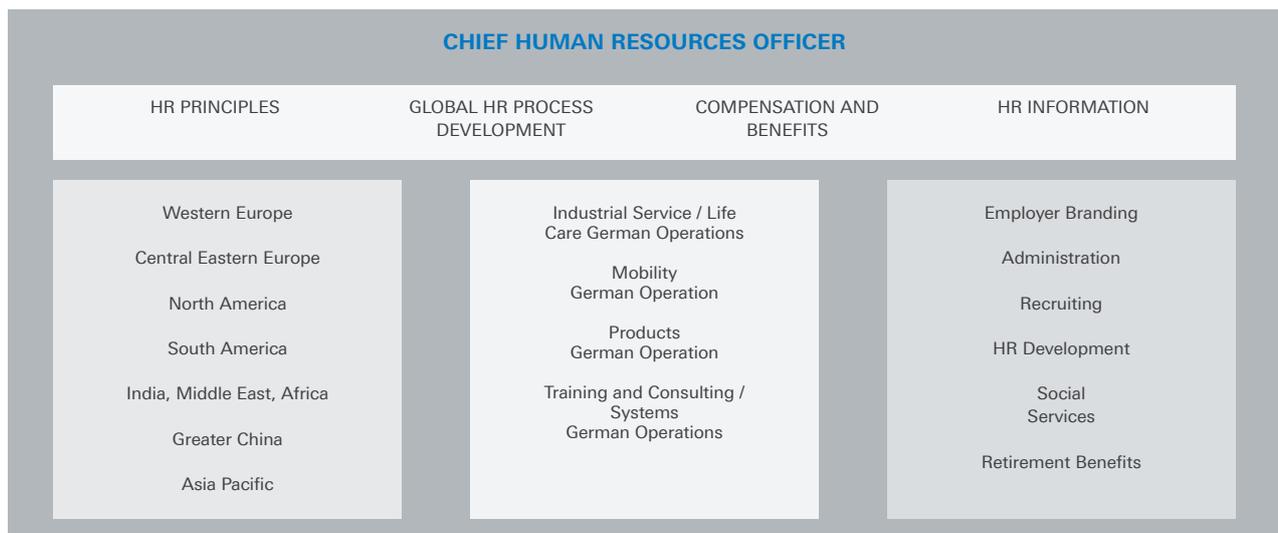


### SUSTAINABILITY STRATEGY

The key areas of activity and goals of our sustainability strategy are reflected in our human resource strategy.

### INTERNATIONALIZATION

The trend observed in previous years of our workforce becoming increasingly international continues unabated.



#### HR MANAGEMENT

Our Chief Human Resources Officer is the head of six administrative departments as well as four global service areas. Four human resource directors for our six major German Operations and seven HR managers and/or coordinators according to our regions represent the point of contact in the operative departments. They have the goal of ensuring that our human resources strategy is implemented uniformly throughout the Group.

pany are brought together with our applicant service, and can now offer the complete spectrum of services for all German locations.

We also see significant potential for further harmonization, automation, and transparency increases in the IT systems used in the human resources department. As such, in early 2014 we carried out a pilot project in the Greater China region in which we converted performance management to an SAP-based solution. In addition to the agreement on objectives, an evaluation of skills as well as a simplified development plan are now available online for every employee. By switching our payroll system to SAP, we were also able to simultaneously replace a total of five local systems in China.

#### WE ARE DIVERSITY

Since April, this sentence is now more than ever more than just a slogan for TÜV Rheinland – it's a promise. By signing the »Charter of Diversity« – an initiative sponsored by German Chancellor Angela Merkel – our aspiration is communicated more clearly to the public. Our aspiration is to create a working environment which, in line with our mission statement, is free from prejudices and instead rich in respect and appreciation.

We are aware of the fact that diversity in all of its facets is a strength and as such, an opportunity, one which pays to systematically capitalize on. Therefore, diversity plays an important role as part of our human resources goals. We are striving to:

- ▲ Make our most important decision-making bodies as international as possible
- ▲ Promote the employment of women, particularly in leadership positions
- ▲ Create a working environment for our older, experienced employees that does justice to their individual working capacity

Each and every day, employees from 94 nations work towards the success of TÜV Rheinland in a total of 48 different countries. Our global orientation should be present and felt every day by the greatest possible share of our employees. In this context, it is important to us that the exchange of ideas and information across borders is not simply limited to professional topics. A successful, global team can only grow together when its members have a mutual understanding of the different cultural values and characteristics. This is why we have established intercultural skills as a component of many training programs. We advocate for fair and comparable working conditions in our different regions and fields of activity.



charta der vielfalt

#### TÜV RHEINLAND IS COMMITTED TO DIVERSITY

We support the initiative »Corporate Charter of Diversity« sponsored by German Chancellor Angela Merkel. We view diversity in all of its many facets as a strength and opportunity for our company.

In 2013 we made enormous progress in systematically supporting women at TÜV Rheinland thanks to the great commitment and dedication of many female employees, as well as numerous male members of management. This progress has a catchy name: Women's Network. Within the scope of various different projects, activities, and workshops, in the future we want to promote a dialog between women at TÜV Rheinland across borders, create a strong forum for their concerns and interests, and support them in their professional development as specialists or members of management.

After an extremely well-visited kick-off event at our headquarters in Cologne in March 2013, four project groups began their work. They focus on further shaping the Women's Network, on development and career opportunities for women at TÜV Rheinland, on our corporate culture, as well as on employees' work-life balance. Since then, we have taken the »Women's Network on Tour«, holding informational events at other German locations. In addition, an information and communications platform within our internal company portal »blueeye« also allows our female employees to network across locations and national borders. For example, here they will find our newly developed toolbox – a handbook which we created to help female employees at our international locations plan and carry out their own Women's Network events.

In cooperation with the European Women's Management Development International Network (EWMD), we established a special form of co-worker guidance known as Power Teams in 2013. Here six to eight women from different companies support each other independently for at least one year, i.e. without the help of a coach, in achieving their professional and personal goals. The first teams which included female employees from our company were formed in May 2013. In 2014, we are going to further expand the trainings we offer specifically to women through a series of seminars entitled women@TÜV Rheinland. These seminars will cover topics such as »Assertion Strategies«, »Self-Empowerment«, »Visibility in the Company – the Brand Called Me«, and »Negotiation Skills«.



#### GETTING BETTER TOGETHER

After the first version in 2011, the second version of »together« saw a participation rate of about 70% in the reporting year. The first time around, about 63% of our employees took part. Compared to the premiere, we succeeded in slightly improving the results of the survey. As in 2011, we received high marks for the criteria »Motivation and Job Satisfaction« as well as »Customer Focus and Image«. In addition, the field »Diversity/ Compliance« also did well. Our employees continue to see room for improvement in our »Leadership and Change Culture« and »Information on Company Purpose and Profitability«. Furthermore, our employees would like more information about follow-up activities and measures which were defined as a reaction to our first employee survey. We have initiated around 450 measures, more than 70% of which have already been implemented. Another 15% of the measures are continuously ongoing activities. In 2014, we will monitor the follow-up process even more actively than before, and make employees aware of measures that resulted from the employee survey using the slogan »powered by together«.

It is very important to us that the results of our employee survey are not only viewed from an internal perspective, but that we also actively compare the results to other top companies in the German economy. This is why we have joined the RACER Benchmark Group network of companies, which will help us compare the results externally. This network already includes well-known German companies such as BMW, Daimler, Bertelsmann, Bosch, and Evonik. The comparison drives us to operate on par with the best companies in this network.

## TAFF – SUCCESSFUL TOGETHER

TAFF is the name of TÜV Rheinland's mentoring program for future female specialists and managers, which is another new tool to systematically support our female employees. Developed in cooperation with the Cologne Institute for Economic Research, the TAFF program has brought together experienced managers and ambitious female employees to create a total of 25 mentor-mentee pairs since October 2013. The purpose is to set the course for a successful career as a specialist or manager at TÜV Rheinland. And the preliminary results show that the program is benefiting both sides – and as a result, TÜV Rheinland is benefiting twice.

### And this is how it works:

Limited to a period of one year, the mentor and mentee meet at regular intervals to exchange ideas and opinions, discuss challenges, work on solutions, and learn from one another.

The meetings, which last around two or three hours, are usually held every six to eight weeks. At the beginning of the program, the team agrees on a list of topics, defines goals, and formulates expectations. The content of the meetings (tips, agreements, etc.) are recorded in writing just like the achievements and implemented measures. Furthermore, the program also includes other activities, such as »shadowing«, which sees the mentee accompanying the mentor during their work to gain insights into their working environment. In addition to the personal collaboration of the respective pairs, the program is also supported by a centralized range of offers which each member of a pair can draw from – either together or individually. These include counseling interviews, meetings to discuss ideas and experiences, as well as workshops on business-related topics.

»Giving a great deal of thought to the current challenges facing a young manager and evaluating different situations naturally improves your own ability to self-reflect. And the change of perspective inevitably and fortunately also always leads to new ideas and suggestions for one's own field of responsibility.«

Markus Dohm, General Manager of TÜV Rheinland Akademie GmbH, Mentor

»An excellent new human resource development tool which is practical, extremely specific, and personal – and also creates a bond and even stronger identification with the company.«

Nadine Brauer, Process Manager Western Europe and Strategic HR Support Western Europe, Mentee

»We speak openly and honestly about all issues that we are currently wrestling with. Without doing so, the mentoring program wouldn't work as well, since this is the only way to bring new ways of viewing things and thought-provoking ideas to light. My mentor and I speak as equals, which I really like.«

Anna Linn Zafiris, Web Content and Social Media Manager, Mentee

»The mentoring program helps empower our women at TÜV Rheinland to set professional and personal goals, articulate them outwardly, and work on their own development.«

Dr. Monika Bias, Global Head of Personnel Certification, Mentor

»To me, working with my mentor is the core of the mentoring program. Through our discussions, I learn to better recognize my skills and make systematic use of them. The open feedback I receive and the specific questions she asks help me get on the right track and gain a clearer understanding on the situation. I receive vital ideas and we both benefit equally from our professional experience.«

Janette Ullsperger, Head of the Civil Engineering department, Mentee



Both sides benefit from these meetings. TAFF – a total of 25 mentor-mentee teams with the purpose of systematically supporting future female specialists and managers.

»Why TAFF? Because I want to pass on some of what I have experienced during my career, because I also learn from the collaboration with mentees, and because I enjoy it.«

Gabi Rauße, General Manager of TÜV Rheinland Cert GmbH, Mentor

»You can only make progress in your own personal and professional development by becoming acquainted with other perspectives, questioning your own as a result, discussing experiences, and being open to new ideas – and this is exactly what TAFF makes possible.«

Katharina Riese, Manager CSR and Sustainability, Mentee

»It's exciting to have the opportunity for a change of perspective through the mentoring program. In addition, the discussions we have as part of the TAFF program give me the chance to completely reevaluate situations that initially appear to be fairly straightforward.«

Björn Clüsserath, Head of Corporate Legal and Chief Compliance Officer, Mentor

### GLAD THAT WE HAD THIS TALK

Our corporate culture is focused on the future without forgetting the company's tradition. We think and act sustainable and international. Our employees should internalize, live out, and represent our company's values documented in our mission statement and in our management principles – such as reliability, diligence, transparency, openness, dedication, and enthusiasm – both internally and externally. We interact with one another in a manner that seeks to strengthen the ability to give and take criticism and expects everyone to be prepared to engage in constructive dialog.

We made systematically strengthening our feedback culture a focal point of our human resources strategy. In this context, giving and receiving feedback is both a right and duty of all employees – regardless of their hierarchical position. A number of now well-established dialog tools form the foundation of our feedback culture.

Each year our top-level managers around the world complete a management review, in which succession and potential candidates are also discussed. Besides the possibility of an additional goal agreement/performance evaluation meeting, in Germany a structured performance review is binding across all levels of the company. Our global employee survey »together«, which is

focused on Group-wide issues, and the supervisor feedback survey, in which employees can evaluate their direct supervisor, are each held every two years in alternating years. Both surveys are completely anonymous.

In 2013, we continued the »Local Dialog« – a highly-used opportunity for employees to direct questions, praise, and criticism directly to the Chief Executive Officer and top management – by holding a total of six events. In addition to four locations in Germany, the »Local Dialog« was also held in China and made its debut this year in South Africa.



**RECRUITING APP**

In 2014, prospective employees will be able to access job listings using an app.

**CERTIFIED HIGH-QUALITY JOBS AVAILABLE**

As part of our efforts to enhance our employer branding, in 2013 we put a great deal of thought into defining the qualities that characterize TÜV Rheinland as an employer. As a global employee survey showed, the following attributes are what draw, acquire, and ultimately create loyal employees.

Important findings from our employer branding considerations were also incorporated into our completely redesigned »Jobs and Career« section of our website. Potential applicants can now find more comprehensive and efficient information about the wide variety of career prospects that TÜV Rheinland offers around the world in dif-

**CAREERS AT THE INTERSECTION OF PEOPLE, TECHNOLOGY, AND THE ENVIRONMENT**

As an employer, TÜV Rheinland already has an excellent reputation, which is demonstrated by our excellent position on renowned ranking lists and the numerous awards we have received, as well as our recruitment campaign in 2013.



ferent fields. We are on the cutting edge when it comes to using modern communication technologies for recruiting purposes. For example, in 2014, our job listings will also be available in an app – which applicants can use to apply directly. At the same time, we have also optimized our classic eRecruiting tool.

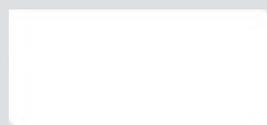
A number of renowned rankings and awards in 2013 clearly demonstrate that we continue to have an outstanding image as an employer.

### AN INVITATION TO EXPAND YOUR HORIZONS

Our employees can choose from a wide range of development and advanced training opportunities at every stage of their career. We identify each employee's development potential – as well as their direct suitability for certain fields of activity – within the scope of our »Talent Potential Evaluation«. The results of this evaluation are used to initiate fitting standard and individualized development measures. In addition, we also identify promising young professionals through direct inquiries at the management level. Applicable development programs can include the Assessment/Development Center, Talent Teams, the Management Development Program, and TÜV Rheinland Management Academy modules.

We support the development of our top-level managers with comprehensive training programs offered by the Management Academy, which cooperates with renowned educational institutions such as the ESMT (European School of Management and Technology) and the SGBS (St. Galler Business School). For example, we launched a new seminar which is specifically geared toward our subsidiaries' managing directors and authorized representatives. The content of the seminar was designed based on the rights and duties which come with this type of position, compliance issues, as well as a look at real-world risk management practices. When it comes to our ambitious growth targets, the ability to efficiently manage integration processes is becoming increasingly important. We foster this ability with our newly developed seminar entitled »Post Merger Integration«.

Our managers are expected to be completely at home in an international environment. And the working environment of our specialists with responsibility for projects or training is also becoming increasingly international. Longer assignments abroad are therefore an increasingly important human resource policy tool for these employee groups. We also invite employees who do not hold one of the aforementioned positions of responsibility to actively voice their interest in working on an international assignment. We provide them with the skills they need for their assignment abroad in a variety of courses and seminars.



#### TOP GERMAN EMPLOYER 2013

For the sixth time in a row, TÜV Rheinland has been included in the CRF Institute's list of award-winning companies. We particularly stood out in the categories »Corporate Culture,« »Career Opportunities,« and »Training and Development«.



#### A NEXT-GENERATION EMPLOYER

In a poll held by the online platform [www.csr-jobs.de](http://www.csr-jobs.de) in cooperation with the magazine »forum Nachhaltig Wirtschaften« and the company Personalberatung HRmatic GmbH, we were one of the ten companies which exhibits a particularly high commitment to social and environmental responsibility and has an innovative HR policy.

## LOOKING AT THE BIG PICTURE



Seeing the big picture. Having the confidence to work in an international environment. Maintaining poise, even in uncommon situations. These are only three of the many skills that we expect from our young management trainees. Skills that we obviously wanted to test.

As such, in the fall of 2013, we invited 45 young talents from the Asia Pacific region, from China, India, the Middle East, and Africa, to the first Regional Young Professional Conference (RYPC) in Bangkok. Over the course of two days, the participants discussed future opportunities and global megatrends in connection with our Strategy 2017, in order to deduce possible effects on our business operations. Afterwards, eight managers evaluated their development potential – and were extremely pleased with the participants' performance. Because of this positive experience, in 2014 we are also going to bring the RYPC concept to North and South America as well as parts of Europe.

The members of the Talent Teams in the German Operation Mobility and Central Functions had a much different experience during our first social day, which they spent together with the physically and mentally disabled residents of an assisted living center in Cologne. The participants were impressed with the residents' sincere willingness to spend time together and learned how to find their way in situations that many had never been in before. In the future, the social day is going to be a fixed component of this human resource development measure.

### SEEING THE BIG PICTURE

We use different programs to prepare our young leaders for their future management duties.

Advanced training and education at TÜV Rheinland is a varied mixture of classic (seminars, workshops, coaching) and innovative (e-learning, virtual classrooms) forms of learning. All employees around the world can participate in select e-learning courses via the CONECT learning platform – regardless of their location, Business Stream, and learning times. As a result, approximately 1,000 employees were registered for a newly developed e-learning seminar on our revised project management standards in the reporting year.

### Documented Training and Further Education Days in Germany<sup>1</sup>

	2012 <sup>2</sup>	2013
<b>Trained employees</b>	4,131	<b>4,130</b>
Training days for new experts	7,675	<b>9,090</b>
Seminar days for new employees	887	<b>1,176</b>
Advanced training days	14,773	<b>14,986</b>
<b>Total training and further education days</b>	<b>23,335</b>	<b>25,252</b>

<sup>1</sup> The chart shows data reported for 2013 which was registered within the Group for Germany by February 28, 2014.

<sup>2</sup> The training and further education data for Germany in 2012 which was published in the Corporate Report 2012 was revised using an improved collection method in 2013.

### YOUNG, DIVERSE, AND WELL-TRAINED

As a company that operates in a responsible manner, it is only natural that we give young people the ability to launch their career by participating in a qualified vocational training program.

The vocational training programs offered by TÜV Rheinland at our various German locations include a diverse range of professions, such as office administrator, qualified IT specialist, chemical laboratory worker, qualified medical assistant, and even cook or materials inspector. Our goal is to focus our vocational training activities, which up until now had primarily been centered around administrative professions, more strongly on production-related occupations, since this is the area which will suffer from the greatest lack of specialized workers in the coming years. As a partner in the »Joblinge AG« initiative, we also systematically support young people that have not had any success finding a vocational training program by offering them factory tours and internships. In this context, experienced employees act as mentors, closely supporting and advising them in

**KOMM, MACH MINT (INITIATIVE TO PROMOTE WOMEN IN STEM FIELDS)**

In March 2013, TÜV Rheinland became an official supporter of the »Komm, mach MINT« initiative. In this context, MINT is the German abbreviation for Mathematics, Information Technology, Natural Sciences, and Technology, similar to the English acronym STEM. As part of this nationwide pact for women in STEM professions, in the future TÜV Rheinland wants to play a more active role in attracting young women to scientific and technological degree programs as well as acquiring female university graduates for careers in business and science.

For example, as part of the »MINTalente« (»STEM Talents«) program launched by the Association of German Engineers, female engineers from TÜV Rheinland act as role models to female students from the Cologne Univer-



Our Chief Human Resources Officer Thomas Biedermann at the signing of the MINT membership.

sity of Applied Sciences in their free time. They provide guidance to their mentees in the selection of degree programs and careers and give them real-world insights into the working world in general and STEM careers in particular.

matters pertaining to their professional as well as personal development.

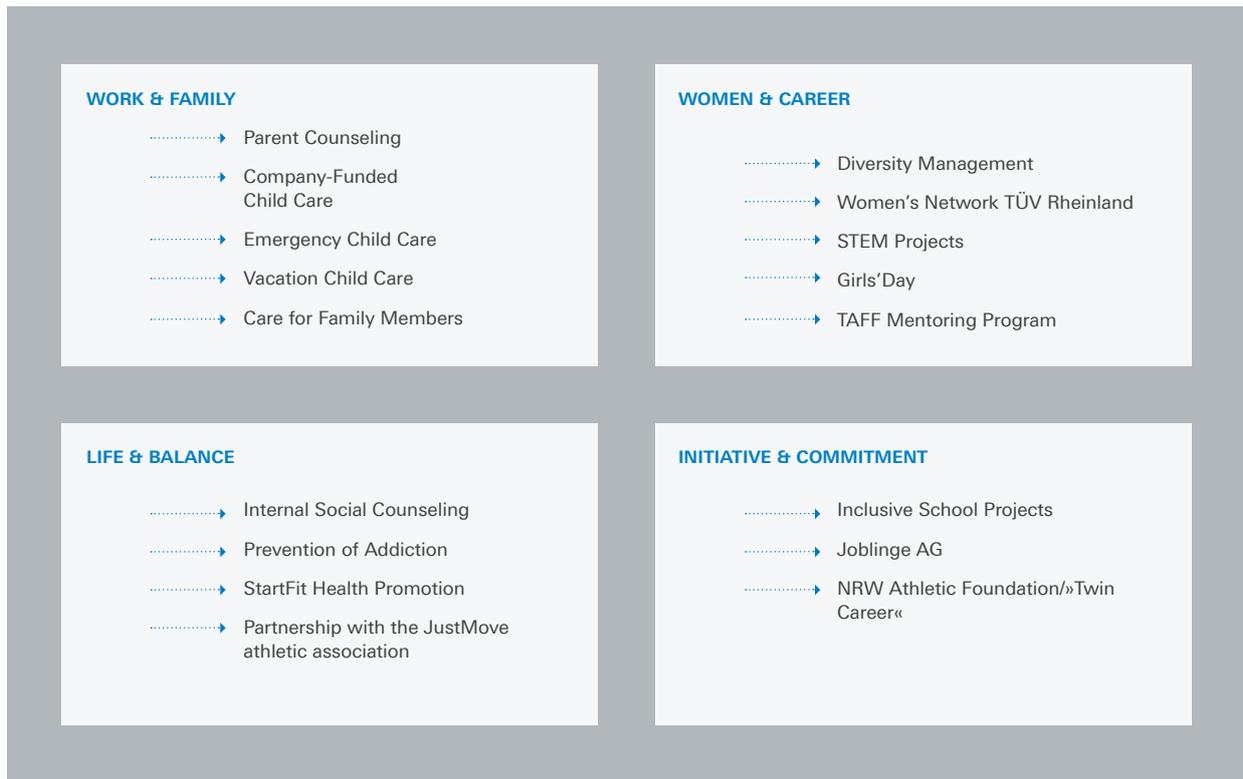
We promise all of our vocational trainees that we will keep them on for at least six months after they successfully complete their training program. It goes without saying that our actual goal, however, is to offer all of our vocational trainees a permanent job at our company. And the statistics prove that we not only train young people as a result of our strong convictions, but also do so successfully – with 81% of our trainees taking on a job after completing their training.

We also use a wide variety of activities to maintain close relationships with aspiring academics at universities and colleges. We provide guided tours and lectures, take part in subject weeks, offer specialized internships, and supervise project assignments and bachelor’s and master’s degree theses. In June 2013, we held our first fireside chat for around 60 college students, giving them the opportunity to meet with two members of our

Executive Board and ask and discuss their questions, including some very personal ones. Within the scope of our NRW scholarship, each year we support ten students at various universities. The internships abroad that we offer are also very popular with university students. Contacts established in one of these ways frequently lead to an employment contract later.

We also offer late deciders that have already entered the working world the opportunity to earn an accredited university degree. All employees that have either earned their Abitur (diploma from a German secondary school qualifying for university admission), have qualified as a master craftsman or technician, or have completed a vocational training program with at least three years of professional experience in a technical field can participate in a nine-semester degree program in the fields of mechanical, electrical, or industrial engineering offered by the TÜV Rheinland Akademie. In fact, each year we offer one employee a full scholarship to the Akademie.

.....  
**ON THE TEAM**  
 In 2013, we hired the lion’s share of our vocational trainees in Germany after they successfully completed the program.



#### OUR SOCIAL SERVICES DEPARTMENT'S FOUR AREAS OF ACTIVITY

When selecting an employer, the ability to balance professional and personal obligations is absolutely crucial. We are meeting these changing needs with a family-oriented human resource policy.

And our »Twin Career« initiative is geared toward a very specific audience, namely competitive athletes. In this context, we offer athletes internships and ongoing personal supervision, giving them the ability to take an early step toward building a career without compromising their athletic training. In addition, we also benefit from the experiences and skill the athletes possess, which include a focus on achieving goals and achievement potential.

#### THE CHALLENGE: KNOWLEDGE MANAGEMENT

Knowledge is without a doubt the most important production factor for TÜV Rheinland. Thanks to new information, ideas, and experiences, it changes and increases almost unabatedly. TÜV Rheinland's knowledge management faces the

complex challenge of making our body of acquired knowledge available and usable to every employee around the world at any time.

In this context, our global corporate portal »blueeye« plays a key role. As what might be called the organization's collective memory, it consolidates all of TÜV Rheinland's information in one place and makes it accessible through a standardized interface using a document management system. Our Social Services department has also been represented on »blueeye« since 2013 with an extensive range of information. The newly implemented »Global Organization« section helps make the search for contacts in the HR department more efficient. And last but not least, a contact form gives employees a direct method to contact the Chief Human Resources Officer.

#### COLLECTIVE MEMORY

Our global company portal »blueeye« to some extent fulfills the key functions of a collective memory.

As good and important digital knowledge management is – it will never be able to fully replace the personal transfer of know-how and long-term employees' extensive wealth of experience. This is of key importance, particularly for vocational training and training seminars offered to our technical experts. Using structured training for technical experts and systematic mentoring, we are pursuing the goal of developing as many employees as possible into proven experts and knowledge communicators in their field of expertise. In addition to technical and methodological skills, we also want them to systematically enhance their social skills.

As a rule, we motivate all of our employees to become involved in networks, working groups, and specialty and project teams – both inside and outside of our company. Aside from gaining and transferring knowledge, we also want this process to promote general communication among employees.

### MORE FLEXIBLE THAN YOU MIGHT THINK

Our experience and countless job interviews and performance reviews have shown that the ability to tailor professional and personal commitments to one's current phase of life and living situation is a decisive factor for an increasing number of people when it comes to selecting an employer. We are meeting these changing needs with a family-oriented human resource policy.

Under the umbrella of the »Work & Family« program, we offer a wide variety of ways for employees to improve their work-life balance. This includes flexible working hours, part-time during parental leave, and the ability to work from home. Furthermore, our Social Services department can procure spots at a daycare center and offers nationwide emergency childcare services. Starting in the summer of 2015, we will offer comprehensive childcare for 30 children between three months and six years of age at the first TÜV Rheinland Daycare Center at our headquarters in Cologne. Another issue that is becoming increasingly important is caring for family members. We need to act on the assumption that over the long term, a significant number of our employees – especially in Germany – will exercise their legal

right to take leave to care for loved ones. That's why we created informational and consulting services in this area early on.

We are absolutely certain that ultimately, both sides benefit from a family-friendly working environment – our employees thanks to increased satisfaction with their job and higher motivation, and our company thanks to improved cost-effectiveness. Every time we need to refill a position, every longer period of absence, and every time we need to reintegrate returning employees entails significant costs, effort, and – in most cases – a loss of knowledge for TÜV Rheinland. We may not be able to completely prevent these effects with the aforementioned measures, but we will at least be able to reduce them significantly.

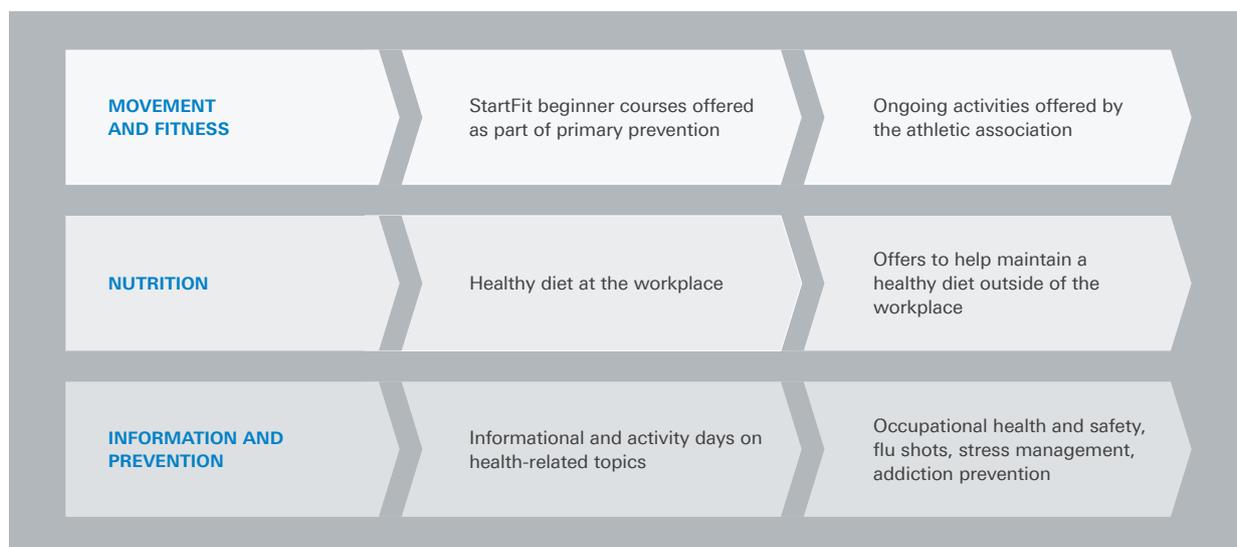
### WE'RE FOCUSING ON PREVENTION

Permanently maintaining our employees' health, productive capacity, and quality of life is of utmost concern to our company. As part of our occupational health management activities, we have developed a comprehensive health promotion program that combines prophylactic measures with information and prevention. In the future, we want to expand what began as a pilot project at our headquarters in Cologne to all of our German locations.

»Movement and Fitness« offers preventative courses at the office and around working hours including Pilates, back exercises, and jogging exercises which are specially geared toward beginners and are even subsidized by statutory health insurance companies. In addition to a better selection of vegetarian meals in the cafeteria, cooking courses offered as part of the »Nutrition« component should help employees apply healthy eating habits at work to their own daily lives. As part of our »Information and Prevention« component, we held several health days during the summer of 2013. Here our employees had the opportunity to test their fitness, have their spine measured, and find out what their blood pressure, glucose levels, and cholesterol levels were as part of a risk factor check-up. Our now traditional offer of flu shots in Germany was extremely popular, with 702 participants getting a vaccination – an increase of about 20% compared to the previous year.

### FAMILY AND CAREER

We are absolutely certain that both sides ultimately benefit from a family-friendly working environment.



#### OCCUPATIONAL HEALTH MANAGEMENT

Our occupational health management activities are comprised of a variety of different components.

#### AT TÜV RHEINLAND, A LOT HAPPENS TO ENSURE THAT NOTHING HAPPENS

We have installed a comprehensive occupational health and safety management system, which is in use at all of our subsidiaries in Germany and is part of our integrated management system pursuant to ISO 9001:2000, to guarantee the safety and health of our employees when carrying out their duties. As an independent management system, it is also certified pursuant to OHSAS 18001 for numerous German subsidiaries.

During the reporting year, we continued the efforts we began in 2012 to consolidate our occupational health and safety and environmental management systems into an integrated HSE (health, safety, and environment) management system. In the first three German Operations and Central Functions, the new HSE managers began carrying out their activities. In the future, our integrated HSE management system should also form the basis of the HSE organization at our foreign subsidiaries. In order to accomplish this goal, the HSE managers drew up HSE guidelines in 2013. These specify, for example, how to determine which precautionary measures to take after analyzing the respective hazards of a particular job. In addition,

the HSE guidelines also define the specific figures used to measure occupational health and safety performance, which will already be reported in 2013 for all German subsidiaries, and in the future will be used to evaluate performance at our foreign subsidiaries.

In addition, we want to implement a standardized system worldwide for taking precautionary measures for each respective job and workplace situation.

In Germany, we evaluate the effectiveness of our occupational health and safety measures using, among other things, a network of 36 German Operations-specific occupational safety committees (OSC) that meet four times a year. All of our employees in Germany are represented by these committees.

More than 92% of our employees in Germany have been personally briefed at least once on the specific hazards that lie within their area of activity. In addition to these briefings, we now also use online instructional tools, and we are continuing to widen their use.

#### HSE MANAGEMENT SYSTEM

In 2012, we began with the consolidation of our occupational health and safety and environmental protection management systems.

In 2013, we were able for the first time to systematically record occupational accidents and accident-related time off in Germany according to standardized criteria in our newly introduced accident management database. We are also going to gradually roll out the system, which considerably simplifies evaluating and analyzing accidents, at our foreign subsidiaries.

In 2013, our foreign subsidiaries reported a total of 125 injuries (accidents), a slight increase from the previous year (123).

**Occupational Safety in Germany**  
in terms of reportable accidents

	2012	2013
Number of employees covered in %	100	<b>100</b>
Accidents	140	<b>155</b>
Accident rate*	11.75	<b>11.68</b>
Days lost due to accidents	2,607	<b>3,618</b>
Days lost due to accident per accident	18.62	<b>23.34</b>

\* Occupational accidents per 1,000,000 working hours.



**ON THE CUSP OF A NEW ERA?**

The development of effective occupational health management (OHM) is not only one of our internal duties, but is also a service increasingly in demand from our clients. Our team of labor, occupational, and organizational psychologists advise companies across Germany in the introduction and development of professional OHM.

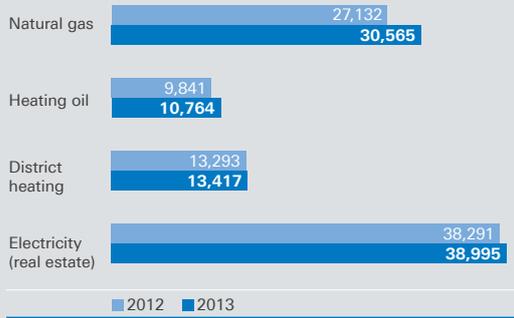
One industry that is not exactly known as the poster child in issues of occupational health and safety is the hospitality industry. Stress, long hours, and an ergonomically questionable working environment are more often the rule rather than the exception at numerous places of business. On top of that, many areas have only rudimentary access to company physicians. A pilot project carried out by TÜV Rheinland and Germany's Employer's Liability

Insurance Association for the Food and Hospitality Industry (BGN) could usher in a new era.

The clever approach is that in the future, the company physician is not responsible for the hospitality company alone, but instead acts as a »Health Manager« and delegates some of the duties to various other health experts. As a result, psychologists, sports scientists, and physical therapists use their specialized field of expertise to offer employees comprehensive occupational health and safety. The project, which is scheduled to run for a period of three years, has initially been implemented with companies that are members of the BGN in the German state of Saxony-Anhalt, and will not only be monitored by our health specialists, but will also undergo a scientific evaluation by the University of Magdeburg.

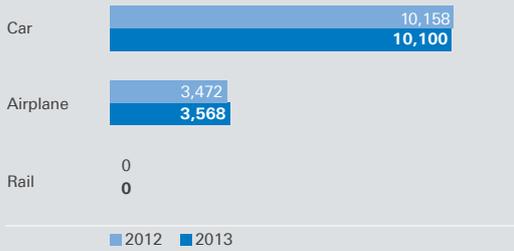
# KEY ENVIRONMENTAL DATA

## Energy Consumption in Germany in MWh



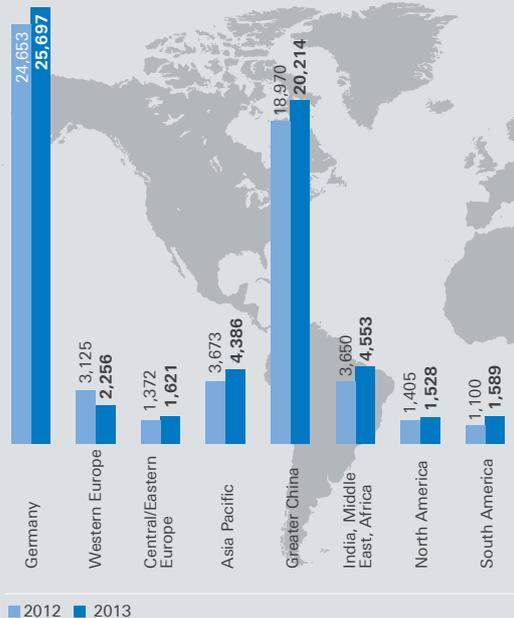
The increase in natural gas consumption is primarily due to the longer heating period as a result of the long winter in 2013.

## Business Travel in Germany Emissions in metric tons of CO<sub>2</sub>



As in 2012, in 2013 all of our business trips by train with the Deutsche Bahn were carbon neutral.

## Real Estate Electricity Consumption in metric tons of CO<sub>2</sub>



## CO<sub>2</sub> Emissions in Germany

in t	2012	2013
Natural gas	5,426	6,113
Heating oil	2,596	2,839
District heating	3,576	3,609
Electricity (real estate)	24,653	25,697

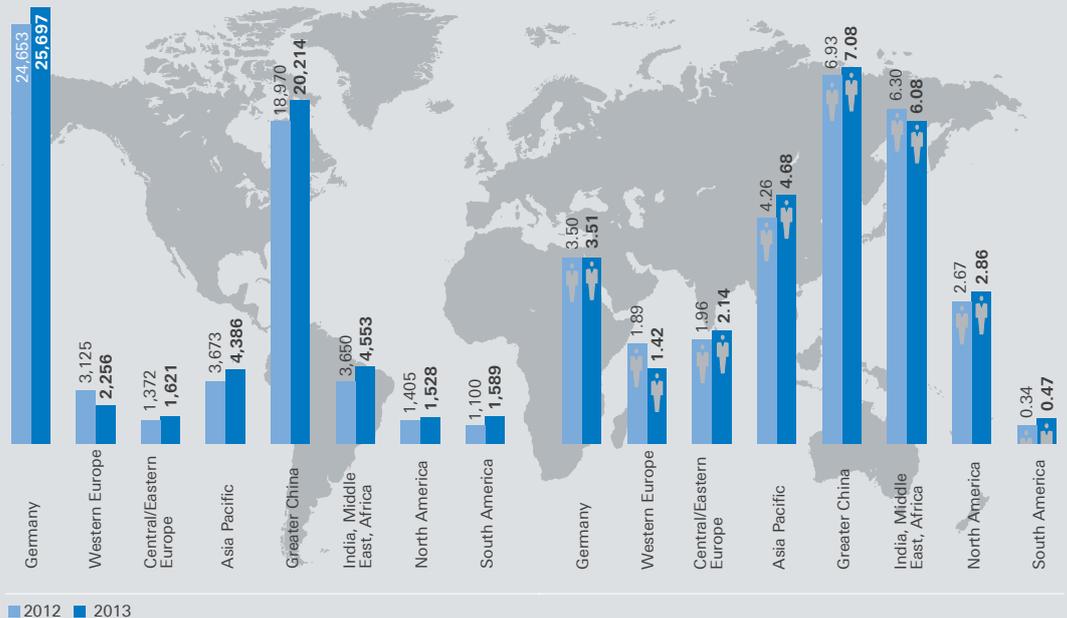
The disclosure of CO<sub>2</sub> emissions from the use of natural gas as well as direct emissions was heavily influenced by the longer winter.

## CO<sub>2</sub> Emissions

in 1,000 t CO <sub>2</sub>	2012	2013
<b>Total</b>	<b>95.9</b>	<b>108.6</b>
direct	36.7	42.1
indirect	59.2	66.5
<b>Germany</b>	<b>49.9</b>	<b>51.9</b>
direct	21.7	22.6
indirect	28.2	29.3

The increase in CO<sub>2</sub> emissions abroad from the direct use of energy was due to the increased amount of travel as a result of our company's growth. The increase in electricity consumption resulted from foreign subsidiaries opening new laboratories, and as a consequence, led to an increase in CO<sub>2</sub> emissions from indirect energy use.

## in metric tons of CO<sub>2</sub> per employee



\* The change in last year's figures for the Greater China region resulted from the inclusion of additional locations.

## ENVIRONMENT

### THERE IS MUCH TO DO

The importance of environmental protection and resource efficiency to us is continually increasing. On the one hand, because for several years we have increasingly focused on how to reduce the negative impact of our operations as much as possible as well as make our corresponding management processes as efficient as possible. On the other hand, because we want to use our extensive technological knowledge – while working closely with our partners from the worlds of science, politics, civil society, and industry – to help develop solutions around the world that minimize negative effects on the environment in much larger dimensions, or at least make them manageable.

In 2013, we actively continued with the consolidation of our occupational health and safety and environmental protection management systems into one HSE (Health, Safety, and Environment) management system which we launched last year. With only a few exceptions, all of our Business Streams and Group regions now have their HSE managers. These managers work with the respective members of management to monitor adherence to the new HSE guidelines we drew up during the reporting year, raise our employees' awareness of environmental issues, and ensure that we do not violate any applicable environmental regulations. In addition, the local laws of the respective country are taken into consideration thanks to additional requirements specific to each country. Our first global HSE manager meeting, with the goal of creating a far-reaching network and giving the managers the opportunity to exchange ideas and opinions, is scheduled for June 2014.

In 2013, we once again hired an external auditor to certify the quality management of a large portion of TÜV Rheinland subsidiaries with more than 50 employees pursuant to ISO 9001 within the scope of a Group-wide certification. In addition to our five German Operations which can receive certification – as a company that itself issues certifications, the German Operation Systems is prohibited from being certified by an external company – at the end of the year Group subsidiaries in the following regions have already been certified:

- ▲ Western Europe: Netherlands (new), Spain
- ▲ India, Middle East, Africa: India, Saudi Arabia, Turkey (new), United Arab Emirates
- ▲ Asia Pacific: Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Thailand, Vietnam
- ▲ Greater China: China (mainland), Hong Kong, Taiwan
- ▲ North America: USA

Furthermore, additional German and international subsidiaries in the Group have also been certified pursuant to ISO 9001 outside of this Group-wide certification. We are convinced that through the continued harmonization of our quality management systems, we will make it easier to work together across national borders and increase the efficiency of our processes.

At the same time, our occupational health and safety as well as our environmental management system are certified according to the international standards OHSAS 18001 and ISO 14001. In 2013, two further subsidiaries of the German Operation Training and Consulting joined the Group-wide certification. TÜV Rheinland Ibérica ICT S.A. was certified for the first time as part of the Group-wide certification pursuant to OHSAS 18001.

### MAJOR PLANS

Although operating our offices and testing facilities and the business trips we take result in comparably minor effects on the environment when compared with industrial companies, we are committed to our responsibility to play a role in protecting the environment. Our goal is to cut our CO<sub>2</sub> emissions per employee by 25% from their 2010 levels across the Group by 2020. In the same period of time, we also want to reduce our energy consumption per employee in Germany by 20%.

During the reporting year, we initiated and/or enhanced measures and projects both across the Group and at the local level in order to improve our energy efficiency and cut our greenhouse gas emissions.



### SUSTAINABILITY STRATEGY

In addition to Economics and Social Affairs, the Environment is one of the three pillars of our sustainability strategy.

In this context, we place a particular focus on:

- ▲ Using more energy-efficient technology to run our buildings
- ▲ Reducing the number of business trips
- ▲ Reducing fuel consumption and emissions through the use of more fuel-efficient company cars
- ▲ Using state-of-the-art technologies to operate our IT centers, testing labs, and facilities

Specific measures included, among others, gradually replacing older laptops with energy-efficient models which use flash memory instead of mechanical hard drives, and as a result, require only about half the electricity compared to the previous models. We also replaced the conventional light fixtures in the hallways and stairwells at our headquarters in Cologne with state-of-the-art LEDs, which thanks to their minimal energy demand will pay off in less than three years.

After carrying out energy-efficient modernizations to the TÜV Rheinland House (known as the T-Building) located on the grounds of our headquarters in Cologne during the previous years, we kicked off a much more ambitious construction project in November 2013, after two years of planning. A seven-story office building constructed according to the latest sustainable building techniques will open its doors in the spring of 2015, offering about 600 TÜV Rheinland employees a new working environment. The building, with approximately 11,000 square meters of space, will also house a new cafeteria and daycare center. But this is only the first stage of one of the most comprehensive building projects in our company's history: as soon as the new office building is finished, we will begin renovations on our iconic,

40-year-old high-rise, which towers above the city of Cologne. During a period of about two years, we will replace the entire facade, building technology, and lighting, and install a state-of-the-art fire protection system.

While constructing the new office building, we will also completely shift gears when it comes to our energy supply – a new, energy-efficient power station that, in addition to electricity, will also produce heating and cooling, will cover the energy demand of the new office building as well as the significantly reduced energy demands of the high-rise as well as the T Building, which has already been renovated. In addition, all the other buildings on the TÜV Rheinland campus will be connected to the power station, in order to secure further savings in primary energy costs. We expect the aforementioned construction projects to cut the consumption of primary energy and emissions by around one third.

Furthermore, in 2013 we also implemented measures to reduce the energy required for heating at other German locations. Our budget for building renovations in Germany, particularly for renovating roof areas and bathroom facilities, totaled 3.9 million euros in the previous business year.



#### NEW ENERGY SUPPLY

We plan to install a new, efficient power station which will provide energy to our entire headquarters in Cologne.

#### 2013 ENVIRONMENTAL PERFORMANCE

When considering the key environmental variables, TÜV Rheinland's performance per employee in 2013 is outlined in the following table.

According to our calculations, in the 2013 business year we generated 109,000 tons (previous year: 96,000 tons) of CO<sub>2</sub> emissions across the Group as a result of our business operations. This calcu-

#### TÜV Rheinland Environmental Performance per Employee\*

		Germany 2012	Germany 2013	Global 2012	Global 2013
CO <sub>2</sub> **	t	7.09	<b>7.09</b>	5.57	<b>5.98</b>
Energy**	MWh	33.3	<b>31.15</b>	23.92	<b>23.86</b>
Business Travel	km	13,000	<b>12,845</b>	10,910	<b>12,060</b>
Paper	kg	55.7	<b>49.0</b>	37.9	<b>30.7</b>
Water***	l	19,207	<b>19,946</b>	16,623	<b>15,544</b>

\* Full-time equivalent.

\*\* This calculation does not include district heating, natural gas, and heating oil used by our foreign subsidiaries.

\*\*\* The figures for the previous year have been adjusted from those published in the 2012 Corporate Report due to a collection error.

lation does not include district heating, natural gas, and heating oil used by our foreign subsidiaries. Of this total, 66,500 tons (previous year: 59,000 tons) of CO<sub>2</sub> were produced as a result of using indirect energy sources (electricity and district heating) at our properties. About 42,000 tons (previous year: 37,000 tons) of CO<sub>2</sub> were emitted as a result of consuming direct forms of energy – natural gas, heating oil, or fuel – used for heating and business travel by car or airplane. In this context, neither national nor international commuter travel is factored into this calculation.

Around the world, our subsidiaries carried out initiatives to further improve their individual environmental performance. For example, our colleagues in Greater China launched a comprehensive program in 2013 which strives to make continuous improvements in a total of seven key areas, including energy consumption, water consumption, and air travel. To achieve these goals, an interdisciplinary team meets on a monthly basis to discuss progress and initiate further measures.

## ENERGY

The services we provide are, by comparison, not very energy-intensive. Direct sources of energy we use include fuel, natural gas, and heating oil. In contrast, electricity is considered an indirect source of energy. We use electricity to operate computers, lighting, and our technical systems. We buy district heating from local utility companies. Because of our global presence, we assume that TÜV Rheinland's electricity mix does not differ from the respective country's local electricity mix. In order to take national and local energy mixes into account when calculating our environmental performance, we rely on the respected »GaBi« database.

With regard to the locations being examined, in 2013 power consumption in Germany – including power used for heating – is projected to total around 39,000 megawatt hours (previous year: approx. 38,300 megawatt hours) (MWh). Power consumption for all of the Group's properties is projected to total 77,900 MWh (previous year: 74,700 MWh). In contrast to total projected consumption, the national energy mix used by the locations in the region was incorporated into the projections for the individual regions, as a regional comparison is more accurate.



## CONSTANT DRIPPING WEARS AWAY THE STONE

We view increasing our employees' awareness of the environmental impact of their work and conveying practical suggestions to conserve resources while carrying out their daily duties as a key area of activity. As such, in June 2013 we took part nationwide in the »Germany Sustainability Awareness Week« launched by the Council for Sustainable Development. Posters ensured that the issue was everywhere to be seen and our intranet »blueye« provided valuable background information and tips for conserving resources in the areas of energy, emissions, as well as paper and water consumption. The clear message: every individual can take simple steps to help us achieve our environmental goals.

## WATER

With regard to the German properties included in the calculation, in 2013 we used 96,700 cubic meters of water from the local water systems (previous year: 92,500). 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 cafeteria. Extrapolating this figure to all of our German locations results in total water consumption of approximately 146,000 cubic meters (previous

year: approximately 135,100 cubic meters). This corresponds to consumption of 19,950 liters per employee in the reporting period (previous year: 19,200 liters). The figures for the previous year have been adjusted from those published in the Corporate Report 2012 due to a collection error.

## MATERIALS

Since our business activities do not involve producing or processing raw materials or semi-finished products, we do not keep a record of the materials we use by weight and volume. One exception to this is the paper we order, the amount of which we regularly record.

According to our records, in 2013 we purchased a total of 359 tons of paper in Germany (previous year: 392 tons). The standard paper we use is »Multi Copy«, a paper from sustainable forests that is FSC-certified.

## TRANSPORTATION (BUSINESS TRAVEL AND COMPANY CARS)

In light of our sales activities, countless jobs carried out on-location at our clients' place of business, and our Group's organizational structure becoming increasingly international, business

travel represents an indispensable demand of our operations. Nevertheless, we strive – whenever possible – to reduce the amount of travel or at least utilize the most environmentally-friendly modes of transportation possible. The corresponding environmental criteria are an integral part of our business travel policies. In particular, in cases that would require long-distance travel, we increasingly try to replace on-location events with telephone and video conferences. We made significant progress in expanding our video conferencing systems in 2013, and also succeeded in optimizing connection quality.

We estimate that our employees in Germany logged about 60 million kilometers of business travel by car (company car, rental car, private car) in 2013 (previous year: 59 million kilometers). This calculation continues to be based on the assumption that the employees that have access to one of our leased vehicles use their company car about 70% of the time for business purposes. Our roughly 1,180 leased vehicles (previous year: 1,130 vehicles) in Germany accounted for a projected 28.5 million kilometers of the aforementioned total (previous year: 26.8 million kilometers). For these business trips, our employees used an estimated 1.82 million liters of fuel (previous year: 1.77 million liters).



### THE GREEN OFFICE

At TÜV Rheinland, sustainability can also be seen in the selection of flooring used in our company's buildings.

## WELCOME TO THE GREEN OFFICE

Sticky notes made from recycled paper, ink instead of gel pens – when ordering office supplies, our employees have the power to live out the principle of sustainability. Today one-third of the 952 products in TÜV Rheinland's standard assortment already meet the stringent ISO standards for environmentally-friendly products. Our strategic partner for purchasing office supplies, the company Lyreco, even gave us an award in the reporting year for this large selection – we received the special award in the category »Green Tree Assortment« as part of a sustainability contest. When selecting the award-winners, Lyreco analyzed its customers under aspects such as »Sustainable Assortment of Products«, »Sustain-

able Logistics Processes«, »Sustainable Ordering Behavior«, and »Sustainable Preservation of Resources«.

And because we stand for sustainability, we also stand on sustainable flooring in all of our company's buildings. As such, for the past three years we have only used 100% recyclable carpeting in all new buildings and renovations, which has the added benefit of not requiring adhesive. As a result, any remodeling work that may need to be done can be carried out without any costly scraping and filling.



By issuing a new policy governing company cars which, for the first time, contained CO<sub>2</sub> emissions criteria for different vehicle classes, since 2011 we have pursued the goal of cutting the specific fuel consumption of our fleet of company cars in Germany by 3% each year compared to the previous year. Through the use of the fleet management database »Speedfleet«, which we first began using completely in 2011, we can clearly demonstrate that we achieved this goal in 2013. While average fuel consumption across the entire fleet totaled nearly 7 liters per 100 km in 2011 (equal to 182 grams of CO<sub>2</sub> per kilometer), in 2012 we succeeded in reducing consumption to 6.6 liters per 100 kilometers (equal to 173 grams of CO<sub>2</sub> per kilometer) – a reduction of almost 5%. And we were able to continue this reduction in 2013, cutting average fuel consumption to almost 6.4 liters per 100 kilometers (equal to 167 grams of CO<sub>2</sub> per kilometer).

As part of the »colognE-mobil II« project, since early 2014 two electric cars have been available for free test drives to all interested employees at our location in Cologne. Equipped with additional measuring equipment, the goal is for these vehicles to collect valuable real-world data for the research project – and beyond that, eliminate any existing bias still held against electric cars.

Our German employees logged approximately 27.5 million kilometers on business trips by air (previous year: 26.8 million kilometers). This figure includes both domestic and international flights. Taking our international companies into account, we recorded a total of 92.1 million kilometers traveled by air in the reporting year (previous year: 88.6 million kilometers traveled by air). In contrast, airlines continue to calculate kerosene consumption per kilometer flown at extremely different rates. For the purposes of comparison, in 2013, as in 2012, we settled on a realistic average consumption of 0.05 liters of kerosene per person per kilometer flown. On that basis, our 2013 kerosene consumption on business flights totaled around 4.5 million liters for the entire Group (previous year: 4.4 million liters of kerosin).

Our employees traveled approximately 6.3 million kilometers (previous year: 5.9 million kilometers) long-distance on Deutsche Bahn trains. In doing so, they consumed 384 MWh of electricity (previous year: 388 MWh).

## ON A MISSION TO REDUCE EMISSIONS

Bad insulation and areas of heat loss in buildings result in wasted energy and unnecessary emissions around the world. Using infrared cameras, we can identify these spots with 100% accuracy. The problem is that many buildings or parts of buildings (like roof areas) in metropolitan areas are not easily accessible. But the solution to this problem is right above our heads.

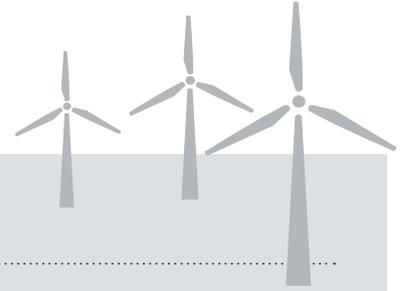
In a project unlike any of its kind in Germany – initiated and financed by the energy company RWE – the Belgian airline Eurosense is taking infrared photographs of entire cities from 1,400 meters up. Several hundred thousand photographs are being taken, labeled with coordinates, transferred to a map, and then combined with the respective city's building data. Once this is complete, the team from TÜV Rheinland springs into action: Every homeowner that provided their consent beforehand is mailed an informational letter with an image of their property. In doing so, we show municipal governments and citizens the current state of their buildings and at the same time provide options for cutting costs and reducing emissions.

### COMPANY CAR POLICY

In 2013, our company car database »Speedfleet« showed that we achieved our goal of cutting CO<sub>2</sub> emissions by 3% compared to the previous year.



Taken from 1,400 meters up: infrared photographs that show where energy can be saved.



## STEERING COMMITTEE WIND FOUNDED

We are often active in industry-specific networks and interest groups. For example, by founding the Steering Committee Wind, in 2013 we created a new, long-term forum in which participating companies and other players in the wind power industry can ac-

tively discuss their challenges and direct them to the experts from TÜV Rheinland. This allows us to systematically develop adequate solutions for the wind power industry.

## WASTE

Relevant quantities and more significant types of waste mainly accumulate at just a few main locations, where they are recorded by either quantity or weight. At the smaller locations, ordinary business waste and used paper is disposed and recycled within the scope of the public garbage collection. We do not record the quantity of waste that accumulates at these locations.

All of our German Operations and all of our employees are actively involved in separating all waste by type. Commercial waste, general trash, special waste, and recyclable materials are immediately separated upon accumulating. Waste disposal is handled exclusively by regional waste disposal companies and – in the case of hazardous waste – by certified companies that specialize in hazardous waste. They 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. Hazardous waste primarily consists of old computer monitors, other electronic waste, and used chemicals. Certified waste disposal companies collect electronic scrap for disassembling and recycling. Other hazardous waste accumulates only in small quantities and is handled properly by waste disposal companies.

Waste disposal and adherence to applicable laws, provisions, and regulations is coordinated and monitored by our environment management officers and/or the HSE managers in the individual German Operations. They are assisted in this task by additional 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 wastewater.

### Waste in Germany\* Key locations

in t	2012	2013
Waste for recycling**	734	<b>709</b>
Paper**	435	<b>409</b>
Metal	98	<b>127</b>
Wood	99	<b>109</b>
Construction waste	143	<b>206</b>
Separator Content	33	<b>39</b>
Electric/Electronic waste	42	<b>9</b>
Other hazardous waste	15	<b>30</b>

\* Figures are based in part on assumptions and contain estimates of key locations' major waste categories.

\*\* These figures are based on the stated volume of waste containers from 2010 and were not weighed specifically.

### STEERING COMMITTEE WIND

By founding the Steering Committee Wind, we are bringing the wind power industry's various stakeholders together at TÜV Rheinland's offices.

## SOCIETY

### COMMITTED WITH A PLAN

TÜV Rheinland's commitment to responsible operations can also be seen in the company's social activities. When selecting activities to pursue, we follow clear criteria: A project must be a good match – i.e. it must embody the values we represent, be closely linked to our business activities, or be established in our locations' local environment or markets. We like to be active in areas that are related to the UN Global Compact's ten principles and like to support local social and cultural projects.

We take projects and activities into consideration that:

- ▲ Improve people's living conditions or help to guarantee their survival
- ▲ Promote education and science
- ▲ Serve to safeguard aid and disaster-relief services

We rarely act single-handedly – instead, we usually cooperate with charitable organizations and in doing so, concentrate the strengths of several partners. Because of the similar field, we have a close relationship with the organization Engineers Without Borders, which we have supported financially for many years. This organization plans its own technical aid projects and carries them out locally, and supports other aid organizations and those in need by providing knowledge to overcome problems of an engineering nature. They also conduct research and explanatory work in the field of sustainable technological development.

In this context, our Christmas donation in 2013 will benefit the Baramba Girls Secondary School in Tanzania, which is supported by Engineers Without Borders. After securing a supply of clean water last year through the construction of five cisterns, this year the organization has it in for an old diesel generator that does a pretty poor job providing the school with electricity for a few hours a day. Thanks to a photovoltaic system that is financed in part by our donation and the many hours of sunlight, the organization will provide a reliable power supply for the classrooms and sleeping quarters.

### RUNNING FOR A GOOD CAUSE

To the 35 employees who ran in the Cologne marathon in October 2012 – either the full distance, a half-marathon, or in the relay – the effort was truly worth it. The particular incentive: TÜV Rheinland donated two euros per kilometer run to a charitable organization. Thanks to the employees' fitness – each employee ran an average of 16.2 kilometers – the group »ran up« the total to 1,134 euros. The donation was made to the local Cologne chapter of Engineers Without Borders, which used the funds for a project to build sanitary facilities for the students of a village in West Cameroon. In 2013, numerous »kilometer collectors« from TÜV Rheinland once again hit the streets of Cologne. This time, they ran for a total of 2,280 euros, which this year was donated to Ronald McDonald House in Cologne, which provides comfort and care to seriously sick children and their families.



### HELPING IS A POINT OF HONOR

We are convinced that volunteering supports our employees' personal development and creates a lively corporate culture. We have always offered a sympathetic ear and active support for employees interested in volunteer work. In 2009 we launched an interactive platform on our intranet for all of our employees who volunteer or are interested in volunteering. It allows them to discuss their experiences working on projects with like-minded colleagues, propose new projects, or find inspiration for a project to get involved in themselves.

One volunteer activity which already has a long tradition is the participation of TÜV Rheinland employees in the annual Cologne volunteer day. Activities such as arts and crafts, painting, and making jam were on the agenda in September 2013. Together with the residents of an assisted living center in Cologne for people with mental and as well as physical disabilities, ten of our employees made artistic angels and mosaics or turned fruit into delicious jam. The products they made were then sold with great success by the residents and employees of the center at vari-



### SUSTAINABILITY STRATEGY

In order to be effective over the long term, a project first needs to be a good match.



### TECHNICAL DEVELOPMENT PARTNERSHIP

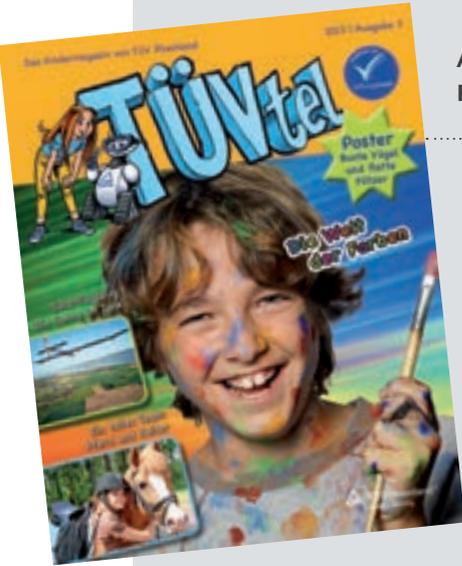
Because of our similar field of activity, we have a close relationship with the organization Engineers Without Borders.



## AN INSIDER'S TIP, EVEN FOR KIDS WHO AREN'T BIG FANS OF READING

An appealing format, a wide variety of topics, and tailored to the age of the audience – these are the attributes that won our children's magazine »TÜVtel« the coveted seal of the German Reading Foundation. The initiative sponsored by the German Federal President is focused

on promoting literacy at all age groups and in all segments of the population. The expert jury particularly highlighted the layout of »TÜVtel«, the activity ideas, and the well-written children's reports, that motivate even the most unenthusiastic of readers to spend time learning about technical and scientific topics. Even the Federal Minister of Education and Research praised our magazine in a letter.



ous Christmas markets. In a second project, ten volunteer amateur painters put a fresh coat of paint on the walls of a Cologne daycare center's gymnasium and staff room.

Due to the enormous interest and the often-expressed desire to volunteer above and beyond this, in November 2013 we held the first Volunteer Info Day. Where can I volunteer in the first place? What volunteer activity is best suited to me? In a discussion with Thomas Biedermann, our Chief Human Resources Officer, and the Cologne Volunteer Agency, about 40 visitors took advantage of the opportunity to answer these questions for themselves. To give interested employees an authentic look at possible volunteer projects and help them to get in touch with those responsible for these projects, the Cologne Volunteer Agency will offer on-location visits around the Cologne region in early 2014.

### WE'RE OPENING THE DOOR TO THE FUTURE

After an extremely successful premiere last year, in April 2013 we opened the doors at our German locations in Cologne, Berlin, and Nuremberg to around 130 girls between the ages of ten and 16 for Girls'Day. Between the vehicle inspection center, the metalworking shop, and the toy laboratory, our young female visitors not only received answers to their numerous questions but also had the chance to actively experience

the exciting career prospects available outside of »typically female« professions. And since a lack of women in STEM professions (science, technology, engineering, and mathematics) has long affected more countries than just Germany, we decided to expand Girls'Day across the Group. As a result, our subsidiaries in Hungary and Japan also opened the doors to their labs and offices for the first time to young girls for a day. Their unanimous conclusion is that this one-of-a-kind experience for girls should definitely not remain a one-time experience.

We also provide assistance to children from difficult and sometimes dysfunctional family backgrounds in Poland. As a new member of the »Academy for the Future«, which was launched by one of Poland's leading non-governmental organizations, we want to help strengthen these children's feelings of self-worth and self-confidence. Within the scope of a one-of-a-kind motivational system, the academy brings the affected children together with volunteer mentors, who act as a role model and surrogate parent, helping the child under their care realize his or her dreams. We not only support two of these pairs financially, but also invited a group of 14 children to our new mechanical laboratory for the first time in June 2013. The children took on the role of »laboratory manager«, conducted fun experiments designed to give them sense of achievement, and quite possibly gave them an inspiration for their future careers.

#### VOLUNTEER INFO DAY

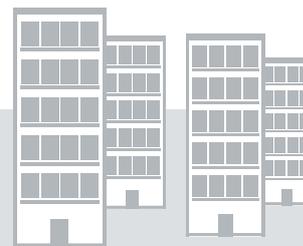
In November 2013, we held the first Volunteer Info Day in Cologne. Here employees could find the answers to questions such as »Where can I volunteer in the first place?«

In contrast, the partnership »Quality Engineering for Sustainability« is geared toward an older audience. In this project, we developed a package of measures with the companies Bayer, Bosch, E.ON, and Volkswagen to improve engineering education and training in emerging and developing nations. The goal of this package of measures – which includes internships, supporting final year projects, and research jobs – is to help modernize engineering education and training around the world, focus it on sustainability, allure more women to engineering careers, and improve the employability of graduates. Initial partners in this ambitious project include technical universities in seven countries, including China, India, and Brazil.

### EVERY CENT HELPS

As previously mentioned, we are a supporter of a long-term and structured approach to social responsibility. But this philosophy does not preclude us from directly helping our colleagues and fellow citizens in times of need. As such, employees from across Germany heeded our call for donations in June 2013 as a result of the devastating floods in Southern and Eastern Germany. Over a period of three days, we also donated one euro for the flood victims for each vehicle inspection carried out at one of our 140 inspection centers.

In India, our employees also responded to our call for donations, giving one day's salary as financial aid for the victims of flooding in the Indian state of Uttarakhand. And the entire Asia Pacific region got involved in a further fund-raising campaign for the Philippines, which were hit by a powerful typhoon. We are incredibly appreciative of our employees' willingness to help, which we showed in 2013 by doubling the value of donations, among other ways. As a result, the value of the donations we collected worldwide for the aforementioned events totaled over 100,000 euros.



### WAITING FOR THE GO-AHEAD

Bringing together different strengths and skills in public-private partnerships has grown into a fixed pillar of development policy across the globe. And TÜV Rheinland also works toward social progress as part of a wide variety of different PPP projects. One key project in our PPP portfolio is the »Housing for All« initiative in India under the direction of Ashoka, the world's first and largest non-profit organization for the promotion of social entrepreneurship.

The goal of this initiative is the development of a self-sufficient housing market for workers in the informal sector, that as a result of their fluctuating income or lack of tax documents, do not have access to the conventional housing market. In this context, real estate experts from TÜV Rheinland and Ashoka will use a specially developed certification process to guarantee that quality and safety do not fall by the wayside during the construction of affordable housing. After a successful, supervised test phase which received praise from many construction companies, it now falls on the Housing Council of India to officially approve the certification – and as a result, usher in a new era in the Indian real estate market.





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# GROUP MANAGEMENT REPORT

TÜV RHEINLAND AKTIENGESELLSCHAFT FOR 2013

## HIGHLIGHTS

▲ The TÜV Rheinland Group has once again completed a successful business year, closing 2013 with record revenues (including inventory changes) of €1,601 million, in doing so continuing the course for growth laid out in the company's »Strategy 2017«. At constant exchange rates, the Group generated total revenues of €1,648 million, which is equal to growth of 7.6%.

▲ The most important facts and figures for 2013 at a glance:

- ▲ In a challenging market environment, revenues, including inventory changes, grow by 4.5% from €1,531 million to €1,601 million.
- ▲ Earnings before interest, taxes, depreciation, and amortization (EBITDA) reach a record amount of €175.2 million, (previous year: €167.2 million).
- ▲ Earnings before interest and taxes (EBIT) total €117.1 million (previous year: €113.2 million).
- ▲ Earnings before tax (EBT) total €98.6 million (previous year: €94.1 million).
- ▲ The profit margin before tax is 6.2% (previous year: 6.1%).
- ▲ International sales in 2013 account for nearly 50% of revenues; international employees for 60% of the Group's workforce.

▲ TÜV Rheinland continued to pursue its expansion strategy by making the following acquisitions:

- ▲ Data Security is one of TÜV Rheinland's strategic Business Fields. As a result, the company's market position in the field of information security was expanded by making the following acquisitions:

By purchasing all of the shares of the IT consulting company Secaron AG, headquartered in Hallbergmoos near Munich, TÜV Rheinland has become the leading

independent provider of information security services on the German market. Secaron AG was founded in 2000 and currently has 50 employees. Its clients include numerous large and medium-sized companies from all sectors, including financial services, industry, logistics, automotive, aerospace, IT service providers, and telecommunications, as well as federal and state-level agencies. Secaron AG was included in the consolidated financial statements as of October 1, 2013, and contributed €3.5 million to the Group's revenues in 2013.

By acquiring the OpenSky Corporation, founded in 2007 and headquartered in Tolland, Connecticut, USA, TÜV Rheinland enhanced its acquisition strategy in the field of IT security. The OpenSky Corporation is a leading US company with approximately 130 employees which focuses on the security of networks and computer systems; the company generated revenues of €23 million in 2013. The company supports large-scale enterprises in optimizing their IT infrastructures, protecting their data, and accelerating the introduction of strategically important technologies. Market experts are forecasting above-average growth in this sector worldwide over the medium to long term. The Group acquired OpenSky Corporation in early January 2014, and as such, the company did not have an effect on the Group's results for the 2013 business year.

- ▲ In mid 2013, TÜV Rheinland acquired all of the shares of MINELL Kft., a Hungarian specialist that provides non-destructive testing services in the energy sector. As a result of this acquisition, TÜV Rheinland has expanded its range in the field of Industrial Services both strategically and geographically. MINELL Kft. was founded in 1994 and has 60 employees. The company provides examinations and services such as radiographic testing, ultrasonic testing, magnetic par-

- ticle crack detection, and liquid-penetrant inspection, among others. In addition to Hungary, the company also serves clients in Germany, Austria, and Russia. MINELL Kft. is a member of the Hungarian Association of Non-Destructive Testing and the Hungarian Association of Welding Technology and Material Testing. Since joining the Group, MINELL contributed €1.3 million to the Group's total revenues in 2013.
- ▲ In early 2014, TÜV Rheinland acquired the owner-operated company NIFE, founded in 1992 and headquartered in Kochi/Kerala, India. NIFE offers vocational training and advanced training seminars in the fields of fire and safety, elevator technology, and fiber optics at over 75 training centers. In 2013, NIFE had 400 employees and generated revenues of approximately €3.3 million. By acquiring this company, TÜV Rheinland both increases growth in its Training and Consulting Business Stream and also enters the field of professional training in India.
  - ▲ On September 1, 2013, the Industrial Services Business Stream acquired the Institute for Applied Energy Simulation and Facility Management ifes GmbH. The company, headquartered in Cologne, is specialized in the development of sustainable energy and climate concepts on the basis of simulations as well as in the certification of real estate in accordance with various internationally recognized sustainability standards for buildings. As a result, the experts from ifes GmbH particularly strengthen the Group in the Electrical Engineering and Building Technology, Civil Engineering, as well as Energy and Environment Business Fields. Energy efficiency and sustainable building design are key areas of growth – both nationally and internationally. ifes GmbH was founded in 1999 and currently has about ten employees; during the four months it was a part of the Group in 2013, it contributed €0.4 million to the Group's total revenues.
  - ▲ In the 2013 business year, TÜV Rheinland continued to strategically expand the scope and range of services offered by its national and international network of inspection and laboratory centers:
    - ▲ On July 1, 2013, TÜV Rheinland Kraftfahrt GmbH acquired all of the shares of FSP-Fahrzeugsicherheitsprüfung Geschäftsführungs-GmbH. As a result, TÜV Rheinland now holds a fundamental stake in the FSP Group, which employees over 400 inspection engineers at 66 inspection centers throughout Germany, and carries out around 700,000 general vehicle inspections each year. In the 2013 business year, the FSP Group generated total revenues of €63.8 million. The acquisition of this stake will result in the significant expansion and enhancement of FSP's partnership with TÜV Rheinland, which has existed since the founding of FSP 23 years ago. The focus here is on comprehensive solutions for major clients, primarily for general vehicle inspections and emission inspections. The FSP Group's previous market presence and independent brand strategy will remain unchanged. Since joining the Group, FSP contributed €34.0 million to the Group's total revenues in 2013.
    - ▲ TÜV Rheinland IBÉRICA S.A. in Madrid capitalized on the opportunities which have opened up in Spain due to the market's liberalization by making further investments. As such, three new testing stations were built in Greater Madrid in 2013, with another station scheduled to open in 2014. The investments, with a total value of €5.3 million, help the company maintain and expand its current market position.
    - ▲ In early June 2013, TÜV Rheinland opened its first battery testing laboratory in Germany. In the future, the company will test the robustness and electrical capacity of larger, higher-capacity batteries at this approximately 500-square-meter facility. As a result of opening this laboratory in Nuremberg, TÜV Rheinland now operates three state-of-the-art battery testing labs worldwide; the others are located in Osaka, Japan and Shenzhen, China.

- ▲ In connection with support for the »Energy Yield of Thin-Film PV Panels Under Different Climate Conditions« project, in the future the company plans to offer long-term performance testing of PV systems at five TÜV Rheinland locations around the world. A key component of measuring energy yield is collecting data about the climate at the respective locations, so that in addition to determining the yield of various PV systems, an evaluation of the reliability and expected life of the systems can also be conducted. This test has already been offered successfully at the Cologne location, and was extremely popular with clients. As a result, testing areas for energy yield measurements will also be set up in Phoenix, Arizona, USA, in Shanghai, China, in Bangalore, India, in Yokohama, Japan, and in Ancona, Italy. In 2013, TÜV Rheinland invested approximately €0.8 million in the project.
- ▲ TÜV Rheinland strengthened its largest location in Germany and in doing so, systematically implemented the Group's corporate philosophy with its goals of environmental protection, sustainability, and energy-efficiency:
  - ▲ At the company's main location in Cologne, TÜV Rheinland invested approximately €68 million in the construction of a new office building, in the construction of a power station, as well as in the renovation of the TÜV Rheinland Tower, the location of the Group's headquarters. The high-rise, built in 1974, is one of Cologne's most well-known buildings and is a main feature of the skyline on the right side of the Rhine. The new office building, which will provide workspace for up to 600 employees as well as a daycare center, is scheduled for completion in early 2015. At the same time, a new, efficient power station is being constructed, which over the medium term will cover the entire energy demand of all buildings on the grounds of the new TÜV Rheinland Business Park using a combined heat and power unit as well as through the use of waste heat. As such, TÜV Rheinland is making a significant contribution to environmental protection and is simultaneously cutting energy costs by a significant amount. After completion of the new office building, renovation work will begin on the high-rise; carried out over a period of two years, this will include completely remodeling the entire facade as well as replacing the HVAC systems, among other things. With all construction projects, the focus is on sustainability – the new building was planned in accordance with the standards of the German Association for Sustainable Construction (DGNB). The DGNB developed a certification system which evaluates the sustainability of buildings and city districts over the course of their entire life cycle. TÜV Rheinland is striving for the highest certificate – the Gold Standard – for its new office building. In this context, the DGNB specifies economic, environmental, socio-cultural, functional, and technical criteria and evaluates the quality of processes and the location. Through the systematic use of efficient energy technology when investing in the new building, the power station, and the renovation of the high-rise, TÜV Rheinland will significantly reduce greenhouse gas emissions.
  - ▲ With the growing need for sustainable and resource-friendly solutions to overcome major societal challenges, sustainability is increasingly becoming a strategic success factor for TÜV Rheinland:
    - ▲ In October 2013, TÜV Rheinland was elected to the German Global Compact network's steering committee. With over 250 participating companies, the network is the world's second largest UN Global Compact network and advocates for the implementation of the UN Global Compact principles in Germany. During the next two years, TÜV Rheinland will be responsible for the network's strategic focus together with representatives of other companies. By actively participating in the steering committee, TÜV Rheinland is highlighting its commitment to the UN Global Compact and advocates for the adherence to human rights, labor rights, and environmental protection, as well as for combating corruption. TÜV Rheinland is currently using its expertise together with a leading non-profit

organization to create suitable housing in metropolitan areas in India. The goal of the project is to develop an evaluation process for affordable homes which signalizes sustainable, safe, and high-quality housing for the weakest socioeconomic group. As project manager, TÜV Rheinland is coordinating the implementation of the evaluation process and is responsible for the certification of exemplary residential buildings.

- ▲ The catastrophic flooding in June 2013 devastated large swaths of Germany. Numerous cities and municipalities were affected, particularly in eastern and southern areas of the country. As a result, TÜV Rheinland collected donations for the flooded areas, primarily to offer assistance to social facilities – such as daycare centers and schools. In addition, the company donated one euro to the victims for every general vehicle inspection carried out between June 24th and 26th at one of the company's 140 testing stations in Germany. The funds collected were donated in December 2013 to an elementary school in Gera which was severely damaged by the flooding.
- ▲ TÜV Rheinland received the »Top German Employer« award for the sixth time in a row: In 2013, TÜV Rheinland particularly impressed the experts from the international market research firm »CRF Institute« in Amsterdam in the categories Corporate Culture, Career Opportunities, and Training and Development Opportunities.

In addition, the results of the »Universum Student Survey 2013« also confirm that TÜV Rheinland offers many appealing characteristics as an employer, ranking 34th in the list of the »Top 100 Engineering Companies«. More than 22,700 students from 135 universities across Germany participated in the survey.

- ▲ TÜV Rheinland advocates for sustainability in the engineering sector: the company was part of the »Quality Engineering for Sustainability« initiative, which developed a package of measures to improve engineering training and education in emerging and developing countries. The results were presented in February at an

event in Berlin. The goal behind the package of measures is to modernize vocational training in engineering worldwide, increase the number of women who pursue a career in engineering, and improve graduates' real-world knowledge and skills.

- ▲ TÜV Rheinland's second worldwide employee survey »together« was completed in November 2013. A total of approximately 12,000 employees took advantage of the opportunity to give feedback on operating processes, their own satisfaction with working conditions, and their personal appraisal of the company's culture. Nearly 70% of the company's employees took part in the survey – an increase of 7% compared to the last survey, when 63% participated in 2011. The company ranked much higher in 2013 in the categories »Communication and Collaboration« and »Information about Company Goals and Profitability«. The overall rating also improved slightly from the last survey, standing at 3.8 (last survey: 3.7). The results will now be discussed with employees step-by-step in order to develop specific improvement measures.
- ▲ At the 26th German Engineers' Convention, Prof. Dr.-Ing. habil. Bruno O. Braun, Chairman of the Supervisory Board of TÜV Rheinland AG and Chairman of the TÜV Rheinland Berlin Brandenburg Pfalz e.V., was awarded the Grashof Commemorative Medal as thanks and recognition of his lifetime achievements. In front of an audience of around 1,500 participants, VDI President Prof. Dr.-Ing. Udo Ungeheuer honored Prof. Dr.-Ing. habil. Bruno O. Braun's service as an engineer, professor, businessman, and last but not least, as President of the VDI from 2007 to 2012. The VDI first awarded the Grashof Commemorative Medal in 1894, an award given to engineers for outstanding scientific or professional achievements in a technical field.
- ▲ In October 2013, Prof. Dr.-Ing. habil. Bruno O. Braun spoke at a conference on the transatlantic trade and investment partnership (TTIP) organized by the DIN (German Institute for Standardization) and ANSI (American National Standards Institute). The focus of the German-American event, held in Washington, D.C.,

was primarily on the importance of standards when founding a TTIP. A total of 70 leaders from the European Union, Germany's Federal Ministry of Business and Technology, as well as major corporations attended the event. The goal of the trade partnership, which is still in the negotiating stage, is to stimulate economic growth in both the United States and the EU as well as to increase the number of American and European jobs and related investments in the field of transatlantic trade.

## GENERAL CONDITIONS

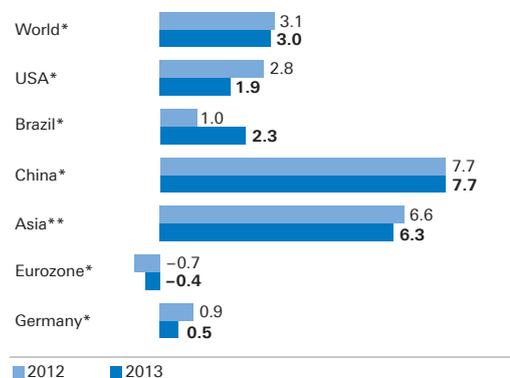
### General Economic and Market-Specific Conditions in 2013

#### General Economic Conditions

In light of the existing uncertainties and economic policy risks, for example the budget dispute in the United States or the financial market and sovereign debt crisis in the EU, the global economy continued to grow slowly in 2013. Altogether, worldwide gross domestic product increased by 3.0% (previous year: 3.1%). Due to individual countries experiencing structural problems of varying degrees, the trends are heterogeneous when viewed from a regional perspective. The rapid growth seen in the BRICS nations – which had previously been a stabilizing element in the global economy – has slowed. In contrast, stronger growth was seen in the established industrial nations.

At the end of the year, early economic indicators hinted at an improvement in global economic prospects. In addition, the international financial markets reacted positively to the US Federal Reserve's announcement that it only wants to slowly and carefully reduce the scope of its expansionary economic policy. Furthermore, at the end of the year, the first agreements were made with regard to the US Congress's economic policy dispute over the country's debt limit. In addition, a series of initial successes were achieved in reducing the sovereign debt of the EU countries suffering from the crisis. Overall, these events helped to reduce the existing uncertainty in the financial markets.

#### Economic Growth in Key Markets of TÜV Rheinland Group in %



\* Source: IMF World Economic Outlook Update January 2014.  
 \*\* Source: IfW Kiel, Weltkonjunktur im Winter 2013.

**USA:** The American economy's gross domestic product increased only slightly in 2013, by an average of 1.9% (previous year: 2.8%), although growth did accelerate significantly in the second half of the year. Both the avoidance of impending insolvency (the fiscal cliff) and the Federal Reserve's expansionary monetary policy had a positive influence on the country's economic development. Trends in industrial production and the unemployment rate were extremely positive in 2013.

**BRICS Countries:** Because the TÜV Rheinland Group has a presence in the BRIC countries, particularly Brazil and China, the economic development of these countries is of particular importance to the Group. In 2013, the dynamic growth of the BRICS nations made a significant contribution to the expansion of the global economy. The BRICS countries, in particular China, continue to record significantly higher growth rates than the traditional industrialized nations, even despite seeing lower growth rates than in recent years.

**China:** Economic activity in China in 2013 remained comparable to the year before, with the country's gross domestic product increasing by 7.7%. After the economy lost some steam at the beginning of the year, export activities and industrial production both increased once again. The Chinese government avoided further economic

policy measures to expand growth in 2013; instead focusing on sustainable growth while at the same time maintaining financial stability.

**Brazil:** The Brazilian economy's gross domestic product once again grew moderately by 2.3%, an increase from 1.0% growth recorded in the previous year. Nevertheless, the country's economy grew at a much lower rate than the other BRICS nations. Brazil is increasingly affected by uncertainty with regard to the restrictive nature of US financial market policies and as a result, investors are withdrawing capital from the country.

**Eurozone:** The Eurozone's economy successfully overcame the recession in the second quarter of 2013, after shrinking for the previous six consecutive quarters. Despite this positive note, annual gross domestic product declined by 0.4% in 2013 (previous year: -0.7%). Export business did not really pick up as a result of the emerging markets' rather restrained economic performance, and domestic demand was also unable to make a significant impact. With regard to the effects of the financial crisis, the Eurozone's individual member states exhibited varying degrees of resilience. Economic performance in the countries affected by the crisis, particularly Greece, Spain, Italy, and Portugal, continued to be constrained due to the significant sovereign debt and budgetary difficulties. Improved trade balances and a reduction in sovereign debt both pointed to a positive outlook for these nations, however.

Stimulating effects on the Eurozone economy most notably came from Germany. In addition, France recorded modest growth compared to the country's prior period of stagnation.

**Germany:** Compared to the rest of the Eurozone, the German economy grew at an above-average rate in 2013, despite recording moderate growth of 0.5% (previous year: 0.9%). Nevertheless, the German economy was also noticeably affected by the European financial crisis and the crisis of confidence. Compared to 2012, the ifo Business

Climate Index did improve once again, however, despite industrial production and new orders received remaining fairly weak. Export business was also unable to fully escape the global economy's generally weaker trends. In contrast, domestic economic trends improved, carried by robust private consumption as a result of the improved labor market.

#### Market-Specific Conditions

With subsidiaries on all five continents, the TÜV Rheinland Group is present in the TIC (testing, inspection, certification) market across the globe. As such, the Group has the ability to serve clients' often worldwide value chains. This is why testing, inspection, and certification services are in demand both from clients in the economically-powerful industrialized nations of Europe, America, and Asia, as well as clients in emerging markets, such as the BRICS countries. In light of this, the following influences and trends have a significant impact on TÜV Rheinland's business:

**Globalization:** Globalization in the TIC market is simultaneously associated with both opportunities and risks. Increasing liberalization efforts strengthen global trade and open up opportunities to enter new markets. There is a significant demand for certifications and training that demonstrate or ensure the adherence to standards of safety and quality, particularly in emerging markets. Due to the elimination of barriers to entry, however, there is also the risk of increasing competitive and margin pressure. As a result of the changing needs of a globalized society, issues such as energy supply, urbanization, and mobility are increasingly having an effect on the market.

**Technologization and Digitization:** Technological progress makes products and systems appear increasingly complex in the eyes of the user. These technologies will only gain a foothold in the market by ensuring their quality, security, and ease of operation. The importance of data security will especially increase worldwide in the future.

**Demographic Change:** TÜV Rheinland also views the demographic trend toward a globally changing population structure as an opportunity. In certain markets, such as health care and nursing care, an increase in demand for services in this segment can already be seen.

**Outsourcing:** As a result of globalization, companies are increasingly relying on the option of outsourcing internal activities and structures to external service providers found on the world's markets. Due to the company's worldwide presence, the TÜV Rheinland Group has excellent opportunities to benefit from companies reorganizing their value chains.

**Increasing M&A Activities/Consolidation in the Market:** In the market for technical services and particularly in the TIC market, consolidation trends can be seen as a result of major acquisitions and buy-outs. This results in both opportunities and risks for companies based on their positioning in the changing TIC market.

As a service provider in the field of TIC, the TÜV Rheinland Group offers its products and services across all industries and in various markets around the world. This means that in principle, overall economic development is important to TÜV Rheinland, yet due to the Group's diversification across industries and regional markets, is not the only factor. In addition, the company is largely unaffected by developments in specific industries, particularly when it comes to mandatory inspections.

At the same time, the following general economic and market-specific conditions in 2013 had an effect on TÜV Rheinland's business:

The general economic environment in 2013 continued to be influenced by the effects of the financial crisis and existing uncertainties. In addition, economic development in TÜV Rheinland's main markets in Europe, Asia, and America were also affected by the continuing crisis. As such, the weaker consumer goods industry in China had an effect on the market there for product inspections. Furthermore, in Asia, neither India (+4.4%) nor Thailand (+3.0%) were able to keep up with the

economic growth of the other emerging Asian markets (+6.5%). In the United States, the budget dispute had an effect on government contracts. European business suffered particularly as a result of the weak economic conditions in Portugal (-1.6%), Spain (-1.3%), and the Netherlands (-1.1%).

In order to meet the demands of a global service provider, TÜV Rheinland is systematically strengthening its activities in worldwide markets. The focus in this regard is particularly on expanding operations in the markets in which TÜV Rheinland can make ideal use of its competitive advantages and as a result, tap new markets for its services. The company further expanded its international position in 2013 with a combination of both organic and inorganic growth. TÜV Rheinland grew in 2013 as a result of several systematic acquisitions in strategic growth areas, particularly through the purchase of the IT consulting firm Secaron AG, headquartered in Hallbergmoos. TÜV Rheinland's future growth will focus on the field of IT and data security, as well as Industrial Services, in the energy sector, in product inspections, as well as the transportation industry.

Overall, the TÜV Rheinland Group views itself as extremely well-positioned compared to the international competition, and is confident that it will succeed in further improving its position in the global TIC market. The increasing liberalization of the markets and expanding international trade are both to be viewed as opportunities. TÜV Rheinland views increasing competition and further consolidation within the TIC market with confidence, because further growth will be achieved through the implementation of additional innovation processes, among other reasons. For example, specific business ideas have been developed from employee suggestions, such as the »Check your App« service, which allows users to check whether other apps collect the user's personal information without their permission. This development highlights the importance of data privacy to TÜV Rheinland. Beyond this, the company is tapping the growth potential in this segment through additional M&A activities.

In a globalized and increasingly technologized society, the trend toward a rapidly growing transportation sector can clearly be seen. The result has been a significantly heightened awareness of road safety issues – primarily in emerging and developing nations. Thanks to TÜV Rheinland's outstanding inspection and consulting expertise when it comes to the introduction and implementation of safety and environmental standards, new sales opportunities will therefore upon up for the Mobility Business Stream. This trend can be observed in Brazil, for example, where despite the decline in economic growth, the country is investing heavily in its infrastructure. In light of this, TÜV Rheinland has already positioned itself strategically in the Brazilian market, and is supporting major projects there, such as the construction of new sections of railway.

As a result of globalization, the issue of energy supply is also of major importance. In this context, the existing resource scarcity demands a focus on energy efficiency and renewable energies. As a result, the need for a supply of energy from renewable sources, for example photovoltaics, will increase worldwide. TÜV Rheinland already holds a leading position today as a testing service provider for the solar industry, and operates a global network of photovoltaic laboratories and inspection centers. The topic of energy efficiency will lead to further sales potential, for example in conjunction with the 2014 FIFA World Cup in Brazil, since each venue is required to have an internationally recognized environmental certificate. Due to the Group's positioning in Brazil, TÜV Rheinland will play a significant role in this certification process, and as such, is helping make the 2014 World Cup a sustainable and resource-friendly event.

Long-term growth potential can also be expected in TÜV Rheinland's original core area of business, the inspection of industrial equipment and pressure tanks – on the one hand, due to the refocusing of Asian industrial facilities, on the other, as a result of the in many places outdated infrastructure in established industrial nations. TÜV Rheinland stands to increasingly benefit from the strong technical expertise of its experts in this field.

## CORPORATE MANAGEMENT – GROWTH AND LONG-TERM VALUE ENHANCEMENT

The Group's »Strategy 2017« defines the company's focus and goals for the coming years. The main pillars of the strategy are profitable growth, further international expansion, and a systematic focus on the Group's clients. In the coming years, TÜV Rheinland plans to expand its employee base to 32,000 and to generate revenues of €2.7 billion.

When managing the company, a Group-wide management information and management accounting system is used that, on the one hand, creates cost transparency, and on the other hand, contributes to even more profitable earnings performance. Reporting is standardized worldwide and is based on IFRS (International Financial Reporting Standards). The focus continues to be on the following financial target and management figures: revenues, earnings before interest and taxes (EBIT), as well as requirements for optimal working capital management. The Group's value-oriented management is further strengthened by making these performance and management figures a fixed component of the executive-level compensation structure.

## 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

The Group's worldwide revenues, including inventory changes, are broken down in the following tables; due to the significance of exchange rates in 2013, the tables also contain the figures adjusted for exchange rates:

### Revenues by Business Stream

in € millions	2012	2013	2013**
Industrial Services	488	494	514
Mobility	366	397	401
Products	396	391	413
Life Care	55	58	58
Training and Consulting	194	221	222
Systems	118	124	129
Other*	-86	-84	-89
<b>Total</b>	<b>1,531</b>	<b>1,601</b>	<b>1,648</b>

\* Intra-group revenues and central functions.

\*\* Revenues at constant exchange rates.

### Revenues by Region

in € millions	2012	2013	2013**
Germany	814*	881*	881*
Europe (excl. Germany)	171	172	173
Asia (incl. IMEA***)	329	321	343
America	217	227	251
<b>Total</b>	<b>1,531</b>	<b>1,601</b>	<b>1,648</b>

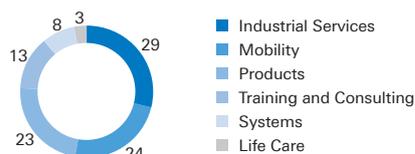
\* Includes €55.1 million of exports (previous year: €57.9 million).

\*\* Revenues at constant exchange rates.

\*\*\* IMEA: India, Middle East, Africa.

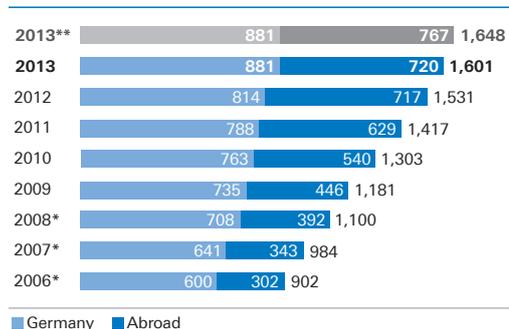
The following graph shows the percentage of revenues generated by each Business Stream:

### Revenues by Business Stream in %



TÜV Rheinland Group revenues (including inventory changes) totaled €1,600.8 million in 2013. That amounted to a revenue increase of €69.5 million or relative revenue growth of 4.5% year-over-year.

### Development of Revenues (including inventory changes) in € millions



■ Germany ■ Abroad

\* Acc. to HGB.

\*\* Revenues at constant exchange rates.

In 2013, fluctuating exchange rates, particularly with regard to the currencies of the BRICS countries and the Japanese yen, prevented an even larger increase in revenues. Keeping exchange rates constant, revenues were an additional €47.0 million higher, resulting in currency-adjusted revenues of €1,647.8 million. This corresponds to growth of 7.6%. Additional revenues of €87.8 million were generated from the Group's existing portfolio of services; expanding the basis for consolidation contributed €28.7 million to the Group's increase in revenues.

Revenue growth in Germany was, on the one hand, based on organic reasons, but was also influenced by acquisitions, such as the purchase of Secaron AG in the Training and Consulting Business Stream and the full consolidation of the FSP Group in the Mobility Business Stream. Outside of Germany, the Group achieved – adjusted for exchange rates – nearly entirely organic growth. Acquisitions, such as the purchase of MINELL Kft. or KTI Kft. in Hungary, had only a minor effect.

The Group achieved in some cases considerable revenue increases in all regions, which were compensated for by currency translation effects, however.

The Industrial Services Business Stream again made the largest contribution. Revenues generated by this Business Stream grew by €6 million, equal to 1.2%; on the basis of constant exchange

rates, growth was significantly higher, totaling €26 million, equal to 5.3%. The Project Management, Electrical Engineering and Building Technology, Conveyor and Machine Technology, and Elevator Business Fields were the main contributors to the increase in revenues. The renewed significant increase in the Project Management Business Field is attributable to consistently high demand in the infrastructure sector, primarily in Brazil. Significant revenue growth was also recorded in the Supply Chain Services Business Field established in the previous year, in which the organization and handling of large global projects from the growth sectors oil and gas, renewable energies, and infrastructure are bundled; in addition, the Business Field also serves to provide sales support across Business Streams. Internationally, the Business Stream grew particularly in the South America, IMEA, as well as Central and Eastern Europe regions.

The Mobility Business Stream grew revenues by €31 million or 8.5%. This increase was primarily thanks to growth in the traditional Business Fields Periodical Technical Inspection, Car Services and Appraisal, and Engineering and Homologation. The revenue increase in the Periodical Technical Inspection Business Field was related to the inclusion of the FSP Group as a fully consolidated company beginning in July 2013. The Mobility Business Stream achieved above-average growth rates internationally in the Asia Pacific and IMEA regions, where the increase in contract volume in the field of battery testing had an effect.

Revenues generated in the Products Business Stream declined by €5 million, equal to 1.3%, compared to the previous year as a result of exchange rates. Keeping exchange rates constant, the Business Stream saw growth of €17 million, equal to 4.3%. This growth was primarily based on the increased demand for inspection services in the Commercial (inspection of components and electrical tools), and Electrical (safety and quality inspections of electrical products) Business Fields, as well as on the once again significant increase in revenue in the Softlines Business Field (inspection of household goods, cosmetic products, and textiles). In contrast, revenues declined in the Solar Business Field as a result of the

market environment, which remains challenging. Growth in the Products Business Stream primarily occurred in the IMEA, Greater China, and South America regions.

In 2013, the Life Care Business Stream recorded an increase in revenues of 5.5% overall, mainly based on the positive development of the Occupational Health and Safety Business Field. For this Business Stream, which is traditionally active in Germany, foreign markets such as in Central and Eastern Europe and South America are becoming increasingly important.

The Training and Consulting Business Stream also recorded a strong increase in revenues of €27 million in 2013. This increase in revenue is, on the one hand, related to the positive development of the Personnel Management Business Field; new contracts related to outplacement contributed to growth here. On the other hand, the dynamic Information Security Business Field is also noteworthy, where the acquisition of Secaron AG in October 2013 comes into play. Furthermore, the IT training provider The Campus GmbH, which was acquired in the second half of 2012, also contributed to an increase in revenues in 2013.

Compared to the previous year, revenues grew by €6.0 million, or 5.1%, in the Systems Business Stream. Adjusted for currency translation effects, revenues in the Systems Business Stream grew by €11 million or 9.3% in the Business Fields Certification of Management Systems and particularly Customized Services. Growth was once again primarily driven by the Customized Services Business Field, in which the Group offers services related to sustainability, compliance, service quality, and data privacy. Internationally, revenues particularly increased in the Greater China and South America regions.

In Germany, the Business Streams achieved 8.2% growth overall. Training and Consulting as well as Mobility achieved significant increases as a result of the aforementioned acquisitions. Every Business Stream generated higher revenues in 2013 than in the previous year. Even the Products Business Stream generated a slight increase in revenues.

With a total of €720 million in revenue, the Group's international subsidiaries generated only a slight increase compared to the previous year. Adjusted for exchange rates, this figure stands at €767 million, equal to growth of 7%. As such, adjusted for exchange rates, nearly 50% of the Group's revenues were earned either internationally or with international customers. The main areas driving growth were the IMEA, South America, as well as Central and Eastern Europe regions.

In Western Europe, revenues remained stable overall. While the Group saw slight declines in revenues in countries such as Spain and Portugal due to the impact of the economic and financial crisis, the Group once again recorded growth in Luxembourg, France, and Italy.

Revenues continued to increase in Central and Eastern Europe, which, as in the previous year, can be particularly attributed to positive levels of growth in Poland and the acquisitions in Hungary.

As a result of exchange rates, the Asia Pacific region saw a decline in revenues of 10.9%. Adjusted for exchange rates, an increase in revenues was generated in nearly all countries in the region; Japan generated revenues at about the same level as last year, which was primarily due to a more difficult environment in the Group's Products Business Stream, particularly in the Electrical Business Field.

In the Greater China region, the Group saw growth slow down overall in 2013. While still generating an increase in revenues of 7% in China (adjusted for exchange rates), the Group recorded a decline in revenue in Taiwan compared to the previous year.

The IMEA region saw the highest growth in the Group, with a growth rate of 17.9% (in fact, adjusted for exchange rates, growth in this region stood at 30.5%). This was primarily due to the Group's excellent business performance in the Gulf states and in India; in South Africa and Turkey, the devaluation of the South African rand and the Turkish lira had a negative effect.

Overall, in North America the Group generated the same amount of revenues as last year. At con-

stant exchange rates, however, the Group also generated an increase in revenue of 3.0% in the United States; stable overall performance in Industrial Services and Products was accompanied by a decline in revenues in the Solar Business Field. In Mexico, the continued positive performance in the Group's Industrial Services Business Stream contributed to the growth in revenue.

On the other hand, in South America revenues rose once again, with an increase of 4.6%; adjusted for exchange rates, growth was actually 19%. As such, the South America region once again continued its high revenue growth. Revenue growth in this region was driven by the continued high demand for services related to energy and infrastructure; this not only applies to Brazil, but also increasingly to Columbia and Peru, countries which TÜV Rheinland only expanded into a few years ago.

## Development of Income

### Consolidated Net Income for the Year in € millions

2013	60.3
2012	57.8
2011	67.0
2010	56.9
2009	44.5
2008	44.1
2007*	35.1
2006*	29.4

\* Acc. to HGB.

in € millions	2012	2013
<b>Earnings before interest, taxes, depreciation, and amortization (EBITDA)</b>	<b>167.2</b>	<b>175.2</b>
Amortization of intangible assets and depreciation of property, plant, and equipment	-54.0	-58.1
<b>Earnings before interest and taxes (EBIT)</b>	<b>113.2</b>	<b>117.1</b>
Financial result	-19.1	-18.5
<b>Earnings before taxes (EBT)</b>	<b>94.1</b>	<b>98.6</b>
Taxes	-36.3	-38.3
<b>Consolidated net income</b>	<b>57.8</b>	<b>60.3</b>

At €175.2 million, earnings before interest, taxes, depreciation, and amortization (EBITDA) exceeded the previous year's total of €167.2 million by 4.8%.

Earnings before interest and taxes (EBIT) and earnings before tax (EBT) improved compared to the previous year by 3.4% and 4.8%, respectively.

The increase in income compared to the previous year was primarily carried by the Training and Consulting, Systems, and Life Care Business Streams. While the Mobility and Products Business Streams achieved stable results overall, the Industrial Services Business Stream recorded a slight decline in income.

The increase in income in the Training and Consulting and Systems Business Streams was primarily the result of an excellent performance in the Information Security and Customized Services Business Fields.

In the Products Business Stream, and to a lesser extent, also in the Industrial Services and Systems Business Streams, fluctuating exchange rates had a slightly negative effect on income – reducing EBIT by approximately €2.7 million. Despite these currency translation effects, EBIT exceeded the previous year's value by €3.9 million, equal to 3.4%; adjusting for exchange rates, EBIT in fact increased year-over-year by €6.6 million, or 5.8%.

While the Asia Pacific and North America regions were particularly affected by the decline in income in 2013, the South America, IMEA, and Central and Eastern Europe regions saw improvement. In Japan and the United States in particular, business was affected by increased competition, primarily in the Products Business Stream, with corresponding price and margin pressure. Through active sales measures on the one hand, such as systematic key account management, for example, and cost cutting on the other, the Group took the first steps to improve income.

Compared with the previous year, the cost of purchased services rose as a percentage of total revenues from 13.4% to 13.9%.

The ratio of personnel expenses to total revenues declined slightly from 56.1% in the previous year to 55.8% in 2013, which, in relation to the growth in revenue, was due to a disproportionately low increase in staff of only 4.2%.

At 22.4%, the percentage of other expenses increased slightly from the previous year (previous year: 22.2%).

Impairment increased slightly – in relation to revenues – from 3.5% in the previous year to 3.6%.

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

At €98.6 million, earnings before tax was almost 5% higher than the previous year's €94.1 million.

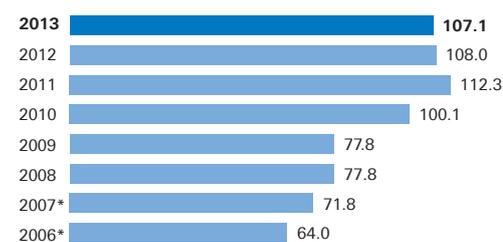
Of total income taxes of €38.3 million (previous year: €36.3 million), €17.7 million accrued outside of Germany. The tax ratio stood at 38.8%, after 38.5% in the previous year; this slight change was essentially due to higher negative effects on earnings in international companies, for which no asset-side deferred taxes could be created.

Consolidated net income for the year increased by 4.3%, from €57.8 million to €60.3 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 totaled €107.1 million, and as such, was about the same as in the previous year.

At €91.5 million, operating cash flow reached nearly the same level as last year (previous year: €93.2 million). In addition to an increase in consolidated income and a significant improvement to working capital, this was particularly the result of a reduction in pension provisions and liabilities, particularly income tax liabilities.

Taking the 2013 asset disposals into account, investments (including the increase in reinsurance cover) led on balance to a €71.5 million net outflow of funds that was financed entirely from operating cash flow.

With regard to financing activities, overall more long-term bank liabilities were taken on as short-term bank liabilities were paid off. After paying out dividends to shareholders, cash flow from financing activities totaled €9.2 million.

The value of liquid assets on December 31, 2013 totaled €107.9 million; financial liabilities increased to €159.4 million, meaning that net financial liabilities totaled €51.4 million (previous year: €40.2 million).

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

To ensure its ongoing solvency, the TÜV Rheinland Group maintains extensive current and non-current lines of credit, of which only a fraction was used as at December 31, 2013.

#### Balance Sheet and Capital Structure

The balance sheet total rose by 1.1% or €16.4 million to €1,468.5 million.

The value of non-current assets increased slightly by €1.2 million. This only slight change overall resulted from the following compensating effects: goodwill and the intangible assets identified in connection with acquisitions increased by a total of €10.1 million. Investments in fixed assets totaling €63.9 million were accompanied by impairments with a value of €58.2, net outflows of

€4.5 million (including intangible assets), as well as changes to exchange rates of €13.5 million (including changes to the basis of consolidation). In addition, an increase in actuarial reserve quotas of €4.0 million had an effect on other financial assets. Deferred taxes on the assets side and other non-current assets barely changed compared to the previous year; last year a significant increase in pension provisions led to a significant increase in deferred taxes on the assets side.

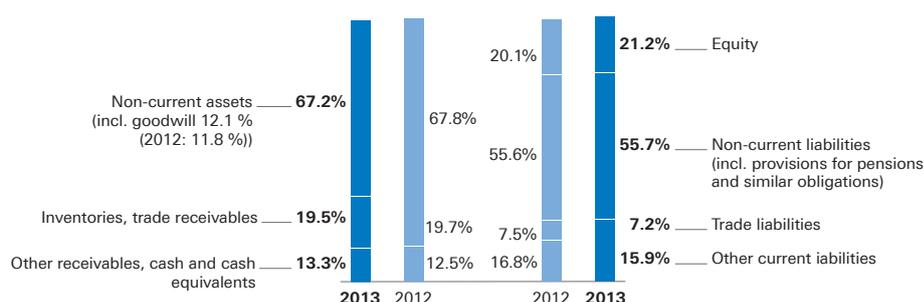
Current assets increased by €15.2 million which, on the one hand, is based on an increase in cash and cash equivalents of €19.5 million; on the other hand, this was also due to a reduction in other receivables and assets totaling €5.3 million. The total value of inventories and trade receivables remained largely unchanged compared to the previous year, despite an increase in revenue and an expanded basis for consolidation.

Equity capital increased by a total of €20.2 million, from €291.8 million to €312.0 million. This was mainly the result of the positive inflow from the consolidated income of €60.3 million on the one hand, and the reduction in equity capital as a result of the dividends paid to shareholders of the TÜV Rheinland Berlin Brandenburg Pfalz e.V. in business year 2012 totaling €16.5 million, on the other. Other changes, particularly the significantly negative effects of foreign currency translation, had the overall effect of reducing equity capital by €23.6 million.

As a result, the equity ratio increased from 20.1% to 21.3% with an increased balance sheet total.

If external financing of pension commitments were undertaken as part of a contractual trust arrangement (CTA), the TÜV Rheinland Group's equity ratio would amount to 26.0%.

#### Balance Sheet and Capital Structure



As part of non-current liabilities, pension provisions declined by €11.8 million due to changes in the number of pension recipients; in contrast, non-current financial liabilities increased by €19.6 million, primarily due to taking out a loan in conjunction with construction activities at the Cologne location. The €2.6 million increase in liabilities-side deferred taxes was mainly linked to the statement of tax reversal effects from purchase price allocations. The €13.7 million decline in current liabilities was predominantly the result of the significant reduction in income tax liabilities on the one hand, as well as an increase in current financial liabilities on the other.

Assets committed on a non-current basis along with some of the Group's current assets were financed by equity capital as well as non-current borrowed capital (non-current asset cover: 114.4%).

#### Investments

The volume of investments in the business year, not including corporate acquisitions, totaled €63.9 million.

The TÜV Rheinland Group is strengthening its largest location in Germany by constructing a new office building on the grounds of the Group's headquarters in Cologne. The new office building, which will provide workspace for up to 600 employees as well as a daycare center, is scheduled for completion in early 2015. A total of €4.8 million was invested for this purpose in 2013. At the same time – also at the Cologne location – a new, efficient power station is being constructed, which over the medium term will cover the entire energy demand of all buildings at the new TÜV Rheinland Business Park using a combined heat and power unit as well as through the use of waste heat. A total of €1.3 million was invested for this purpose in 2013.

Furthermore, the Group made investments in laboratories, software, and testing sites. Significant investments were made particularly in testing laboratories for Batteries, Solar, and Softlines. Asia Pacific, IMEA, and Greater China were their regional focal points. In this context, the expansion of the laboratory network for Softlines, Chemical, and Electrical in China and Hong Kong, with a value of €2.4 million, is of particular strategic importance.

Another focal point for investments in 2013 was the standardization of the software landscape across the TÜV Rheinland Group. The project »TÜV Rheinland Workplace«, which was launched in 2011, was systematically continued. With the worldwide coordinated introduction of Microsoft products, the IT infrastructure across the Group will be further standardized and improved to develop TÜV Rheinland's international network further. A total of €2.4 million was invested for this purpose in 2013.

Moreover, additional investments were made in the ICMS (Integrated Certification Management System) project. Together with the IPMS (Integrated Project Management System) successfully implemented in 2012, the ICMS forms a standardized IT software solution to cover the entire value chain, from preparing quotes to reviewing completed contracts, in the Products and Systems Business Streams. In early 2014, ICMS was successfully rolled out across the TÜV Rheinland Group after the completion of a short implementation and pilot phase.

Over the course of the deregulation of the Spanish automobile market which began a few years ago, TÜV Rheinland IBÉRICA S.A. has made further investments in automotive inspection locations. As such, three new inspection stations were built in the greater Madrid area in 2013. The investments for this purpose in 2013 initially had a total value of €0.7 million.

## PRESENTATION OF THE BUSINESS STREAMS

### Business Situation

The TÜV Rheinland Group is a globally active, independent provider of testing, inspection, and certification services for quality and safety, with over 140 years of tradition. The TÜV Rheinland Group is comprised of more than 130 companies in 65 different countries. The Group's headquarters are located in Cologne, Germany.

As a neutral and independent third party, TÜV Rheinland inspects and tests technical equipment, products, and services, and monitors projects and processes for companies. The Group does so on the basis of recognized standards as well as national and international legal provisions. Furthermore, the experts from TÜV Rheinland train people in countless professions and industries. To do so, TÜV Rheinland operates a global network of laboratories, testing, and training centers.

The work carried out by the people at TÜV Rheinland is based on 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 systems is of decisive importance.

TÜV Rheinland is organized into six operative Business Streams: Industrial Services, Mobility, Products, Life Care, Training and Consulting, and Systems.

In the following section, the trends and key projects in each of the individual Business Streams will be explained on the basis of revenues adjusted for currency exchange rates.

### Industrial Services

In 2013, the Industrial Services Business Stream continued to grow, generating total revenues of €514 million (previous year: €488 million). In addition to extremely solid performance in Germany, the Business Stream achieved the highest growth rates in the South America and IMEA regions, while regions such as Western Europe or China, for example, faced challenges due to regulatory changes or declining demand in several core markets.

The focus of the Business Stream's international activities was on both the development of project and component business in the target industries energy and infrastructure, as well as on strengthening its regional position in growth markets and in the key countries in the global supply chain. In this context, the client focus was particularly centered on owners and operators of facilities, construction companies, and manufacturers of industrial components. The Business Stream systematically continued its approach of both growing organically and gaining market share through targeted acquisitions.

By acquiring all of the shares of MINELL Kft., Hungary's largest provider of non-destructive testing services, such as radiographic testing, ultrasonic testing, magnetic particle crack detection, and liquid-penetrant inspection, the Group continued expanding its range of services in the field of non-destructive testing. Through the acquisition of the Institute for Applied Energy Simulation and Facility Management ifes GmbH, TÜV Rheinland expanded its Electrical Engineering and Building Technology, Civil Engineering, and Energy and Environment Business Fields.

In 2013, TÜV Rheinland once again succeeded in internationally expanding its activities in the field of nuclear power. By carrying out major contracts in the United States, Brazil, and South Korea, TÜV Rheinland achieved a further milestone as an internationally recognized provider of testing, inspection, and consulting services for operators of nuclear power plants.

With newly acquired contracts for type and product certifications of wind turbines from internationally established manufacturers, TÜV Rheinland significantly improved its position as a service provider in the wind power industry. In addition, the Group further expanded its market presence in the offshore field through the acquisition of a major contract for the final inspection of elevators and mobile maintenance platforms at the new Global Tech I offshore wind park. Global Tech I is an offshore wind park with a capacity of 400 megawatts in the middle of the German North Sea, which will supply environmentally-friendly electricity to around 445,000 households.

Of particular note are TÜV Rheinland's activities in the oil and gas sector. Here the experts from TÜV Rheinland have impressed clients with their expertise and focus on quality, both as consultants and prequalifiers for suppliers and contractors on transnational pipeline projects, and as independent testers and inspectors for on and offshore installations. In the Middle East, TÜV Rheinland succeeded in acquiring a major contract which consists of inspection services and non-destructive testing for a new large-scale refinery in the United Arab Emirates.

In 2014, the systematic development of services along the entire project life cycle will remain a key aspect, with a particular focus on entering in the early stages of projects in the energy and infrastructure sector. Furthermore, a high priority will continue to be placed on the further international expansion of TÜV Rheinland's core areas of expertise, particularly in the fields of power plant technology, non-destructive testing, and functional safety.

### Mobility

The Mobility Business Stream once again performed well in the 2013 business year, generating revenues of €401 million (previous year: €366 million). In light of the Business Stream's solid domestic business, priorities were once again focused on expanding activities abroad.

In the future, Eastern Europe, Asia, Africa, and South America will remain target markets for marketing TÜV Rheinland's core areas of expertise. The strategy pursued in this regard of both growing organically in these regions and securing market share through acquisitions was successfully carried out in 2013.

The Periodical Technical Inspection Business Field grew significantly in Germany. On July 1, 2013, TÜV Rheinland Kraftfahrt GmbH acquired all of the shares of FSP-Fahrzeugsicherheitsprüfung Geschäftsführungs-GmbH. As a result, TÜV Rheinland now holds a fundamental stake in the FSP Group, which employs over 400 inspection engineers at 66 inspection centers throughout Germany, and carries out around 700,000 general vehicle inspections each year. In the 2013 business year, the FSP Group generated total revenues

of €63.8 million. The acquisition of this stake will result in the significant expansion and enhancement of FSP's partnership with TÜV Rheinland, which has existed since the founding of FSP 23 years ago. The focus here is on comprehensive solutions for major clients, primarily for general vehicle inspections and emission inspections. The FSP Group's previous market presence and independent brand strategy will remain unchanged. The acquisition of an engineering office in Herzogenrath, near the city of Aachen, Germany, further strengthened the Business Stream in its traditional regions. The nationwide expansion into southern Germany was continued through the acquisition of an engineering firm in Landsberg am Lech. As such, the continued expansion strategy in the field of vehicle inspections in 2013 once again helped the Business Stream serve existing customers nationwide and at the same time, reach new customers.

The Car Services and Appraisal Business Field performed well both in Germany and abroad. In conjunction with strong revenue and earnings growth in Germany, the Group systematically continued the international expansion of this Business Field in 2013, with a focus on the Western Europe, Asia Pacific, and South America regions.

The Engineering/Type Approval Business Field saw significant increases 2013. In addition to its solid domestic business, the Field primarily increased revenues by a significant amount in Asia. One of the success factors in this regard was Pre-Shipment Inspection, which was awarded an increased number of contracts in 2013. The future order situation here is difficult to predict, however. The Central and Eastern Europe region was able to further expand the range of services offered through the acquisition of KTI Kft. in Hungary.

The Rail Business Field also generated positive revenue growth in 2013, bolstered by strong business in the Asia Pacific region, where it carried out rail projects in Indonesia, Singapore, and Thailand for the first time.

The innovative E-Mobility Business Field was also successful in 2013. As a result of the »colognE-mobil«

project, which received €7.6 million in funding from Germany's Federal Ministry of Transport and is coordinated by a contractual partner, 36 electric vehicles are now rolling around the streets of Cologne. The network of charging stations has been expanded to 30 locations, including 20 in public areas. An additional 25 stations are planned for the coming months. The goal is to have a network of approximately 100 stations by the end of the project. Over the course of the project up until now, TÜV Rheinland has analyzed all of the project vehicles with respect to their ability to be registered for street use, and provided assistance in conforming them to European requirements.

As part of the provision of services and central sector support, the IT department has initiated and carried out a number of projects to improve processes and cost-effectiveness. For example, in the Mobility Business Stream the department launched the ZEUS project, with the goal of developing a new production system for mobile and stationary vehicle inspections and registration along the service and support processes, among other projects. This project served to replace the previous systems, many of which were based on outdated technology. Furthermore, an additional focus of activities was on analyzing possible synergies between Mobility subsidiaries in Germany and abroad.

In light of the worldwide standardization of quality management processes, global processes were documented in the relevant Business Fields, which will serve as a foundation for continued international expansion activities.

The »Strategy 2017« continues to define the goals for the coming years. A high priority was placed on continuing the measures derived from this strategy in 2013, thereby creating one foundation for the Business Stream's continued successful development.

### Products

The Products Business Stream was able to successfully continue its activities as in previous years, generating revenues of €413 million (previous year: €396 million).

The highest levels of revenue growth – adjusted for exchange rates – were recorded in the Softlines and Commercial Business Fields. The investments in new Softlines laboratories made in previous years as well as the sales campaigns with new services offered worldwide – such as additional protection from counterfeit products through the use of QR codes – formed the foundation for this revenue growth. Electrical remained the most important Business Field in the Products Business Stream, generating nearly 40% of the Business Stream's revenue. In this Business Field, TÜV Rheinland once again held its leading market position in 2013 with regard to the number of CB certificates issued worldwide in the international certification procedure for electronic consumer goods.

A cooperation between CETECOM GmbH, headquartered in Essen, Germany, and TÜV Rheinland in the field of battery safety and mobile payments will help solidify both companies' leading position in the market for testing wireless devices and complex products. CETECOM GmbH will be involved in the development of telecommunications and energy services in various projects as an independent testing laboratory. The partnership takes account of the market development which is seeing complex technologies incorporated into countless electrical devices at an extremely rapid pace.

Furthermore, TÜV Rheinland has also entered into a partnership agreement with the KNX Association. As a result, the Electrical Business Field can now offer product inspections in accordance with the KNX standard in Asia, Europe, and North America. KNX is one of the world's leading standards for intelligent communication between networked home and building systems technology. Within the scope of this partnership, TÜV Rheinland will use its global network to support the acceptance and international expansion of KNX technology. As a selected inspection authority for various industrial associations, TÜV Rheinland has the expertise to test the KNX devices seeking certification.

In the summer of 2013, TÜV Rheinland opened its first battery laboratory in Germany, in the city of Nuremberg. The company invested a total of €0.7 million in this facility with approximately 500 square meters of lab space, and here will test the mechanical safety, such as the robustness and electrical capacity, of large, high-capacity batteries used in the consumer goods and automotive industries. Including the newly-opened laboratory in Nuremberg, TÜV Rheinland now operates three state-of-the-art battery labs, the other two located in Osaka, Japan, and Shenzhen, China.

The Solar/Fuel Cell Technology Business Field once again saw revenues decline in 2013. This was caused by the continuing weakness of the market in the solar industry, which resulted in an increasing number of solar panel manufacturers and project developers declaring bankruptcy, particularly in Germany and China. Nevertheless, TÜV Rheinland succeeded in maintaining its position as the world's leading provider of inspection and certification services in this industry. With the introduction of an adjustment program for solar laboratories as well as new innovative services, the company once again generated a considerably positive EBIT margin, despite the difficult market environment.

The Products Business Stream generated about 80% of its revenue outside of Germany, with a focus here on the Greater China and Asia Pacific regions. However, the Business Stream is experiencing the fastest growth in the IMEA and South America regions. In contrast, in Germany the Products Business Stream was able to maintain its high-level position as market leader.

After its successful introduction in Germany, China, and North America, in 2013 the innovative IT process management IPMS (Integrated Project Management System) for worldwide harmonization and standardization of testing processes and procedures was also launched in Japan, South Korea, and Thailand. Since first being introduced, a total of 2,500 TÜV Rheinland employees in the Group's four most important regions now work with IPMS; the system is used for 90% of the Products Business Stream's revenue. By launching the IPMS, project processing times were successfully

shortened by 15% in Germany compared to 2012, for example, while simultaneously further increasing the quality of the inspections.

Complementary IT services with a focus on »Cyber Security« were of particular value to the Products Business Stream during the reporting year. This mainly includes networked, embedded systems that communicate with one another over either wired or wireless data infrastructures, like the internet, for example. In this context, the focus is on the security of highly dynamic communication between software-based systems and devices in mechanical or electrical/electronic components which could suffer immense damage by transmitting incorrect data or as a result of manipulation. This includes intelligent power and distribution grids, home and medical devices, or industrial and production equipment, for example. Customer demand for complementary information security services is steadily increasing. TÜV Rheinland will continue to work tirelessly to meet this challenge and opportunity.

#### Life Care

The Life Care Business Stream generated €58 million in revenues in the reporting year, thereby reaching its revenue targets (previous year: €55 million). The development and introduction of an integrated, standard software in Germany was successfully carried out and will be completed in 2014. Based on this foundation, the focus has shifted more strongly to the customer, which results in continuous improvements to efficiency and service quality as well as considerably increases productivity.

The services for customers are focused on Health and Supply Management and Occupational Health and Safety as the main areas of work, and Medical Center Services as a supplementary offering for the health care industry. These Business Fields were successfully expanded in Germany and marketed internationally in selected target regions with growing success. In addition to the establishment of further centers of excellence, in Germany the hiring and training of physicians from Spain is also notable. In addition, comprehensive training measures were carried out across all levels, which also resulted in a measurable increase in employee loyalty.

After completing major projects in Eastern Europe and Brazil, the Business Stream began working on new, larger contracts for the automotive industry in Mexico and Brazil. These international projects were acquired thanks to the collaboration with the Industrial Services and Products Business Streams.

This is why the Business Stream confirmed its growth and earnings targets in pursuit of the »Strategy 2017«, and will continue working on its implementation in the 2014 business year. As a result, the Business Stream anticipates even stronger growth – both in Germany as well as abroad.

#### Training and Consulting

In the 2013 business year, the Training and Consulting Business Stream generated total revenues of €222 million (previous year: €194 million), impressively continuing its growth as in previous years. In addition to organic revenue growth, the acquisition of the IT training company The Campus GmbH in the summer of 2012 contributed to this growth, as did the acquisition of Secaron AG, a consulting firm active in the field of information security, in the fourth quarter of 2013.

Government funding for career development remained at the same level as the previous year, despite the improved economic climate. The Business Stream's academy business strongly benefited from this development. As a result, in the field of advanced training services for corporate and private clients, TÜV Rheinland was able to further expand its leading position in the German market. By entering into MTS (Managed Training Services) framework agreements with numerous partners, including many well-known companies, the Business Stream significantly expanded its strategy of offering complete solutions to major corporations. In addition to classic in-person courses and seminars, new methods of teaching and learning – such as virtual classrooms, e-learning, and mobile learning – are becoming increasingly important. This is why the Business Stream significantly increased the share of digital training offers.

In the Field of Business Consulting, the Business Stream's activities were shaped by consulting projects within the scope of major telecommunications and infrastructure projects. In addition to continuing and expanding project management activities related to the establishment of a nationwide digital radio network for government agencies and organizations with security duties, the Business Consulting Business Field also took on coordinating duties in the appraisal of construction services at a German airport. In its classic Field of Management System Consulting, a renowned German automotive company active in the premium segment awarded TÜV Rheinland an extensive consulting contract related to the introduction of a new quality management system.

In the Field of Personnel Services, in addition to expanding engineering services activities, TÜV Rheinland successfully completed a major project in the solar industry. In this context, the company succeeded in opening up new career opportunities for employees affected by unemployment as part of an outplacement project.

The growing number of potential threats and the ongoing public discussion have triggered many companies to thoroughly analyze the security of their IT infrastructures. TÜV Rheinland's Information Security Business Field has not only grown organically in this market segment, but through the acquisition of Secaron AG, headquartered in Hallbergmoos (near Munich), has become the leading independent provider of consulting services and solutions for IT security in Germany. In addition, the Business Field successfully acquired and completed several key contracts from the financial sector and the automotive industry. With the acquisition of the OpenSky Corporation (USA) in early 2014, TÜV Rheinland has become a global player in this promising field.

The 2014 business year will be focused on the post-merger integration of the new companies and business activities. Furthermore, the focus will also be on transferring advanced training services successfully established on the German market to emerging markets like China, India, and Brazil. The German vocational training sys-

tem has an excellent reputation around the world, meaning that the demand for equivalent seminar offerings will continue to increase. Within the scope of its »Strategy 2017«, TÜV Rheinland will continue to systematically expand its international presence in the advanced training sector with new business models and public-private partnerships.

### Systems

In the 2013 business year, the Systems Business Stream once again recorded a significant increase in revenues and earnings, thereby continuing the positive growth seen in recent years. The Business Stream generated revenues of €129 million in 2013 (previous year: €118 million).

The Business Stream evaluates management systems, IT processes, and companies according to internationally recognized standards or according to individual criteria tailored to the client's specific needs. The Business Stream saw dramatically increased demand for certifications pursuant to DIN EN ISO 50001, which led to strong growth in the certification of energy management systems.

In 2013, the Systems Business Stream recorded positive developments in every single Business Field. In the Non-Accredited Services Business Field, the issues of CSR (corporate social responsibility), sustainability, and supply chain audits remain the most dynamic areas. The Business Stream developed excellent approaches in these areas during the business year, particularly for the pharmaceutical industry, which resulted in a significant increase in acquired contracts.

A further focus in 2013 was on the internationally coordinated advancement of CSR standards within an IFIA (International Federation of Inspection Agencies) task force. Initial results are expected in the first quarter of 2014.

Overall, the Systems Business Stream made good progress in activating and expanding its global network.

After a pilot phase in early 2014, the ICMS (Integrated Project Management System) was successfully rolled out in Germany, the Netherlands, China, and the United States. This represents a large step towards optimizing and stabilizing processes, which the Business Stream is striving to accomplish. The project was carried out according to plan and as a result, the further reference installations in the Asia Pacific, IMEA, Central and Eastern Europe, and South America regions are expected to go smoothly.

In 2014, the focus remains on the further international expansion of the Business Stream's range of services. In addition, expanding the global network is a top priority, particularly for sales and international key account management.

Developing new services is and remains an important job for the Systems Business Stream. As such, the Business Stream will once again run through a complete innovation cycle in 2014. The two new international services developed in 2013, »Quality Assurance pursuant to GRI (Global Reporting Initiative)«, a certification for sustainability reports, and »Transportation Audits for the Pharmaceutical Industry«, will be launched in 2014.

### EMPLOYEES

As at the reporting date of December 31, 2013, a total of 18,555 employees (full-time) are employed at TÜV Rheinland Group. The annual average number of employees rose from 17,218 to 17,947; this represents an increase of 4.2% compared to the previous year.

The increase in the overall number of employees is based, on the one hand, on a continuous increase in Germany of 4.2% and, on the other hand – as a result of significant revenue growth in Brazil and the Gulf States – on international growth of 4.3%.

#### Total Staff (annual average)



A key component of TÜV Rheinland's corporate culture is human resources management that shows appreciation to employees, since employees are the company's strength. This appreciation is reflected in numerous initiatives and measures. For example, last year TÜV Rheinland signed the »Diversity Charter«, an initiative supported by the German federal government. The goal of this initiative is to create a working environment that – as is also stipulated in the company's mission statement – is free of prejudices, and instead is characterized by respect and esteem, regardless of gender, nationality, ethnic background, religion or world view, disability, age, sexual orientation, or identity.

TÜV Rheinland is conscious of the fact that diversity in all of its facets is a strength which will be systematically expanded. As such, diversity plays an important role as part of the company's human resources goals. Each and every day, people from 94 nations work at over 500 locations in 65 countries toward the success of TÜV Rheinland – meaning diversity is practiced on a daily basis. TÜV Rheinland promotes the exchange of ideas and opinions between the world's different cultures through foreign assignments, language courses, intercultural training, and employee networks.

Numerous studies show that mixed teams in which men and women across all levels work together are more successful. As such, since 2012 the human resources department has worked tirelessly toward and with numerous initiatives on placing more women in leadership positions. As part of various different projects, activities, and training measures, the company strives to support the dialog between women at TÜV Rheinland across national borders, create a strong forum for their concerns and interests, and systematically support them in their professional development. One successful example in this context is the TÜV Rheinland Mentoring Program. In this program, experienced managers meet with ambitious female employees to set a course together for a successful career as a specialist or manager at TÜV Rheinland. The program launched in 2013 with 25 pairs, and the preliminary results show that the program is a benefit to both sides.

Furthermore, TÜV Rheinland has been a member of the »Komm, mach MINT« initiative since March 2013. The four letters MINT stand for Mathematics, Informatics, Natural Sciences, and Technology. The goal of the initiative is to get more girls and women excited about technical careers.

In addition, TÜV Rheinland wants to promote employees' health and help them balance their careers and private lives for a number of reasons, including because the company's workforce is increasingly growing older. Under the umbrella of the »Work & Family« program, TÜV Rheinland offers specific ways for employees to improve their work-life balance, which also includes caring for loved ones. Furthermore, TÜV Rheinland is establishing a company daycare center at its headquarters in Cologne, which will open in 2015.

»Life & Balance« stands for the development of occupational health management activities that unite preventative measures with information and prevention. This includes occupational safety measures, flu shots, supporting athletic associations, and StartFit courses on movement, nutrition, and relaxation.

A constructive dialog between employees and managers is also an important component of TÜV Rheinland's corporate philosophy. As such, structured employee performance reviews are held at regular intervals. These form the basis for future development measures. In addition, in 2013 the company conducted the second worldwide employee survey, with around 70% of employees participating – even more than the first survey taken two years before. In this context, this year employees were more satisfied than before particularly in the areas of »Communication and Collaboration« as well as »Information on Company Goals and Cost-Effectiveness«.

A key challenge for human resources is covering the enormous demand for qualified employees worldwide. As a result, TÜV Rheinland developed a new communications campaign which more clearly highlights the special characteristics of TÜV Rheinland as an employer. A worldwide focus group survey with over 150 employees formed

the basis of the new campaign. The results of the survey showed that the participants particularly value the fact that they have a meaningful job at an international and at the same time secure employer. TÜV Rheinland then incorporated these attributes into the campaign and developed new advertisements and advertising copy. At the same time, the »Jobs and Career« section of the website and the job application portal site were both completely redesigned.

TÜV Rheinland employees can choose from a wide range of development and advanced training opportunities at every stage of their career. In addition to the proven tools such as assessment/development centers, talent teams, management development programs, and the management academy modules, in the fall of 2013, the company held the first »Regional Young Professional Conference (RYPC)« for young talents from the Asia Pacific region. Here, the participants were evaluated over the course of two days by eight managers. Due to the positive feedback received, this measure will be continued in 2014 in North and South American and Europe as well. In addition, in 2014 the ability to pursue a career as a specialist will be expanded.

Once again in 2013, TÜV Rheinland succeeded in strengthening its employer branding. In addition to being selected as a »Top Employer 2013« for the sixth time in a row, TÜV Rheinland was also named a »Next-Generation Employer« by »CSR Jobs« in cooperation with »forum Nachhaltig Wirtschaften« magazine and the HRmatic GmbH HR consulting firm in Cologne. As such, TÜV Rheinland is one of ten companies which exhibits a particularly high commitment to social and environmental responsibility and has an innovative HR policy. In addition, TÜV Rheinland also received the »2014 Berlin's Best Employer Branding« award. Within the scope of this competition, the Institute for Management and Economic Research (IMWF) in Hamburg and the Berliner Morgenpost newspaper looked at statements on employer quality in online forums and rating websites regarding the 200 largest companies in the city. The result was a golden seal for TÜV Rheinland.

## 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 Chief Executive Officer and the chairman of the Supervisory Board are strictly separate and distinct from one another.

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

Multiple expansions to applicable laws and provisions were passed in recent years with the goal of improving 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.

Furthermore, information gained from the semiannual risk reports of the German and international TÜV Rheinland companies and the Executive Vice Presidents is analyzed in detail. Based on the information obtained in the matrix organization, all of this information is then aggregated into one report, which is appraised from portfolio and Group viewpoints. Risk determination is based on areas of risk that are specific to TÜV Rheinland. This encompasses the categories market/client, processes, employees, finances, and miscellaneous, such as the regulatory framework. Risk quantification is based on the anticipated impact on earnings as well as the likelihood of the risk occurring. Additionally, the naming of planned efforts also represents a central aspect.

Dealing with risks is also a part of the ongoing reporting process. Reporting follows the requirements of the matrix structure and, in addition to regularly updating the economic outlook, also takes business-specific early indicators into account. This provides an essential foundation for recognizing risk as well as introducing and consistently pursuing specific efforts to prevent possible damage to TÜV Rheinland. In addition, the Executive Board is informed of significant circumstances by means of ad hoc disclosures. In the case of transactions that may have a significant impact on the performance of a Business Stream or Business Field, an approval process established worldwide provides transparency and reduces risk.

As such, risk management thus forms an integral part of the Group's standard planning, reporting, and control processes and is incorporated into TÜV Rheinland's information and communication system. It is continuously enhanced 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 which place a focus on the legal and practical framework of managing and monitoring the company. In particular, the Group utilizes professional compliance management

that is designed with prevention in mind which sets the relevant framework for TÜV Rheinland. Specifically, this framework includes the Code of Conduct, Anti-corruption Guidelines, Sponsorship Guidelines, and a compliance hotline.

TÜV Rheinland is convinced that good corporate governance is of great importance to its long-term success and that the implementation of and adherence to these guidelines play a key role in permanently strengthening the trust placed in the Group by all interest groups.

### **VALUE MANAGEMENT AND BUSINESS-RELATED ENVIRONMENTAL AND SOCIAL FACTORS**

In the 2013 business year, the TÜV Rheinland Group systematically continued its corporate social responsibility (CSR) activities on the basis of the principles of the UN Global Compact and the IFIA (International Federation of Inspection Agencies). As a signer of the UN Global Compact, TÜV Rheinland was elected to the German Global Compact network's steering committee in October 2013. With over 250 participating companies, the German Global Compact network is the world's second largest UN Global Compact network and advocates for the implementation of the UN Global Compact principles in Germany. Furthermore, TÜV Rheinland is represented on the board of the IFIA and as such, advocates at the board level for issues of key importance to TÜV Rheinland, such as neutrality and objectivity.

The TÜV Rheinland Group manages CSR and compliance activities on the basis of sustainability management and a compliance management system. The goals set for the TÜV Rheinland Group in the areas of climate change and diversity determined how the CSR program was continued in terms of content in 2013. In this context, identifying and utilizing areas with the potential for efficiency increases as well as sustainable HR management both strengthen the key success factors. Furthermore, the Group continued its work developing the existing environment and occupational safety management systems into one integrated HSE (health, safety, and environment) management system.

In 2013, TÜV Rheinland once again identified new business opportunities with regard to sustainability and environmental issues. In particular, the increasing demand for solutions for a sustainable energy supply will shape the global economy in the coming years. In order to stay abreast of these changes, TÜV Rheinland concentrated and strengthened its extensive range of services for the energy sector. In this context, by founding the »Wind« steering committee, TÜV Rheinland promoted an active dialog with partners from the wind power industry. Here, manufacturers and construction companies, insurance companies and financial institutions, as well as developers and project management companies work together developing joint solutions in the onshore and offshore wind power environment. The Industrial Services Business Stream continues to benefit from the increasing need for low-emission power plants, as well as increasing demand for sustainable property design and certification. By acquiring ifes GmbH, headquartered in Cologne, in 2013, TÜV Rheinland succeeded in further expanding its Energy and Environment, Civil Engineering, and Electrical Engineering and Building Technology Business Fields. As a result, the Business Stream is particularly expanding the range of services it offers for the sustainable design and certification of buildings as well as for energy and climate developments. For the Products Business Stream, opportunities can be seen in the field of intelligent power grids, known as Smart Grid Services. Intelligent power grids make it possible to provide a need-based power supply and are gaining importance, particularly as part of the increasing use of renewable energy sources.

Further business opportunities are developing from the demand for solutions for infrastructure issues in metropolitan areas. As such, TÜV Rheinland is involved in a research project with Germany's Federal Ministry for Education and Research which is focused on issues such as transportation, energy-efficient construction, urban material cycles, as well as water, wastewater, and waste management. In Germany and the European Union, an increasing importance of sustainability criteria in government procurement activities can be observed. The requirements companies must fulfill with regard to environmental, social,

and governance issues open up opportunities for TÜV Rheinland when it comes to monitoring and certifying companies with respect to sustainable corporate governance and compliance.

## 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.

Opportunities are mainly associated with service innovations in individual Business Streams and Business Fields. Prominent examples of this include new services in connection with non-destructive testing, data security for online applications, sustainable management, as well as testing procedures for wireless devices with a wide variety of different areas of application. Increased acquisition of major contracts, such as monitoring power plant and infrastructure projects, offers further potential. Opportunities present themselves in this regard through the option of offering customers a comprehensive package of services in a global network. As a result, this compensates for market-related risks, such as declines in demand due to regulatory changes or a downturn in certain sectors, like emissions certification.

Major opportunities also continue to exist in the ongoing dynamic development of international markets. The company can tap further potential through a diversified presence in other markets with strong growth – such as India, China, and Brazil – and the continuous expansion of the Group's range of services in BRICS countries. In addition to the development of current active markets, penetrating new markets remains a key area of focus. Apart from other Asian countries, this includes the Persian Gulf. The resulting network, which will follow globalized value chains even more closely, also forms one of the most important pillars of »Strategy 2017«. Increased M&A activities are also a key component of the strategy. Systematic acquisitions follow generic goals

which were defined in the »Strategy 2017«. This also includes the recent acquisitions in the field of IT and information security. These will be implemented within the established matrix structure. The institutionalized, close coordination between business-specific and regional expertise results in additional opportunities – for example, in identifying new fields of activity and the effective and efficient handling of cross-border projects and services.

Furthermore, reducing complexity and increasing standardization in all Business Fields open up areas of potential. In addition to optimizations in sales and administration, this particularly includes pooling operations across national borders and the use of innovative IT applications according to customer wishes. Finally, optimized project management can help reduce risks in implementing internal and external development projects and large projects.

Relevant risks initially exist based on the stability of political conditions and international financial systems as well as their possible impact on the economy. In this regard, the Group's increasing diversification, both geographically and with regard to the range of services offered, has a risk-reducing effect, meaning that instabilities, such as those currently occurring in the Middle East, can be compensated for. Changes to the regulatory framework can result in a liberalization of markets. On the one hand, this is associated with risks for TÜV Rheinland: One example here is Spain for the Industrial Services and Mobility Business Streams. On the other hand, this also opens up additional opportunities for international operations. For example, the Industrial Services Business Stream in Germany demonstrates that a systematic market and service offensive in saturated markets is a suitable means of ensuring sustainable success despite strong competition. In addition to the aforementioned, risks also result from developments specific to individual sectors. A slower recovery in the photovoltaic industry is one example in this regard, which TÜV Rheinland would be affected by as TIC market leader. In Germany, a lower number of vehicle inspections can

have a negative impact on the Mobility Business Stream. The potential resulting from the ability to serve major clients thanks to wider coverage has a risk-reducing effect in this regard. The continued consolidation in the TIC industry, combined with price and margin pressure as well as competition becoming more fierce, pose an ongoing challenge.

Risks may arise both from one's own business activities and from external factors; thus, in the case of breast implants of the French company Poly Implant Prothèse (PIP) TÜV Rheinland is mentioned – in connection with conformity assessment procedures conducted pursuant to the European Medical Devices Directive regarding CE marking – as notified body. PIP continuously deceived the notified body TÜV Rheinland LGA Products GmbH (TRLP) by using a silicone gel for the production of the implants which was not approved for this purpose and was not covered by the certification by TRLP. Immediately after this case of fraud had become known in 2010 TRLP withdrew its certificates, and has furthermore taken legal action against PIP. In December 2013, the accusation of fraud was confirmed by the criminal court of Marseille in the context of the first criminal proceedings against PIP's former management; those who were primarily responsible at the company PIP were found guilty for aggravated fraud and deceit, and some of them were sentenced to several years of imprisonment. In these proceedings, in which TRLP appeared as injured party and thus as joint plaintiff, the systematic deceit – also of the notified body TRLP – by PIP's management was established.

Furthermore, damages claims filed against TRLP in connection with PIP breast implants were dismissed in Germany in 2013 by several district courts [Landgerichte] and in January 2014 by a court of appeals [Oberlandesgericht]. The German courts consistently confirmed that TRLP fulfilled the duties of a notified body responsibly and in compliance with all laws and legal norms applicable in Europe. PIP's fraudulent actions were not noticeable for a notified body, nor could they be detected with the means stipulated by the legislator.

In France, in November 2013 a single commercial court decided differently in the first instance; due to special procedural provisions applicable in France, €5.8 million were paid in advance to the plaintiffs. TÜV Rheinland immediately lodged an appeal against this decision; the claims are unfounded since, according to the legal opinion taken by TÜV Rheinland, there is no conduct giving rise to liability.

Using systematic risk management, the aforementioned risks can be made more manageable or rather the undesirable effects thereof weakened. Due to the integration of risk management into TÜV Rheinland's management information system, risk is controlled by appropriate evaluation consistently in all companies and Business Streams as well as on the Group level.

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 the systematic integration after completed M&A transactions) and to human resources, such as with regard to a lack of qualified staff, for example. Continuous action tracking and updating of opportunity and risk reports in the course of the year are obligatory. 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 task is to analyze and evaluate opportunities and risks.

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. Specifically, this includes systemic working capital and treasury management. The latter particularly includes implementing cash pooling and in-house banking. Financial derivatives are used to hedge currency and interest rate risks.

As far as possible, risks are hedged by taking out specific insurance coverage to minimize their financial consequences up to a defined deductible.

## OUTLOOK

### Future Economic Outlook: Forecast 2014 to 2015

Economic Development in the Region	2014	2015
Worldwide	Accelerated growth	Increased growth
USA	Positive trend	Positive trend
BRICS	Increased growth	Increased growth
Europe	Slight recovery	Moderate growth
Germany	Positive trend	Moderate growth

The outlook for the global economy improved significantly toward the end of 2013. The economic experts from the International Monetary Fund (IMF) forecast global gross domestic product growth of 3.7% for 2014. Although the economy in 2014 will continue to be influenced by the effects of the financial market crisis, a variety of factors give cause for a more positive assessment of global economic development compared to the previous year. The consolidation process in the United States is continuing; the first important decisions have already been achieved in the political dispute regarding budget and the national debt. This development will noticeably reduce the existing risks for the financial markets. In the Eurozone, the measures to reduce the sovereign debt of the crisis-stricken nations is beginning to bear fruit. As such, confidence in the continued existence of the currency union has grown stronger. In 2014, the global economy will benefit from the continuation of an overall expansionary monetary policy. The US Federal Reserve announced a slight reduction in its program to purchase securities. However, the central banks of the major global currencies will continue to adhere to their policy of low interest rates.

Key momentum driving global economic trends will most likely come from the United States. Supported by the apparent easing of the budget dispute, the US is expected to generate gross domestic product growth of 2.8% in 2014. In addi-

tion, the developing and emerging nations will also benefit from the general economic recovery expected in the industrialized nations, particularly in Great Britain and Japan. In these countries, increased economic expansion will set in after the previous setbacks in growth.

In Europe, the turnaround seen around the end of the previous year will continue to stabilize toward a slight expansion in 2014. The first achievements in reducing the sovereign debt and budget deficits of the crisis-stricken countries are allowing confidence to return to investors and companies. As a result of the stabilization of the labor market and moderately increasing real wages, positive effects are expected for domestic demand as well. Export business will benefit from the general upturn in global trade. Altogether, gross domestic product growth of 1.0% is being forecast for 2014.

Although the economy in Germany was not quite able to pick up speed toward the end of the previous year, the key early indicators are pointing to an expansion of the German economy, in 2014. In December, the ifo Business Climate Index reached its highest level in more than one-and-a-half years, and this reflects German corporations' optimistic appraisal of future business trends. Germany, as a typical export nation, will also increasingly benefit from international trade activities which are once again accelerating. Influenced by the ongoing positive situation in the labor market – the expected unemployment rate for 2014 is 6.9% – private households will significantly increase their consumer spending. In addition, corporate investments and investments in housing construction will once again increase compared to the rather low levels seen in previous years, bolstered by financing terms which remain favorable. These developments will all lead to more dynamic domestic demand. Overall, Germany's gross domestic product is expected to grow by 1.6% in 2014.

The positive assessment of both global economic and national economic trends overall is increasingly dependent on the manageability of the sovereign debt and financial crisis, however. Realistically, it currently appears that the situation in crisis-stricken nations is improving.

#### TÜV Rheinland Group Outlook

As global economic growth once again increases, the TÜV Rheinland Group expects to continue its successful performance from previous years in 2014. Furthermore, the testing and certification industry and particularly the range of services offered by TÜV Rheinland are so robust that even in a state of crisis, no significant declines in revenues or earnings are to be expected.

In this environment, the company plans to generate revenue and earnings growth in all Business Streams for the current year 2014 similar to that of 2013. Furthermore, corporate acquisitions shall even further strengthen this development.

The Industrial Services Business Stream plans to generate significant revenue growth, which will be achieved both through international business as well as in the solid home market of Germany. With regard to growth, the focus is on activities in supply chain services, energy and environmental technology, as well as non-destructive testing and material testing. The focus markets continue to be energy, oil, gas, and infrastructure. The highest growth rates are expected to be seen in the Central and Eastern Europe, Asia Pacific, and IMEA regions.

Revenue generated in the Mobility Business Stream will grow at an above-average rate compared to the previous year. In Germany, the Periodical Technical Inspection Business Field with the FSP Group will contribute heavily, while from an international perspective, the Rail Business Field will generate the strongest growth. In this Business Stream, the regions of Germany, Central and Eastern Europe, Asia Pacific, and IMEA will record above-average growth rates.

For the Products Business Stream, higher revenue growth is expected after the stabilization in the previous year. This also applies to business in Germany, but especially to international regions. These will see a significant increase in growth almost across the board. All Business Fields – even Solar – will see an increase in growth. Services in the innovative areas of wireless communication, LED, and smart grids will provide additional growth momentum. The worldwide introduction of new process management software is almost entirely finished.

The Life Care Business Stream plans to further increase revenues in 2014. In Germany, this is true both for the core Business Fields of Health and Supply Management/Occupational Health and Safety as well as for Medical Center Services. International revenues will also see increased growth. In this context, major projects in Europe and America will be supplemented by follow-up contracts and new business in nearly all international regions.

The Training and Consulting Business Stream will also grow considerably in 2014. This particularly applies to the Information Security and Business Consulting Business Fields. In this context, the acquisitions of Secaron AG and the OpenSky Corporation play a key role. The share of international business will increase considerably.

The Systems Business Stream, which is focused on accredited and non-accredited certification of management systems, expects increased revenue growth compared with the previous year. This applies to Germany as well as nearly all international regions. In addition to established standards, the focus here is also on non-accredited standards such as »Certified e-shop«, »Sustainability Services«, and »Check your App«. The new standardized process software ICMS will be rolled out globally after its successful launch in Germany.

## EVENTS AFTER THE REPORTING PERIOD

Events after the end of the reporting period primarily consist of the following three acquisitions:

By acquiring the OpenSky Corporation, headquartered in Tolland, Connecticut, USA, in January 2014, TÜV Rheinland has enhanced its acquisition strategy in the IT Security Business Field.

The British company Risktec Solutions Limited, headquartered in Warrington, was also acquired in early 2014. Risktec carries out risk and security analyses and offers technical training seminars on possible risk scenarios.

Furthermore, in early 2014 TÜV Rheinland acquired the company NIFE, headquartered in Kochi/Kerala, India, strengthening growth in the Training and Consulting Business Stream.

### Executive Board

#### Dr.-Ing. Manfred Bayerlein

Chief Executive Officer

#### 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

# CONSOLIDATED FINANCIAL STATEMENTS

TÜV RHEINLAND AKTIENGESELLSCHAFT FOR THE REPORTING YEAR 2013

## Income Statement

In '000 €	Note	2012	2013
<b>Revenues</b>	(10)	<b>1,528,900</b>	<b>1,603,277</b>
Inventory changes	(10)	2,472	-2,427
Cost of purchased services		-205,772	-222,909
<b>Operating performance</b>		<b>1,325,600</b>	<b>1,377,941</b>
Personnel expenses	(11)	-858,624	-892,560
Amortization of intangible assets and depreciation of property, plant, and equipment	(12)	-54,018	-58,151
Other expenses	(13)	-339,564	-359,263
Other income	(14)	39,790	49,094
<b>Operating result</b>		<b>113,184</b>	<b>117,061</b>
Interest income		16,637	13,477
Interest expenses		-36,211	-29,265
Other financial result		462	-2,684
<b>Financial income</b>	(16)	<b>-19,112</b>	<b>-18,472</b>
<b>Earnings before tax</b>		<b>94,072</b>	<b>98,589</b>
Income taxes	(17)	-36,248	-38,271
<b>Consolidated net income</b>		<b>57,824</b>	<b>60,318</b>
Thereof attributable to:			
TÜV Rheinland Aktiengesellschaft equity holders		52,986	54,394
Non-controlling interests	(18)	4,838	5,924
<b>Earnings per share (in €)</b>	(19)	<b>1,514</b>	<b>1,554</b>

## Balance Sheet

In '000 €	Note	12-31-2012	12-31-2013
<b>Assets</b>			
Intangible assets	(20)	238,834	<b>245,022</b>
Property, plant, and equipment	(21)	409,198	<b>400,777</b>
Other financial assets	(25)	267,976	<b>272,229</b>
Other non-current assets	(26)	11,014	<b>12,020</b>
Deferred tax assets	(17)	59,163	<b>57,358</b>
<b>Non-current assets</b>		<b>986,185</b>	<b>987,406</b>
Inventories	(27)	20,019	<b>16,446</b>
Trade receivables	(28)	266,036	<b>269,990</b>
Income tax receivables	(28)	5,888	<b>6,403</b>
Other receivables and other current assets	(28)	85,526	<b>80,266</b>
Cash and cash equivalents	(29)	88,369	<b>107,917</b>
<b>Current assets</b>		<b>465,838</b>	<b>481,022</b>
<b>Total assets</b>		<b>1,452,023</b>	<b>1,468,428</b>
<b>Equity and liabilities</b>			
Issued capital		35,000	<b>35,000</b>
Capital reserves		23,802	<b>23,802</b>
Other reserves		217,223	<b>236,902</b>
Non-controlling interests	(18)	15,744	<b>16,311</b>
<b>Equity</b>	(31)	<b>291,769</b>	<b>312,015</b>
Provisions for pensions and similar obligations	(32)	656,302	<b>644,508</b>
Other non-current provisions	(33)	14,948	<b>14,473</b>
Non-current liabilities	(34)	119,113	<b>138,614</b>
Deferred tax liabilities	(17)	17,082	<b>19,704</b>
<b>Total non-current liabilities</b>		<b>807,445</b>	<b>817,299</b>
Current provisions	(33)	72,518	<b>65,469</b>
Income tax liabilities	(34)	26,480	<b>5,749</b>
Trade liabilities	(34)	109,313	<b>106,458</b>
Other current liabilities	(34)	144,498	<b>161,438</b>
<b>Total current liabilities</b>		<b>352,809</b>	<b>339,114</b>
<b>Total equity and liabilities</b>		<b>1,452,023</b>	<b>1,468,428</b>

### Cash Flow Statement\*

In '000 €	2012	2013
<b>Consolidated net income</b>	<b>57,824</b>	<b>60,318</b>
Amortization, depreciation, impairment/reversal of impairment, write-ups of intangible assets and property, plant, and equipment	54,018	<b>58,150</b>
Impairment/reversal of impairment of financial assets	0	<b>507</b>
Change in non-current provisions	-3,867	<b>-11,859</b>
Change in deferred tax assets and deferred tax liabilities	5,652	<b>3,880</b>
Profit/loss from the disposal of intangible assets and property, plant, and equipment	1,400	<b>427</b>
Other non-cash income/expense	-4,645	<b>157</b>
Change in inventories, receivables, and other assets	-33,268	<b>14,292</b>
Change in liabilities and current provisions	16,059	<b>-34,390</b>
<b>Cash flow from operating activities</b>	<b>93,173</b>	<b>91,483</b>
Payments for investments in		
Intangible assets and property, plant, and equipment	-73,944	<b>-63,864</b>
Financial assets	-19,963	<b>-19,673</b>
Shares in fully consolidated companies (less cash and cash equivalents taken over)	-7,129	<b>-8,727</b>
Receipts from disposal of		
Intangible assets and property, plant, and equipment	7,243	<b>4,326</b>
Financial assets	17,831	<b>16,528</b>
Shares in fully consolidated companies (less cash and cash equivalents disposed of)	0	<b>-97</b>
<b>Cash flow from investing activities</b>	<b>-75,962</b>	<b>-71,507</b>
Payments to equity holders	-15,600	<b>-16,500</b>
Payments to non-controlling interests	-3,420	<b>-5,066</b>
Receipts from bank borrowings	24,700	<b>57,900</b>
Payments from lending from banks	-27,800	<b>-27,122</b>
<b>Cash flow from financing activities</b>	<b>-22,120</b>	<b>9,212</b>
<b>Change in cash and cash equivalents</b>	<b>-4,908</b>	<b>29,188</b>
Change in cash and cash equivalents related to currency translation and consolidation	120	<b>-9,640</b>
Cash and cash equivalents at beginning of period	93,157	<b>88,369</b>
<b>Cash and cash equivalents at end of period</b>	<b>88,369</b>	<b>107,917</b>

\* For further details, see Note (39).

## Statement of Comprehensive Income

In '000 €	2012	2013
Revaluation of defined benefit plans	-105,375	1,555
Deferred taxes on items of other comprehensive income (OCI) that will not be reclassified subsequently to profit or loss	32,658	-305
<b>Items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>-72,717</b>	<b>1,250</b>
Available-for-sale financial assets (securities)	214	-2
Gain or loss on currency translation	-5,344	-19,559
Cash flow hedges	-302	515
Deferred taxes on items of other comprehensive income (OCI) that may be reclassified subsequently to profit or loss	75	-161
<b>Items of other comprehensive income that may be reclassified subsequently to profit or loss</b>	<b>-5,357</b>	<b>-19,207</b>
<b>Other comprehensive income</b>	<b>-78,074</b>	<b>-17,957</b>
<b>Consolidated net income</b>	<b>57,824</b>	<b>60,318</b>
<b>Consolidated comprehensive income</b>	<b>-20,250</b>	<b>42,361</b>
Thereof attributable to:		
TÜV Rheinland Aktiengesellschaft equity holders	-22,644	36,590
Non-controlling interests	2,395	5,771

### Statement of Changes in Equity\*

In '000 €	Issued capital	Capital reserves	Retained earnings
<b>As at 2012-01-01</b>	<b>35,000</b>	<b>23,802</b>	<b>252,684</b>
Recognized income and expenses	0	0	-17,302
Dividends paid	0	0	-15,600
Changes in basis for consolidation	0	0	-148
Non-controlling transactions	0	0	0
Other changes	0	0	0
<b>As at 2012-12-31/2013-01-01</b>	<b>35,000</b>	<b>23,802</b>	<b>219,634</b>
Recognized income and expenses	0	0	55,531
Dividends paid	0	0	-16,500
Changes in basis for consolidation	0	0	-133
Non-controlling transactions	0	0	-271
Other changes	0	0	-7
<b>As at 2013-12-31</b>	<b>35,000</b>	<b>23,802</b>	<b>258,254</b>

\* For further details, see Note (31).

Changes from foreign currency translation	Other reserves		Equity before non-controlling interests	Non-controlling interests	Total
	Available-for-sale financial assets (securities)	Cash flow hedges			
<b>3,542</b>	<b>-27</b>	<b>-583</b>	<b>314,418</b>	<b>10,853</b>	<b>325,271</b>
-5,248	118	-213	-22,645	2,394	-20,251
0	0	0	-15,600	-3,420	-19,020
0	0	0	-148	5,610	5,462
0	0	0	0	0	0
0	0	0	0	307	307
<b>-1,706</b>	<b>91</b>	<b>-796</b>	<b>276,025</b>	<b>15,744</b>	<b>291,769</b>
-19,293	2	350	36,590	5,771	42,361
0	0	0	-16,500	-5,066	-21,566
0	0	0	-133	776	643
0	0	0	-271	-898	-1,169
0	0	0	-7	-16	-23
<b>-20,999</b>	<b>93</b>	<b>-446</b>	<b>295,704</b>	<b>16,311</b>	<b>312,015</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE REPORTING YEAR 2013

## 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 are prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable to 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 sent the consolidated financial statements for the 2013 reporting year to the Supervisory Board for approval on March 11, 2014.

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

### (2) Basis for Consolidation

In addition to TÜV Rheinland AG, Cologne, the consolidated financial statements cover 53 German (previous year: 51) and 83 international (previous year: 81) 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.

Furthermore, one international (previous year: two) joint venture was included in the consolidated financial statements according to its share of capital stock and one international associate (previous year: one) was included in the consolidated financial statements using the equity method.

The basis for consolidation was expanded by the first-time inclusion of five German and two international affiliated companies. The additions are related to six acquisitions as well as the first-time inclusion of a company previously not consolidated due to materiality reasons. The basis for consolidation was reduced by three German companies and one international company due to either mergers or disposals.

The subsidiaries, joint ventures, and associates included in the consolidated financial statements are listed in Note (43) along with the consolidation method. 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 October 1, 2013, the TÜV Rheinland Group acquired all of the shares of Secaron AG. The company, headquartered in Hallbergmoos, is a provider of information security services. The purchase price was €8,805 thousand and is being paid in four installments – some of which are interest-bearing. Acquisition-related costs totaled €222 thousand and are stated as expenses incurred during the reporting period. Intangible assets totaling €3,837 thousand were capitalized as part of the purchase price allocation. Goodwill amounted to €4,339 thousand as at October 1, 2013. The consolidated financial statements include revenues generated by Secaron AG of €3,460 thousand and income totaling €1,079 thousand for the period from October 1, 2013 to December 31, 2013. If the acquisition had been made at the beginning of the reporting period, revenues generated would have totaled €7,804 thousand and income generated would have totaled €970 thousand.

Effective July 1, 2013, all of the shares of MINELL Kft. were acquired within the TÜV Rheinland Group. The company, headquartered in Budapest, is a service provider for non-destructive testing and quality assurance of metallic and non-metallic

materials. The purchase price was €2,196 thousand and is being paid in four installments – some of which are interest-bearing. Acquisition-related costs totaled €164 thousand and are stated as expenses incurred during the reporting period. Goodwill amounted to €1,106 thousand as at July 01, 2013. The consolidated financial statements include revenues generated by MINELL Kft. of €1,315 thousand and income totaling €126 thousand for the period from July 01, 2013 to December 31, 2013. If the acquisition had been made at the beginning of the reporting period, revenues generated would have totaled €2,232 thousand and income generated would have totaled €2 thousand.

Effective September 1, 2013, all of the shares of ifes GmbH were acquired within the TÜV Rheinland Group. The company, headquartered in Cologne, is specialized in the sustainable development of energy and climate concepts on the basis of simulations, as well as in the certification of real estate in accordance with various internationally recognized sustainability standards for buildings. The purchase price was €509 thousand and is being paid in three installments – some of which are interest-bearing. Acquisition-related costs totaled €69 thousand and are stated as expenses incurred during the reporting period. Goodwill amounted to €587 thousand as at September 1, 2013. The consolidated financial statements include revenues generated by ifes GmbH of €375 thousand and income totaling €88 thousand for the period from September 1, 2013 to December 31, 2013. If the acquisition had been

made at the beginning of the reporting period, revenues generated would have totaled €977 thousand and income generated would have totaled €-14 thousand.

Effective July 1, 2013, all of the shares of FSP-Fahrzeug-Sicherheitsprüfung Geschäftsführungs-GmbH were acquired within the TÜV Rheinland Group. As a result, the TÜV Rheinland Group now holds a fundamental stake in FSP-Fahrzeug-Sicherheitsprüfung GmbH & Co KG. The focus of the company, headquartered in Geltow, is on comprehensive solutions for major clients, primarily for general vehicle inspections and emission inspections. The purchase price was €90 thousand and was paid in cash. Acquisition-related costs totaled €1 thousand and are stated as expenses incurred during the reporting period. The negative difference of €71 thousand which resulted as at July 1, 2013 was recognized according to IFRS 3.34. The consolidated financial statements include revenues generated by FSP-Fahrzeug-Sicherheitsprüfung Geschäftsführungs-GmbH of €447 thousand and an income totaling €-5 thousand for the period from July 1, 2013 to December 31, 2013. If the acquisition had been made at the beginning of the reporting period, revenues generated would have totaled €1,270 thousand and income generated would have totaled €-4 thousand.

The goodwill resulting from the acquisitions particularly contains the value of the acquired workforce as well as expected synergy effects.

At the time of acquisition, the assets and liabilities of the companies acquired in 2013 are as follows:

In '000 €	Secaron AG		ifes GmbH	
	Before acquisition	After acquisition	Before acquisition	After acquisition
Non-current assets	238	4,076	22	22
Cash and cash equivalents	2,129	2,129	0	0
Other current assets	2,837	2,837	230	230
Non-current liabilities	156	1,367	7	7
Current liabilities	3,209	3,209	323	323

In '000 €	MINELL Kft.		FSP- Geschäftsführungs-GmbH	
	Before acquisition	After acquisition	Before acquisition	After acquisition
Non-current assets	1,130	1,130	263	263
Cash and cash equivalents	146	146	15	15
Other current assets	626	626	77	77
Non-current liabilities	78	78	40	40
Current liabilities	733	733	149	149

Besides the aforementioned acquisitions, KTI Kft., headquartered in Budapest, was also acquired. At the acquisition date, the carrying amount of the assets and liabilities corresponded to fair value. For reasons of materiality, further information is not disclosed.

#### (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 is 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%. 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 ability to exercise control has been transferred to TÜV Rheinland AG. They are deconsolidated at the point in time when this ability 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 acquired, 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 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 proportionate 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) Foreign 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 at the end of the reporting period. 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 foreign currency translation developed as follows:

	Closing exchange rate		Annual average exchange rate	
	As at 2012-12-31	As at 2013-12-31	2012	2013
Brazilian real (BRL)	2.695	<b>3.252</b>	2.513	<b>2.864</b>
Chinese yuan renminbi (CNY)	8.212	<b>8.331</b>	8.137	<b>8.169</b>
US dollar (USD)	1.318	<b>1.377</b>	1.291	<b>1.329</b>
Japanese yen (JPY)	113.611	<b>144.512</b>	102.909	<b>128.548</b>
New Taiwan dollar (TWD)	38.287	<b>41.054</b>	38.173	<b>39.508</b>
Hong Kong dollar (HKD)	10.219	<b>10.675</b>	10.014	<b>10.305</b>
South Korean won (KRW)	1,411.372	<b>1,452.969</b>	1,449.814	<b>1,451.984</b>

## (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 accounting methods. Statements are prepared as at the reporting date. Assets and liabilities are subdivided on the balance sheet according to their due dates as either non-current (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 reporting year 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 the receipts from services rendered 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 recorded in accordance with the stage of completion of orders.

**Goodwill** is analyzed at least once a year for signs of value 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 recoverable amount. 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 relationships 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 three and 20 years. If there are indications of impairment and if the recoverable amount is lower than the amortized costs of acquisition or manufacture, extraordinary impairment of the intangible assets is carried out. If the reasons for this impairment 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 amortized over 80 years at most and other tangible fixed assets are amortized over three to 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 written off 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, extraordinary impairment of property, plant, and equipment is taken. 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 property, plant, and equipment** 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, TÜV Rheinland Grundstücksgesellschaft Nürnberg mbH & 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 is not applicable to 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 recognition 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 for which a fair value cannot be established, are carried at cost of acquisition. Changes in fair value are disclosed without effect on profit or loss in other comprehensive income (consolidated statement of comprehensive income). On disposal, the amounts stated in other comprehensive income (consolidated statement of comprehensive income) are transferred to the income statement.

If there is objective evidence of a material or permanent value impairment of assets classified as loans and receivables or as available-for-sale financial assets, they are amortized 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 on either the income statement or in other comprehensive income (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 on 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 flows. The effective portion of the change in market value of the derivative used as a hedge is stated in other comprehensive income (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 on the income statement.

**Actuarial reserve quotas** disclosed 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/loss is stated in other comprehensive income (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 business combination

and, at the time of the transaction, influenced neither the accounting 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 dictate 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 conditions for offsetting are fulfilled. Deferred tax assets and liabilities are stated as non-current 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 valuation 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 written off. To establish collective valuation allowances, financial assets

for which a potential write-down requirement exists are grouped by similar default properties and jointly analyzed 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 completed** are stated using the PoC method in accordance with IAS 18.20. The stage of completion of each contract 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, receipts are only stated commensurate 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 from customer contracts are stated under current liabilities.

**Other receivables** and **other assets** are stated at cost of acquisition less value 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.

**Non-current 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.

**Pension commitments and similar obligations** are stated for defined benefit pension plans in accordance with the benefit/years of service method 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 compensation. 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 other comprehensive income (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 commitments are calculated are almost exclusively those drawn up by Heubeck AG, Cologne.

**Miscellaneous provisions** are created insofar as legal or constructive 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.

Non-current 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 reversed accordingly. Insofar as contractual dismantling and removing obligations exist within the TÜV Rheinland Group, these commitments are added to the related assets, and the additional scheduled depreciation and interest expense arising from pro rata contributions to the reserve will affect the income statement.

The non-derivative liabilities disclosed under trade **liabilities**, other financial liabilities, and miscellaneous liabilities are stated at fair value less transaction costs as at their initial valuation 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 to various items for measurement on the balance sheet, for the disclosure of contingent liabilities, and for the disclosure 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 the goodwill has been allocated to and on 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 10% 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 stated 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 other comprehensive income (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 announcements were applied for the first time in the reporting year:

- ▲ Revised version of IAS 1 »Presentation of Financial Statements«;
- ▲ Revised version of IAS 19 »Employee Benefits«;
- ▲ IFRS 13 »Fair Value Measurement«;
- ▲ Revised version of IFRS 7 (name of the amendment: »Disclosures – Offsetting Financial Assets and Financial Liabilities«);

- ▲ »Improvements to International Financial Reporting Standards« (published in 2012);
- ▲ Revised version of IFRS 1 »First-time Adoption of International Financial Reporting Standards« (name of amendment: »Government Loans«);
- ▲ IFRIC 20 »Stripping Costs in the Production Phase of a Surface Mine«.

The revised version of IAS 1 contains new provisions regarding the layout of the consolidated statement of comprehensive income.

With the revised version of IAS 19 in mind, the following change is primarily relevant to the TÜV Rheinland Group: Beginning in the 2013 reporting period, expected income from plan assets (estimated at the end of the previous reporting period) and/or reimbursements are no longer disclosed as interest income recognized in profit and loss. Instead, one must calculate interest income for the reporting period on the basis of the actuarial interest rate which is used to discount the pension commitment at the end of the previous reporting period. The difference between the actual income for the reporting period from plan assets or reimbursements and the interest income determined on the basis of the actuarial interest rate represents a gain or loss from the reassessment of the plan assets or the reimbursements, which should be stated outside the income statement, in other comprehensive income (consolidated statement of comprehensive income). If the previously applicable version of IAS 19 would still have been used, interest income disclosed in other comprehensive income would have been approximately €3.4 million less in the 2013 reporting year. In the event of retroactive application of the revised version of IAS 19, interest income stated on the income statement for the 2012 reporting period would have been approximately €0.6 million higher.

IFRS 13 contains general provisions and a single framework with regard to the definition of and determining fair value, as well as the associated disclosure requirements.

As a result of the revised version of IFRS 7, disclosure requirements regarding financial instruments have been expanded as they apply to off-setting financial assets with financial liabilities.

IASB makes changes to various IFRS issuing a collection of amendments »Improvements to International Financial Reporting Standards«.

The revised version of IFRS 1 is not relevant to the TÜV Rheinland Group, since IFRS 1 contains provisions regarding the first-time application of IFRS.

Similarly, IFRIC 20 also does not apply to the TÜV Rheinland Group, since this interpretation applies to accounting questions pertaining to mining companies.

All of the aforementioned rule changes do not have any material effects 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, 2013, no interpretations, new, or revised standards were applied voluntarily that are mandatory for reporting years beginning on or after January 1, 2014. The standards and interpretations in question are as follows:

Mandatory initial application in the 2014 reporting year:

- ▲ Revised version of IAS 27 »Consolidated and Separate Financial Statements« (in the future: »Separate Financial Statements«);
- ▲ Revised version of IAS 28 »Investments in Associates« (in the future: »Shares in Associates and Joint Ventures«);
- ▲ IFRS 10 »Consolidated Financial Statements«;
- ▲ IFRS 11 »Joint Arrangements«;
- ▲ IFRS 12 »Disclosure of Interests in Other Entities«;

- ▲ Revised versions of IFRS 10, IFRS 11, and IFRS 12 (name of amendment: »Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance« as well as »Investment Entities«);
- ▲ Revised version of IAS 32 (name of the amendment: »Presentation – Offsetting Financial Assets and Financial Liabilities«);
- ▲ Revised version of IAS 36 »Impairment of Assets« (name of the amendment: »Recoverable Amount Disclosures for Non-Financial Assets«);
- ▲ Revised version on IFRS 39 »Financial Instruments: Recognition and Measurement« (name of the amendment: »Novation of Derivatives and Continuation of Hedge Accounting«);
- ▲ IFRIC 21 »Levies« (not yet adopted by the EU).

Mandatory initial application in the 2015 reporting year, or later:

- ▲ Revised version of IAS 19 »Employee Benefits« (name of the amendment: »Employee Contributions«; not yet adopted by the EU);
- ▲ »Improvements to International Financial Reporting Standards« (»2010–2012 Cycle«; published in 2013; not yet adopted by the EU);
- ▲ »Improvements to International Financial Reporting Standards« (»2011–2013 Cycle«; published in 2013; not yet adopted by the EU);
- ▲ IFRS 9 »Financial Instruments« (not yet adopted by the EU);
- ▲ IFRS 14 »Regulatory Deferral Accounts« (not yet adopted by the EU);
- ▲ Revised versions of IFRS 9 and IFRS 7 (name of the amendment: »Mandatory Effective Date and Transition Disclosures«; not yet adopted by the EU).

The announcements listed above will first be adopted by the TÜV Rheinland Group when their application becomes mandatory. Their adoption is contingent upon the European Union recognizing these standards which it had not as yet recognized by the date on which the financial statements were compiled.

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

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 including inventory changes were generated by the individual Business Streams and regions as follows:

#### Revenues by Business Stream

In '000 €	2012	2013
Industrial Services	487,621	<b>493,960</b>
Mobility	365,949	<b>397,028</b>
Products	396,405	<b>391,082</b>
Life Care	54,521	<b>58,056</b>
Training and Consulting	194,070	<b>221,247</b>
Systems	118,268	<b>124,258</b>
<b>Total</b>	<b>1,616,834</b>	<b>1,685,631</b>
Intra-group revenues and central functions/other	-85,462	<b>-84,781</b>
<b>Total</b>	<b>1,531,372</b>	<b>1,600,850</b>

#### Revenues by Region

In '000 €	2012	2013
Germany	814,152	<b>881,063</b>
Europe (excluding Germany)	171,263	<b>171,951</b>
Asia (including India, the Middle East, and Africa)	329,328	<b>321,261</b>
America	216,629	<b>226,575</b>
<b>Total</b>	<b>1,531,372</b>	<b>1,600,850</b>

Revenues mainly relate to service agreements. They include the receipts from service agreements not yet completed totaling €21,084 thousand (previous year: €27,156 thousand), which were realized according to the PoC method.

### (11) Personnel Expenses

In '000 €	2012	2013
Wages and salaries	717,200	<b>746,655</b>
Social security and other benefit costs	125,962	<b>128,826</b>
Pension expenses	15,462	<b>17,079</b>
<b>Total</b>	<b>858,624</b>	<b>892,560</b>

The TÜV Rheinland Group's personnel expenses include €20,729 thousand (previous year: €20,788 thousand) for employees whose contracts are managed at LGA KdöR. Group employees are, for the most part, salaried employees'.

#### Employee Capacity (Annual average)

	2012	2013
Group employees	17,218	<b>17,947</b>
of which with LGA KdöR	297	<b>283</b>
of which with companies included proportionately	166	<b>82</b>

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

In '000 €	2012	2013
Scheduled amortization		
of intangible assets	9,586	<b>13,045</b>
of property, plant, and equipment	44,432	<b>45,067</b>
<b>Total</b>	<b>54,018</b>	<b>58,112</b>

In the reporting year, extraordinary write-downs in the amount of €38 thousand (previous year: €0 thousand) were recorded, of which €35 thousand (previous year: €0 thousand) was of property, plant, and equipment.

### (13) Other Expenses

Other expenses amounting to €359,263 thousand (previous year: €339,564 thousand) consist mainly of rents, leases, leasing costs, travel costs, postage costs, real estate maintenance and advertising costs, consumables, auditing as well as consulting costs, repair and maintenance costs, vehicle costs, and also currency exchange rate losses. This item also includes other tax expenses totaling €5,875 thousand (previous year: €5,965 thousand).

### (14) Other Income

Other income amounting to €49,094 thousand (previous year: €39,790 thousand) consists mainly of income from the reversal of provisions, currency exchange rate gains, income from services, as well as rental income, and income from ancillary business.

### (15) Impairment of Goodwill

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

## (16) Financial Result

In '000 €	2012	2013
Interest income*	3,763	<b>3,843</b>
Interest expenses from financial liabilities	-8,714	<b>-6,815</b>
Net funding figure for pension commitments	-14,623	<b>-12,816</b>
<b>Net interest income</b>	<b>-19,574</b>	<b>-15,788</b>
Impairment of investments	0	<b>0</b>
Profit (loss) from dividend distributions/profit and loss transfer agreements	407	<b>588</b>
Profit (loss) from other securities	121	<b>-2,964</b>
Profit (loss) from financial derivatives	-66	<b>-308</b>
<b>Other financial result</b>	<b>462</b>	<b>-2,684</b>
<b>Total</b>	<b>-19,112</b>	<b>-18,472</b>

\* Excluding interest income in the net funding figure for pension commitments.

The net funding figure for pension commitments is the interest costs of pension commitments 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 reporting year amounted to €6,767 thousand (previous year: €8,663 thousand). Total interest income was €3,843 thousand (previous year: €3,763 thousand).

## (17) Income Tax

In '000 €	2012	2013
Actual taxes	36,687	<b>36,999</b>
Deferred taxes	-439	<b>1,272</b>
from temporary differences	3,636	<b>1,083</b>
from loss carryovers	-4,075	<b>189</b>
<b>Total</b>	<b>36,248</b>	<b>38,271</b>

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 €	2012	2013
Earnings before income tax	94,072	98,589
Anticipated tax rate	32%	32%
<b>Anticipated income tax expenses</b>	<b>29,703</b>	<b>31,129</b>
Tax rate differences	-2,878	-2,992
Tax increases due to non-deductible expenses	4,439	4,799
Tax arrears payments/refunds for previous years (including tax effect of trade tax)	743	930
Losses for which no tax assets could be stated in the previous year, plus changes in valuation allowances	2,779	2,747
Effect of tax rate changes	48	244
Other differences	1,414	1,414
<b>Stated income tax expenses</b>	<b>36,248</b>	<b>38,271</b>
<b>Actual tax burden</b>	<b>38.5%</b>	<b>38.8%</b>

The rate paid by the parent company TÜV Rheinland AG was taken as the anticipated tax rate. It remains unchanged at 31.575% and consists of the German corporation income tax rate (15.0%) plus the 5.5% solidarity surcharge and an average trade tax multiplier of 450.0%. Foreign tax rates range from 10.0% to 38.93%.

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

#### Deferred Tax Assets

In '000 €	As at 2012-12-31	As at 2013-12-31
Non-current assets	10,028	14,397
Current assets	13,397	15,338
Non-current liabilities	64,829	64,130
Special reserve with an equity portion	0	0
Current liabilities	6,982	4,583
<b>Total</b>	<b>95,236</b>	<b>98,448</b>
Amount offset per tax group	-40,148	-44,976
Deferred taxes on temporary differences	55,088	53,472
Deferred taxes on fiscal loss carryovers	5,994	4,650
Impairment of deferred taxes	-1,919	-764
<b>Total</b>	<b>59,163</b>	<b>57,358</b>

#### Deferred Tax Liabilities

In '000 €	2012-12-31	2013-12-31
Non-current assets	34,539	36,569
Current assets	10,447	13,711
Non-current liabilities	5,989	10,389
Special reserve with an equity portion	209	1,933
Current liabilities	6,046	2,078
<b>Total</b>	<b>57,230</b>	<b>64,680</b>
Amount offset per tax group	-40,148	-44,976
Deferred taxes on temporary differences	17,082	19,704
Deferred taxes on fiscal loss carryovers	0	0
Impairment of deferred taxes	0	0
<b>Total</b>	<b>17,082</b>	<b>19,704</b>

The total of deferred tax assets is composed of current deferred tax assets totaling €6,954 thousand (previous year: €7,226 thousand) and of non-current deferred tax assets totaling €50,404 thousand (previous year: €51,937 thousand). The total of deferred tax liabilities is composed of current deferred tax liabilities totaling €905 thousand (previous year: €1,060 thousand) and of non-current deferred tax liabilities totaling €18,790 thousand (previous year: €16,022 thousand). Deferred tax liabilities of €1,212 thousand resulted from the initial consolidation of Secaron AG. Of the deferred taxes, a total of €39,058 thousand (previous year: €36,165 thousand) was offset against equity capital.

In the reporting year, deferred taxes on actuarial profits or losses of €-355 thousand (previous year: €-31,555 thousand) were stated within other comprehensive income. With regard to »available-for-sale financial assets«, amounts totaling €4 thousand (previous year: €14 thousand) were booked. In addition, €-165 thousand (previous year: €-89 thousand) in deferred taxes were stated in other comprehensive income in the reporting year in respect to cash flow hedges.

Within the TÜV Rheinland Group, unused tax carryovers totaling €38,706 thousand (previous year: €42,208 thousand) existed at the end of the reporting period. Of this total, €3,886 thousand (previous year: €4,075 thousand) in deferred taxes were capitalized. 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 €3,194 thousand (previous year: €3,118 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 €	2012	2013
Shares in profits	5,030	6,142
Shares in losses	-192	-218
<b>Total</b>	<b>4,838</b>	<b>5,924</b>

Losses attributable to non-controlling interests mainly pertain to TÜV Rheinland PTL LLC in Tempe; profits mainly pertain to FSP-Fahrzeug-Sicherheitsprüfung GmbH & Co. KG in Geltow, SECTA S.A. in Courbevoie, and TÜV Rheinland/CCIC (Ningbo) Co., Ltd. in Ningbo.

### (19) Earnings per Share

In '000 €	2012	2013
Earnings share of equity holder TÜV Rheinland AG	52,986	54,394
Number of shares as at 12-31 (in thousands)	35	35
<b>Earnings per share (in €)</b>	<b>1,514</b>	<b>1,554</b>

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

## NOTES TO THE BALANCE SHEET

### (20) Intangible Assets

In '000 €	Acquired intangible	
	Goodwill	Concessions, industrial property rights, and similar rights
<b>Acquisition/Manufacturing costs</b>		
<b>As at 2012-01-01</b>	<b>190,701</b>	<b>73,023</b>
Currency changes	-1,816	-896
Changes in basis for consolidation	0	0
Addition by acquisitions	6,677	15,936
Additions	3,069	10,879
Disposals	276	3,035
Reclassifications	0	12,958
<b>As at 2012-12-31/2013-01-01</b>	<b>198,355</b>	<b>108,865</b>
Currency changes	-4,001	-2,292
Changes in basis for consolidation	-1	-1
Addition by acquisitions	6,243	3,871
Additions	3,343	7,849
Disposals	0	1,546
Reclassifications	0	566
<b>As at 2013-12-31</b>	<b>203,939</b>	<b>117,312</b>
<b>Amortization</b>		
<b>As at 2012-01-01</b>	<b>26,954</b>	<b>42,719</b>
Currency changes	0	-815
Changes in basis for consolidation	0	0
Scheduled amortization	0	8,280
Impairment costs	0	0
Disposals	0	2,728
Write-ups	0	0
Reclassifications	0	0
<b>As at 2012-12-31/2013-01-01</b>	<b>26,954</b>	<b>47,456</b>
Currency changes	0	-1,751
Changes in basis for consolidation	0	-1
Scheduled amortization	0	12,082
Impairment costs	0	0
Disposals	0	1,294
Write-ups	0	0
Reclassifications	0	165
<b>As at 2013-12-31</b>	<b>26,954</b>	<b>56,657</b>
<b>Carrying amount as at 2013-12-31</b>	<b>176,985</b>	<b>60,655</b>
Carrying amount as at 2012-12-31	171,401	61,409

## assets

	Other intangible assets	Internally generated intangible assets	Advances paid	Total
	<b>496</b>	<b>5,677</b>	<b>12,863</b>	<b>282,760</b>
	0	-368	-25	-3,105
	0	0	0	0
	168	0	0	22,781
	14	735	3,954	18,651
	2	1,220	11	4,544
	14	0	-12,958	14
	<b>690</b>	<b>4,824</b>	<b>3,823</b>	<b>316,557</b>
	-1	-347	0	-6,641
	0	0	0	-2
	2	0	0	10,116
	146	1,079	1,813	14,230
	0	143	0	1,689
	-169	0	-398	-1
	<b>668</b>	<b>5,413</b>	<b>5,238</b>	<b>332,570</b>
	<b>346</b>	<b>2,079</b>	<b>359</b>	<b>72,457</b>
	0	-150	0	-965
	0	0	0	0
	153	1,123	30	9,586
	0	0	0	0
	2	639	0	3,369
	0	0	0	0
	14	0	0	14
	<b>511</b>	<b>2,413</b>	<b>389</b>	<b>77,723</b>
	0	-177	0	-1,928
	0	0	0	-1
	127	835	1	13,045
	3	0	0	3
	0	0	0	1,294
	0	0	0	0
	-165	0	0	0
	<b>476</b>	<b>3,071</b>	<b>390</b>	<b>87,548</b>
	<b>192</b>	<b>2,342</b>	<b>4,848</b>	<b>245,022</b>
	179	2,411	3,434	238,834

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

In '000 €	2012-12-31	2013-12-31
Industrial Services	72,651	71,478
Mobility	47,905	50,680
Products	12,661	12,202
Life Care	7,798	7,746
Training and Consulting	9,549	14,062
Systems	20,837	20,817
<b>Total</b>	<b>171,401</b>	<b>176,985</b>

The concessions include a brand with an indefinite useful life and a carrying amount of €10,675 thousand that is subjected to an impairment test at the cash-generating unit level. It is a company brand of which the useful life was estimated as indefinite, 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 6.01% was used across the Group to establish the value in use. An annual growth rate of 1.50% was forecast for the period after the planning phase.

## (21) Property, Plant, and Equipment

In '000 €

### Acquisition/Manufacturing costs

#### As at 2012-01-01

Currency changes

Changes in basis for consolidation

Addition by acquisitions

Additions

Disposals

Reclassifications

#### As at 2012-12-31/2013-01-01

Currency changes

Changes in basis for consolidation

Addition by acquisitions

Additions

Disposals

Reclassifications

#### As at 2013-12-31

### Depreciation

#### As at 2012-01-01

Currency changes

Changes in basis for consolidation

Scheduled depreciation

Impairment costs

Disposals

Reclassifications

#### As at 2012-12-31/2013-01-01

Currency changes

Changes in basis for consolidation

Scheduled depreciation

Impairment costs

Disposals

Reclassifications

#### As at 2013-12-31

### Carrying amount as at 2013-12-31

Carrying amount as at 2012-12-31

Land and buildings	Technical plant and machinery	Other plant, operating, and office equipment	Advances paid and assets under construction	Total
<b>412,408</b>	<b>175,892</b>	<b>127,237</b>	<b>7,350</b>	<b>722,887</b>
1,045	-936	-1,113	-339	-1,343
0	0	4	0	4
9	0	1,547	0	1,556
7,531	17,591	12,300	17,871	55,293
3,923	5,367	5,902	3,982	19,174
6,299	5,542	1,351	-13,192	0
<b>423,369</b>	<b>192,722</b>	<b>135,424</b>	<b>7,708</b>	<b>759,223</b>
-5,956	-7,092	-3,479	-548	-17,075
-1,299	-3,581	-319	0	-5,199
1,059	1,430	673	0	3,162
7,101	17,370	13,681	11,482	49,634
1,519	5,112	7,459	3,150	17,240
3,521	6,799	-5,245	-5,075	0
<b>426,276</b>	<b>202,536</b>	<b>133,276</b>	<b>10,417</b>	<b>772,505</b>
<b>124,743</b>	<b>103,061</b>	<b>89,810</b>	<b>1,135</b>	<b>318,749</b>
-64	-711	-564	-111	-1,450
0	0	0	0	0
13,678	18,394	12,212	148	44,432
0	0	0	0	0
1,427	5,027	5,160	92	11,706
145	-164	6	13	0
<b>137,075</b>	<b>115,553</b>	<b>96,304</b>	<b>1,093</b>	<b>350,025</b>
-2,248	-3,903	-1,931	-159	-8,241
-123	-1,980	-173	0	-2,276
13,257	20,142	11,668	0	45,067
0	0	0	35	35
1,418	4,509	6,920	35	12,882
757	2,211	-2,207	-761	0
<b>147,300</b>	<b>127,514</b>	<b>96,741</b>	<b>173</b>	<b>371,728</b>
<b>278,976</b>	<b>75,022</b>	<b>36,535</b>	<b>10,244</b>	<b>400,777</b>
286,294	77,169	39,120	6,615	409,198

**(22) Investment Property**

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

**(23) Investments Accounted for Using the Equity Method**

TÜV Rheinland AG's consolidated financial statements contain one associate (previous year: one), which has been accounted for according to 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 shares held by TÜV Rheinland AG:

In '000 €	2012	2013
Non-current assets	2,499	959
Non-current liabilities	2,089	115
Current assets	1,856	921
Current liabilities	1,333	234
Revenues	6,596	3,676
Operating income	28	14
Operating expenses	6,085	3,391
Financial income	46	2
Financial expenses	35	7

**(25) Other Financial Assets**

In '000 €	2012-12-31	2013-12-31
Shares in affiliated companies	1,933	1,699
Other investments	1,104	1,461
Non-current securities	201	339
Actuarial reserve quota on the basis of reinsurance policies	264,738	268,730
<b>Total</b>	<b>267,976</b>	<b>272,229</b>

Impairment losses totaling €507 thousand (previous year: €0 thousand) were incurred in the reporting year.

**(26) Other Non-current Assets**

Other non-current assets totaling €12,020 thousand (previous year: €11,014 thousand) do not include any impairment losses.

**(27) Inventories**

In '000 €	2012-12-31	2013-12-31
Raw materials, consumables, and supplies	2,094	2,314
Work in progress	16,075	12,614
Finished goods and goods for resale	748	909
Advances paid for inventories	1,102	609
<b>Total</b>	<b>20,019</b>	<b>16,446</b>

**(28) Receivables and Other Current Assets**

In '000 €	2012-12-31	2013-12-31
Percentage of completion receivables	59,128	59,235
Other trade receivables	218,060	222,553
Allowances on trade receivables	-11,152	-11,798
<b>Trade receivables</b>	<b>266,036</b>	<b>269,990</b>
<b>Income tax receivables</b>	<b>5,888</b>	<b>6,403</b>
Receivables from affiliated companies	45,470	36,803
Receivables from associates	617	313
Market value of financial derivatives	0	0
Other securities	30	31
Other receivables and assets	39,409	43,119
<b>Other receivables and other current assets</b>	<b>85,526</b>	<b>80,266</b>

In '000 €	2012-12-31	2013-12-31
<b>Other trade receivables</b>	<b>218,060</b>	<b>222,553</b>
of which neither impaired nor past due	136,788	131,473
of which past due but not impaired		
due within 180 days	58,000	67,657
due within 181 to 360 days	5,529	5,524
due in over 360 days	3,790	7,446
of which impaired	13,953	10,453

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 treated in the same way as a secured loan, with the result that the IFRS receivables in question have remained in the Group and con-

tinued to be included on the balance sheet. The carrying amount of receivables sold as at the end of the reporting period was €16,395 thousand (previous year: €16,469 thousand), and after deducting reserves €15,000 thousand (previous year: €15,000 thousand).

Allowances of trade receivables have developed as follows:

In '000 €	Individual valuation allowances		Collective valuation allowances		Total	
	2012	2013	2012	2013	2012	2013
<b>Allowances as at 01-01</b>	<b>7,312</b>	<b>6,561</b>	<b>3,675</b>	<b>4,591</b>	<b>10,987</b>	<b>11,152</b>
Addition	1,523	2,186	1,787	268	3,310	2,454
Use	786	577	29	441	815	1,018
Reversal	1,785	671	723	19	2,508	690
Other changes*	297	-108	-119	8	178	-100
<b>Allowances as at 12-31</b>	<b>6,561</b>	<b>7,391</b>	<b>4,591</b>	<b>4,407</b>	<b>11,152</b>	<b>11,798</b>

\* Change in basis for consolidation, changes in exchange rates, and reclassifications.

### (29) Cash and Cash Equivalents

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) Non-Current Assets Held for Sale

In the reporting year, no non-current assets were held by the TÜV Rheinland Group that are classified as non-current 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 commitments/plan assets and reimbursement claims against equity capital in the retained earnings.

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 reporting year as in the previous year, no amounts were reclassified from equity capital or from other comprehensive income (consolidated statement of comprehensive income) to the income statement. Miscellaneous other reserves also include the effective amounts resulting from 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 on 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) Pension Commitments and Similar Obligations

Pension schemes 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 reporting year, contributions to defined contribution pension plans totaled €2,213 thousand (previous year: €2,285 thousand).

The supplementary pension funds' financing procedure contains cost-splitting elements. Supplementary pension funds grant benefits to employees of several member companies; as such, this represents a joint plan held by several employees. The system of supplementary pension funds requires a stable level of total membership. There is no evidence that this requirement is not fulfilled. Furthermore, the capital cover continues to grow. A total amount of approximately €1.4 million was paid out to supplementary pension funds as well as the federal and state governments' insurance institution for 2013. A similar

amount is expected to be paid out in 2014. The supplemental pension funds and the federal and state governments' insurance institution hold guarantees for eventual risks arising from defined benefit plans and other gaps in coverage.

In addition to defined contribution plans in Germany, TÜV Rheinland also operates defined contribution pension plans at foreign subsidiaries.

The **defined benefit plans** in Germany are partly civil service-like general contribution systems to which statutory pension insurance is credited. The general contribution systems were closed for new employees in 1986. The systems were amended between 2000 and 2004 for employees who still qualified for the general contribution system. Vested rights were determined as at the date of the change. For the years after the date of change, defined contribution commitments were made; reinsurance policies were taken out to cover these commitments.

Pension commitments were made to employees who joined the Group after 1986 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 («Old Plan»). Vested rights were also determined in this context as at the date of change, and defined contribution commitments were made for the years after the date of change; reinsurance policies were taken out to cover these commitments.

Since January 1, 2007, there has been a defined contribution plan for new employees and for employees with no previous pension entitlement. In this context, each employee's annual pension contribution is dependent on their annual income and the company's performance.

These plans include retirement benefits (either as an annuity payment or a lump-sum payment depending on the amount) as well as a lump-sum payment to survivors, if applicable (»New Plan«).

Benefits can be paid out in the event of disability, death, or reaching retirement age. Benefits are paid out either as a lump sum payment or as a lifetime annuity (»Funded Plan«).

In addition, individual employees also have a pension plan funded entirely by the employee.

The defined benefit obligation for German pension plans is broken down as follows as at December 31, 2013:

In '000 €	Old Plan	New Plan	Funded Plan	Total
Active employees	111,525	13,085	3,974	<b>128,584</b>
Retired employees	16,851	548	572	<b>17,971</b>
Pension recipients	504,037	87	186	<b>504,310</b>
<b>Total</b>	<b>632,413</b>	<b>13,720</b>	<b>4,732</b>	<b>650,865</b>
Actuarial reserve	-13,343	0	-4,458	<b>-17,801</b>
<b>Total</b>	<b>619,070</b>	<b>13,720</b>	<b>274</b>	<b>633,064</b>

Funding for the New Plan and Funded Plan is secured through congruent reinsurance policies, whereby the reinsurance policies for the Funded Plan are usually used as collateral and represent plan assets pursuant to IAS 19.8.

Funding for the remaining pension obligations (Old Plan) are partially secured through reinsurance policies, whereby only a small share (€13.3 million) is used as collateral and represents plan assets. According to IFRS, the reinsurance policies not used as collateral represent »Reimbursement Rights« pursuant to IAS 19.116.

In addition to defined benefit pension plans in Germany, the TÜV Rheinland Group also has further pension plans abroad. The pension plans abroad of material significance are held in Japan (defined benefit obligation: €2.8 million) and Taiwan (defined benefit obligation: €9.5 million). The lion's share of these pension plans were set up as a result of legal stipulations and serve the purpose of the employer paying out (legally defined) benefits to the employee upon leaving the company. Plan assets are usually not formed for foreign pension obligations. The duration of the TÜV Rheinland Group's pension obligations is twelve years.

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 in Germany – the 2005 G Klaus Heubeck tables (which

contain statements on mortality, survivors, and disability) – these are mainly financial assumptions in respect of, for example, the discount rate and future salary and benefit levels.

The main assumptions are listed as follows:

in %	2012		2013	
	Germany	Abroad	Germany	Abroad
Actuarial interest rate	3.50	2.09	<b>3.50</b>	<b>2.22</b>
Wage and salary trend	2.25	3.88	<b>2.25</b>	<b>4.06</b>
Increase in current payments	2.00	–	<b>2.00</b>	–

The following chart shows what effect a change to the underlying assumptions would have on defined benefit obligations as at December 31, 2013. In this context, it is assumed that the other assumptions remain unchanged.

in %	Sensitivity	Germany	Abroad
Actuarial interest rate	< 0.50	<b>–5.40</b>	<b>–6.93</b>
	–0.50	<b>5.96</b>	<b>7.63</b>
Wage and salary trend	< 0.25	<b>0.10</b>	<b>3.65</b>
	–0.25	<b>–0.10</b>	<b>–3.44</b>
Increase in current payments	+0.25	<b>1.81</b>	–
	–0.25	<b>–2.48</b>	–

The pension reserves stated on the balance sheet changed as follows:

In '000 €	Present value of defined benefit obligations			Plan assets			Total
	Germany	Abroad	Total	Germany	Abroad	Total	
<b>Value as at 2012-01-01</b>	<b>561,409</b>	<b>11,692</b>	<b>573,101</b>	<b>15,752</b>	<b>1,308</b>	<b>17,060</b>	<b>556,041</b>
Service cost	5,426	1,260	6,686			0	6,686
Interest expense/(interest income)	27,336	307	27,643	787	26	813	26,830
<b>Total</b>	<b>32,762</b>	<b>1,567</b>	<b>34,329</b>	<b>787</b>	<b>26</b>	<b>813</b>	<b>33,516</b>
Revaluations:							
Income from plan assets				161	-12	149	-149
(Profit)/loss from changes to demographic assumptions	0	79	79				79
(Profit)/loss from changes to financial assumptions	102,591	-639	101,952				101,952
(Profit)/loss from adjustments made based on experience	33	4,286	4,319				4,319
Other changes in value	3	-159	-156	-163	0	-163	7
Premiums paid	597	0	597	597	307	904	-307
Pension payments	-38,469	-428	-38,897	-4	0	-4	-38,893
Business combinations	0	0	0	0	0	0	0
Currency changes		-233	-233		30	30	-263
<b>Value as at 2012-12-31/2013-01-01</b>	<b>658,926</b>	<b>16,165</b>	<b>675,091</b>	<b>17,130</b>	<b>1,659</b>	<b>18,789</b>	<b>656,302</b>
Service cost	6,804	870	7,674			0	7,674
Interest expense/(interest income)	22,331	298	22,629	599	29	628	22,001
<b>Total</b>	<b>29,135</b>	<b>1,168</b>	<b>30,303</b>	<b>599</b>	<b>29</b>	<b>628</b>	<b>29,675</b>
Revaluations:							
Income from plan assets				-633	-8	-641	641
(Profit)/loss from changes to demographic assumptions	0	32	32				32
(Profit)/loss from changes to financial assumptions	0	-587	-587				-587
(Profit)/loss from adjustments made based on experience	454	-81	373				373
Other changes in value	850	-171	679	0	0	0	679
Premiums paid	720	0	720	720	236	956	-236
Pension payments	-39,220	-1,546	-40,766	-15	0	-15	-40,751
Business combinations	0	0	0	0	0	0	0
Currency changes		-1,741	-1,741		-121	-121	-1,620
<b>Value as at 2013-12-31</b>	<b>650,865</b>	<b>13,281</b>	<b>664,104</b>	<b>17,801</b>	<b>1,795</b>	<b>19,596</b>	<b>644,508</b>

Reimbursements changed as follows:

In '000 €	2012			2013		
	Germany	Abroad	Total	Germany	Abroad	Total
<b>Present value of reimbursements as at 01-01</b>	<b>258,655</b>	<b>0</b>	<b>258,655</b>	<b>264,493</b>	<b>0</b>	<b>264,493</b>
Premiums	5,105	0	5,105	5,313	0	5,313
Reimbursements	-12,476	0	-12,476	-13,158	0	-13,158
Transfer	166	0	166	698	0	698
Company purchase/sale	0	0	0	0	0	0
Anticipated income/income based on actuarial assumptions	12,238	0	12,238	9,167	0	9,634
Actuarial profit/profit from revaluation	805	0	805	1,995	0	1,528
<b>Present value of reimbursements as at 12-31</b>	<b>264,493</b>	<b>0</b>	<b>264,493</b>	<b>268,508</b>	<b>0</b>	<b>268,508</b>

The assets of the present value of reimbursement claims and plan assets include reinsurance policies (with the Alters- und Hinterbliebenen-Versicherung der Technischen Überwachungs-Vereine-VVaG, Essen, the ERGO Lebensversicherung AG, Düsseldorf, and the DBV Deutsche Beamtenversicherung Lebensversicherung AG, Wiesbaden). In Germany, the fair value of plan assets for the Funded Plan and reimbursement claims within the scope of the New Plan is determined in accordance with the defined benefit obligation amount in accordance with IAS 19.115 or IAS 19.119.

Actual income from reimbursement claims totaled €11.2 million (previous year: €13.0 million), and actual income from plan assets was €-13 thousand (previous year: €-273 thousand).

For the reporting year 2014, reinsurance premiums are expected to amount to €6.3 million (previous year: €5.8 million).

With regard to the Old Plan in Germany as well as foreign plans, no company-specific risks exist in addition to the general interest, inflation, longevity, and capital investment risks.

The longevity risk is taken into account through the use of actuarial tables when calculating commitments. The actuarial tables make use of suitable assumptions to take increasing life expectancy into account, among other things. The longevity risk is reduced through the existing reinsurance policies. Due to the provisions of calculating actuarial reserves, the present values to apply to reimbursement claims are subject to only slight fluctuations and, in particular, are only minimally sensitive to interest rates. This leads to fluctuations in the value of secured funds (when taking commitment claims into account), since in contrast to this, in the event of interest rate changes, the commitment side is volatile commensurate with the indicated sensitivities.

The risks associated with these plans were minimized through the congruent reinsurance policies for the New Plan and the Funded Plan.

### (33) Other Provisions

In '000 €	As at 2012-12-31		As at 2013-12-31	
	Total	of which current	Total	of which current
Personnel provisions	60,047	47,106	60,188	47,116
Miscellaneous provisions	27,419	25,412	19,754	18,353
<b>Total</b>	<b>87,466</b>	<b>72,518</b>	<b>79,942</b>	<b>65,469</b>

Personnel provisions mainly involve variable compensation paid to employees and management, including applicable social security contributions, obligations arising from partial retirement agreements, benefits, and anniversary payments. Non-current provisions will also be

utilized within the next five years for the most part.

Miscellaneous provisions primarily apply to outstanding invoices and asset retirement obligations.

Provisions developed as follows in the reporting year:

In '000 €	Opening balance	Addition	Use	Reversal	Other changes*	Closing balance
Personnel provisions	60,047	42,006	36,715	4,502	-648	60,188
Miscellaneous provisions	27,419	12,589	9,468	9,560	-1,226	19,754
<b>Total</b>	<b>87,466</b>	<b>54,595</b>	<b>46,183</b>	<b>14,062</b>	<b>-1,874</b>	<b>79,942</b>

\* Change in basis for consolidation, exchange rates, and offsetting with actuarial reserves.

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

### (34) Liabilities

In '000 €	Non-current		Current		Total	
	As at 2012-12-31	As at 2013-12-31	As at 2012-12-31	As at 2013-12-31	As at 2012-12-31	As at 2013-12-31
<b>Income tax liabilities</b>	0	0	26,480	5,749	26,480	5,749
Trade liabilities	0	0	74,321	71,157	74,321	71,157
Advance payments for orders	0	0	34,993	35,301	34,993	35,301
<b>Trade liabilities</b>	0	0	109,314	106,458	109,314	106,458
Liabilities to banks	102,826	122,431	25,759	36,932	128,585	159,363
Liabilities to affiliated companies	0	0	686	858	686	858
Liabilities to associates	0	0	329	222	329	222
Other tax liabilities	362	37	36,137	35,373	36,499	35,410
Social security liabilities	1,693	1,038	21,129	16,496	22,822	17,534
Miscellaneous liabilities	14,232	15,108	60,457	71,557	74,689	86,665
<b>Other liabilities</b>	119,113	138,614	144,497	161,438	263,610	300,052
<b>Total</b>	<b>119,113</b>	<b>138,614</b>	<b>280,291</b>	<b>273,645</b>	<b>399,404</b>	<b>412,259</b>

### (35) Legal Proceedings

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

The future obligations listed are for the most part rent for business premises. Leasing expenses in the reporting year totaled €71,882 thousand (previous year: €68,862 thousand) and consisted mainly of rent for business premises in connection with operating leases.

### (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 €	As at 2012-12-31	As at 2013-12-31
<b>Future rental, lease, and leasing agreement obligations</b>		
Due within a year	49,329	50,892
Due within 1–5 years	85,696	73,795
Due in over 5 years	41,315	36,677
<b>Total</b>	<b>176,340</b>	<b>161,364</b>

## 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 reporting year and the previous year:

In '000 €	Carrying amount as at 2013-12-31	Financial assets/ liabilities at fair value through profit or loss	Available-for-sale financial assets at fair value with no effect on income	Financial assets/ liabilities at amortized cost	No IAS 39 valuation category
<b>Assets</b>					
<b>Non-current assets</b>					
Other financial assets	272,228				
Securities	339		339		
Investments	3,160			2,166	994
Financial instruments outside the scope of IFRS 7	268,729				268,729
Other non-current assets	12,020				
Other assets	12,020			12,020	
<b>Current assets</b>					
Trade receivables	269,990			269,990	
Other receivables and other current assets	80,266				
Other receivables	40,016		31	39,985	
Non-financial assets	40,250				40,250
Cash and cash equivalents	107,917			107,917	
<b>Equity and liabilities</b>					
<b>Non-current liabilities</b>					
Non-current liabilities	138,614				
Liabilities to banks	122,431			122,431	
Miscellaneous liabilities	14,552			13,648	904
Financial derivatives	556				556
Non-financial liabilities	1,075				1,075
<b>Current liabilities</b>					
Trade liabilities	106,458			71,157	35,301
Other current liabilities	161,438				
Liabilities to banks	36,932			36,932	
Miscellaneous liabilities	1,496			858	638
Financial derivatives	8				8
Non-financial liabilities	123,002				123,002
<b>Total by IAS 39 valuation category</b>		<b>0/ 0</b>	<b>370</b>	<b>432,078/ 245,026</b>	

In '000 €	Carrying amount as at 2012-12-31	Financial assets/ liabilities at fair value through profit or loss	Available-for-sale financial assets at fair value with no effect on income	Financial assets/ liabilities at amortized cost	No IAS 39 valuation category
<b>Assets</b>					
<b>Non-current assets</b>					
Other financial assets	267,976				
Securities	201		201		
Investments	3,037			2,463	574
Financial instruments outside the scope of IFRS 7	264,738				264,738
Other non-current assets	11,014				
Other assets	10,919			10,919	
Financial derivatives	95	95			
<b>Current assets</b>					
Trade receivables	266,036			266,036	
Other receivables and other cur- rent assets	85,526				
Other receivables	48,757		30	48,727	
Non-financial assets	36,769				36,769
Cash and cash equivalents	88,369			88,369	
<b>Equity and liabilities</b>					
<b>Non-current liabilities</b>					
Non-current liabilities	119,113				
Liabilities to banks	102,826			102,826	
Miscellaneous liabilities	13,247			12,549	698
Financial derivatives	986				986
Non-financial liabilities	2,054				2,054
<b>Current liabilities</b>					
Trade liabilities	109,314			74,321	34,993
Other current liabilities	144,497				
Liabilities to banks	25,759			25,759	
Miscellaneous liabilities	733			686	47
Financial derivatives	111				111
Non-financial liabilities	117,894				117,894
<b>Total by IAS 39 valuation category</b>		<b>95/ 0</b>	<b>231</b>	<b>416,514/ 216,141</b>	

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 not observable in the market. All derivative financial assets and liabilities come belong to the second stage. Securities can also be allocated to this stage.

In the reporting year, the fair value of liabilities to banks was €3,129 thousand above the carrying amount (previous year: €656 thousand). For current loans and receivables and also financial liabilities at amortized cost, the carrying amount is assumed to be close to the fair value.

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

In '000 €	2012	2013
Financial assets/liabilities at fair value through profit or loss	-166	-308
Loans and receivables	-1,019	-2,726
Available-for-sale financial assets	121	86
Financial liabilities valued at amortized cost	-7,559	-7,058
<b>Total</b>	<b>-8,623</b>	<b>-10,006</b>

Changes in the market value of derivatives are recorded within financial assets and liabilities stated at fair value through profit or loss. They are stated within other financial result. Loans and receivables contain allowances on receivables and interest on receivables and loans granted. Allowances on receivables are stated within 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 allowances on securities that are shown under other financial result. Interest on loans received is recorded within 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 as well as 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** result from operational business, available-for-sale financial assets, and 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, 2013. 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, 2013.

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 derivative transactions 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 €313 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 €313 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 end of the reporting period at a fair value (»dirty price«) of €-7 thousand (previous year: €-34 thousand). The interest payments hedged are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland

Group's profits and losses. In the reporting year, a sum after deferred taxes of €17 thousand (previous year: €20 thousand) was recognized in other comprehensive income. 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 end of the reporting period at a fair value (»dirty price«) of €-133 thousand (previous year: €-316 thousand). The interest payments hedged are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland Group's profits and losses. In the reporting year, a sum after deferred taxes of €125 thousand (previous year: €-69 thousand) was recognized in other comprehensive income. Additionally, an expense of €30 thousand was reported on the income statement due to the ineffectiveness of the hedge.

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 end of the reporting period at a fair value (»dirty price«) of €-183 thousand (previous year: €-338 thousand). The interest payments hedged are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland Group's profits and losses. In the reporting year, a sum after deferred taxes of €106 thousand (previous year: €-124 thousand)

was recognized in other comprehensive income. No ineffective sums were shown in the income statement.

Furthermore, a loan with a nominal amount of €15,000 thousand is hedged against changes in the six-month Euribor reference interest rate. An interest rate swap with a nominal amount of €15,000 thousand as at the end of the reporting period functions as a hedge instrument. The hedge instrument runs until August 18, 2017, 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 end of the reporting period at a fair value (»dirty price«) of €-46 thousand (previous year: €-93 thousand). The interest payments hedged are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland Group's profits and losses. In the reporting year, a sum after deferred taxes of €32 thousand (previous year: €-64 thousand) was recognized in other comprehensive income. No ineffective sums were stated in the income statement.

The TÜV Rheinland Group has also hedged a loan with a nominal amount of €1,816 thousand against fluctuations in the three-month Libor reference interest rate. The hedge instrument is an interest rate swap with a nominal amount of €1,816 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 end of the reporting period is €-112 thousand (previous year: €-204 thousand). In the reporting year, a sum after deferred taxes of €55 thousand (previous year: €50 thousand) was recognized in other comprehensive income. No ineffective sums are due.

Furthermore, a loan with a nominal amount of €15,000 thousand is hedged against changes in the three-month Euribor reference interest rate. An interest rate swap with a nominal amount of

€15,000 thousand as at the end of the reporting period functions as a hedge instrument. The hedge instrument runs until November 30, 2018, 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 end of the reporting period at a fair value (»dirty price«) of €-72 thousand. The interest payments hedged are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland Group's profits and losses. In the reporting year, a sum after deferred taxes of €44 thousand was recorded in other comprehensive income. No ineffective sums were stated in the income statement.

The market value of these interest rate swaps would change by €897 thousand (€-917 thousand) 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 1% increase in the interest rate would not, however, lead to a material change in market value.

The scope of activities 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 resulting from operational business may be hedged by the use of financial derivatives. Currency risks as at the reporting date were analyzed by means of sensitivity analyses. In trade receivables and liabilities, a revaluation of the euro by 10% against all currencies as at the end of the reporting period 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 lines of credit. Bank deposits are held only at banks with a high credit rating. Risks are minimized for current securities by diversifi-

cation of the issuers. As at December 31, 2013, the maturity structure of expected undiscounted cash flow (interest and repayment of principal) was as follows:

In '000 €	Liabilities to banks*	Trade liabilities	Total
Due within a year	59,245	71,157	<b>130,402</b>
Due in 2nd year	30,528		<b>30,528</b>
Due in 3rd year	20,882		<b>20,882</b>
Due in 4th year	15,446		<b>15,446</b>
Due in 5th to 10th year	43,056		<b>43,056</b>
Due after 10th year	3,694		<b>3,694</b>

\* Including payments from derivative financial instruments (interest rate swaps).

The amount of €59,245 thousand due to financial institutions (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 cash and cash equivalents 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.

Cash flow from operating activities includes the following payments:

In '000 €	2012	2013
Interest paid	7,855	<b>7,019</b>
Interest received	3,756	<b>3,837</b>
Income tax paid	40,993	<b>63,625</b>
Income tax received	12,463	<b>5,888</b>
Dividends received	407	<b>589</b>

#### (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 Heads of German Operations in Germany, and international Chief Regional Officers.

In 2013, TÜV Rheinland Group companies maintained the following business relationships with TÜV Rheinland Berlin Brandenburg Pfalz e.V.:

In '000 €	2012	2013
Services provided to the e.V.	11,843	<b>11,722</b>
Services received from the e.V.	14,379	<b>15,346</b>
Receivables as at 12-31	42,144	<b>33,096</b>
Liabilities as at 12-31	0	<b>0</b>

Services received are mainly tenancies and general and also 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 were paid a total of €848 thousand in remuneration in the reporting year (previous year: €930 thousand).

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

### (41) Events After the Reporting Period

The TÜV Rheinland AG Executive Board proposes to the Annual Shareholder's Meeting that a dividend of €12.000.000 be paid to the sole shareholder, TÜV Rheinland Berlin Brandenburg Pfalz e.V., from the 2013 balance sheet profit of €48,423,025.93, and that €20.000.000 be allocated to retained earnings, with the remaining €16,423,025.93 being carried forward to new account.

In January 2014, the TÜV Rheinland Group acquired the American OpenSky Corporation. The company has approximately 130 employees and focuses on the security of networks and computer systems. By acquiring the company, the TÜV Rheinland Group enhanced its acquisition strategy in the IT Security Business Field. The company expects to generate revenues of €26,900 thousand in 2014.

Furthermore, in January 2014, the TÜV Rheinland Group acquired the business operations of NIFE, headquartered in Kochi/Kerala, India. NIFE offers vocational training and advanced training seminars in the fields of fire and safety, elevator technology, and fiber optics at over 75 training centers. By acquiring this company, the TÜV Rheinland Group both increases growth in its Training and Consulting Business Stream and also enters the field of professional training in India. Revenues of approximately €4,300 thousand are expected for 2014.

In addition, in February 2014, the TÜV Rheinland Group acquired Risktec Solutions Limited, headquartered in Warrington, England. The company has approximately 225 employees and is an independent provider of consulting and training services in the field of risk management. Revenues of approximately €37,300 thousand are expected for 2014.

The purchase price allocation for the aforementioned companies will be carried out at a later date.

### (42) Auditor's Fees and Services in Accordance with Section 314 HGB

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

In '000 €	Group auditors		Other		Total	
	2012	2013	2012	2013	2012	2013
Fees for audit of annual financial statements	1,251	<b>1,258</b>	275	<b>190</b>	1,526	<b>1,448</b>
Fees for other auditing services	19	<b>4</b>	3	<b>0</b>	22	<b>4</b>
Fees for tax consultancy services	134	<b>240</b>	50	<b>45</b>	184	<b>285</b>
Fees for other services	107	<b>293</b>	0	<b>21</b>	107	<b>314</b>
<b>Total</b>	<b>1,511</b>	<b>1,795</b>	<b>328</b>	<b>256</b>	<b>1,839</b>	<b>2,051</b>

## (43) Included Companies

## Fully Consolidated Companies in Germany

Company name	Company domicile	Capital stock in % <sup>2</sup>
AMD TÜV Arbeitsmedizinische Dienste GmbH		
TÜV Rheinland Group <sup>1</sup>	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-Sicherheitsprüfung Geschäftsführungs-GmbH	Geltow	94
FSP-Fahrzeug-Sicherheitsprüfung GmbH & Co KG	Geltow	77.55
FSP-Fahrzeug-Sicherheitsprüfung Leitung und Service GmbH	Geltow	85.78
FSP-Schaden- und Wertgutachterdienst GmbH	Geltow	85.78
Gemeinnützige Gesellschaft TÜV Rheinland Bildungswerk mbH	Berlin	100
ifes GmbH	Cologne	100
InFES GmbH Resources and Services	Düsseldorf	100
LCH Eurocontrol GmbH	Hamburg	56
LGA InterCert Zertifizierungsgesellschaft mbH <sup>1</sup>	Nuremberg	100
Luxcontrol GmbH	Hamburg	56
Secaron AG	Hallbergmoos	100
The Campus GmbH Center of Competence	Düsseldorf	100
TÜV Immobiliengesellschaft Berlin GmbH	Cologne	83.94
TÜV International GmbH – Unternehmensgruppe TÜV Rheinland <sup>1</sup>	Cologne	100
TÜV Media GmbH <sup>1</sup>	Cologne	100
TÜV Pfalz Anlagen und Betriebstechnik GmbH <sup>1</sup>	Kaiserslautern	94
TÜV Pfalz GmbH <sup>1</sup>	Kaiserslautern	94
TÜV Pfalz Verkehrswesen GmbH <sup>1</sup>	Kaiserslautern	94
TÜV Rheinland Akademie GmbH <sup>1</sup>	Berlin	100
TÜV Rheinland Cert GmbH <sup>1</sup>	Cologne	100
TÜV Rheinland Consulting GmbH <sup>1</sup>	Cologne	100
TÜV Rheinland Energie und Umwelt GmbH <sup>1</sup>	Cologne	100

## Fully Consolidated Companies in Germany

Company name	Company domicile	Capital stock in % <sup>2</sup>
TÜV Rheinland Fahrzeugüberwachung GmbH Brandenburg/Berlin <sup>1</sup>	Potsdam	94
TÜV Rheinland Grebner Ruchay Consulting GmbH	Frankfurt	81.35
TÜV Rheinland Grundstücksgesellschaft mbH & Co. KG	Grünwald	100
TÜV Rheinland Grundstücksgesellschaft Nürnberg mbH & Co. KG	Grünwald	94.9
TÜV Rheinland Immobiliengesellschaft mbH & Co KG <sup>1</sup>	Cologne	88.36
TÜV Rheinland Industrie Service GmbH <sup>1</sup>	Cologne	100
TÜV Rheinland Insitu Calibration GmbH	Cologne	100
TÜV Rheinland InterTraffic GmbH	Cologne	94
TÜV Rheinland i-sec GmbH <sup>1</sup>	Cologne	100
TÜV Rheinland Kraftfahrt GmbH <sup>1</sup>	Cologne	94
TÜV Rheinland Leben und Gesundheit GmbH <sup>1</sup>	Cologne	100
TÜV Rheinland LGA Bautechnik GmbH <sup>1</sup>	Nuremberg	100
TÜV Rheinland LGA Beteiligungs GmbH <sup>1</sup>	Nuremberg	100
TÜV Rheinland LGA Products GmbH	Nuremberg	100
TÜV Rheinland Lichttechnik GmbH <sup>1</sup>	Berlin	100
TÜV Rheinland Pension Fund GmbH <sup>1</sup>	Cologne	94
TÜV Rheinland Personal GmbH	Cologne	100
TÜV Rheinland Plus GmbH <sup>3</sup>	Cologne	47.94
TÜV Rheinland Schaden- und Wertgutachten GmbH <sup>1</sup>	Cologne	94
TÜV Rheinland Schniering GmbH <sup>1</sup>	Essen	100
TÜV Rheinland Service GmbH <sup>1</sup>	Cologne	100
TÜV Rheinland Sonovation GmbH	Böhlen	100
TÜV Rheinland STEP International GmbH	Hamburg	100
TÜV Rheinland Systeme GmbH <sup>1</sup>	Cologne	100
TÜV Rheinland Werkstoffprüfung GmbH <sup>1</sup>	Peitz	100
TÜV Saarland Automobil GmbH	Sulzbach	70.41
TÜV Saarland kfz-team GmbH	Saarbrücken	55.62
VTÜ Versicherungsvermittlung GmbH <sup>1</sup>	Cologne	100

<sup>1</sup> Recourse is made to Section 264 (3) HGB for this company.<sup>2</sup> The share of voting rights corresponds to the stated capital stock.<sup>3</sup> Fully consolidated by virtue of corporate body rights.

## Fully Consolidated Companies in Other Countries

Company name	Company domicile	Capital stock in % <sup>2</sup>
AUTESTS SIA	Riga	80
Benelux NDT & Inspection Supplies B.V.	Oosterhout	100
DUCTOR Implantação de PROJETOS Ltda.	São Paulo	100
GERIS Engenharia e Serviços Ltda.	São Paulo	100
ICICT Serveis S.L.	Sabadell	100
ITACS Pty. Ltd.	Adelaide	100
LRTDEA – TÜV Rheinland Grupa, SIA	Riga	83.3
LUXCONTROL S.A.	Esch/Alzette	56
MINELL Kft.	Budapest	100
Ogres Servisa Centrs	Riga	100
PT TÜV Rheinland Indonesia	Jakarta	90
SECTA S.A.	Courbevoie	51.57
TÜV Akademia Polska Sp. z o.o. Unternehmensgruppe		
TÜV Rhld./BB	Zabrze	100
TUV DCTA SAS	Courbevoie	100
TUV FRANCE SAS-GROUPE TÜV Rheinland	Courbevoie	100
TÜV International RUS OOO	Moscow	100
TÜV International s.r.o.	Prague	100
TUV Rheinland AIA Services, LLC	Houston	93.4
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 EOOD	Sofia	100
TÜV Rheinland Canada Inc.	Toronto	100
TÜV Rheinland CHILE S.A.	Santiago de Chile	100
TÜV Rheinland (China) Ltd.	Beijing	100
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 FRANCE SAS	Courbevoie	100

## Fully Consolidated Companies in Other Countries

Company name	Company domicile	Capital stock in % <sup>2</sup>
TÜV Rheinland (Guangdong) Ltd.	Guangzhou	100
TUV RHEINLAND HONG KONG LIMITED	Hong Kong	100
TÜV Rheinland Ibérica Holding, S.L.	Madrid	100
TÜV Rheinland Ibérica Inspection, Certification & Testing S.A.	Barcelona	100
TÜV Rheinland IBÉRICA, S.A.	Madrid	100
TUV Rheinland Immo SAS	Courbevoie	100
TUV Rheinland (India) Private Ltd.	Bangalore	100
TUV Rheinland Industrial Solutions, Inc.	Caledonia	100
TUV Rheinland Inspection Services (Pty.) Ltd.	Pretoria	74
TÜV Rheinland InterCert d.o.o.	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 – KTI Kft.	Budapest	53.75
TÜV Rheinland Luxemburg GmbH	Luxemburg	100
TUV Rheinland Malaysia SDN BHD	Subang Jaya	100
TUV Rheinland Middle East – L.L.C.	Abu Dhabi	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
TUV Rheinland of North America, Inc.	Newtown	100
TÜV Rheinland Peru S.A.C.	Lima	100
TÜV Rheinland Philippines, Inc.	Manila	100
TÜV Rheinland Polska Sp. z o.o.	Warsaw	100
TÜV Rheinland Portugal Inspeções Técnicas, Lda.	Algés	100
TUV Rheinland PTL LLC	Tempe	85.26
TÜV Rheinland Quality Control (Pty.) Ltd. <sup>3</sup>	Pretoria	49
TÜV Rheinland Quality Services (Pty.) Ltd.	Pretoria	100
TUV Rheinland Mobility, Inc.	Scottsdale	100
TÜV Rheinland Romania S.R.L.	Bucharest	100
TUV Rheinland (Shanghai) Co., Ltd.	Shanghai	100
TÜV Rheinland (Shenzhen) Co., Ltd.	Shenzhen	100

**Fully Consolidated Companies in Other Countries**

Company name	Company domicile	Capital stock in % <sup>2</sup>
TÜV Rheinland SINGAPORE PTE. LTD.	Singapore	100
TÜV Rheinland Slovensko s.r.o.	Bratislava	100
TÜV Rheinland Sonovation B.V.	Oosterhout	100
TÜV Rheinland Sonovation Holding B.V.	Oosterhout	100
TÜV 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
TUV RHEINLAND VISTORIAS LTDA.	Santana de Parnaiba	100
TÜV Rheinland (Wuxi) Automotive Testing Co., Ltd.	Shanghai	70
TÜV Rheinland/CCIC (Ningbo) Co., Ltd. <sup>3</sup>	Ningbo	50
TÜV Rheinland/CCIC (Qingdao) Co., Ltd.	Qingdao	55

**Joint Ventures Included**

Company name	Company domicile	Capital stock in % <sup>2</sup>
Auteko & Latvija GmbH	Riga	49

**Associates Included**

Company name	Company domicile	Capital stock in % <sup>2</sup>
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 % <sup>2</sup>
autocon GmbH	Düsseldorf	100
BNDT Prüftechnik GmbH	Böhlen	100
Deutsche TÜV GmbH – Unternehmensgruppe TÜV Rhld./BB	Cologne	100
Deutsche TÜV GmbH Mitte	Cologne	100

**Non-Consolidated Companies in Germany**

Company name	Company domicile	Capital stock in % <sup>2</sup>
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 Rheinland AUTO EUROSERVICE GmbH	Cologne	94
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 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 % <sup>2</sup>
LC LUXCONTROL asbl	Esch/Alzette	56
Luxcontrol Nederland B.V.	Utrecht	94
SEINCOSA S.L.	Barcelona	100
TÜV Quality Control Ltd.	Cairo	84
TÜV Rheinland Akademie Chile Ltda.	Santiago de Chile	100
TUV Rheinland/ANTAEAN Co., Ltd.	Kunshan	50
TÜV Rheinland BELGIUM A.S.B.L.	Antwerp	100
TUV Rheinland Cambodia Co., Ltd.	Phnom Penh	100
TUV Rheinland Kuwait WLL	Kuwait	49
TUV Rheinland Mandy Ltd.	Fuzhou	75
TÜV Rheinland Sonovation Ltd.	Northwich	100
TÜV Rheinland Sonovation NV	Antwerp	100
TÜV Rheinland Sonovation Products & Systems B.V.	Oosterhout	100
TUV Telecom Services, Inc.	Houston	100
TÜV ZSSM GmbH	Moscow	65

<sup>1</sup> Recourse is made to Section 264 (3) HGB for this company.<sup>2</sup> The share of voting rights corresponds to the stated capital stock.<sup>3</sup> Fully consolidated by virtue of corporate body rights.

## AUDIT OPINION

### »AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by TÜV Rheinland Aktiengesellschaft, Cologne, comprising the balance sheet, income statement, schedule of recognized income and expenses, statement of changes in equity, cash flow statement, and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as to be applied within the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the relevant accounting standards and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of companies included in the consolidation, the scope of the consolidation, the accounting and consolidation principles used, and significant estimates made by the Management Board, as well as evaluating 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.

With the exception of the following qualification, our audit has not led to any reservations. Contrary to IAS 24.17 as well as Section 315a (1) in conjunction with Section 314 (1) no. 6 a) and b) HGB, compensation for members of management in key positions and overall remuneration of the Management Board as well as overall remuneration and the provisions formed for current pensions and entitlements to pensions for former members of the Management Board has not been disclosed in the notes to the financial statements.

In our opinion, based on the results of our audit, the consolidated financial statements, subject to the above-mentioned qualification, comply with the IFRS as to be applied in the EU, and the supplementary regulations of commercial law applicable in accordance with Section 315a (1) HGB. In compliance with these regulations, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. The group management report is consistent with the consolidated financial statements which comply with the statutory regulations and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.«

Cologne, March 11, 2014

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

[Andreas Menke](#)  
German Public Auditor

[Harald Wimmer](#)  
German Public Auditor

# CORPORATE BODIES

## SUPERVISORY BOARD

### Shareholder representatives on the Supervisory Board

[Prof. Dr.-Ing. habil. Bruno O. Braun](#),  
Cologne, Chairman of the Supervisory Board  
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 (until April 11, 2013)

[Dr. jur. Gerd Schäfer](#),  
Tribsees/Landsdorf, Attorney,  
CMS Hasche Sigle

[Dr. Rolf Martin Schmitz](#),  
Essen, Deputy Chairman and COO,  
RWE AG (from April 11, 2013)

### Employee representatives on the Supervisory Board

[Dipl.-Ing. Reiner Schon](#),  
Berlin, Acting Chairman,  
TÜV Rheinland Industrie Service GmbH

[Andrea Becker](#),  
Düsseldorf, Regional Unit Officer for Special  
Services, ver.di Landesbezirk NRW

[Rechtsanwalt Jan Bley](#),  
St. Augustin, TÜV Rheinland Aktiengesellschaft,  
Attorney

[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

[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

Cologne, March 11, 2014

TÜV Rheinland Aktiengesellschaft

The Executive Board

[Dr.-Ing. Manfred Bayerlein](#)  
Chief Executive Officer

[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

Based on a contractual agreement, we have conducted an audit to obtain limited assurance regarding the essential information about TÜV Rheinland AG, Cologne (hereinafter referred to as the company) presented in the »Responsibility« section on pages 42–75 of the 2013 Corporate Report for the business year from January 1 to December 31, 2013 (hereinafter referred to as the »sustainability section«\*).

### Responsibility of the Legal Representatives

The company's Executive Board is responsible for preparing the sustainability section in accordance with the criteria specified in the Sustainability Reporting Guidelines Vol. 3.0 (pages 7–17) of the Global Reporting Initiative (GRI):

- ▲ Materiality
- ▲ Stakeholder inclusiveness
- ▲ Sustainability context
- ▲ Completeness
- ▲ Balance
- ▲ Clarity
- ▲ Accuracy
- ▲ Timeliness
- ▲ Comparability
- ▲ Reliability

This responsibility consists of selecting and applying appropriate methods of data collection used in drawing up the aforementioned sustainability section as well as confirming that assumptions and assessments of individual sustainability statements are plausible under the given circumstances. This responsibility also encompasses the conception, implementation, and maintenance of systems and processes insofar as they are of importance for the preparation of the sustainability section.

### 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 believe that the information presented in the company's sustainability section on pages 42–75 of the Corporate Report for the 2013 business year do not comply in material respects with the criteria of the GRI's Sustainability Reporting Guidelines Vol. 3.0 (pp. 7–17). In addition, we were instructed to make recommendations on the basis of our audit findings with regard to the enhancement of sustainability management and sustainability reporting.

We conducted our audit in compliance with 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 own judgment.

\* Our audit applied only to the German version of the sustainability section. The sustainability section will be made available in print and as a PDF file for download as part of the 2013 Corporate Report at [www.tuv.com/de/deutschland/ueber\\_uns/nachhaltigkeit/berichterstattung/berichterstattung.html](http://www.tuv.com/de/deutschland/ueber_uns/nachhaltigkeit/berichterstattung/berichterstattung.html). Our audit did not cover links and references to external sources of documentation.

In the course of our audit, we undertook, among others, the following activities:

- ▲ Interviews with employees in the departments responsible for preparing the sustainability section regarding the process of drawing up sustainability reports and regarding the internal control system governing this process
- ▲ An inspection of the documents pertaining to the sustainability strategy and gaining an understanding of the sustainability organizational structure, stakeholder dialog, as well as the development process for the company's sustainability program
- ▲ Interviews with employees of the departments that are responsible for individual subsections of the sustainability section
- ▲ An inspection of the procedure and documentation of the systems and processes used to collect, analyze, validate, and aggregate sustainability data as well as conducting random analyses
- ▲ On-location visits within the process of analyzing the processes used to collect, analyze, validate, and aggregate select information:
  - ▲ TÜV Rheinland Polska Sp. z o.o. (Poland)
  - ▲ TÜV Rheinland Immobiliengesellschaft mbH & Co. KG (Germany);
- ▲ An analytical assessment of the information presented in the sustainability section
- ▲ Obtainment of further proof of select information presented in the sustainability section by viewing internal documents, contracts, and invoices/reports from external service providers

### Judgment

On the basis of our audit to establish limited assurance, we did not become aware of any circumstances that lead us to believe that the information presented in the company's sustainability section on pages 42–75 of the Corporate Report for the 2013 business year was prepared in a manner which did not comply in material respects with the criteria of the GRI's Sustainability Reporting Guidelines Vol. 3.0 (pp. 7–17).

### Supplementary Notes – Recommendations

Without qualifying our audit findings outlined above, we make the following recommendations with regard to the enhancement of the company's sustainability management and sustainability reporting:

- ▲ Further formalize the data collection process and the internal control system for sustainability information
- ▲ Secure the consistent international application of definitions for all CSR indicators and increased reporting of international information
- ▲ Increase reporting on the progress made in achieving CRS goals

Düsseldorf, March 11, 2014

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft  
(Accounting and Auditing Firm)

Hendrik Fink

Auditor

pp Pia Schnück

Auditor

## ABOUT THIS REPORT

In 2013, the TÜV Rheinland Corporate Report once again contains the Financial Report and the Sustainability Report. In this context, the Corporate Report is based on the internationally recognized IFRS and Global Reporting Initiative (GRI) reporting standards, the principles of the UN Global Compact, and the anti-corruption guidelines of the UN and Transparency International, and encompasses the consolidated companies that are also included in the consolidated financial statements. The GRI Guidelines (G3) issued in October 2006 and used for this report consist of over 120 indicators that describe both the company and its operations as well as the report itself. Furthermore, our reporting activities are carried out in accordance with the COP Advanced Level of the UN Global Compact.

The GRI Content Index lists which indicators in the GRI Guidelines were applied in TÜV Rheinland's 2013 Corporate Report.

The previous Corporate Report was published in April 2013. In the future, the Corporate Report will continue to be published on an annual basis.

### METHODOLOGY USED IN THE REPORT

The reporting period is the 2013 business year. If, at the time of publication (deadline: March 19, 2013), the final figures for 2013 were not yet available, comparable annual figures from 2012 were used.

### ENVIRONMENTAL INDICATORS

#### German Companies:

Since the 2012 reporting year, data collection has been limited to 29 main locations, covering 66% of employees in 2013. The data collected was then projected for the entire workforce in Germany and the figures were rounded up or down. In this context, the annual average FTE (full-time employee) value was used. Other bases of calculation are stated separately. Several figures were newly aggregated and calculated with average figures for the year. 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 resulted in data collection for our foreign subsidiaries which allowed us to cover at least 45% of employees. With regard to key environmental figures (such as electricity consumption, paper, and airline travel), coverage actually stands at 80% of employees. The data collected was then projected for the entire workforce of the international subsidiaries and the figures were rounded up or down. In this context, the annual average FTE (full-time employee) value was used. Other bases of calculation are stated separately. Data for economic factors and personnel information cover all of the Group's consolidated companies.

### KEY EMPLOYEE FIGURES

If not labeled with FTE (full-time equivalent), information pertaining to employee structure is based on the number of employees. Both refer to the cutoff date figures (December 31, 2013) unless otherwise indicated. Information on the structure of the workforce according to age and gender covers over 90% of the international subsidiaries' employees.

The current TÜV Rheinland Sustainability Report takes full account of the Global Reporting Initiative's (GRI) G3 reporting framework. The report corresponds to the highest GRI application level (Application Level A+), which 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 inspection certificate.

# GRI INDEX

## GRI Index

### UN Global Compact/Transparency International Reporting Guidance on Anticorruption

Indicators	Corporate Report and Web References	Comments	UNGC-Principles
<b>1 Strategy and Analysis</b>			
1.1	Statements from the most senior decision-makers	pp 2–3	■
1.2	Description of key impacts, risks, and opportunities	pp 44, 53–54, 67–69, 100–103	■
<b>2 Organizational Profile</b>			
2.1	Name of the organization	TÜV Rheinland AG	■
2.2	Primary services	K2, 92–97 www.tuv.com	■
2.3	Operational structure, including main divisions	pp 145–147, U3, K3	■
2.4	Location of organization's headquarters	Am Grauen Stein, 51105 Cologne, Germany	■
2.5	Names of countries with major operations	pp 78–82, 85–88	■
2.6	Nature of ownership and legal form	p 112	■
2.7	Markets served	pp 85–88 www.tuv.com	■
2.8	Scale of the reporting organization	K1	■
2.9	Significant changes regarding size, structure, or ownership	pp 152, 78–82	■
2.10	Awards received in the reporting period	pp 59, 70	■
<b>3 Report Parameters and Limits</b>			
3.1	Reporting period	p 152	■
3.2	Date of most recent previous report	p 152	■
3.3	Reporting cycle	p 152	■
3.4	Contact point for questions regarding the report or its contents	Impressum, www.tuv.com/ nachhaltigkeit	■
3.5	Process for defining report content	pp 45–47, 153	Topics that are defined as essential are introduced on page 47. They are the basis for this report. ■
3.6	Boundaries of the report	p 152	■
3.7	Limitations on the scope of the report	p 152	■
3.8	Basis for reporting on joint ventures, subsidiaries, and other entities	p 152	■
3.9	Data measurement techniques and bases of calculations	p 152	■
3.10	Re-statements of information provided in earlier reports	p 152	■
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	p 152	■
3.12	GRI content index	pp 153–157	■
3.13	External assurance for the report	pp 150–151	■
<b>4 Governance, Commitments, and Engagement</b>			
4.1	Governance structure and responsibility for sustainability	pp 44–45, 49–50	1–10 ■
4.2	Independence of the chair of the highest governance body	p 5	In accordance with German law, the tasks of the Chief Executive Officer and the Supervisory Board chairman are strictly separate and distinct from one another. 1–10 ■
4.3	Details of organizations that have no unitary board structure		In accordance with the German Companies Act, TÜV Rheinland has a dual management system consisting of an Executive Board and a Supervisory Board. 1–10 ■
4.4	Mechanisms for shareholders and employees to provide recommendations or direction	pp 55, 57–58	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		Sustainability is an integral part of our business model. A more detailed taking consideration of social and ecological aspects with regard to variable salary components does not exist. 1–10 ■
4.6	Processes in place to ensure conflicts of interest are avoided	pp 49–50	Consulting services and auditing services are kept separate within our organization to prevent conflicts of interest. Furthermore, the Guideline for the Prevention of Conflicts of Interests and Corruption is part of the compliance system. 1–10 ■

\* Additional indicator. ■ Fully reported ■ Partially reported □ Not reported

Indicators	Corporate Report and Web References	Comments	UNGC-Principles	
4.7	Qualifications and expertise of the members of the highest governance body concerning sustainability	Because sustainability is an integral part of our business model, these requirements are integrated into the general selection processes.	1-10	■
4.8	Internally developed statements of mission or values and codes of conduct		1-10	■
4.9	Procedures of the highest governance body for overseeing the organization's management of economic, environmental, and social opportunities and risks		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, no specific procedures for sustainability performance assessment are used.		■
4.11	Implementation of the precautionary approach		7	■
4.12	Externally developed initiatives to which the organization subscribes or endorses		1-10	■
4.13	Memberships in associations		1-10	■
4.14	List of stakeholder groups engaged by the organization			■
4.15	Basis for identification and selection of stakeholders with whom to engage			■
4.16	Approaches to stakeholder engagement			■
4.17	Response to key topics and concerns of the stakeholders			■
<b>Economic Performance Indicators</b>				
<b>Management Approach</b>				
	pp 44-46		1, 4, 6, 7	
EC 1	Direct economic value generated and distributed	pp 68, 75, 78, 85-86, 88, 91		■
EC 2	Financial implications and other risks and opportunities of climate change	pp 99-103	7	■
EC 3	Coverage of the organization's defined benefit plan obligations	p 122		■
EC 4	Significant financial assistance received from government			■
EC 5*	Range of ratios of standard entry-level wage compared to local minimum wage		1	■
EC 6	Policy, practices, and proportion of spending on locally-based suppliers			□
EC 7	Procedures for local hiring		6	■
EC 8	Infrastructure investments and services provided primarily for public benefit	pp 73-75		■
EC 9*	Significant indirect economic impacts	p 44		■
<b>Environmental Performance Indicators</b>				
<b>Management Approach</b>				
	pp 44, 45, 47, 49-50, 67, 70-71		7, 8, 9	
EN 1	Materials used by weight or volume	p 70	8	■
EN 2	Percentage of materials used that are recycled input materials		8-9	□
EN 3	Direct energy consumption by primary energy source	pp 66, 69-71	8	■
EN 4	Indirect energy consumption itemized by primary energy source	pp 66, 69	8	■
EN 5*	Energy saved due to conservation and efficiency improvements	pp 67-68	8-9	■

\* Additional indicator. ■ Fully reported ■ Partially reported □ Not reported

Indicators	Corporate Report and Web References	Comments	UNGC-Principles
EN 6*	Initiatives to provide energy-efficient or renewable energy-based products and services	pp 71–72	8–9 ■
EN 7*	Initiatives to reduce indirect energy consumption and reductions achieved	pp 67–68	8–9 ■
EN 8	Total water withdrawal by source	pp 68–70	8 ■
EN 9*	Water sources significantly affected by withdrawal of water	pp 69–70	8 ■
EN 10*	Percentage and total volume of water recycled and reused	Our wastewater discharge corresponds to the previously used drinking water from the communal network. Moreover, no additional wastewater is created. The wastewater discharge goes through communal canal systems and is directed to the usual processing.	8–9 ■
EN 11	Land in, or adjacent to, protected areas	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 12	Significant impacts of services on biodiversity	As a service provider, we do not create pollution in the way that traditional manufacturing companies do; thus, our properties do not harm the environment any more 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.	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 □
EN 16	Total direct and indirect greenhouse gas emissions by weight	pp 66, 68–69	8 ■
EN 17	Other relevant indirect greenhouse gas emissions by weight	Our business activities produce only CO <sub>2</sub> emissions but no other relevant air emissions.	8 ■
EN 18*	Initiatives to reduce greenhouse gas emissions	pp 67–69	7–9 ■
EN 19	Emissions of ozone-depleting substances by type and weight	Due to considerations of relevance, only CO <sub>2</sub> emissions are examined in the report.	8 ■
EN 20	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions by type and weight	Due to considerations of relevance, only CO <sub>2</sub> emissions are examined in the report.	8 ■
EN 21	Total water discharge by quality and destination	Our wastewater discharge corresponds to the previously used drinking water from the communal network. No additional wastewater is created beyond the aforementioned. The discharge goes through the municipal canal systems and the wastewater is directed to the usual processing facilities.	8 ■
EN 22	Total weight of waste by type and disposal method	p 72	8 ■
EN 23	Total number and volume of pollutant spills	There were no significant spills in the reporting year.	8 ■
EN 24*	Waste deemed hazardous under the terms of the Basel Convention	p 72	8 ■
EN 25*	Effects of discharges of water on ecosystems	We do not conduct any wastewater into natural bodies of water.	8 ■
EN 26	Initiatives to mitigate environmental impacts of services	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.	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	We are not aware of any such breaches across the entire Group in the reporting year.	8 ■
EN 29*	Significant environmental impacts from transport	pp 70–71	8 ■
EN 30*	Total environmental protection expenditures	Due to technical reasons, we cannot completely report on our worldwide measures and investments in this context.	7–9 □

Indicators	Corporate Report and Web References	Comments	UNGC-Principles
<b>Social Performance Indicators</b>			
<b>Labor Practices and Employment</b>			
<b>Management Approach</b>			
	pp 44–45, 47, 53–54, 64–65		1, 3, 6
LA 1	Total workforce by employment type, employment contract, and region	pp 52–53	■
LA 2	Total number and rate of employee turnover by age group, gender, and region	pp 52–53	6 ■
LA 3*	Benefits provided to full-time employees	p 122	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, disability insurance, 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 63% of our employees in Germany is subject to a collective bargaining agreement. 1, 3 ■
LA 5	Minimum notice periods regarding significant operational changes		On the basis of legal regulations (Sections 111, 112 Works Constitution Act), the responsible works council is notified comprehensively and in a timely manner of planned organizational changes that could result in significant disadvantages to the workforce or substantial parts of the workforce. The planned organizational changes are discussed with the works council. 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	pp 64–65	1 ■
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p 65	In the reporting year, no occupational diseases were reported in Germany. 1 ■
LA 8	Measures in place to provide assistance regarding serious diseases	pp 63–65	1 ■
LA 9*	Health and safety topics covered in formal agreements with trade unions	pp 64–65	1 ■
LA 10	Average hours of training per year per employee by employee category	p 60	■
LA 11*	Programs for skills management and lifelong learning	pp 56–57, 62–63	■
LA 12*	Percentage of employees receiving regular performance and career development reviews	pp 57–58	■
LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, and minority group membership	pp 52–53	1, 6 ■
LA 14	Ratio of basic salary of women to men by employee category		At TÜV Rheinland, an employee's wage is oriented on the employee's work activities, qualifications, and professional experience. 1, 6 ■
<b>Human Rights</b>			
<b>Management Approach</b>			
	pp 44–46, 49–51, 53–54		1–6
HR 1	Investment agreements that include human rights clauses or that have undergone human rights screening		In the reporting year, we have not become aware of any investment agreements that include human rights clauses or that have undergone human rights screening. 1–6 ■
HR 2	Percentage of suppliers and contractors that have undergone screening on human rights	pp 49–50	All suppliers sign our general purchasing terms and conditions, which obligate them to respect human rights. There is no separate screening. If a supplier violates the rules, we reserve the right of an extraordinary termination of contractual agreements. 1–6 ■
HR 3*	Employee training on policies and procedures concerning human rights	p 51	Since the training is carried out in the form of an e-learning program, the time spent on training depends on the user and as such, cannot be determined. 1–6 ■
HR 4	Incidents of discrimination and actions taken		One complaint was reported during the reporting period, which was resolved by mutual agreement of both parties. 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 ■

\* Additional indicator. ■ Fully reported ■ Partially reported □ Not reported

Indicators	Corporate Report and Web References	Comments	UNGC-Principles
HR 6	Principles and measures taken to contribute to the elimination of child labor	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	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 aspects of human rights	Not relevant. Security forces employed at TÜV Rheinland are familiarized with human rights issues as part of an obligatory compliance training session. External security personnel are currently not seen as a risk group requiring special focus.	□
HR 9*	Incidents involving rights of indigenous people and actions taken	Due to our business activities, the limitation of the rights of indigenous people do not represent a risk.	□
<b>Society</b>			
<b>Management Approach</b>		pp 44-45, 49-51, 73, 75	10
SO 1	Programs that assess the impacts of operations on communities	TÜV Rheinland keeps a record of the effects of its actions on the environment. We can measure our development using key figures. Due to our business activities, the effect on the community (i.e. with regard to health and safety aspects) is low. Therefore, we also have no programs or systematic procedural method to assess and regulate the effects of business activities on the local communities.	■
SO 2	Business units analyzed for risks related to corruption	pp 49-50	10 ■
SO 3	Employee training in anti-corruption policies	pp 49-51	10 ■
SO 4	Actions taken in response to incidents of corruption	pp 50-51	10 ■
SO 5	Public policy positions and participation in public policy development and lobbying	We hold positions as experts on various national and international committees; however, we neither take a political position nor support political parties.	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 2013.	10 ■
SO 7*	Legal actions for anti-competitive behavior	We are not aware of any legal actions taken against us for anti-competitive behavior in the 2013 reporting year.	■
SO 8	Fines for non-compliance with laws and regulations	We are not aware of any fines received for non-compliance with laws and regulations in the 2013 reporting year.	■
<b>Product Responsibility</b>			
<b>Management Approach</b>		pp 44-45, 49-50	1, 8
PR 1	Life cycle stages in which health and safety impacts of products are assessed	Analyzing products and services with regard to their effects on health, safety, and the environment is TÜV Rheinland's core area of expertise. An overview of our services can be found at <a href="http://www.tuv.com">www.tuv.com</a>	1 ■
PR 2*	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts	p 51	1 ■
PR 3	Type of product information required by procedures	p 44	8 ■
PR 4*	Incidents of non-compliance with standards concerning product and service information and labeling	p 51	8 ■
PR 5*	Customer satisfaction, including results of surveys	No customer satisfaction surveys were conducted during the reporting year.	■
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	Our marketing policy follows the fairness principle. We not only adhere to the IFIA's code in this regard, but have also formulated corresponding rules in our company's own Code of Conduct.	■
PR 7*	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	We have also not become aware of any fines in the reporting year 2012 for unfair competition or competition-related violations.	■
PR 8*	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	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.	■

Indicators		Corporate Report and Web References	Comments	UNGC-Principles
<b>UNGC/TI Reporting Guidance on Anti-Corruption</b>				
<b>Commitment and Policy</b>				
B 1	Publicly stated commitment to work against corruption	p 49		
B 2	Commitment to be in compliance with all anti-corruption laws	pp 49–50		
D 1	Publicly stated formal policy of zero tolerance of corruption	pp 49–50		
D 2	Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption	p 49		
D 3	Carrying out risk assessment of potential areas of corruption	p 50		
D 4	Detailed policies for high-risk areas of corruption	pp 49–50		
D 5	Policy on anti-corruption regarding business partners	pp 49–50		
<b>Implementation</b>				
B 3	Translation of the anti-corruption commitment into actions	pp 50–51		
B 4	Support by the organization's leadership for anti-corruption	pp 3, 50		
B 5	Communication and training on the anti-corruption commitment for all employees	p 51		
B 6	Internal checks and balances to ensure consistency with the anti-corruption commitment	p 50		
D 6	Communication and other actions taken to encourage business partners to implement anti-corruption commitments	pp 49–50		
D 7	Management responsibility and accountability for implementation of the anti-corruption commitment or policy	p 50		
D 8	Human Resources procedures supporting the anti-corruption commitment or policy	pp 50–51		
D 9	Communications channels (whistle-blowing) and follow-up mechanisms for possible reporting of concerns or seeking advice	pp 50–51		
D 10	Internal accounting and auditing procedures related to anti-corruption	p 50		
D 11	Participation in voluntary anti-corruption initiatives	p 49		
<b>Monitoring</b>				
B 7	Monitoring and improvement processes	p 50		
D 12	Review of monitoring and improvement processes by the management	p 50		
D 13	Dealing with incidents	pp 50–51		
D 14	Public legal cases regarding corruption	p 51		
D 15	Use of independent external assurance of anti-corruption programs	p 51		

\* Additional indicator. ■ Fully reported ■ Partially reported □ Not reported



## Statement GRI Application Level Check

GRI hereby states that TÜV Rheinland AG has presented its report "Corporate Report 2013" 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. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 March 2014

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a light blue circular background element.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



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

*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](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 7 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

# BUSINESS STREAMS AND REGIONS

## EXECUTIVE VICE PRESIDENTS

### Industrial Services



Dr. Hans Berg

### Mobility



Dr. Thomas Aubel

### Products



Prof. Dr. Ralf Wilde

### Life Care



Ulrich Fietz

### Training and Consulting



Siegfried Schmauder

### Systems



Michael Wepler

## CHIEF REGIONAL OFFICERS

### Western Europe



Dr. Manfred Doerges

### Central Eastern Europe



Petr Lahner

### Asia Pacific



Holger Kunz

### Greater China



Ralf Scheller

### India, Middle East, Africa



Andreas Höfer

### North America



Gerhard Lübken

### South America



Martin Klaus Kunze

## HEADS OF GERMAN OPERATIONS

### Industrial Services



Stephan Frense

### Mobility



Prof. Dr. Jürgen Brauckmann

### Products



Jörg Mähler

### Training and Consulting



Siegfried Schmauder

### Systems



Volker Klosowski

### **A matrix organization is implemented at TÜV Rheinland:**

The Executive Vice Presidents are responsible for the global strategic alignment of their respective Business Streams, run global and transnational business developments, 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 Heads of German Operations 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 the Heads of German Operations.

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, employees are represented by staff representatives on the Supervisory and Management Boards.



## EDITORIAL INFORMATION

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Translation – the German text is authoritative

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